International Political Economy Series

Small Powers and Trading Security

Contexts, Motives and Outcomes

Michael Intal Magcamit

International Political Economy Series

Series Editor

Timothy M. Shaw
Visiting Professor, University of Massachusetts
Boston, USA

Emeritus Professor, University of London, UK

The global political economy is in flux as a series of cumulative crises impacts its organization and governance. The IPE series has tracked its development in both analysis and structure over the last three decades. It has always had a concentration on the global South. Now the South increasingly challenges the North as the centre of development, also reflected in a growing number of submissions and publications on indebted Eurozone economies in Southern Europe. An indispensable resource for scholars and researchers, the series examines a variety of capitalisms and connections by focusing on emerging economies, companies and sectors, debates and policies. It informs diverse policy communities as the established trans-Atlantic North declines and 'the rest', especially the BRICS, rise.

More information about this series at
http://www.springer.com/series/13996

Michael Intal Magcamit

Small Powers and Trading Security

Contexts, Motives and Outcomes

palgrave
macmillan

mim49@uclive.ac.nz

Michael Intal Magcamit
Musashi University
Japan

International Political Economy Series
ISBN 978-3-319-38814-4 ISBN 978-3-319-38815-1 (eBook)
DOI 10.1007/978-3-319-38815-1

Library of Congress Control Number: 2016958206

Printed on acid-free paper

This Palgrave Macmillan imprint is published by Springer Nature
The registered company is Springer International Publishing AG
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

For Nanay, Tatay, Kapatid, Lolo, Lola and Albert

Acknowledgments

In some parallel universe I am launching my fist ever Haruki Murakami-style novel, which has the same title as this one, except that the story is about a herd of small stray cats trading off their nine lives with the little people from the *1Q84* world, in exchange for cat food. But as the cosmos would have it, I am in this side of the multiverse writing a story about small countries that link their security interests and trade agendas to protect their primary referents, only to realize in the end that by doing so, they are losing a portion of their remaining security. This book may not sell as much as my alter-universe novel about cats and little people, but nevertheless, I take solace and comfort from the thought that regardless of my relative cosmic position, I will still be writing about security and the lack of it. This profound interest in security is driven by a personal security dilemma that directs both my actions and inactions on a daily basis.

The whole process of completing this book is like planting an apple tree, and waiting for it to grow until it finally bears fruits. This book is dedicated to everyone who helped me take care of that apple tree, and cheerfully waited with me until the fruits were ready to be harvested. I am humbly sharing these apples with the following people:

Alex Tan and Scott Walker: for taking me under your wings, providing me with the necessary foundations, and giving your honest thoughts about my works. Thank you for the time, effort and energy that you have spent on reading these chapters and giving me feedbacks so that I could improve them further, both in form and substance. This book would not have been possible without your inputs and guidance. James Ockey and Naimah Talib: for all the wonderful encouragements and advices that you

have given me through the years. Thank you for opening your doors to me over and over again.

Dawn Miller, Amalia Sustikarini, Ning Thani, Pradit Chinudomsub, Suthida Pattanasrivichian, Tian He, Krittaporn Na Pombejra, Nwokeke Osinakachukwu and Anastassiya Yuchshenko: for the wonderful friendships formed out of our respective intellectual pursuits. Thank you for sharing your research passions with me, and inspiring me to fulfil all my intellectual curiosities. Sylvia Nissen, Geoff Ford, Lucas Knotter and KC Jung: for helping provide a stimulating atmosphere in the department that enhances our research creativity and productivity. Christine Bellen, Ace Padua, Rico de la Pena, Meikko Forones, Jovani Espesor, Adrian Tulod, Mukul Pawar and Samantha Roberts: for all the good times and the conversations we have shared over countless cups of Chinese tea and coffee. Thank you for indulging me these past few years as I dealt with my 'Nietzschean complex'. Dorothea Ramizo, Ann Margret Salaguban, Ralph Leal Mangaoang, Victoria Evangelista and Dahlia Simangan: for being my best and closest friends. Thank you for the effortless friendship that transcends physical boundaries and time zones.

The New Zealand Ministry of Foreign Affairs and Trade (MFAT): To my colleagues at Musashi's Faculty of Economics, Ken Togo, Kuniaki Nemoto, Kenta Tanaka, Yui Suzuki, Shinya Suzuki, Pedro Franco and Dean Noriyuki Tanabe: Thank you for welcoming me as a part of the Musashi-LSE Parallel Degree Programme and for providing a very intellectually stimulating environment. For giving me the opportunity to pursue this research at the University of Canterbury. Thank you for seeing my potentials, and opening the door to my academic goals and ambitions. Special thanks go to Shelley Chappell of UC for her unparalleled dedication to student support and service. The whole Palgrave Macmillan team, particularly, Timothy Shaw, Christina Brian, Judith Allen and the anonymous reviewers: for trusting my work and seeing the value of its contribution to the important debates in international political economy. You will never forget the first time you publish a book. Thank you for this feeling.

To my parents, my siblings and my grandparents: for letting me be, and allowing me to pursue the things that I love or at least think I love. Thank you for keeping me grounded and helping me realize that freedom is simply what you make of it. Thank you for the gene of resilience. And finally, to AJF, my magnetic north: for patiently waiting for me to finish so that we may start building a new home somewhere in this 'pale blue dot'.

Thank you for the unconditional love and affection; the inspiration and the motivation; your mere existence and presence.

Parts of these books were based on the articles that I have previously published in: *International Relations of the Asia-Pacific* ('Crouching Tiger, Lurking Dragon: Understanding Taiwan's Sovereignty and Trade Linkages in the Twenty-first Century', Issue 15, no.1, pp. 81-112, 2014 [with Alexander Tan]); *Journal of Human Security* ('A Case for Cohabitative Security: The Philippine and Malaysian Experience', Issue 10, no. 1, pp. 32-45, 2014); *Asian Journal of Political Science* ('Trading in Paranoia: Exploring Singapore's Security-Trade Linkages in the Twenty-first Century', Issue 23, no. 2, pp. 184-206, 2015); *Asian Affairs: An American Review* ('A Costly Affirmation: Exploring Malaysia's One-Sided Domestic Security Dilemma', Issue 42, no. 1, pp. 22-45, 2015); *Journal of Asian Security and International Affairs* ('Games, Changes and Fear: Exploring Taiwan's Cross-Strait Dilemma in the Twenty-first Century', Issue 2, no. 1, pp. 92-115, 2015); and *Japanese Journal of Political Science* ('Trading in Vain: Investigating the Philippines' Development-oriented National Security and Free Trade Linkages', Issue 17, no. 1, pp. 84-105, 2016). Being the first of its kind, the book is surely not free from gaps and omissions, for which I am fully responsible.

Contents

List of Acronyms

AAP	Affirmative Action Policies
AEC	ASEAN Economic Community
AFTA	ASEAN Free Trade Area
ANZTEC	Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu on Economic Cooperation
APC	Asia and Pacific Council
APEC	Asia-Pacific Economic Cooperation
APSC	ASEAN Political-Security Community
APT	ASEAN Plus Three
APTA	Asia-Pacific Trade Agreement
ARIC	Asia Regional Integration Center
ARF	ASEAN Regional Forum
ASCC	ASEAN Socio-Cultural Community
ASEAN	Association of Southeast Asian Nations
ASTEP	Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership
AUSFTA	Australia-U.S. FTAs
CBM	Confidence-building Measures
CCNA	Coordination Council for North American Affairs
CCT	Conditional Cash Transfers
CEPA	Closer Economic Partnership Arrangement
CEPT	Common Effective Preferential Tariff
CGE	Computable General Equilibrium
COW	Correlates of War
CPC	Communist Party of China

CPI	Corruption Perception Index
CSFTA	China-Singapore Free Trade Agreement
CSSTA	Cross Strait Services Trade Agreement
DCFTA	Deep and Comprehensive Free Trade Area
DDA	Doha Development Agenda
DPP	Democratic Progressive Party
DSU	Dispute Settlement Understanding
EAEG	East Asian Economic Grouping
EAS	East Asian Summit
ECFA	Economic Cooperation Framework Agreement
EFTA	European Free Trade Association
EPA	Economic Partnership Agreement
EPR	Effective Protection Rate
ESI	Energy Security Initiative
ETITF	Energy Trade and Investment Task Force
ETP	Economic Transformation Program
EU	European Union
EWG	Energy Working Group
FDI	Foreign Direct Investments
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSM	Global Social Movements
GTP	Government and the Transformation Programme
HRW	Human Rights Watch
HSN	Human Security Network
ILO	International Labour Organisation
IMF	International Monetary Fund
ISA	Internal Security Act
JPEPA	Japan-Philippines Economic Partnership Agreement
JSEPA	Japan-Singapore 'New Age' Economic Partnership Agreement
KMT	Kuomintang Party
LEP	Look East Policy
MAC	Mainland Affairs Council
MERCOSUR	Southern Common Market
MID	Militarized Interstate Disputes
NAFTA	North American Free Trade Agreement
NAPC	National Anti-Poverty Commission
NEDA	National Economic Development Authority
NDP	National Development Policy
NEAC	National Economic Action Council
NEM	New Economic Model

NEP	New Economic Policy
NGO	Non-government Organisations
OECD	Organization for Economic Cooperation and Development
PAP	People's Action Party
PAS	Pan-Malaysian Islamic Party
PCIJ	Philippine Center for Investigative Journalism
PDAF	Priority Development Assistance Fund
PPP	Public-Private Partnerships
PRC	People's Republic of China
PTA	Preferential Trade Agreement
RCEP	Regional Comprehensive Economic Partnership
RVAT	Reformed Value-Added Tax
ROC	Republic of China
SAP	Structural Adjustment Program
SATO	Southeast Asia Treaty Organization
SOSMA	Security Offences Special Measures Act
STAR	Secure Trade in APEC's Region
TPKM	Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu
TPP	Trans-Pacific Partnership Agreement
TPR	Trade Policy Review
TRM	Tariff and Related Matters
TRP	Tariff Reform Program
UMNO	United Malays National Organisation
UNDP	United Nations Development Program
UNSC	United Nations Security Council
USSFTA	United States–Singapore Free Trade Agreement
WHO	World Health Organization
WTO	World Trade Organization

List of Figures

List of Table

CHAPTER 1

Small Powers and the Security Utility of Trade

Trade as a Security Currency for Small Powers

The strategic behaviour of small powers in the international system can be described in one word: dependence. While a single, universally accepted definition of the term 'small power' remains debatable, nonetheless, the extant literature reveals recurring features of their behavioural approaches to world politics.[1] First, small powers clearly recognize that it is both futile and reckless to rely exclusively on their own capabilities to obtain security, let alone influence the conduct of world politics to work for their advantage (Toje 2010, 2011). Nevertheless, through concerted actions and efforts, small powers are able to steer the general course of the international politics by manipulating the workings of the system but with limited success. Since small powers do not enjoy a decisive and indispensible role in great powers' wide range of political and military resources, their policy options are limited to either neutrality or alliance (Mares 1988; Toje 2010, 2011). Under regional hegemony, small powers are bent to pursue a policy of neutrality given the small likelihood of punishment.[2] Whereas within an alliance, small powers are compelled to conscientiously follow the directives of the alliance leader and throw all their support to gain favours and avoid upsetting the latter.[3] Mares (1988, p. 456) notes that those 'located in geopolitical regions critical to maintaining a great power's position in the international system tend to opt for alliance'.

Second, small powers tend to favour the status quo, preferring to operate within the existing arrangement instead of plotting to thwart and revise

M.I. Magcamit, *Small Powers and Trading Security*,
DOI 10.1007/978-3-319-38815-1_1

it (Rothstein 1968; Archer et al. 2014). The reason for this according to Vital (1967, p. 134) is that small powers' policies are primarily designed to 'reduce the unfavourable discrepancy in strength, broaden the field of manoeuvre and choice, and increase the total resources on which the state can count in times of stress.' Their limited resources, peripheral locations and the international system itself oblige small powers to set clear priorities. Once these priorities are established, security risks and threats are then ranked according to their severity and importance. Without the military capacity to protect their interests, small powers bid to 'globalize' those issues that they deem to pose the most lethal threats to their existence (Posen 2004; Toje 2010, 2011).

Third, small powers tend to have high regards for international laws and institutions as these instruments help them reduce the costs of conducting foreign relations, on the one hand; and add weight to their foreign policies, on the other (Keohane 1969; Barston 1973; Elman 1995). Naturally, small powers are active supporters of various international organizations, adopting their normative value and spreading their moral aspirations. To improve their less than ideal position, small and weak states lobby to institutionalize formal rules and regulations in the hopes of restraining the influence and actions of great powers (He 2008; Pempel 2010).

Fourth, and lastly, given their size and position in the international system, small powers tend to display high levels of paranoia (Bull 1977; Kassimeris 2009). They view foreign politics as a pernicious activity that brings more risks than opportunities. Being the risk averse that they are, small powers take a defensive rather than an offensive approach when discussing their grievances with great powers to avoid grave consequences (Toje 2010, 2011; Archer et al. 2014). Their key strategy is to reduce the uncertainties of the risks that they have identified and ensure that their uncontrollable effects are mitigated. While great powers are projecting their power and authority on a global scale, small powers are mainly concerned about how to extract demands from their immediate environment (Fox 1959; Toje 2010, 2011). Such behaviour reflects the narrowness of small powers' range of interests and their lack of independence to decide and execute these decisions on their own. Based on the foregoing, it can be inferred that the strategic behaviour of small and weak states is largely focused on the pursuit of multilateral, non-military resolutions to their security dilemmas as opposed to the unilateral, coercive use or threat of force.

These strategic disadvantages can force small powers to take more innovative approaches to security although not all do so. Exploring how weaker states use trade to solve their security concerns and the trade-offs they make to do so can provide insight into when strategic innovation takes place and when such approaches are more or less effective. This is a particularly important path of inquiry given the changes in the nature of both trade and security. On the one hand, trade is no longer simply the exchange of commodities and finished products. On the other, understandings of security now encompass not just the survival of the state but also considerations of human safety. Such shifts mean that reassessments of the relationship between trade and security are timely. To this point very little has been done in explaining the impetus and dynamics behind the linking of security and trade based on the overarching idea of 'cohabitative security' or the view that security encompasses both state and human elements. Furthermore, there is a dearth of comprehensive theoretical and empirical analyses concerning the linkage efforts and strategies particularly by small powers.

This book addresses those gaps by providing an in-depth, intensive analysis and a narrative presentation of the security-trade linkage process that is defining East Asia's (the Northeast and the Southeast) contemporary security environment. For all states in the region, trade has become a vital platform for pursuing various components of their national interests. One of the key outcomes of this trend is the increase in formal institutional linkages in both the economic and security arenas of East Asian countries (Pempel 2010). As such, reversing back toward protectionism that unnecessarily destroys existing economic, political and strategic networks is unlikely to be the preferred policy approach despite the problems associated with trade. The insecurities induced by the domestic security context, which a host of external factors amplify, compel East Asian states – particularly the small and weak ones – to liberalize even further by proactively engaging in various trade negotiations and agreements. Hence, the region as a whole provides an idyllic backdrop for testing the theories and hypotheses about the cohabitation between the security interests and trade agendas of small powers.

Using Taiwan, Singapore, the Philippines and Malaysia as my primary case studies, I propose to theorize and produce new empirical knowledge about: (a) why and how small powers link their security interests and trade agendas; (b) how traditional/non-traditional security threats/issues influence the facilitation and outcome of the small powers' trade activities;

and (c) how statist/humanist linkages affect the small powers' primary security referents and overall security. In answering these questions, I perform two main tasks. First, I theoretically reconfigure the security concept by amalgamating state and human dimensions of security to establish the cohabitative security framework. Second, I empirically analyze the linkages between cohabitative security referents and various forms of trade engagements. Third, and lastly, I outline three key themes that will help elucidate the presence of small power linkages: namely: (a) high levels of internal and external insecurities; (b) marginal geo-economic size and peripheral geopolitical position; and (c) multidimensional and multidirectional security contexts and threats.

I argue that in their quest to promote and enhance their 'statist' (state-centric) and 'humanist' (human-centred) security referents, the small powers have learned to re-imagine and re-invent the utility of free trade. Borrowing Buzan et al.'s (1998) definition, the term 'referent' pertains to things that are seen to be existentially threatened and that have a legitimate claim to survival. Amid their marginal size and peripheral position, trade has become an integral function of their security policies and strategies. Depending on the nature and origin of security threats, on the one hand; and the underlying security contexts observed, on the other, trade performs a multifaceted function. In Taiwan, trade is a sovereignty-upgrading mechanism; in Singapore, a defense-upgrading tool; in the Philippines, a development-upgrading instrument; and in Malaysia, a diversity-upgrading apparatus.

However, as will be illuminated in this book, these linkages work like a double-edged sword that produces mixed outcomes. As such, states attempting to link their security interests and trade agendas are essentially 'trading security'. The reason is that for every additional security that a linkage provides a specific referent a corresponding insecurity is reflected in other referents. Put differently, for every security enhancement that a linkage creates, a consequent insecurity is generated. This will be illustrated in the four cases examined in the book. With respect to statist linkages, Taiwan's linkage efforts might lead to the island's complete assimilation with China; while Singapore's linkage attempts can result in the city-state's failure to strategically balance conflicting American, Chinese and Japanese interests in the region. With regard to humanist linkages, the Philippines' linkage attempts have preserved the uneven economic security and further reinforced its oligarchic system and patronage culture; while Malaysia's linkage efforts have exacerbated racial inequalities and further legitimized the Malay-centric rule of the *Barisan Nasional* coalition.

Nevertheless, despite the new forms of risks and uncertainties generated by these linkages, the small powers are bent on maintaining (if not reinforcing) them due to their underlying belief that the future will be miserable unless these are undertaken, or at least a strong conviction that their security outcomes will be inferior than the likely ones produced by the linkages. Through a systematic and in-depth analysis of the experiences, perspectives and meanings derived from the small powers' linking efforts and strategies, the book provides a comprehensive and updated understanding of: (a) the motives and impetus behind small power linkages; (b) the limitations and challenges encountered when facilitating these linkages; and (c) the effectiveness of these linkages in providing the desired security outcomes.

Linking Security and Trade: The Story so Far

Security experts and trade analysts have long recognized the profound and multifaceted relations between their respective domains. Despite the insistence of some liberal economists to exclude politics from their analyses, however, they acknowledge the underlying connections between security and trade in the foreign policies of states. As the global security environment continues to evolve, new forms of trade arrangements have emerged. And with the passing of time, the linkages between the realms of security and trade have become more complex than ever.

The first strand of research on security-trade nexus emphasized the relationships between level of economic interdependence and incidence of interstate conflicts. While some analysts tested whether higher levels of economic interdependence led to lower rates of conflict, others examined whether higher rates of conflict diminished the overall level of economic interdependence.[4] Despite the use of highly sophisticated statistical techniques in analysing the correlations between trade and conflict, however, findings remained largely inconclusive. This led Aggarwal and Govella (2013) to argue that the operationalization of the terms 'trade' and 'conflict', as well as the identification of 'relevant' cases, influence the quality and type of results generated by the studies. The argument is particularly relevant with respect to the contradicting results derived from dyad-level quantitative studies of the effects of trade vis-à-vis international conflict behaviours. While some researchers found that bilateral trade increased the likelihood of militarized interstate disputes (MIDs), others offered evidences that bilateral trade reduced the probability of MIDs in economically liberal dyads.[5]

The primary source of inconsistency has been the subject of considerable debates including: differences in data collection; econometrics and model specification; control variables; and the choice of temporal and spatial domain. As Gartzke and Li (2003, p. 567) pointed out, 'discrepant results about interdependence and conflict can be explained by variable construction, even without data inconsistencies'. In other words, the manner through which researchers construct their measures of dyadic interdependence significantly affects the types of outcomes that are generated by empirical analyses. Barbieri et al. (2009, p. 488) questioned assumption by illustrating how the issue of missing data distorts the analysis of trade-conflict nexus by generating results that 'may paint a picture that stands in sharp contrast from reality'. Contending that no one has found the optimal solution to the problem of missing data, they introduced the Correlates of War (COW) Trade Data Set which included dyadic and national trade figures for state system members beginning in 1870.[6] Meanwhile, Dorussen (2006) suggested that not all trade is the same since trade in some goods could have a much larger impact on the likelihood of conflict than trade in others. By studying trade per industrial sector, he was able to account for the varying effects of trade on conflict while moving away from the assumption that nation-states act as unitary and rational actors. He then concluded that 'economic interdependence mobilizes a large number of interests that vary not only greatly in their influence on government but also in their preferred policies' (Dorussen 2006, p. 104.)

Similarly, mixed results were gathered from the analyses of conflicts' impact on aggregate levels of trade. While some experts argued that the presence of conflict adversely affected trade, others claimed that there was no evidence of systematic relationship between the two variables. For example, Anderton and Carter (2001) showed how trade promoted peace by raising the cost of war. Although the results generated were far from being homogenous, the evidences gathered supported the liberals' trade disruption hypothesis or the view that war carried with it an opportunity cost of forgone trade. Their findings were further substantiated by Oneal et al.'s (2003) study of the causes of peace that provided evidence of how economically important trade reduced dyadic militarized disputes even when controlling for the influence of past conflict. They concluded that 'the pacific benefits of democracy and trade are statistically significant, substantively important, and robust' (Oneal et al. 2003, p. 387). These findings were heavily criticized by some sceptics including Barbieri and Levy (2001) who claimed that Anderton and Carter went

too far when they suggested that the evidences they found proved the trade disruption premise. They cited three main reasons why the assumptions about the pacific effect of trade were incorrect: the lack of attention on the political dimension of either trade or war; the attribution of greater specificity to commercial liberal theory than what actually exists; and the mixed support for liberal theory generated by empirical findings (Barbieri and Levy 2003).

Meanwhile, the second strand of research on security-trade nexus explores the role of military alliances and partners with respect to the trade activities of states. These studies assessed whether the overall levels and patterns of trade were determined by alliances and partnerships. Based on the review conducted by Aggarwal and Govella (2013), the manner through which alliances and partnerships impacted trade was contingent on other important factors such as the type of trade and the form of grouping. For example, Gowa and Mansfield (2004) claimed that alliances supported optimal levels of trade in cases where scale economies (rather than differences in relative factor endowments) motivated it. Meanwhile, Long (2003) demonstrated how defense pacts were typically associated with higher trade levels among alliance members; and why trade between members of non-defense pacts was statistically indistinguishable from trade between non-allies. Long and Leeds (2006) offered a two-pronged hypothesis about the relations between trade and alliance formation: (a) allies whose agreements include economic provisions tend to trade more than both non-allies and allies who do indicate economic links as part of their alliance; and (b) allies who decide not to tackle economic issues explicitly in their alliance treaties, trade neither more nor less than the non-allies.

Finally, the third strand of research on security-trade nexus focuses on the strategic role of preferential free trade agreements (FTAs). One of the most recent studies was Aggarwal and Govella's (2013) typology of issue-linkages. They argued that the nature of linkage reflected the intellectual basis for the issue connection. They identified four types of linkages based on two general categories: substantive and tactical. Substantive linkages refer to the economic-based linking of two highly related issues within a trade agreement, and, therefore have a significant degree of intellectual coherence. Tactical linkages pertain to the power-based linking of distinctly unrelated issues within trade accords, and, therefore can engender greater conflicts between the initiators (the ones offering) and the targets (the ones being offered).

However, there are instances in which experts and policymakers may disagree with regard to the nature of these linkage efforts, and as a result, may fail to determine the real dynamics of the issue-linkages. Such problems lead to what Aggarwal and Govella (2013) referred to as 'failed substantive' and 'failed tactical' linkages. Failed substantive linkages arise when policymakers move to link two unrelated issues within a trade accord either due to domestic pressures coming from influential lobby groups or external pressures brought about by asymmetric balance of power.[7] Meanwhile, failed tactical linkages happen when policymakers view the two issues as substantively connected even though they are only tactically linked. Despite the calls coming from experts to abandon such linkages, decision makers from the target state proceed to accept them, especially when they are presented as part of a package deal such as a bilateral FTA.[8]

Various scholars also examined the role of politico-strategic motives in the burgeoning popularity of preferential FTAs. Wesley (2008) identified three important shifts in the international system that resulted in the decreasing utility of conventional security institutions and precipitated the search for novel forms of strategic trade negotiations: (a) enduring crisis of security institutions; (b) rise of new great powers; and (c) arrival of non-state security threats. He concluded that as a result, both large and small powers had been forced to consider a range of security instruments including the creation of preferential trade agreements or PTA (Wesley 2008). In the Western Pacific Rim, Ravenhill (2008) explored the reasons behind the increasing popularity of bilateral FTAs in the said region. He cited two key factors that were behind their proliferation: the general dissatisfaction toward the existing trade groupings in the region; and the general perception that they were effective and successful in other parts of the world. Ranvehill (2008) suggested that Western Pacific countries would better off if they diverted their energy and resources away from bilateral trade negotiations to the promotion of multilateral trade at the World Trade Organization (WTO).

Another good example was Pang's (2007) study of the United States–Singapore Free Trade Agreement, in which he examined two non-economic reasons for the passage of the accord, namely: security exigencies, and fear of diplomatic isolation. However, as far as the policymakers in Washington are concerned, White (2005, p. 616) argued that the U.S. utilized preferential FTAs as a tool for the war on terror, or more specifically, 'as a means of winning the hearts and minds of people both in the Middle East and northern parts of Africa'. These findings underlined Higgott's (2004) theory about

the so-called 'securitization'[9] of U.S. foreign economic policy in the aftermath of 11 September 2001. He argued that in the context of American economic and military preponderance, Washington had been unable to resist the temptation to link foreign economic and security policy (Higgott 2004). For the U.S., globalization was not merely a 'benefit' but a 'security problem' that needed to be addressed. As such, globalization was (and still is) viewed through the lenses of American national security agenda.

Finally, some experts started looking into the relations between preferential FTAs and human security issues. For example, Hafner-Burton (2005) explored the impact of preferential trade on human rights and concluded they possessed the capacity to enforce compliance, and could prove to be effective mechanisms for transforming these values into practice. With respect to the Association of Southeast Asian Nations (ASEAN), Chow (2013) argued that ASEAN members had been generally reluctant to incorporate traditional and human security issues into their trade agendas due to certain norms and principles that they all agreed to uphold including non-interference, respect for sovereignty and regional unity. With respect to the Asia-Pacific Economic Cooperation (APEC), Aggarwal and Govella (2013) revealed the strong influence of state security issues in the creation of preferential trade agreements in contrast to the minor impact of human security concerns.

This book builds on this literature by investigating the linking of security interests and trade activities of small powers. To do this, I analyze the statist and humanist forms of security-trade linkages observed in East Asia, both at regional and domestic levels. On the one hand, I examine how trade is being utilized by small powers to promote, enhance and secure the primary referents/interests of their security policies and strategies. On the other, I analyze the role of statist and humanist security threats/issues in the continuing relevance and proliferation of trade in the region. Before the empirical analysis of these linkages can be made, first, an operational security concept needs to be established.

Defining Security: A Case for Cohabitative Security

The Referents of Cohabitative Security

Security remains to be one of the most highly contested concepts in international politics. The conflicting views and interpretations underline the lack of consensus with regard to the security concept among experts and

practitioners. The security debate has been dominated by discussions between the 'expansionists' (those who believe that the security definition must be comprehensive) and the 'non-expansionists' (those who argue that the security definition should be limited). However, rethinking security based on this approach is inadequate as it only addresses the issue of scope while neglecting the equally important issues of referent and approach. Given the importance of the primary referents in identifying the core values, nature of threats and types of strategic approaches vis-à-vis a specific security model, any initiatives aimed at rethinking the malleable concept of security must begin with the issue of referent.

Realists argue that for as long as the state remains the primary form of political community, and the principal actor of both domestic and global politics, it will continue to be the chief provider and agent of security.[10] If one considers the role of state as the leading security guarantor; and the state system as the main determinant of state behaviour, realists argue that the state rightful primary referent of security (Waltz 1979; Krasner 1999; Mearsheimer 2001). Within the internal domain, the state dictates and defends the rights, freedoms, properties and the very existence of individuals and societies through the construction of political, economic and social systems (Skocpol 1979; Rosecrance 1986; Berdal and Zaum 2013). Within the external domain, the state guards the privileges and liberties of people from the imprudent actions of other states and non-state entities (Bull 1979; Cox 1981; Waltz 2001). In fact, even some of the more oppressive and inefficient governments in the world provide ample security for the lives and possessions of their citizens (Devetak 1995; Alagappa 1998). In addition, the state plays a pivotal role in the formation of national identity and the creation of social welfare that is becoming more important amid intensifying cross-border relations (Reus-Smit 1999; Rae 2002). In the words of Alagappa (1998, p. 29-30), 'the sovereign state is deemed to separate the inside from outside, order from struggle and *us* from *them*. In essence, it represents an *in group* with a defined territory and ultimate authority'.

Thus, insofar as the realists view the international system as anarchic, they likewise treat security as the overriding concern.[11] Sovereign states attempt to amass much greater power and engage in power-balancing to deter potential rivals and to enhance their relative security. Without an overarching authority to regulate state conducts and behaviours, moral aspirations are conveniently thwarted. Wars are launched and fought to prevent competing nations from achieving higher levels of security;

according to the logic of security dilemma, the security measures taken by one state must be perceived by another state as a threat to its own security (Jervis 1978; Glaser 1997; Herz 2003). The paramount nature of strategic power and security in an insecure world supersedes the normative goals and ethical pursuits of states, irrespective of their domestic political complexions (Burchill 2005; Montgomery 2006).

However, these realist claims about the primacy of the state in domestic and international politics, and the 'rightful' referent of security, face several challenges. The first criticism points to the constantly diminishing capacity of the state for fulfilling some of its key functions including the provision of national security, welfare, identity and environment (Alagappa 1998; Guéhenno 2000; Rotberg 2003). The state is either too big or too small to satisfy basic human needs and efficiently address immense regional and global threats. In terms of physical security, the state is hardly the most effective guarantor of external defence given the wherewithal of nuclear deterrence strategy for systematically obliterating the individuals and societies that it aims to protect.[12] In terms of economic welfare, the emergence of highly integrated global markets, reinforced by multinational and transnational networks, has substantially reduced the state's autonomy over domestic economic policies and strategies (Holton 2011; Löhr & Wenzlhuemer 2013). In terms of identity, a state-configured 'national identity' undermines the multi-layered and intersecting identities of individuals and communities; and suppresses the growth of unique regional and local characters (Martel 2010; Ariely 2012). Finally, in terms of the environment, the most pressing ecological threats today – from climate change to global warming; deforestation to declining biodiversity; water degradation to land rush; ocean system collapse to habitat loss; increased pollution to unsustainable human populations – cannot be effectively tackled at the state level given their significant range.

In short, the state now has to share some of its power and authority with other agents (Alaggapa 1998; Arts et al. 2001; Milner & Moravcsik 2009). However, in doing so, the state continues to lose some of its former relevance in international polity, although it this does not mean that the state is becoming an obsolete concept. Nevertheless, the fact that various non-state actors are now playing significant roles in 'borderless' political, economic, social and environmental issues is an indication of the gradual devolution of state power in the twenty-first century.

The second criticism relates to the paradoxical role of the state as a progenitor of insecurity, rather than a security provider (Alagappa 1998;

Rotberg 2003). This makes non-state actors innately antagonistic and hostile toward state actors. On the one hand, classical liberalism portrays the government as a necessary evil that must be strictly controlled and regulated; and on the other hand, traditional Marxism depicts the government as a mere proxy for the vicious ruling class.[13] Both accounts view civil society as the source of earnest virtues while the state is considered to be the root of all irrational and detrimental conflicts. Governments attempting to impose a state-sponsored identity and legitimize an arrangement that favours a certain elite group at the expense of the majority, adopt a 'national' security ideology that justifies their oppressive policy instruments (Adamson & Demetriou 2007). Thus in some instances, the state reinforces the insecurities and vulnerabilities felt by the marginalized groups in the society, rather than improving their sense of security (Alagappa 1998; Rotberg 2003). To this extent, the concept of national security becomes an instrument for curtailing individual and societal security. Therefore, identifying the 'correct' referent(s) of security becomes problematic and contentious amid competing and often irreconcilable interests that demand urgent actions.

The third criticism asserts that the state should not be viewed as an end goal in itself. On the contrary, the state is an apparatus designed to secure the life and freedom of the people and ensure their socioeconomic welfare. Accordingly, the primary goal of national security should be the protection not of the state but of the individuals, groups and societies that constitute it.[14] This implies that the primary referent object of national security policies and strategies must be human-centric rather than state-centric, particularly in cases where the legitimacy of state, government or regime is contested. Without the people's consent and support, political institutions lose their legitimacy; and without individuals and communities occupying and claiming a piece of land, a territory loses its worth and meaning (Alagappa 1998; Silva 2014). In other words, imminent threats become relevant only when they pose tangible risks to the people and their means of support. This implies that security should be essentially about human beings (United Nations Development Program [UNDP] 1994). Despite this, the space for people and societies is constantly being undermined by state- centric security policies and frameworks that put primacy on sovereignty and territorial issues. In extreme cases, this results in the deliberate neglect of human security in the name of national security.

Figure 1.1 illustrates the cohabitation of statist and humanist dimensions of security to form the 'cohabitative security' framework. As shown

in Fig. 1.1, cohabitative security emphasizes the amalgamation between the 'high politics' of state security and the 'low politics' of human security when articulating and implementing the national security rhetoric and agenda. The underlying assumption here is that state security and human security complement one another. State security does not always undermine human security nor does it deliberately compete with individuals and communities. Similarly, human security does not necessarily threaten state security nor does it have to be in constant competition with state actors and agencies. In short, state and human security are mutually constitutive rather than mutually corrosive. Such security formulation enables states to have a more positive and nurturing image in the security narrative, and is particularly relevant in the context of growing recognition of human security as a necessary precondition for peace and stability.

The idea of cohabitative security implies that the dichotomy between these two security dimensions is neither natural nor permanent. The invisible yet concrete divide between states and humans creates a rather misleading notion that government leaders do not recognize the multidimensionality of contemporary security. Thus, despite the claims by state actors about having a comprehensive security framework that incorporates individuals and societies, however, non-state actors continue to view the pursuit of national security as a purely militaristic agenda.

Nevertheless, a certain type of political organization is still necessary, even as the security concept is gradually evolving to encompass human-centric security issues. Despite its many faults and limitation, the state continues

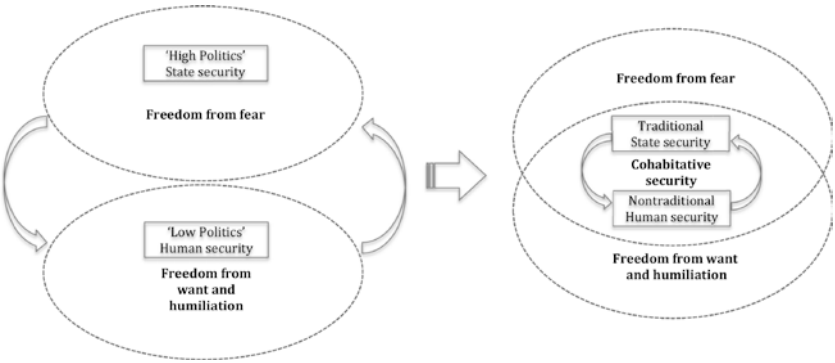

Fig. 1.1 Cohabiting the state-centric and human-centric dimensions of security[15]

to be most crucial mechanism for facilitating political allegiance and affiliation (Alagappa 1998; Holton 2011). Moreover, the state maintains its position as the principal agent of security and welfare functions required in any society (Aydinli & Rosenau 2006; Ripsman & Paul 2010). Given its role as a medium for interlinking local, regional and global networks, the state remains an important fixture in the contemporary international system.

This is where the case for co-habiting the statist and humanist dimensions of security finds its relevance. On the one hand, cohabitative security emphasizes that the state has never been completely obsolete due to inferred cultural support that buttresses the principle and practice of sovereign statehood at the global level (Mearsheimer, 1994; Alagappa 1998 l Waltz, 2001). In addition, post-statist approaches to political organization are neither well developed nor well grounded. Hence, the state remains the ultimate form of organized political community, and persists to be the dominant actor in the international system. There just seems to be no feasible alternative to the state system even in the twenty-first century. Since the meaning and subtext of security are deeply linked to 'historically specific forms of political community' (Alagappa 1998, p. 33); and 'because other forms of political community have been rendered unthinkable' (Walker 1990, p. 5), therefore, the conceptualization of security in terms of the state continues to be relevant.

On the other hand, cohabitative security also emphasizes that the enduring relevance of the state does not make it an exclusive referent of security. As argued, the contested legitimacy and limitations of some states suggest that government-defined security policies and strategies are not always aligned with the security interests of individuals and societies. Accordingly, national security cannot be simply equated with state security. While it remains the most influential agent of political organization, the state has to co-exist with a host of inter-state and intra-state entities, thereby creating an intricate web of authority and power configurations (Sahni 2008; Wibben 2008; Watson 2011). What cohabitative security does is to re-introduce and re-integrate the 'human' within the security policies and strategies being developed and implemented by the states. This enables the assimilation of non-state referents which also have legitimate claims to survival into the national security rhetoric and agenda. Instead of undermining a statist security concept in favour of a humanist model (and vice versa), cohabitative security bridges the artificial gap between the 'high politics' of state security threats and the 'low politics' of human security issues.

The Scope of Cohabitative Security

The security debate with respect to the scope of security touches several dimensions: whether security must be redefined to encompass 'below-the-state' or humanist dimensions of security; whether orthodox formulations of security based on state survival and military power remain appropriate; and whether non-traditional forms of threats should be incorporated in the revised security agenda. In general, the realist thesis tends to overlook internal aspects of security despite the pervasiveness and magnitude of violence and aggression within the domestic sphere (Keohane 1986; Frankel 1996; Mearsheimer 2001). The neorealist assumption underlines a unitary sovereign state that acts and behaves rationally. This is based on the argument that within the domestic domain, there is legitimate government that has absolute control over the legitimate use of violence (Waltz 1979; Katzenstein 1996). In contrast to an anarchic and self-help international realm, the domestic realm resembles stability and order. Thus, while international politics is portrayed in Hobbesian terms, domestic politics is characterized by law, authority and administration. Conceiving the state as a unitary, cohesive and sovereign entity naturally precludes internal security issues (Alagappa 1998).

However, critics question the use of sovereignty as an analytic assumption, and argue that it is best to view it as a point of reference or a mere convention (Milner 1991; Wendt 1992; Krasner 1995). This implies that the state cannot always be assumed to be cohesive and legitimate. Governments in some states do not always possess monopoly over the legitimate use of violence, in the same manner that the people residing within existing national borders do not always identify and connect with the state. In such cases, rather than being the chief provider and agent of security, the state has paradoxically become the main culprit of insecurity. A broad-range of internal security issues can pose serious threats to governments in different states. Within the so-called 'failed states', for instance, the domestic sphere is deemed to be as anarchic as the international sphere (Hameiri 2007; Patrick 2011). The security problems generated by some of these states – mass genocides, racial violence and ethnic cleansing, internal displacements forcing out refugees, and vicious competitions for scarce resources – are not only affecting their own citizens but also the people and communities beyond their territories. When violent domestic conflicts induce externalities that transcend national borders, the distinction between internal and external politics becomes blurry. Yet the presumptions

about the nature of the domestic realm as being governed by law, order and authority; and the state's supposedly unitary character, unnecessarily exclude domestic issues that have significant impacts on communal, national and global security (Huysmans 2002: Newman 2010).

The realist construction of security has been challenged from various points. The first set of counterarguments comes from the neoliberal thesis. In particular, the neoliberal institutionalists argue that international institutions can substantially reduce the adverse effects of anarchy as suggested by neorealism (Campbell & Pedersen 2001; Weiss & Wilkinson 2014). Thus, political survival does not always have to be presented as a dangerous pursuit since a relatively high level of global governance is achievable (Keohane 1986). As Buzan has noted (1993), the international society is a natural consequence of international relations within anarchy just as the balance of power is. To this extent, it is inferred that while interdependence – an equally important structural feature of the international system – has been severely neglected, anarchy has been grossly overstated (Milner 1991; Alagappa 1998).

Meanwhile, the commercial liberalism theory suggests that the intensification of economic interdependence is progressively transforming the nature of international politics by mitigating the destructive impacts of anarchy, and therefore, can be viewed as a vehicle to peace (McDonald 2009; Press-Barnathan, 2009; Doyle 2011). The growing linkages between domestic economic welfare and global markets are diminishing the salience of sovereignty and territorial concerns. This implies that state behaviour will be influenced more by the demands of interdependence and less by the insecurity generated by anarchy. Among Western countries, war has increasingly become obsolete as leaders begin to realize its irrationality and ineffectiveness for enhancing the national economy. As posited by the democratic peace theory, the democratic realm is inherently peaceful since democracies do not engage in armed conflicts and wars with other identified democracies.[16]

It is the regime type rather than the material composition of the international system which determines the probability of war.[17] There are two interrelated factors that underwrite this hypothesis: first, the presence of powerful institutional constraints such as checks and balances, and weight of public opinion within a democratic system; and second, the implantability of democratic values and ideals such as cooperation, compromise and peaceful conflict resolution from the domestic to the international realm (Maoz & Russett 1993; Owen 1994). Therefore, the material structure has

become a less robust factor for explaining state behaviour. The deepening economic interdependence; spreading democratic norms and institutions; and increasing cost of war and its declining utility, have all contributed to the proliferation of peace. Given the depth and range of these changes, along with their mutually reinforcing nature, their impacts will be difficult to reverse. For these reasons, traditional security issues (specifically the military threats to state sovereignty and territory) are becoming less prominent.

The second set of criticisms contest the relegation of vital political, economic, social and cultural elements of security while disproportionately highlighting military elements. The main argument here is that individuals and societies are also subject to traditional and non-traditional security threats. The disregard for humans has resulted in a heightened militarization of international relations. As such, critics have argued for the recognition and inclusion of the 'human' in the analysis and configuration of security in the twenty-first century. This led to a twin-process of 'broadening and 'deepening' of the security realm.[18] The broadening process refers to inclusion of non-military security threats, whereas the deepening process pertains to the increasing openness of the field in order to accommodate legitimate security concerns of individuals, groups and societies.[19]

The philosophical groundwork behind this reflective evolution in security thinking relates to the universalism of life claims. According to the 1994 UNDP Human Development Report, universalism means empowering the people by focusing directly on human beings and demanding non-discrimination among everyone, irrespective of gender, religion, race and ethnic origin. The collective stand pulls together present demands of human development with the exigencies of development in the future. It recognizes the sanctity of national sovereignty and appreciates the integrity of territorial boundaries, but only for as long as the political leaders of these states provide security and respect the human rights of their people (UNDP 1994). As the UNDP (1994) has argued, conventional approaches to security have ignored the security of the voiceless, the marginalized and the poor across the globe. The security of these groups has been consistently undermined due to the ethnocentric character of the dominant security framework. The insecurity felt by the majority of the population is engendered by the uncertainties of daily life, rather than the fear of yet another catastrophic global occurrence. Hence, the referent of security must include humans since the critical question of 'whose security' cannot be adequately answered in terms of the state (Booth 2008; Saleh 2010; Newman 2010).

By disproportionately highlighting military threats, the attention and interest of the public is diverted from dangers taking shape within national borders. Threats outside the conventional interpretations of security have equal or greater potential to destabilize the whole country, yet they are pushed on the backburner. Such an approach provides a misleading notion that external threats are far more dangerous than the threats that crop up internally (Ullman 1983; Paris 2001; Collins 2013). When the concept of security is strictly defined as the threat of terrorism, military responses gain the upper hand and diminish the likelihood of achieving human security. Therefore, what is needed is a security concept that identifies poverty, social collapse and civil conflict as core components of a global security threat that must be dealt with accordingly (UNDP 1994). As the Human Security Network (HSN) has put it, it is only by promoting human security that 'a more humane world where people can live in security and dignity, free from want and fear, and with equal opportunities to develop their human potential to the full can be achieved' (as cited in Paris 2001, 91). A holistic approach to the human security concept sets an effective backdrop for strong cooperative measures pursued by HSN members. The concept's malleable design allows all members of the coalition to pursue a wide array of objectives born out of different threats – both real and perceived – while espousing a myriad of ideologies and perspectives rooted in distinctive value systems.

For the opponents of such an expansionist security model, human security is a sterile analytical tool for academic research and policymaking. While the explicit and unapologetic haziness of its definition makes human security an effective catchphrase for uniting a host of conflicting doctrines, nonetheless, it has also led to the substantial diminution of explanatory power. Hence, critics argue that the human security paradigm provides little guidance for both scholars and legislators due to its intrinsic definitional elasticity and built-in structural incoherence (Owen 2004; Tadjbakhsh & Chenoy 2006; Goucha & Crowley 2008). For example, among legislators and public officials the most contentious debates arise from decisions concerning the allocation of scarce government resources to a broad range of human security issues - all deemed to be equally urgent and important (Paris 2001; McFarlane & Khong 2006; Oberleitner 2014). Establishing a hierarchy of priorities becomes highly contentious and problematic because of sweeping formulations and definitions of human security. But as mentioned earlier, a focal point in the human security ethic underscores both the inclusiveness and holism of

the concept, which requires the audience to treat all interests and objectives encapsulated within the agenda as equally crucial and necessary.

Furthermore, the ambiguity of the human security discourse allows it to cover both material and ideational aspects of security. This becomes problematic when one attempts to evaluate how specific variables lead to a relative increase or decline in the overall level of human security since the investigation of causal relationships demands a certain level of analytical partition which the concept evidently lacks (Tadjbakhsh & Chenoy 2006; Wibben 2008). Significant efforts, therefore, have been directed towards operationalising the human security concept by moving away from all-encompassing formulations to a more coherent interpretation of the term. Adhering to this call, King and Murray (2001) proposed a human security model comprised of five indicators (poverty, health, education, political freedom and democracy) that are deemed significant enough to merit war among citizens in their quest for survival. Such formulation is deemed necessary for the systematic and analytical approach to assessing relative levels of human security across groups. Conceptualizing security in this manner suggests that considerations for the welfare of non-state actors override those of sovereignty and territorial integrity. Human insecurity represents the point beneath the well-being threshold, which is the state of generalized poverty. Similarly, a human security audit that incorporated measures of direct and indirect threats to personal safety and freedom was presented by Bajpai (2000) to perform two related functions to assess the nature and severity of these threats prior to deciding whether the threatened referents are capable of launching containment measures to deter them.

As with any attempts at operationalization, categorising specific values as more important than others without offering a compelling justification is very problematic. As Paris (2001) argues, the validity and soundness of an operationalized definition of human security based on identified components will be subject to criticisms by those espousing a different set of values as they vary from one society to another. The challenge goes beyond the straightforward act of narrowing down the concept to providing convincing justifications for highlighting certain norms and standards, while sidestepping the others. Ironically, it is precisely the conceptual vagueness and flexible boundaries of human security that enables a group of highly diverse state and non-state actors to establish coalition that will capture all security issues attracting the biggest financial resources (Alkire 2003; Kaldor 2007). For the coalition members, greater ambiguity equals

greater 'stability' in terms of resources. Accordingly, the network provides enough space to accommodate a myriad of interests and objectives to downplay individual differences, and extend its membership. Providing greater coherence to the human security concept runs counterintuitive the network's goals as inevitably requires specificity that magnifies individual differences. Alienating members based on specific set of criteria can potentially results in the deterioration or even demise of such a coalition.

For some analysts, the linking of non-military issues and security represents a 'muddled thinking' (King and Murray 2001; Paris 2001). There are several reasons for this assertion. Take for example, the highly contested issues of economic and environmental security. First, defining the exact composition of economic and environmental security is difficult as these issues can be operationalized in multiple and conflicting ways.[20] Second, even when satisfactorily outlining the definition of economic and environmental security, identifying the threats also presents huge challenges (Alagappa 1998; Paris 2001; Owen 2004). Third, the idea of securitising economic and environmental concerns has the unintended consequence of nationalizing and militarizing economic and environmental relations, which make their resolutions even more challenging.[21] Fourth, both economic and environmental problems are deemed ontologically different from military threats to states.[22] In short, critics are united in their stance that nothing significant can be gained from ascribing the word security to a host of non-military issues given the lack of theoretical and empirical utility that can be derived from it. When all issues that pose threats to life in general are perceived as threats to national security, the explanatory power of the term is significantly reduced.

Indeed, the determination and delineation of the scope of security presents an intellectual paradox. On the one hand, labelling all issues as security threats without applying a specific guideline undermines the theoretical coherence and empirical utility of the concept. Yet the very process of selecting a set of criteria is intrinsically linked to particular models, which means that identifying which issues are labelled as security threats is a highly subjective process. On the other, the traditional conception of security is becoming increasingly restricting and misleading. By strictly targeting the issues that relate to state defence, the other equally important dimensions of security that impact survival are ignored. This is where the idea of cohabitative security comes in.

The cohabitative security framework introduced in this book emphasizes that national security is no longer solely devoted to the business

of safeguarding the state but is now also concerned with the security of individual, groups and societies. Whereas state security refocuses the attention on traditional referents, human security underlines the security non-traditional referents. Whereas state security safeguards citizens from external threats, human security controls internal problems that imperil grassroots civil societies. Whereas a state-informed security agenda is intended to contain immediate and concrete threats, a human-informed agenda is designed 'to safeguard the vital core of all human lives from critical pervasive threats, without impeding long-term human fulfilment' (Alkire 2003, p. 23). Thus, cohabitative security illustrates that the statist and humanist dimensions of security are complementary not substitutes; mutually reinforcing not mutually exclusive; integrative not corrosive.

Varieties of actor, both internal and external, play significant roles securing both statist and humanist referents of cohabitative security. At the national level, these are: (a) state actors comprising national and local government units and agencies; (b) non-state public actors composed of local non-government organizations, media, and academe; and (c) non-state private actors made up of domestic business groups. At the transnational level, these are: (a) regional and transregional organizations such as the APEC and ASEAN; (b) international NGOs; and (c) transnational and multinational corporations. The dashed arrows of Fig. 1.2 indicate that national and transnational actors simultaneously influence one another, whereas the solid arrows indicate a two-directional relationship between internal security referents and the external environment. That is, the conducts of transnational actors and underlying external conditions influence domestic units, and vice versa.

The impetus behind the cohabitative security framework is based on several important considerations about then nature of contemporary security vis-à-vis contexts, concepts and threats. First, the distinctions between traditional and non-traditional security issues are hardly insurmountable. Politico-military threats to sovereignty and territorial boundaries are engendered both by internal and external factors. Consequently, cooperation at regional and global level is also crucial for resolving statist security issues (Hyun et al. 2000; Axworthy 2001). This is particularly relevant at a time when states face serious constraints emanating from burgeoning benefits of global specialization, on the one hand; and the savageness and escalating costs of war, on the other. Hence, collective security is not necessarily antagonistic to the concept of national security. Rather than diametrically opposed, the two can be mutually reinforcing.

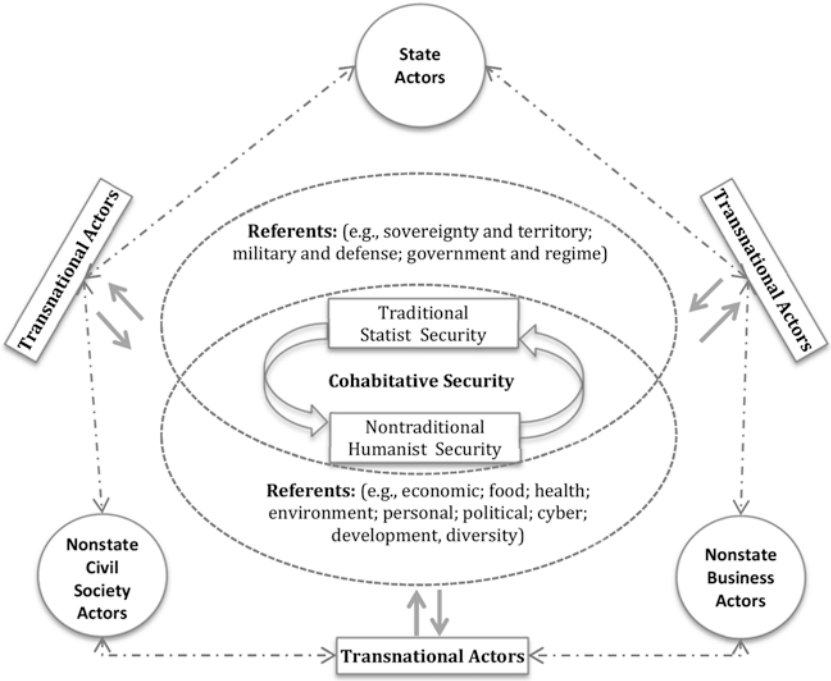

Fig. 1.2 Operationalizing cohabitative security[23]

Second, defining security strictly in terms of organized violence leads to a false conclusion that issues that do not entail or constitute force cannot be security problems (Krause & Williams 1996; Alagappa 1998). There is a whole range of other instruments employed to protect or challenge the traditional core values of the state.

Third, limiting the discussion of security within the nation-state level creates a misleading notion that security cannot be analyzed at different levels and in relation to various non-state referents (Saleh 2010; Christie 2014). Although tensions may seem inevitable given the competing approaches undertaken across diverse contexts and at different levels, nevertheless, the same will be true even when security problems are independently assessed and exclusively managed by domestic state actors (Alagappa 1998). Fourth, preventing the rethinking and restructuring of security concept despite the shifting domestic and international

conditions can also undermine its practical and analytical utility (Paris 2001; King & Murray 2001). Given the innate tendencies of terms and concepts to evolve, the scope of national security will also change over time and across space. As such, security has to be conceptualized in a more flexible manner to reflect and adapt to a variety of changes. Fifth, and lastly, criticism that points to the fundamentally different expertise required for tackling nonconventional issues underlines the need for interdisciplinary and multidisciplinary approaches to security studies, rather than delineating the boundaries of security on the basis of an analyst's expertise (Alagappa 1998; Christie 2014; Krause 2014). The argument is that the expertise of these so-called experts of national security only stretches as far as their respective fields of specialization.

Thus, cohabitative security neither trivializes nor undermines the role and power of states when reformulating and re-deploying their respective security policies and strategies. Rather than constraining the statist security interests to advance humanist security concerns, what the cohabitative security framework does is to amalgamate the 'high politics' of states with the 'low politics' of humans. The intrinsic relations between the referents of and threats to state security, on the one hand, and human security, on the other, underline the mutually constitutive and reinforcing characters between the two. While cohabitative security does not provide a panacea for some of the most enduring conceptual paradoxes related to security, nonetheless, it does present an alternative approach for re-evaluating the relative success and/or failure of governments at incorporating the human dimension within their security rhetoric and agenda. In essence, cohabitative security reveals how traditional elements of state security can both complement and enhance non-traditional components of human security, and vice versa. Through the amalgamation of statist and humanist security issues, the role of the state vis-à-vis human security is 'unvilified'. The notion that state and human security are diametrically opposed (or inherently contradictory) is overcome, thereby allowing state actors to appreciate the multidimensional and multidirectional features of security in the twenty-first century.

The Security-Trade Linking (STL) Process

With the development of cohabitative security framework, the linkages between security and trade can now be more systematically explored and analyzed. The underlying assumption is here is the presence of reciprocal

relationship between the two variables. As shown in Fig. 1.3, on the one hand, trade engagements (controlled variables) affect the security referents of small powers (explained variables); and on the other, security threats (controlled variables) influence facilitation and outcome of small powers' trade activities (explained variable).

There are two general theories that can provide preliminary explanations concerning these linkages, namely: liberalism and realism. As mentioned earlier, liberals in general argue that all states accrue substantial benefits from free trade.[24] In particular, the neoliberal thesis emphasizes the role of free trade as a peace-enforcing mechanism in the international system by harmonizing multifaceted and often conflicting national interests. This harmonization of interests enables states to pursue their respective economic objectives while preserving a significant level of collective security necessary for maintaining the stability and predictability of the system.[25] As the liberal internationalists argue, cooperation among sovereign states is feasible even without a hegemonic player to enforce compliance with the rules of agreement (Gardner 1990; Doyle 2011; Jahn 2013). Keohane and Nye's (1977) complex interdependence theory explains how countries can considerably broaden their narrow self-interests via membership in international institutions that enhance inter-state cooperation. Thus, neoliberals argue that the intensification of economic interdependence via free trade reduces the material value of territorial conquest (Fridell 2006; Slocum 2006; Lang 2011). By juxtaposing economic benefits against the opportunity costs of war, neoliberalism shows

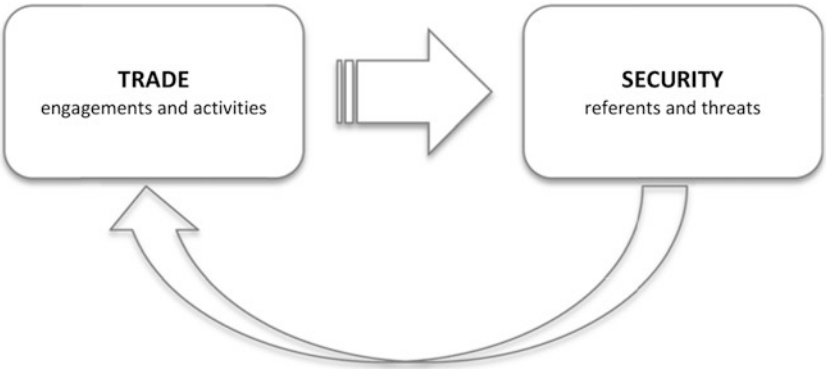

Fig. 1.3 Linking security and trade

how trade is able to influence states' behaviour and constrain their actions. Economic incentives motivate countries to pursue different types of trade agreements with one another as concerns over relative gains are set aside in favour of absolute gains.

Meanwhile, realists underline the dangers that could arise from excessive economic dependency particularly with respect to smaller and weaker states.[26] Although they do not deny the wealth-creating effect of trade, however, proponents of structural realism argue that the inherent anarchic structure of the international system forces states to limit their level of interdependence in order to reduce vulnerabilities (Waltz 1979, 2001; Buzan et al. 1983). Rather than a peace-enhancing apparatus, trade is viewed by realists to be a constraining device that limits the capacity of states for independently governing their domestic affairs. While liberals argue that states should be concerned more with the maximization of t absolute gains, realists contend that states should be more worried about relative gains (Grieco 1988; Powell 1994). Contrary to the liberal claims that states will continue to cooperate for as long as absolute gains are improved, realism predicts that states will abandon any cooperative agreements if they expect to gain less than their counterparts.[27] Such a preoccupation with relative gains severely undermines cooperation at regional and international levels as states become paranoid about whether they can gain something from cooperation; and more importantly, whether these gains are greater than those that accrue to members. Hence, from a realist perspective, the main rationale for the pursuit of free trade is political and strategic, rather than economic.

Figure 1.4 provides an illustration of the security-trade linkage process that will be used as a basis for examining the impact of trade on various security referents, on the one hand; and the influence of security interests on the implementation and consequence of trade, on the other. Statist and humanist linkages are two types of security-trade linkages that are being explored in this book. The former focuses on the nexus between statist security referents and trade; while the latter focuses on the nexus between humanist security referents and trade. Under statist linkages, the states are the primary referents of security; whereas under humanist linkages, the individuals, groups and societies become the main security referents. Here, the linking of security and trade is viewed as an approach or a strategy for promoting and enhancing the security referents that are facing existential threats. Buzan et al. (1998, p. 27) define the term 'existential threat' as something that 'requires emergency action or special measures

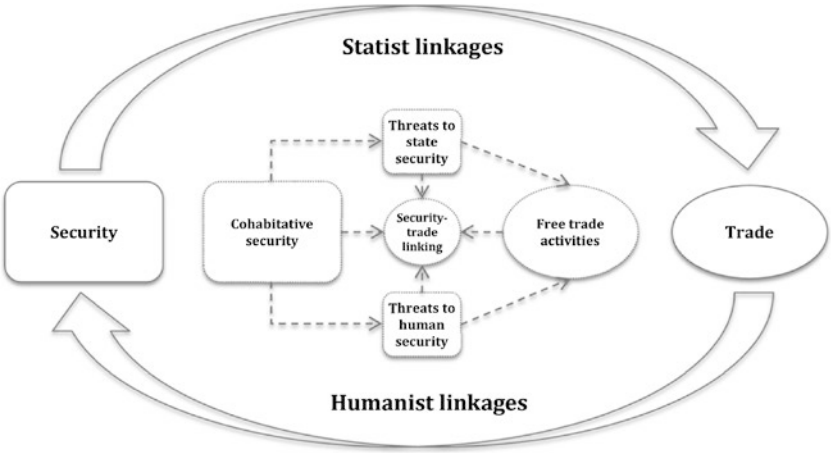

Fig. 1.4 Statist and humanist security-trade linkages

and the acceptance of that designation by a significant audience'. In short, security means survival in the face of existential threats. Or, as interpreted by Emmers (2013), security occurs when an issue is presented as posing an existential threat to a designated referent object. As the cohabitative security framework suggests, these referents are not exclusively state-centric but are also human-oriented. This means that the security-survival logic is simultaneously maintained and extended beyond military security to encompass non-military elements. The choice between a rush to freer trade and a rush to increased protection is significantly influenced by the states' view with regard to the utility of trade for securing the primary referents of their security policies and strategies.

First, I analyze how the STL process occurs at the regional level using APEC and ASEAN as my case studies. The assumption is that regional security referents (both statist and humanist) are facing similar threats. One way of dealing with these threats is by linking these regional security issues with the trade agendas of APEC and ASEAN. The presence of shared perception and collective understanding in relation to these security issues enables the establishment of strong alliances and/or coalitions among independent governments, which in turn, allows for the ratification and implementation of binding agreements vis-à-vis these threats. By agreeing to bestow legitimate power to regional institutions, the conventional form of sovereignty is transformed to include

interstate accountability and responsibility. In an increasingly interdependent realm, it will be in the best interest of governments to take cooperative measures seriously to effectively combat security threats that jeopardize their national interests. Notwithstanding internal differences, the 'collective' perceptions of regional security/insecurity are anchored on these shared goals and understandings. Hence, the STL strategy need not always be zero-sum.

Second, I investigate how the STL strategy is carried out at the domestic level using Taiwan, Singapore, the Philippines and Malaysia as my case studies. The assumption here is that the prevailing domestic security concepts and contexts determine which security referents get framed as primary referents, and which issues are labelled as existential threats in relation to the primary referents. One way of dealing with these threats is by linking these domestic security issues with the respective trade agendas of these four countries. The relativity in concept and context vis-à-vis national security implies that trade-offs between statist and humanist interests are likely to happen. For instance, enhancing state security through acquisitions of advanced military weaponry may diminish human security by diverting the resources away from vital non-military public goods including social services and infrastructures among others. Hence, an in-depth analysis and a narrative presentation of how the STL strategy applies to the domestic level are necessary for explaining the similarities and/or differences in outcomes.

Investigating The Small Powers' STL Efforts, Strategies and Outcomes

The nature of my research questions demands a holistic, contextual view and analysis of the whole STL process, rather than an abstraction of the entity across cases. Put differently, it is necessary to treat the cases as 'wholes' or what Hopkin (2002, p. 261) refers to as 'complex combinations of variables.' Thus, in investigating these linkages, I use multiple case studies. By applying the same conceptual and theoretical frameworks to my four cases, I am able to develop more robust arguments about the small powers' STL efforts, strategies and outcomes. Focusing on each individual case enables a more nuanced understanding of the intricate patterns of relations between the component parts of multifaceted units. Moreover, given the small number of my observations, and the problems associated with the appropriate selection of indices to measure security

and trade, I adopt a qualitative approach instead of a quantitative one. My qualitative analyses of the STL process vis-à-vis the small powers have four specific objectives, namely: contextual description, classification, hypothesis-testing; and prediction.

First, through contextual description, I describe the context(s) underpinning the research phenomenon in question, that is, the linking of security and trade of small powers. As I have hypothesized earlier, security issues tend to be 'homogenized' at the regional level given the presence of shared perceptions and collective understandings; whereas at the national level, varying security concepts and contexts imply that security issues are 'heterogeneous'. These contextual descriptions provide the raw information necessary for higher levels of explanation. Second, through classification, I establish the conceptual differences between statist and humanist linkages. I construct distinct categories based on the identifiable features of the four countries I am investigating. By grouping separate descriptive units into simpler categories or classifications, I am able to achieve a higher degree of comparison.

Third, after describing the underlying regional and domestic security contexts, and classifying the cases between statist and humanist categories, I identify and analyze the key factors that drive and explain the small powers' linkages based on the common themes/features found in my case studies. The idea is to eliminate rival explanations by testing the hypotheses derived from competing theoretical perspectives vis-à-vis the empirical/theoretical evidences gathered from the four cases. And fourth, I predict the general flows and outcomes of the STL strategy with respect to the small powers.

Overall, my investigation of small powers' linkage efforts, strategies and outcomes may be viewed as an explanatory type of research as it attempts to: (a) explain why and how these linkages emerge; (b) interpret the relationships between these two variables; and (c) examine the similarities/differences in the responses and outcomes, albeit without numerical or statistical analyses. Rather than seeking regularities in the relationship between proposed explanatory factors and outcomes across cases, I explicate the processes at work in a small number of cases using in-depth intensive analysis and a narrative presentation of the argument.

Table 1.1 provides a summary of the primary security referents and contexts; origins and directions of threats; and dimensions of security explored and analyzed in each of the four cases investigated. In the case of Taiwan, the primary security referent investigated is its shrinking de

Table 1.1 Contextualising the security-trade linking process[28]

Cases	*Primary security referent*	*Primary security context*	*Origin of threat*	*Direction of threat*	*Cohabitative security dimension*
Taiwan	De facto sovereign space	Cross-Strait security paradox	One-China factor	External: China	Statist security
Singapore	Defense space	Security complex	Geographic factor	External: neighbouring Asia-Pacific region	Statist security
The Philippines	Development space	Uneven economic security	Oligarchic factor	Internal: domestic oligarchy and patronage culture	Humanist security
Malaysia	Diversity space	Domestic security dilemma	*Bumiputera* factor	Internal: *Barisan Nasional* and United Malays National Organization (UMNO)	Humanist security

facto sovereign space against the backdrop of cross-Strait security paradox engendered by the One-China factor. The term 'sovereign space' refers to Taiwan's de facto domestic and interdependence sovereignty, as opposed to de jure international legal sovereignty, which represents the statist dimension of cohabitative security. Here, the origin and direction of Taiwan's insecurity is external – China. In the case of Singapore, the primary security referent is its shrinking defense space against the backdrop of a multidimensional security complex induced by geographic constraints. The term 'defence space' refers to Singapore's capacity, both military (hard power) and non-military (soft power) to defend its geo-economic and geo-political viability, which also represents the statist dimension of cohabitative security. Similar to Taiwan, the origin and direction of Singapore's insecurity is external – the whole neighbouring region. In the cases of Taiwan and Singapore, security-trade linkages are 'statist' given the nature of their primary security referent and contexts, as well as the origins and directions of threats.

Meanwhile, in the case of the Philippines, the primary security referent investigated is its diminishing development space against the backdrop of uneven economic security perpetuated by oligarchic forces. The term 'development space' refers to the capacity of the Philippines government

to independently and effectively pursue its economic development goals and objectives amid a deeply entrenched oligarchic system and patronage culture, which represents the humanist dimension of cohabitative security. Here, the origin and direction of the Philippines' insecurity is internal rather than external – the Filipino oligarchy. Finally, in the case of Malaysia, the primary security referent is its diminishing diversity space against the backdrop of a domestic security dilemma generated by a Malay-centric political economy run and maintained by the ruling United Malays National Organization (UMNO) party together with the *Barisan Nasional* (BN) coalition. The term 'diversity space' refers to the capacity of all ethnic groups in Malaysia to participate freely in the country's political and economic affairs, and also represents the humanist dimension of cohabitative security. Similar to the Philippines, the direction of Malaysia's insecurity is internal – that is, the perpetually ruling political party and regime. In the cases of the Philippines and Malaysia, security-trade linkages are 'humanist' given the nature of their primary security referent and contexts, as well the origins and directions of threats.

It is important to note that these classifications do not imply that Taiwan and Singapore are exclusively concerned with the statist dimension of cohabitative security, nor do they suggest that the Philippines and Malaysia are entirely concerned with the humanist dimension. As posited earlier, these two dimensions are mutually constitutive and reinforcing, and therefore, are both crucial for the overall stability and security of all four countries. Nevertheless, given their prevailing security contexts, Singapore and Taiwan tend to focus more on state security while the Philippines and Malaysia tend to put more emphasis on human security.

In addition to these multiple case analyses, this book also features important excerpts based on my one-on-one interviews with several key informants from each of the four countries during my six months of field research. The underlying assumption here is that state and non-state actors are both conscious and social human entities. Since current research emphasizes the roles of state and non-state actors behind the STL strategy, my target groups for the interviews are the 'elites' representing: the governments (public officials, policymakers, government think-tanks); civil society groups (academe, NGOs, independent think-tanks); and members of the political opposition parties. This enables me to gather relevant information about decision-makers (along with those who influence them), and the decision-making process itself. By shedding light on critical issues surrounding the small powers' security and trade, these discussions illuminate major discrepancies between

government rhetoric and action, on the one hand; and state and non-state perceptions, on the other.

Finally, to assist my elite interviewing technique, I have also systematically analyzed the available documents (primary, secondary and tertiary) related to the research. The most important documents that I have examined are the official documents pertaining to national security policies and free trade agreements of the four countries under investigation. Other documents including official government publications including bills, treaties, reports and studies from various departments, committees and commissions are also reviewed and consulted. These are scrutinized in conjunction with the documents, reports and papers published by concerned regional and multilateral organizations. And lastly, a wide selection of books, journal articles and theses covering the security and trade issues of small powers have also been carefully studied.

Organization of the Book

The first task of this book, undertaken in the following chapter, is to provide an overview of the context underpinning the linking of security and trade by small powers. The central argument here is that the strategic disadvantages being faced by small powers have resulted in an innovative approach to security, that is, the security-trade linkage (STL) strategy. Notwithstanding the notion that states are mainly fixated on issues concerning tariff and non-tariff barriers, the pursuit of trade is a highly political and strategic affair. Both traditional and non-traditional security requirements have fuelled the efforts toward what I call statist and humanist forms of linkages. The relationship between security and trade is two-way. On the one hand, trade helps promote, enhance and secure a wide range of security referents and interests. On the other, the security threats/issues undermining these referents/interests influence the facilitation and outcome of trade activities. But while free trade has the capacity to secure the primary security referents and interests of small powers, nonetheless, it also has an equal capacity to undermine them. This double-edged effect of trade implies that states adopting the STL strategy are effectively trading security, since for every additional security a linkage provides to a specific referent, a corresponding insecurity is reflected in other referents. In other words, for every security enhancement that a linkage creates, a consequent insecurity is generated. This idea of small powers using trade as a security currency will be systematically examined in the four case studies presented in this book.

In Chapter 2, I present an overview of the STL process at the regional level by examining the collective experience of East Asian countries with security-trade linkages under the purview of APEC and ASEAN. Here I argue that while, APEC's linkage strategy underlines the primacy of humanist security interests over statist referents; nonetheless, ASEAN's linking approach emphasizes the superiority of statist security referents over the humanist ones. Due to their fixation toward certain norm-based procedures such as informality, inclusivity, consensus and non-interference, balancing the old and new agendas has been very challenging for APEC and ASEAN members alike. Nevertheless, the continuously evolving security environment forces both the APEC and the ASEAN to expand their respective agendas in order to maintain their relevance in the region. Despite their institutional shortcomings, the fact that both statist and humanist security issues are now explicitly discussed vis-à-vis their trade agendas underlines the dynamics and progression of East Asian linkages in the twenty-first century.

In Chapter 3, I investigate Taiwan's statist security-trade linkages. Here, I explain the process through which Taiwan utilizes free trade when securing its shrinking de facto sovereign space against the backdrop of cross-Strait security paradox induced by One-China constraints. I argue that Taiwan's linkage efforts generate a condition akin to the prisoner's dilemma by compelling Taiwanese political parties to adopt a parallel, watered-down approach vis-à-vis Taiwan's *de jure* sovereignty to maintain their electoral support base. Consequently, the Taiwanese government is forced to accept the island's quasi-independent statehood in order to preserve its remaining de facto autonomy. Put differently, the only way for Taiwan to be 'de facto free' is by remaining 'de jure unfree.' Yet by doing so, Taiwan is perpetually detaining itself within the political confinements of China. Thus, Beijing's aggressive sinicization project creates a scenario in which increasing cross-Strait stability paradoxically results in Taiwan's decreasing de facto sovereign space. Institutionalizing cross-Strait politics without officially acknowledging the legitimacy of Taiwanese statehood inevitably absorbs the island within Beijing's sinicization project. The government's incapacity (if not unwillingness) to react to threats that gradually occur is reminiscent of an old fable about how the frog is boiled with cold, gently heated water.

In Chapter 4, I examine Singapore's statist security-trade linkages. Here, I explain the process through which Singapore utilizes free trade when securing its shrinking defense space against the backdrop of

multidimensional security complex induced by geographic constraints. I argue that due to Singapore's identity as a pragmatic trading state, the government adopts a security framework that emphasizes sustained economic growth and progress via free trade as a means to survival. The country's rude awakening to independence has resulted in the siege mentality and vulnerability fetish of Singaporean leaders, which in turn, has led to the ceaseless securitization of virtually all aspects of Singaporean polity. This is behaviour highly evident in the way in which statist security threats have directed Singapore's strategic policies vis-à-vis trade. From an economic standpoint, the gains that Singapore can acquire from further trade liberalization are almost negligible. Nevertheless, given its deep-seated paranoia, Singapore has been compelled to beef up its trade relations both with regional and trans-regional partners. Through its systematic exploitation of available multilateral and preferential trade channels, Singapore is able to successfully plug itself at the center of regional and global trade arrangements. Considering strategic utility of trade, the Singaporean government works very hard in sustaining the stability and peace of the environment surrounding its inter-lapping webs of trade agreements.

In Chapter 5, I assess the Philippines' humanist security-trade linkages. Here, I explain the process through which the Philippines utilizes free trade to secure its shrinking development space against the backdrop of uneven economic security induced by oligarchic constraints. I argue that the Philippines' national security is rooted in the government's capability to provide an inclusive and equitable form of development. Nevertheless, the ability of powerful and wealthy elites to transform the country into an 'oligarchipelago' underscores the deeply entrenched oligarchic system and patrimonial culture that have permeated all corners of Philippine polity. Under such a scenario political offices, elected officials and economic policies are consolidated to secure the interests of the national oligarchy. To further maximize their wealth and power, the oligarchs have exploited the country's ineffective trade policies despite their undesirable effects on poverty and inequality conditions. Moreover, the proposals for social-equalizing policies have also been blocked as they threaten to diminish oligarchic wealth and power. Consequently, the adoption of neoliberal policies vis-à-vis trade in the Philippines failed to produce a competitive liberal economy. Clearly, this systemic culture of oligarchism and patrimonialism runs in direct contrast with the government's development-based national security model. However, without a countervailing measure to rectify system, the government is bent on adopting policies

that will further shrink the development space necessary for improving the people's economic security.

In Chapter 6, I assess Malaysia's humanist STL security-trade linkages. I explain the process through which Malaysia utilizes free trade to secure its shrinking diversity space against the backdrop of domestic security dilemma induced by *Bumiputera* constraints. I argue that Malaysia's linkage efforts have been designed to achieve a two-pronged objective: first, facilitate ethnic equality by implementing race-based affirmative programs; and second, limit the wealth and influence of the non-*Bumiputeras* to a level that does not threaten the security of the *Bumiputeras*. As such, the relative security of the Malays inexorably demands the relative insecurity of the Malays. Put differently, Malay security is made inversely proportional to non-Malay security. Free trade, along with its complementary neoliberal economic policies, has played an indirect (albeit pivotal) role in the creation and perpetuation of this dilemma. The growth and opportunities induced by Malaysia's trade activities have fuelled the development and operation of affirmative policies, which have all been pursued under the banner of social restructuring. However, beneath the noble façade lie the UMNO and the *Barisan's* political interests that must be protected at all cost. Rather than promoting a genuine form of diversity and equality, the affirmative policies were institutionalized to secure the *Bumiputeras'* votes. This way, the regime is able to preserve the perpetuity of its overarching supremacy over the Malaysian polity.

Finally, in Chapter 7, I present and analyze the main lessons gathered from my systematic and in-depth investigations of the statist and humanist linkages based on a wide-range of security contexts, referents and threats. Here, I shed further light on how the book's key conceptual and theoretical frameworks for explaining the small powers' linkage efforts, strategies and outcomes fare in light of this analysis. To do this, first, I summarize the key theoretical, conceptual and methodological arguments I have developed and applied in the study. After which, I provide an analytical summary of the empirical evidences gathered by comparing and contrasting the specific findings from the four case studies. I then outline the main themes of small power linkages based on the general inferences drawn from my investigations. Finally, I conclude with a reflection on the study of the complex nexus of security and trade using the experiences, perspectives and meanings provided by the small powers in East Asia. I argue that the ability of small powers to facilitate these linkages in resolving their strategic disadvantages suggest that they are not helpless pariahs in the international

system. The constantly evolving security contexts in which they are operating, and the systemic changes that these shifts engender, have provided the small powers the impetus and platform for acting more independently. By enhancing their capacity for pursuing their security interests via these linkages, the small powers are able to minimize their insecurities, albeit in a limited way, and with varying results and repercussions. Indeed, despite the new forms of risks and uncertainties connected to these linkages, the small powers are bound to maintain (and perhaps even reinforce) them due to their conviction that the future will be miserable unless these are undertaken, or at least a strong belief that their security outcomes will be inferior than the likely ones created by the linkages.

Notes

1. See, for example, Fox (1959); Vital (1967); Rothstein (1968); Keohane (1969); Katzenstein (2003); Toje (2010, 2011); & Archer et al.
2. On small powers under hegemonic conditions, see, Mares (1988) & Toje (2010, 2011).
3. On small powers within alliances, see, Rothstein (1968); Keohane (1969); Morrow (1991); & Posen (2004).
4. See, for example, Hiscox (2002); Mansfield & Pollins (2009); Coppolaro & McKenzie (2013); & Pettis (2013).
5. For the former argument, see Barbieri & Levy (1999, 2001). For the latter argument, see Gartzke & Li (2003); & Oneal et al (2003).
6. The set includes three files: dyadic trade statistics; national trade statistics; and a codebook that describes the variables and details about the collection procedures. The majority of the post-WWII data for the COW Trade Data Set was obtained from the IMF's Direction of Trade Statistics.
7. Based on Aggarwal & Govella's (2013) analysis, over time, these types of linkages can fully transform into substantive ones as various domestic players attempt to sway the decision makers' views and opinions. At the same time, the continuous flow of ideas between countries and regions foster closer relations between initiator states and target states. Enhanced levels of stability and cooperation between initiators and targets significantly increase the potential for achieving the expected goals from these linking efforts.
8. Aggarwal & Govella (2013) note that the misconceived process through which such linkages have been developed, significantly

threatens the general stability of the resulting policy agreements and may only last for as long as the power asymmetry between parties is maintained.

9. The Copenhagen school defines securitization as a speech act that must satisfy three rhetorical criteria. The actor engages into a discursive process to: claim that a referent object is existentially threatened; demand the right to take extraordinary countermeasures to deal with that the threat; and convince an audience that rule-breaking behaviour to counter the threat is justified. In short, securitization is the process through which issues – whether politicized or non-politicized – are elevated to security issues that need to be addressed with urgency or exceptionality. This in turn, legitimates the sidestepping of public debate and democratic procedures. See, Buzan et al., (1998); Huysman (2002); McDonald (2008); & Balzacq (2010).
10. See, for example, Waltz (1979); Krasner (1999); & Mearsheimer (1994, 2001).
11. See, among others, Mearsheimer (1990, 1994); Wendt (1992); Buzan et al. (1993); & Schmidt (1998).
12. See, for example, Aydinli & Rosenau (2005); & Ripsman &Paul (2010).
13. On classical liberalism, see, Conway (2004*);* van de Haar (2009); and Arnold (2009); on Marxism, see, Kubalkova & Cruickshank (1989); Linklater (1990); & Gill (1993).
14. For in-depth discussions on human security, see, MacFarlane & Khong (2006); Tadjbakhs & Chenoy (2007); & Martin & Owen (2014).
15. Based on the author's own conceptualization of amalgamating state-centric and human-centric security referents and issues. See, also, UNDP's (19994) *Human Development Report.*
16. For examples of empirical studies, see, Maoz & Russett (1993); Owen, (1994); Oneal eta l. (2003); & Doyle, 2011.
17. See, for example, Brawley (1993); Filson & Werner (2004).
18. For more in-depth discussions, see, Krause and Williams (1996); Saleh (2010); & Tadjbakhsh (2014).
19. Examples of these non-military threats are: widening inequality and exacerbated poverty; scarcity in natural resources and environmental exploitation; internal displacements and mass refugee movements; and spread of diseases and transnational terrorism among others. See, Ullman (1983); & Paris (2001).

20. On economic security, see, Goldstein & Mansfield (2012); & Suzuki (2013). On environmental security, see, Græger (1996); Barnett (2001); & Dalby (2002).
21. For instance, the term 'economic security' may lead to calls for stronger protectionist measures and greater self-reliance to mitigate vulnerabilities. While the urgency denoted by the term 'environmental security' may deprive critical environmental issues of the continuing attention they require. See, Alagappa (1998); Paris (2001); Goucha & Crowley (2008); Newman (2010); & Martin & Owen (2014).
22. Several analysts have identified several crucial differences between traditional issues and non-traditional issues, including: nature and source of the threats; level of intentionality; degree at which the threats have to be resolved; and the strategies for containing them. The mere labelling of economic and environmental issues as security threats changes neither their nature nor the approach for dealing with them. See, Alagappa (1998); Christie (2014); &Tadjbakhsh (2014).
23. The referents listed under state security and human security are illustrative not exhaustive. See, UNDP (1994); Bajpai (2000); King & Murray (2001); Tadjbakhsh & Chenoy (2007), Glasius (2008); & Atienza et al. (2010).
24. On liberalism and free trade, Campbell & Pedersen (2001); Fridell (2006); Slocum (2006); & Lang (2011).
25. See, for example, Gardner (1990); Ohmae (1990, 1995); and Burchill (2005).
26. On realism and free trade, see, Gallagher & Robinson (1953); Semmel (2004); & Donnelly (2005);
27. For further discussions, see, Grieco (1988); Snidal (1991); Baldwin (1993); Powell (1994); Morrow (1997); & Rousseau (2002).
28. Based on the author's analysis.

CHAPTER 2

Regional Linking of Security and Trade: 'APEC Way' Versus 'ASEAN Way'

Tracing The Roots of Security-Trade Linkages in East Asia

Understanding the motives and rationales behind the small powers' attempts at linking security and trade requires a detailed understanding of the important events that have precipitated the need for such as a strategy. The shifting political, economic and strategic conditions provide important clues about why and how weaker states use trade to solve their security concerns, and the trade-offs they make to do so. In addition, they also offer critical insights into when strategic innovation takes place, and when such an approach is more or less effective. To provide a complete overview of how the STL strategy is applied at the regional level, first, I trace the roots of these linkages in East Asia and the adjacent regions. After which, I then expound in details the dynamics behind the collective linking efforts of APEC and ASEAN members to show concrete examples of such linkages. This will highlight the types of cohabitative security threats and referents that are addressed and 'co-habited' into the respective trade agendas of these two organizations. Finally, a critical evaluation of the issues encountered by member states when linking security and trade is provided to illustrate their implications for the types of linkages formed.

M.I. Magcamit, *Small Powers and Trading Security*,
DOI 10.1007/978-3-319-38815-1_2

Evolving Trade Patterns and The Rise of New Security Threats

In the 1980s, East Asian countries began to break free from neo-mercantilism as they abandoned their tradition of protecting strategic export industries in favour of neoliberal economic policies. The 'de-securitization' of American foreign economic policymaking at the end of the Cold War compelled East Asian governments to liberalize their domestic markets that heavily relied on the growth generated by industrial protectionist policies pursued under the former American nuclear umbrella program (Koo 2013). Since then, FTA initiatives have started to gain momentum, and by the 1990s, developing and implementing preferential trade has become a key economic agenda for most states in the region. However, this did not result in absolute neglect of nationalistic preferences given the reluctance shown by both developed (e.g. Japan and South Korea) and developing countries (e.g. Indonesia, Malaysia and the Philippines) vis-à-vis the proposals for total abolishment of trade barriers in the sensitive sectors. Furthermore, East Asian countries in general had traditionally favoured the multilateral trade system over the bilateral and/or plurilateral arrangements. There was a widely held view that trade liberalization at the multilateral level was still the optimum path toward economic development (Bhagwati 2003, 2008; Baldwin & Low 2009; Dent & Dosch 2012). Efforts directed toward the creation of preferential trade were initially side-tracked as they were thought to undermine the necessary multilateral trade environment, and as such, were considered as inferior alternatives.

Nevertheless, the progressive shift toward a neoliberal trade paradigm has significantly transformed East Asia's security realm since any attempts at regional integration would inevitably impinges upon the overarching security domain. While the intensifying webs of trade interdependence have propagated the notion of 'collective interests' among East Asian states, ironically, it also has induced 'collective insecurities' that undermine not only their sovereignty and territorial boundaries (state security), but also the security and welfare of their people and societies (human security). These new forms of security threats inspired the launch of cooperative dialogues that instituted the creation of regional security frameworks in which trade (the 'unifying' collective interest), played a major role. In essence, the pre-existing levels of economic interdependence via trade, commerce and resource flows provided the building blocks for linking of security interests and trade agendas in East Asia.

Prior to the 1990s, a few unsuccessful security dialogues were launched in the region, including, the Asia and Pacific Council (APC) and the Southeast Asia Treaty Organization (SATO) which collapsed in 1975 and 1977 respectively. The efforts put into these initiatives had not been entirely wasted as they paved the way for the creation of other sub-regional forums particularly the ASEAN which was established in 1967 and has since evolved into the ASEAN Community.[1] The creation of ASEAN Free Trade Area (AFTA) in 1992 and ASEAN Regional Forum (ARF) in 1994 under the auspices of ASEAN Economic Community (AEC) and ASEAN Political-Security Community (APSC) respectively, have consolidated the efforts toward the linking of security and trade realms. Although trade promotion is clearly not the main objective of ARF, in the same way that security is not the primary concern of AFTA, nonetheless, the evolving trade patterns and security threats in East Asia are compelling regional organizations to broaden their respective agendas by treating security and trade as two sides of the same coin. Aside from the ASEAN, several institutions designed to enhance regional cooperation have also been established, notably, APEC in 1989 and East Asian Summit (EAS) in 2005. As I have mentioned, I am particularly interested in exploring regional efforts toward security-trade linkages by APEC and ASEAN members given the prominence and status of these two institutions in East Asia. The insights generated from these regional cases provide the necessary background for my in-depth analysis of small powers' linking efforts and strategies later on in the book.

A Lethargic Multilateral Trade System and A Dynamic Security Realm

The sluggishness of the WTO in adopting crucial trade and non-trade reforms has resulted in the loss of appetite for intensified multilateralism. One of the most highly contested issues confronting the institution aside from classical economic considerations relates to the incorporation of non-traditional security issues into the multilateral trade agenda (Limão 2007; Aggarwal & Govella 2013). The balancing of diverse and often conflicting interests pursued by members has proved to be the biggest obstacle in moving forward with new rounds of negotiations. The 'north-south'/'east-west' divide that led to the infamous Seattle debacle in 1999 underlined some of the fundamental difficulties in maintaining a mutually satisfying multilateralism. On the one hand, members from the developed

regions argue for the annexation of non-trade issues pertaining to human security such as environment, labour and human rights. On the other, members from the developing world insist that greater attention must be placed on improving the access to the rich members' labour-intensive industries such as in textile and agriculture sectors in which they have the comparative advantage, rather than incorporating non-trade related issues.

The tensions arising from the two camps have significantly contributed to what some scholars refer to as the 'WTO inertia' (Wilkinson 2001; Dent 2006). The freezing of multilateral trade process represents a 'double whammy' especially for East Asian members since much of their export-led growth is anchored in a well-functioning multilateral trade system. The uncertainties facing the WTO have forced members to look for alternative trade channels that would help them secure access to new markets and recuperate some of the forgone costs created by a lethargic multilateral trade (Whalley 1998; Schaefer 2007; Baldwin & Low 2009). Likewise, the dismal neglect of environmental, labour and human rights issues in trade negotiations amid the Doha impasse have compelled advanced members to forge new forms of trade agreements that could also accommodate these issues on top of the standard trade requirements. For example, the U.S. and EU have started using bilateral trade deals as rewards for countries that have good labour and human rights records, and strict compliance with business ethics similar to those practiced by members of the Organization for Economic Cooperation and Development (OECD).

Hence, it can be inferred that bilateral trade works as a proxy for the failed multilateral linking of security interests and trade objectives. The more developed WTO members are actively searching for new channels through which these issue linkages can be fully cemented. In the words of Vogel (2013, p. 46), these new agreements 'represent a form of forum shifting or an end run around the WTO by advocates of linkages between trade and [particularly] human security.' Considering the inability of the WTO to effectively implement trade accords that incorporate vital security issues, it no longer seems to be the most attractive platform for states that aim to use trade as a strategic tool. As I have argued earlier, although the linking of security and trade is commonly framed as the great powers' strategy for extracting political and strategic concessions from the target states, however, in this book, I will show how small powers are also utilising these linkages to secure their primary security referents by informing, constraining and transforming the behaviour of the former. In contrast to the commonly-held view that small powers are only expectators, they are

also active agents behind these linkages. This can have profound implications for the way small powers are viewed in the international system as they are not just passive subjects of great powers' security politics but are also agents of innovative security strategies. The coalescence between statist and humanist security interests and various types of trade suggests that these linkages alive and dynamic. In addition, they also help explain the ongoing rush to preferential trade agreements.

Multidimensional Security Issues and The Rush to Preferential Trade

The mounting anxiety induced by the steady proliferation of preferential FTAs in different parts of the world – the European Union (EU), European Free Trade Association (EFTA), North American Free Trade Agreement (NAFTA) and the Southern Common Market (MERCOSUR) among others – has forced East Asian countries to engage in these activities to prevent the further diminution of their market access. The trade and investment diversion effects resulting from preferential trade have caused unrest among key policy circles in the region. Catching up with the rest of the world in terms of FTA development has become a major area of concern for East Asian governments (Dent 2006; Tow 2009). One way to catch up is by incorporating non-trade related issues that have been previously discarded at the multilateral level into East Asian FTAs.

The U.S and the EU provide concrete examples of how multidimensional security issues can be addressed by linking them to their respective trade agendas. On the one hand, the U.S. approach to the STL process highlights the relative importance of security calculations over economic considerations. As argued earlier, American foreign policymakers are using traditional and non-traditional security issues as a *raison d'être* for producing and 'selling' preferential FTAs to prospective 'buyers'. From an economic standpoint, pursuing further trade liberalization via FTA creation can only generate marginal benefits for the U.S. given that most of its partners are either too open (Singapore) or too small (Bahrain).[2] Thus, the impetus for Washington's heavy promotion of preferential FTAs can be explained more meaning fully by examining its security considerations rather than economic interests.

With respect to traditional security, the series of FTAs launched by the U.S. after the September 11 attacks were meant to sustain and enhance old allies' support, while simultaneously enlisting new partners in its 'war on

terror' agenda (Desker 2004; Tow 2009; Aggarwal 2013). Despite their lack of substantial economic benefits, these FTAs were deemed vital to the pursuit of Washington's security interests in the aftermath of 9/11.[3] Similarly, U.S. attempts at balancing the rising influence of other great powers such as China and even the EU through FTA promotion underscore the politico-strategic utility of American FTAs.[4] For example, the bilateral trade accords it afforded to Chile (2004), Singapore (2004) and Australia (2005) were driven mainly by Washington's security calculations in the Asia-Pacific region amid China's return to regional hegemony (Aggarwal 2013). Moreover, the active participation of the U.S. in various trans-regional economic arrangements that involve the said region – notably, APEC and the impending Trans-Pacific Partnership (TPP) Agreement – is guided by its strategic security outlook rather than commercial interests (Capling & Ravenhill 2011; Naoi & Urata 2013).

With regard to non-traditional security, issues relating to democracy and human rights promotion have proved to be difficult to negotiate. Nevertheless, certain labour standards and environmental provisions have been broadly tackled, and are now slowly being co-habited into its bilateral FTAs.[5] The U.S. has introduced legally binding commitments that required beneficiary states to ratify specific labour and environmental standards in their domestic laws, and be subject to dispute settlement mechanism (Gynberg & Qalo 2006; Vogel 2013). For example, as part of its TPP proposal, the U.S. calls for adoption of labour rights under the 1998 International Labour Organization (ILO) Declaration on the Fundaments Principles and Rights at Work. In addition, it also urges participating countries to adopt measures that will reduce the volume of trade in goods produced using forced and child labour, and suggest that national labour laws be strictly monitored and applied specifically in export processing and free trade zones.[6] With respect to environmental issues, the Office of the United States Trade Representative (USTR) incorporates the promotion of environmental protection in their TPP drafts. While at first glance American FTAs seem to be fuelled by classical economic objectives, however, a closer inspection of the context under which they have been created reveals that they are primarily designed to secure vital politico-strategic interests.

On the other hand, the EU approach to the STL process highlights the significance of institutionalising these linkages, specifically the political clauses that constitute its core values and principles, rather than applying them arbitrarily. The EU is mandated by the Lisbon Treaty to uphold and

promote its values and interests when conducting external relations with other countries. In particular, the Treaty states that EU foreign policy-making vis-à-vis trade activities must be carefully incorporated to 'promote respect for human rights, labour standards, environment and good governance.'[7] This specific legal provision of the EU Constitution compels members to propagate the organization's key norms and practices as a means to achieve pacifying levels of security. It does so by designing trade policies that serve as 'an instrument for fair trade that can bring into general practice the effective inclusion and implementation of social and environmental standards with all EU trade partners.'[8] The inclusion of these vital non-traditional security clauses (specifically those that relate to protection of human rights and non-proliferation of weapons of mass destruction) are non-negotiable elements of EU's international agreements. For example, the EU's decision to suspend the Deep and Comprehensive Free Trade Area (DCFTA) with the Ukraine underlines the strength of its resolve for pursuing a value-based approach toward preferential trade development.

Whether these linkages will result in stable issue areas depends largely on how the target states interpret them: either substantive or tactical.[9] If the target states agree that the incorporation of Copenhagen Criteria[10] in various preferential FTAs offered by the EU has sufficient intellectual basis (substantive), stable outcomes can expected from them.[11] Here, the recipients of EU FTAs (such as Macedonia [2004]; Croatia [200]; and Montenegro [2010]) agreed that the issue linkages were substantive in nature, and had since led to stable outcomes. In other cases (such as the EU-Africa, Caribbean and Pacific countries [ACP]), the targets agreed to the annexation of non-trade issues to secure their expected benefits despite the view these were purely tactical linkages. EU leaders and policymakers argued that the incorporation of human rights and democracy issues into the Cotonou Agreement was necessary to compel ACP countries to adopt these 'universal' values. Although some observers attributed the relative success of these issue linkages to the asymmetric power relations between the two parties, nevertheless, the EU believed that its linking efforts had been generally effective (Hurt 2003; Ahnlid 2013). This is despite the strong possibility that without consenting to these linkages, the Cotonou Agreement would not have been signed and implemented. Under such a scenario, the target states consider issue linkages as a part and parcel of EU's covert protectionist agenda. Consequently, unstable results are likely to emerge.[12] In asymmetric relations where the EU is the stronger partner, coercing target states to accept the linkages is not

necessary (Ahnlid 2013). However, when the power relations are relatively equal, success becomes less certain. For example, coercing India to accept the issue linkages under an EU-India FTA, may prove to be considerably difficult for the EU considering the former's relatively huge economy and political influence.[13]

By and large, the EU members consider the values and principles enshrined in their constitution as inviolable and fixed. Accordingly, the EU demands that all target countries agree to the issue linkages before any agreement can be concluded and ratified (Aggarwal & Govella 2013; Ahnlid 2013). Any violations to these mandated clauses can lead to either suspension or termination of the agreement under negotiation, and even those which are already effect. Thus far, the EU has been successful at framing non-traditional security issues as necessary preconditions for gaining access to its trade concessions. While the EU approach is less interventionist compared to the U.S. process, nonetheless, it meets the general standards of various political stakeholders, both within domestic spheres and the European Parliament (Anhlid 2013).

Overall, preferential FTAs have served as strategic platforms for linking security and trade amid the WTO impasse. Given the current deadlock in multilateral trade negotiations, the growth of preferential trade provides an opportunity to annex security issues that are consequential for the survival of some states, yet are deemed insignificant by others. As I have posited in Chapter 1, trade (from multilateral to preferential) has become an integral component of small powers' security policies and strategies given their marginal geo-economic size and geopolitical position in the international arena. Despite the notion that the linking strategy is exclusively employed by great powers, the small powers in East Asia have engaged in what I call statist and humanist linkages in order to combat the existential threats vis-à-vis their primary security referents. However, given the double-edged effect of trade, small powers that link their security and trade are effectively trading security. As will be illustrated in the subsequent chapters, for every additional security a linkage provides to a specific referent, a corresponding insecurity is reflected in other referents.

Asian Financial Crisis and The New Security-Trade Linkages

The 1997/98 financial crisis provided another significant impetus for linking security and trade in East Asia. The AFTA created in 1999 was envisioned to be a major platform that would facilitate the region's key trade

objectives. However, the unforeseen financial crisis shook the region, and triggered serious political and economic upheavals. Consequently, the commitments that were initially made by members had been sidetracked, as they became highly preoccupied with their own domestic politics. For example, Singapore's proposal for expediting the AFTA process met strong oppositions from the Philippines and Indonesia after the latter unilaterally postponed the liberalization of their petrochemical industries. Similarly, Malaysia's decision to temporarily cancel the implementation of its tariff schedule on automotive product imports for another three years created frictions with Thailand.[14]

The push-and-pull approach to AFTA proved to be detrimental to ASEAN's institutional coherence and overall economic utility for members and observers alike. The organization has been increasingly viewed as an ineffective platform for rolling out new trade initiatives. The mounting disappointments on the part of Singaporean leaders and policymakers forced them to consider other alternatives, and it did not take long for them to discover opportunities from developing preferential FTAs (Leu 2011). Singapore's active involvement in various bilateral accords was immediately noticed by other ASEAN members (particularly Malaysia), and warned about their possible adverse effects on the future of AFTA. Furthermore, Singapore's acceptance of non-trade related issues such as labour and environment when it signed a bilateral FTA with the U.S. marked the beginning of a new approach to trade negotiations in the region (Pang 2007; Jackson 2014). Despite the early scepticism some members had toward Singapore's new approach to cooperation in general, Thailand, Malaysia and Philippines had soon followed amid the growing fears of further marginalization and isolation (Desker 2004; Dent 2006).

Beyond Southeast Asia, the financial crisis also compelled Northeast Asian countries, particularly Japan to formulate a new model that could significantly improve regional cooperative frameworks by embedding FTAs within its so-called economic partnership agreements (EPA). The EPA model was primarily designed to help establish an economic community that would strengthen the communal bonds between signatory members in order to effectively manage future crises and devise more appropriate remedies.[15] From the foregoing, it may be inferred that that financial crisis resulted in East Asia's deeper engagement with preferential FTAs. To some extent, they served as a catalyst for overcoming long-standing national oppositions to critical economic reforms; and for facilitating the necessary domestic political restructurings (Drysdale & Terada 2007;

Chin 2014). Grim forecasts about the region's future politico-economic viability resulted to promotions of FTAs as vital elements of wider EPAs (Kawai & Wignaraja 2011).

Since robust politico-diplomatic ties are necessary for the effective administration of regional interdependence, the linking of security and trade once again features in the discussions of FTAs in a post-crisis environment. Generally speaking, Northeast Asia's linking strategies complement those of Southeast Asia. The common trend is large states attracting small states, and conversely, small states attracting large states (Dent 2010; Koo 2013; Lee 2013). In this context, Northeast Asian countries act as large powers, whereas Southeast Asian countries play the role of small powers. In scenario that is somewhat akin to the laws of electromagnetism (in which like poles repel and unlike poles attract), large powers manoeuvre to attract small powers, and vice versa. Hence, the large powers in Northeast Asia compete with each other as they try to lure Southeast Asian countries to sign an FTA with them to increase their allies and undercut the relative influence of other rivals. Similarly, small Southeast Asian powers also compete with each other as they try to convince Northeast Asian countries to ink an FTA with them to secure their market access and gain some vital politico-strategic concessions.

This is particularly relevant in the context of deteriorating Sino-Japanese relations. The escalating rivalry between China and Japan vividly demonstrates the process through which security issues are linked into preferential trade agendas. The politico-strategic motives of both countries – aggravated by their bitter memories of the past – hinder the development of a Northeast Asian FTA. The declining Japanese influence at a time of expanding Chinese power has shifted their respective regional agendas, and subsequently reconfigured the institutional dynamics in East Asia (Pempel 2010, 2013). Both countries have tried to observe the delicate balance between collaboration and opposition as they independently developed and marketed their own preferential FTAs. This explains why Japan refuses to conclude a bilateral FTA with Taiwan to avoid offending China despite the latter's aggressive courtship of Japan. Similarly, it also explains why a bilateral FTA between China and Japan seems unlikely considering desire of both countries to achieve a regional hegemony.

The signing and implementation of ASEAN-Japan Comprehensive Economic Partnership (2008); ASEAN-China Comprehensive Economic Cooperation Agreement (2010); and the ASEAN-Korea Comprehensive Economic Cooperation Agreement (2010), cogently exemplify the general

approach to East Asian linkages. Despite the enormous economic incentives that can be gained by forming a plurilateral FTA, China, Japan and South Korea are forced to go head to head in the hopes of gaining Southeast Asia's approval to protect their politico-strategic interests (Koo 2013; Lee 2013). Outside of Northeast Asia, the ASEAN as a whole had forged minilateral agreements with non-East Asian countries, notably, the ASEAN-Australia and New Zealand Free Trade Agreement (2009), and the ASEAN-India Comprehensive Economic Cooperation Agreement (2009). These accords further highlight the extent and idiosyncrasies involved in linking security and trade in a post-crisis setting.

Strategic Security Issues and The Use of Preferential FTAs

There are several ways in which FTAs are used as a tool for addressing strategic security issues, namely: cooperative diplomacy, security alliance, competitive bilateralism and isolation avoidance.[16] First, the use of FTAs in cooperative diplomacy is illustrated in the context of the post-Asian crisis discussed in the previous subsection. Following the prescriptions of liberal institutionalism,[17] the proliferation FTAs in East Asia sets the backdrop for a closer regional integration, and improved facilitation of related proceedings. Through cooperation, shared interests and responsibilities among members are formed. As such, FTA creation may be viewed as a tool for consolidating regional efforts in order to deter potential threats to these shared economic, political and strategic interests.

Second, the use of FTA in alliance diplomacy is captured in the discussion of U.S. 'securitization' of economic globalization. Following the neorealist thesis, FTAs are being used as politico-strategic tools by Washington to advance its security agendas after September 11 (Higgott 2004; Schott 2004 Aggarwal & Govella 2013). For example, the signing of the US-Australia and US-Singapore FTAs were viewed by some observers as 'brownie points' in exchange for these two countries' strong support for America's 'war on terror' (Higgott 2004). Alternatively, and with respect to the Asia-Pacific context, rewarding Australia and Singapore with a bilateral FT was interpreted by some experts as Washington's strategy for balancing China's regional hegemony by maintaining its political clout in the region (Feinberg 2003; Tow 2009; Dent & Dosch 2012).

Third, the use of FTA in competitive bilateralism is reflected in the earlier analyses of FTA formations between large Northeast Asian powers and small Southeast Asian powers. Following the neo-realist logic, FTAs

are viewed as objects of inter-state competition for achieving not only economic, but more importantly, political and strategic dominance (Dent 2006, 2010; Corning 2011; Kahler 2013). The individual FTAs forged by China, Japan and South Korea with ASEAN expose the triad's interest for expanding their respective strategic security interests, and for spreading their preferred rules and norms when conducting regional dialogues and consultations.

Fourth, and finally, the use of FTA as a tool for isolation avoidance is evident in the decision of small East Asian countries to hastily conclude preferential FTAs with the 'most available' partner to avoid further marginalization (Dent 2006; Baldwin & Low 2009). This is particularly true for those that are not successful in convincing large powers to strike a deal with them. As mentioned earlier, the initial antagonism of several ASEAN members toward Singapore's active involvement in FTAs outside AFTA proved to be short-lived as they all eventually embraced the very same mechanism for securing comparable trade incentives and mitigating trade diversion effects (Ravehill, 2003; Aggarwal & Urata 2006; Dent & Dosch 2012). For example, within the Anglo-Pacific sub-region, New Zealand is currently negotiating a bilateral FTA with the U.S., after the latter has implemented the same agreement with Australia. The asymmetrical trade preferences provided by the U.S. between Australia and New Zealand, along with the trade diversion effects created by the AUSFTA, places New Zealand at a disadvantaged position. However, concluding a bilateral FTA with the U.S. will be more challenging and complicated for the New Zealand government given the past diplomatic controversies between the two, such as the barring of American nuclear-powered ships from docking in its harbours, and its general disinterest in joining Bush's war in Iraq, to mention a few (Dent 2006).

Regional Linking of Security and Trade in East Asia

APEC's Security-Trade Linkages: Boon or Bane?

The linking of security and trade under the purview of APEC underscores the role of healthy and dynamic trade relations among members in reducing the likelihood of regional conflicts. The constructivist vision of APEC community is primarily rooted in the belief in harmony of interests that is made by possible economic interdependence (Aggarawal & Morrison 1998; Feinberg 2003; Ravenhill 2013). Without sufficient collaboration

among members, the crises that impede regional economic integration would not be effectively resolved. Yet despite such awareness, APEC members have been generally reluctant to expand the organization's agenda. Since the onset, APEC has prohibited itself from discussing a wide range of security-related issues. On the one hand, traditional security issues were ignored as members feared of their consequence vis-à-vis the organization's survival. On the other, various non-traditional security concerns were filtered out of the agenda since the primary mission of the organization was to open the way for 'business to do business' (Spero, as cited in Ravenhill 2013, p. 50). Accordingly, APEC's security function has been restricted mainly to ensuring the smooth facilitation of free trade. In fact, the organization explicitly stated that it was only interested in managing the economic aspects of regional interdependence, and therefore, avoided security matters that could put strain business operations in the region. For example, the human security agenda has underlined the reluctance of some members (specifically the ASEAN countries) in discussing security issues as it was perceived as a threat to the principle of non-interference.[18] Hence, attempts being made to link human security interests and regional trade agreements to boost economic interdependence have always constituted a 'red flag' for the members.

Despite such ambivalence, the organization has always promoted the idea of comprehensive security, particularly in relation to energy resources. The creation of APEC's Energy Working Group (EWG) in 1990 provided a strong platform for discussing the securitization of energy supply since the region has always been home to top energy importing and exporting countries in the world. Although APEC ministers initially agreed that the best way to administer non-binding energy security policies was to allow independent initiatives by the national governments, nevertheless, they eventually recognized the importance of monitoring regional capabilities for managing sudden disruptions in the supply chain, which could eventually lead to a full-blown crisis (Ravenhill, 2013; Samuelson 2014). In 2001, APEC leaders approved the EWG's proposal to establish the Energy Security Initiative (ESI) designed to formulate strategic plans for resolving temporary disruptions in energy supply of the region. Furthermore, in 2008, the Group also formed the Energy Trade and Investment Task Force (ETITF) mandated to promote transparency, flexibility and efficiency in operating the energy market. The said Task Force also introduced environmental policies such as reducing greenhouse gasses by adopting a carbon pricing mechanism in order combat global warming. The huge

emphasis placed on energy and environmental security reflects some of the earlier efforts by APEC members at linking fundamental security issues with regional trade agendas. However, beyond the cooperative measures undertaken in relation to the energy security, the organization had not initiated any meaningful joint action in relation to other equally important (if not more) security issues (Soesastro 2003; Ravenhill 2013).

Nevertheless, the September 11 attacks on the U.S. provided the much-needed catalyst for expanding the APEC agenda to encompass traditional and non-traditional security issues. Such a shift highlights the organization's changing perception toward the importance of linking security and trade. For one, the artificial divide between economics and security has been completely shattered. The terrorist attacks launched against no less than the world's superpower revealed the catastrophic effects of undetected security threats to economic growth. Moreover, the resulting anti-terrorism agenda reinvigorated APEC's diminishing influence over East Asian trade in general. A single 'successful' terrorist act against members can swiftly thwart the benefits derived from APEC trade negotiations. For example, the International Monetary Fund (IMF) estimated the cost Al-Qaeda terrorist attacks of September 11 to be roughly 0.7% of the U.S. GDP for 2001. In contrast, the U.S. gains from the GATT negotiations during the Uruguay Round ranged only between 0.4 and 0.6%.[19] Such figures illustrate how a terrorist attack can undo a decade's worth of arduous trade negotiations in less than twenty-four hours.

Inevitably, the U.S. has reclaimed the APEC's driver's seat after Australia and Japan became fully aware of the organization's deteriorating influence over regional economic policymaking. Considering the difficulty faced by members when advancing trade liberalization to the next level, the U.S. promoted various initiatives in order to revitalize the APEC such as the TPP and the Free Trade Area of Asia-Pacific (FTAAP). Considering the aggregate economic size of TPP's original members (Brunei, Chile, New Zealand and Singapore), Washington's participation could not have been motivated by market access concerns. Nonetheless, it does view the TPP as a model for the FTAAP given the quality of agreements included in the former (Capling & Ravehill 2011; Koo 2013; Naoi & Urata 2013).

At the height of regional paranoia over lurking terrorist threats, APEC members created the Secure Trade in APEC's Region (STAR). The initiative was designed to serve as an instrument for securing trade by adopting various counter-terrorism strategies that would safeguard the supply chains at minimum costs.[20] On the one hand, APEC members

view its security agenda as a means to enhance trade facilitation in a post-September 11 era; on the other, the U.S. sees it as yet another channel for selling its 'war on terror' doctrine. As discussed earlier, such a misconception could potentially lead to failed linkages, and in turn, destabilize the organization's pursuit for stronger regional interdependence. Nevertheless, Asia-Pacific countries remain cognizant about the strategic importance of having a strong U.S. presence in the region, since no other country (or alliance of countries) can effectively check and balance China's growing preponderance.

The increasing attention that is being placed on security issues has generated polarising opinions about their implications for APEC's original economic objectives. In response, APEC leaders had revamped the organization's security discourse by framing it within the context of human security. The term 'human security' first appeared in the 2003 Bangkok Declaration, which recognized the mission of ensuring the security of the people as a vital component of APEC's goal to promote economic prosperity:

> APEC's agenda emphasizes the economic dimensions of human security: it recognizes that threats may potentially undermine APEC's efforts to raise living standards and reduce poverty in the region. APEC's agendas for human security and the economy are complementary: human security is essential to growth and prosperity. Conversely, economic stability enables better preparation for, more efficient responses to, and quicker recovery after attacks or disaster.

In the years that followed, human security has become a staple feature of the APEC agenda. In the 2004 Santiago Declaration, the leaders called for increased government efforts in strengthening public health systems to effectively respond to healthy security threats (such as SARS and HIV/AIDS), thereby expanding APEC's human security agenda. In 2005, the Busan Declaration reiterated the organization's stance regarding terrorist activities, and re-emphasized human security's position as a complementary mission in the agenda. It also underlined the importance of sustaining collective efforts to successfully contain pandemic diseases, particularly influenza. In 2006, the Hanoi Declaration noted APEC's value-added role and cooperative efforts vis-à-vis emergency preparedness and disaster response. This was in light of large-scale natural disasters that hit the region in 2006, the leaders called for intensified cooperation to better

prepare APEC countries for disasters, as well as post-disaster rehabilitation and reconstruction. In addition, it restated the intertwined roles of energy and environmental security for achieving sustainable economic development on top of the usual emphasis given to terrorist acts.

In 2007, the Sydney Declaration addressed the challenges relating to climate change, energy security and clean development. At the same time, APEC members began to endorse issues relating to food security such as the Food Defence Principles designed to protect the food supply against deliberate contamination. In 2008, the Lima Declaration refocused APEC's attention back to fundamental neoliberal economic principles as members confronted a global financial crisis that devastated their domestic economies. It also underscored the importance of acknowledging the reality of nonmilitary security issues in securing regional trade activities, including: counter-terrorism; disaster risk reduction, preparedness and management; climate change; and energy security and clean development. Following the catastrophic aftermath of natural calamities and economic crisis that struck several APEC members, the 2009 Singapore Declaration had once again highlighted the significance of recognising the connections between human security and trade issues in order to better realize the organization's key thrusts:

> We reaffirm the importance of enhancing human security and reducing the threat of disruptions to business and trade in sustaining economic growth and prosperity in the Asia-Pacific region. We recognize the importance of building capacity to counter terrorism and welcome APEC's work in areas such as trade security, aviation security, anti-terrorist protection of energy infrastructure, countering terrorism financing, fighting cyber-terrorism, protecting the food supply against terrorist contamination and emergency preparedness.

In 2010, the Yokohama Declaration called for the protection of fundamental tenets of human security throughout the Asia-Pacific; and appealed for the continuous improvement of collective ability to provide for this security by taking concrete measures to reduce and counter threats that could disrupt the regional economy. The members also laid out their vision of building APEC community, one in which:

> …trade and investment are freer and more open; supply-chains are better connected; doing business is cheaper, faster, and easier; growth is more balanced, inclusive, sustainable, innovative, and secure; and we are better able to cope with threats to human security and economic activity.

Strangely, the Leaders' Declarations from 2011 until 2015 did not only lack separate sections for human security but also dropped the term completely. Nonetheless, these declarations still included discussions on various human security provisions (such as food, energy and cyber security among others) highlight the organization's concrete contributions to the development and propagation of a human-oriented security concept in the Asia-Pacific region.

The organization's espousal of the human security rhetoric and agenda can be interpreted in three ways: (a) as an attempt to regain the trust and confidence of members threatened by multidimensional security issues (Dent 2006; Aggarwal & Govella 2013); (b) as an attempt to re-establish its diminishing relevance in the region amid the continuous growth of preferential FTAs (Ravenhill 2000; Dent 2005; Hsieh 2013); and (c) as an attempt to address its 'legitimacy deficit' arising from the perception that the organization has been indifferent and unresponsive to the concerns of other important domestic actors aside from the large and powerful business conglomerates (Ravenhill 2013, p. 61).The rather inconvenient truth for APEC leaders is that humanist security-trade linkages are seen by some members as threats rather to regional integration rather than opportunities. The tendency of human security issues to delay the process of eliminating the remaining barriers to trade has forced some members to question the appropriateness of incorporating them into the agenda. Consequently, APEC members have displayed a paralyzing caution when discussing politically sensitive topics such universal labour standards, and the free movement of people among others.

Moreover, the adoption of human security framework is perceived by some leaders as a violation of non-interference norm, particularly by ASEAN countries. The idea of protecting individuals and communities from security threats (emanating either outside or within national borders) entails an arbitrary interpretation and application of the non-intervention principle. In fact, APEC's official statement on human security uses the term 'trans-boundary' as opposed to 'internal' when referring to threats vis-à-vis individuals and societies that need to be collectively contained. Another important factor that prevents the effective linking of human security issues and trade matters relates to the lack of proper dialogue between APEC leaders and other relevant non-state actors. For example, the relationship between APEC and non-government organizations (NGOs) has been largely adversarial, partly because of the latter's indiscriminate liberalization of trade. Various NGOs have voiced out their strong opposition

against the APEC's 'all about business' mantra, due to its negative implications for basic environmental and human rights concerns.[21] Finally, the method adopted by APEC members for dealing with human security issues is limited to the consolidation and endorsement of best practices through a variety of voluntary and non-binding action plans. This has led some observers to criticize APEC's efforts toward humanist linkages as a mere lip service to the cause (Aggarwal & Govella 2013; Ravenhill 2013).

Overall, the newly-emerging threats, and the subsequent issue linkages that have been formed out of these threats, have indeed brought a new dimension to APEC's original mission and vision. To this extent, security-trade linkages may be viewed as a bane to the organization's operation and agenda. However, as revealed from the discussions, the unintended consequences that these issue linkages might have with respect to organization's survival implies that they are also a bane to APEC goals and objectives. Consequently, the organization has remained steadfast to its mandate of ensuring the smooth operations of economic activities in the Asia-Pacific. Nevertheless, regardless of how the APEC members will treat these issue linkages (as either boon or bane to their collective efforts) the primary thrust of the 'APEC Way' is to pursue regional security for the sake of business and economics above all.

ASEAN's Security-Trade Linkages: Paradigm Shift or Hot Air?

The linking of security and trade under the purview of ASEAN highlights the organization's conservative attitude toward formal institutionalization. While the Western brand of diplomacy is characterized by binding agreements that require legal procedures formal solutions; in contrast, the Asian approach to diplomacy is driven by the non-binding rules of informality, inclusivity and consensus. The members' collective stance against excessive institutionalization has inspired the 'ASEAN Way', which is defined by some observers as 'organizational minimalism', 'soft regionalism', 'soft dialogue', and 'thin institutionalism' (Capie & Evans 2007). The members' preference for 'sports shirt diplomacy' over 'business shirt diplomacy' implies that the ASEAN is not like the EU or any other European institution established after the Second World War (Razak, as cited in Haas & Rowe, 1973, p. 504). Southeast Asia is characterized by diverse politico-economic and socio-cultural conditions that make the prospect of creating a unified political entity highly unlikely. In addition, the primacy that ASEAN members put on state sovereignty has made

non-interference an overriding rule. As such, efforts made at incorporating human security interests into the organization's trade agendas have been significantly undermined. The common practice is to strike all issues pertaining to human security off the agenda without further considerations, since they lead to heated disputes and create divisions among members (Nishikawa 2009; Caballero-Anthony 2012; Emmers 2013).

The history of ASEAN's creation provides important insights on why members are largely suspicious of humanist linkages in general. The ASEAN formation in 1967 immediately came after the Indonesia-Malaysia Confrontation (locally known as *Konfrontasi*) that took place between 1962 and 1966.[22] The undeclared guerrilla war led by Indonesia's former President Sukarno was directed against the creation of a Malaysian Federation comprised of West Malaysia, East Malaysia and Singapore. It ended in the removal of Sukarno from office via a military coup. The events of *Konfrontasi* created a sense of vulnerability and mistrust among Southeast Asian leaders. To this extent, the establishment of ASEAN may be viewed as an 'extraordinary measure' adopted by the members to secure their most valuable security referent – sovereignty – against 'existential threats' generated by the insecurity and instability that enveloped the region at that time.

In the case of ASEAN, economic cooperation is geared more toward enhancing self-sufficiency rather than encouraging integration among members. The high level of competition in producing similar commodities illustrates the artificial complementarities among ASEAN economies (Aggarwal & Govella 2013; Chow 2013). A concrete example of this is Asia-Pacific Trade Agreements (APTA) created in 1977. While the agreement was supposed to boost intra-regional trade on goods, nonetheless, the adoption of industrial cooperation initiatives revealed that the main rationale behind it was to enhance political cohesion among members.[23] In other words, APTA was established to ensure that a considerable level of political interdependence (as opposed to economic) existed in the region. Despite their artificiality, these measures helped lay down the foundations for a post-Cold War economic integration in Southeast Asia (Capie & Evans 2007; Roberts 2012; Koo 2013).

In the early stages of the ASEAN, the human security concept was virtually non-existent. When various nonmilitary issues started to emerge, the ASEAN members viewed them as threats to state security and not human security. This attitude was highly evident during the Soviet-aligned Vietnamese invasion of Cambodia in 1978, and the subsequent retaliation

of China on Vietnam. Rather than treating the refugees as security referents that must be protected, instead, they were viewed as security threats that should be contained. For example, Thai leaders worried about Cambodian resistance fighters who might be moving along with the refugees coming into Thailand; whereas the Singaporean and Malaysian officials feared the consequences that Chinese refugees might have on domestic ethnic relations within their respective countries.[24] The organization's lack of understanding of human security was evident in the remarks made by Singapore's former Deputy Prime Minister S. Rajaratnam when labelled the Chinese refugees as ticking 'human bombs' (Haacke 2003; Chow 2013). Considering how the creation of ASEAN was articulated in the 1976 Bali Concord, it was clear that development and social justice were not end goals but rather the means to secure the state.

However, the end of the Cold War in 1991 had paved the way for the emergence of a new security environment that significantly transformed the ASEAN's view with regard to regional economic cooperation. Parallel to Gorbachev's ideas of *glasnost* (openness) and *perestroika* (restructuring), the ASEAN leaders started to refocus their attention away from traditional security threats that shaped the previous bi-polar era, to classical economic considerations anchored on free trade. There were several important factors that contributed to the reconfiguration of the so-called ASEAN Way. First, the slow recover of key ASEAN countries from the 1988/86 economic recession significantly weakened the influence of economic nationalists with respect to the creation and implementation of domestic policies (Nesadurai 2009; Roberts 2012). In efforts to rejuvenate their lethargic economies, Indonesia and Malaysia began to embrace neoliberal economic principles that required them to open and restructure their domestic markets. Second, the success of Deng Xioping's economic reforms compelled Southeast Asian countries to facilitate greater economic cooperation among them in order to minimize the diversionary effect of China's astronomical growth (Leu 2011; Chow 2013). And third, the results from GATT negotiations during the Uruguay Round gave ASEAN leaders the impression that the only way to effectively re-stimulate their economies was to further intensify the trade relations among them (Aggarwal & Koo 2008; Ba 2009; Leu 2011).

In response to these new developments, the ASEAN Free Trade Area (AFTA) was formed in 1992 and replaced the old APTA. The AFTA members made significant contributions to the reduction of intra-regional tariffs by adopting a Common Effective Preferential Tariff (CEPT) Scheme.

As of 2014, more than 99.0% of the products listed under the CEPT Inclusion List (IL) of the ASEAN-6[25] were already in the 0-5.0 tariff range. Meanwhile, the newer ASEAN members (Cambodia, Laos, Myanmar and Vietnam) are not very far behind their CEPT schedules. Almost 80.0% of their products have already been moved into their respective CEPT Inclusion Lists. Interestingly, even the 1997/98 financial crisis did not persuade Southeast Asian governments to undo the process of trade liberalization. On the contrary, it helped accelerate regional economic integration as governments panicked to recover some of their losses (Dent 2006; Aggarwal & Koo 2008; Leu 2011).

Although the post-Cold War setting had compelled the ASEAN to re-evaluate its main thrust by underlining the importance of forging greater economic cooperation via trade, however, unlike their EU counterparts, the ASEAN nations continued to treat security and economics as two separate realms. As mentioned, this partly explained by the intrinsic nature of the ASEAN's institutional framework, which emphasizes the primacy of sovereignty and territorial integrity. Moreover, the region's heavy reliance on agricultural exports, along with its competitive labour sectors, explains the leaders' opposition against plans for expanding the ASEAN's agenda by incorporating non-trade matters such as human rights, labour standards and environmental practices (Tan 2011; Chow 2013; Howe 2013). In particular, ASEAN leaders opposed how these issues were being used as pre-requisites for aid and development financing, and therefore, were considered as yet another form of protectionism. As explicitly stated in the 1991 Joint Communiqué of the ASEAN Ministerial Meeting:

> The Foreign Ministers exchanged views on the issue of human rights and noted with concern its tendentious application in inter-state relations. They agreed that while human rights is universal in character, implementation in the national context should remain within the competence and responsibility of each country, having regard for the complex variety of economic, social and cultural realities. They emphasized that the international application of human rights be narrow and selective nor should it violate the sovereignty of nations.

As expected, earlier attempts at linking these security issues with the AFTA had suffered outright rejection from the members. Representatives from the business and non-government sectors that were actively campaigning for these issue linkages were ignored and prevented from participating in the agenda-setting process. The West, particularly the U.S. under the

former Clinton administration aggressively campaigned for the inclusion of environmental and labour protection issues within the FTAs (Aggarwal 2013; Ahnlid 2013). As the former U.S. Trade Representative Charlene Barshefsky argued, domestic support for free trade would only be possible if the concerns of the working class were taken into consideration to show that trade was the right path to grassroots prosperity (WTO Secretariat 1996). Hence, from Washington's perspective, there was an obvious substantive connection between these non-traditional, human security issues and free trade. Yet for ASEAN members, such linkages were purely tactical and could only lead to volatile issue areas that restrain cooperation at the multilateral level. The general disinterest of ASEAN from linking security and trade underscores what Haacke (2003, p. 1) refers to as the 'collective understandings and interpretations of a shared normative terrain' comprised of six norms, namely: (a) sovereign equality; (b) non-recourse to the use of force and the peaceful settlement of conflict; (c) non-interference and non-intervention; (d) non-involvement of ASEAN to address unresolved bilateral conflict between members; (e) quiet diplomacy; and (f) mutual respect and tolerance.

For example, with respect to human rights, ASEAN members were unanimous in their decision to exclude these issues from their trade policy agendas (Tan 2011; Davies 2013). The organization has invoked its right to implement an alternative set of social norms and behaviours espoused by successful Asian economies that have been collectively referred to as the 'Asian values' (Haacke 2003; Roberts 2012). While Indonesia, Malaysia and Singapore openly criticized America's 'universalist' approach, nonetheless, Thailand and the Philippines were less antagonistic to human rights and democratization principles. This could be partly explained by the Thais' un-colonized past and the Filipinos' decentralized democratic government. Meanwhile, in the case of labour, ASEAN members particularly Indonesia, Malaysia and Singapore viewed their incorporation in the trade agreements as substitutes for protectionist measures that had already been abolished (Mah 1998; Chow 2013). As Malaysia's former Minister of International Trade and Industry, Rafidah Aziz put it:

> WTO and the Secretariat [must] give due priority to the existing work before them and not to be preoccupied with the new issues being introduced by interested parties. The WTO cannot be regarded as a multipurpose organization that can be called upon to debate and address the range of social issues affecting Members, and the various social ills of the world.

With regard to environmental protection, ASEAN members did acknowledge the substantive connection between sustained economic growth and effective management of environmental issues. The 1994-1998 Strategic Plan of Action on the Environment aimed at assessing the impact of AFTA on the environment and implementing initiatives that integrate sound trade policies with sound environmental policies. Moreover, the 2007 ASEAN Declaration on Environmental Sustainability, which underlined the reality of global warming, further supplemented this action. However, some ASEAN members still showed some concerns over the possibility that resolutions to environmental problems would lead to the imposition of new barriers to trade and investment in the region (Elliott 2012; Sasaoka 2014). Amid such differences, compromises had to be made in order to achieve an ASEAN consensus.

Prior to the creation of the ASEAN Community blueprint, the members had been highly sceptical about accepting these issues linkages as parts of the agenda. Initial attempts had been dismissed as mere tactical strategies by the rich and powerful countries that aimed to develop expand their comparative advantages by imposing additional weights on the rest of the developing world. The reverse approach of 'de-linking' security and trade, according to Chow (2013, p. 78) was partly the result of the organization's elite type of management and the huge pressure that drove its leaders to arrive at a consensus. Nevertheless, the continued pursuit of ASEAN members for deeper regional economic integration has posed significant challenges to the ASEAN Way. The emergence of new threats has gradually transformed the ASEAN's practice of strictly separating non-traditional security issues from its free trade activities.

In 2003, the Bali Concord issued by the ASEAN members finally acknowledged the fundamental link between security and economics by stating that, 'sustainable economic development requires a secure political environment based on a strong foundation of mutual interests generated by economic cooperation and political solidarity.' Following this accord, the ASEAN members agreed to establish an ASEAN Community comprised of three interconnected and mutually reinforcing pillars, namely: political-security community (APSC); economic security (AEC); and the socio-cultural community (ASCC). The APSC is mandated to 'ensure that countries in the region live at peace with one another and with the world in a just, democratic and harmonious environment.'[26] Meanwhile, the AEC represents the materialization of the 'end-goal of economic integration as outlined in the ASEAN Vision 2020: a single market and production base; a

highly competitive economic region; a region of equitable economic development; and a region fully integrated into the global economy.'[27] Finally, the ASCC 'seeks to forge a common identity and build a caring and sharing society that is inclusive and where the well-being, livelihood and welfare of the peoples are enhanced.'[28] As a whole, the ASEAN Community is envisioned to ensure durable peace, stability and shared prosperity in the region.

To this extent, the ASEAN Community represents a remarkable paradigm shift as it signals the emergence of a more people-centred ASEAN where human security issues are openly debated and properly managed. Furthermore, the adoption of the ASEAN Charter in 2007 has transformed the organization from a loose regional grouping into a rules-based institution that possesses an independent legal personality and legally binding agreements. Despite advances made, the members' predilection toward non-interference and non-intervention implies that in practice, members might still be inclined to treat security and trade as if they were two distinct fields. For example, the launch of ASEAN Intergovernmental Commission on Human Rights (AICHR) in 2009 met criticisms from the human rights activists themselves who saw it as a hollow promotional tool that lacked effective power to reprimand and punish abusive members (Tan 2011; Roberts 2012; Davies 2013).

Overall, ASEAN members displayed very little interest in linking security issues (specifically, human security) with their trade agenda due to the perceived destabilizing impacts of such linkages with respect to the organization. Regional trade and economic cooperation has always been subordinated by the overarching goal of preserving political cohesion and stability among members. This means that the norms of informality, inclusivity, consensus and non-interference, have to be consistently upheld by all member states to ensure the survival of the organization. Nevertheless, the post-Cold War era has helped transform the ASEAN's suspicious view toward the human security concept. Despite its weak compliance mechanisms, the fact that some of the prevailing human security threats and issues are now gradually included and discussed in the agenda, underlines the organization's progress vis-à-vis these linkages. However, since the creation of the ASEAN, its members have always confronted a difficult paradox: to successfully establish an ASEAN Community, certain degree of interference and intervention will be inevitable, and perhaps even necessary. The tension induced by this puzzle considerably limits the breadth and depth of ASEAN linkages, so much so that critics see them as hot air rather than a paradigm shift.

Conclusions

The experiences of APEC and ASEAN reveal some important insights about the motives, implications and problems concerning the linking of regional security interests and trade objectives. On the hand, APEC's linking strategy underlined the primacy of humanist security interests over statist security objectives. On the other, ASEAN's linking approach emphasized the superiority of statist security referents over humanist security referents. Nevertheless, the evolving security environment is compelling both APEC and ASEAN members to expand their respective agendas in order to maintain their relevance in the region. Such an expansion is difficult for institutions that exhibit 'institutional sclerosis', which prevents the implementation of necessary reforms within existing cultures and structures. Often, the more powerful members are threatened by the increasing influence of the rival countries. In response, they rely on the structural power that comes from their privileged status within these institutions, thereby reinforcing their role and position.

Indeed, the balancing of old and new agendas has been very challenging for APEC and ASEAN members alike. This is primarily because of their fixation toward certain norm-based procedures such as informality, inclusivity, consensus and non-interference. As a result, they have been constantly criticized for their seeming lack of genuine efforts in incorporating substantive security issues into their respective agendas. However, the regional and global events that permanently altered East Asia's security context pushed APEC and ASEAN leaders to rethink their views on the security-trade nexus. Despite their institutional shortcomings, the fact that both statist and humanist security issues are now explicitly discussed in relation to their trade agendas highlights the dynamics and progression of East Asian linkages in the twenty-first century.

Notes

1. The ASEAN Community blueprint is comprised of three interconnected branches: the Political-Security Community (PSC); the Economic Community (AEC); and the Cultural Community (ACC). See, ASEAN Community website, http://www.asean.org/.
2. A notable exception to this is the U.S.-Korea FTA that has drawn significant controversy from various actors in domestic politics. This is because of the huge amount of trade included in the

said agreement, as well as its effects on import-competing industries in the U.S.

3. Examples of these are the U.S.-Israel (1985); US-Jordan (2000); US-Morocco (2006); US-Bahrain (2006); and the U.S.-Oman (2009) FTAs.
4. For in-depth discussions, see Higgott (2004); Dent (2006, 2010); Tellis & Wills (2006); & Tow & Stuart (2014).
5. NAFTA, for example, has played a crucial role in the incorporation of non-traditional security issues in FTAs despite their relatively marginal economic importance. It has provided the necessary platform for adopting the Generalized System of Preference (GSP) which included vital provisions, including: right of association; right to collective organization and bargaining; prohibition on the use of any form of forced or compulsory labour; setting a minimum age for children's employment; and acceptable working conditions in terms of minimum wage, hours of work and occupational safety and health standards. See, NAFTA website, http://www.naftanow.org/.
6. See, Office of the United States Trade Representative Office (USTR) website, https://ustr.gov/tpp/.
7. See, Europa website, http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=OJ:C:2007:306:TOC.
8. Ibid.
9. For a more detailed analysis, see Aggarwal & Govella (2013).
10. The Copenhagen Criteria was implemented in 1993, and established the basic criteria that must be met to gain accession to the EU. These are: to uphold a democratic society; to abide by the rule of law; to observe human rights; and to maintain a market economy.
11. Examples of these EU agreements are those with Macedonia (2004); Croatia (2005); and Montenegro (2010).
12. This is particularly true among distant targets that are neither candidates nor close neighbours of the EU. Among developing countries, suspicion and distrust toward the EU's real intentions for linking the political clauses remain high, especially when the latter continues to implement protectionist measures, notably on imported agricultural products. An example is the FTA included in the EU-Central America Agreement that has been agreed to in 2010 but is yet to be signed and ratified.
13. See, for example, Khorana & Perdikis (2010); & Wouters et al. (2014).

14. For in-depth discussions, see Stubbs (2000); Tongzon (2005); Dent (2006); & Yoshimatsu (2006).
15. Japan is currently implementing a total of fourteen EPAs with countries including Singapore, Mexico, Malaysia, Chile, Thailand, Indonesia, Brunei, Philippines, Switzerland, Vietnam, India, Peru, Australia and the ASEAN. It is also presently negotiating for EPAs with Mongolia, Canada, Colombia, South Korea and China, the EU and the Gulf Cooperation Council (GCC).
16. See, for example, Mansfield (1994); Dent (2006); Corning (2011); & Goldstein & Mansfield (2012).
17. On liberal institutionalism, see Grieco (1988); Baldwin (1993); & Keohane & Martin (1995).
18. For in-depth discussions, see Haacke (2003); Nishikawa, (2009); & Caballero-Anthony (2012).
19. See, for example, Bram et al. (2002); and Ravehill (2013).
20. See, APEC website, http://www.apec.org/.
21. For more detailed analysis, see Ravenhill (2000, 2013); Doucet (2001); &Choudry (2008).
22. For a comprehensive historical review of ASEAN, see, Capie & Evans (2007); Narine (2008); & Henderson (2014).
23. Examples of these are the ASEAN Industrial Projects (AIP, 1980); ASEAN Industrial Complementation (AIC, 1981); ASEAN Industrial Joint Ventures (AIJV, 1985); and Brand to Brand Complementation (BBC, 1988).
24. For in-depth discussions, see, Ganesan (1999); Yahuda (2006); & Nesadurai (2009).
25. These are Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand.
26. See, ASEAN PSC website, http://www.asean.org/communities/asean-political-security-community.
27. See, ASEAN AEC website, http://www.asean.org/communities/asean-economic-community.
28. See, ASEAN SCC website, http://www.asean.org/communities/asean-socio-cultural-community.

CHAPTER 3

Trading in Shadows: Investigating Taiwan's Statist Linkages

Taiwan's Shrinking Sovereign Space and Trade Activities

The geopolitical complexities surrounding the cross-Strait relations prevent Taiwanese leaders from pursuing the goal of *de jure* sovereignty for the country. This results in the continued non-recognition of Taiwan as a legitimate state in the international community, particularly among the United Nations members. Consequently, Taiwan is forced to resign itself to the vulnerabilities and vicissitudes induced by its quasi-sovereign status that continuously contracts as China's 'sinicization'[1] project progresses. To prevent its complete co-optation within the 'One-China' trajectory, the Taiwanese government has been resolute in preserving and enhancing the country's shrinking sovereign space amid the China constraints that continue to threaten this space. The term 'sovereign space' refers to Taiwan's de facto domestic and interdependence sovereignty, as opposed to any *de jure* international legal sovereignty.[2] To do so, Taipei has vigorously promoted and actively campaigned for its right to join in multilateral and preferential trade activities.

These two forms of trade engender different power dynamics. Within a bilateral trade, Taiwan is unable to adopt a more assertive strategy given the disproportionate balance of power (Collie 1997; Huang 2009). In contrast, under multilateralism, small powers like Taiwan are able to forge strategic coalitions that enhance their collective bargaining power during negotiations (Hsieh 2005; Charnovitz 2006). Nevertheless, the country's

M.I. Magcamit, *Small Powers and Trading Security*,
DOI 10.1007/978-3-319-38815-1_3

experience with trade underlines the complementary roles of multilateralism and preferentialism in preserving its remaining de facto autonomy. For example, when Taipei was barred from participating in the General Agreements on Tariffs and Trade (GATT), its bilateral trade with the U.S. ensured that the country's trade regime complemented the existing multilateral framework. Conversely, when tensions across the Taiwan Strait escalated, the WTO served as an avenue for 'normalizing' the relations between Beijing and Taipei (Hsieh 2005, 2011; Huang 2009).

For Taiwanese leaders, participating in these trade agreements is a way of re-asserting the legitimacy of Taiwan's sovereignty. Hence, Taiwan's trade activities function as a sovereignty-upgrading mechanism given their perceived role in expanding its shrinking sovereign space against the backdrop of cross-Strait security paradox generated by the One-China factor. However, Beijing's ongoing sinicization significantly undermines Taiwan's capacity for accessing these sovereignty-enhancing trade activities. Furthermore, Taiwan's domestic politics is characterized by a condition that is akin to the prisoner's dilemma. Taiwanese leaders themselves have largely contributed to the perpetuation of the country's political and diplomatic imprisonment to China. At the heart of the problem lie the uncertainties about the real impact of cross-strait economic relations on Taiwan's de facto sovereignty. On the one hand, the ruling Kuomintang Party (KMT) believes that in order to protect Taiwan's remaining political autonomy the government must facilitate closer economic cooperation with China; on the other, the major oppositionist group, the Democratic Progress Party (DPP), argues that such a strategy entraps Taiwan into a political unification with China.[3] Meanwhile, from the point of view of non-state actors (for example, the elite business sectors worrying about their profits or the grassroots societies fearing for their jobs), revisionist policies are welfare-reducing. As such, political parties promoting an extreme approach to managing cross-Strait relations in ways that subvert the status quo are at risk of losing an electoral support base (Kastner 2006; Clark & Tan 2012). Consequently, Taiwanese parties tend to veer away from the dialogues and consultations which would compel them to reveal their true agenda vis-à-vis Taiwan's sovereignty. Instead, a watered-down version of cross-Strait policy stripped of 'One-China' or 'Two Chinas' rhetoric is much more preferred. Yet by doing so, Taiwan is continually detaining itself within the political confinements of China.

Recalibrating the current arrangement by promoting either political unification or *de jure* independence invariably reduces Taiwan's sovereign

space amid China's uncompromising promotion of One-China policy. Similarly, pursuing either 'warm' or 'cold' economic relations with Beijing inevitably shrinks Taipei's politico-diplomatic autonomy due to likelihood of overdependence. Under both scenarios, the cross-Strait status is reinforced, thereby perpetuating the illegitimacy of Taiwan's sovereignty. Normalizing cross-Strait relations without legally recognizing the island's independence significantly weakens Taiwan claims for *de jure* sovereignty. Greater cross-strait rapprochement ironically engenders a prisoner's dilemma problem that compels Taiwanese leaders to preserve the cross-Strait status quo dominated by Chinese interests in order to survive. To this extent, it may be inferred that the only way for Taiwan to be de facto free is by remaining *de jure* 'unfree'.

This problem is aggravated further by Taiwan's weak resolve to either suspend or permanently cancel existing agreements with China even when the latter's behaviour violates prior conditions made. Neither major political party in Taiwan is determined to implement tough policies that will destabilize the 'normal' conduct of cross-Strait relations. On the one hand, a Sino-centric approach is criticized by nationalist groups who vehemently oppose closer economic relations with the Mainland due to fears of unification. On the other, various interest groups that seek to exploit the economic opportunities created by China-friendly policies reject nationalistic approaches and lobby for a more pragmatic stance. Such a dilemma makes normalization the preferred policy choice of the ROC government even at the expense of Taiwan's *de jure* sovereignty.

Cross-Strait Security Paradox and Taiwan's Statist Linking Strategy

Analysing Taiwan's engagement policies and strategies vis-à-vis China demands an understanding of significant events that took place after the Second World War. The series of decisions made by Washington and Beijing's on matters concerning the Taiwanese issue significantly affected the island's political and diplomatic status in the international community. Japan's defeat in the Second World War left Taiwan under the temporary leadership of the Kuomintang (KMT). The strong support initially provided by the U.S. enabled Taiwan's accession to the United Nations, and became one of its founding members (Huang 2009; Rich 2009). In 1945, Taiwan was granted a permanent seat in the UN Security Council and went on to become a GATT contracting party after two years while

still in control of the Mainland China (Hsieh 2005, 2011; Huang 2009). However, the political turmoil and civil unrest that took place in 1949 drastically transformed the status quo as the Communist Party of China (CPC) defeated the KMT. This forced the KMT to relocate its government to Taiwan and revoked its GATT membership in the year that followed. In September 1951 Japan signed the San Francisco Treaty which officially terminated claims and title over the Taiwan without formally endorsing a party successor (Huang 2009). Although the KMT and the CPC agreed that Taiwan was part of the Mainland, however, they both claimed legitimate sovereign authority over the whole China.

Fearing that a CPC-led China would reignite communist sentiments in the region, Washington decided to intervene by pressuring Japan to enact another treaty with the KMT (Huang 2009). In April 1952, Japan signed the Treaty of Peace with the ROC government that effectively undercut CPC's claims over Taiwan. Immediately after the Treaty's ratification, Taiwan joined the anti-communist alliance led by the U.S. This gave Taipei significant economic and political concessions from 1950 until mid-1960s. In 1967, Taiwan re-joined the GATT after gaining an observer status. However, things took a dramatic turn when Washington began to consider the strategic importance of inviting the communist PRC to join its anti-Soviet coalition. The negotiations between the U.S. and China produced three joint communiqués, namely: Shanghai Communiqué (1972); Normalization Communiqué (1979); and Arms Sales Communiqué (1982). These three separate statements had one underlying theme – a 'One-China' principle that the U.S. must recognize in exchange for China's support (Lee 2010; Wang et al. 2010). In 1971, Beijing had taken over Taipei's seat in the UN, and forced the latter to withdraw again from the GATT in the same year.

With the recognition of the PRC as the legitimate seat of Chinese government, the U.S. had to terminate its diplomatic relations with Taiwan. This gave birth to Taiwan's Relations Act of 1979. The said Act formally rejected Taiwan's bid for independence by officially endorsing a position that there was but one China and that Taiwan was a part of China. Nevertheless, the document also emphasized Washington's intention of maintaining its strong albeit unofficial relations with Taipei in order to continue promoting peace and stability in the Asia-Pacific region. This new mandate led to the creation of American Institute in Taiwan (AIT), a non-profit corporation responsible for handling official policy-related dialogues and exchanges between the U.S. and the ROC (Huang 2009;

Rich 2009). In 1979 Taipei also instituted the Coordination Council for North American Affairs (CCNA) under the purview of the Ministry of Foreign Affairs as its counterpart to the AIT. The CCNA was responsible for the administration and coordination of bilateral matters between the two countries. While these unofficial exchanges redefined the U.S. and Taiwan relations, nonetheless, most of the other countries chose to formally end their diplomatic ties with Taipei. As of 2015, only 22 countries still maintain official diplomatic relations with Taiwan. Amid the insecurities and uncertainties induced by ROC's emasculated government, free trade has become a vital instrument for reclaiming some of its lost sovereign space.

Trading in Shadows: Taiwan's Statist Security Interests and Trade[4]

Securing Taiwan's de Facto Sovereign Space via Multilateral Trade

The WTO and Taiwan's Re-Emergence in The International Scene

In light of Taiwan's outcast role in the global stage, the island's accession to the WTO in 2002 under the name 'Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu' (TPKM) was hailed as a diplomatic triumph. The KMT government has proudly emphasized the significance of WTO membership by highlighting its expected benefits both for the local industries and ordinary citizens (Hsieh 2011; Lee 2010; Zhao & Liu 2010). Trade has been an important component of Taiwan's economic statecraft since the late 1950s when it reoriented its trade strategy by shifting from import substitution to export promotion activities. Although the Taiwan's economy had managed to grow even when it was not participating in GATT activities, nevertheless, the Taiwanese policymakers believes that a WTO membership would significantly increase the country's trade volumes and income levels. This led to the adoption of several structural reforms such as the removal of quantitative restrictions to trade; the depreciation of the Taiwanese dollar; and the fixing of a convoluted multiple exchange rates system (Chou et al. 1997). The number of prohibited and controlled imports was substantially reduced, and licensing procedures were implemented to enhance health and safety standards (Chou et al. 1997). Prior to the country's accession it already implemented reforms that were consistent to WTO procedures. Thus, the positive results that

Taiwan has reaped so far from multilateralism could be attributed to its preparedness for adopting high levels of liberal economic policies. In fact, even before Taiwan's acceptance to the WTO, the country's average nominal tariff of 6.0% was already comparable to those of advanced members (Charnovitz 2006; Chang & Goldstein 2007).

Taiwan's experience in the WTO demonstrates the extent of Chinese influence permeating the system. There are three common problems that prevent applicants from immediate accession to the WTO. These are: more complicated WTO rules; non-market economies; demands for greater concessions; and aggressive commitments from existing members (Langhmmaer & Lücke 1999). Taiwan completed WTO requirements as early as 1998. In fact, at the time of its application, the country's trade regime was far more liberalized than most of the developing WTO members (Huang 2009). Hence, the amount of time it took to approve Taiwan's application should have been significantly shorter. Despite this, it took twelve years before Taiwan was granted accession after it filed application in January 1990. The biggest delaying factors for Taiwan's accession were politically motivated.

When Beijing renegotiated its WTO membership with Washington after its abrupt withdrawal following the Tiananmen incident, the two parties agreed that China would not block Taiwan's entry to the WTO. However, in recognition of the One China principle, it was also agreed that China would be granted accession first before Taiwan (Liang 2002; Huang 2009).This was explicitly stated in the UN General Assembly Resolution 2758: 'Many contracting parties, therefore, had agreed with the view of the People's Republic of China (PRC) that Chinese Taipei, as a separate customs territory, should not accede to the GATT before the PRC itself.' In the words of Roy Chun Lee (Deputy Director, Taiwan WTO and RTA Center):

> Psychological barriers resulting in mutual distrust and disengagement aggravate the segregating effect of physical distance between Taiwan and China. These three Ds – distance, distrust and disengagement –significantly contribute to the paranoia experienced by Taiwanese and Chinese officials due to uncertainties emanating from both sides of the Strait. Such mutual suspicion has enormous effects on Beijing's attitude toward Taipei's trade activities, which the former considers a means of fortifying the latter's sovereign claims.[5]

Clearly, this proved a painful process for the Taiwanese officials. In spite of their serious preparations, the WTO members still refused to conclude agreements with them since Beijing's application was still in pending

(Liang 2002; Yang 2007). All negotiations with Taipei had to remain open and were sometimes repeated even when they were already deemed optimal. China's inefficiency in implementing the necessary policy reforms in its non-market economy, on the one hand; and its ineffectiveness in bargaining with other members, on the other, stalled Taiwan's own negotiation efforts (Huang 2009). Nevertheless, a day after China's re-entry to the WTO on 10th November 2001, Taiwan was finally granted membership status as a separate customs territory. In essence, Taiwan had eight to twelve years to synchronize its economic policies with the WTO rules and obligations. This period was enough for Taiwan to fulfil its multilateral trade commitments considering that many of these had already been implemented even before 2002, including: liberalization of agricultural and industrial goods; opening of service-sector markets; and the implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (Liang 2002; Hsieh 2005; Yang 2007). To some extent this highlights the positive impact of Taiwan's previous bilateral trade talks with U.S. between the1970s and 1980s.

Indeed, the multilateral trade provided Taiwan a new platform for increasing its diplomatic presence in the international community. However, this did not supersede the asymmetric bilateral relations between Taipei and Washington (Hsieh 2005; Huang 2009). The U.S. demanded greater concessions than those offered by Taiwan to other WTO members. The Taiwanese government accommodated these requests by offering 'advance payments' to the U.S. in efforts to complete the remaining requirements to its WTO accession (Huang 2009). Such actions highlighted Taiwan's lack of political leverage and technical skills in bilateral negotiations. However, unlike their counterparts from other small WTO countries, the Taiwanese representatives were also confronting a much bigger hurdle – China. As Kristy Hsu (Senior Researcher, Chung-Hua Institution for Economic Research) laments:

> China's meteoric economic rise has made it difficult for other countries to conduct any type of business with Taiwan as they are now facing an 'either-or' situation – either they are with China or with Taiwan. The reluctance of third countries to engage Taiwan demonstrates the extent to which the Chinese economic influence is altering the former's foreign economic policy options while simultaneously constraining the latter's.[6]

From Taiwan's standpoint, countering the paralyzing China factor would require U.S. intervention in cross-Strait affairs. However, involving the

Washington would entail greater bilateral trade concessions and more aggressive commitments. The power asymmetry between the two countries enabled the U.S. to manipulate and exploit Taiwan's trade policy mechanisms (Huang 2009; Zhao & Liu 2010). As such, the bilateral trade relations between Taipei and Washington were more unilateral than bilateral considering the latter's dual role as both negotiator and arbitrator. The Taiwanese government's proposals to create a dispute settlement mechanism in which trade disputes would be tackled were rejected by the U.S. since bilateral agreements do not allow for it (Charnovitz 2006). The Taiwanese representatives' defensive stance throughout the negotiation processes underscored their lack of control over trade matters raised by the U.S. (Huang 2009).

Obviously, Taiwan's contested statehood was a crucial factor for explaining its weak bargaining power. However, some observers noticed that Taipei's excessive dependence on Washington and the lack of access to the multilateral trade system further aggravated its position (Lee 2010; Bush 2011). Given the Taiwanese government's passive-defensive approach, it failed to properly utilize American bilateralism as a tool for promoting its sovereignty objectives. Both its real and perceived powerlessness had prevented it from demanding greater political and diplomatic concessions from Washington (Tucker 2009; Lee 2010).

Nevertheless, despite Taiwan's mediocre performance in bilateral trade talks with the U.S., several important lessons were learned. The country's experience with American style bilateralism made the adjustments to the GATT framework fairly easy (Hsieh 2005; Cho 2005; Charnovitz 2006). The regulations and procedures observed in the WTO had already been incorporated into Taiwan's domestic trade regime years prior to its accession. This facilitated the island's relatively smooth transition from U.S. bilateralism to WTO multilateralism. Notwithstanding the asymmetric power relations between the two countries, the U.S. has been instrumental in the successful integration of Taiwan into the multilateral trade system.

This milestone has significantly contributed to the development of Taipei's diplomatic scope. Since its entry to the WTO, Taiwan has already facilitated a number of sovereignty-enhancing initiatives through various multilateral channels, including: (a) application to other multilateral institutions such as the World Health Organization (WHO) and the Organization for Economic Cooperation and Development (OECD); (b) participation in several negotiating groups within the WTO such as the group of Very Good Friends on Service, Anti-dumping Friends, Friends

of Environmental Good, and G10; and (c) establishment of diplomatic dialogue with other countries applying for accession after 2002 (Huang 2009, p. 54-55). Clearly, these experiences played a part in Taiwan's successful bid for WTO membership. As Siew argued (in Huang 2009, p. 49), 'without such experience, the Americans would not like to help Taiwan join the GATT/WTO while under the pressure from the PRC.'

Multilateralism as an Antidote to One China Policy

Fortunately for Taiwan, *de jure* sovereignty is not a requirement for being a WTO member. This distinct constitutional character of the WTO has enabled a certain level of political co-existence between the ROC and the PRC by treating them as co-equal members of the institution. While Taiwan's mere presence in the WTO cannot be regarded as an official bilateral agreement with China, nonetheless, it created a platform for bilateral dialogues and consultations between the two governments (Cho 2005; Charnovitz 2006). In addition, the Dispute Settlement Understanding (DSU) of the WTO permits Taiwan to stand in an international tribunal when disagreements over rules and procedures with other members arise. As stated in the 2001 Mainland Affairs Council (MAC) report (in Cho 2005, p. 743):

> Taiwan and mainland China will be two independent, parallel and equal members. The WTO mechanism offers the two sides a new channel for communication, dialogue and consultation. The two do not have to set any preconditions or prerequisites. They can conduct dialogue and consultation on mutually concerned issues based on the WTO rules and framework.

Notwithstanding such claims coming from the Taiwanese government, China has been relentless in asserting its sovereignty over the island, and thus rejects ROC's perceived parallel status in the WTO. As far as China is concerned, Taiwan remains one of its provinces with or without a 'peaceful unification' process (Lee 2010; Zhao & Liu 2010). To counter all actions which denote the presence of two Chinas, Beijing's approach to WTO activities has been replete with 'One-China gestures' (Cho 2005, p. 751). These gestures are intended to neutralize the perceptions that other members might have regarding the PRC's stand on the Taiwan issue. China emphasizes that its compliance with the multilateral agreements does not nullify its One-China principle. Beijing's demonstration of One-China gestures is a reminder to the international community that its interactions with Taipei within the WTO are ought to be viewed as domestic rather than foreign affairs (Cho 2005).

The 'nomenclature war' waged by China was a subtle form of protest against Taiwan's parallel status in the WTO. For example, rather than using the name 'TPKM' to refer to Taiwan, Beijing has consistently used the name 'Chinese Taipei', and insisted that all members followed the same protocol (Cho 2005; Charnovitz 2006). During WTO meetings, both formal and informal, Chinese representatives did not hesitate to correct their counterparts from other countries who used the name 'Taiwan' (Charnovitz 2006). Furthermore, when preparing WTO documents related to Taiwan, Beijing has always used the Chinese language, and rejected all texts that bore the name 'Republic of China' (Cho 2005). Such actions were meant to highlight Taiwan's status as a part of China's separate customs territories, similar to Hong Kong and Macau. From the Chinese perspective, the WTO dialogues between Beijing and Taipei are national concerns of a single country. Consequently, the Taiwanese representatives have to constantly fight off China's refusal to engage in bilateral dialogues with them in order to maintain Taiwan's co-equal status (Cho 2005; Charnovitz 2006).

In July 2005 China formally accepted Taiwan's official name of TPKM, but at the same time, demanded the cancellation of diplomatic titles used by its members (Charnovitz 2006). The WTO Secretariat granted the request and removed these titles from the Members Directory. This triggered Taipei officials to accuse the organization of throwing away its neutrality under direct pressure from China (Bishop 2005). At present, only the top two officials of Taiwan's Permanent Mission to the WTO are identified by their respective titles, while the lower-ranked representatives only have their names and areas of expertise listed (Charnovitz 2006). However, as stated in Article 33 of the GATT Constitution, Taiwan's claim for autonomous standing in the WTO has strong legal basis. This remains valid even after the WTO has formally replaced the old GATT system in 1995. Curiously, it is the Chinese claim that Taiwan is one of its separate customs territories that does not have any strong legal basis. China's resort to the nomenclature war is primarily intended to weaken the legitimacy of Taiwan's parallel status. As far as Beijing is concerned, Taiwan's WTO membership is solely based on its status as one of China's separate customs and territories. Hence, it cannot, and should not be afforded a legal status that is similar to China within the said body. By framing the Taiwan issue as a strictly domestic issue, Beijing is still able to control and constrain Taipei's de facto sovereign space under multilateralism.

Securing Taiwan's de Facto Sovereign Space via Preferential Trade

ECFA and Taiwan's Sovereign Interests

China's continual rejection of the Taiwanese sovereignty creates a critical glitch in the ROC's economic statecraft. The political and diplomatic constraints engendered by Taiwan's quasi-sovereign status considerably limit its capacity to develop preferential FTAs with prospective partners. As the WTO negotiation rounds stagger to a stalemate, forging bilateral and/or minilateral trade relations with other countries has become more crucial for Taiwan's sovereign interests. Preferential trade is increasingly viewed by Taiwanese leaders as a strategic platform through which Taiwan's sovereignty can be more positively expressed (Dent 2006, 2010; Hong 2012). Since the KMT's return to power in 2008 under the leadership President Ma Ying-jeou, Taiwan has begun to downplay the importance of its sovereignty with China (Hsieh 2010; Chow 2012; Hwang 2012). In November 2008, Ma launched the Economic Cooperation Framework Agreement (ECFA) and became a law in January 2011. The speed at which the agreement was ratified and implemented had been greatly commended by no less than China's president himself, Hu Jintao. The ruling government in Taiwan believes that the ECFA would be instrumental in securing three key objectives, namely: (a) promoting normalization of cross-Strait economic and trade relations; (b) preventing Taiwan's marginalization from regional economic integration; and (c) enhancing Taiwan's status as a regional investment hub.

The passage of ECFA has significant implications for Taipei's existing relations with Beijing. The deepening (albeit increasingly unequal) interdependence between Taiwan and China due to the ECFA can be illustrated both economically (sensitivity interdependence) and politically (vulnerability interdependence).[7] Sensitivity interdependence occurs when economic shifts that take place in China also impact Taiwan's domestic economy, and vice versa (Kahler & Kastner 2006; Kastner 2013). For example, the huge fluctuations in commodity prices in China, or the disruptions in its supply chains compel Taiwanese policymakers to re-adjust their own economic policies in order to counter the externalities induced by such events. As the economic linkages between the two countries grow deeper and stronger, the sensitivity of their respective economies vis-à-vis each other's domestic policies is also heightened. Meanwhile, vulnerability interdependence arises when highly imbalanced

cross-Strait relations allow China to exploit its power in order to transform Taiwan's trade policies to its uncontested advantage (Hong 2012; Kastner 2013). Once dependency is established, the stronger party (China) demands additional conditions which cannot be refuted by the weaker party (Taiwan) since the risks of termination would have already become too high.

For the ardent supporters of the ECFA, the preferential treatment and exclusive benefits derived from it justify increased connections between Taiwan and China. The agreement provides an added layer of protection against Taiwan's further marginalization from the global trading system (Chow 2012; Wu 2012). Moreover, the ECFA is also believed to enhance Taiwan's industrial competitiveness by increasing the amount of FDIs injected into its domestic economy, thereby solidifying its stranglehold on the Chinese market. The ECFA would be the prototype for Taiwan's future preferential FTAs with other trade partners aside from China. Beijing's promise to support Taipei's FTA plans with other small powers such as Singapore and New Zealand upon ECFA's passage also bolstered national support for the agreement. However, considering China's geopolitical interests, Taiwan's chances of securing preferential FTAs with other powerful countries, notably the U.S., Japan or the EU as a whole, remain very slim. Despite these foreseen limitations, the Taiwanese government still views the ECFA as a necessary stepping stone toward a much wider autonomous space without violating the One-China principle (Dent 2006; Hong 2012).

Meanwhile, for the staunch critics of ECFA, the agreement highlights the Taiwanese government's plan of ceding its remaining sovereign authority to China. Considering the rather secretive and undemocratic process through which the ECFA was conceived, it was not surprising why KMT had been accused of selling Taiwan's national interests in exchange for limited economic concessions (Chen 2012; Chow 2012; Dittmer 2012). While the implementation of ECFA does not automatically result in unification, nonetheless, the preferentiality that Taiwan extends to China under the said agreement can contribute to that end goal. In fact, ECFA's supposed role in normalising cross-Strait relations seems to be very much in line with Beijing's unification agenda. Curiously, despite Taipei's discriminatory treatment of Chinese products, Beijing remains uncharacteristically patient and compromising as it views the ECFA as a crucial step toward its One-China vision (Chen, 2012; Chow, 2012). For some observers, such behaviour clearly reflects how China is using

cross-Strait economic relations as a means of seizing Taiwan's remaining sovereignty (Dittmer 2012; Muyard 2012; Wu 2012). As Hsu infers:

> While the WTO is aware of Taiwan's discriminatory practices against Chinese products, the latter does not file complaints to the Dispute Settlement Mechanism since doing so would implicitly validate Taiwan's claim as a legitimate sovereign state… The intensification of East Asia's desire for establishing regional economic integration via FTAs has given China a new tool for further isolating Taiwan from vital political and economic activities in the region. At the same time, the implementation of the Economic Cooperation Framework Agreement between the two countries has resulted to Taiwan's overdependence on China.[8]

Indeed, China's regressive attitude with respect to Taiwan's FTA initiatives has forced some potential partners to suspend bilateral negotiations with the latter. Beijing's insistence on a 'one country, two systems' approach does not bode well for Taiwanese policymakers who favour the normalization of the status quo over political unification (Hong 2012; Muyard 2012; Wu 2012). Yet the manner in which China has been managing the ECFA is a clear indication that it is considered as a domestic rather than an international accord. The fact that ECFA's legal documents do not include definite plans and schedules reveals that the agreement does not fully comply with the WTO rules and procedures concerning FTA creation. To this extent, the multilateral trade system remains the optimal channel for pursuing Taiwan's sovereign interests given its co-equal status within the WTO.

Changing Attitudes or Changing Tactics?

Immediately after signing the ECFA, the Taiwanese officials have actively explored opportunities to forge preferential FTAs with other countries. Even before Taiwan's accession to the WTO, the government had already formed the FTA Task Force, which was designed to the study potential bilateral agreements with partners such as Japan, New Zealand, Singapore and the U.S. While the initial assessments indicated positive net results, however, Beijing had issued warnings to countries that were planning to conclude an FTA with Taipei. This forced the Singaporean government to temporarily suspend its bilateral talks with Taiwan until the complexities surrounding the One China principle had been adequately addressed (Dent 2010). In efforts to downplay the issue, the Taiwanese government offered to use the name 'Chinese Taipei' when signing FTA documents.

Unfortunately, this type of 'band-aid' solution did not elicit much positive response from the prospective partners (Dent 2006; Hong 2012). Thus, Beijing has discovered yet another way to constrain Taipei's sovereign space by deliberately blocking its efforts to develop and implement its own preferential FTAs. As Hsu laments:

> Taiwanese officials expected that the passage of ECFA would pave the way for more FTAs with different countries. However, this failed to materialize immediately due to the ambiguity surrounding the country's sovereign status. In short, sovereignty still matters. Attempting to establish diplomatic relations with other countries seems futile when a powerful neighbour opposes it. The WTO is becoming less and less of an issue when compared with preferential FTAs.[9]

Inadvertently, the proliferation of FTAs has enabled Beijing to further hijack Taipei's de facto autonomy. China's insistence on the state-to-state approach when conducting FTA negotiations has severely undermined the legitimacy of Taiwanese sovereignty. Instead of developing its own preferential trade agreements, Taipei officials are being forced to adopt the Hong Kong and Macau model of Closer Economic Partnership Arrangement (CEPA) as an alternative (Dent 2006, 2010; Hong 2012). Such proposition is deemed unacceptable by the Taiwanese government as it not only diminishes its remaining sovereignty but also leads closer to the One-China situation that it desperately tries to avoid. As Lee points out:

> The Taiwanese government believes that the country must enjoy its freedom to pursue regional economic integration with other countries. The Chinese government, however, felt that a dialogue with Taiwan will be a necessary preliminary step. While Taiwan argues that it is not obliged to seek for permission from China regarding this issue, nonetheless, it recognizes the importance of accommodating the latter's concerns with respect to One-China policy. Taiwan, therefore, makes the case that its pursuit of preferential trade, for example, must not be interpreted as a rejection of One-China policy, and that the best way to prove this is to show by example. The idea of normalization of cross-strait relations is a non-political label that neither challenges nor accepts the One-China policy.[10]

Taiwan did manage to conclude bilateral FTAs with four of its remaining diplomatic allies in Central America – Costa Rica (2002), Guatemala (2003), Panama (2003) and Nicaragua (2004). Taiwan's net economic benefits from these bilateral trade deals (estimated at around US$324

million) were small (Dent, 2006; Chow, 2012). Nevertheless, by signing these agreements, Taiwanese officials gained first-hand experience in developing and negotiating FTAs (Cai 2005; Dent 2006). These accords also set the stage for Taiwan's objective of expanding its de facto sovereign space amid the One-China principle. To this extent, it may be argued that Taipei's economic motives for concluding these bilateral agreements were only secondary to its political and strategic motives. Put differently, Taiwan's trade FTA initiatives are not only substantively informed, but are also tactically linked to its national security interests. Preferential trade gives Taiwan a greater sense of security by minimising its degree of dependence on China (Dent 2006; Hong 2012). Hence, creating preferential FTAs that are lucrative enough to convince other potential partners to overlook its problematic statehood has become a key strategy of Taiwan's economic statecraft.

China's constant threats against Taiwan's FTA plans with non-diplomatic partners have pushed the latter to implicitly retaliate by adopting a stealthy approach to conducting preferential trade negotiations. The lack of huge media attention on Taiwan's bilateral involvement is a key component of the government's strategy for capturing politically strategic FTAs (Dent 2006). The first concrete results from these efforts were the signing of bilateral FTAs with New Zealand and Singapore in 2013, three years after the ECFA's enactment. These two agreements ended the speculations about Beijing's abandonment of its promise to allow Taipei to pursue bilateral FTAs with other countries once the ECFA had been signed. The successful conclusions of Taiwan's first two bilateral FTAs with non-diplomatic partners were celebrated as major diplomatic milestones.

On the 10th July 2013, Taiwan and New Zealand signed the Agreement between New Zealand and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (TPKM) on Economic Cooperation (ANZTEC). The agreement marked Taipei's first ever FTA with a non-diplomatic partner that also has an existing trade relations with Beijing. The Taiwanese government claims that the ANZTEC offers the much-needed thrust for Taiwan's wider regional economic integration by opening new doors for similar agreements. To avoid unnecessary misunderstandings with its second largest trading partner, the New Zealand government took a low-profile approach in its negotiations with Taiwan. Neither of the two governments sent their senior ministers for the signing of ANZTEC. Instead, the agreement was concluded via a webcast,

thereby enabling Taiwanese officials to witness its signing without having to set foot in New Zealand's territory. As the agreement was signed between the New Zealand Commerce and Industry Office (NZCIO) in Taipei, and the Taipei Economic and Cultural Office (TECO) in Wellington, hence, the event was not viewed as a 'state-to-state' affair. This was confirmed by the spokesperson of China's Foreign Ministry, Hua Chunying at a press conference held in Beijing on the 10th July 2013 when asked about the agreement:

> The China-New Zealand relations are now in good shape. Committed to the One China policy, New Zealand handles relevant issue properly, which is conducive to a healthy China – New Zealand relationship…Our position on the issue of Taiwan's foreign exchanges is consistent and clear. We have no objection to non-governmental business and cultural exchanges between foreign countries and the region of Taiwan but oppose the development of any official ties between them. Fair and reasonable arrangement could be made for Taiwan's participation in international activities through practical consultation across the Straits on the premise of not creating two Chinas or one China, one Taiwan.[11]

Following its game-changing FTA with New Zealand, Taiwan inked another bilateral accord, this time with Singapore. On 7th November 2013 the Agreement between Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (TPKM) on Economic Partnership (ASTEP) was signed by the two countries. It is Taiwan's first bilateral FTA with a non-diplomatic partner in Asia. With ASTEP, Taiwan hopes that other countries will be encouraged to conduct similar trade accords without antagonising Beijing. As with the ANZTEC, the ASTEP signed between the Singapore Trade Office in Taipei and the Taipei Representative Office in Singapore, so as not to offend Chinese sentiments. However, in contrast with China's rather warm reception of the ANZTEC, Beijing reminded Singapore to recognize its One-China policy: 'Our position on Taiwan's foreign interactions remains consistent and clear. And we hope Singapore could abide by the One-China policy and deal with its economic ties with Taiwan in a prudent and proper manner' (Hsu & Poon 2013). Nevertheless, as far as the Taiwan's Minister of Foreign Affairs was concerned, these bilateral agreements would play a significant role in Taiwan's bid to join minilateral trade agreements, specifically the Trans-Pacific Partnership (TPP) Agreement and the Regional Comprehensive Economic Partnership (RCEP).

The coming into fruition of ANZTEC and ASTEP may be an indication of improving cross-Strait relations. For example, Beijing's willingness to give Taipei a limited space to navigate the international arena enhances the latter's diplomatic capabilities. While the recent events may have underscored China's positive attitude toward Taiwan's FTA goals, however, in reality, there are still no guarantees that such behaviour will last even in the short run. Consequently, the KMT government takes these recent events with a grain of salt. It does not assume that these new bilateral trade deals will ultimately lead to the thawing of Chinese barriers to Taiwan's sovereign aspirations. Instead, the Taiwanese government remains steadfast to its WTO commitments, taking a proactive role to help members reach a consensus on controversial trade issues. Unfortunately, the current multilateral trade impasse implies that Taiwan will not be able to fully exploit its expected benefits from a WTO membership. This two-way stalemate that is facing Taiwan presents serious limits to its linking efforts and strategies, which ultimately leads to further diminution of its de facto sovereign space.

Limits to Taiwan's Statist Security-Trade Linkages

Several factors influence the capacity of Taiwan's STL efforts and strategy for securing its de facto sovereign space, namely: (a) limits of domestic institutional mechanisms; (b) limits of nationalist rhetoric and agenda; (c) limits of export-oriented economy; and (d) limits of cross-Strait economic pacifism. The first and second factors represent the internal constraints that sustain Taiwan's sovereignty dilemma, whereas the third and fourth factors deal with the external constraints that are reinforcing it. Together, they undermine the sovereignty-upgrading utility of Taiwan's statist linkages by reinforcing the underlying China constraints.

Limits of Domestic Institutional Mechanisms

Ma has underlined the three important pillars of his government's cross-Strait strategy vis-à-vis China: (a) institutionalizing cross-Strait rapprochement; (b) increasing international development aid; and (c) aligning defence and diplomacy policies. The first pillar is anchored on the 'Three No's Policy'– no unification, no independence and no use of force – rolled out in 2008 (Lee 2010; Morse 2011). Alluding to Paul Schroeder's idea that 'one must have a change of thought before one can have a change of

action', Ma argues that it is only by institutionalizing cross-Strait relations can meaningful political and economic dialogues be expected (Morse 2011, p. 2). A concrete example of this strategy is the creation of the ECFA itself. While Beijing officials view the agreement as a form of 'soft power' diplomacy, nonetheless, nationalist groups in Taiwan deem it as yet another tool for justifying the Chine-centric cross-Strait interactions (Gold 2010; Zhao & Liu 2010; Clark &Tan 2012). On the one hand, the CPC expects the ECFA to produce enough incentives to convince Taiwan to reunite with China. On the other, the KTM is optimistic that the agreement will enhance mutual trust and understanding between Taipei and Beijing through norm-sharing and confidence-building measures.

The second pillar utilizes Taiwan's 'soft' economic power in fortifying its national security agenda that centres on the preservation and expansion of its de facto sovereign space. Taiwan's awareness of the intrinsic link between its security interests and responsibilities as a global stakeholder compels the government to boost the financial aid and concession it provides (Morse 2011). By increasing its contribution to international development, Taiwan hopes to increase the economic costs of upsetting the prevailing cross-Strait status quo, thereby providing an additional layer of security protection.

The third pillar amalgamates Taiwan's defense and diplomacy strategies to achieve the twin goals of earning credibility and trust from its allies, on the one hand, and improving its defense against latent Chinese threats, on the other (Morse 2011). To do this, Taiwan balances the soft and hard power elements of its security policies and strategies. Taiwanese officials have always been cautious about the implications of their 'defensive' policy stance vis-à-vis China. The KMT government has staunchly argued for strong military and diplomatic support from its allies when negotiating with their Chinese counterparts about the management of cross-Strait relations (Morse 2011). For example, Ma consistently urges Washington to continue backing Taipei's military build-up amid China's hegemonic rise in the region tendencies but only to the extent that such collaborations do not provoke the CPC (Bush 2005; Lee 2011). Through a defensive diplomacy approach, Taiwan aims to increase the level of predictability in its cross-Strait interactions with China.

However, Taiwan's lack of formal, institutionalized and regularized interagency mechanisms and procedures for developing and implementing its security policies and strategies significantly undermines the strategic utility of these three pillars. The government's fragmentary approach

to formulating the national security agenda (including its national strategic objectives and key principles directing its foreign and defense policies) highlights some of the weaknesses of its domestic institutions and procedures (Swaine 1999).

The task of drafting and legislating Taiwan's national security strategy is left mainly to the president's private consultations with military officials, and some select senior bureaucrats and civilian leaders. In particular, the only senior officials and advisors who have a certain degree of influence over the whole process are the secretary-general of the National Security Council, the foreign and defence ministers, and to a lesser extent, the premier (Swaine 1999).

Such disconnected approach to security policymaking inevitably results in poor top-level management, which in turn diminishes the credibility of Taiwan's defense and foreign policy stance. First, initiatives undertaken in the foreign policy realm may not necessarily be complementary to the larger national security agenda. Second, programmes launched under the defense policy realm are sometimes anchored on narrow military defense plans judged effective by the military chief himself. Consequently, Taiwan's national security agenda seems to be detached from its primary objective, which is to secure its shrinking sovereign space. The fact that the present Taiwanese government favours normalization of cross-Strait status quo over independence from or unification with China is an indication of inability to forge a unifying national security vision. This only results in further deterioration of its remaining de facto autonomy. Moreover, it creates a perception that the country's national security rhetoric and agenda is simply a function of the incumbent president's vested interests and interpretations of events. What is crucially missing is an overarching security doctrine that systematically incorporates myopic strategies into a broader national policy framework for containing the China factor that continues to threaten Taiwan's sovereign statehood.

Limits of Nationalist Rhetoric and Agenda

Different political actors have different views regarding the impacts of intensifying cross-Strait trade relations on Taiwan's de facto sovereignty. The pan-green forces depict Taiwan's disproportionate trade with China a threat national security; while the pan-blue forces highlight the security-enhancing features of such engagements.[12] Despite the DPP's warnings about imminent threats posed by deeper economic relations with the Mainland, the KMT still

actively campaigns for an enhanced Sino partnership to take advantage of the economic boom in China (Wang et al. 2010; Zhao &Liu 2010; Chow 2012). Against this backdrop, it is interesting to see how ordinary Taiwanese citizens (that is, the voters) view the country's renewed relations with China.

Based on the 2007 survey conducted by the National Chengchi University (NCCU), the majority of the Taiwanese people saw the growing cross-Strait relations as threatening rather than reinforcing Taiwan's sovereignty. Of the total number of respondents, 61.0% demanded tighter regulations on cross-Strait relations compared to 35.0% that requested for fewer restrictions and the other 4.0% that favoured the present status quo (Wang 2009). Since the KMT's return to power in 2008, the percentage of the Taiwanese population that called for stricter regulations increased to 71.0%, while those that demanded the relaxation of cross-Strait policies decreased to 21.0% (Wang 2009). These survey results underscored the rather suspicious attitude of the Taiwanese people vis-à-vis the KMT's engagement policies with Beijing, particularly after the reopening of three direct links (mail, transport and trade) between the two countries. These findings reflected the nationalist sentiments of the Taiwanese citizens that remained strong until the implementation of the ECFA.

Once the ECFA has been signed and implemented, the Taiwanese perception toward cross-Strait relations has also begun to change in favour of the Mainland. Influential business groups, along with some of the country's political elites, have been largely supportive of the ECFA (Hsieh 2011; Clark & Tan 2012). They emphasized the critical economic advantages as a key impetus for passing the agreement. Meanwhile, parties that are strongly opposed to China's reunification agenda, along with local firms that are adversely affected by the agreement, have argued that the ECFA symbolizes Ma's interest in selling Taiwan's sovereignty by ceding all of its remaining authority to the Mainland (Tien &Tung 2011; Hong 2012). Despite such deeply polarized views, the results from surveys conducted by the Mainland Affairs Council in 2010 underlined the citizens' auspicious view toward the ECFA. Of the total number of respondents, 60.0% agreed that the agreement would create long-term positive impacts on the economy, compared to the 23.0% that expressed less optimism about its promised benefits and the other 11.0% that remained neutral.[13]

For the ECFA supporters, the positive attitude of the majority with respect to the agreement is primarily driven by the satisfying conditions that it generates. For example, 67.0% of survey participants expressed general satisfaction with the ECFA, compared to the 33.0% that claimed

discontentment (Mainland Affairs Council [MAC] 2010). With regard to the impact ECFA on Taiwan's sovereignty, only 34.0% of the respondents believed that the agreement would undermine the country's sovereign interests, while a much larger 66.0% downplayed the veracity of the issue (MAC 2010). Finally, in relation to the ECFA's role in Taiwan's FTA promotion, 71.0% of the participants viewed the agreement as a necessary precursor for capturing more FTAs in the future (MAC 2010). To some extent, these figures highlight how the majority of Taiwanese population see the ECFA as a vital tool for enhancing the island's sovereign space. Moreover, they also suggest that Taiwan's management style with respect to cross-Strait relations is more fluid than what might have been initially thought. The island's speedy recovery from the global recession in 2009, coupled with the DPP's unpopular predictions about the ECFA's impact on Taiwan's sovereignty, considerably improved China's image (Clark & Tan 2012).

Nevertheless, the DPP leaders still insist that achieving *de jure* independence should remain the ultimate goal of Taiwan's democratization agenda (Rigger 2010; Clark & Tan 2012). Fighting authoritarianism with democracy demands greater intensification of Taiwanese nationalism that can resist Chinese influence, and declare its non-negotiable autonomy from the Mainland (Gold 1986; Wachman 1994). The opposition party presumed that a nationalistic platform would bet the key to winning the elections. After all, according to Tsai-Lung Hong (Director, China Department, Democratic Progressive Party):

> Liberty and freedom are the ultimate expressions of national security. The freedom and liberty to choose instead of being dictated by external forces can only be achieved through democratization of the political processes in the country. Taiwan is governed by law, by constitution. The DPP as a liberal party upholds liberal values and principles. It pushes the government to observe and implement the fundamental covenants of the United Nations including civil and political rights, as well as economic, social and cultural rights. The present government, however, is side-tracking the goal of achieving sovereignty from China.[14]

In stark contrast with the DPP's strategy for securing electoral support, the KMT leaders relied on the spill over effects of Taiwan's relative economic success, which they linked to the normalization of cross-Strait politics. While the DPP was the adamant to adopt a state-to-state approach when dealing with China, the KMT showed some degree of deference

to the One-China policy. The results of the general elections showed the more electorally popular policy position vis-à-vis China. After suffering a landslide defeat to the KMT, the DPP started to soften its nationalistic rhetoric. Since the explicit denouncement of the One-China policy proved to be politically costly, the DPP began to relax its policies with respect to Taiwan's sovereignty issues. To do so, a new security agenda was launched that emphasized the relative importance of maintaining Taiwan's de facto autonomy rather pursuing absolute independence from China (Rigger 2010; Clark & Tan 2012). This led to intense conflicts among the DPP factions. Eventually, the pro-independence members defected from the group and established the Taiwan Independence Party in 1996 (Wang 2000; Rigger 2010; Clark & Tan 2012).

The inability of nationalist agendas to bring consistent electoral success to political parties that espouse them significantly limits Taiwan's linking efforts and strategies. The political incentives for launching a strong pro-independence campaign seem to be steadily dwindling. Given the huge electoral risks involved in adopting nationalistic platforms – at least in public – sacrificing part of Taiwan's sovereign claims and ambitions becomes an attractive option. The fact that majority of the voting population prefer the preservation of the current cross-Strait status quo over the expansion of the island's sovereign space implies that nationalistic objectives are less of a boon than a bane for Taiwanese political parties. In a way, this reflects the general sense that revisionist leaders endorsing nationalistic policies only undermine the prosperity and stability brought about by increasing amicability of relations between Taipei and Beijing. Consequently, the KMT and the DPP are being compelled to soften the nationalist undertone of their respective platforms in order to placate and win over the sceptical voters (Wang 2000; Lin 2001; Clark & Tan 2012).

Both parties have decided to apply the norm of moderation vis-à-vis cross-Strait politics. To do so, the DPP has to mute its pro-independence rhetoric and anti-China policies to convince the voters that cross-Strait relation will remain stable and flourish under a nationalist, albeit pragmatic, leadership. Meanwhile, the KMT has to ensure that its rapprochement strategy is not interpreted as a mere prelude to China's gradual annexation of the island to maintain its power and status as a ruling party. Going beyond the threshold of what the voters consider as 'normal' conduct of cross-Strait affairs will result in an electoral loss.

The relevance of this hypothesis has been clearly illustrated in the 2016 general election that was won by DPP's standard bearer, Tsai Ing-wen.

Back in 2012, Tsai had also run for president but lost to Ma, who, at that time was gunning for a second term in office. Tsai's initial defeat forced her party to rethink and repackage their engagement policies with the Mainland without completely trading away their fundamental nationalist principles and objectives. These changes were highly evident in the campaign strategies that were put together by the DPP. Rather than emphasizing the party's underlying motive to claim Taiwan's complete sovereignty from China, Tsai toned down the party's traditionally pro-independence message to assuage Beijing and placate Washington. The DPP, thru Tsai's campaigns, pledged to put domestic concerns above deepened ties with China by revitalizing Taiwan's lethargic economy. To do so, Tsai proposed to diversify its trade with other countries in the Asia-Pacific, instead of focusing mainly on the ECFA.

Moreover, the overhauling of Tsai's image into an upbeat leader undermined the KMT's ominous message that a DPP win would result in renewed hostilities across the Taiwan Strait (Campbell, 2016). These campaign modifications on the part of the DPP helped Tsai secure 56.0% of the total votes – a stunning result that completely overturned the history of Taiwanese elections. In comparison, KMT's presidential nominee, Eric Chu garnered only 31.0% of the ballots after failing to convince the people that the party was not a CPC puppet. While some experts on Taiwan politics are already predicting Tsai's cautious approach toward the Chinese president, nonetheless, during her victory speech, the latter explicitly stated that:

> The people expect a government that can lead this country into the next generation, a government that is steadfast in protecting this country's sovereignty… Our democratic system, national identity, and international space must be respected. Any forms of suppression will harm the stability of cross-Strait relations.[15]

Such statements further highlight the application of the above hypothesis when analyzing the role and impact of nationalist rhetoric/agenda vis-à-vis the political parties and election results in Taiwan.

Limits of Export-Oriented Economy

During the second half of the 1990s, provocative exchanges between Taipei and Beijing aggravated the tensions across the Taiwan Strait. Then

president, Lee Teng-hui's visit to his alma mater at Cornell University in June 1995 was interpreted by the Chinese leaders as a subtle assertion of Taiwan's sovereignty (Lee 2010; Zhao & Liu 2010). Moreover, Lee's statements which implied the presence of 'state-to-state' relationship between Taiwan and China further roused the suspicions of Chinese leaders about Taipei's diplomatic intentions (Clark &Tan, 2010; Lee 2010). In response to these actions, Beijing issued grave warnings about the repercussions of electing a pro-independence candidate as president. Nevertheless, this did not prevent President Chen Shui-bian of the DPP from securing the presidential seat in 2000. After two years of failed attempts at re-connecting with China, Chen adopted a 'one country, one side' rhetoric, which only fractured cross-Strait relations even more. China responded with the passage of the Anti-Secession Law in March 2005, thus worsening Taiwanese perception vis-à-vis the Mainland (Wang et al. 2010; Zhao & Liu 2010). Chen utilized the country's growing fear over China to consolidate domestic support for his nationalistic agendas, and even went as far as suspending the National Unification Council and Guidelines in 2006 (Lee 2010; Rigger 2010). During this period, the number of Taiwanese people that felt China's hostility averaged between 50 to 55.0% (MAC 2013; Tan 2014). Cross-strait relations continued to be unstable and erratic until the KMT's return to power in 2008 under the leadership of Ma who promised a more China-friendly policy approach (Gold 2009; Tucker 2009; Rigger 2010).

Interestingly, despite the constant diplomatic squabbles between the two countries, economic interactions remained stable and, in fact, grew even higher (Clark &Tan 2012). For example, between 2007 and 2010, 30.0% of Taiwan's total export went to China (MAC 2016). Taiwan's imbalanced trade with China has been a source of heated debates between the supporters of greater cross-Strait economic engagement and those who are opposing it. The first half of the 1990s saw Taiwan as a consistent net exporter with the help of import restrictions on Chinese merchandize, as well as commodity chains in which Taiwan was a component producer and China was a product assembler (Wang et al. 2010; Zhao & Liu 2010). However, the tides have started shifting since the second half of the 1990s when China's trade volume finally eclipsed Taiwan's, and continues until today. This new development has induced great unrest among the nationalist sectors in Taiwan, particularly the DPP members who argued that trade dependence is hallowing out the country's sovereignty.

These arguments about the adverse effects of Taiwan's trade dependence on China, specifically with respect to its contested sovereignty, highlight the limits of the ROC's export-oriented economy. Given the seemingly omnipresent China factor, Taipei's pursuit for economic interdependence threaten to undermine its vital politico-strategic goals. For the staunchest critics of closer ROC-PRC relations, Taiwan's increasing dependence on China would inevitably lead to political unification. They imagine two scenarios in which such dreaded situation can occur. In the first scenario, China uses economic sticks and carrots to either lure or coerce Taiwan into its unification agenda. In the second scenario, those who benefit from greater economic interdependence may soon favour the unification objective to preserve the stability of cross-Strait environment that underpins their interests. However, as far as the Ma administration is concerned, enhancing mutual trust and understanding through deeper economic partnership with Beijing is the key to ensuring peace and stability in the region (Lee 2010; Zhao &Liu 2010). In the words of Ma himself (as cited in Kastner 2013, p. 6): 'It is only by more contact, more understanding, more exchange [can] we reduce the historical hostilities across the Taiwan Strait'. Such statement implies Taipei's 'soft' deference to the One-China policy – forging closer economic integration with the Mainland while upholding its de facto autonomy.

Supporters of Ma's China-friendly framework claim that there are several good reasons to reject the assumption that economic integration inexorably leads to political unification. While Taipei's intensified trade relations with Beijing may indeed enhance the latter's coercive power nonetheless the use or threat of coercive power can be economically and politically costly for both countries (Kastner 2006, 2013; Clark & Tan 2012). For instance, the imposition of economic sanctions on Taipei hurts local business groups that favour political unification, and as such, are counterproductive to Beijing's strategic motives. Furthermore, followers of Ma also point to the lack of empirical evidences that show considerable Taiwanese enthusiasm toward China's unification plans. In contrast, recent surveys revealed that the number of people demanding to expedite the unification process dropped to 3.0% over the past decade, while those advocating for a 'one country, two systems' framework were reduced to 8.0% (Clark & Tan 2012). Such trends are a reflection of growing number of self-identifying 'full-blooded' Taiwanese, on the one hand; and the declining number of 'exclusively Chinese' citizens, on the other. In short, at present there are no strong indications that would support the claim

that increasing economic interdependence is strengthening domestic support for China unification (Chow 2012; Muyard 2012; Wu 2012).

Finally, the salience of the Taiwanese dilemma from the Chinese perspective also depends on Taipei's ruling party. A more daring ROC government that pushes the envelope on sovereignty issues can only be expected elicit aggressive reactions from the PRC (Kahler & Kastner 2006; Kastner 2013). In this case, Beijing may well ignore the economic costs of deploying coercive force if only to show the strength of its resolve for preventing the emergence of two Chinas. Financial considerations for waging war are becoming less of an issue given the rate at which China's economic wealth and military power is expanding, especially when it is launched against smaller opponents like Taiwan. Hence, while the fortification of cross-Strait economic ties may bring about a new economic miracle for Taiwan, however, the overdependence that such a strategy engenders further emasculates the Taiwanese sovereignty.

Limits of Cross-Strait Economic Pacifism

While economic engagements have certainly become a crucial strategy for pursuing China's cross-Strait interests, nonetheless, Taiwan has also exploited these activities to secure its sovereign claims and objectives. There are two types of engagement strategies that strongly capture the dynamics of cross-Strait relations, namely: conditional (or tactical) and unconditional (or substantive/ structural).[16] Under conditional engagement, China adopts a quid pro quo approach by compensating Taiwan for every policy change that it implements through increased bilateral economic exchanges, rather than punishing it with sanctions. From China's vantage point, there are a few reasons why such a strategy may be less effective than economic sanctions. First, while sanctions are imposed only if Taiwan fails to initiate the expected policy change, however, China will have to pay inducements if a policy shift does take place, and must continue for as long as the former maintains its favourable attitude. Hence, economic inducements are expected to be economically costlier than sanctions.[17] Second, the act of providing positive inducements makes China's resolve appears much weaker than it really is. Even worse is the likelihood that these economic 'carrots' will be used to beef up Taiwan's military capacity, thus making its resolves even stronger.[18] Third, the volatility of market conditions implies that cross-Strait commitments reached under conditional engagement are not foolproof. For example, Taipei might

decide to disregard policy reforms that it promised to implement once economic payoffs have been made. Similarly, Beijing may also choose to withhold the economic concessions that it promised to give Taiwan once policy changes have been made.

In contrast, under unconditional engagement, China does not rely on tit-for-tat, but rather, on the capacity of economic interdependence to influence Taiwan's policy behaviour. The idea is to entangle Taiwan into China's economic activities until default becomes a non-option for the former due to the enormous costs that such a decision will incur. In general, Beijing's unconditional engagement with Taipei performs three main functions: (a) informing Taipei of Beijing's precise level of resolve without resorting to militaristic actions; (b) constraining the available policy room for Taipei; and (c) transforming Taipei policy behaviour and attitude.[19]

The Taiwan case provides vivid illustrations of how these two forms of economic engagements are applied, and their implications for both the initiator and the target. The signing of the ECFA and the re-opening of direct links to cross-strait relations highlights the ROC's attempts at conditional and unconditional engagements designed to inform, constrain and transform the PRC's One-China policy. China's refusal to rule out the threat or actual use of force in pursuing its unification agenda highlights the importance of Taiwan's effective management of economic engagement. Indeed, the Taiwanese government has tried to exploit the existing levels of cross-Strait interdependence as a bargaining chip for deciding its contested statehood. In efforts to harness the transformative effect of economic engagement as an antidote against the overwhelming China factor, Taipei has explicitly set out several conditions for the re-opening of cross-Strait links: These include: (a) withdrawal of threat or actual use of force against Taiwan; (b) removal of barriers to Taiwan's diplomatic space; and (c) political liberation and democratization of the Mainland.[20]

Unfortunately for Taiwan, China's preponderance engenders a scenario in which cross-Strait economic relations continue to intensify with or without these requirements. Despite the high levels of political risk involved, Taiwanese firms have abandoned the old 'go slow and be patient' approach in favour of 'active opening' and 'effective management' strategies (Kahler & Kastner 2006). To do so, the highly influential business groups in Taiwan placed enormous pressure on the government to relax these conditions and immediately pass the re-opening of direct links to trade, transport and communication with China (Wang et al. 2010; Zhao & Liu 2010; Clark & Tan 2012).

The increasing enmeshment of Taiwan's business interests with Mainland affairs, on the one hand; and the significant number of Taiwanese voters who prefer the present status quo over independence, on the other, have drastically undermined the nationalist goals in favour of economic pacifism. Consequently, concerns over the adverse effects of excessive Sino-dependence on national security have diminished in importance across Taiwan's political spectrum, hence compelling the major political parties to embrace a modified two-state method for managing cross-Strait politics (Chen 2012; Wu 2012; Dittmer 2012). In spite of the efforts to moderate Taipei's reliance on Beijing, the flow of cross-Strait trade and investment continues to expand and develop, as more and more Taiwanese officials begin to realize the huge costs of restraining local business activities. As such, Taiwan's economic compensations to China continue to roll over even without gaining significant political concessions.

Ironically, Taiwan's democratic society makes it easier for China to manipulate the imbalanced cross-Strait economic interdependence in favour of its political and strategic motives.[21] Beijing's wilful assertion of influence over business matters in order to undercut domestic support for a pro-independence party in Taiwan, illustrates how the former exploits its economic relations with the latter. Such imbalances are further reinforced by institutional differences, and ultimately result in competing expectations. On the one hand, Beijing is just waiting for cross-Strait economic relations to weaken Taiwanese nationalism and identity, which in turn, will diminish local resistance to the One-China framework (Zhao & Liu 2010; Chow 2012). On the other, Taipei is optimistic that Beijing will soon realize that its status as a regional hegemon will be better enhanced and preserved by healthy economic relations rather than disruptive nationalist agendas (Muyard 2012; Kastner 2013). Such a realization will motivate the Chinese government to replace its militaristic approach with a more pacifist economic strategy for handling cross-Strait interactions. If economic engagement does lead to the relaxation of Beijing's sinicization policies and objectives, and the peaceful settlement of political and ideological differences across the Taiwan Strait, then Taipei's gamble would have paid off.

Nevertheless, such optimism needs to be taken with a grain of salt, especially when multilateralism also imposes critical constraints in Taiwan's capacity for launching a conditional engagement strategy (Tan et al. 2001; Kastner 2013). The reason behind this is China's economic dynamism that allows it to attract other countries that are willing to forge economic agreements without attaching political or diplomatic

conditions to them. The limitations created by Taiwanese conditionality are forcing the government to adopt unconditional engagement procedures in which unrestricted cross-Strait interdependence is used as a pre-emptive measure against China's military diplomacy. However, the authoritarian nature of Chinese political institutions implies that Beijing can unilaterally circumvent the established rules and regulations of cross-Strait relations (Tan et al. 2001; Chow 2012; Wu 2012). This can only mean that Taipei's policy linking efforts and strategies will not always be effective and efficient.

Despite the harmony of economic agendas that is deemed to exist between the two major political parties in Taiwan, however, there are still segments of the population that have serious reservations toward deeper and wider economic integration with China. This is clearly illustrated by the dramatic turn of events that took place after the KMT's 'blitzkrieg' passage of the Cross Strait Services Trade Agreement (CSSTA) with China on 17th March 2014. Ma's decision to bypass the crucial deliberation process over this controversial agreement led to the occupation of parliament by a multi-sectorial coalition led by student groups on 19th March 2014. The demonstrators have demanded several reforms that highlight the limits of cross-Strait economic pacifism in securing Taiwan's sovereign space: (a) to hold an inclusive citizens constitutional conference; (b) to reject the CSSTA in lieu of a monitoring mechanism for cross-strait agreements; (c) to pass a monitoring mechanism for Cross-Strait Agreements in the current legislative session; and (d) to have legislators from both parties address people's demands.

Thus, while big local business groups support unconditional economic engagement, grassroots civil societies insist on maintaining regulatory conditions when facilitating cross-Strait relations. These internal conflicts further side-tracks the respective policy strategies of the KMT and the DPP on issues surrounding Taiwan's quasi-sovereign statehood in the twenty-first century.

Conclusions

The re-opening of cross-Strait links and successful negotiations of bilateral FTAs with non-diplomatic partners has sparked renewed optimism among the leaders, policymakers and various non-state groups in Taiwan. However, the fact that these developments have all been anchored on the One-China principle implies the continued illegitimacy of Taiwanese sovereignty.

Consequently, while cross-Strait rapprochement may have helped expand the country's de facto sovereign space, nonetheless, it has been inadequate in fully legitimising Taiwan's sovereign existence in the international community. The deep entanglements between Taiwan and China's security and trade interests are coercing Taiwanese officials to preserve the prevailing cross-Strait status quo. In efforts to improve their political appeal, the major political parties in Taiwan have been forced to 'cooperate' with each other by agreeing to promote pro-status quo platforms.

Considering the electoral risks involved in espousing nationalist agendas, both the KMT and the DPP avoid the adoption and implementation of policies that are viewed by voters as threats to cross-Strait interdependence. On the one hand, citizens opposed to political unification condemn a highly China-centric policy; on the other, extremely nationalistic policies are rejected by sectors which see opportunities from healthy relations with Beijing. Such tensions compel Taiwanese political parties to prioritize the 'normalization' of cross-Strait politics over their sovereign interests for Taiwan. This leads to the freezing of issues concerning Taiwan's sovereignty, which in turn, results in a seemingly perpetual imprisonment of the island within the One-China trajectory.

Indeed, Ma's China-friendly approach has helped ease the growing tension across the Taiwan Strait. However, amid China's continual rejection of Taiwan's sovereign statehood, the intensification of economic interdependence via free trade act has become another instrument for conquering the island's remaining de facto sovereign space. Clearly, there is a huge trade-off between Taiwan's competing goals of pursuing economic interests and preserving its political and diplomatic viability. Despite the foreseen problems, Taipei has decided that it would be best to rekindle its relations with Beijing if only to prevent this dilemma from resulting to an internal impasse. The success of Taiwan's gamble with China rests on the degree of importance that the CPC places on cross-Strait economic relations, on the one hand; and on the KMT's resolve for defaulting from the agreements when expected policy changes on the part of China do not materialize, on the other. Unfortunately, Taiwan's efforts in enhancing its remaining de facto sovereignty via the STL strategy is undermined by its lack of autonomy, if not motivation, to cancel payoffs to China even when the latter's actions are already violating the prior conditions made.

Finally, the spread of One-China rhetoric has also been damaging for Taiwan's sovereign claims and interests, as it helped advance the sinicization of the island. By treating cross-Strait affairs as domestic rather than

international affairs, China is effectively downgrading Taiwan into one of its special administrative regions along with Hong Kong and Macau. This significantly undermines the diplomatic presence and recognition of Taiwan in the international community. The non-traditional way of signing Taiwanese FTAs – between government institutions rather than heads of states – reinforces the idea that Taiwan is merely a local government unit of China. These One-China gestures further erode Taiwan's already shrinking sovereign space.

Overall, these findings underline the risks involved in Taiwan's attempts at linking security and trade to secure its sovereign space against the backdrop of China's sinicization vision. The diminishing political friction across the Taiwan Strait has the paradoxical effect of weakening Taiwan's quest for *de jure* independence. Put differently, greater cross-Strait rapprochement ironically leads to lesser Taiwanese sovereignty. Institutionalizing cross-Strait politics without accepting the legitimacy of Taiwan's statehood inexorably absorbs the island within the One-China trajectory, from short-term economic to long-term political. Hence, Taiwan is trapped in what appears to be a perpetual prisoner's dilemma that is induced and preserved by China's omnipresence in international politics. The government's inability or unwillingness to react or be conscious of the threats that gradually occur is reminiscent of the old story about how the frog is boiled with cold, slowly heated water.

Notes

1. The term 'Sinicization' or 'Chinalization' refers to the policies of acculturation, assimilation, and cultural imperialism of neighbouring cultures to China, in this case, Taiwan. More specifically, it pertains to the process whereby non-Han Chinese societies come under the influence of Han Chinese state and society.
2. Krasner (2001) defines domestic sovereignty as the actual control over a state exercised by an authority organised within this state; interdependence sovereignty as the actual control of movement across state's borders, assuming that the borders exist; and international legal sovereignty as formal recognition by other sovereign states. For more detailed discussions, see, Jackson (1990); Clapham (1998); & Kingsbury (1998).
3. See, for example, Tan et al. (2001); Lee (2010); Rigger (2010); Rigger (2010); Hsieh (2011); Chow (2012); Clark & Tan (2012).

4. See, Appendix 1 for list of Taiwan FTAs.
5. Excerpts from the author's interview with Roy Chun Lee on 17 April 2013 in Taipei, Taiwan.
6. Excerpts from the author's interview with Miss Kristy Hsu on 19 April 2013 in Taipei, Taiwan.
7. For a more in-depth analysis, see Hirschman (1945); Keohane and Nye (1977); & Kroll (1993).
8. Excerpts from the author's interview with Kristy Hsu on 19 April 2013 in Taipei, Taiwan.
9. Ibid.
10. Excerpts from the author's interview with Dr. Roy Chun Lee on 17 April 2013 in Taipei, Taiwan.
11. See, China Consulate website, http://www.chinaconsulate.org.nz/eng/fyrth/t1057848.htm.
12. The pan-green force is comprised of consisting of the Democratic Progressive Party (DPP), Taiwan Solidarity Union (TSU), and the minor Taiwan Independence Party (TAIP). The pan-blue force comprised of the Kuomintang (KMT), the People First Party (PFP) and the New Party (CNP).
13. See, Mainland Affairs Council website, http://www.mac.gov.tw/public/Attachment/07141750425.pdf.
14. Excerpts from the author's interview with Dr. Tsai-Lung Hong on 11 April 2013 in Taipei, Taiwan.
15. See, Focus Taiwan's website, http://focustaiwan.tw/news/aipl/201601160053.aspx.
16. On conditional/unconditional engagements, see Drezner (1999); & Kahler & Kastner (2006). On substantive and tactical/structural linkages, see, Mastanduno (1992); & Aggarwal & Govella (2013).
17. See, for example, Hufbauer et al. (1990); Morgan & Schwebach (1997); & Pape (1997).
18. For detailed discussions on economic inducements, see Drezner (1999a; 1999b); and Blanchard et al. (2000).
19. See, for example, Mastanduno (1992); Gartzke et al. (2001); & Kahler & Kastner (2006).
20. See, Mainland Affairs Council (MAC) website, http://law.wustl.edu/chinalaw/twguide.html.
21. For more detailed discussions, see Owen (1994); Oneal et al. (2003); Mansfield & Pollins (2009); Doyle (2011); & Kastner (2013).

CHAPTER 4

Trading in Paranoia: Investigating Singapore's Statist Linkages

Singapore's Shrinking Defense Space and Trade Activities

Singapore's rude awakening to independence after its sudden expulsion from the former Malaysian Federation in 1965 led to its transformation as one of the most strategic entrepôts in the world. The country's limited territorial lands and scarce natural resources, combined with huge per capita income, high population density and complex ethnic mix, gave rise to its modern-day identity as a pragmatic trading state. To ensure its continued survival after gaining independence, the Singaporean government has been relentless in preserving and enhancing its shrinking defense space amid the geographic constraints that continue to threaten this space. The term 'defense space' refers to Singapore's military (hard power) and non-military (soft power) capacity to defend its survival against the backdrop of a deeply-embedded security complex. However, the Hobbesian-like environment in which the country was unexpectedly thrust into has induced a siege mentality and vulnerability fetish among the Singaporean leaders and citizens alike.

This overwhelming sense of weakness and the paranoia that it creates was strongly articulated by the late Prime Minister, Lee Kuan Yew (as cited in Ganesan 1998, p. 579) when he compared the country's position in the international system to the place of a small animal in the jungle: 'The meek may not have inherited the earth, but neither have the strong. Small animals survive and thrive in the jungles, as do small states in the international

M.I. Magcamit, *Small Powers and Trading Security*,
DOI 10.1007/978-3-319-38815-1_4

order. The price of their survival is eternal vigilance.' Accordingly, survival has become a national slogan and a key political theme that underlined Singapore's realist-informed security rhetoric and agenda.

Nevertheless, the geographic factors that constrain Singapore's defense space – its small size, openness to sea routes, absence of natural hinterland and hostile neighbours – have compelled the government to formulate trade and economic engagement policies that would complement its traditional balance of power and self-help strategies (Ganesan 1998, 2010; Leifer 2000; Acharya 2008). Over the years, Singapore's realist disposition has been gradually tempered by the intensifying economic interdependence across the Asia-Pacific. This resulted in the fusion between Singapore's realist security interests and liberal trade objectives, which now provides the basis for the city-state's internal and external strategic plan of action. By methodically exploiting the available multilateral and preferential trade agreements, Singapore has successfully embedded itself at the heart of regional and global trade systems. Interestingly, despite Singapore's geographic limitations, its physical location has been instrumental in converting it into a vital economic hub that links the developed and developing economies across the globe. Such a strategic position is responsible for the country's remarkable success in free trade, which usually accounts for more than three times its annual GDP (WTO Trade Policy Review [TPR] 2014). Furthermore, the establishment of regional institutions and norms has helped foster a more benign and stable security environment that is crucial to Singapore's continued economic progress.

Consequently, the pursuit of economic development particularly via free trade has become the cornerstone of its security policies and strategies. However, it must be noted that this scenario did completely render Singapore's policy of self-help obsolete as it continues to influence the security psyche of its leaders and policymakers. The government's Total Defence[1] doctrine, underscores the country's resolve to achieve comprehensive security to ensure the city-state's survival. As Ralf Emmers (Associate Professor and Dean, Nanyang Technological University) argues:

> If you are a small city-state like Singapore, the notion of 'total security' totally makes sense as it makes the people feel less insecure. With respect to Singapore's relations with Malaysia and Indonesia, for example, the country's sense of vulnerability is deterred by developing a highly sophisticated and modern military complex – land, navy and air. In addition, there are also these non-traditional security issues, specifically those that threaten

> the supply of natural resources, such as energy fuels and water. In essence, everything has become a security issue since you get more attention by labelling an issue as a security threat but you have to be careful in deciding who should be part of the securitization process. To begin with, who should define what the existential threat is? It is very easy to abuse the word securitization. Multiple security doctrines are coexisting and competing for space. But at least in that sense we are not keeping the eggs in the same basket, although it clearly adds up to the complexity of achieving a common security outlook.[2]

Externally, the regional landscape surrounding Singapore has been a source of great paranoia for its leaders and policymakers (Ganesan 1998, 2005; Leifer 2000; Acharya 2008). At first glance, the East Asian security environment seems rather harmless and nonthreatening. The Cold War along with the threat of communism has been consigned to history; Vietnam has gained accession to ASEAN; and globalization now binds China into complex webs of interdependence. However, as far as Singapore is concerned, the Asia-Pacific remains a dangerous place with many potential flashpoints. Examples of these are the standoffs between China and Japan over the Diaoyu/Senkaku islands; North Korea's unstable nuclear programme; and the East and South China Seas maritime disputes. Moreover, the country's close proximity to relatively larger Islamic states – specifically, Malaysia and Indonesia – makes Singaporean leaders extremely anxious about the tensions that may arise from this condition (Ganesan 2005; Crump 2007; Vasil 2000). The long-standing association of communist insurgencies with the Chinese (that happened to be the predominant ethnic group in Singapore) invites threats from the outsiders. At various points in their respective histories, the Malaysian and Indonesian political elites saw the ethnic Chinese communities as major security threats (Leifer 2000; Ganesan 2005; Acharya 2008). Nationalist ideals in these two countries have been customarily expressed as being anti-Chinese even when Singapore has consistently and strongly condemned communism (Ganesan 1998; Nathan 1998).

Internally, the Singaporean government (defined as the People's Action Party or PAP) views the spread of liberal democratic principles espoused by the West (such as press freedom, political contestations and human rights) as a threat to domestic peace and stability (Ganesan 1998; Mauzy & Milne 2002; Velayutham 2007). While the PAP leaders have effectively reduced the political appeal of communist ideologies by providing basic

social services, nonetheless, the ramification of these Western ideologies into the Singaporean society presents a new challenge to the so-called Asian values. The general aversion of Western countries toward dominant-party systems due to their tendency to terminate at fascism and totalitarianism threatens the legitimacy and survival of the PAP government that has been ruling the country since 1959. Although a Singaporean-style democracy emphasizes the importance of political participation, however, the PAP has largely insulated itself from political contestations. The government has also imposed statutory authority over its media industry (both traditional and new forms) to prevent press freedom from possibly undermining the PAP's strict regulations regarding content and information.[3] In addition, the liberal interpretations of human rights pose a serious challenge the legality of Singapore's rather draconian Internal Security Act (ISA).[4]

Thus, survival has become the central creed of Singapore's domestic and foreign policies since its first day of independence. As former Deputy Prime Minister, Tony Tan (2004) argued: 'Without security, there can be no economic development. Conversely, stability and security are in serious jeopardy without economic development. This is the basis for the priority that Singapore has placed on ensuring our defense.' To secure its defense space against these threats, the Singaporean government has deliberately grafted its security requirements into its free trade agendas.

Security Complex and Singapore's Statist Linking Strategy

The country's robust foreign trade policies are significantly driven by a deep security complex that permeates the every facet of Singaporean politics. This security complex is characterized by the state's ceaseless and obsessive 'securitization' of various dimensions of economic security (e.g., supply, market access, finance credit and techno-industrial) on the one hand; and socioeconomic security (e.g., trans-border community, systemic and alliance), on the other (Dent 2001, pp. 7–8). The roots of this security complex can be traced back to the earliest phases of Singapore's nation-building process, and has been exploited by the PAP regime in order to legitimize its political perpetuity. Although the former British colony was granted home rule in 1959, however, it was only 1963 when it first gained formal independence as part of the former Malaysian Federation. Within two years, the island was ejected from Malaysia amid the widespread tensions engendered by its political and ethno-religious differences with the rest the Federation.

During the survivalist phase of Singapore's history, the PAP government had consequently developed a siege mentality in the midst of vulnerability and insecurity that came along with its newfound freedom. Unfortunately, the historical precedents for long-term survival of city-states had further aggravated this sense of defenselessness. While unification with an adjacent locality to establish a larger and more stable territory seemed plausible in other cases, however, Singapore's complicated history with Malaysia ruled out possibility of reunification (Ganesan 1998, 2005; Leifer 2000; Acharya 2008). Without an adjacent hinterland, the PAP government faced enormous limitations for carving out an independent future for the city-state. The ruling party used this security condition as a justification for elevating all issues as existential threats to the country's survival, which in turn resulted in the security complex that now infiltrates all corners of Singaporean society.

By doing so, the PAP leaders and officials were able to effectively rationalize Singapore's prevailing political environment, along with its idiosyncrasies, as a mere function of necessity rather than a conscious effort on their parts. In the words of Dent (2001, p. 6), the PAP leadership has effectively set in motion its goal of 'reinforcing a nation's cohesion, regime legitimacy and world prestige through economic prosperity.' To mobilize the public support necessary for legitimizing and maintaining this political system, survival has been continuously used a fear-mongering catchphrase by the PAP government. As former Foreign Minister, Wong Kan Seng (as cited in Acharya 2008, p. 16) claimed:

> The vulnerability of a small state is a fact of life. Singapore's independent existence is today widely recognized. But to answer our basic security, we can never allow tests to our sovereignty and internal affairs, even when well intentioned, to go unchallenged. Even today we have had to occasionally remind other countries to leave us alone to be ourselves.

To enhance Singapore's defense space and contain the threats to its survival, the PAP government aggressively pursues cooperative trade dialogues with regional and international partners. By harnessing its limited yet superior technocratic resources, Singapore is able exploit the strategic value of these arrangements, thereby enhancing its geopolitical and geo-economic viability. Consequently, trade diplomacy has become a vital instrument of Singapore's strategic statecraft designed to safeguard its statist security interests. As Lee (2011, p. 11) himself, argued: 'without a strong economy, there can be no strong defense. Without a strong defense, there will be no

Singapore. It will become a satellite, cowed and intimidated by its neighbours.' Heeding to this call, the country's top officials and policymakers vigorously promote and initiate multilevel trade agreements in order to boost and stabilize its relations with other states. To this extent, preserving the general stability of the free trade environment – the lifeblood of the city-state – has become synonymous to Singapore's survival in the twenty-first century. As Ganesan (2005, p. 2) eloquently puts it:

> A clear core of realist self-reliance is layered with the demands of a competitive trading state that requires a liberal international trading regime. Hence, both competitive and cooperative philosophies undergird Singapore's foreign policy. Accordingly, whereas Singapore's preoccupation with vulnerability is an enduring feature of policy output, it is arguable that cooperation and prosperity are better obtained through liberal arrangements.

Trading in Paranoia: Singapore's Statist Security Interests and Trade[5]

Securing Singapore's Defense Space via Multilateral Trade

Multilateralism and Singapore's Quest for a Global Hinterland

Given Singapore's export-driven economy and role as a strategic entrepôt, the country's survival is largely contingent on the continuous operation of the whole free trade enterprise. Beyond the economic motivations for pursuing trade are vital geopolitical and geostrategic interests that are necessary for the viability of the city-state. The Singaporean government is relentless in exploring various multilateral and preferential trade platforms that are believed to enhance and preserve the country's defense space by stabilizing the conditions surrounding its immediate environment. The PAP leaders and policymakers hope to secure some economic and political concessions while simultaneously reducing the strategic threats to Singapore's continued survival. As stated in its 2012 WTO-TPR:

> Singapore's trade policy goals are to: expand the international economic space for Singapore-based companies; seek a fair and predictable international trading environment; and minimize impediments to the flow of imports. It seeks to achieve these goals by engaging with its trading partners multilaterally, regionally and bilaterally. The authorities affirmed that the multilateral framework of the WTO remains the bedrock of Singapore's trade policy.

To maintain its broad international latitude, Singaporean officials strongly support the WTO multilateral trade system. In December 1996, the country hosted the First Ministerial Meeting, which was a clear manifestation of the government's belief to the idea of multilateralism (Dent 2001, 2002; Khor 2007). Since then, Singapore has taken a lead role in Doha Round negotiations along with other like-minded members to keep the WTO momentum. There is a common consensus among economic policymakers and analysts in Singapore that WTO agreements still provide the most substantial economic and non-economic benefits for the city-state (Dent 2001, 2002; Khor 2007). Applying the bicycle analogy to multilateral trade negotiations, the Singaporean government pushes to make forward progress to avoid the danger of falling off. Put differently, the thrust for WTO activities must be sustained to prevent the complete collapse of the multilateral trade order.

However, the current deadlocks in multilateral negotiations highlight the systemic weaknesses that plague the WTO, and become a source of great concern for Singaporean leaders and technocrats. Furthermore, the twin problems of complex multilateralism and global social movements (GSM) also pose critical threats to Singapore's use of trade for survival. Within multilateral economic institutions such as the WTO, the nature of governance and authority is believed to be transformed as their respective agendas continue to expand and deepen (O'Brien et al. 2000). Consequently, multilateralism is no longer exclusively based on the activities of state actors or the issues that undermine the states per se. In contrast, multilateralism now encompasses the activities of non-state actors –individuals, groups and societies – along with the issues (specifically, human security issues) that directly or indirectly affect them, thus making it more complex (O'Brien et al. 2000; Fritsch 2008).

These developments present new hurdles to Singapore's quest for survival. For example, the proposed incorporation of highly sensitive issues such as labour standards, environmental protection and human rights into the WTO agenda directly challenges Singapore's highly statist and elitist approach to policymaking procedures. Similarly, the growing civil society pressure against the WTO – its principles, mechanisms and procedures – disrupts the operation of the multilateral trade system, which serves as the city-state's main security artery. As Emmers argues:

> At the end of the Cold War, the new concept of non-traditional security – an extension of comprehensive security – has emerged. It is messy. Nevertheless, for once we need to give credit to the human security rhetoric

> and start looking at the glass half-full instead of half-empty…The region is entering the period of constructivism fuelled by norms and soft laws. While the idea of using free trade to pursue human security may be difficult to implement, nonetheless, it is not merely hot air. Philosophically, there is really no problem as it is not completely a paradigm shift. Human security should be a part of every chapter of security but at the same time it should not be a stand-alone theory. It must be incorporated. In other words, it must be an ethos rather than an agenda.[6]

However, due to its status as a small, semi-periphery power, Singapore struggles to reconcile the concerns that it shares with developing states regarding these issue linkages, against its intensifying relations with fellow developed countries, which are staunch advocates of these non-trade matters (Dent 2001, 2005, Low 2001, 2004). For the leaders of the developed world, it is puzzling to witness Singapore's refusal to endorse a more sophisticated multilateral trade agenda that allows for the incorporation of non-traditional security issues given its similarities with them (Dent 2005, 2006; Lee 2013). Although it generally acknowledges the stance of developed members with regard to these issues, nevertheless, it also strongly shares the qualms that developing members have toward these issue linkages. Such value-laden trade policies not only exacerbate the existing divisions among WTO members, but also disrupt the advancement of freer and more open trade. As argued by one official from Singapore's Ministry of Manpower: 'Together with other ASEAN members, we have argued strongly against any trade-labour linkage, as we are concerned that such linkage is likely to be used for protectionist purposes detrimental to the causes of both trade liberalization and global economic growth' (as cited in Dent 2002, p. 161).

Instead of advocating for a stringent 'regulationist' approach to these issue linkages, Singapore has favoured a voluntary compliance mechanism via plurilateralism/minilateralism in which like-minded members can adopt higher standards and stricter regulations that can implement among themselves (Dent 2005, 20006; Khor 2007). By doing so, Singapore is able to explore other feasible alternatives for maintaining the cohesion and stability of the multilateral trade system without fully immersing itself into a more complex multilateralism. However, several security experts and analysts have warned about the negative implications of Singapore's ambivalent posture vis-à-vis these issue linkages. As Mely Anthony-Caballero (Head, Non-traditional Security Studies, Rajaratnam School of International Studies) notes:

> Singaporean policymakers need to rethink its state-centric security agenda. The government needs to find innovative ways to address the new security challenges that are likely to inflict harm on a greater number of people rather than the traditional threats of interstate wars and conflicts. For instance, economic insecurity can be mitigated through more human-centric free trade policies. In doing so, a speech act is used to present something such as economic insecurity as an existential threat. At the same time, however, we need to emphasize that non-traditional security such as economic security does not only privilege the needs of the society. It should also acknowledge the role of the state, particularly in the operation of free trade as an instrument for achieving economic growth and development. In this sense, it may be said that the state is both a part of the problem and the solution.[7]

Regionalism and Singapore's Continuous Hunt for a more Stable Hinterland

The current trade impasse in the WTO compels the Singaporean government to resort to regional trade activities. This shift toward a more regional focus serves two main purposes: first, to push forward the sluggish liberalization of APEC and ASEAN economies; and second, to secure vital safety nets in case multilateralism deteriorates further (Kawai & Wignaraja 2011; Koo 2013; Hamanaka 2014). For a starter, Singapore has actively participated in the ASEAN Free Trade Area (AFTA) since its implementation in 1993. The AFTA, which accounts for more than 30.0% of Singapore's total exports, is now the third largest trade bloc in the world after the EU and NAFTA.[8] In 1999, the ASEAN institutionalized the ASEAN Plus Three (APT) in its efforts to strengthen the organization's partnership with the Japan, China and South Korea. The APT was designed to enhance the resolve and confidence of the members in further fortifying and deepening East Asia cooperation at various levels and in a broad range of areas such as energy, transport and information and communications technology (ICT).[9]

Aside from the general agreements under the APT umbrella, the third countries also signed their individual minilateral FTAs with ASEAN members. These are: Japan-Singapore Economic Agreement for a New-Age Partnership (2002); ASEAN-China Comprehensive Economic Cooperation Agreement (2005); and the ASEAN-Korea Comprehensive Economic Cooperation Agreement (2007). However, for ASEAN members especially Singapore, politics do not stop at the water's edge. Hence, the organization also forged additional minilateral agreements with countries in South Asia and the Anglo-Pacific, namely: ASEAN-India

Comprehensive Economic Cooperation Agreement (2010); and the ASEAN-Australia and New Zealand Free Trade Agreement (2010). In 2011, the ASEAN decided to sign the Framework on Regional Comprehensive Economic Partnership (RCEP) to formulate a single FTA that will consolidate all its minilateral agreements with third countries.[10] In addition, the Singaporean government also supports the APEC's commitment to develop free and open trade and investment zones by 2020, and to the eventual realization of the Free Trade Area of the Asia-Pacific (FTAAP). These regional agreements virtually provide Singapore with a larger and more stable hinterland that it can economically and strategically exploit to boost its defense space.

Unfortunately, the general tendency of East Asian regionalism to be more reactive rather than proactive prevents Singapore from taking a full advantage of the hinterland that this process creates. Interestingly, Singapore enjoys a greater positive profile globally than regionally in which the domestic political sensitivity of regional powers (specifically, Indonesia and Malaysia) prevails. Such a scenario further impedes the already slow and difficult process of regional integration in East Asia. Nevertheless, as free trade comes into vogue, the regional and global landscapes within which states operate to pursue their national interest shift (Low 2004; Thompson 2006). In response, the International Enterprise Singapore (formerly, Trade Development Board) embarks on trade missions outside the Asia-Pacific in order to reach the emerging markets of Africa, Latin America, Central Asia, Eastern and Central Europe and the Middle East.

At present, these developing export markets offer insignificant commercial benefits to city-state. Nonetheless, they highlight the government's 'distant horizon' approach to foreign policymaking, which is necessary for maintaining Singapore's wider global scope amid the constraints its faces in its own backyard (Dent 2001, 2002; Lee 2013). As of 2015, the city-state has already signed and implemented a total of sixteen regional FTAs, and another ten agreements that are currently under negotiations.[11] The fact that the government still actively pursues these agreements despite their marginal economic benefits highlights the role of statist security interests as key drivers of Singapore's free trade activities. The main priority remains economic integration as a means of improving the city-state's chances for survival (more specifically, the PAP regime's survival) by reducing its multi-pronged insecurities. As Emmers points out:

> In Singapore's case the integration of economics into state security is crucial to the city-state's survival. The engine to optimum security is economic growth and development in which trade liberalization is a key strategy. This way, the government will not be forced to choose between guns and butter. Economics via free trade is the core of Singapore's foreign policy although it is not about the individuals. It is about regime survival. That is, using free trade economics to promote regime security which has become synonymous to Singaporean security.[12]

Securing Singapore's Defense Space via Preferential Trade

The failure of WTO to conclude the current Doha Development Agenda (DDA) underscores the growing cynicism and disenchantment on the part of its developing and least developed members rather than the dearth of shrewd economic analysis (Smith 2004; Steger 2007; Gallagher 2008; Jackson 2008). One of the most highly contested issues confronting the organization apart from the economic ones relates to the incorporation of non-traditional security issues into the multilateral trade agenda. The balancing of diverse and often conflicting national interests pursued by each member has proved to be a huge obstacle to conclusion of new multilateral rounds. While most of the advanced members are lobbying for the inclusion of non-trade issues pertaining to human security, however, the developing members are pushing for improved market access to the labour-intensive sectors of the developed world (such as agriculture and textile) in which they have the comparative advantage.[13] The deadlock between these two factions leads to what some observers have described as the 'WTO inertia' (Wilkinson 2001; Dent 2006).

The stalemate that results from this inertia compels the Singaporean government to exploit the burgeoning preferential FTAs. Interestingly, the small size of Singapore has made it easier for the country to negotiate and implement bilateral agreements as it does not pose major threats to its prospective partners. In essence, the city-state has served as a litmus test for other small Asian states that are conducting bilateral FTA negotiations with larger and more powerful countries. To this extent, Singapore's bilateral trade is instrumental in 'stirring the pot', as well as in exploring new frontiers for preferential trade, particularly for other small powers (Dent 2002; Low 2004).

Singapore's strategy in forming a bilateral FTA has undergone two directions: regional and trans-regional. On the one hand, Singapore has courted the regional powers in East Asia (specifically, China and Japan)

in order to bolster its security requirements amid threats (real or perceived) that occasionally arise from its own neighbourhood. On the other, Singapore has also been very active in forging bilateral trade relations with great powers beyond East Asia (particularly the U.S. and EU) in order to help contain China's rather intimidating behaviour as a regional hegemon.[14] Several analysts have argued that the continuous intensification of preferential trade has detrimental effects on the multilateralism in genera.[15] However, for a realist cum trading state that is Singapore, the geo-political and geo-strategic utilities of these bilateral FTAs are non-negotiable elements of its survival.

The U.S.-Singapore FTA: A Strategic Union Based on Mutual Trust and Confidence

The USSFTA is the result of shared interests between two largely unequal powers that saw vital strategic opportunities from injecting security elements into their bilateral trade relations.[16] Although both governments continue to support the multilateral agenda, nevertheless, they see preferential FTAs as necessary building blocks of a single global market (Pang 2011; Aggarwal 2013). The USFFTA differs from the other traditional preferential agreements by explicitly incorporating the sensitive topic of security relations between Singapore and the U.S. Given that the two countries have the lowest average effective tariff rates in the world, customary economic motives (e.g., reduction of effective tariff rates; elimination of non-trade barriers; and reciprocal access to goods, services and final markets) could not have been the primary drivers of their bilateral trade agreement (Pang 2007, 2011). However, this is not to say that the agreement does not offer any economic-related benefit to either of the two parties. From Singapore's side, the agreement provides its domestic industries (both public and private) a much larger space for market expansion. While the agreement makes very little economic sense for Washington policymakers, considering the disproportionate opportunities that are expected to go to Singapore, nonetheless, it provides Singapore its much-needed hinterland (Koh & Chang 2004; Aggarwal 2013). In fact, the market access that the USSFTA has created for the city-state is larger than the aggregate preferential access provided by the ASEAN economies as a whole (Koh & Chang 2004; Pang 2007).

A more interesting feature of the USSFTA that needs to be considered (and what makes the agreement seems logical for both parties) is the strategic benefits that it generates for the U.S. and Singapore.

From Washington's side, preferential trade is generally used as political reward for countries that are supportive of its larger security agenda. Examples of these are the U.S.-Israel and U.S.-Jordan FTAs signed in 1985 and 2000 respectively. Washington's decision to reward Singapore its first Asian bilateral FTA came after the PAP government had granted the U.S. an access to the city-state's naval and air bases (Pang 2011; Aggarwal 2013). This act enabled the U.S. to re-establish its presence in East Asia amid a steadily rising Chinese power (Higgott 2004; Lee 2013).

Once the negotiations for the USSFTA were concluded in 2003, then U.S. President George Bush Jr. visited Singapore to sign a strategic partnership framework agreement in October of the same year. The strategic framework, which took effect in 2004, paved the way for the explicit linking of security interests and trade agendas between the two states. The agreement was one of the by-products of Washington's two-pronged foreign policy strategy that was implemented in the aftermath of September 11, which gave U.S.: (a) the right to unilaterally strike suspected states or territories that provide sanctuaries to terrorists within the context of preventive or pre-emptive war doctrine; and (b) the mechanism for binding trade policies to wider and broader political, economic and security aims (Jervis 2003; Monten 2005). In light of this new strategy, the U.S. Congress established the Trade Promotion Authority in 2002, which gave the Bush administration the institutional power to formulate, negotiate and conclude preferential FTAs on a fast-track basis. The goal was to significantly bolster U.S. trade activities by taking bilateral, rather than a multilateral route.

In 2005, Singapore's Prime Minister, Lee Hsien Loong visited Washington to sign the Strategic Framework Agreement for a Closer Cooperation Partnership in Defense and Security (SFA) with Bush.[17] Both heads of state agreed that the agreement was logical follow-up on the USSFTA. It took two years for SFA to be concluded, which suggests that negotiations had not been straightforward. It has two key components: the Defense Cooperation Agreement (DCA); and a Protocol of Amendment to the 1990 Memorandum of Understanding (AMOU).[18] The DCA was designed to incorporate all standing bilateral defense cooperation through the institutional of annual Strategic Security Policy Dialogue that would open new areas of collaboration such as developing military expertise and defense capabilities to address a wide range of non-military security threats. Meanwhile, the AMOU improved the access of U.S. ships and aircrafts to the military facilities located in Singapore. In essence, the event

had formally embedded the respective security interests of the two countries into their existing bilateral trade relations. Interestingly, despite the PAP government's rather secretive nature, Singapore officials had been quick to announce the formal conclusion of their 'more than economics' bilateral accord with Washington. They specifically highlighted the agreement's security features, including: greater military technology transfers; intensified joint R&D activities; and closer collaborations between the two states' armed forces (Pang 2007, 2011).

Lee was very optimistic about Washington's positive role in maintaining security and stability in the region, 'as it has done for many years' (as cited in Pang 2007, p. 21). During the 2005 APEC Meeting, Lee even alluded to the supposed 'Asianness' of the U.S., given the relative proximity of its westward territories, Guam and New Guinea (Pang 2007). In response, the former Bush administration reiterated that the USSFTA would be the basis of bilateral security cooperation against terrorist activities in Southeast Asia, and the proliferation of weapons of mass destruction (Pang 2007). In addition, Singapore had also directed Washington's attention to other potential flashpoints in the Asia-Pacific that needed to be addressed: unsecured passage across Malacca and Singapore Straits; lack of navigation freedom across the East and South China Seas; unstable nuclear tension across the Korean peninsula; and volatile relations across the Taiwan Strait (Schott 2004; Aggarwal 2013). In other words, the PAP government views its bilateral FTA with Washington as a means of bolstering U.S. strategic interests and engagement policies in East Asia, and by doing so Singapore is able to solidify its own survival defense against these threats.

Evidently, the events of September 11 provided the impetus for interlacing security and trade under the umbrella of Washington's neoconservative foreign policy framework. This state-centric approach to security had been fully embraced by the PAP government as it complemented its own security principles and practices. To show its support and allegiance to the U.S., Singapore sent a military contingent to Iraq in 2003, and provided a military staging ground for American offensive operations against the 'axis of evil' (Higgott 2004; Schott 2004; Aggarwal 2013). In this sense, the Iraq war served as Washington's litmus test for screening its prospective FTA partners in Asia. This was a rather easy test for Singapore given that PAP officials have always adopted the same security concept and strategy. In fact, since gaining independence, Singapore has reserved its right to pre-emptive strikes to effectively deter the security threats

(dormant and/or active) to its survival (Leifer 2000; Ganesan 2005; Acharya 2008). Both governments believe in the deterrence capability that only a by strong, mobile and lethal state force can provide. These similarities enable the two states to conduct joint air, naval and military exercises in the South China Sea, which costs around USD25 billion every year (Koh & Chang 2004; Lee 2011; Pang 2011). Despite their costs, Singapore and Washington have emphasized the importance of these joint exercises in enhancing and maintaining regional security and stability.

These statist security linkages have indeed played a vital role in broadening the content and scope of Singapore's bilateral FTA with the U.S. The city-state has found an invaluable instrument in protecting and further expanding its defense space in spite of its lack of 'natural' hinterland. Amid an evolving security environment, the two countries have effectively established a mutually beneficial understanding of the utility of bilaterally coordinating security policies and strategies via a preferential trade. While the USSFTA highlights the role of shared trust and confidence between Singapore and the U.S. in its creation, however, the CSFTA underscores the role of mutual distrust and suspicion between Singapore and China in its formation.

The China-Singapore FTA: A Strategic Union Based on Mutual Distrust and Suspicion

Singapore's pragmatism naturally compels it to balance against China even as it attempts to cultivate stronger economic, political and cultural relations with it. Being a tiny, yet wealthy and predominantly Chinese state trapped between two large Islamic states, the PAP government simultaneously employs economic bandwagoning and security balancing strategies vis-à-vis Beijing. As Kuik (2008, p. 11) puts it, 'the peculiarity of Singapore's China policy is that it is by design an ambivalent one: warm in economic and diplomatic ties but distanced in political and strategic spheres.' Nevertheless, the physical distance between Singapore and China provides the city-state with greater 'balancing latitude' compared to other countries in the region which are living in closer proximity to the latter. While some ASEAN countries like Vietnam and the Philippines balance against China because they must, however, Singapore balances because it can (Leifer 2000; Goh 2004).

It is this seemingly paradoxical, albeit decidedly pragmatic, nature of the PAP's foreign policy that directs and informs Singapore's strategic affairs with China. On the one hand, the enormous extent of Sino power

and influence across East Asia cannot be simply ignored by significantly smaller and weaker states, not in the least Singapore. On the other, no amount of wishful thinking can mitigate Singapore's general distrust and suspicion toward the impending Chinese hegemony given Beijing's unilateral tendencies. Consequently, the country's balancing strategy reflects Singapore's ambivalent and paranoid outlook and posture vis-à-vis China: wanting a cozy relation without being too close for comfort (Kuik 2008; Tan 2012).

Some analysts have argued that the USSFTA was driven mainly by the proliferation of non-traditional security threats, particularly global terrorism, and not so much of the growing Chinese power (Goh 2004; Kuik 2008; Tan 2012). For example, the lack of maritime dispute between the two countries suggests that China is not a direct threat to Singapore's survival. As such, the concrete threats of terrorism should take precedence over the perceived threats of rising China. However, being the archetypal 'anticipatory state', the PAP government continues to worry about the implications of Chinese hegemony not only for Singapore but also for East Asia as a whole (Ganesan 2005; Acharya 2008; Kuik 2008). Entangling the U.S. in various regional dialogues – political, economic and strategic – is considered to be best most effective way to neutralize China's unchecked power. Singapore hopes that by increasing U.S. stakes in East Asia will compel Washington to work harder to preserve the relative peace and stability in the region. As Goh (as cited in Tan 2009, p. 37) stresses:

> China is conscious that it needs to be seen as a responsible power and has taken pains to cultivate this image. This is comforting to regional countries. Nevertheless, many in the region would feel more assured if East Asia remains in balance as China grows. In fact, maintaining balance is the overarching strategic objective in East Asia currently, and only with the help of the U.S. can East Asia achieve this.

Amid the uncertainties surrounding China's future conduct, developing contingency measures or 'Plan Bs' has become an important aspect of Singaporean foreign policy. To do so, the PAP officials and experts conduct systematic assessments of feasible future scenarios to assess their probable impacts on the city-state. If left unbalanced, China's unilateral tendencies can severely undermine regional growth and prosperity; limit Singapore's policy options; and create divisions and conflicts among ASEAN members (Acharya 2008; Kuik 2008; Tan 2009). For obvious reasons, such grim

prospects are a source of great concern and paranoia for a pragmatic trading state like Singapore.

Notwithstanding these outstanding issues, in September 2008, the CSFTA was signed after two years of intense negotiations.[19] The agreement became China's comprehensive bilateral FTA with an Asian country, and was entered into force in January 2009. There was no doubt that commercial interests played a crucial role in Singapore's economic engagement with China. As mentioned earlier, building multiple webs of economic relations (specifically via free trade) has been the key strategy for Singapore's successful transformation into a regional economic hub that helps connect and consolidate the economic activities of the developing and developed worlds. The CSFTA can be viewed as the logical outcome of long-standing Sino-Singapore relations that dates back to the 1960s and all through the 1980s.

During this period, the city-state had continuously strengthened its economic engagement with China in lieu of formal diplomatic relations. The economic opening of China to the world in 1978 happened to coincide with the economic recession that hit Singapore in 1985. As a response, the PAP government launched the so-called 'second wing' of its national economy (i.e., economic internationalization and regionalization) at the start of 1990s. The goal was to exploit the new economic opportunities provided by China by complementing its huge markets (Chia 2005; Ganesan 2005; Tan 2009). Since then, the trade relations between the two countries have grown larger and stronger over time. At present, China is Singapore's largest trading partner both in terms of exports and imports; whereas Singapore is China's fourteenth largest exporter and twelfth biggest importer (WTO-TPR 2014).

Despite the complementarity between their markets, Singaporean firms and industries still have to compete with China's enormous pool of cheap labour. To address this issue, Singapore has to re-organize and re-train its labour force in order to expand its service market and reduce its dependence on the manufacturing sector (Tan 2009). By concentrating on areas in which the city-state has a strong comparative advantage, and highlighting its excellent brand of business, Singapore is able to develop its own niche markets in China. To do so, the PAP government has to identify economic areas which are not yet saturated by Chinese businesses to avoid head-to-head competitions. Another critical issue for the Singaporeans is the tight competition for foreign direct investments (FDIs). Nevertheless, as some observers have noticed, the threat of FDI competition has been

largely overstated considering that most of the small countries in East Asia, including Singapore, have benefited from their closer economic partnerships with China (Chia 2005; Tan 2009; Ganesan 2010).

Such matters underscore the limits of bilateral economic cooperation between Singapore and China. While these market issues pose less significant threats to the city-state's survival, however, they do aggravate its tentative posture vis-à-vis China. This general sense of ambivalence has been reflected in Singapore's previous dealings with China, and occasionally tested the durability of the relationship between the two states. For example, Lee's (who at that time was a deputy prime minister) decision to visit Taipei in 2004 was met with strong condemnation from Beijing. This was despite the implied, albeit unofficial, understanding between Singaporean and Chinese officials that 'private visits' to Taiwan would not rupture bilateral relations. The main reason for the uproar had to do with fact that at the time of Lee's visit, Taiwan was under the leadership of former president, Chen Shui-bian of the Democratic Progressive Party (DPP), a pro-independence political party in Taiwan. To contain the political repercussions of Lee's diplomatic gaffe, the PAP government quickly expressed its deference to China by repeatedly stressing its recognition and support of Beijing's One-China policy (Ganesan 2005; Tan 2009). For some observers, Lee had clearly miscalculated the level of pragmatism in China (Ganesan 2005, 2010; Acharya 2008).

Prior to this incident, in 2002, Taipei requested Beijing not to interfere with its FTA plans with Singapore. China was accused of forcing Singapore to abandon its existing bilateral talks with Taiwan in order to preserve their good diplomatic relations. In 2008, former Taiwanese president, Ma Ying-jeou of the Kuomintang Party (KMT), proposed to return to the drawing board and re-assess the feasibility of concluding an exclusive bilateral FTA (Dent 2006; Glaser 2013). The PAP government's response had once again underscored its deference and compliance to Beijing when it stated that it would only do so if Taiwan refrained from politicizing the agreement (Dent 2006; Glaser 2013).

Despite the initial setbacks, the bilateral FTA between Singapore and Taiwan (officially known as Singapore and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu on Economic Partnership or ASTEP) was finally concluded on 7 November 2013. It is worth noting that the accord was signed not by the heads of state of the two countries but by their respective government representatives, Fadah Hsie (of Taiwan) and Calvin Eu (of Singapore). When sought for his comments,

Singapore's Minister for Trade and Industry, Lim Hng Kiang avoided any mention of ASTEP's political implications: 'Companies from both sides are already actively pursuing business opportunities in each other's economies. The agreement will further enhance and deepen trade and investment flows between both sides.'[20] As for China, the country's Foreign Ministry spokesman, Hong Lei encouraged Singapore to practice prudence and caution in managing its economic ties with Taiwan in order to ensure that it does not violate the One-China policy.[21] To some extent, the successful conclusion of the ASTEP demonstrates the strength of Singapore's resolve for acting independently, despite its usual tendency to defer and concede to Beijing's wishes.

However, Singapore's ability to act independently from China is not entirely surprising considering that the first major bilateral FTA that was formed in East Asia was between the city-state and Japan, known as the Japan-Singapore 'New Age' Economic Partnership Agreement (JSEPA) that took effect in January 2002.[22] The intensifying competition between Japan and China for regional hegemony compels them to forge bilateral FTAs with smaller countries in East Asia in the hope of increasing their allies. Nonetheless, China's highly centralized policy institutions have enabled it to stay ahead of Japan in this race. Beijing's extensive efforts in boosting its FTA relations with the ASEAN members in particular, is not only meant to contain the mounting frustrations and anxieties felt by Southeast Asian leaders, but also to weaken Tokyo's leadership role and appeal by keeping it on the defensive side (Lee 2013). Being the pragmatic opportunist that it is, Singapore awaits to reap the strategic externality that can come from this scenario. As the Sino-Japanese rivalry becomes fiercer, the strategic bargaining leverage of the ASEAN bloc also increases. This gives the ASEAN a strong potential for becoming the nucleic core of overlapping FTA networks across the Asia-Pacific, a prospect that Singapore is all too willing to embrace.

Limits to Singapore's Statist Security-Trade Linkages

Several factors influence the capacity of Singapore's STL efforts and strategy in securing its defense space, namely: (a) limits of deterrence strategy; (b) limits of alliance and alignment strategy; (c) limits of PAP-centric security framework; and (d) limits of elitist nation-building. The first and second factors represent the external constraints that induce Singapore's security complex and vulnerability fetish, whereas the third and fourth

factors deal with the internal constraints that further reinforce them. Together, they undermine the defense-upgrading utility of Singapore's trade activities by aggravating the underlying geographic constraints.

Limits of Deterrence Strategy

Over the decades, Singapore's inclination toward forward defense has undergone substantive canonical revisions. From being a 'poisonous shrimp' in the 1970s, Singapore's security doctrine had shifted to a so-called 'porcupine' strategy at the start of the 1980s.[23] Put differently, the city-state moved away from a defensive deterrence policy to a forward defense approach (Leifer 2000; Acharya 2008). The new doctrine rejects the inevitability of losing the battle, and instead aims for a swift and decisive victory for Singapore (Leifer 2000; Mauzy & Milne 2002; Chew & Tan 2008). As a modern-day Sparta, the PAP government allots on average 25.0% of its annual budget on defense.[24] In 2013, military spending increased to a staggering $12 billion from $600 million in the 1980s.[25] Singapore's continued high defense expenditures, which in per capita terms far exceed those of its neighbours, has afforded the city-state the most sophisticated weapons systems and military arsenals in the whole Southeast Asia. Building such an enormous material capability is necessary for demonstrating Singapore's credibility and resolve to protect its sovereignty and territory against potential enemies. As the PAP government argues (as cited in Chew & Tan 2008, p. 248):

> We are not just a poisonous shrimp…We do not go on the basis that if somebody attacks us, we will hit them and will hurt them. However, we will go on the basis that we will hit them, and we will be around to pick up the pieces in the end.

The government cites the rapidly transforming global security landscape as the main rationale behind Singapore's highly militarized defense plans. However, critics point to two general problems with Singapore's excessive focus on deterrence strategy. First, given the unforeseen consequences of China's rise to global power, Singapore recognizes the difficult balancing act that it needs to master in order to maintain the security and stability of its immediate environment. In spite of the government's good diplomatic ties with Washington and Beijing, the uneasy relations between the U.S. and China put Singapore in a very awkward position. On the one hand,

Singapore depends on the U.S. to boost its strategic and military power; on the other, increasingly relies on China for its continued economic viability (Ganesan 2005; Chew & Tan 2008; Tan 2009).

Hence, the Singaporean government is extremely cautious in labelling and framing its relations with these two rival powers. For example, the PAP officials use the term 'partners' rather than 'allies' when conducting bilateral dialogues and exercises (Leifer 2000; Ganesan 20005; Acharya 2008). However, the absence of permanent allies in international politics implies that Singapore can only rely on itself for its survival. As such, the country's defense spending has been linked to the level of fear and paranoia over the possibility of being coerced or intimidated by larger powers.[26]

Second, various non-state sectors in Singapore argue that the lopsided emphasis on traditional, military security issues undermine the overall quality of life in Singapore (Anthony-Caballero 2005, 2012). As far as the PAP officials are concerned, the Singapore story boasts a triumphant 'hermit island' that has prevailed over debilitating security crises and risen above its inherent vulnerabilities to become one of the most developed and advanced countries in the twenty-first century (Leifer 2000; Ganesan 2005; Acharya 2008). However, despite the perceived best efforts of the PAP government to realize its total security ideology, critics argue that success fundamentally rests upon the security perception of ordinary Singaporeans, which enables them to commit to self-discipline, formation and governance (Mauzy & Milne 2002; Vadaketh & Low 2014). As Chee Soon Juan (Secretary General, Singapore Democratic Party) asserts:

> We know that security has two sides, the freedom from want and the freedom from fear. They are two sides of the same coin. All the problems that we have concerning guns and butter arise because we do not have a political say. What is GDP growth anyway? It says nothing about the resilience of the state. GDP does not equate to happiness. Security, on the other hand, is happiness. Unfortunately, from the perspective of an ordinary Singaporean, there is not much incentive from reviving political life in Singapore. You cannot eat political freedom. Democracy does not put food on the table. It is all about prosperity. This leads me to believe that Singaporeans are the unhappiest people in the world. [We have to] look at the more realistic and genuine progress indicators, the more inclusive and comprehensive ones… Political security or the lack of democracy is also an important problem that needs to be addressed. In the end, even economic security would mean nothing without political freedom.[27]

Limits of Alliance and Alignment Strategy

At the regional level, the PAP government puts a strong emphasis on the importance of the ASEAN in reinforcing and maintaining Singapore's external security. During the 1970s and 1980s, the country's involvement in the organization was instrumental in averting the communist threats that emanated from the Indochina, specifically Vietnam (Ganesan 1998; Leifer 2000, Acharya 2008). Today, the ASEAN provides Singapore with a vital platform for managing its delicate relations with Malaysia and Indonesia. As far as state security is concerned, the city-state has obtained enormous benefits from the ASEAN arrangement since its creation in 1967. At the same time, Singapore's ASEAN membership has also enabled the government to address a broad range of non-traditional security issues that undermine regional development and peace such as global and domestic terrorism, piracy, smuggling, illegal migration and environmental degradation to name a few. As the former minister of Singapore's Home Affairs, Wong Kan Seng (2005, p. 54) argues:

> The uncertainties underscore the need to forge personal and institutional links at all levels with the ASEAN countries, building on the foundations that already established. In an uncertain world, ASEAN is the rock on which we must anchor our national survival and progress.

Central to the facilitation of this regional forum is the creation of normative frameworks necessary for institutionalising convivial relations among highly diverse members. For the most part, this institutional approach to security runs in unison with the PAP government's deterrence policy. However, the government also stresses that strengthening ASEAN cooperation must not in any way interfere with state sovereignty. Consequently, opportunities that present 'malignant' threats to the prevailing status quo are likely to lead to an impasse, while those that are deemed to carry 'benign' threats to state sovereignty are more likely to progress (Ganesan 1998; Leifer 2000; Acharya 2008). But as regional efforts toward political and economic cooperation intensify, Singapore's ultra-realist interpretation of national security gradually softens. The PAP leaders have come to realize that a competitive, zero-sum security outlook does not support the requirements for being a trading state (Milne & Mauzy 2002; Low & Vadaketh 2014). Facilitating trade and investment agreements with states that are constantly paranoid about their security status is not likely to yield substantial benefits given the underlying mutual fear that drives them.

Accordingly, Singapore entangles itself within a continuously evolving regional security landscape to help facilitate confidence-building measures (CBMs) and develop collective norms that are essential to achieving collective security objectives. To this end, the ASEAN Regional Forum (ARF) provides a good starting point.[28] However, given the differences in tactical culture and strategic philosophy, the likelihood of transforming the ARF into a higher-level regional security body similar to those found in Europe is slim. Despite these uncertainties, Singapore is optimistic that regional efforts will help propagate multilateral security interests that are difficult to secure under highly disproportionate bilateral arrangements (Anthony-Caballero 2005; Ganesan 2005). For example, China's on-going operations to unilaterally expand its territorial claims in the South China Sea underscore the invasive tendency of a regional superpower. Such a scenario creates an impetus for Singapore and other ASEAN members to consolidate their security interests in order balance or at least neutralize Beijing's unchecked hegemonic propensity.

Meanwhile, at the bilateral level, several factors constrain the relations between Singapore and the U.S. despite their close alignment. On the one hand, debates concerning Western principles versus Asian values are brought to the forefront (Velayutham 2007). On the other, Singapore's reassuring attitude toward Washington's involvement in the Asia-Pacific region does not necessarily imply that it aspires to be a member of the American-led efforts to thwarts China's rising influence (Ganesan 2005; Acharya 2008). From Singapore's standpoint, a clear-cut alignment with Washington does not only jeopardize its own vital economic linkages with Beijing, but also places the country in a precarious situation should conflicts between the two superpowers arise (Pang 2007; Tan 2009, 2012). Moreover, the PAP government deems it wiser for Singapore to demonstrate a certain level of sensitivity toward its neighbours especially when issues concerning the genuineness of American interests; importance of national and regional self-reliance; and Islamism, become central points of contention (Velayutham 2007). In 2003, it was even reported that the Singaporean government had rejected Washington's offer to make it a major non-NATO ally (Ganesan 2005; Acharya 2008). Indeed, the PAP government has refrained from explicitly supporting the U.S. in its covert efforts to re-balance the China-centric configurations of the Asia-Pacific. Some of the most influential political figures in Singapore have had serious concerns about the overall efficacy of American foreign policy to deflect the latent security threats. For instance, the late PM Lee warned about the possible effects of what he thought was an excessive

American unilateralism in the 'global' war on terrorism. Lee claimed that Washington's actions could incite costly reprisal from the island's Islamic neighbours (Mahizhnan 2004; Tan 2009).

Similarly, Singapore's two former ambassadors had also conveyed their apprehensions toward American interests during the visit of former U.S. Secretary of Defense, Donald Rumsfeld in 2005. Rumsfeld was criticized by the two diplomats for what they deemed as an irrationally anti-China sentiment (Pang 2007). One of them questioned Washington's seemingly hypocritical attitude with respect to China's growing military spending, given that the former's defense expenditure was higher than the next ten biggest military spenders in the world combined. The other one probed America's real intention behind its active endorsement of democracy in Asia: whether it was intended to help or destabilize China in the short run (Pang 2007). Hence, it would be rather imprudent for the PAP government to openly support Washington in all of its strategic plans and actions given their tendency to exacerbate some of the insecurities confronting the city-state and the region as a whole (Tan 2009, 2012).

Consequently, while Singapore publicly accepts the U.S. as a strategic partner, nonetheless, it does not shy away from overtly expressing its qualms about the probable impacts of American foreign policies. The PAP officials' rhetorical approach to a three-way alignment between Singapore, the U.S. and China is indicative of its deeper security concerns. The uncertainties surrounding China's impending hegemonic status prevent Singapore from unequivocally aligning itself with Washington in order to keep its strategic options open. Despite Singapore's consistent promotion of American engagement in East Asia, the two states can be more accurately described as partners rather than allies. In essence, Singapore is simultaneously interpreting Beijing's politico-strategic position to Washington while guiding the latter in understanding the former's general sensibilities. Put differently, while 'Singapore assures China that it has a friend who cares about the interests of the Middle Kingdom; at the same time the city-state makes it absolutely clear to the United States why it will not do America's bidding so willingly' (Pang 2007, p. 22).

Limits of PAP-Centric Security Framework

The Singapore case illustrates how the existing political system, the government and the ruling political party are fused together to create a single overarching governing body. Since 1959, the PAP has vigorously promoted

the idea that a dominant party system is the most effective model for achieving Singapore's security objectives and economic interests.[29] Using its impressive track record in providing economic development and preserving social cohesion, the PAP promotes itself as the best candidate for the job. The overwhelming power held by the PAP leaders and members in all three branches of the government enables the party to blur the lines separating the government and the state (Mauzy & Milne 2002; Vadaketh & Low 2014). In other words, the whole Singaporean city-state and the PAP-led government have morphed into a single unit. This implies that broad-based state interests are co-opted by narrowly-defined party interests. Consequently, Singapore's security policies and strategies now expediently accommodate the ruling party's ulterior motives.

This 'tripartite fusion' is not unique to Singapore as it also occurs in other neighbouring countries, specifically Malaysia and Indonesia (Ganesan 1998; Nathan 1998). In fact, the belief in the importance of establishing a strong central government to develop national resilience and maintain regional stability has become the norm in Southeast Asia (Alagappa 1998; Ganesan 1998). However, in contrast with Malaysia, the Singaporean government has adopted a policy of ethnic neutrality. Being the only 'Chinese' country in Southeast Asia, Singapore has often been viewed as the antagonist by its predominantly Malay neighbours (Leifer 2000; Acharya 2008). Indonesia's former president, B.J. Habibie's description of Singapore as a 'little red dot' had further aggravated the insecurity felt by its leaders and citizens (Leifer 2000; Acharya 2008; Ganesan 2010). Despite the government's promotion of ethnic neutrality, the PAP has generally encouraged the promotion of Chinese identity. When identity discourse begins to instigate nationalist movements replete with racial undertones, the government swiftly backtracks to maintain the ethnic harmony among its population. Besides, the PAP officials are well-aware of the complications of constructing a Singaporean identity that is exclusively based on the Chinese ethnicity.[30] By disassociating itself from a particular ethnic group, the PAP is able to successfully portray itself as the quintessence of Singapore's communal corporate interests (Ganesan 1998; Mauzy & Milne 2002; Vadekth & Low 2014).

These communal interests have become the foundations of Singapore's synthetic national identity. This national identity has been adroitly conceptualized by the top PAP officials, and superficially adopted by the Singaporean citizens. By constantly reproducing and re-injecting this PAP-manufactured identity, it has become a 'common sense' in Singapore's

daily discourse and practice. National ideology has been effectively transformed into a non-ideological government apparatus (Barr & Skrbis 2008; Ortmann 2009). In this sense, domestic survival now pertains to the capacity of the ruling party to counter the threats and challenges that are undermining its own security and legitimacy. During the 1950s and 1960s, the PAP's clampdown of dissenting parties and oppositional groups was largely a reaction to the security threats induced by the island's unification with the Malaysian Federation (Ganesan 1998; Mauzy & Milne 2002). Nevertheless, this resulted in the de-politicization of the Singaporean public and the corresponding de-mobilization of oppositional politics. The citizens' general disinterest toward politics, on the one hand; and city-state's remarkable economic performance, on the other, helped legitimize the PAP government's monopoly and control of Singapore's domestic political system all throughout the 1970s (Ganesan 1998; Mauzy & Milne 2002).

However, since the 1980s the PAP's political 'immune system' has shown some signs of vulnerability.[31] In the 2011 general elections, the cracks in PAP's electoral armour had been manifested even more clearly. The regime's 81-seats-to-six victory was viewed as yet another breakthrough, not for the PAP but for the opposition leaders. This was the worst election results for the ruling party since 1965 both in terms of the PAP's share of the popular votes and the number of successful candidates from the opposition (Ortmann 2011; Chong 2012). The 60.1% votes won by the PAP in 2011 compared poorly to the previous 66.6% votes they collected in 2006, which in itself was upsetting considering their 75.3% haul in 2001 (Ortmann 2011; Chong 2012). Based on the downward trend reflected by its percentage of popular votes won during the last three general elections (i.e. 2001-2011), it may be inferred that the PAP's electoral appeal is in relative decline.

Nevertheless, because of the tripartite fusion of the party, state and government in Singapore, the PAP can frame the threats to its political hegemony as threats not only to itself but entire city-state. To do so, the government maintains a PAP-configured domestic political order as a means of addressing the gradual contraction of the party's electoral support base. Domestic order in this context is a euphemism for the regime's continued political survival. Hence, the government has vigorously pushed for the preservation of a one-party system and has gone at great lengths to promote the idea that Singapore's viability is largely contingent on the PAP's continued monopoly over power (Milne & Mauzy 2002; Vadaketh & Low 2014). Such a strategy has proved to be effective as illustrated by the results of 2015

general elections.[32] Out of 89 seats, the PAP contested all and won 83, with the other six seats won by The Workers' Party of Singapore (WP). The PAP secured 69.86% of the popular vote (a 9.27 per increase from 2011), making it the party's best electoral performance since 2001.

The ability of the PAP to immediately bounce back, and maintain its stranglehold over Singaporean politics despite the visible cracks in public trust and confidence can be explained by two main factors. First, Singapore's opposition parties have usually focused on economic issues that enabled them to expand their electoral base, but not so much on the 'taboo' subjects of security that are often shrouded by a veil of secrecy (Mutalib 2004). This implies that the PAP government enjoys a virtual free pass with respect to the passage and implementation of its security policies and strategies. Its effective control of the bureaucracy and the vitality, with which it pursues economic stability and social cohesion, has diminished public interest in democratic political participation (Mauzy & Milne 2002; Low & Vadaketh 2014). Therefore, it may be argued that the de-politicization of Singaporean citizenry has retarded the growth of a liberal-democratic civic culture.

Second, the Singaporean case represents an anomaly to the theory of the pivotal role of middle class in cultivating and spreading liberal democracy principles within the developing world. The preoccupation of the Singaporean middle class with materialism has side-tracked concerns toward the PAP's repressive rule as evidenced by a circumscribed freedom of expression; restricted freedom of action; highly regulated mass media; and tightly monitored opposition parties (Mauzy & Milne 2002; Low & Vadaketh 2014). Given that the middle class seems to have little problem trading off their civil liberty for ensuring their economic comfort, the PAP's security ideology is legitimized further. For the staunch critics of the ruling PAP regime, the pursuit of economic growth and development via free trade is a mere strategy for further legitimizing its perpetual stronghold. To justify the restriction of public participation in domestic and foreign policymaking, the PAP officials have presented themselves as the only actors that are capable of securing the society's collective interests. The larger public is discouraged from engaging in highly divisive and polarizing political activities to prevent factional conflicts. In fact, the PAP leadership has long argued that the uniqueness of the situations surrounding the city-state more than justifies its non-adherence to certain democratic principles and processes, particularly those that concern national security (Ganesan 1998; Dent 2001; Leifer 2000). In the words of Chee:

> The idea of total security is to create a siege mentality among the people so that they may rally behind the PAP, believing that the ruling party is the only one who can perform vital state roles such as maintaining a secured external environment to protect free trade, and vice versa. So there is obviously a political angle to it. National security must be defined as the ability of the people to decide their own future. If you give people the information, in the long run, decisions coming from the people will lead to rationality. In other words, without political minds, freedom of speech and assemble, there is no chance to change the language of guns and butter debate… The PAP should be and would be replaced without a doubt. It is just a matter of when or how. The problem, however, is that the people are still very afraid to step into the unknown. They may not like the present but the uncertainty of the future makes it hard for them to move and decide in favour of the other alternatives.[33]

Limits of Elitist Nation Building

The Singaporean case highlights a nation-building project that has been unapologetically elitist and developed in conjunction with elite formation. Some experts have argued that the city-state's particular brand of political elitism is largely anchored on Lee's ingenuity and mentality.[34] The late prime minister's view of the elites as being 'at the very top of society and possessing all the qualities needed to lead', clearly underlines their central role in the management of Singapore (Barr & Skrbis 2008, p. 9). This is evidenced by the huge number of government-owned and controlled private firms, on the one hand; and the cross-fertilization of civil service employees and cabinet members on various government-related boards, on the other (Barr & Skrbis 2008; Barr 2014). Moreover, the synergetic relations between the PAP and trade unions have resulted in a blending of leadership, thereby allowing the elites to control both sides of the capital-labour divide (Barr 2014). This enables the elites to penetrate the viscera of Singaporean nation-state (Worthington 2003).

Over time, the notion that the Singaporean nation-sate functions based on meritocracy has increasingly become a myth. Critics have pointed to how existing modes of collective understanding lock citizens into synthetic and inflexible racial confines. As such, the city-state cannot exactly be viewed as the synthesis of individual Singaporeans, but rather, the totality of strongly defined ethnic clusters. As Barr and Skrbis (2008, p. 10) observe: 'Singaporeans outside the dominant Chinese majority are unlikely to think of themselves as Singaporean without hyphenating their Singaporean nature with their racial marker. Thus, an Indian is more

likely to think of himself or herself as an Indian-Singaporean than as simply Singaporean.' Although it may be argued that such a mentality is a side effect of a colonial construction within a pluralist society, however, it remains prevalent even in the twenty-first century Singapore.[35] Some observers have pointed to the possible impacts of Lee's social cognizance that was largely influenced by ethnic stereotypes and preconceptions in the 1940s and 1950s (Barr & Skrbis 2008; Mutalib 2012). Based on his personal accounts, Lee had often viewed the world as a racial stratum dominated by the 'superior' Chinese race. For example, when he was asked for his opinion about the 'x-factor' in development, Lee (as cited in Barr & Skrbis 2008, p. 185) answered with a parable:

> Three women were brought to the Singapore General Hospital, each in the same condition and each needing a blood transfusion. The first, a Southeast Asian [read Malay] was given the transfusion, but died a few hours later. The second, a South Asian [read Indian] was also given the transfusion but died a few days later. The third, an East Asian [read Chinese] was given a transfusion and survived. That is the X factor in development.

Such a response highlighted the context in which Singapore's political elites view the different facets of government and society. It clearly enunciated the message about the 'necessary' hierarchy among the Chinese-, Malay- and Indian-Singaporeans. Consequently, the cultural deficit theory has become pervasive among the non-Chinese Singaporeans who are often criticized for their cultural 'deficiencies', including laziness and the lack of drive to succeed (Lai 2004; Barr & Skrbis 2008; Mutalib 2012). Notwithstanding the national discourse on multiculturalism, the Singaporean society continues to be inundated by ethno-religious hierarchies that maintain and aggravate ethnic chauvinism. In essence, meritocracy and multiculturalism have become effective smokescreens for concealing the systematic assertion of 'Chineseness' in all areas of Singaporean life (Lai 2004; Velayutham 2007; Mutalib 2012). The outcome is a racially charged social cognition that has been deeply implanted into the Singaporean psyche.

Not surprisingly, ethnic considerations have been strongly reflected in the construction and implementation of Singapore's security policies and strategic. Despite the government's existing policy of meritocracy, the discrimination experienced by Malay and Indian minorities continues to manifest. For example, within the Singaporean Armed Forces (SAF) Malay soldiers are barred from taking sensitive appointments (e.g. armoury and

tank units, and front line combat infantry) despite their qualifications. The underlying fears over the 'Islamization tendencies' of Singaporean-Malays provide the Singaporean government a convenient excuse to rationalize such racial biases within its security sector (Lai 2004; Velayutham 2007; Mutalib 2012). These examples underline the reluctance of the PAP leaders to genuinely adopt an ethnically neutral defense doctrine given the prevalence of ethno-religious threats, particularly those coming from Malaysia and Indonesia (Mutalib 2002). As Lee (as cited in Mutalib 2002, p. 43) himself had candidly remarked:

> If for instance, you put a Malay officer who's very religious and who has family ties in Malaysia in charge of a machine gun unit, that's a very tricky business … if today the Prime Minister doesn't think about this, we could have a tragedy.

By presenting its leadership style as a rational management of collective goods as opposed to narrow, sectoral or ethnic interests, the PAP is effectively equating itself – along with the core values and principles that it is espouses – with the Singaporean identity (Ganesan 1998; Barr & Skrbis 2008). This method of paternalistic governance, glazed with the vernacular of fairness and meritocracy, provides a very limited room for political contestation and opposition (Mauzy & Milne 2002; Bar 2014). As a result, strategic collaborations among non-elite groups and networks that push for alternative platforms have remained stunted as they are barred from accessing state power.

Conclusions

For a small pragmatic state like Singapore, the means to survival is through sustained economic growth and progress via free trade. The Singaporean government has consistently emphasized robust trade performance as a key pillar of national security. By systematically exploiting all the available multilateral and preferential trade channels, Singapore has been able to successfully plug itself into the very heart of regional and global trade arrangements. In this sense, trade acts as a defense-upgrading mechanism that enhances and preserves Singapore's long-term viability as a nation-state. Considering the strategic utility of trade, the government has worked very hard in keeping the stability and peace of the environment surrounding its overlapping webs of trade agreements.

Amid the siege mentality and vulnerability fetish confronting the PAP leaders, the pursuit of economic prosperity has become replete with security undertones. The underlying security complex permeating the system has led to a ceaseless securitization of virtually all facets of Singaporean polity. This is clearly evident in the manner through which statist security threats have galvanized Singapore's strategic policies vis-à-vis free trade. Economically, the gains that Singapore can expect from further trade liberalization are very limited, given that its average effective tariff rates are already close to zero. Nevertheless, due to its paranoia over extinction, Singapore has been compelled to beef up its trade relations with other countries, both big and small. This strategy has taken two directions. On the one hand, Singapore has vigorously pursued trade diplomacy with the regional powers in East Asia (particularly China and Japan) to deflect the security threats that are occasionally posed by its Islamic neighbours. On the other hand, Singapore has also relentlessly sought bilateral trade deals with the powerful states outside of East Asia (particularly the U.S.) to help balance China's unchecked power.

By doing so, the PAP government has been able to effectively consolidate its three main goals: national cohesion, world prestige, and the most important of all, its perpetual legitimacy. A key to doing this is a significant level of social compact. Fortunately for the PAP leaders, the Singaporean citizens have generally shown a compliant attitude and quiet acceptance. Such a condition underscores the unique status that the ruling party enjoys. Unlike its counterparts in other countries, the PAP is seen not just as the dominant political party but also the legal and rightful steward of Singapore's national interests and aspirations. As such, it faces very little opposition in formulating and executing the country's domestic and foreign policies, specifically those that relate to security and economic issues. This arrangement has eventually resulted in the conflation of the system, the government and the party to give birth to an overarching political entity that has become a permanent fixture of Singaporean life. To maintain this status, the PAP regime now needs to perpetually exploit the country's sense of vulnerability on which its own political survival ultimately depends.

Notes

1. See, Singapore Ministry of Defence (MINDEF) website, http://www.mindef.gov.sg/imindef/key_topics/total_defence.html.
2. Excerpts from the author's interview with Dr Ralf Emmers on 5 February 2013, in Singapore City, Singapore.

3. In 2015, Reporters Without Borders ranked Singapore 153 out of 180 countries in the Press Freedom Index, making it the worst country among other developed countries in the world.
4. See, Singapore Statues Online website, http://statutes.agc.gov.sg/aol/home.w3p.
5. See, Appendix 2 for list of Singapore FTAs.
6. Excerpts from the author's interview with Dr Ralf Emmers on 5 February 2013 in Singapore City, Singapore.
7. Excerpts from the author's interview with Dr Mely Anthony-Caballero on 14 February 2013 in Singapore City, Singapore.
8. See, Singapore FTA Network website, http://www.fta.gov.sg/fta_afta.asp?hl=1.
9. See, Asia Regional Integration Center (ARIC) website, https://aric.adb.org/beta.
10. See, ARIC website, https://aric.adb.org/fta/regional-comprehensive-economic-partnership.
11. Of the 16 FTAs that are currently being implemented, eight are bilateral and the other eight are minilateral agreements. Meanwhile, of the ten FTAs that are under negotiations, four are bilateral and six are minilateral. See, ARIC website, http://aric.adb.org/fta-country.
12. Excerpts from the author's interview with Dr Ralf Emmers on 5 February 2013, in Singapore City, Singapore.
13. See, for example, Shaffer (2001); Potter and Burney (2002); Limão (2007); and Aggarwal and Govella (2013).
14. Given the book's word limit, my analysis of Singapore's STL strategy at the preferential level is illustrative rather than exhaustive. I focus mainly on the US-Singapore FTA (USSFTA) and China-Singapore FTA (CSFTA). Considering the current status of the U.S. and China as the two biggest super powers in international politics, the USSFTA and CSFTA are arguably the most crucial bilateral agreements for Singapore's security requirements, particularly with respect to its shrinking defense space. Furthermore, the different nature of these two bilateral FTAs (regional and trans-regional), provides additional insights about the STL dynamics and outcomes vis-à-vis Singapore. Nevertheless, the implications of Singapore's bilateral FTAs with other countries are also tangentially discussed within the relevant sections/subsections.
15. See, for example, Bhagwati et al. (1999); Bhagwati (2003, 2008); & Mansfield & Reinhardt (2003);

16. See, Singapore FTA Network website, http://www.fta.gov.sg/fta_ussfta.asp?hl=13.
17. See, Singapore Ministry of Defence website, http://www.mindef.gov.sg/imindef/press_room/official_releases/nr/2005/jul/12jul05_nr/12jul05_fs.html#.UGMTvmSw40.
18. Ibid.
19. See, Singapore FTA Network website, http://www.fta.gov.sg/fta_csfta.asp?hl=27.
20. Excerpts from the Wall Street Journal article by Hsu and Poon (2013), available online at, http://www.wsj.com/articles/SB10001424052702303309504579182900090244112.
21. Ibid.
22. See, Singapore FTA website, http://www.fta.gov.sg/fta_jsepa.asp?hl=7.
23. The idea behind the 'poisonous shrimp' approach is to raise the costs of attacking Singapore to an undesirable level in order to prevent enemies from invading it. This outlook started to change in the 1980s when the government adopted a 'porcupine' strategy designed not only to inflict intolerable costs on potential aggressors but also to outlast them in the event of conflict.
24. See, Singapore Ministry of Finance website, http://www.singaporebudget.gov.sg/budget_2015/home.aspx.
25. Between 2008 and 2012, the Stockholm International Peace Research Institute (SIPRI) ranked Singapore as the fifth-largest importer of military hardware. This accounted for 4.0% of all global weapons imports, and the twentieth biggest arms exporter after a massive jump in trend-indicator value (TIV) to USD76 million in 2012 from USD12 million during the previous year. See, Stockholm International Peace Research Institute (SIPRI) website, http://www.sipri.org/research/armaments/milex.
26. Singapore currently imposes a constitutional cap on its defense expenditure at 6.0% of its GDP. Although state officials have insisted that its actual expenditure does not reach its self-imposed ceiling, however, exceeding this limit is not impossible considering the city-state's emphasis on 'total defense.' Nevertheless, according to government data, Singapore spent on average 3.3% of its GDP on defense between 2000 and 2013. See, World Bank website, http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS.
27. Excerpts from the author's Interview with Dr Chee Soon Juan on 5 February 2013 in Singapore City, Singapore.

28. See, ASEAN Regional Forum website, http://aseanregionalforum.asean.org/.
29. For a comprehensive discussion on this point, see, Mauzy & Milne (2002); Velayutham (2007); Barr & Skrbis (2008); & Vadaketh & Low (2014).
30. As of June 2015, Singapore's total population currently stands at 5.54 million. Of this total figure, 76.2% are ethnic Chinese; 15.0% are ethnic Malays; and 7.4% are ethnic Indians. See, Singapore Department of Statistics website, http://population.sg/population-in-brief/files/population-in-brief-2015.pdf.
31. In 1981, J.B. Jeyaratnam of the Worker's Party won the election in the Anson constituency and became the first politician from the opposition to win a parliamentary seat since Singapore's independence. Three years later, the number of opposition members in the parliament had increased to two. In 1991, the PAP lost four out of the 81 seats to the political opposition, making it the PAP's weakest electoral performance at that time. See, Ganesan (1998).
32. It is worth noting that the election was the first since Singapore's independence in which all seats were contested and the first after the passing of its first PM, Lee.
33. Excerpts from the author's interview with Dr Chee Soon Juan on 5 February 2013 in Singapore City, Singapore.
34. Barr & Skrbis (2008) suggest that Lee's introduction to the English class system; the weaknesses of a supposedly egalitarian society; and his wide-ranging extra-curricular readings at Cambridge (particularly Arnold Toynbee's A Study of History) have all contributed to his vision of Singaporean elitism. Toynbee's thesis on the role of the 'creative minority' in steering an entire civilization became the theoretical basis of Lee's own interpretations of elitism and progressivism within Singapore.
35. For a more in-depth discussion, see, Lai (2004); Velayutham (2007); & Barr & Skrbis (2008).

CHAPTER 5

Trading in Vain: Investigating the Philippines' Humanist Linkages

The Philippines' Shrinking Development Space and Trade Activities

The highly imbalanced development of the Philippine economy has become an enduring threat to the country's supposedly people-centric national security. Although the Philippines had earlier on served as a model economy for many of its neighbours, particularly during the post-war period between 1950s and 1960s, however, things went downhill beginning in the 1970s.[1] Since then, the country has never quite recovered. The country's dramatic fall from the top had earned it unenviable titles such as, 'the sick man of Asia', and 'East Asia's stray cat' (Noland 2000; White III 2015). At the crux of the Philippines' extremely uneven economic development is a deeply entrenched patronage system ruled and maintained by powerful Filipino oligarchs. The term 'oligarchs' is defined as 'actors who command and control massive concentrations of material resources that can be deployed to defend or enhance their personal wealth and exclusive social position' (Winters 2011, p. 6). Accordingly, the ultimate goal of the oligarchs is to continuously expand and secure their position of extreme wealth and power against all forms of threats (Bourguignon & Verdier 2000; Winters 2011).

Whereas democracy is defined as the rule by the poor, oligarchy is the rule of the wealthy few (Moore 1975; Mulgan 1991). Despite this diametrically opposed expression of the relationship between democracy and oligarchy, however, in theory, the two can still co-exist in a meaningful

M.I. Magcamit, *Small Powers and Trading Security*,
DOI 10.1007/978-3-319-38815-1_5

and indefinite manner (Lintott 1992; Winters 2011). The reason is that while democracy rests on the diffusion of political power, oligarchy depends on the consolidation of material power.[2] What this means is that the nature of political power that is influenced by the level and quality of democratic system present is different from the political power that is diffused or consolidated materially. Hence, for as long as material power does not clash with political power, democracy and oligarchy should be compatible (Bourguignon & Verdier; Winters 2011). As Winters (2011, p. 11) succinctly puts it, 'democracy is not a zero-sum of oligarchy.'

Nevertheless, in the case of the Philippines, the oligarchy driven political economy has continuously undermined the development space necessary for alleviating institutional inequality and structural poverty. The term 'development space' refers to the capacity of the government to independently formulate and implement equitable and inclusive development policies against the backdrop of uneven economic security perpetuated by oligarchic forces. By articulating the country's skewed development as a threat to national security (specifically in terms of non-state actors such as individuals and societies), in essence, the government is forging a human-centric security framework. As explicitly stated in its *National Security Policy* (NSP) document:

> If the government is able to make good on the promise of taking the high road, that, '*Ang Daang Matuwid,*' then it must be sure that the people are afforded every opportunity to pursue their individual dreams of a better quality of life – all under the consideration of national security where the welfare and well-being of the people are of primordial consideration.[3]

Although there is no special cabinet or council that defines what the national interest should be, nevertheless, the Philippine Constitution articulates the importance of protecting not only the country's sovereignty and territory but also its citizens against internal and external threats. As Carmina Acuna (Director, Office of Policy Studies, National Security Council) notes:

> Our approach to security policies should be more holistic. We must recognize the importance of incorporating peoples' interests in our national security policy agenda by framing human security issues and threats more prominently. In all of the NSC reports, we inject the implications of every policy recommendation with respect to the individuals. The fact that the Chief-of-Staff of the Armed Forces of the Philippines (AFP) is not a member

> of the Council is meant to stress the supremacy of civilian authorities over the military. The Council serves as the President's principal advisory body on the proper coordination and integration of plans and policies affecting national security. Its goal is to arrive at an optimum security policy for the Filipino people and the society.[4]

In the Philippine context one particular source of human insecurity stands out, that is the primacy of the oligarchies over the country's political and economic spheres. The oligarchic elites have adeptly exploited the country's free trade policies that were supposed to provide greater economic security for all sectors of the society. The elusiveness of trickle down effects from increasing GDP growth rates can be explained by the absence of political will to break the oligarchs' stranglehold over the political and economic institutions of the country. Consequently, the Philippines' involvement with various trade activities –multilateral and preferential – has not led to an inclusive form of economic development due to the perverse culture of patronage politics that has come to permeate virtually all aspects of Philippine polity. In the words of Ramon Clarete (Professor and Dean, University of the Philippines School of Economics):

> The over concentration of wealth due to oligarchy is a major security concern, specifically, in terms of economic security. These people are rich not because they are hardworking but because they are born with it. Money went to them without any sweat. We are so used to doing what we are doing now even when we can gamble. Entrepreneurial risks are not as aggressive as we expect them to be because of this arrangement. As a result, opportunities do not happen for both the people and the economy as a whole.[5]

By systematically blocking social-equalizing policies that curtail oligarchic wealth, national wealth is perpetually entrapped within the elite strata of the society. Neo-patrimonial culture in the Philippines is rife and creates a two-faced society that allows very few individuals to possess extreme political and economic power, while simultaneously forcing the majority to live in scarcity and shortage. Notwithstanding the government's all-inclusive security slogan, the institutional and structural limits induced by the oligarchic forces continue to thwart the goal of achieving economic security for all. These oligarchic constraints have resulted in the Philippines' lacklustre performance in trade, which in turn, has highlighted the multiple failures of an oligarch-sponsored political economy.

Uneven Economic Security and the Philippines' Humanist Linkages

Today, a significant percentage of the Philippine population consider themselves to be poor and hungry. Between 2001 and 2015, self-rated poverty (SRP) averaged to 53.6%, while self-rated hunger (SRH) averaged to 16.3% for the same period.[6] The median SRP threshold (i.e. the home expense budget that would satisfy the poorer half of the poor households) is estimated at US$419.0 for Metro Manila; and US$209.0 for balance Luzon, Visayas and Mindanao.[7] The pervasiveness of the inequality and poverty in the country underpins the highly imbalanced level of economic security among the people. It is important to note that inequality is manifested not only in income terms but also in non-income terms such access to various public goods and services. The relatively stable Gini index of the Philippines underlines the difficulty in resolving the twin problem of inequality and poverty as they become structurally and institutionally embedded in the system.[8]

Since the 1960s, the country's inequality curve (i.e. Lorenz curve) has shifted within a very narrow band of 43-48/100, thereby indicating very little improvements in income and poverty distribution. For example, in 2009, a review of decomposed income inequality revealed that more than 90.0% resulted from inequality between individuals within each region, whereas less than 10.0% was caused by differences in mean per capita income or expenditure across regions (Asian Development Bank [ADB] 2009). Furthermore, the income of the top 1.0% of families in the Philippines was equivalent to the aggregate income of the bottom 30.0% (ADB 2009).

Clearly, there is a huge concern over widening gap in average welfares and human achievements among households within and across the Philippine regions. The disparity emerges from huge differences both in ownerships of physical capital and possessions of human capital (Canlas et al. 2009; Son & San Jose 2009). Although the average per capita income may have increased in absolute terms, nevertheless, the fruits of economic progress have not been equally shared among individuals and households. For instance, a substantial portion of the national income between 2003 and 2006 went to private corporations (US$6.6 billion) rather than the private households (US$5.23) (National Anti-Poverty Commission [NAPC] 2010). Moreover, based on the available statistics, the growth elasticity of poverty reduction has also been declining

considering that poverty reduction performance has been relatively dismal in spite of high GDP growth rates.[9]

For example, for the 2006-2009 period poverty incidence by households was also reduced by 0.2 percentage points, despite the fact that GDP growth averaged to 4.5% during the same period (NAPC, 2010). The country's lacklustre performance in inequality and poverty reduction efforts stands in shrill contrast with other Southeast Asian countries. Its average annual poverty reduction rate of 0.47% is smaller than that of Cambodia, Indonesia, Laos, Thailand and Vietnam (NAPC 2010). In fact, among these five ASEAN members, the Philippines was the only country in which the absolute number of poor people had increased from 1990 to 2005 (NAPC 2010).

Despite the string of policy reforms introduced since 1986, the country's tale of structural poverty and institutionalized inequality has remained largely predictable over the decades.[10] The key components of these structural adjustment programs were the tariff reform agendas prescribed by the World Trade Organization (WTO) to unilaterally liberalize the Philippines' primary economic sectors. The principal driving force behind the aggressive liberalization of Philippine trade was the failure of import substitution strategy to bring about competitive levels of development through industrialization (Clarete 1999, 2005; Habito & Cororaton 2000). The restructuring of tariffs was first carried out in 1981 when the government rationalized its existing protectionist policies to a narrower band to better manage price distortions induced by these trade barriers, on the one hand; and improve the overall efficiency in resource allocations based on the logic of comparative advantage, on the other (Clarete 1999, 2005; Malaluan 2011).

However, the Philippines' experience highlights some of the strongest cases against progressive and unabated free trade. Instead of significantly alleviating the existing poverty and inequality conditions, the government's participation in various forms of trade activities – multilateral and preferential – have exacerbated the disproportionate level of economic security in the country. Much of this problem has to do with the underlying oligarchic factor that has continuously eroded the development space necessary for fostering a more equitable and inclusive form of economic development. In spite of the government's grand pronouncements about the importance of the importance of bringing the people at the center of its security policies and strategies, the institutions underpinning the Philippine political economy continues to be shaped by oligarchic and patrimonial practices.

The highly corrupt patronage culture that such an arrangement engenders runs in direct contrast to the government's people-centric national security model that emphasizes equity and inclusion in development. Through strategic exploitation of the country's inefficient trade policies, the Filipino oligarchs are able to maximize not only their economic power but also their political influence at the expense of the whole country. By manipulating the weaknesses of existing trade mechanisms, and blocking the passage of critical social-equalizing initiatives, the wealth of the nation has remained in the hands of the very few elites. Where political institutions are frail, differences in leadership styles and methods can have considerable impact on domestic policy outcomes. However, the Philippine case illustrates the transmutation of state power into a formidable apparatus designed to secure not the nation's interests but those of the ruling oligarchs.

Trading in Vain: the Philippines' Humanist Security Interests and Trade[11]

A Catalyst for Development-Oriented Security?

For the devoted advocates of free trade, the Philippine economy has come a long way since its accession to the WTO in 1995. The country's relatively open trade regime has been instrumental in achieving significant economic gains. Between 2000 and 2015, the Philippines has registered: an annual real GDP growth rate of 5.0%; a moderate average inflation rate of 4.%; and a surplus in external account partly due to high remittances inflows of about 10.0% of GDP. In 2014, the Philippines was the world's 37th largest exporter of goods (27^{h} importer), and the 21st largest exporter of services (28th importer).[12] The country's top trade partners – Japan (15.0%) China (14.3%), U.S. (11.2%), Singapore (7.1 %) and South Korea (6.0%) – have contributed a total trade worth of US$98.145 billion or 76.7% of the total external trade in 2014.[13] During the same year, country's trade with the regional blocs are as follows: APEC (80.9%); ASEAN (19.5%); and EU (11.2%).[14]

As one of the founding members of the Association of Southeast Asian Nations (ASEAN), the Philippines has committed to the establishment of the ASEAN Economic Community (AEC) by 2015. A key component of the AEC is the facilitation of ASEAN FTAs with various partners aside from the ASEAN Free Trade Area (AFTA). Through its ASEAN membership,

the Philippines has been able to negotiate and implement minilateral FTAs with countries Asia-Pacific, including: the ASEAN-Australia-New Zealand FTA (2010); the ASEAN-China FTA (2010); the ASEAN-India FTA (2010); the ASEAN-Japan FTA (2008); and the ASEAN-Korea FTA (2010).[15] In addition to these, the country has also successfully concluded its bilateral agreement with Japan in 2008 called, Japan-Philippines Economic Partnership Agreement (JPEPA). As of 2015, the Philippines is also involved in negotiations of three new FTAs, namely: Philippines-European Free Trade Association FTA (PEFTA); ASEAN-Hong Kong, China FTA, and Regional Comprehensive Economic Partnership (RCEP).

However, despite its expanding economy and burgeoning preferential trade agreements, the country is still viewed to be operating below potential. The reason according to its latest WTO Trade Policy Review (TPR) is that the government has been slow both at implementing the much-needed trade reforms, and addressing the major constraints on overall growth.[16] As an emerging economy, the government is compelled to improve its productivity in order to compete with low-cost neighbouring economies. Moreover, the WTO also recommends that the Philippines take additional steps 'to promote more competition, improve human capital, eliminate limitations on foreign investment, reduce incentives, and reform state-owned institutions.'[17] While the WTO recognizes some of the important measures taken by the government to upgrade its overall business environment, nonetheless, it emphasizes that there is still a considerable room for improvement. One of them is the removal of government policy that gives Filipinos an exclusive control of key sectors (e.g. agriculture, fisheries and a large number of services). This form of protectionism significantly restricts foreign investors, which in part explains why FDI inflows in the Philippines have been relatively lower compared with other countries in the region.

For the staunch critics of free trade, the term 'multilateral punishment' best describes the remorseful experience of the Philippines in the WTO (Bello 2004, p. 3). The country's membership in the said organization has only resulted in sheer catastrophes which adversely affected not only its political economy but also its social and cultural arrangements (Bello 2003, 2004; Malaluan 2011). Virtually all the drawbacks and externalities predicted by those who opposed the Philippines' WTO accession have materialized (Bello 2004, 2005). The reforms adopted by the government were intended to complement the policies prescribed by the WTO, which worked mainly in favour of the local oligarchs and their

multinational and transnational corporate partners (Bello 2004; IBON 2013). Furthermore, the manner in which the country's legal system has been re-aligned to meet the preconditions attached to its WTO application severely undermined the function of free trade as engine for equitable and inclusive development. Opponents have accused the government of selling the country's sovereignty to foreign powers by recklessly joining a group that is not only blind to the welfare of developing economies, but also non-democratic and non-transparent in its decision-making procedures (Focus on Global South [FGS] 2003; IBON 2013). Effective control is monopolized by advanced trading countries via a process called 'consensus', which in practice has further marginalized the small and weak trading countries like the Philippines (Bello 2005; Altman 2009).

These criticisms against free trade are not entirely unique to the Philippines' case. Across the developing regions, the neoliberal agenda has been vigorously promoted by a group of rich country governments led by the U.S. and interceded by the troika of global economic institutions that they largely control: the IMF, World Bank and WTO.[18] These rich and powerful countries are using their financial aid budgets and preferential access to their huge home markets as baits in convincing the leaders of developing economies to accept their neoliberal prescriptions. The idea is to transform the protectionist nature of developing markets into ones that are significantly more open and friendly to foreign goods and investments (Stiglitz 2002; Chang 2007). As soon as these countries have established their absolute advantage and become wealthy, their governments began demanding that the poorer countries espouse free trade and form institutions that would ensure the continued 'effectiveness' and 'efficiency' of their domestic markets (Woods & Narlikar 2001; Stiglitz 2002; Chang 2007).

However, a more critical reading of the history of global economic development reveals that the rich countries did not develop via the policies and institutions which they now forcefully endorse to developing countries (Peet 2003; Chang 2002, 2007). On the contrary, virtually all of them have employed (and continue to employ) tariff protections and subsidies to cultivate and expand their industries. In fact, during the early stages of their development, the now-rich countries did not even have the basic institutions that they require from the developing economies, including democracy, central banks and professional civil services (Stiglitz 2002; Chang 2007). In essence, what these powerful governments are trying to do is to kick away the very same ladder that they had stepped on

to reach the top, in order to prevent the weak and poor countries from ever reaching the same position that they now enjoy (Chang 2002, 2007).

Nevertheless, what makes the Philippines' experience with free trade especially unique is how the local oligarchs are able to transform state power into a device that allows them to exploit the inefficiencies and loopholes of the country's existing trade policies and institutions to maximize their gains. Considering that the Philippine political economy is largely driven by underlying oligarchic interests, there is not much incentive from reforming the country's trade strategies unless they happen to further augment the wealth and power of the oligarchs. Free trade mantras are only pursued only insofar as they secure and expand oligarchic interests, but are immediately blocked and reversed when they start to threaten and undermine the status and objectives of the ruling oligarchs. Thus, despite the government's efforts (at least rhetorically) in harnessing the potentials of free trade for creating wealth that can be used improve the imbalance of economic development, the structural and institutional barriers generated by an oligarch-ridden political economy have trapped this wealth within their own strata.

Rewards, Punishments and Failures

In general, there are three crucial aspects of neoliberal trade that have been gravely miscalculated and overlooked by the government that have enabled the oligarchs to thoroughly exploit the Philippines' trade regime. These are: (a) trade intentions; (b) trade theories; and (c) trade institutions.

No Good Deed Goes Unpunished: Intentions Versus Results

From the perspectives of Filipino technocrats, the progressive elimination of distortive protectionist policies through unilateral reductions of tariff and non-tariff trade barriers will lead to the adoption of global market prices in the domestic economy (Habito & Cororaton 2000; Clarete 2005; Balboa & Medalla 2006). The exposure of local firms to a fiercely competitive market setting dominated by advanced countries will force them to develop efficiency-enhancing strategies to withstand competitions and remain relevant in their respective sectors. In the 1970s, the country's industrial and trade policies were heavily biased in favour of import-substituting activities, which resulted in the overprotection of domestic market-oriented industries (Krinks, 2002; Johnson 1992). This in turn created market distortions that prevented investments in agriculture and

exports, on the one hand; and pushed the production of finished consumer products instead of intermediate and capital goods, on the other (Johnson 1992; Lim 1996; Balisacan & Hill 2003). Within more than twenty years of intensive protectionism, it became evident that high tariff and non-tariff barriers were undermining, rather than supporting the Philippines' development goals and objectives. In light of this realization, the country's official policy strategy shifted to export promotion from import-substitution.

In 1981, the government had started developing structural adjustment programs (SAPs) intended to transform the fundamental structure of the industry in order to make it globally competitive and efficient (Lim 1996; Clarete 1999; Krinks 2002). This led to the creation of two complementary instruments, namely, Tariff Reform Program (TRP) and the Import Liberalization Program (ILP). While TRP was designed to stimulate the performance and enhance the competitiveness of the country's lethargic economy by maintaining a low and nearly uniform tariff rate; the ILP was intended to encourage industries to produce in areas where the country had the comparative advantage to ensure high quality productions at competitive prices (Johnson 1992; Clarete 1999; Balisacan & Hill 2003).

Since the 1980s, the government has already launched four phases of TRP. During the first phase (1981), the tariff band was narrowed from 10-100.0% to 10-50.0%.[19] Consequently, the average nominal tariff fell from 42.0% in 1981 to 28.0% at the end of Phase 1. In the second phase (1991) of the TRP, the Executive Order (EO) 470 was signed by then president, Corazon Aquino. Under EO-470, the average nominal tariff was further reduced from 28.0% to roughly 20.0%.[20] In 1994, EO-189, which replaced EO-470, marked the commencement of Phase 3 of the TRP. During this phase, the average nominal tariff declined from 19.72% to 13.43% by 1997.[21] The government's desire to reform the country's tariff structure was finally achieved under Phase 4 of the TRP with the issuance of EO-334 in 2001. Under this EO, a tariff band of 0-5.0% was adopted except for a limited selection of sensitive agricultural products. As a consequence, by 2004, the country's average nominal tariff declined from 10.0% to 5.0%. Today, nearly 97.0% of all tariff lines fall within this tariff range. Overall, following the government's tariff restructuring initiatives, the Philippines' effective protection rates (EPR)[22] were significantly diminished; at the same time, the bias against agricultural (fishery and forestry included) vis-à-vis manufacturing sector was also curbed.

Ex-ante simulations using a computable general equilibrium (CGE) analysis were conducted to estimate the effects of these trade reforms on the Philippine economy. Based on the initial assessments, the restructuring of the country's schedules would create a 2.3% increase on real GDP (Cororaton 2000, 2004; Clarete 2005). Moreover, while the reduction in the employment level was expected, nonetheless, the number of jobs that would be created in the more competitive manufacturing sector would more than offset this loss (Clarete 1999; 2005; Cororaton 2000, 2004). The country's top economic policy analysts were convinced that the predicted increase in real GDP would result in the more efficient distribution of wealth and income across the country (Habito & Cororaton 2000; Clarete 2005).This would make the poorest Filipino groups and households the biggest beneficiaries of the government's trade liberalization initiatives (Cororaton 2004; Cororaton et al. 2005).

However, critics have expressed their scepticism toward these findings by emphasizing some of the serious threats that these trade reforms could pose to the economy. They argue that domestic producers in general do not possess the required minimum capacity to compete with industries from the advanced economies (Krinks 2003; Bello 2004; Malaluan 2011). While trade creates some winners, nonetheless, their numbers are smaller than those that are forced out of their businesses (Krinks 2003; Bello 2004; Malaluan 2011). Displaced workers will then face significant adjustment costs as they search for new job opportunities and train to acquire the skills necessary for these new jobs (Malaluan 2011; IBON 2013). For example, removing tariff protections in the manufacturing sector will force local firms to shut down operations, hence increasing the unemployment rate (Aldaba 2012). Likewise, exposing the agricultural sector to external competitions will drive down the prices of local products in the market, thus reducing the income of domestic farmers and producers (Clarete 1999; Mangabat 1999; David et al. 2007). Hence, in stark contrast with the earlier forecasts provided by the country's chief economists, the poorest Filipino households stand as the biggest losers rather than the greatest gainers given the threats of increased unemployment and reduced income due to intensified trade (Bello 2003, 2004; Malaluan 2011). Despite the government's good intentions, the failure of the TRF to create more inclusive and equitable form of development indicates some serious loopholes which the oligarchs have conveniently exploited for their own advantage.

A Fool's 'Golden Straitjacket': Theories Versus Realities

The concerns raised by the critics of aggressive trade liberalization proved to have strong basis considering the substantial discrepancies between predicted and actual outcomes from implementing substantially lower, nearly uniform tariff rates. Contrary to the positive results derived from ex-ante computations, ex-post assessments of a more liberalized trade showed only a fractional positive change in the economy (Cororaton et al. 2005; Usui 2011; Aldaba 2013). There are several factors that explain the dismal net effect of intensified trade in the Philippines. First, with respect to production, the manufacturing sector did not offset the job losses reflected in agriculture and service sectors (Clarete 2005; Aldaba 2012, 2013). Based on orthodox trade theories, the increased market competition will redirect the resources spent on uncompetitive industries to the more competitive ones. However, in the Philippines' case, the shares of various manufacturing industries to total manufacturing production had barely changed. This suggests that the configuration of the country's merchandize sector has remained largely stationary even as aggressive tariff reductions were being made. Thus, while the country's exports basket may have become more sophisticated, nonetheless, industrial diversification has stagnated over the years (Clarete 2005; Aldaba 2013).

Second, in terms of employment, the service sector was expected to generate a 4.5% job increase annually, making it the biggest source of labour in the country (Clarete 2005; Cororaton et al. 2005; Serrano 2008). Since 1988, the service sector has created more jobs for Filipinos compared with the agriculture and manufacturing sectors. For example, out the 10.3 million new jobs that were created between 1995 and 2010, 46.9% came from services; 37.4% from agriculture; and only 15.7% from manufacturing (International Labor Organization [ILO] 2014). While the agriculture and manufacturing sectors continue to generate jobs, nonetheless, they normally fall short of the required levels needed particularly in the rural areas (ADB 2007; David et al. 2007). Based on the number of Filipinos entering the labour force, an estimated one million jobs per year needs to be created to improve household incomes; enhance the efficiency of the domestic market; and ultimately, reduce poverty and inequality levels (ILO 2014).

Third, with regard to development, the country's average per capita income has remained relatively constant since the implementation of TRF in the 1980s (i.e. US$1357).[23] In fact, during the period 1980-2000 (when trade and capital account liberalization went into full swing)

the Philippines registered a negative growth rate.[24] The proponents of intensified trade maintained that such drop could not be used as a basis for concluding that the TRF had made the country worse off. Indeed, per capita income could have substantially diminished if the government chose not to implement its tariff reform initiative or refused to join the WTO (Cororaton 2004; Cororaton et al. 2005). As Clarete has fervently argued, albeit quite cynically:

> The government's primary motive for liberalising the country's highly protectionist trade regime has been the attainment of efficiency levels necessary for making Filipino consumers – the people – better off. With regard to the seemingly unfair practices and double standards prevalent in the WTO, what we have to understand is that we always use each other. We just have to deal with it. That is realpolitik. We do not get everything. We cannot cry because of double standards since there are no benefits from crying. We win some and we lose some. Sometimes governments bend multilateral rules to address political problems domestically. Is that good? If someone complains then we will have to deal with it.[25]

However, for the staunch critics of neoliberal trade policies, country's capita income could have been significantly improved if the government maintained its previous levels of effective protection, or perhaps even increased them (Bello 2005; Malaluan 2011). The forgone increase in per capita GDP (i.e. from 5.1% in 1980 to 2.9% in 1999) during these so-called 'lost decades' validated the sceptics' argument that increased openness to international trade would only result in stagnancy and diminished progressed to the Philippines (Lim & Bautista 2002; Serrano 2008). The discrepancy between theory and reality in the context of Philippine trade reveals the lack of fit between the country's economic profile and the neoliberals' 'golden straitjacket'[26] approach that the oligarchs have adeptly harnessed to preserve their own interests.

How not to Negotiate: Institutions Versus People

The observed gaps between trade intentions and results, on the one hand, and trade theories and realities, on the other, are symptoms of underlying institutional problems induced by the absence of a central trade agency in the country. Without a centralized body to regulate and monitor the general direction of Philippine trade, the government is unable to institutionalize the competence, efficacy and competitiveness required during multilateral and bilateral trade talks. There are several important

reasons for consolidating all the agencies, committees and bodies presently involved with the formulation and negotiation of the country's trade policies and agendas into one comprehensive institution.

First, the representatives from various line agencies that comprised the Tariff and Related Matters (TRM) Committee have developed a turf mentality that prevents the creation of a comprehensive and cohesive inter-industry trade strategy (Pasadilla & Liao 2005). The misplaced competitiveness among the agencies has thwarted the efforts toward the facilitation of a more cooperative environment. Strangely, the members of the Committee have developed a mentality that compels them to protect the industry that they represent regardless of its implications for the other industries and the national economy in general (Pasdilla & Liao 2005; Aldaba 2012, 2013). Instead of advancing the country's collective trade interests, they insist on protecting their respective sectors at all costs. Consequently, a better equalized national position is traded over narrowly defined sectoral motives. This mindset has not only resulted in sub-standard proposals and inferior outcomes, but has also politicized the prioritization of industries as representatives from each sector demand a preferential treatment.

Second, the lack of well-defined mandates and clearly delineated lines of authority among intergovernmental trade bodies has ultimately led to grave misunderstandings and misuse of government resources (Pasadilla & Liao 2005). There are instances in which unqualified members from various line agencies are appointed to negotiate for the country's prospective bilateral trade deals. Given their poor negotiation skills and inadequate mastery of the international trade lexicon, these representatives usually end up accepting specific terms and conditions which are detrimental to country's economic well-being. In the case of JPEPA, the Filipino negotiators tapped by the government had agreed to the non-trade issues that were previously rejected by the country's veteran trade attachés (Espos 2008; Medalla et al. 2010; van de Haar 2011). This loss of institutional memory underscores the missing fit between the existing system and the government's trade activities (Pasadilla & Liao 2005).

Third, the government also faces serious financial constraints for conducting researches that would provide Filipino negotiators with solid technical knowledge and skills to understand the complexity of trade policy formulations and negotiations (Pasadilla &Liao 2005; Espos 2008). This problem results in the increasing reliance of line agencies on independent studies funded by private-sector lobbyists. The huge private stakes involved in these specific trade issues implies that the results generated by

these studies are severely biased, and therefore, cannot be used as a basis for the country's trade policies and strategies. The lack of in-depth studies on numerous trade matters produce incomplete information about the ramifications of different agreements that the government is signing or has already signed (Pasadilla & Liao 2005; Espos 2008).

Fourth, the strong top-down influence vis-à-vis policy development and implementation allows private lobbyist groups to manipulate the multiple power centers in various sections of the government (Pasadilla & Liao 2005). As a consequence, the clientelist method espoused by the powerful industrialists has overtaken the government's policy planning processes (de Dios & Hutchcroft 2003; Nye 2011). Put differently, patronage politics has broken down the protective barrier that was supposed to 'immunize' the national trade agenda from unwarranted external pressures. This has caused serious disillusionment on the part of government trade officials as they witness the decisions and resolutions that they have painstakingly made being overridden at the stroke of a pen.

Fifth, and lastly, the domestic trade sectors in the country lack significant level of awareness about the breadth and depth of the government's involvement in free trade (Pasadilla & Liao 2005; Wignajara et al. 2011). Surprisingly, local industry players often do not have a clear set of goals with regard to the concessions that they expect to gain from the country's various trade partners, particularly in terms of their preferential access to foreign markets. Although this may be gradually changing, nevertheless, the general orientation of Philippine trade has remained largely defensive. This means that local industries are more focused on how to best secure their domestic positions instead of exploring ways to utilize the international markets that are made available by the government's trade initiatives.

It is worth-noting that the overhauling of the country's trade policymaking processes is far from being a panacea (Pasadilla & Liao 2005; Balboa & Medalla 2006). For better or worse, the Philippines' trade positions and strategies still rest in the hands of elected officials since they are a function of the country's national priorities. The results of various trade negotiations, along with their actual impact on the economy, are contingent upon the general quality of the domestic polity and the choices that the government makes. Hence, although the institutionalization of trade policy mechanisms may indeed help bridge the gaps between intentions and results, or theories and realities, nevertheless, much still depend on the leaders' overarching vision for the nation. Unfortunately, as Clarita Carlos (President, Center for Asia Pacific Studies) laments:

> The Philippines does not appreciate the need for a framework document that will serve as the basis of its decision-making processes. To use an analogy, the country is a ship that must go somewhere but we are not seeing that because that somewhere is not defined whether in terms of governance, security, trade or all of the above. The former President Marcos used to have that notion of 'future Philippines' – like a ship moving forward beyond a president's term. But we all know what happened to him.[27]

Limits to the Philippines' Humanist Linkages

Several factors influence the capacity of the Philippines' STL efforts and strategy in securing its development space, namely: (a) limits of patrimonial democratization; (b) limits of patrimonial administrations; (c) limits of oligarch-biased development policies; and (d) limits of patronage-based bureaucracy. The first and second factors represent the systemic constraints that breed and sustain the oligarchic system and patronage culture in the Philippines. The third and fourth factors represent the institutional constraints that generate and maintain poverty and inequality conditions in the country. Together, they undermine the development-upgrading utility of the Philippines' trade activities by exacerbating the underlying oligarchic constraints.

Limits of Patrimonial Democratization

When the U.S. colonial regime transplanted its own brand of representative democracy into the Philippines' oligarch-infested economy, it virtually cleared the pathway for the systematic subjugation of the country's democratic institutions and procedures by the ruling oligarchs (Manacsa &Tan 2012; White 2015). Policy reforms that had the potential to transform Philippine polity into a more level playing field were side-tracked as the oligarchs maneuvered to consolidate their wealth and power (Villacorta 1994; McCoy 1994; Hutchcroft 1998). Regrettably, the re-democratization process of the post-Martial Law era had simply led to the reinstallation of pre-Marcos political and economic arrangements (Quimpo 2009, 2015; Hodder 2014). The reproduction of elite authority has further strengthened the oligarchs' grip over the Philippine political economy – the *sine qua non* for the country's asymmetric economic development. Despite the introduction of various democratic institutional reforms, however, the oligarchic forces have already become too embedded within the system to the point of surmounting even the state power.

All throughout the Philippine history, a small number of extremely influential families possessing vast lands and huge corporations have ruled the government. The strategy adopted by the Americans for consolidating their rule over the entire archipelago had enabled the elites to exponentially expand their capital and influence through political appointments (Krinks 2003; Manacsa & Tan 2012). The severity of Philippine oligarchy has been described by scholars and observers in a number of ways: anarchy of families, booty capitalism, non-substantive democracy, ersatz capitalism; and cacique democracy, among others (McCoy 1994; Anderson 1998; Hutchcroft 1998; White 2015). When the Americans had finally erected political institutions that would facilitate electoral contestations in the Philippines, a national oligarchy (rather than a national government) was born (Anderson 1998). This system has become the playing ground of the so-called *trapos*, a pejorative term used by Filipinos describe traditional 'dirty' politicians (Eaton 2003). The dominance of these *trapos* in Philippine politics has resulted in a reverse form of accountability, that is, a scenario in which individual voters are compelled to elect their respective patrons into power in exchange for personal favors that are either provided in the past or promised to be delivered once elected (Quimpo 2009; Manacsa & Tan 2012). In other words, the voters' support for their patrons is largely a function of the latter's 'own interests, rewards for loyalty and the fear of vengeance' (Linz 1975, p. 260).

Even the implementations of disastrous economic policies endorsed by some top government officials and policymakers have been carefully manipulated to serve the interests of Filipino oligarchs. The Philippines' lopsided development and the uneven level of economic security it generates, is not only a matter of constantly choosing the wrong policies to implement but the result of conscious efforts by rent-seekers to maintain them despite their damaging impact on the rest of the country. An example of this was the import substitution industrialization (ISI) adopted by the government after its independence from the U.S. in 1946. In contrast with the export-oriented strategy launched by other East Asian countries that created an annual per capita GDP growth of 6.0%, the Philippines chose to implement the ISI and became the worst performing economy in the region (Lim & Bautista 2002; Serrano 2008). While the promotion of ISI may well have been an honest mistake on the part of the Filipino technocrats, nonetheless, the general disinterest shown by the oligarchs in rectifying the problem underlined their tendencies to exploit all profit-generating policies, regardless of their overall soundness and fit vis-à-vis the national

economy. Despite its problems, the ISI policy was maintained primarily because it widened the space needed for continued oligarchic predation (Quimpo 2009; Manacsa & Tan 2012).

Furthermore, the policy of attraction introduced by then U.S. governor-general, William Howard Taft (which was originally intended to convince the landlord class to collaborate with the American forces instead of joining the revolutionary factions) had transformed the economic elites of the Spanish-colonial era into political elites (Hutchcroft 2008). Considering that representative institutions emerged prior to the development of a strong republic, the political parties in the Philippines have become 'convenient vehicles of patronage that can be set up, merged with others, split, reconstituted, regurgitated, resurrected, renamed, repackaged, recycled, refurbished, buffed up or flushed down the toilet anytime (Quimpo 2005, pp. 4–5). Hutchcroft (1998, pp. 18) has used the term 'neo-patrimonial' to describe the process through which rent-seekers (emerging from a bureaucratic capitalist system) are able to control formal state structures from the outside.

As the Philippine case has clearly illustrated, a patrimonial state that permits oligarchic relations and interests to take over the bureaucratic systems generates a hunting ground for the unrestricted accumulation of personal wealth (Weber 1978). Creating a new constitutional framework that replicates a pre-Martial Law system without reforming the current economic arrangement is not only futile but is also counterintuitive to the goal of securing the country's development space. Neither regime change nor democratization has helped curb the oligarchs' influence over the state's political and economic affairs. Instead, the obvious indifference of the government to inoculate itself from oligarchic manipulation has only maintained and exacerbated the Philippines' imbalanced development.

Limits of Patrimonial Administrations

The Marcos Administration

Even the infamous episode of authoritarianism in the Philippines courtesy of Ferdinand Marcos failed to quash the elites' vice-like grip of the state. Instead of freeing the state from the shackles of oligarchic control, Marcos had simply regrouped the existing personal-clientelist networks in the country, and made himself the supreme patron. Through the establishment of political frameworks, the access to power at all levels became contingent on the patronage of the autocracy, and led to the elimination of

antagonistic and unserviceable sections (Quimpo 2009; Manacsa & Tan 2012). Neo-patrimonialism under the Marcos era had taken a new face by evolving into a highly personalistic, sultanistic regime.[28] Consequently, the goal of creating a strong state that had the capacity to put an end to oligarchic predation had once again been side-tracked (Quimpo 2009, 2014; Manacsa & Tan 2012). A critical part of Marcos' version of patronage politics was the replacement of the old oligarchy with a new one by creating opportunities and public positions for the latter group, while simultaneously discriminating against the former group. Notwithstanding his anti-oligarch rhetoric, Marcos developed his own personalized patronage system by sequestering the powers and possessions of his elite enemies and transferring them to his own cronies (Manacsa & Tan 2012; Hodder 2014). In other words, the authoritarian regime had simply reversed the position through which the new oligarchy could pillage the state from the inside rather than from the outside.

The Aquino Administration

The institution of a new Charter under Corazon Aquino's administration still failed to develop a strong, visionary state. Ironically, the re-democratization of the Philippine bureaucracy had simply led to the renaissance of the pre-Marcos patronage system (Manacsa & Tan 2012; Tusalem & Pe-Aguirre 2013). The post-People Power system had two crucial features that effectively stifled the genesis of a developmental state in the Philippines. First, the first-past-the-post approach to selecting the new president made it difficult to achieve a significant level of voters' support (Franco 2001; Teehankee 2002). Obtaining a mandate for vital national policies became unnecessarily strenuous and confounding. Second, the 1987 Constitution did not stimulate the establishment of ideology-based political parties with clear-cut programs designed to achieve a specific long-term vision for the Philippines (Teehankee 2002; Quimpo 2005, 2014). Instead, the new Constitution simply laid the groundwork for the bourgeoning of disposable political parties stripped of any moral aspirations to serve the interests of their respective constituencies.

Hence, the end of the Marcos dictatorship signalled not the beginning of a new Philippine political economy, but the refurbishing of the old oligarchy's apparatuses for bureaucratic exploitation. The reopening of political offices in the country's capital led to the manufacturing of parties that were designed to secure the dynastic interests of few oligarchic families (Gutierrez 1994). Not surprisingly, these newly developed parties

showed the usual symptoms of old patronage politics: that is, 'reliance on coalitions of local elite, non-ideological character and shifting membership' (Hutchcroft & Rocamora 2003, p. 278). Access to patronage has become the primary impetus for forming a party, thereby making the political process a mere bargaining tool for negotiating coalitions based on individual and/or group identities (Landé, 1969; Hutchcroft 1998). In addition, the existing three-year term for a number of local government posts has prevented the development of stable political alliances and policy continuity. Such a system reinforces the *balimbing* (i.e. turncoat) attitude that has come to characterize the culture underpinning Philippine politics (Manacsa & Tan 2012).

Aquino's administration also failed to formulate, ratify and enact two critical laws that could have repaired the Philippine political economy – the land reform programme and anti-dynasty law. On the one hand, traditional landed elites who were able to access the legislature had significantly delayed the progress on land reform issues due to the 'uneven application, slow adjudication of cases and the government's inability to finance the compensation to landlords as stipulated in law' (de Dios & Hutchcroft 2003, p. 52). On the other, influential political clans had also succeeded in blocking the bills that proposed constitutional banning of political dynasties, which led to the exploitation of the highest local and national electoral posts (Manacsa & Tan 2012; Tusalem & Pe-Aguirre 2013). Thus, it can be surmised that Aquino's ultimate legacy was, for better or worse, the replication of the pre-Martial Law Philippines. That said, the most jarring concern with such a myopic thinking was the utter disregard for behaviours and practices that gave birth to crushing patronage politics in the past. These problems explain why the elections since Marcos' demise have not resulted in the creation of a definitive electoral mandate that is necessary for institutionalizing and legitimizing a coherent and viable national agenda.

The Ramos Administration

Fidel Ramos (Aquino's anointed one and successor) initiated the 'Strong Republic' agenda to address the problems generated by political elitism (Villacorta 1994). Ramos understood how the oligarchs' excessive control of political power had engendered an economic order that enabled a very few influential families to extract wealth from the national economy with little or no limits (de Dios & Hutchcroft 2003). Unlike the government underpinned by a neo-patrimonial culture, the strong state

should be able to independently pursue national interests that are not solely contingent on the demands of a specific class or group. Under the former arrangement, there was no incentive to develop frameworks that promoted accountability and fair competition given that the loyalty of the ruling politicians was devoted to their own patronage. From Ramos' standpoint, a country that was attempting to build a strong state did not have to be authoritarian as long as the bureaucracy was professional, accountable, transparent and dedicated to securing the long-term national vision rather than short-term economic interests (Hutchcroft 2008; Manacsa & Tan 2012).

Central to the rise of a strong Philippine state is the emergence of revisionist political leaders that have resolved to keep the markets free from oligarch predation. However, politicians often discover that the adaptation to democratic practices is much easier than the transition to free market policies. Put differently, it is more problematic to organize markets than to organize elections (Lipset 1959; Diamond 1992). Politicians are compelled to rely on patron-client relationships, which invariably lead to larger public deficits and higher levels of corruption, thereby distorting incentives (Kerkvliet 1995; Hicken 2011). Since country's decision-makers themselves are guided by their own ideas of public good, the state cannot be expected to accommodate and transform polarizing social demands into public policies (Skocpol, 1979; 1985). Put bluntly, inclusive growth can only occur if the ruling elites want it, or more accurately, if inclusive growth endows them with greater power, otherwise, they will oppose it (Carney 1989; White 2015).

In the end, Ramos, just like his own patron Aquino, had failed to initiate key reforms that could have made the bureaucracy more resilient against patrimonialism. Left without a choice, Ramos embraced traditional political customs and practices in order to put forward his own political agenda (Manacsa &Tan 2012). Put differently, Ramos' *Strong Republic* vessel glided with the current of neo-patrimonialism (Villacorta 1994). As a consequence, the state remained powerless in harnessing the benefits of intensifying economic liberalization due to the absence of any critical institutional change in the system.

The Estrada Administration

The conditions surrounding the Philippine political economy deteriorated even further under the leadership of Joseph Estrada after winning the 1998 presidential elections. With 40.0% of the voters casting their

ballots in his favour, Estrada's pseudo-populist government had convincingly denounced the culture of oligarchic politics using his highly popular slogan, *Erap para sa Mahirap* (i.e. Erap for the Poor). Estrada vowed that under his leadership, no influential social entity – be it kinfolk or friends – will be given special privileges (Philippine Center for Investigative Journalism [PCIJ] 2003). Indeed, Estrada had been very successful in making the poor and marginalized sectors in the country believe that the 'president of the masses' had finally arrived, from their favourite local movie theatres to the Malacañang Palace.

Nonetheless, Estrada's huge popularity could neither cover up nor compensate for the country's terrible economic shape. Despite the administration's initial proclamations regarding the supposed insulation of decision-making processes from peripheral influences, Estrada had fell prey to the excessiveness and recklessness of oligarchic predators. Some of the peripheral actors that yielded considerable power over government affairs during Estrada's presidency were called the *padrinos* (i.e. intercessors). These *padrinos* were outsiders with close personal connections with the president either by blood or by social relations, and whose assistance and opinion had been discretely sought (Manacsa & Tan 2005, 2012). Their primary role (albeit unofficial) was to direct the president's attention to the needs of certain political actors in order to ensure that necessary actions were undertaken. Not surprisingly, Estrada's *padrino* system was heavily comprised of blood relatives and close friends who supported him during his campaigns (Manacsa & Tan 2005, 2012). Thus, despite the presence of institutionalized gatekeepers such as the Offices of the Executive Secretary (OES) and the Presidential Management Staff (PMS), the *padrinos* were able to successfully circumvent the government's policymaking procedures.

The *padrino* system was complemented by the *kumpadre* (i.e. buddy system) comprised of Estrada's closest friends and allies. Aside from his official cabinet members, Estrada's *kumpadres* served as his de facto advisers. This set up opened yet another backdoor entry for peripheral actors that enabled them to access government resources (Aquino 1998l; Manacsa & Tan 2012). Whereas the Department Secretaries comprised the official axis of power; the *kumpadres* constituted the informal bloc of political control over several aspects of the economy (e.g. business, computers and even legislative bills). This allowed some of the *kumpadres* who had no official function or role in the government to become the primary chiefs of certain policy areas. The culture had become so pervasive that at

one point Estrada's off-the-record advisers and consultants reached two hundred (Laquian &Laquian 2002).

This rather furtive policymaking environment inevitably ignited a clash between Estrada's formal and informal advisers. One-upmanship became the rule of the game in which the 'winners' were decided in terms of who succeeded at persuading or even bypassing the president (Manacsa & Tan 2005, 2012). Such a clandestine approach to decision-making perfectly complemented the culture of corruption that ultimately defined the Estrada administration. The structure of Estrada's policy regime made it virtually impossible to trace both the initiators of questionable transactions, and the officials accountable for their flawed executions. This acute disjuncture in Estrada's public policy management had further shrunk the country's development space.

In 2000 Estrada was impeached by the House of Representatives and was tried in the Senate for charges relating to state plunder, corruption and involvement in an illegal numbers game called *jueteng*. Ironically, these allegations came from one of Estrada's former *kumpadres* who accused him of the malversation of public funds. On 16 January 2001, Estrada was ousted from office by a civilian-military uprising known as the *EDSA Dos* (i.e. People Power II).[29] The following day, the Supreme Court declared that the seat of presidency was vacant and stated with finality that Estrada had constructively resigned from his post.

The Arroyo Administration

His then vice-president Gloria Macapagal-Arroyo (daughter of the country's ninth president, Diosdado Macapagal) replaced Estrada. Arroyo's regime was no more than a continuation of traditional clientelism in the Philippines characterized by methodical looting of government resources and rapid deterioration of public institutions. However, hers was not merely a trip back to the prowling years of the Marcos family. It was a period 'marked by the adjustment of predatory forces to global economic and political liberalization' (Quimpo 2009, p. 347). In the era of globalization, underhanded government transactions were pursued within the context of market economy logic 'to produce private goods for officials, their families and their cronies' (Diamond 2008, p. 42). Despite her promise to transform personality-based Philippine politics into a politics of party programs and sincere dialogues with ordinary citizens, Arroyo still ended up with the distinction of being one of the most corrupt Philippine presidents. In fact, according to a 2007 survey conducted by Pulse Asia,

42.0% of Filipinos believed that Arroyo was the most corrupt president in the history of the Philippines next to Marcos.

Just a few years into her presidency, a litany of corruption charges had been hurled against Arroyo, alongside family members, relatives and close friends.[30] Astonishingly, Arroyo had survived the imbroglio through her skilful exploitation of the country's patronage culture. Arroyo was able to adeptly consolidate the existing webs of patron-client relationships with the help of her executive powers (Hutchcroft 2008; Quimpo 2009). This gave rise to a predatory regime that further undermined the country's democratic institutions, which in turn, resulted in rigged elections; heightened repression; enfeebled rule of law; influx of unqualified political appointees; and enlarged military influence (Hutchcroft 2008; Quimpo 2009). Through the ideological homogenization of political parties, the politicians were able to switch alliances whenever it suited them. Although such an arrangement may be perceived as a problem, nevertheless, for many traditional politicians, it was this particular character of Philippine party system that nurtured and protected their predatory objectives (Hutchcroft & Rocamora 2003; Quimpo 2009).

Indeed, government institutions were the first casualties of Arroyo's destructive presidency. The justice system was reduced to a mechanism that suppressed popular dissent, while the military and the police acted like private armies of a mobster regime. Similarly, the Commission on Elections (COMELEC) became the playground for fixers, while bureaucracy in general became the schoolyard for politically inept state managers cheered on by the House of Representatives and the Senate. Predictably, the 'political termites' behind Arroyo's predatory regime were able to escape public accountability by chewing away at the government's check-and-balance mechanisms in order to erase all traces of improprieties and indiscretions.

The Aquino III Administration

Then came the incumbent President Benigno Simeon Aquino III. Prior to his election to office in 2010, many Filipinos doubted his capacity to lead the nation, let alone fulfil his campaign promise to end corruption. This cynicism had a strong basis considering his lacklustre performance both as a senator and as a three-term district representative. Considering the context which led to Aquino III's presidential victory (i.e. death of Philippine democracy icon, Corazon Aquino), many observers see him as a symbolic leader rather than a 'genuine' politician with a fervent desire and interest to turn the country upside-down. Nevertheless, in his six

years in the Palace, Aquino III has been able to pull off some surprises that only a few had seen coming. Much of these surprises relate to the country's economic performance the moment he was sworn to office. Since 2010, GDP growth under Aquino III averaged at 6.2% – a stunning achievement for a country that has for many years been considered the 'sick man of Asia' (Tupaz & Wagner 2015). More importantly, Aquino III has been largely credited for his efforts in addressing the issues of widespread corruption and political violence. His administration has chased to court high-ranking public officials (e.g. a former president, a chief justice and an ombudsman) involved in anomalous government transactions, and filed criminal charges against.[31]

However, despite his initial triumphs, the scandal over the misuse of public funds by some of the country's top officials and lawmakers has suddenly become the most crucial crisis that is now confronting Aquino III's government. The Priority Development Assistance Fund (PDAF) scandal, considered by many as the biggest fraud involving public funds in Philippine history, saw billions of pesos worth of government funds stolen by certain members of both the Senate and Congress. The scam involved the funding of ghost projects of implicated legislators and officials using the PDAF money. But while Aquino III may have been uncompromising in his crackdown of corrupt officials, however, patronage politics has continued to wield an overwhelming influence on his administration. The taming of oligarchic powers still seems far-fetched even under the Aquino III presidency. Despite the president's decision to abolish the PDAF amid strong public indignation over the scandal, however, he did not cut the amount of funds held at his discretion (David 2013; Tiglao 2013). This led critics to label this patronage-prone reserves as the 'President's pork barrel.' By doing so, the opposition is able to divert public outrage away from corrupt officials to the administration by depicting the president as the principal distributor of the pork barrel, and therefore, the one who is most guilty for perpetuating a rotten system (David 2013; Tiglao 2013).

If the May 2013 elections were to serve as any indication, the corruption of political dynasties in the country (led by the Binays, Estradas, Marcoses, Arroyos, Revillas and the Cayetanos) is bound to continue in the foreseeable future (Quimpo 2015). While some of these political dynasties have contracted, nonetheless, others have expanded as more family members come to the fore of Philippine politics. As such, Aquino III's reforms cannot be expected to have any long-term impact since they do not genuinely confront the very order that breeds and propagates oligarchic wealth and

power. In the end, it may just be another hiccup in the seemingly eternal life cycle of Philippine oligarchy.

Limits of Oligarch-Biased Development Policies

In its efforts to provide a general vision that will guide national development policies and objectives, the government has instituted the Philippine Development Plan. For the period 2011-2016, the twin problems of inadequate investment and human capital have been identified as the main culprits of existing economic and human inequities in the country.[32] The Plan's main economic thrust is clear-cut: stick to the globalization policies implemented over the past decades; widen privatization through Public-Private Partnerships (PPPs); and implement selective social protection programs (e.g. conditional cash transfers or CCTs). However, a closer inspection of the Plan' key components reveal serious problems that are likely to sustain, if not aggravate, the disproportionate level of development and economic security in the country.

First, the Plan is sorely lacking ingenuity in terms of innovative strategies that have the potential to generate inclusive growth (IBON 2011). The government's passive adherence to the free market philosophy prevents it from proactively and flexibly pursuing its own development agenda. Although recent figures showed an upward trend in terms of investments, exports and overall GDP, nevertheless, these numbers hardly translated to lower levels of poverty and inequality.[33] Critics have long argued that the government's blind devotion to free trade exposes its anachronistic view toward development policies (Bello 2004 2005; Malaluan 2011).

Unfortunately, the government's view of good governance is heavily influenced by the requirements of the free market. Put differently, the main rationale for improving Philippine governance and institutions is to bring down the costs and risks of doing business, rather than securing every Filipino's right to inclusive development (IBON 2011). This implies that the institutional reforms undertaken to address bureaucratic maladies such as graft and corruption, are directed toward the end of goal of attracting foreign direct investments, and not so much about improving public service and accountability. Such actions have led to accusations that the government's principal objective was to sell its national and human resources to foreign investors at a bargain price (Bello 2004, 2005; IBON 2011).

Second, the Plan prioritizes the establishment of an environment conducive to foreign investors over the formulation of a people-centric

development model that secures the general well-being of Filipinos (IBON 2011; Malaluan 2011). The government's circumvention of electorally costly albeit welfare enhancing policies (such as a more just and equitable distribution of wealth, assets and incomes) significantly undermines the credibility of its inclusive development rhetoric. The country's top officials and policymakers seem to be more concerned with the development of the business sector than the people themselves. Although this strategy may indeed improve the business climate, nevertheless, it does not necessarily result in favourable outcomes for the economy as a whole. Put differently, the government appears to favour foreign investments over local capital; private business profits over labourers' welfare; and landowners' claims over farmers' rights (Bello 2004, 2005; Malaluan 2011). This mindset aids in the systematic exploitation of the country's bureaucratic systems and resources by the ruling oligarchs. Equating private business success to social progress is a sign of government's rather thin view of economic development and security.

Third, the government's budgetary deficits provide another impetus for adopting a more intensive privatization scheme. To finance the proposed infrastructure programs included in the Plan, the government relies on public-private partnerships (PPP). The idea is that by using private funds to sponsor the construction, operation, and maintenance of public infrastructure and development projects, the government is able to cut down on its expenditures and debts. By doing so, the government is able redirect its scarce resources on projects that need more immediate attention. In effect, the responsibility of the government to create public goods and deliver basic social services is transferred to the private firms. Consequently, the government becomes heavily dependent on the capacity of private firms to generate even more profits from providing goods and services, and therefore, is fundamentally incompatible with ensuring universal access to quality public services (Hall 2015; IBON 2016). Furthermore, considering their higher levels of technical expertise, the private sector is also believed to enhance the efficiency and productivity of public projects. However, in reality, the private sector is not always immune from the inefficiencies that are commonly associated with government agencies. There are instances where contracts fail to provide the expected level of service, and may require additional financing, if not a complete bailout to rectify the problem (Hall 2015; IBON 2016).

Fourth, in efforts to cushion the effects of aggressive privatization, the Plan uses CCT as a smokescreen for the marginalizing impact of neoliberal

policies (IBON 2011; Reyes & Tabuga 2012). By enabling poor Filipino families to purchase basic health and education services from private suppliers, in essence, the CCT has become a central component of the privatization of social services. Critics argue that the government's groundless expansion of the program is not only expensive and unsustainable, but is also very much prone to corruption (Bello 2010; Comia 2010). The government is spending so much on projects that only provide band-aid solutions to the fundamental problems in the country while the necessary socio-economic restructurings (e.g. job creation on an economy-wide scale; higher wages and improved incomes; opportunities for Filipino agricultural and industrial producers; local technological progress and innovation; domestic capital accumulation; and greater equity) are continuously ignored (Bello 2010; IBON 2011; Malaluan 2011).

Fifth, and lastly, the Plan is designed to increase tax collections from poor workers while considerately shielding the rich from increased tax obligations (Quimpo 2009; IBON 2011). Rather than imposing direct taxes on high-income individuals and corporate profit, and indirect taxes on non-basic luxury goods and services, the government's strategy for addressing its deficit problems is through fiscal tightening vis-à-vis its development expenditures (e.g. welfare spending, social investments and public infrastructures). In doing so, the government is effectively shifting a huge part of the burden to lower-income groups, demanding higher taxes on essential goods, and larger fees for basic government services. It is worth-noting that the recent improvements in tax revenue collections have not come from a more efficient tax administration, but rather, on the implementation of the Reformed Value-Added Tax (RVAT) Act, and de facto tax liability from rising energy prices (IBON 2011; ADB 2012).

Thus, for the critics of the government's oligarch-friendly policies, the Plan's ultimate outcome is sustainable inequality rather than sustainable development. The primary recipients of expanding economic growth are the powerful elites who are able to side-track social-equalizing measures that cut into their personal wealth and fortunes. The elusiveness of the so-called trickle-down effects is due to the country's infantile national development strategy. The Plan's subconscious democratic biases prevent government leaders and policymakers from effectively formulating revolutionary development policies that can expand its shrinking development space amid the oligarchic factors that have permeated the Philippine political economy.

Limits of Patronage-Based Bureaucracy

Government efforts to expand the country's development space in a manner that enhances the level of economic security for all are also undermined by inefficiencies that are manifested in various aspects of the Philippine bureaucracy. First, the government's minimal spending on basic services has aggravated the conditions of poor Filipino households. For example, government expenditure on the health and education sectors as percentage of GDP between 1996 and 2006 declined by more than 50.0% (from 0.7% to 0.3%) and 36.0% (from 3.1% to 2.4%) respectively (Manasan 2009). Meanwhile, public spending on social protection has remained marginal over the years (0.8% in 2008) and was mainly limited to food subsidy which accounted for 73.0% (Manasan 2009; NAPC 2010). These figures are substantially lower than the averages found in other Southeast Asian (1.5%) and South American (3.0%) countries during the same period (NAPC 2010; Ofreneo et al. 2012).

Second, the government also suffers from weak and fragmented social protection mechanisms. In general, social protection in the country has a very narrow range of beneficiaries primarily due to financial constraints. As a result, most of the existing initiatives are only able to cater to a small percentage of the population that requires assistance. The poor and informal sectors have the least access to basic services due to a lack of leverage over decision-making processes carried out by local leaders and various service providers (NAPC 2010). The incapacity of the poor sector to actively engage with government agencies in policy dialogue has undermined the core objectives of these projects. Thus, improving the participatory mechanisms that are available to the poor is a crucial step toward effective engagements with public officials (NAPC 2010; Ofreneo et al. 2012). The presence of many disparate and uncoordinated temporary employment programs does very little in improving social protection in the Philippines.

Third, the government also faces difficulties in properly targeting, monitoring and assessing its development programs due to inferior policy designs; mediocre management systems; and the asymmetry of information. For instance, only 25.0% of the total poor population benefited from a rice subsidy program launched by the government, while subsidies for tertiary education and housing mainly benefited those in the high income brackets (NAPC 2010). In addition, many of these programs were incompetently monitored and evaluated by the same implementing agencies (Ofreneo et al. 2012). Not surprisingly, agency officials have lost

the necessary motivations and the incentives for carefully reviewing the effectiveness and efficiency of their programs.

Fourth, and lastly, the government is beset by weak institutional capacity that breeds and feeds corruption. In any country characterized by institutionalized corruption such as the Philippines, its integrity pillars (i.e. the judiciary and the executive; the police and the press) are constantly being compromised (Hutchcroft & Rocamora 2003; Yap 2011). In the 2014 Corruption Perception Index (CPI), the Philippines scored 35/100 and was ranked 85th out of 175 countries that were surveyed.[34] Moreover, the 2014 Global Competitiveness Report (GCR) revealed that Philippines' corruption results in insecure property rights; diversion of public funds; low public trust of politicians; and burden of government regulation.[35] In short, corruption has been ingrained deep within the national culture and as consequence has become a trademark of the Philippine bureaucracy.

These bureaucratic inefficiencies highlight the severe democratic deficit, defined as 'the enormous need for responding to pent-up demands and pressures from below, as well as the incapacity of the country's democratic institutions to do so with any degree of effectiveness' (Hutchcroft & Rocamora 2003, pp. 259-260). This democratic deficit largely emanates from the patronage-based bureaucracy that has retarded the development of more effective and cohesive party system that will push for the aggregate instead of particularistic interests of the nation (McCoy 1993; Hutchcroft & Rocamora 2003; Manacsa & Tan 2005). Indeed, the Philippine democracy has stunningly failed in giving the marginalized and the disadvantaged a voice that they can use to challenge the highly inequitable socio-economic structures.

To reclaim this voice, institutional reforms with respect to the Philippine representational and electoral systems will have to be implemented in order to overhaul the country's bastardized democracy (Eaton 2003; Hutchcroft & Rocamora 2003). By creating stronger political parties, the citizens' genuine demands and interests can be delivered more efficiently and effectively. Without which, the country's democratic institutions and structures will never be free from the narrow, self-serving wishes and impulses of the ruling patrons and oligarchs. By replacing patronage politics with programmatic politics, the Philippine bureaucracy becomes more receptive and responsive to collective pressures, thereby making democracy a truly public, non-rival good that benefits the general citizenry.

Conclusions

National security in the Philippines is primarily rooted in the government's capacity to facilitate a proportional level of economic development, which in turn, minimizes the imbalanced level of economic security. However, the ability of the very few yet very powerful Filipino elites to transform the country into an archipelago of oligarchies or 'oligarchipelago' highlights the deeply entrenched oligarchic system and patrimonial culture that have come to define and shape the Philippine political economy for centuries. The overwhelming primacy of the oligarchies underscores the softness of the Philippine state and the weakness of its democracy. This arrangement has inevitably resulted in structural poverty and institutionalized inequality that continues to plague the huge majority of Philippine society.

Although oligarchy and patrimonialism do not necessarily facilitate conditions that lead to political and economic marginalization, nevertheless, their presence has enabled the patrons and the oligarchs to penetrate virtually all corners of Philippine polity. Under such conditions, political offices, elected politicians and economic policies have been consolidated to promote and secure the interests not of the national government but those of the national oligarchy. Consequently, the adoption of neoliberal policies, particularly with respect to free trade, has not given rise to a competitive liberal economy in the Philippines. Domestic markets that have been borne out of the country's aggressive liberalization initiatives are installed and controlled by few oligarchic families. The erosion of state capitalism has paved the way for the emergence of oligarchic capitalism comprised of small cartels of political and economic elites. Such an arrangement dilutes the state's infrastructural power as bureaucratic institutions are gradually subsumed within the much larger and more potent patronage system and oligarchic culture.

Not surprisingly, the oligarchs have strategically utilized country's ineffective trade mechanisms to maximize their economic wealth and political power despite their adverse effects on poverty and inequality conditions. Furthermore, by blocking the proposals for social-equalizing policies that curtail oligarchic wealth, the wealth of the nation is perpetually entrapped within the elite strata of the society. Obviously, this systemic culture of oligarchism and patrimonialism runs in direct contrast with the government's people-centric national security model that emphasizes equitable and inclusive development and security. But without an effective countervailing force to check and balance the system and the culture that it breeds

(or vice versa), the government is bent to adopt policies that will enhance and preserve its patrons' interests at the expense of everyone else.

Where political institutions are frail, differences in leadership styles and methods can have enormous effects on political outcomes. The five presidents that came after Marcos revealed significant variations with respect to the image and quality of their respective administrations. Aquino was, for better or worse, a 'throwback' president whose primary agenda was the regeneration of the old oligarchy to restore elite-driven institutions that were sabotaged by her despotic predecessor.[36] Ramos was a military royalty who bowed down in front of his patrons to negotiate for his watered-down economic reforms.[37] Estrada was a charismatic actor who misread the role of Robin Hood as he went to pillage the nation's coffers only to redistribute it among his kinfolk and friends.[38] Arroyo was the wilful presidential daughter whose mastery of economic philosophy enabled her to efficiently plunder the government resources.[39] Lastly, Aquino III is the acquiescent son whose unforeseen rise to the presidency has inspired dreams for a new *belle époque* in the Philippines, if only he can compromise his oligarchic roots and upbringing. Thus, the government's attempts at linking its humanist security interests and trade activities have not only preserved the uneven development and economic insecurity in the country, but have also reinforced the debilitating oligarchic system and patronage culture that withstood three waves of colonization. The Philippine case is a vivid illustration of how state power can be transmogrified into a powerful device that gives birth to an oligarchipelago – where Filipino oligarchs and patrons run wild and free.

Notes

1. During the 1950s and 1960s, the Philippines was the best performing in the whole Southeast Asia. However, the country's economy was gradually overtaken by Thailand and Taiwan in the 1970s. And by 1990s, both China and Indonesia had already outperformed the Philippines. See, World Bank website, http://data.worldbank.org/indicator.
2. The type of material power that is being concentrated here is based on enforced claims or rights to property or wealth; whereas the type of political power is being dispersed is based on rights, procedures and level of popular participation. See, Winters (2011).
3. See, National Security Council (NSC) website, http://www.nsc.gov.ph/index.php/national-security-policy-2011-2016.

4. Excerpts from the author's interview with Ms Carmina Acuna on 25 January 2013 in Quezon City, Philippines.
5. Excerpts from the author's interview with Dr Ramon Clarete on 1 7 Janaury 2013 in Quezon City, Philippines.
6. See, Social Weather Station website, http://www.sws.org.ph/.
7. Ibid.
8. See, World Bank website, http://data.worldbank.org/indicator/SI.POV.GINI.
9. The growth elasticity of poverty reduction is measured by how much poverty incidence is reduced for every 1.0% increase in GDP growth. See, National Anti-Poverty Commission's (NAPC) website, http://www.napc.gov.ph/.
10. These policies and reforms are embodied in a number of initiatives or programs implemented since 1986, namely: trade liberalization, tariff reduction and accession to the WTO; fiscal consolidation and tax reform; creation of an independent central bank with inflation targeting as a key policy tool; privatization of several government owned and -controlled corporations; power sector restructuring and reform; comprehensive agrarian reform; banking sector reform and capital market development; devolution of public services delivery to local government units; and declaration of poverty reduction as the overarching development goal and commitment to social programs for poverty alleviation and achieving MDGs. See, National Economic Development Authority's (NEDA) website, http://www.neda.gov.ph/plans-policies/.
11. See, Appendix 3 for list of Philippines' FTAs.
12. See, World Trade Organization (WTO) website, https://www.wto.org/english/res_e/statis_e/its2015_e/its15_toc_e.htm.
13. Based on the computations of the Philippine Statistics Authority (PSA), this comprised a total export receipt of US$52.170 billion or 84.0% of the total exports and total import bill of $45.975 billion or 69.7% of the total imports. See, PSA website, https://psa.gov.ph/content/foreign-trade-statistics-philippines-2014.
14. Ibid.
15. Asia Regional Integration Center's (ARIC) website, https://aric.adb.org/fta-country.
16. See, WTO website, https://www.wto.org/english/tratop_e/tpr_e/tp361_e.htm.
17. Ibid.

18. See, for example, Rodrik (1998); Chang (2002, 2007); & Stiglitz (2002).
19. See, Philippine Tariff Commission (PTC) website, http://www.tariffcommission.gov.ph/previous-website/tariff1.html.
20. During this period, the manufacturing sector registered the highest reduction in tariffs from 27.0% to 19.0% by 1995. In comparison, tariff rates in the agriculture culture dropped from 38.0% to 28.0%. The relatively moderate decrease in agricultural tariffs was due to the continued protection afforded to sensitive agricultural products which retained a 50.0% tariff rate. See, PTC website.
21. The average tariffs for the agricultural sector under Phase 3 were consistently above the overall tariff average. This reflected the higher tariff protection given to sensitive agricultural products.
22. The Effective Protection Rate (EPR) is defined as the percentage excess of domestic value added, made possible by the imposition of tariffs and other protective measures on the product and its inputs, over world market value added. These estimates are generally used to provide information on the amount of government-provided protection that an industry receives.
23. See, World Bank website, http://data.worldbank.org/indicator/NY.GDP.PCAP.CD.
24. From a 66.0% increase in real per capita GDP between 1960 and 1980, growth rate in the Philippines had plunged to -1.0% in the period 1980–2000 (i.e. a decrease of 67.0%). See, Lim & Bautista (2002).
25. Excerpts from the author's interview with Dr Ramon Clarete on 1 7 Janaury 2013 in Quezon City, Philippines.
26. The term 'golden straitjacket' was used by Friedman (1999: 105) to refer to a set of one-size-fits-all neoliberal policies which (according to him) a country needs to adopt to succeed in the new global economy.
27. Excerpts from author's interview with Dr. Clarita Carlos (President, Center for Asia-Pacific Studies) on 12 January 2013 in Quezon City, Philippines.
28. Sultanistic regimes are defined authoritarian and based on personal ideology and personal favour to maintain the autocrat in power. As such, there is little ideological basis for the rule except personal power. See, Chehabi & Linz (1998).
29. For in-depth discussions on People Power II, see, Landé (2001); Hedman (2006); & Hutchcroft (2008).

30. Among these were the P260-million Jose Pidal bank accounts; the P728-million fertilizer scam; the P2.5-billion poll computerization contract; the North Rail and South Rail; and the $329-million NBN-ZTE deal. However, the most controversial of all was the 'Hello Garci' scandal (i.e. wiretapped conversations between Arroyo and then Commission on Elections Commissioner, Virgilio 'Garci' Garcillano) in June 2005. On 24 February 2006, Arroyo declared a seven-day state of national emergency by virtue of Proclamation No. 1017. See, Hutchcroft (2008); & Quimpo (2009).
31. Among Aquino III's biggest catch was Arroyo herself who was charged with electoral sabotage and plunder, but was only placed under hospital arrest in 2011. He also succeeded in ejecting key Arroyo appointees perceived to be negligent in handling corruption cases filed against powerful officials, including former Ombudsman, Merceditas Gutierrez who resigned in April 2011; and former Supreme Court Chief Justice, Renato Corona who was impeached in December 2011.
32. See, NEDA website, http://www.neda.gov.ph/2013/10/21/philippine-development-plan-2011-2016/.
33. See, National Statistics Office (NSO) website, http://www.nscb.gov.ph/poverty/.
34. See, Transparency International website, http://www.transparency.org/country#PHL.
35. See, World Economic Forum (WEF) website, http://www.weforum.org/reports/global-competitiveness-report-2014-2015.
36. Based on Hutchroft's (2008) characterization of the past five Philippine presidents after Marcos.
37. Ibid.
38. Ibid.
39. Ibid.

CHAPTER 6

Trading in Bias: Investigating Malaysia's Humanist Linkages

Malaysia's Shrinking Diversity Space and Trade Activities

The country's march toward a multi-ethnic nation building has been severely undermined by enduring structural divisions, which for the longest time have separated the *Bumiputeras* (i.e. native Muslim Malays) from the non-*Bumiputeras* (i.e. Chinese, Indians and non-Malay indigenous groups). The aggressive promotion of the *Bumiputera* identity as the basis of Malaysian nationalism has resulted in the shrinking of the country's diversity space. The term 'diversity space' refers to the capacity of all ethnic groups to participate freely in Malaysia's political and economic affairs. Despite Malaysia's great ethnic diversity, its national security policies and strategies remain heavily biased in favour of the Malays. In fact, Article 153 of the Malaysian Constitution states that:

> It shall be the responsibility of the Yang di-Pertuan Agong (King of Malaysia) to safeguard the special position of the Malays and natives of any of the States of Sabah and Sarawak and the legitimate interests of other communities in accordance with the provisions of this Article.[1]

Clearly, the Constitution provides a strong legal basis and justification for granting the Malays exclusive rights and privileges which cannot be extended to other ethnic groups.[2] This stems from a widespread belief among the native Malays that the Chinese and the Indians are seizing what

M.I. Magcamit, *Small Powers and Trading Security*,
DOI 10.1007/978-3-319-38815-1_6

should have been their legal birth rights (Abdullah 1997; Omar 2003; Lee 2005). To 'rectify' the problem, specific provisions in the Constitution have been made (specifically, Article 153) to redistribute opportunities to the Malays, on the one hand; and limit the growing wealth and influence of the non-Malays to a level that does not threaten the security of the Malays, on the other. Such an arrangement induces a domestic security dilemma or the condition in which Malay security becomes inversely proportional to non-Malay security. Put differently, Malay security effectively requires non-Malay insecurity.

The presence of this dilemma can be explained by how Malaysia's national security is defined and conceived in terms of Malay ethnic identity. For as long as the constitutional framework that legitimizes a *Bumiputera-centric* state is sustained, de-ethnicizing Malaysian security is unlikely. However, the *Barisan Nasional* (Malaysia's perpetually ruling regime that is also perpetually run by the United Malays National Organisation or UMNO) has implemented ideational and material security apparatuses designed to expand the Malays' dominion space rather than the diversity space available for all Malaysian ethnic groups. By doing so, the *Barisan* regime has become synonymous with the whole Malaysian state. And in the process, the broad objective of promoting Malay interests has been reduced to the narrow objective of securing the *Barisan's* political perpetuity using the pretexts of inter-ethnic unity, harmony and equality.

The government's bold gamble with economic liberalism, particularly with respect to free trade, has resulted in Malaysia's robust economic growth and development (Athukorala 2005; Nelson et al. 2008; Tham 2008). Malaysia's commitment to various trade activities has played a key role in its remarkable economic transformation throughout its history. The country's open trade policy regime is generally acknowledged as the main driver behind Malaysia's success in harnessing the opportunities and the trickle down effects generated by intensifying economic interdependence. No other country in Southeast Asia except for Singapore has had a long-standing commitment to maintaining relatively low trade and investment barriers.[3] Indeed, Malaysia's export-led growth has generated positive outcomes particularly with respect to domestic levels of poverty and unemployment. However, the government has argued that such results were not sufficient for creating a more equitable multi-ethnic society that is vital for national security and stability (Gomez & Jomo 1997; Nathan 1998). Accordingly, a number of affirmative action policies (AAPs) have been introduced since the 1970s, in the hope of promoting a

'fairer' redistribution of wealth and resources among the ethnic groups in Malaysia. This would ensure that the fruits of Malaysia's economic progress will also reach the marginalized societies, specifically the *Bumiputeras* (Faaland et al. 1990; Gomez & Jomo 1997; Nathan 1998).

As such, the UMNO-led government insists that the AAPs are not zero-sum strategies that systematically exploit the non-Malays. On the contrary, they are vital instruments of Malaysia's socio-economic restructuring that is intended to bridge the disparities in income, wealth and occupation between the *Bumiputeras* and non-*Bumiputeras* (Lim 1985; Abdullah 1997; Jomo 2004). For the Malay-dominated *Barisan*, affirmative policies do not only make economic sense but should also be morally acceptable for everyone as they are a means of carving out a space for the impoverished and powerless 'sons of the soil.'

However, behind this noble façade lie the *Barisan's* deep-seated interests that must be protected at all cost. This explains why despite the various problems generated by the affirmative policies, the UMNO and the *Barisan* continue to endorse them as they now serve as bargaining chips for maintaining their political support base. Thus, rather than promoting a genuine form of diversity and equality, the AAPs have been legislated and institutionalized to secure and maintain *Bumiputeras'* votes. In essence, these affirmative actions by the *Barisan* government are not simply driven by its vision to build a diverse albeit cohesive and harmonious Malaysia. Instead, they have been carefully designed to sustain the political appeal of the ruling party and coalition by rewarding the Malays with constitutionally-guaranteed preferential treatment. This way, the UMNO and the *Barisan* are able to effectively secure their political legitimacy and perpetuity, thus further undermining Malaysia's already fragile diversity space.

Domestic Security Dilemma and Malaysia's Humanist Linkages

The concept of '*Bumiputraism*' has become an exploitative device employed mainly to address the insecurities confronting Malay *Bumiputeras* by promoting their ethnic interests regardless of their implications for the other groups (Ibrahim 2012; Welsh 2013). Notwithstanding the current government's 'One Malaysia' rhetoric, Malaysian security is virtually defined in terms of Malay security. Any threat that destabilizes the status quo is considered a threat to national security regardless of its implications for

the non-Malay population. The outcome is a domestic security dilemma – a scenario in which the *Bumiputeras* relative security inevitably requires the relative insecurity of the non-*Bumiputeras*. The root of this dilemma can be traced back to the early stages of Malaysian nation building. In Malaysia's case, the state emerged at approximately the same time as the ruling political coalition, and developed prior to the establishment of the nation (Gomez & Jomo 1997; Nathan 1998; Crump 2007). Naturally, the state's political institutions and electoral machineries have become extensions of the coalition to the point that the *Barisan* has now come to be viewed as a proxy for the whole Malaysian state (Nathan 1998). This enables the *Barisan* to take full and exclusive control of Malaysia's security rhetoric and agenda. Not surprisingly, the coalition leaders have defined national security in terms of the *Barisan's* continued political supremacy. As Bridget Welsh (Senior Research Associate, Center for East Asia Democratic Studies) argues:

> The Prime Minister and his office is the primary referent of national security in Malaysia. And the failure to maintain his position is the main 'threat' to national security. Malaysia's security remains primarily focuses on domestic issues. This is indicative of allocation in the police force, with a focus on maintaining UMNO in political power. Resources are heavily skewed to protecting those in power.[4]

Interestingly, even Malaysia's former name – Malaya – was an allusion to the supposed 'Malayness' of the *tanah Melayu* or the 'Malay land' (Nathan 1998). Clearly, the racial ascription of territories was a vital component of Malaysian nation building, specifically during its formative years. In fact, the constitutional bedrock underpinning the Malayan state was anchored in the sacrosanct role of the nine Malay sultans who also supervised the administration of Islam within their respective states (Roff 2003; Shamsul 2003). In effect, the sultans served as legitimizing actors in institutionalizing the Malays' supreme position. To further establish the 'Malayness' of the 'Malay land', *Bahasa Melayu* was elected as Malaysia's national language (Nathan 1998; Humphreys 2010). More importantly, Islam was also proclaimed the country's official religion, and cannot be questioned under any circumstance.[5]

Such institutional biases are not only discriminatory toward the Chinese and Indian-Malaysians, but even to the 'othered' *Bumiputeras*, that is, the non-Malay and non-Muslim indigenous groups in the Sabah and Sarawak

regions. While the Constitution explicitly states the special position of this particular group of people, nonetheless, their ethnicity and religion have prevented them from accessing the same rights and privileges available to Muslim and Malay *Bumiputeras*. In both Sabah and Sarawak, the indigenous leaders have referred to themselves as the '*Bumiputera* minorities' to emphasize their 'othered' status (Ibrahim 2012). The stark contrast between the federal discourse espoused by the Malay *Bumiputeras* and the regional discourse held by the othered *Bumiputeras* highlights the cracks within the Malay communities. As such, ethnic minorities tend to be more critical of the regime than do most Malay *Bumiputeras*, and show less support for the *Barisan* (Chang et al. 2013).

From the foregoing, it can be inferred that the perceived strength of the ethnic Malays largely rests on the relative politico-economic and sociocultural weakness of other ethnicities in Malaysia. Other observers have even went as far as suggesting that regime hard-liners in Malaysia, 'fan nationalistic fervour and ethnic tensions in order to hold on to power' (Chang et al. 2013, p. 152). Given that the country's political axioms are essentially Malay in derivation and progression, the idea of Malaysian nation-state is reduced to a mere political expression. In effect, the monarchy, religion and language are merged together to buttress the Malay ethnicity, which for the *Barisan* is *de rigueur* to the creation of 'One Malaysia', along with the security policies and strategies necessary to sustain it.

Trading in Bias: Linking Malaysia's Humanist Security Interests and Trade[6]

Fuelling Bumiputera *Affirmation*

During the early stages of Malaysia's quest for a developed nation status, the government had carefully utilized trade policies to intervene in the domestic economy and promote specific sectors which were dominated by the Malays. The government insisted that a certain degree of market intervention was critical to the development of a *Bumiputera* business class despite the efficiencies that could arise from the misallocation of resources and rent-seeking behaviours (Athukorala 2005; Tham 2008). Nevertheless, over the decades, the country's trade policies and strategies have gradually evolved and can be grouped into four phases. Phase 1 (1957–1970) adopted import substitution to promote the growth of local firms that produced simple consumer goods; Phase 2 (1970–1980)

embraced export-oriented industrialization policies which led to the creation of free trade zones that gradually reduced tariffs; Phase 3 (1980 to 1985) initiated a second round of import-substitution policies for heavy industries which resulted in an increased average protection rate of 70.0% in the early 1980s from 25.0% in the early 1960s; and Phase 4 (1985 to present) introduced structural adjustment programmes that led to substantial tariff reductions and removal of quantitative restrictions.[7]

Indeed, the transformation of Malaysia's trade regime has been nothing short of remarkable. To fulfil its Vision 2020,[8] the country's top policy elites have increasingly called for a limited state role vis-à-vis economic governance by pushing for intensified trade and investment liberalization; elimination of distortive price control mechanisms; regulatory reforms at all government levels; and privatization of government-linked and controlled companies. In response, the Malaysian government formulated two key strategies: the Economic Transformation Programme (ETP), and the Government and the Transformation Programme (GTP).[9] Together, they highlight the importance of stimulating a private sector led growth and ensuring the full assimilation of Malaysian firms within global value chains. To do so, the government has focused its efforts in drawing more investments and fostering greater competition to drive national productivity and innovation, which in turn, cultivates local skills. This will enable the country to specialize in higher value-added and knowledge-intensive production activities (Athukorala 2005; Tham 2008).

At the multilateral level, Malaysia plays an active role by granting MFN (i.e. most favoured nation) treatment to all WTO members and supporting the negotiations for the Doha Development Agenda (DDA). In addition, the government had also received Generalized System of Preferences (GSP) from several WTO members through non-reciprocal preferential treatment (e.g. zero or low duties on imports) on products originating from developing countries including Malaysia.[10] However, at the regional level, Malaysia had initially been reluctant to participate in the burgeoning preferential trade activities in East Asia. For example, Singapore's announcement of its bilateral FTA plan with Japan in 1999 was severely criticized by the Malaysian government due to its potential impact on East Asian regionalism. The plan, according to the Mahathir would not only undermine the general cohesion of regional economic relations, but would also prevent the establishment of the East Asian Economic Grouping (EAEG). The said grouping (which was subsequently renamed as the East Asian Economic Caucus or EAEC) was proposed by Mahathir

in 1990 as a response against the ASEAN's integration into the APEC.[11] Moreover, by signing individual bilateral trade deals, Malaysia had also warned other ASEAN members about the possible creation of a 'back-door' entry for third parties in the region (Athukorala 2005; Tham 2008). Nevertheless, a few years after the ratification of the Japan-Singapore Economic Agreement for a New-Age Partnership (JSEPA) in 2002, Malaysia started to bandwagon.

The government began negotiating its own preferential agreements with different countries in efforts to address the diminishing competitiveness of Malaysian exports due to preferential treatments provided to its competitors via bilateral FTAs.[12] As of 2016, Malaysia's trade networks constitute a total of sixteen minilateral (nine) and bilateral (seven) FTAs.[13] In addition to these, Malaysia is also currently negotiating five new FTAs with regional and trans-regional partners.[14] Notable among these is the Regional Comprehensive Economic Partnership (RCEP) which is viewed as an alternative version of the Trans-Pacific Partnership (TPP) Agreement signed in February 2016.[15] Lastly, Malaysia has also actively participated in various APEC trade and investment-related initiatives such as the Second Trade Facilitation Action Plan (TFAP II), the Bogor Goals Assessment and the Supply Chain Connectivity Framework. Aside from their expected economic benefits, the *Barisan* officials have soon realized the politico-strategic value of developing and engaging in various preferential FTAs. As Welsh posits:

> These trade agreements serve two implicit roles with respect to the *Barisan*. First, they buttress alliance relationships that shore up the external legitimacy of the premier and his party. And second, they enhance the country's economic performance which shores up the premier by portraying national benefits as his own accomplishments.[16]

Indeed, through intensive trade liberalization and creation of foreign direct investments (FDI), Malaysia has transitioned from being a raw material producer to manufacturing-based economy. According to its 2012 Trade Policy Review (TPR), Malaysia's agriculture's share of GDP dropped to 10.1% (from 24.5% in 1975), while manufacturing's share rose to 24.2% (from 15.3% in 1975). However, throughout this period, the service sector has been the chief contributor, comprising 50.4% of the 2012 GDP. Given the shifting patterns and changing nature of domestic production, the respective shares of each sector vis-à-vis total employment

have also changed. Between 1975 and 20102, the agriculture's share of total employment diminished to 11.1% from 40.0%, whereas manufacturing's share rose to 28.9% from 15.0%. Meanwhile, in 2012, the service sector's share in total employment has been estimated at 53.5%.

However, prior to this transition, Malaysia's manufacturing sector was comprised mainly of small enterprises. The lack of job opportunities amid a rapidly increasing population naturally resulted in high levels of unemployment, which subsequently led to racial riots in 1969. The events compelled the government to adopt structural adjustment policies (i.e. affirmative action policies) that would help overcome the identification of ethnicity with a particular economic function (Abdullah 1997; Gomez & Jomo 1997; Hilley 2001). To do this, Malaysia focused its attention on developing manufacturing industries by establishing industrial estates in selected centres all over the country where local and foreign investors could put up their facilities. The government then created a list of prospective 'winners' that would complement Malaysia's macroeconomic targets, including automotive, shipbuilding, iron and steel (UNDP Malaysia 2006; WTO-TPR 2006).

Unfortunately, Malaysia has had limited success in terms of producing globally competitive export products due to the lack of clear winners from these industries (Tham 2008; UNDP Malaysia 2006). Despite this, the country's experiment with export-led market generated substantial economic growth. In the 1970s, Malaysia registered an average growth rate of 7.5%, dropped to 5.8% in the 1980s, and rose again to 7.1% in the 1990s.[17] In the aftermath of the Asian financial crisis, GDP growth plunged to recessionary levels. However, unlike some of affected countries, Malaysia did not seek IMF assistance to deal with the crisis. After initially adopting traditional austerity measures, the government decided to implement non-orthodox measures that were harshly criticized by the international community as they contradicted the IMF's standard remedies (Embong 2008; Ragayah 2008). For example, in mid-1998, the National Economic Action Council (NEAC) directed the government to expand its fiscal and monetary policies, impose capital controls and peg the Ringgit at RM3.8 per dollar (UNDP Malaysia 2006). Although no other country in the region had adopted these measures, Malaysia's 6.4% per capita GDP growth in 2000s underlined its relative success.[18]

Since then, Malaysia's economy has been recovering at a moderate rate of 4.7%. Despite the downward trend in Malaysia's economic growth, the government's industrialization initiatives have curbed national

unemployment levels, particularly in the urban areas, which helped improve poverty conditions. In the 1970s, 21.0% of the urban population were living below the poverty line. Forty-four years later, urban poverty has declined to 1.0%. In rural regions, poverty level was reduced from 59.0% in 1970 to 3.4% in 2012. To this extent, it can be inferred that Malaysia's exposure to the forces of globalization has not completely eroded its sovereign autonomy vis-à-vis the application of non-conventional and anti-one-size-fits-all policies (Meerman 2008; Nelson 2008; Ragayah 2008). Given the *Barisan's* relatively insulated and independent policy space, it is not surprising, why and how racially-informed affirmative actions have come to emerge and define Malaysian polity.

Affirmative Policies in Action: A Blessing or A Curse?

As far as the ruling party and regime are concerned, maintaining positive growth via free trade has been a necessary precondition for securing and enhancing the primary referent of Malaysia's national security: a fragile diversity space that provides little to no space for the *Bumiputeras*. While other developing countries are still trying to figure out how to tame the forces of economic liberalization to work in their favour, Malaysia is already instilling and nurturing a 'first-class mentality' among its citizens. To do so, the Malaysian government has staunchly undertaken affirmative policies which have been deemed crucial for ensuring a more equitable distribution of national wealth. Despite the negative externalities induced by these affirmative policies, the *Barisan's* vision of developing a *Bumiputera* commercial and industrial class has somehow materialized. The government firmly believes that this social- engineering project has enabled Malaysia's much-needed structural transformation by developing the Malays' physical capabilities but also their mental psyche. For the *Barisan* officials, these results, as well as the relative domestic stability that such policies are thought to create, cancel out the high costs of Malay affirmation. As Azizuddin claims:

> The economic strategies adopted, from heavy industrialisation to trade liberalisation, were and still are race-based. Political parties have always played the race card. To some extent, this has reinforced the post-immigrant syndrome common among Chinese and Indian-Malaysians. Because of this the idea of constructive engagement has had limited impacts on the development of mutual confidence among ethnic groups in Malaysia. Policies are structured

> top-down instead of a bottom-up approach… Although the government has already done a lot for the people, particularly the Malays, nevertheless, the social contract of genuine ethnic equality must still be fulfilled.[19]

However, as will be shown in the succeeding discussions and analyses of Malaysia's affirmative actions, the noble objective of protecting the *Bumiputeras'* interests is reduced to the narrow pursuit of preserving the *Barisan's* political supremacy under the pretext of securing Malaysia's diversity space.

New Economic Policy (1970-1990): Economy for Whom?

In the aftermath of violent racial riots that took place in 1969, one of the key strategies employed by the *Barisan* regime to address the vulnerability and insecurity felt by the Malays was the adoption of an affirmative action program called the New Economic Policy (NEP). The overarching goal of the NEP was the establishment of a domestic arrangement in which individual Malaysians (specifically the Malays) found self-fulfilment within a system that provided for proportional participation, management and control in the economic life of the nation.[20] This vision was to be achieved through rapid economic expansion that would allow the non-Malay share of the economic pie to decrease, while permitting the growth of non-Malay business interests in absolute terms.[21] Such form of redistributive strategy was deemed necessary by the *Barisan* in eradicating Malay poverty and abolishing the identification of ethnicities with specific economic functions that had been the crux of vicious racial outbreaks the country (Faaland et al. 1990; Gomez 2004, 2007).

To entrench the *Bumiputeras'* dominance and control of the Malaysian political economy, the NEP was implemented and sustained for two decades. For the most ardent proponents of the NEP, the program was a huge success: the *Bumiputeras'* share of national wealth increased from 4.0% to 20.0% per capita GNP; absolute poverty was reduced to 6.8% from 50.0%; and the *Bumiputeras'* market share expanded from 2.0% to 20.0% (Jomo 2004; Lee 2011). Such figures and statistics have often been questioned and challenged by some critics and members of the opposition groups. They argue that in terms of wealth redistribution, the results proved to be inconclusive at best (Aziz 2012; Lee 2011; Gomez & Saravanamuttu 2012). For example, while Malaysia's Gini index fell from 51.3 in 1970 to 44.6 in 1997, nonetheless during the same period, 70.2% of the total households in the bottom 40.0% income group were

Bumiputeras, whereas 62.7% in the top 20.0% were non-*Bumiputeras* (Lee 2011; Gomez & Saravanamuttu 2012). In addition, intra-ethnic income inequalities had also noticeably increased, particularly within the *Bumiputera* communities (Lee 2011; Aziz 2012). Yet despite the NEP's marginal effects on inequality conditions, for the *Barisan* officials, there is little doubt that the *Bumiputeras* are now in a much better position than they were in 1969 (Crouch 2001). The NEP's architects have underscored the fact that Malaysia has not since experienced any race-related revolt similar to those in 1969 when the *Bumiputeras* felt the most vulnerable and insecure (Nathan 1998; Mandal 2004; Gomez 2004). In short, the *Barisan* government has been quick to assert that the social-equalizing impact of the NEP justified its adoption of ethnic-based economic restructuring (Nelson et al. 2008; Gomez & Saravanamuttu 2012).

But soon, the broader goal of developing the *Bumiputeras'* assets has shifted to a much narrower goal of creating wealth for individual Malays based on their business connections and political clout. The system for assigning lucrative government projects has come under the control of well-connected Malays in various bureaucratic agencies (Salazar 2004; Gomez and Saravanamuttu 2012). Moreover, the 'Ali Baba arrangements' between the Malay renters hiring 'can-do' Chinese business associates to run wide range of *Bumiputera*-dominated sectors have become a standard practice (Meerman 2008; Nelson 2008). This system has enabled the commissioned Chinese entrepreneurs to exploit large pools of capital exclusively available to their *Bumiputera* counterparts, thereby giving birth to a new breed of Chinese impresarios. Consequently, Chinese Malays have come to view the NEP as a 'necessary evil' for insulating themselves from further aggressions and discriminations by the Malay-dominated government and have eventually came to terms with these given conditions.

Since the NEP did not discriminate based on economic status (both rich and poor *Bumiputeras* were entitled to the same benefits under the program), it became a windfall-generating mechanism for the powerful *Bumiputeras* rather than an instrument for assisting the most marginalized sectors in the country. By lumping together the wealthy and deprived *Bumiputeras* into one racial category, the NEP generated imbalances that only resulted in the continued deprivation of the other Malays including the othered *Bumiputeras*. For instance, the NEP goal of enabling the *Bumiputeras* to acquire 30.0% of national wealth in theory could lead to a scenario in which a few *Bumiputeras* share 29.0% of the wealth, while the rest of the majority compete for the remaining 1.0%. Another serious

criticism worth noting was the fact that there was no planned assistance for Malaysian Chinese and Indian communities to achieve their 40% goal during the actual implementation of the NEP (Nelson et al. 2008; Gomez & Saravanamuttu 2012).

Evidently, the institutionalization of the NEP did not effectively resolve the problem of unequal wealth distribution in Malaysia despite the *Barisan's* claims about its role as a social-equalizer. On the contrary, it only exacerbated the country's patronage system, one in which the former Prime Minister, Mahathir himself had played a very proactive role by dispensing favours and providing policy concessions through a web of bilateral arrangements (Hilley 2001; Gomez 2004). By openly discriminating against the *Bumiputeras*, the *Barisan's* NEP program had further shrunk the country's diversity space in exchange for greater Malay security – real or perceived.

National Development Policy (1991–2000): Development for Whom?

The NEP was replaced by the National Development Policy (NDP) developed by former Prime Minister Mahathir. Its main thrust was to attain a 'balanced development' to establish a more united and just society. The new program reiterated the importance of affirmative policies by maintaining the NEP's main components and introducing several modifications, including: (a) a shift in focus of the anti-poverty strategy toward the eradication of hard-core poverty rather than poverty in general; (b) a shift to the employment and rapid development of the *Bumiputera* Commercial and Industrial Community (BCIC) to enhance Malay participation in modern economic sectors instead of merely emphasizing *Bumiputera* ownership and control of corporate equity; (c) greater reliance on the private sector in the restructuring objective by creating greater opportunities for its growth; and (d) greater focus on human resource development as a fundamental requirement for achieving the objectives of growth and distribution.[22]

On the one hand, competition among foreign firms within the Malaysian economy were openly supported by the government to limit the role of domestic capital and further accumulation of national wealth largely held by the Chinese community (Jomo 2007; Menon 2008). On the other, several programs were implemented to promote entrepreneurship, managerial expertise and skills development within the Malay community (Nathan 1998; Menon 2008). In short, the NDP continued to pursue most the NEP's affirmative actions designed for the ethnic Malays. Despite the change in focus and adoption of a balanced development

concept, in essence, the NDP was a mere extension of the older NEP, intended to sustain the *Bumiputeras*' exclusive rights and privileges. The outcome was the increase in number of Malay political elites opposed to any form of concessions that could undercut the Malay constitutionally guaranteed privileged space. In fact, even the answer to question of whether the NEP and NDP's objectives were met was considered classified information. To counter the criticisms against its implementation of affirmative policies (e.g. negative effects on the growth rate, opportunity costs and participation of non-*Bumiputera* in business) the government argued that the goal the NEP and NDP was not maximum economic growth, but national unity. For the ruling party and coalition, these negative effects were more than offset by the achievements of the poverty reduction and restructuring programs, and again, by the virtual absence of racial strife in Malaysia since 1969 (Economic Planning Unit [EPU 2004].

From the perspectives of the *Bumiputera* elites, the events of 1969 were the results of the violation of the social contract between the Malays and non-Malays that emphasized the inviolability of the *Bumiputera* supremacy (Nathan 1998; Hilley 2001). Thus, Malaysia's political system reflects a consociational arrangement in which compromises are negotiated by the elites that represent their respective ethnic enclaves (Gomez &Jomo 1997; Nathan 1998; Embong 2008). The viability of the scheme largely depends on the government's ability to sell the idea that these inter-ethnic agreements promote and secure the interests of not only those of the most favoured group but the whole nation. However, in reality, attempts at power sharing within the *Barisan* coalition were made based purely on the Malay terms and conditions. Consequently, gerrymandering and 'siege legitimacy' have become common strategies for addressing the latent threats to Malay dominance, while preventing the full development of those hidden within specific internal cleavages (Wah & Saravanamuttu 2003; Ostwald 2013). In effect, the NDP was another instrument used by the *Barisan* not just to institutionalize the *Bumiputeras'* security interests, but more importantly, to further legitimize its own status and power at the expense of the diversity space required for maintaining a multiracial and heterogeneous nation.

New Economic Model (2010 – Present): A New Economy for Whom?

In March 2010, Malaysia's current Prime Minister, Najib Razak unveiled his economic plan called the New Economic Model (NEM).[23] One of its main thrusts is the conversion of some of the NEP's race-based policies

into need-based strategies. The idea is to shift the government's role to being a facilitator rather than a mere orchestrator of pro-growth policies. While some economists have long contested the efficiency and fairness of the government's affirmative actions, nonetheless, this was the first time a primer minister had explicitly linked Malaysia's continuing socioeconomic dilemma with the *Barisan's* social-engineering experiments (Gooch 2010; Lee 2011). Despite the fact that Najib has not advocated for the complete dismantling of affirmative policies, however, this was a bold political statement that signified a progressive Malaysian leadership. Thus, it is important to ask what drives the UMNO-led *Barisan* to take such a political gamble, and whether it is sincere about deconstructing its race-based approach to domestic policymaking.

The UMNO's growing vulnerability, as evidenced by its dismal showing in the 2013 general elections, has made it less contentious for the present leaders to undo (at least rhetorically) many of these racially-configured policies. Najib's NEM attempts to address several existing structural issues, including: (a) private investments falling from 32.0% of GDP in 1996 to 10.0% in 2011; (b) widespread corruption by bureaucrats; (c) heavy dependence on low value-added industries generating low-skilled jobs for low wages; (d) lack of innovation, creativity and dynamism in the economy; and (e) an inadequate number of skilled workers (NEAC, 2010). These problems underline Malaysia's difficulties in escaping from the so-called 'middle-income trap', due its refusal to undertake the necessary reforms (Subramaniam 2014).

To escape from this trap, Najib has linked his idea of successful reform with the transformation of national mentality. From his perspective, the policies that have worked wonders in the previous era are now posing significant obstacles to Malaysia's success by creating market distortions that put the nation in a disadvantaged position (Lee 2011). Thus, Najib has called for the adoption of market-friendly and merit-based approaches in managing Malaysia's political, economic and social systems (Lee 2011; Subramaniam 2014). These planned reforms reflect the government's attempt to phase out certain provisions pursued in the name of Malay affirmation, but that have only resulted in rent-seeking activities and patronage culture. In the words of Najib:

> Affirmative action policies cannot be based on a fixed point in time. They must evolve as the needs and economic conditions of a society change … The NEM is a natural evolution of the NEP to meet contemporary

> requirements for greater transparency, accountability and the merit-based, rather than race-based, needs of our poorest citizens… Our ultimate goal is that no Malaysian will live in poverty and every citizen will receive a fair chance to succeed and prosper. This was also the goal of the NEP. Its original objectives are still relevant, but it is time to review the way in which inclusiveness is conceptualized and implemented…To achieve our vision of a high-income, sustainable and inclusive economy, we must address disparities in ways that matter to all Malaysians, whether Malay, Chinese, Indians, *Kadadusuns, Ibans* or the *Orang Asli* … Economic disparities have long been a source of these tensions and the NEM seeks to address this gap by striking a fair balance between the special position of the *Bumiputeras* and the legitimate interests of other communities.[24]

Hence, Najib is the first Malaysian prime minister to openly question and challenge the wisdom of Malay preferentialism. His 'One Malaysia' vision is meant to demonstrate the government's capability for managing the realities of multiculturalism in the country. The message is that Malaysia is now under the leadership of a prime minister that sees the existing structural dilemmas as the unforeseen outcomes of his predecessors' affirmative actions.[25] Najib is not alone in espousing these views. Based on national polls conducted, 71.0% of Malaysians (of which 65.0% are Malays) agreed that the affirmative policies needed to be reformed (Lee 2011). In addition, more than 50.0% of the respondents also agreed that the politicians were to blame for Malaysia's racial problems; while 41.0% claimed that they do not consider themselves as 'Malaysians first' (Lee 2011). However, these figures do not suggest that Najib's plan does not face any serious challenge or opposition. On the contrary, various Malay-dominated sectors have expressed their concerns over the prime minister's plans, including the left-wing bloc, the influential members of the *Bumiputera* elite class, and even his very own UMNO party. Consequently, since the official launch of the NEM, the government has been introducing haphazard reforms. For instance, although the non-Malays have been allowed to participate in some of the previously restricted economic subsectors, however, they remain barred from accessing major areas including finance, mining and resources, real estate and utilities (Gomez 2012; Hill et al. 2012). Similarly, while Najib has rejected calls for a compulsory increase in the 30.0% target for *Bumiputera* proprietorship, nonetheless, he has failed to revise, let alone abolish the said target in his NEM proposals (Fukunaga 2010; Lee 2011). In June 2010, the Prime Minister confirmed that the NEP target of 30.0% would remain (Lee 2011).

Outside of the UMNO party, Najib has been struggling to find supporters for his reforms. On the one hand, the country's civil servants – comprised mainly of the *Bumiputeras* – have been reluctant to embrace the Prime Minister's 'de-racialized' NEM proposals considering their possible implications vis-à-vis their role and standing (Embong 2008; Meerman 2008). With approximately 1.2 million Malaysians in the civil service (of which 90.0% are Malays), the group constitutes a huge electoral support base that the UMNO cannot afford to alienate amid the party's growing unpopularity (Lee 2011). Furthermore, it will also be misleading to assume that the opposition parties have a unified, favourable stand regarding Najib's plans of winding back the government's Malay-centric policies. This is evident, for example, in the unwillingness of the Pan- Malaysian Islamic Party (PAS) to adopt strategies based on the free market approach, and discontinue the government subsidies given to the Malays (Liew 2007). Likewise, it will also be a mistake to presuppose that dissatisfied Malays voters will back Najib's proposals given that their main complaint is not about the existence of affirmative policies per se, but the corruption and cronyism which enable only few *Bumiputera* families to benefit (Case 2004; Derichs 2004). In short, there is insubstantial evidence for suggesting that the anti-UMNO Malays would support reforms that will demolish affirmative programs from which they derive most of their benefits.

Even more surprising is the huge internal backlash that Najib's proposals are facing within the UMNO itself. The *Barisan* Supreme Council rejected Najib's idea of deviating from the established NEP target as the coalition was not prepared to risk the status quo that legitimizes its power (Lee 2011; Gomez 2012). The re-assessments of affirmative policies were reported to have been watered-down by some senior heads of the UMNO party, thereby further highlighting the absence of a unanimous support for Najib's political gamble (Lee 2011).The rise of the *Perkasa*, an extreme-right ethnic Malay group formed in the aftermath of the 2008 general elections, reflects the growing discontentment among the Malay population. According to its founder, Ibrahim Ali, *Perkasa* been established to protect Article 153 of the Malaysian Constitution, and to defend the rights of the *Bumiputeras* from being eroded by certain quarters, specifically by the non-Malays (Loh 2010). As of 2011, the group is reported to have an estimated 420,000 active members, 60.0% of which are said to be from the UMN (Lee 2011). It is also interesting to note that its principal adviser is no less than Malaysia's former prime minister and ex-UMNO president, Mahathir.

In the midst of the UMNO's increasing instability and fragmentation, on the one hand; and the mounting distrust and dissatisfaction of the people toward Najib himself, on the other, overcoming internal divisions has become the top priority for the party leaders and members. The embattled Prime Minister (now at the center of the 1MDB scandal that caught world-wide attention and continues to grip the nation) is retreating from his earlier pronouncements by conceding that the pace of reforms rests on people buying in to the changes.[26]

Limits to Malaysia's Humanist Linkages

Several factors influence the capacity of Malaysia's STL efforts and strategy in securing its diversity space, namely: (a) economic limits of *Bumiputera* affirmation; (b) political limits of *Bumiputera* affirmation; (c) limits of the *Barisan's* ideological security constructs; and (d) limits of the *Barisan's* material security constructs. The first and second factors represent the systemic constraints that breed and sustain the domestic security dilemma in Malaysia. The third and fourth factors represent the institutional constraints that generate and maintain the legitimacy and supremacy of the UMNO party and the *Barisan* coalition. Together, they undermine the diversity-upgrading utility of Malaysia's trade activities by exacerbating the underlying *Bumiputera* constraints.

Economic Limits of Bumiputera *Affirmation*

Despite Malaysia's largely acclaimed development story, a number of factors have eventually weakened the country's economic performance. These are rooted primarily in the inefficiencies of affirmative policies which put into question their economic sustainability. When restructuring the Malaysian society, the government had sought to create a Malay-dominated entrepreneurial and industrial community. Mahathir envisioned a *Bumiputera* business class that would eventually develop commercial and industrial expertise necessary to build rents 'by investing surplus and creating new wealth, not just for themselves but also for the nation' (as cited in Meerman 2008, p. 91). To do so, the government provided the necessary funds to the *Bumiputeras* interested in purchasing shares from various firms. The *non-Bumiputera* companies were then directed to absorb all interested *Bumiputera* partners (Gomez & Jomo 1997; Meerman 2008). The *Bumiputeras* also took control of the PERNAS that was created to

buy businesses and form partnerships with private firms; and to nurture developing industries that would be held in trust until the *Bumiputeras* obtained adequate experience to take over them (Salleh & Meyanathan 1993; Meerman 2008). In addition, lucrative government procurements and contracts were mostly offered to the Malays, while the non-Malays had to settle as sub-contractors (Gomez & Jomo 1997; Salazar 2004).

The general sentiment was that majority of the large *Bumiputera* enterprises emerged as the result of rents acquired from the government. Not surprisingly, only small fraction of the Malay business class participated in export-oriented manufacturing industries. Most of them directed their entrepreneurial efforts toward rent-seeking activities induced by the patronage politics permeating the government (Gomez & Jomo 1997; Nathan 1998). As such, Malaysia's 'new industrialists' has been commonly described as crony capitalists whose main function was to act as substitutes for the political patrons. They were accused of squandering government resources, and were often criticized for being rentiers rather than genuine industrialists (Gomez & Jomo 1997; White 2004).The members of the Malay business class have frequently created joint ventures and subcontracted their operations to local and foreign firms that have the right capacity to perform the required tasks.[27] By 2006, 85.0% of the contracts originally awarded to the *Bumiputeras* went into the hands the non-Bumiputeras (Meerman 2008). As a result, the wealth and income of the non-*Bumiputeras* have substantially increased due to the public sectors' heavy reliance on their capacity to carry out critical public investments and deliver other key contracts

Such arrangements have inevitably engendered money politics, a scenario in which government assets and contracts are rewarded to individuals or groups supporting politicians from the ruling UMNO party and the larger *Barisan* coalition (Gomez 2004, 2012). Malaysian politicians, alongside the business entities connected to them, were usually favoured by the unit in charged with the distribution of subsidies. In other words, the capacity of the members of Malay business class to generate profits and accumulate wealth became a function of the relative influence of their respective patrons. This resulted in the rise of deeply politicized *Bumiputera* business factions, competing for absolute control of Malaysian political economy. By 2000s, most of these newly established firms had been wiped out, either due to bankruptcy or expulsion of their proprietors from the government's most-favoured list, that is, de-patronaged (Meerman 2008; Gomez 2012). As Syafi'i Anwar (Professor and Director of International Center for Islam and Pluralism) laments:

> In the mindset of the ordinary people, security is all about economic security. They do not really care about the politics of security for as long as they are economically secure. This is a very limited understanding of the term 'security', yet is totally comprehensible, especially when the people involved belong are the *Bumiputeras*…The problem with Malaysia is that the percentage of critical middle class, while gradually growing, is still very small. Because of this, the government has been able to easily impose affirmative policies without having to be transparent and accountable for their effects, particularly with respect to the non-*Bumiputeras*.[28]

Indeed, the Malaysian government has incurred significant financial losses from pursuing its multiple and varying objectives – from creating public enterprises and infant industries, to developing a Malay business class, and the patronage politic that such programs engendered. Although the latest datasets are not always accessible for up-to-date analysis, nevertheless, the available financial information offers important insights about the degree and extent of these losses.[29] First, a substantial part of the estimated four-fold increase in public debt from USD 8.4 billion in 1980 to USD 31.4 billion 1986 was attributable to the losses incurred by public enterprises (Lee 2008; Meerman 2008). Of the total government expenditures of public enterprises, 75.0% had been appropriated by only a few firms – 27 out of more than one thousand (Gomez 2004; 2007; Lee 2008). Most of these extremely costly industries were part of the government-established HICOM, and had some of the highest levels of tariff protection.[30]

Second, the financial outlays associated with the creation of the *Bumiputera* business class, along with UMNO's patronage politics, were also sizable. A primary example was the government-owned, Bank *Bumiputra,* intended to grant loans to well-connected Malays which had rarely been repaid (Chin 2004; Wong et al. 2005). In 1998, the bank suffered its third insolvency, which required an estimated capital injection of RM 1.2 billion to revive its operations. Meanwhile, the *Bumiputra* Malaysia Finance (a subsidiary of Bank *Bumiputra*) which operated in Hong Kong, also lost USD1 billion in bad loans between 1979 and 1982 (Chin 2004). Similarly, the Sime Bank (another government-owned bank) was also forced to close down when it lost RM 1.8 billion and declared bankruptcy (Wong et al. 2005). Following the 1997-1998 Asian financial crisis, the government allotted 17.0 to 22.0% of its GDP (RM 60 billion) for the restructuring of its banking system and rehabilitation of depreciated assets (Chin 2004).

Third, and lastly, the huge outflow of skilled labour and capital induced by the Malaysian diaspora (particularly the Chinese Malaysians between 1970s and 1990s) proved to have detrimental effects on domestic economic growth (Chin 2004; Koh 2015). The restrictive regulations underpinning the country's affirmative policies have pushed the non-Malays to seek opportunities outside of Malaysia in order to fully maximize their potentials. Despite this growing problem, the government continues to use the remaining racial economic gap to justify its preservation of affirmative policies even when the indicator used to measure the gap (i.e. inter-ethnic income ratio) does not accurately reflect the varying patterns of income distribution within specific ethnic groups. By doing so, the government fails to recognize the difference between reducing the gap by raising the incomes of many poor Malays, and narrowing the disparity by allowing only the few rich Malays to amass more capital (Gomez 2004; Meerman 2008: Hill et al. 2012). This scenario inexorably results in the overconcentration of national wealth in the hands of few elites, who are likely to exploit the resulting power configuration to secure their vested interests. For example, rather than aiming to become efficient managers, producers and manufacturers, the elite members of the Malay business class have focused their attention on becoming influential power brokers, knowing that most tenders, awards, licenses and approvals of share allocations were decided on the basis of political connections (Gomez 2004, 2007).

Political Limits of Bumiputera *Affirmation*

One way of examining the political sustainability of *Barisan's* affirmative programs is by looking at the way in which they affect the government's autonomy for ratifying and enacting its preferred policy objectives (Lopez 2007; Nelson et al. 2008). The Malaysian experience challenges the traditional view that globalization compels national governments to limit their roles in order to successfully open their economies to international trade and foreign investments, irrespective of their impacts on domestic welfare and equity. Malaysia did not shy away from taking alternative paths when the dominant neoliberal philosophy and its prescribed remedies were at odds with the country's vision. In fact, it even implemented social-engineering policies, which despite their enormous costs and inefficiencies have proved to be feasible with the necessary political will. Under the Mahathir regime, the government attempted to rationalize

these affirmative actions by invoking a Look East Policy (LEP) doctrine.[31] Although the LEP did not yield highly successful outcomes, nevertheless, it demonstrated that the powerful ideological influence of economic globalization had not completely hijacked Malaysia's policy space (Lopez 2007; Nelson et al. 2008).

From the perspective of top *Barisan* officials, the AAPs strongly illustrate the government's freedom to develop its desired socioeconomic strategies and consolidate efforts to pursue them. They are striking manifestations of Malaysian policy independence amid the constraints generated by intense competition for global markets and investments. The fortuitous racial riots of 1969 convinced Malaysian leaders that stability and national unity necessitated extensive alleviation of national poverty and ethnic inequalities wealth (Faaland et al. 1990; Nathan 1998). This realization made social restructuring an urgent and crucial 'extraordinary' measure that must be adopted to protect Malaysia's internal security. Rather than treating economic growth and social agendas as mutually exclusive, the *Barisan* emphasized the complementarity between the two by pushing for the rapid advancement of the Malays' welfare status relative to the non-Malays (Mandal 2004; Lopez 2007; Nelson et al. 2008).

The period between 1970 and 1990 largely reflected this conjecture. For example, foreign investors generally tolerated the imposition of AAP quotas mainly because of their perceived role in enhancing and sustaining socio-political stability in Malaysia. The government believed that by doing so, it was able to successfully balance its social initiatives with those policies intended to stimulate trade and investments (Meerman 2008; Tham 2008). While neoliberal economic processes have compelled the government to modify the implementation of its affirmative policies, particularly during the economic recession in the mid-1980s, however, they did not thwart the core thrust of Malaysia's social vision.

To this extent, the *Bumiputera* leaders have implied that the continuity of political control by one dominant party may have enriched Malaysia's policy autonomy (Meerman 2008; Nelson 2008; Tham 2008). As Azizuddin Sani (Dean, COLGIS, Universiti Utara Malaysia) claims:

> It is very tough to replace the *Barisan*. In Malaysia, the structure of the political party is a form of mass movement. In other words, it is a bottom-up process. The *Barisan* has significant support from the people. However, due to the enlargement of the middle class, more is demanded from the *Barisan*, which it cannot always provide. Thus, we are witnessing a gradual

> move toward a more genuine two-party political system. To prevent this, the ruling regime tries to 'wag the dog.' The government diverts the public's attention away from political controversies involving the UMNO to cover them up. For example, the government is using the media to scare people about Singapore's plan to invade Malaysia. In that sense, the threat is just a distraction. Similarly, back in the 1990s, Malaysia feared the West. The fear was rooted in the idea of cultural imperialism of the Western world. It is probably the nature of the government to change the perception of people to win back and sustain their support. To counter such fears, the government focused first on the economic issues that gave people a greater sense of security, especially with respect to the *Bumiputeras*.[32]

Unfortunately, the problems of patronage politics and clientelism have become so pervasive that they now threaten to undermine all justifications used to preserve the supremacy of the UMNO-dominated regime. Thus, another way to assess the political sustainability of the affirmative policies is by looking at their implications for the continued primacy of the UMNO party and the *Barisan* coalition. There are several important shifts in Malaysian polity that can potentially alter the manner in which these ethnic-oriented policies are crafted. First, advancements made in the education sector have resulted in the rise of socio-civic organizations that actively engage in national policy debates. Although the UMNO officials have normally treated civil society pressures and criticisms as mere disturbances to everyday politics, nevertheless, they have the power to influence decisions, particularly when the opposing parties take on their issues and causes (Abbott 2004; Mandal 2004, 2008; Lopez 2007). Despite the limited government attention given, the level of critical voices and views expressed by non-state actors over specific components of affirmative actions has continued to amplify.

Second, the issues concerning inter-ethnic relations are also quickly transforming, and therefore, require new policy strategies. Notwithstanding the perceived importance of the AAPs in mitigating the income and professional gaps between the Malays and non-Malays, the society in general remains deeply polarized on the issue. The causes of underlying tensions among ethnic groups are more complex than conventional economic considerations. They involve the need to recognize and respect contrasting cultural values and religious sensitivities observed by each ethnic community (Derichs 2004; Ragayah 2008). In terms of ethnicity, the formulation of national culture policy has proved problematic as it cannot be established which ethnic faction should take over the decision-making processes

involving cultural matters (Mandal 2004, 2008; Nelson 2008). In terms of religion, the worldwide resurgence of Islam, combined with the Malay Muslims' vision, is progressively restructuring Malaysian bureaucracy, laws and institutions. The country's policy elites are constrained by mounting tensions between the necessity of facilitating an attractive investment environment, and escalating pressures emerging from Islamic globalization (Hooker & Othman 2003; Othman 2008).

Third, and lastly, Malaysia's ability to effectively implement its policy preferences also depends on its national administrative apparatus. To certain extent, the more than four decades of affirmative actions have improved government capacity through wealth creation, human resource development, technological advancement and cross-sectoral capital base expansion (Gomez 2007; Nelson et al. 2008). However, the glaring inefficiencies and corruption within the bureaucracy are corroding Malaysia's capacity to compete globally, and in turn, tarnishes the image of the UMNO and the *Barisan*. In 2004, the National Integrity Plan was launched in efforts to address corruptions, malpractices and all the inefficiencies plaguing the Malaysian bureaucracy. The Plan was originally intended to improve Malaysia's national image and integrity (or more specifically, those of the ruling party and coalition) by starting from the grassroots right up to the highest stratum of society (Wah & Saravanamuttu, 2003; Abbott 2004). More than ten years after its launch, it remains unclear whether corrective policies will be implemented both at the lower and higher tiers of government.

Limits of the Barisan's *Ideological Security Constructs*

A central task of the *Barisan's* security ideology is the regulation and control of alternative channels for discussing nonconforming opinions (Humphreys 2010; Chen 2012). Varieties of ideological constructs have been put in place to legitimize the suppression of local political opponents and critics.

These security ideologies serve two main functions: (a) restrict the space available for alternative ideas that can challenge the *Barisan's* supremacy; and (b) legitimize the passage and enactment of coercive security instruments, and the political entity that adopts and implements them (Humphreys 2010; Azizuddin 2010). However, the fluidity of ideas implies that the *Barisan's* security ideologies are neither permanent nor fixed, but are contingent upon specific social and political contexts of the

time (Humphreys 2010; Chen 2012). But although there is no overarching idea that dominates Malaysia's security rhetoric, nevertheless, there is an underlying goal that binds these ideologies together: winning the hearts and minds of social actors that threaten the *Barisan's* status, power and legitimacy.

Islam plays a central role in the hearts and minds campaign of the governing party and coalition. As an Islamic federal constitutional monarchy, Malaysia's national security is essentially a function of a state-configured Islamic ideology. Islam is the very visible hand that directs the country's internal and external affairs, and defines what the key approaches and strategies to national security will be. The idea is to cement the country's role as a worthy leader of the Muslim world by projecting an image of moderation and tolerance (Humphreys 2010; Azizuddin 2010; Chen 2012).

However, in the case of Malaysia, these ideational constructs create a 'cloak for shabby motives and appearances' by rationalizing and giving meaning to the regime's conduct (Apter 1965, p. 314). They act as political tools for securing the ruling party and coalition's hegemony rather than being mere reflections of the country's national aspirations. Given the uncertainties surrounding Malaysian politics, these ideological constructs help the UMNO and the *Barisan* to maintain their electoral support base (Mohamad 2007; Chen 2012; Welsh 2013). As such, the ideational components underpinning Malaysia's national security framework are naturally bent to quash the counter-narratives, hence diminishing the country's diversity space.

Mahathir's Security Ideology

At the international level, Mahathir's government had portrayed Malaysia as the model Islamic state of the post-September 11 world (Hooker 2003; Malhi 2003; Humphreys 2010). The former prime minister claimed that his government had been successful at fighting terrorism domestically by adding 'ideological sweeteners' to its coercive policies (Hilley 2001; Othman 2008). Such assertions were usually made in the context of the 1969 crisis, in which the government's defeat of communism was viewed to be the result of a hearts and minds ideology based on Malaysia's moderate and tolerant brad of Islam (Nathan 1998; Hooker & Othman 2003). However, at the domestic level the opposite was observed. Mahathir's state-sponsored Islam was propagated with the help of coercive legislations, particularly the Internal Security Act (ISA) of 1960, and the more recent Security Offences Special Measures Act (SOSMA) of 2012

(more on this later). Such inconsistencies underscored Mahathir's rather paradoxical ideational approach: conquering the hearts and minds of the population thru a forceful imposition of state-manufactured Islam.

In effect, the *Barisan's* implicit goal of eliminating the counter-narratives to its Malaysian vision was pursued under the banner of counter-terrorism (Humphreys 2010; Azizuddin 2010). To do so, Islamic education was centralized precisely to wither interpretations that were deemed 'divergent' by coalition members (Hamayotsu 2003; Khan 2003). Furthermore, the *Jawi* (an Arabic alphabet) was adopted in primary schools to strengthen the development of Malaysian identity based on the Islamic doctrines approved by the *Barisan* (Shamsul 2003). Such initiatives put additional constraints to the remaining diversity space available for the non-Muslim and non-Malay citizens in Malaysia. The result was a two-faced security ideology that endorsed non-violent Islamic rhetoric at the global scene, while encouraging coercive measures to disseminate it at the national level (Humphreys 2010; Welsh 2013). Nevertheless, it effectively legitimized the *Barisan's* security machinery in ways that reinforced and sustained the Malay-centric status quo.

Badawi's Security Ideology

In October 2003, another UMNO candidate in the person of Abdullah Ahmad Badawi replaced Mahathir as Malaysia's prime minister. Despite his initial promise to adopt a softer approach, Badawi continued Mahathir's strategy of fusing together coercive and ideological apparatuses in crafting the national security framework. Badawi's security doctrine, *Islam Hadhari* (literally, Civilizational Islam), reflected the past administrations' aim of securing the UMNO party and *Barisan* coalition, rather than the diversity of its multi-ethnic and multi-religious population (Chong, 2006; Humphreys, 2010). In terms of substance, *Islam Hadhari* was not significantly different from Mahathir's Asian values. Nonetheless, in terms of form, Badawi's ideology took Mahathir's notion of a model Islamic state to a new level by developing a comprehensive doctrine that was supposed to embrace Muslims and non-Muslims, both at home and abroad (Humphreys 2010; Azizuddin 2010). In other words, Malaysia's signature Islam was transformed into an exportable commodity that would help reinforce the legitimacy of the *Barisan* regime well beyond the country's borders.

By restoring the sense of moderation toward the practice of Islam, Badawi had hoped that the non-Muslim Malaysians would feel embraced by

the regime (Hamayotsu 2003; Hooker 2003; Chong 2006). For example, the economic undertones of *Islam Hadhari's* principles reflect Badawi's promotion of Islam as a religion for development.[33] To do so, Islam was portrayed as a progressive religion that valued individual and communal development (Hooker & Othman 2003; Chong 2006). From Badawi's (2006) standpoint, it was Malaysia's duty to demonstrate by word and action that a Muslim country could be modern, democratic, tolerant and economically competitive. While he was aware that his security ideology was hardly a panacea, nonetheless, he was optimistic that his brainchild would provide valuable insights on how a progressive and modem Muslim nation could be built (Hoffstaedter 2009; Hamid &Ismail 2014). To this extent, Badawi's ideology represented a shift toward an understanding of the contemporary era within the purview of Islam. By utilizing charismatic terminologies that relate to Islam, Badawi was able to revamp his party's unpopular security ideology. In short, it was the form rather than substance made *Islam Hadhari* a rather appealing ideological construct.

However, similar to Mahathir's hearts and minds ideology, the operationalization of Badawi's doctrines had been questionable at best. It was not clear whether *Islam Hadhari* represented genuine efforts toward a more progressive interpretation of Islamic thinking or was merely a strategy for securing votes by not openly marginalizing the non-Malays and non-Muslims in Malaysia (Chong 2006; Hoffstaedter 2009). For example, Badawi used *Islam Hadhari* to justify the coercive measures he implemented during a series of crackdowns against 'deviant' religious sects between 2004 and 2005.[34] The government portrayed these groups as threats to Malaysia's national security for espousing alternative interpretations of Islam, and adopting a lifestyle different from that endorsed by the *Barisan*.

Furthermore, *Islam Hadhari* had also provided the government with an effective ideological apparatus for supressing the PAS party. Badawi likened the PAS' brand of Islam to a trap that must be exposed to prevent Malay Muslims from being trapped (Chong 2006). With *Islam Hadhari*, the PAS officials faced 'lose-lose situation': either to comply with the *Barisan*–sponsored Islam and operate within this limited context, or reject this model altogether and become an enemy of the state (Hoffstaedter 2009; Humphreys 2010). Either way, the ideological terrain in which the PAS could manoeuvre would have been significantly diminished. In effect, *Islam Hadhari* had enhanced the *Barisan's* monopolistic control of organization and facilitation of Islam. Divergent sects operating beyond the

provisions and boundaries set by the regime were more easily detected and trounced. Contrary its supposedly 'universal' outlook, *Islam Hadhari*, had inexorably led to the Islamization of the general populace by placing a *Barisan*-configured Islam at the foreground of Malaysian politics (Chong 2006; Humphreys 2010). Thus, critics have argued that Badawi's security ideology only generated a self-justifying, intolerant and backward-looking Malay mind set (Hoffstaedter 2009; Hamid & Ismail 2014). As Syafi'i Anwar remarks:

> According to the ruling coalition, it is only they that can establish a good government. Looking at the most recent election results, however, the people begin to think that it is not the case. There is a strong denial on the part of the government regarding the people's general sentiments. Thus, the role of the civil society organization is very important in rethinking a Malay-centred concept of security…In studying national security we first need to discuss national identity. In this regard, we look at the spirit of nationalism, its core ideas in the context of a multicultural society. The government, therefore, must be committed to developing and promoting the security of Malaysian people.[35]

Overall, the government's claim of instituting a moderate state-sponsored Islam remains highly debatable. The de facto prohibition of 'divergent' interpretations of Islam contradicts the moderation slogan endorsed by the *Barisan*. The underlying motive behind the coalition's projection of Malaysian Islam as the 'reasonable' and 'enlightened' variant of the religion was to promote a state ideology that reinforced its legitimacy and status. Despite the government's projection of its brand of Islam as a necessary ingredient for solidifying Malaysia's leadership role in the Muslim world, however, its tendency to quell deviant voices underscores the regressive nature of its model. Instead of propagating a moderate Islam, what the *Barisan* did was to moderate this religion to squash the threats to its supremacy (Hoffstaedters 2009; Humphreys 2010).

Limits of the Barisan's *Material Security Constructs*

Material security apparatuses complement the government's ideational security constructs. These are coercive laws designed to secure the status quo by removing all material and/or ideational challenges to the UMNO and *Barisan's* legitimacy (Slater 2003; Humphreys 2010). A primary example is the recently repealed Internal Security Act (ISA), initially

passed in 1960 by then Prime Minister Abdul Rahman. Section 73 of the said Act permits any police officer to arrest and detain without warrant any person accused of acting in any manner prejudicial to the security of Malaysia. The ISA is complemented by the Sedition Act revised in 1971 by Malaysia's second Prime Minister, Tun Abdul Razak, which essentially made the questioning of Malay supremacy an act of treason. The latter prohibits virtually all activities with 'seditious tendency' that result in disaffection and hostility toward the government or communal ill-will. Despite the initial controversies, the ruling party and coalition had skilfully rationalized the passage of these two bills by arguing that they were crucial for ensuring Malaysia's internal security and stability. Moreover, such laws are deemed to be particularly relevant in the context of a post-9/11 world order, in which they serve as effective counterterrorism measures akin to the Patriot Act of the United States and the Anti-Terrorism Act of Britain (Flaherty & Fritz 2002; Beeson & Bellamy 2008).

In recent year, however, the opposition to ISA has considerably grown. Critics have argued that the Act was passed to suppress what should have been a legitimate political opposition under a well-functioning democracy (Wah & Khoo 2002; von Vorys 2015). For example, during the *Operasi Lalang* (i.e. Weeding Operation) in 1987, 106 people were arrested without proper charges under the ISA. Most of the detainees were members of opposition parties and various social activist groups. In the aftermath of the event, the *Barisan* issued a White Paper that accused those arrested of taking advantage of the government's liberal and tolerant attitude by inciting racial tension (Wah & Khoo 2002; Flaherty & Fritz 2002). One of the most damning outcomes of the struggle was the introduction of section 8B of the ISA, which blocked the judicial review of ISA detentions including those brought as *habeas corpus* petitions (Human Rights Watch [HRW] 2004). In 2001, this section of the ISA was used to detain the members of People's Justice Party (PJP), dubbed as the *Reformasi* or *KeADILan* 10 whom Mahathir accused of planning violent protests to overthrow the government despite the lack of evidence (HRW 2004). Such abuses have driven various oppositionist groups, human rights activists and other civil society advocates to mobilize large-scale protests against the ISA. For the protesters, this draconian law does not bode well for Malaysia's vision of becoming a fully developed nation (Wah & Khoo 2002; von Vorys 2015). The popularity of these movements, along with the resurgence of a stronger opposition after the 2008 general elections, played a crucial role in Najib's decision to repeal the Act.

In 2012, the Security Offences (Special Measures) Act or SOSMA officially replaced the ISA. In contrast with the ISA, the new law requires the filing of charges based on credible evidence against detainees after twenty-eight days. Thus, the burden to produce reliable proofs within a specified period is shifted to the government's law enforcement and intelligence agencies. However, the SOSMA is also criticized from both sides. On the one hand, anti-terrorist groups argue that the requirement to bring charges within twenty-eight days weakens Malaysia's capacity to pre-emptively contain terrorist threats; and on the other, human rights groups criticize SOSMA for allowing police to authorize communication intercepts and permitting prosecutors to present evidence without disclosing sources (Liu 2012; Spiegel 2012).

Overall, the effectiveness of these laws for curbing the threats to national security remains inconclusive. Nevertheless, it is clear how such coercive security measures are being utilized by the governing UMNO party and *Barisan* coalition to preserve their political legitimacy and supremacy by subduing the 'rogue' ideas proposed by oppositionist groups. Instead of mitigating the domestic security dilemma that has been plaguing Malaysian polity, these material security apparatuses are further institutionalizing the divide between the *Bumiputeras* and non-*Bumiputeras.*

Conclusions

In the case of Malaysia, the noble aspiration of protecting *Bumiputera* interests has been reduced to the narrow objective of preserving the political legitimacy and supremacy of the UMNO party and *Barisan* coalition. The government has driven forward a Malay-oriented social vision by formulating and implementing racially configured affirmative programs even when they are detrimental to other ethnic groups in the country. This is despite the fact that Malaysia's national security is virtually anchored in the conditions surrounding its remaining diversity space amid a heterogeneous society. The *Barisan's* efforts to propagate a 'One Malaysia' identity have only resulted in the institutionalization of a reductive social framework based on the amorphous concept of *Malayness* that proved to be socially divisive and polarizing.

Such an approach has induced a domestic security dilemma in which improvements in the relative security of the non-Malays unnecessarily lead to the relative insecurity of the Malays. Free trade, along with its complementary neoliberal economic policies, has played an indirect

(albeit pivotal) role in the emergence and continuation of this dilemma. The huge growth and opportunities generated by Malaysia's various trade activities have fuelled the development and operation of lopsided affirmative policies (i.e. NEP, NDP and NEM), which have all been pursued under the pretext of ethnic equality. Not surprisingly, the *Barisan's* affirmative actions have been criticized by various members of the Malaysian population, not only by the non-Malays, but even by the othered *Bumiputeras*. For these non-Malays and non-Muslim *Bumiputeras,* the AAPs are vital tools for legitimizing the special treatment that the government provides to their Malay and Muslim counterparts. Rather than demanding for equal opportunities, the Muslim Malays are now insisting that their exclusive rights and privileges be preserved. Clearly, the long-standing question of '*Bumiputraism* for whom' remains as relevant today as ever.

The inefficiencies and externalities created by race-based (instead of need-based) initiatives have been staunchly debated from all sides – economic, political and social. Nevertheless, the ruling party and coalition continue to maintain that Malay affirmation is necessary as it improves the quantity and quality of space available for the marginalized and powerless *Bumiputeras*, and therefore, should be morally acceptable to everyone. By promoting the ethnic interests of the *Bumiputeras* above all other racial groups, *Bumiputraism* has effectively retarded the development of an inclusive Malaysian nationalism. Given the Malays' pre-eminence in virtually all aspects of domestic affairs, the notion of Malaysian security has been equated with Malay security.

However, beneath the government's grand narratives about Malay affirmation lie the UMNO and the *Barisan's* political motives and interests that must be protected at all costs. Ideational and material security apparatuses have been crafted by the ruling party and coalition to further enhance and preserve their legitimacy and supremacy. On the one hand, ideological security constructs have enabled the UMNO and the *Barisan* officials to impose a state-configured religion designed to eradicate their political nemesis. On the other, material security apparatuses have allowed the UMNO party and the *Barisan* coalition to safeguard their status and position by muffling non-conforming ideas, and projecting themselves as indispensable actors of Malaysian nation building. Thus, de-ethnicizing Malaysia's security, political and economic interests is difficult precisely because of how ethnicity is used by the UMNO and *Barisan* as a currency

for buying Malays' exclusive rights and privileges in exchange for their continued support and patronage.

Notes

1. See, Malaysia Government website, http://www.jac.gov.my/images/stories/akta/federalconstitution.pdf.
2. To safeguard their special position, the Constitution reserves quotas for the *Bumiputeras* in the following areas: positions in the federal civil service; scholarships, exhibitions, and educational, training or special facilities; permits or licenses for any trade or business which is regulated by federal laws; and places in institutions of post-secondary school learning such as universities, colleges and polytechnics.
3. See, World Trade Organization (WTO) website, http://www.wto.org/english/tratop_e/tpr_e/tp392_e.htm.
4. Excerpts from the author's video interview with Dr Bridget Welsh on 25 May 2015.
5. The Constitution does allow freedom of religion for all non-Muslims comprising 40.0% of Malaysia's total population.
6. See, Appendix 4 for list of Malaysia's FTAs.
7. See, WTO website, http://www.wto.org/english/tratop_e/tpr_e/tp_rep_e.html; and United Nations Development Program(UNDP-Malaysia) website, http://www.undp.org.my/uploads/UNDP_Booklet_PDF_FORMAT.pdf.
8. The vision, which was introduced by former Prime Minister Mahathir Mohamad, calls for the nation to achieve a self-sufficient industrialized nation by the year 2020.
9. Both initiatives are being implemented through the government's 10th Malaysia Plan, 2011-2015. See, Prime Minister's Office website, http://www.pmo.gov.my/dokumenattached/RMK/RMK10_Eds.pdf.
10. Malaysia received GSP from the EU, Turkey, Belarus, Japan, Norway, the Russian Federation and Switzerland until 31 December 2013.
11. This proposed regional FTA involved the ASEAN member states, China, South Korea and Japan. In short, the EAEG or EAEC was basically an APEC without North America and Australia.
12. Examples are India, Japan, Korea, Australia, Chile, New Zealand, Pakistan, Syria, Turkey, U.S. and the EU.

13. See, Asia Regional Integration Center (ARIC) website, http://aric.adb.org/fta-country/.
14. These are: ASEAN-Hong Kong, China FTA; Malaysia-EU FTA; Malaysia-European Free Trade Association FTA; Regional Comprehensive Economic Partnership; and the United States-Malaysia FTA.
15. While the TPP includes the U.S. and excludes China, however, the RCEP includes China but excludes the U.S.
16. Excerpts from the author's video interview with Dr Bridget Welsh on 25 May 2015.
17. See, World Bank website, http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG.
18. Ibid.
19. Excerpts from the author's interview with Dr Azizuddin Sani on 24 February 2013 in Kedah, Malaysia.
20. See, Malaysia Economic Planning Unit (EPU) website, http://www.epu.gov.my/epu-theme/rmk3/chapt%201.pdf.
21. Based on the NEP's initial targets, the ratio of economic ownership in Malaysia was to be moved from a 2.4:33:63 ratio of *Bumiputera*, other Malaysian, foreigner ownership to a 30:40:30 ratio. This was to be accomplished by redistributing the wealth to increase the ownership of enterprise by the *Bumiputeras* from 2.4% to 30.0% of the share of national wealth. The 30.0% target for *Bumiputera* equity was proposed after the government failed to reach a consensus on the appropriate policy goal. See, Gomez & Jomo (1997); Nathan (1998); & Gomez & Saravanamuttu (2012).
22. See, Malaysia EPU website, http://www.epu.gov.my/en/sixth-malaysia-plan-1990-19951.
23. See, Malaysia National Economic Advisory Council (NEAC) website, http://www.jcci.or.jp/NEM%20for%20Malaysia%20-%20Part%20I_0.pdf.
24. See, Asian Affairs website, http://www.aseanaffairs.com/cover_story_aseanaffairs_magazine_may_jun_2010.
25. Ironically, it was Najib's father, former Prime Minister Abdul Razak who first instituted these affirmative policies in the aftermath of the 1969 racial crisis.
26. For a comprehensive account of the scandal, see, The Wall Street Journal website, http://www.wsj.com/specialcoverage/malaysia-controversy.

27. Most of the privatized enterprises came under the management of the *Bumiputeras* while ownership functions remained under the control of ministries and government boards. By 1984, the government acquired more than 1000 firms from purchasing foreign companies and developing new ventures. However, between 1986 and 1994, a large number of these firms had been liquidated and divested due to poor performance. See, Gomez & Jomo (1997); Meerman (2008); & Gomez (2012).
28. Excerpts from the author's interview with Dr Syafi'i Anwar on 24 February 2013 in Kedah, Malaysia.
29. Analysts continue to face enormous difficulty in accessing raw data based on the Household Income Surveys conducted by Malaysia's Economic Planning Unit (EPU) as they are deemed to be racially sensitive. This problem was confirmed by the author's email correspondence with Dr Tham Siew Yean (Professor and Director at the Universiti Kebangsaan Malaysia), in which she noted that the sensitive nature of ethnic income makes it difficult to provide exact national figures.
30. For example, Malaysia's national car, Proton, covered much of its costs through the imposition of nominal tariff protection averaging at more than 50.0%. Similarly, cement factories employed high tariff rates to induce profits in the 1990s prior to their sell-off. See, Athukorala (2005); Lee (2008); Meerman (2008); & Tham (2008).
31. The LEP was launched at the beginning of Mahathir's career as Prime Minister in late 1981. From Mahathir's view, 'looking East' meant learning the good values of the East (e.g. technological skills and work ethics) rather than following all East Asian practices blindly or trading exclusively with them. Emphasis was placed on developing cooperative projects to enable the technology transfers that would benefit all parties. See, Hilley (2001); Wah & Khoo (2002); & Gomez (2004, 2007).
32. Excerpts from the author's interview with Dr Azizuddin Sani on 24 February 2013 in Kedah, Malaysia.
33. *Islam Hadhari* posits ten fundamental principles that Muslim countries must demonstrate: faith and piety in Allah; just and trustworthy government; free and independent people; vigorous pursuit and mastery of knowledge; balanced and comprehensive economic development; good quality of life for the people; protection of the rights of minority groups and women; cultural and moral integrity; safeguarding natural resources and the environment; and strong defense capabilities. See, Badawi (2006).

34. Examples of these non-conforming Islamic religious groups were the *Tarikat Samaniah Ibrahim Bonjol* and the *Terengganu* or Sky Kingdom.
35. Excerpts from the author's interview with Dr Syafi'i Anwar on 24 February 2013 in Kedah, Malaysia.

CHAPTER 7

Small Powers and Trading Security: Lessons and Outlooks

When Small Players Play the Big Game

The linkage efforts, strategies and outcomes of Taiwan, Singapore, the Philippines and Malaysia reveal significant insights about the innovative approaches being adopted by small powers to solve their security concerns and the trade-offs they make to do so. Given the enormous strategic constraints that they face, the small powers in general have heavily relied on others to obtain security; favoured the status-quo; religiously adhered to international laws and institutions; and displayed high levels of paranoia.[1] The insecurities induced by such constraints have fuelled the efforts toward what I call statist (state-centric) and humanist (human-centric) forms of linkages. Here, I illustrate the two-way relationship between security and trade: on the one hand, various of forms of trade have been used to promote, enhance and secure statist and humanist security referents/interests; (b) various types of security threats/issues have influenced the facilitation and outcome of trade.

This is a particularly relevant path of inquiry considering the changes in the nature of both trade and security. On the one hand, trade is no longer simply the exchange of commodities and finished products. On the other, understandings of security now encompass both the survival of the state and considerations of human safety. Such shifts mean that the re-evaluation of the relationship between security and trade is more timely than ever. Yet to this point, very little has been done in explaining the impetus for, and dynamics behind the linkage of security and trade based

M.I. Magcamit, *Small Powers and Trading Security*,
DOI 10.1007/978-3-319-38815-1_7

on the overarching concept of cohabitative security, that is, the idea that security encompasses both state and human elements. In addition, there is a dearth of comprehensive theoretical and empirical analyses concerning the linkage attempts and approaches being made by small powers; and their implications for the countries that adopt and implement them. This book addresses those gaps.

In theorizing and producing empirical insights about these linkages, I specifically focus on East Asia, a region in which trade has increasingly become a crucial channel through which small powers have pursued the various components of their national interests. Indeed, the East Asian region has witnessed an increasing trend toward formal institutional linkages between the economic and security arenas. Hence, the region as a whole offers an ideal backdrop for testing the hypotheses, and generating empirical evidences about the cohabitation between the security interests and trade agendas of small powers. I argue that in their quest to secure their statist and humanist security referents (i.e. things that are seen to be existentially threatened and that have a legitimate claim to survival[2]), the small powers have re-imagined and re-invented the utility of trade. Amid their marginal size and peripheral position, trade has become an integral function of their security policies and strategies.

Contingent on the nature and origin of the security threats; and the underlying contexts within which these threats are observed, on the other, trade performs a multifaceted function. In Taiwan, trade is a sovereignty-upgrading mechanism; in Singapore, a defense-upgrading tool; in the Philippines, a development-upgrading instrument; and in Malaysia, a diversity-upgrading apparatus. However, as I have illuminated in the preceding chapters of this book, the manner through which small powers have harnessed the security utility of trade has generated a double-edged effect. For every security enhancement that a linkage creates, a consequent risk is generated. Thus, states that have attempted to link their security interests and trade agendas have been virtually trading security since for every additional security that a linkage provides a specific referent a corresponding insecurity is reflected in other referents.

In this Chapter, I present and analyze the key findings extracted from my empirical study of statist and humanist linkages, based on a wide-range of security contexts, referents and threats in East Asia. Here, I shed further light on how the book's main conceptual and theoretical frameworks for understanding the complex nexus of security and trade fare in view of this analysis. To that end, first, I summarize the study's central conceptual,

theoretical and methodological arguments presented in Chapter 1. I stress the importance of a thoughtful re-conceptualization of security, as well as the proper contextualization of the linking processes observed. Second, I present an analytical summary of the empirical evidences generated from the study by comparing/contrasting the specific findings from each of the four cases. Third, I outline the main themes of small power linkages based on the general inferences gathered from my case investigations. I conclude by reflecting on the key lessons and outlooks that we can take away from the study of statist and humanist linkages using the experiences, perspectives and meanings provided by the small powers in East Asia.

Conceptual and Theoretical Approaches: A Synopsis

Establishing the Operative Definition of Security

To analytically investigate why and how small powers link their security interests and trade agendas, and examine the types and characteristics of these linkages, I performed two main tasks. First, I theoretically reconfigured the security concept by amalgamating its statist and humanist dimensions to establish the cohabitative security framework, which serves as my operative definition of security. Second, I empirically applied the framework to analyze the linkages between cohabitative security referents, and various types of trade arrangements. As I have argued in Chapter 1, the rationale behind cohabitative security is to integrate the statist and humanist dimensions of security, thereby accommodating both the traditional and non-traditional security issues and threats emanating within and beyond state boundaries. Cohabitative security neither trivializes nor undermines the role and power of the state in the construction and ratification of security policies and strategies. Rather than constraining the statist security concept to underscore the humanist dimension of security, cohabitative security amalgamates the 'high politics' of the state with the 'low politics' of individuals, groups and societies. The inter-connections between the primary referents of and specific threats to state and human security underscore the mutually constitutive and reinforcing nature of these two security dimensions.

The idea of cohabitative security highlights several important points about the nature of the security concept in the twenty-first century. First, the distinctions between traditional and non-traditional security issues are not insurmountable (Glasius & Kaldor 2006; Hoffs taedter

2012). Second, defining security strictly in terms of organized violence leads to a false conclusion that issues that do not entail or constitute force cannot be considered security problems (Alagappa 1998; Gasper 2014, Krause 2014).

Third, limiting the discussion of security to the nation-state creates a misleading notion that security cannot be analyzed vis-à-vis non-state referents at various levels (Christie 2014; Tadjbakhsh 2014). Fourth, preventing the rethinking and restructuring of the security concept despite the evolving domestic and international conditions also undermine its practical and analytical utility (Alkire 2003; Saleh 2010). Fifth, and lastly, the criticism that points to the fundamentally different expertise required for tackling non-conventional issues underlines the need for interdisciplinary and multidisciplinary approaches to security studies, rather than the need to delineate the boundaries of security on the basis of the analyst's expertise (Alagappa 1998; Christie 2014; Krause 2014).

While the cohabitative security framework does not provide a panacea for the conceptual problems of security, nonetheless, it does present an alternative approach for re-evaluating the relative successes and failures of the governments in integrating the 'human' within their respective national security policies and strategies. By amalgamating statist and humanist security issues, the states' role in relation to human security is 'unvilified'. Cohabitative security reveals how traditional, state-centric security complements/supplements the non-traditional, people-centric security, and vice versa. In doing so, the notion that state and human security are diametrically opposed is overcome, allowing state actors to appreciate the multidimensional and multidirectional features of security. Hence, to a certain extent, a shared understanding of security between the state and non-state actors is reached.

Making Sense of the Security-Trade Linkage Process

With the development of cohabitative security framework, I proceeded with a systematic exploration and analysis of the linkages between security and trade at the regional and domestic levels. At the regional level (using APEC and ASEAN as cases), I have showed how the security concept is 'homogenized' by prevailing external factors confronting all member states. Here, the assumption is that both statist and humanist security referents face similar sets of traditional and non-traditional threats. To address these threats more effectively, the counties have

formulated and implemented closely linked policies and strategies through these regional institutions.

As I have argued in Chapter 2, the presence of shared perceptions and collective understandings about regional security issues has enabled the passage and enactment of binding agreements within APEC and ASEAN. The idea of sovereignty has evolved to allow shared accountability and responsibility to exist among members by consenting to provide legitimate power to these organizations. Amid the intensifying economic and political interdependence, the East Asian governments have been compelled to facilitate cooperative measures to combat the security threats that undermine their collective interests and aspirations. Maintaining regional security and stability rests on the strength of existing communal awareness and shared goals among APEC and ASEAN members, which in turn, requires a downplaying of internal differences. Hence the pursuit of security at the regional level cannot always be zero-sum, but also needs to be a positive-sum approach.

At the domestic level, (using Taiwan, Singapore, the Philippines and Malaysia as cases), I have illustrated how the security concept could vary from one country to another depending on a broad range of pre-existing domestic conditions, such as regime type and form of party system; level of economic development; social values and practices; and cultural expressions and biases among others. The assumption here is that the contextual relativity of the security concept is crucial to the identification of issues that get to be framed as 'existential threats'. As such, different threats manifested in different spaces and at different scales, demand different cures administered at different dosages. To show this, I have performed an in-depth investigation of the domestic contexts and factors that influence the configuration of national security policies and strategies; and the implications of these policies and strategies for the security-trade linkage process in each country.

With these in mind, I have attempted to theorize and produce new empirical knowledge about: (a) why and how small powers link their security interests and trade activities; (b) how traditional/non-traditional security threat/issues influence the implementation and outcome of the small powers' trade activities; and (c) how these statist/humanist linkages affect the small powers' primary security referents and overall security. To do this, first, I described the regional and domestic contexts that underpin the linkage efforts, strategies and outcomes of small powers. Second, I classified these linkages between statist and humanist based the nature

and origin of the security referent, context and threat under investigation. Third, I identified and analyzed the key factors that drive and explain the small powers' linkages based on the common themes/features found in my case studies. Fourth, and lastly, I predicted the future flows and outcomes of the security-trade linking strategy (STL) with respect to the small powers.

Findings from the Case Studies: Lessons from East Asia

The book begins with a two-pronged argument about the small powers' attempts at linking security and trade. On the one hand, trade is utilized by small powers to promote, enhance and secure the primary referents and interests of their respective national security policies and strategies. On the other, a broad range of security threats and issues influence the creation, implementation and outcome of various trade activities. As such, the decision of states to either rush toward a freer trade or retreat to increased protectionism is based on their calculations of the capacity of trade to improve their levels of state and human security. Indeed, for the majority of small East Asian states, trade has become an essential platform for pursuing their national security interests and aspirations. The insecurities cropping up internally, and aggravated by a broad-range of external factors, have compelled the small East Asian powers to engage more in trade, both multilateral and preferential. Chapters 2 to 6 have carefully scrutinized the distinctive dynamics and outcomes of these linkages at regional and domestic levels. The regional linkages under the purview of APEC and the ASEAN have been systematically analyzed in Chapter 3; while domestic linkages have been based on the experiences of Taiwan, Singapore, the Philippines and Malaysia have been meticulously examined in Chapters 3, 4, 5 and 6 respectively.

Regional Linking of Security and Trade

In Chapter 2, an overview of East Asian linkages has been presented by closely examining the evolving agendas of the two most important regional institutions in the Asia-Pacific: APEC and ASEAN. My analysis of regional linkages vis-à-vis the APEC and ASEAN contexts generated important insights regarding the types of security issues incorporated into these organizations' trade policy agendas. While APEC's linkage strategy

underlines the primacy of humanist interests over statist objectives; the ASEAN's linkage approach emphasizes the superiority of statist referents over humanist referents. Nevertheless, the changing geopolitical, economic and strategic environment surrounding East Asia is compelling both APEC and ASEAN members to expand their respective agendas to maintain their relevance in the region. However, such an expansion is difficult for institutions that exhibit institutional sclerosis that prevents necessary structural reforms from being implemented. Often, the relatively more powerful members are threatened by the increasing influence of the rival countries. In response, they rely on the structural power that comes from their privileged position in these institutions, thereby reinforcing their role and status.

With respect to APEC, the issue linkages that have been formed out of the newly-emerging threats have brought a new dimension to the organization's original mission. To this extent, security-trade linkages may be viewed as a bane to APEC's operation and agenda. However, as revealed from the discussions made, the unintended consequences that these linkages could possibly induce vis-à-vis its survival suggests that they are also a bane to the APEC's goals and objectives. Consequently, the organization has stuck to its mandate of warranting the smooth operations of economic activities in the Asia-Pacific. Yet regardless of how APEC members view these issue linkages (as either boon or bane to their collective efforts) the primary thrust of the 'APEC Way' remains to be regional security for the sake of business and economics.

Meanwhile, with respect to ASEAN, the members had traditionally shown little interest in linking security issues (particularly, human security) with their trade agenda, given the de-stabilizing effects of such issue linkages. Regional trade and economic relations have always been secondary to the overarching goal of preserving the organization's political cohesion and stability. As such, the norms of informality, inclusivity, consensus and non-interference, have been consistently upheld by all member states to guarantee the continued survival of the organization. Nevertheless, the post-Cold War era has altered the ASEAN's largely sceptic perception of the human security concept. In spite of its weak compliance mechanisms, some of the most prominent human security issues are now being gradually included and discussed in the ASEAN agenda. Amid such progress, however, lies a paradox. Establishing the ASEAN Community will inevitably demand a certain degree of interference and intervention in the domestic affairs of the member states. The tensions arising from this

puzzle significantly limit the breadth and depth of ASEAN linkages, so much so that critics see them as hot air rather than a paradigm shift.

Indeed, the balancing of old and new agendas have been particularly challenging for APEC and ASEAN members alike, mainly because of their fixation toward certain norm-based procedures. But as discussed in Chapter 2, the contemporary security environment has enabled these institutions to recognize the variety of threats that confront their members. Despite their shortcomings, the fact that both statist and humanist security issues are now appended into their respective agendas highlights the dynamics and progression of East Asian linkages in the twenty-first century.

I now turn to the analysis of security-trade linkages at the national level using Taiwan and Singapore as primary case studies. As argued in Chapter 1, Taiwan and Singapore both illustrate "statist" security-trade linkages given the nature of their primary security referents, contexts, origins and directions of threat, whereas the Philippines and Malaysia both demonstrate "humanist" security-trade linkages.

Domestic Linking of Security and Trade

In Chapter 1, I have provided a summary of the primary security referents and contexts; origins and directions of threats; and dimensions of security explored and analyzed in each of the four cases investigated. Based on this set of information, I have classified Taiwan and Singapore's linkages as statist, whereas in the cases of Malaysia and the Philippines, these linkages have been categorized as humanist. With respect to Taiwan, the primary security referent investigated is its shrinking de facto sovereign space against a backdrop of cross-Strait security paradox engendered by the One China factor. Sovereign space refers to Taiwan's de facto domestic and interdependence sovereignty, as opposed to de jure international legal sovereignty, and falls under the statist dimension of cohabitative security. Here, the origin and direction of Taiwan's insecurity is external, that is China.

In the case of Singapore, the primary referent observed is its shrinking defense space against the backdrop of a multidimensional security complex induced by geographic constraints. Defense space refers to Singapore's capacity, both military (hard power) and non-military (soft power) to defend its geo-economic and geo-political viability, and also falls under the statist dimension of cohabitative security. Similar to Taiwan, the origin and direction of Singapore's insecurity is external, that is, the whole

neighbouring region. Given the nature of their primary security referent and contexts, as well as the origins and directions of threats, Taiwan and Singapore's linkages are classified as statist.

Meanwhile, in the case of the Philippines, the primary security referent investigated is its diminishing development space against the backdrop of uneven economic security perpetuated by oligarchic forces. As I have argued in Chapter 5, development space refers to the capacity of the Philippines government to independently and effectively pursue its economic development goals and objectives amid a deeply entrenched oligarchic system and patronage culture, and falls under the humanist (rather than the statist) dimension of cohabitative security. Here, the origin and direction of the Philippines' insecurity is internal rather than external, that is, the Filipino oligarchy.

Finally, in the case of Malaysia, the primary security referent examined is its diminishing diversity space against the backdrop of a domestic security dilemma generated by a Malay-centric political economy run and maintained by the ruling United Malays National Organization (UMNO) party together with the *Barisan Nasional* (BN) coalition. Diversity space refers to the capacity of all ethnic groups in Malaysia to participate freely in the country's political and economic affairs, and also falls under the humanist dimension of cohabitative security. Similar to the Philippines, the origin and direction of Malaysia's insecurity is internal, that is, the perpetually ruling political party and regime. Considering the nature of their primary security referent and contexts, as well the origins and directions of threats, the Philippines and Malaysia's linkages are categorized as humanist.

It is critical to point out that these classifications do not suggest that Taiwan and Singapore are exclusively concerned with their statist security referents/interests. Similarly, they also do not imply that the Philippines and Malaysia are entirely concerned with their humanist security referents/interests. As I have posited in Chapter 1, these two dimensions of cohabitative security are mutually constitutive and reinforcing, and therefore, are both crucial for the overall stability and security of all four countries. However, given their prevailing security contexts, Taiwan and Singapore are bent to focus more on state security, while the Philippines and Malaysia are compelled to put more emphasis on human security.

Dissecting Taiwan and Singapore's Statist Linkages

In Taiwan, the re-opening of cross-Strait links and successful negotiations of bilateral FTAs with non-diplomatic partners has given Taiwanese

leaders, policymakers and various non-state groups a new hope. Unfortunately, the fact that these developments have all been guided by the One-China principle implies the continued illegitimacy of Taiwanese sovereignty. Although cross-Strait rapprochement may have enhanced Taiwan's de facto sovereign space, however, it has been largely inadequate in legitimizing the country's sovereign existence in the global arena. The deep entanglements between Taipei and Beijing's security and trade interests are forcing Taiwanese officials to maintain the prevailing cross-Strait status quo.

Considering the huge electoral risks involved in adopting nationalist agendas, both the Kuomintang Party (KMT) and the Democratic Progressive Party (DPP) tend to veer away from controversial policies that are deemed by voters to undermine cross-Strait interdependence. While, on the one hand, voters opposed to political unification condemn a highly China-centric policy; on the other, voters that see opportunities from healthy relations with Beijing reject nationalistic policies. These conflicts compel Taiwanese political parties to prioritize the normalization of cross-Strait politics over Taiwan's *de jure* sovereignty status. This condition inexorably results in the freezing of issues concerning Taiwan's sovereign interests, which in turn, lead to the island's perpetual imprisonment within the One-China trajectory. Thus, to improve and sustain their political appeal, the KMT and the DPP have been forced to 'cooperate' with each other by agreeing to endorse pro-status quo platforms.

President Ma's China-friendly approach has indeed eased the tension between Taipei and Beijing. Yet given China's continual rejection of Taiwan's sovereign statehood, the growing trade and economic relations between the two countries has afforded the former with a new instrument for conquering the latter's remaining sovereign space. This highlights the significant trade-off between Taiwan's competing goals of securing its economic interests, and preserving its political and diplomatic viability. Despite these problems, the Taiwanese leaders have decided that it would be in the best interest of the country to revitalize its relations with China, if only to prevent the dilemma from leading to an internal impasse. However, to a large extent, the success of Taiwan's gamble with China is contingent on the level of importance that the Communist Party of China (CPC) puts on cross-Strait trade and economic relations; as well as the KMT's resolve to balk from the agreements when the promised policy changes do not materialize. Regrettably, Taipei's attempts at enhancing its shrinking de facto sovereignty via the STL strategy is undercut by the lack

of autonomy and/or motivation to cancel payoffs to Beijing even when the latter's actions are already in violation of the prior conditions made.

Lastly, the spread of One-China rhetoric has also been harmful toward Taiwan's sovereign claims and interests as they help advance the sinicization of the island. By projecting cross-Strait relations as domestic matters, in effect, Taiwan becomes one of China's special administrative regions alongside Hong Kong and Macau. In addition, the practice observed when signing Taiwanese FTAs (i.e. between government institutions rather than heads of states) also reinforces the notion that Taiwan is merely a local government unit of China. These One-China gestures further erode the island's sovereign space by undermining its diplomatic presence and recognition in the international community.

These findings underscore the risks involved in Taiwan's attempts at linking security and trade to secure its sovereign space. The diminishing political friction across the Taiwan Strait has the paradoxical effect of weakening Taipei's claims over *de jure* independence. Put differently, greater cross-Strait rapprochement ironically results in lesser Taiwanese sovereignty. Institutionalizing cross-Strait politics without acknowledging the legitimacy of Taiwan's sovereign statehood inevitably absorbs the island within the One-China trajectory, from short-term economic to long-term political. Thus, Taiwan is trapped in what appears to be a perpetual prisoner's dilemma that is generated and preserved by the omnipresent China factor.

Meanwhile, for a small and pragmatic state like Singapore, the means to survival is through sustained economic growth and progress via free trade. As such, the government has constantly emphasized robust trade performance as a key pillar of national security. Through the systematic exploitation of all the available trade channels – multilateral and preferential – Singapore has successfully positioned itself at the center of regional and global trade arrangements. In this sense, trade serves as a defense-upgrading mechanism that enhances and preserves Singapore's long-term viability in international politics. Considering the strategic value of trade interdependence, Singapore has worked harder than most other states in maintaining the peace and stability of immediate environment surrounding its criss-crossing webs of trade agreements.

Amid the siege mentality confronting the People's Action Party (PAP) leaders, Singapore's pursuit of economic prosperity has become replete with security undertones. The security complex that permeates the whole system has driven the ceaseless securitization of virtually all facets of

Singaporean polity. This is reflected in the manner through which statist security threats have stimulated Singapore's strategic approach vis-à-vis trade. From an economic standpoint, the gains that Singapore can expect from further trade liberalization are very limited since its effective tariff rates are already close to zero. However, due to its lingering paranoia, Singapore is being compelled to continuously beef up its trade relations with other countries, both big and small. On the one hand, Singapore has actively promoted trade diplomacy with the major powers in East Asia (specifically, China and Japan) to deflect the security threats that occasionally emanate from its Islamic neighbours. On the other hand, Singapore has also persistently pursued bilateral trade negotiations with the powerful states outside of East Asia (particularly the U.S.) to help balance China's unchecked power.

By doing so, the PAP government has effectively consolidated its three main goals: national cohesion, world prestige, and most importantly, its perpetual legitimacy. In fulfilling this task, the level of social compact in Singapore played a crucial role. Fortunately for the PAP government, the Singaporean citizens have generally shown quiet acceptance and compliance. This condition highlights the rather unique status that the ruling party enjoys. Unlike its counterparts in other countries, the PAP is considered not just a dominant political party but also the legitimate and rightful custodian of Singapore's national interests and aspirations. As such, the PAP government has faced very little opposition to its formulation and implementation of policies and strategies vis-à-vis trade and security. This arrangement has eventually led to the conflation of the system, the government and the party, thereby giving birth to an overarching entity that has come to define every aspect of the Singaporean polity. To maintain this status, the PAP regime now needs to perpetually exploit the country's sense of vulnerability on which its own political survival ultimately depends.

Dissecting Malaysia and the Philippines' Humanist Linkages

In the Philippines, national security is mainly contingent on the government's capacity to bring about a more inclusive and equitable form of economic development. Unfortunately, the power of the very few yet very influential Filipino elites to transform the country into an oligarchipelago (i.e. archipelago of oligarchies) underlines the deep-rooted oligarchic system and patronage culture that have come to define and shape the Philippine political economy for centuries. The overwhelming

primacy of the oligarchies is a symptom of the Philippines' soft state and weak democracy. This domestic arrangement has given rise to structural poverty and institutionalized inequality that continue to undermine the economic security of the huge majority of the Philippine population.

While oligarchy and patrimonialism do not automatically generate a condition that results in political and economic marginalization, nonetheless, their presence has aided the patrons and the oligarchs to subjugate virtually all dimensions of Philippine polity. Such conditions have permitted the consolidation of political offices, elected politicians and economic policies, thereby securing the interests of the national oligarchy rather than those of the national government. Consequently, even the aggressive adoption of neoliberal trade and economic policies has not given rise to a highly competitive Philippine economy. The domestic markets created by the country's liberalization programmes have been installed and controlled by only few oligarchic families. The subsequent erosion of state capitalism has paved the way for the emergence of oligarchic capitalism exclusively ruled by small cartels of political and economic elites. This further diluted the infrastructural power of state as little by little bureaucratic institutions came to be captured by the forces of patronage system and oligarchic culture.

Naturally, the oligarchs have strategically exploited the country's ineffective trade policies and mechanisms to further maximize their economic wealth and political power despite their detrimental impacts on poverty and inequality conditions. Moreover, by blocking social-equalizing proposals that have redistributive potentials, wealth and power are perpetually entrapped within the elite strata of the society. This systemic culture of oligarchism and patrimonialism is clearly in contrast with the government's people-centric national security model that emphasizes equitable development and inclusive security. However, in the absence of effective countervailing mechanisms that will check and balance the system, and the culture that such a system breeds (or vice versa), the government is bent to adopt policies that will only enhance and preserve its patrons' status and interests.

Finally, even the differences in leadership styles and management methods of the Philippine presidents in the last thirty years have not done much in improving the county's politico-economic system and let alone its outcomes. Consequently, the Philippines' attempts at linking its humanist security interests and trade activities have not only preserved the uneven

level of economic development and security, but have also reinforced the debilitating oligarchic system and patronage culture in the country. All in all, the Philippine case provides a striking example of how state power has been transmogrified into a powerful device that enabled the creation of an oligarchipelago – a place where oligarchs and patrons perpetually run wild and free.

Meanwhile, in the case of Malaysia, the noble goal of securing the *Bumiputeras'* interests has been reduced to the narrow pursuit of perpetual supremacy by the UMNO party and *Barisan* coalition. The government has aggressively rolled out a Malay-oriented social vision through development and implementation of race-based affirmative programs. This is despite the fact that Malaysia's national security is essentially rooted in the conditions surrounding its remaining diversity space amid its multi-ethnic and multi-religious society.

The *Barisan's* attempts at cultivating a 'One Malaysia' identity have only resulted in the institutionalization of a reductive social framework that proved to be highly divisive and polarizing, given that it is based on based on the flimsy idea of *Malayness*.

This arrangement has engendered a domestic security dilemma, or the condition in which improvements in the relative security of the non-Bumiputeras regrettably lead to the relative insecurity of the *Bumiputeras*. Neoliberal trade and economic policies have played an indirect (albeit pivotal) role in the creation and perpetuation of this dilemma. The significant growth and opportunities generated by Malaysia's various trade activities have fuelled the formulation and employment of disproportional affirmative policies (i.e. NEP, NDP and NEM), which have all been pursued under the pretext of ethnic equality.

That the *Barisan's* affirmative actions have been criticized by the non-Malays is hardly surprising, what is surprising is perception of the 'othered' *Bumiputeras* that these initiatives are also discriminatory against them. For these non-Malays and non-Muslim *Bumiputeras*, the AAPs have become exploitative devices for legitimizing the special treatment provided to their Malay and Muslim counterparts. Instead of demanding for equal opportunities, the Muslim Malays are now insisting for the preservation of their exclusive rights and privileges under the Constitution. Indeed, the long-standing question of '*Bumiputraism* for whom' remains as crucial today as ever.

Although the inefficiencies and externalities created by these affirmative actions have already been manifested in various aspects of Malaysian polity – economic, political and social – nevertheless, the ruling party and

coalition have continued to argue that Malay affirmation is necessary for improving the quantity and quality of space available for the marginalized and powerless *Bumiputeras*. Such justifications should make affirmative policies morally acceptable to everyone in the society. Through the promotion of Malay ethnic interests above all other racial groups *Bumiputraism* has essentially retarded the development of an inclusive Malaysian nationalism. Given this Malay dominance in virtually all aspects of domestic affairs, Malaysian security has been narrowly defined in terms of Malay security.

But underneath the government's grand rhetoric about the Malay affirmation lay the UMNO and the *Barisan's* political motives and interests that must be protected at all costs. In doing so, ideational and material security apparatuses have been carefully developed to perpetually legitimize the dominance of the ruling party and coalition. While ideological security constructs enabled the imposition of a *Barisan*-sponsored religion to eliminate political rivals; material security apparatuses allowed the suppression of non-*Barisan* conforming ideas to safeguard its status and position. The de-racialization of Malaysian policies and interests remains problematic precisely because of how ethnicity is utilized by the UMNO and *Barisan* as a currency for buying *Bumiputeras*' exclusive rights and privileges in exchange for their continued support and patronage of the system.

Themes of Small Powers' Linkages: the East Asian Perspective

High Levels of Internal and External Insecurities

Looking at the four cases that that have been presented and analyzed in this book, it is evident that the high levels of internal and external insecurities are driving small powers to link their security and trade agendas. With respect to Taiwan and Singapore, these insecurities are generated by external factors. Whereas Taiwan's linkages are intended to counter the cross-Strait security paradox engendered by the One-China constraints; Singapore's linkages are aimed at confronting the security complex induced by the geographic constraints. Thus, the direction of threat vis-à-vis Taiwan and Singapore is external, that is, China and the whole neighbouring region, respectively.

In Taiwan, the geopolitical complexities enfolding cross-Strait relations prohibit Taiwanese leaders from pursuing the goal of *de jure* sovereignty

for the country. This explains Taiwan's continued non-recognition as a legitimate state in the international community, especially among the UN members. The island's quasi-sovereign status exposes Taiwan to resign to the vulnerabilities and vicissitudes of its external security environment. As Beijing's sinicization project continues to progress, Taipei's de facto sovereign space continues to erode. To prevent its complete co-optation within the 'One-China' trajectory, Taiwan has vigorously promoted and actively campaigned for its right to participate in multilateral and preferential trade activities. For Taiwanese leaders, engaging in these trade activities is a way of re-asserting the legitimacy of Taiwan's sovereignty. In effect, Taiwan's trade activities are supposed to function as a sovereignty-upgrading mechanism by mitigating the external insecurities induced by the One-China constraints.

In Singapore, the Hobbesian-like environment in which the city-state was abruptly thrust into has induced a vulnerability fetish among its leaders and citizens alike. This overwhelming sense of weakness and the paranoia that it creates are deeply reflected by how Singaporean officials compare the country's position in the international system to the place of a small animal in the jungle. The geographic factors that significantly limit Singapore's defense space – its small size, openness to sea routes, absence of natural hinterland and hostile neighbours – have forced the government to construct regional and trans-regional trade engagement policies. Singapore's limited, albeit superior, technocratic resources have enabled the country to exploit the strategic value of these arrangements in ways that enhance its geopolitical and geo-economic viability. In this sense, Singapore's trade activities are supposed to act as a defense-upgrading tool by reducing the external insecurities induced by the geographic constraints.

Meanwhile, with respect to the Philippines and Malaysia, these insecurities are generated by internal factors. Whereas the Philippines linkages were supposed to address the uneven economic security perpetuated by the oligarchic constraints; Malaysia's linkages were supposed to resolve the domestic security dilemma induced by the *Bumiputera* constraints. Thus, the direction of threat vis-à-vis the Philippines and Malaysia is internal, that is, the domestic oligarchy and the ruling party/coalition, respectively.

In the Philippines, the lopsided development of the economy has become an enduring threat to the country's supposedly people-centric national security framework. At the crux of the Philippines' extremely uneven economic development is a deeply entrenched patronage system propagated and maintained by very few yet very powerful Filipino oligarchs.

This oligarchy driven political economy has significantly emasculated the capacity of the government to independently formulate and implement equitable and inclusive development policies that would improve institutional inequality and structural poverty conditions. In efforts to address the disproportional level of economic security that such an arrangement engenders, the Philippines has embarked on aggressive trade liberalization activities. This shift in development approach was the result of the failure of import substitution strategy to bring about high levels of growth through industrialization. To this extent, the Philippines' trade activities are supposed to work as a development-upgrading instrument curbing the internal insecurities induced by the oligarchic constraints.

Finally, in Malaysia, the aggressive promotion of the *Bumiputera* identity as the cornerstone of Malaysian nationalism has significantly weakened the capacity of other ethnic groups to participate freely in the country's political and economic affairs. Given their perceived marginalized status, the Constitution has provided the Malays with exclusive rights and privileges. These affirmative policies are deemed necessary for 'fairer' redistribution of national wealth and resources toward the *Bumiputeras.* The government insists that this is the only way to restructure the Malaysian society which provides little to no space for the *Bumiputeras.* In reality, the Malay affirmation is mainly driven by the political motives and interests of the UMNO and the *Barisan*. Fortunately for them, Malaysia's daring gamble with free trade has brought about robust economic growth and development. The wealth generated by this boom has helped finance the operation and maintenance of these affirmative programs. In this regard, Malaysia's trade activities are supposed to work as a diversity-upgrading apparatus by minimizing the internal insecurities induced by the *Bumiputera* constraints.

Marginal Geo-Economic Size and Peripheral Geopolitical Position

Considering the cases that have been explored, it is evident how the marginal geo-economic size and peripheral geopolitical position of small powers drive their linkage efforts, strategies and outcomes. In attempts to improve their capacity to minimize their dependence and insecurities, the small powers have learned to harness the strategic utility of trade. Consequently, trade has become a crucial component of small powers' security policies and strategies. For states that are desperate to safeguard their primary security referents and interests, trade has become 'holy grail'

of national security. But as I have demonstrated in this book, the linkage efforts and strategies adopted by the small powers have produced double-edged outcomes.

With respect to statist linkages, Taiwan and Singapore's attempts at enhancing their statist security referents (i.e. sovereign space and defense space, respectively) generated new risks that can reverse the positive effects of these linkages. Taiwan's linkage efforts (against the backdrop of cross-Strait security paradox engendered by the One-China factor) might lead to its complete assimilation with China. The limits of domestic institutional mechanisms, nationalist rhetoric and agenda, export-oriented economy, and cross-Strait economic pacifism, have undermined the sovereignty-upgrading utility of Taiwan's linkage efforts by reinforcing the underlying China constraints.

Meanwhile, Singapore's linkage attempts (against the backdrop multidimensional security complex induced by geographic constraints), can result in its failure to strategically balance conflicting American, Chinese and Japanese interests in the region. The limits of deterrence strategy, alliance and alignment strategy, PAP-centric security framework, and elitist nation-building, have weakened the defense-upgrading utility of Singapore's linkage efforts by aggravating the underlying geographic constraints.

With respect to humanist linkages, the Philippines and Malaysia's attempts at enhancing their humanist security referents (i.e. development space and diversity space, respectively) also generated new risks that can undo the positive effects of these linkages. The Philippines' linkage efforts (against the backdrop of uneven economic security perpetuated by oligarchic forces) have preserved the uneven level of economic security, and further reinforced its oligarchic system and patronage culture. The limits of patrimonial democratization, patrimonial administration, oligarch-biased development policies, and patronage-based bureaucracy, have undercut the development-upgrading utility of the Philippines' linkage efforts by exacerbating the underlying oligarchic constraints.

Meanwhile, Malaysia's linkage attempts (against the backdrop of a domestic security dilemma generated by a Malay-oriented political economy) have aggravated racial inequalities, and further legitimized the *Bumiputera*-centric rule of the UMNO and *Barisan*. The economic and political limits of Malay affirmation, and the limits of *Barisan's* ideological and material security constructs, have diluted the diversity-upgrading utility of Malaysia's linkage efforts by worsening the underlying *Bumiputera* constraints.

Multidimensional and Multidirectional Security Contexts and Threats

Examining the regional and domestic security rhetoric and agenda of small powers, it is clear how the multidimensional and multidirectional nature of the security contexts and threats influence their linkage efforts, strategies and outcomes. Security threats do not only come from different directions but also target different elements. While traditional, statist referents and interests continue to play a pivotal role in the construction and implementation of national security policies and strategies, nonetheless, they now have to co-exist with non-traditional, humanist security elements. As discussed in Chapter 1, where the legitimacy and identity of the state are both problematic, humanist security referents may take priority over the statist security referents. Under such a condition, considerations for sovereignty, territorial integrity and other militaristic issues are tempered. However, positing that the state will be superseded by non-state referents in the near future is a bit of a stretch.

For all security referents, survival is the ultimate goal. As I have demonstrated in my case analyses, the pursuit of survival does not always have to be ruthless and problematic. It is contingent upon several factors including the relative distribution of material capabilities; shared intersubjective understandings; and dominant social practices. As far as state actors are concerned, political survival (traditionally defined in militaristic terms) is a minimum requirement. Yet in the contemporary security context, political survival is defined in a variety of ways and comprises broader non-military objectives that are also critical to the functioning of the wider realm, in which inter-state interactions take place. This means state survival is challenged both internally and externally by threats that are not only military in nature, but also by the non-military dangers induced by existing economic, political, social, cultural and environmental conditions.

This is where the case for co-habiting the statist (military) and humanist (non-military) dimensions of security finds its relevance. On the one hand, cohabitative security emphasizes that the state has never been completely obsolete given the inferred cultural support that underpins the principle and practice of sovereign statehood at the global level.[3] The conceptualization of security in terms of the state continues to be relevant precisely because state remains the ultimate form of organized political community, and here seems to be no feasible alternative to it. On the other hand, cohabitative security also stresses that the enduring relevance of the state

does not make it the exclusive referent of security. Although it remains to be the most influential agent of political organization, nevertheless, the state now has to co-exist with a host of inter-state and intra-state entities.[4] In short, national security cannot be simply equated with state security.

In essence, what cohabitative security does is to re-introduce and re-integrate the 'human' within the security rhetoric and agenda being developed by the governments. This allows the recognition and assimilation of non-state referents that also have legitimate claims to survival in the national security polices and strategies. Rather than undermining a statist security concept in favour of a humanist model (and vice versa),cohabitative security bridges the artificial gap between the 'high politics' of states , and the 'low politics' of individuals, groups and societies.

The multidimensionality and multidirectionality of the security context and threats explain why the linkage efforts, strategies and outcomes of the four countries examined tend to vary. While, Taiwan and Singapore tend to focus more on statist security referents/interests (e.g. sovereign space and defense space); the Philippines and Malaysia are bent to put greater emphasis on humanist security referents/interests (e.g. development space and diversity space). However, as I have pointed out earlier, this does not imply that Taiwan and Singapore only focus on state security, or that Philippines and Malaysia are only interested with human security. As the cohabitative security framework suggests, these two security dimensions are complementary not substitutes; mutually reinforcing not mutually exclusive; and integrative not corrosive. Yet within their overarching security contexts, and the subsequent security imperatives that these scenarios engender, Taiwan and Singapore's linkages are more directed toward the statist referents; whereas the Philippines and Malaysia's linkages are more aimed toward humanist referents.

Trading Security: Final Words

In his book called, *The Varieties of Scientific Experience: A Personal View of the Search for God,* the late Carl Sagan, argued that: 'Extinction is the rule. Survival is the exception.' The small powers have searched for ways of circumventing the rule of extinction to ensure their continued survival in the twenty-first century security environment. At the heart of this quest for survival is the desire to increase their capacity to pursue and protect their statist and humanist security interests. The strategic disadvantages being faced by the small powers on a daily basis have compelled them to take

more innovative approaches to security. As I have established in this book, to enhance their level of security, these states have learned to re-imagine and re-invent the use of trade – multilateral, minilateral and bilateral – by harnessing its strategic utility. Depending on the nature of the existing contexts observed, and the origin and direction of threats, trade performs variety of functions vis-à-vis the primary security referents and interests of small powers. In Taiwan, trade is a sovereignty-upgrading mechanism; in Singapore, a defence-upgrading tool; in the Philippines, a development-upgrading instrument; and in Malaysia, a diversity-upgrading apparatus.

However, based on the findings generated from the cases analyzed, these linkages have been a double-edged sword for states that espoused them. For every additional security that a linkage provides a specific referent, corresponding insecurity is reflected in other referents. Thus I have argued that in effect, states that adopt and implement the STL strategy are virtually trading security given that for every security enhancement that a linkage creates, a consequent insecurity is generated. This has been clearly illustrated in the four cases presented in the book. In terms of statist linkages, Taiwan's desire for expanding its de facto sovereign space can lead to the island's complete assimilation with China. Similarly, Singapore's objective of securing its defense space can result in its failure to effectively balance and reconcile the conflicting interests of its super power partners. In both cases, the security enhancements that these statist linkages created vis-à-vis the primary referents of Taiwan and Singapore, also generated corresponding risks that can reverse the positive effects that the STL strategy produced. Meanwhile, in terms of humanist linkages, the Philippines' desire for boosting its development space has not only preserved the uneven economic development in country, but has also reinforced its oligarchic system and patronage culture. Likewise, Malaysia's objective of augmenting its diversity space has perpetuated ethnic inequalities, and further entrenched the status of the UMNO-led *Barisan*. Under both scenarios, the security enhancements that these humanist linkages created vis-à-vis the primary referents of the Philippines and Malaysia, also induced equivalent risks that can undo the positive effects that the STL strategy generated.

Through a systematic and in-depth analysis of the experiences, perspectives and meanings derived from the small powers' linkage efforts and strategies, the book has provided an updated theoretical understanding, and new empirical knowledge about the motives and impetus behind small power linkages; the limitations and challenges encountered when

facilitating these linkages; and the effectiveness of these linkages in delivering the desired security outcomes. These more nuanced readings and interpretations of statist and humanist linkages signify advancement for modern international relations research, much of which still focuses on great powers, and treats these domains as two separate clusters. The ability of small powers to facilitate these linkages to address their strategic disadvantages indicates they are not just helpless pariahs in the international system. The permanently evolving security settings in which they are operating and the systemic changes induced by these shifts, have given the small powers the impetus and platform for acting independently. By enhancing their capacity to pursue their own security interests through these linkages, the small powers are able to curb their insecurities, albeit in a limited way, and with varying results and repercussions. Indeed, although these linkages have generated new forms/levels of risks and uncertainties, nevertheless, the small powers are still bent on preserving them (and even possibly reinforcing them) because of the underlying belief that their future will be bleak unless these are undertaken, or at the very least, a conviction that their security prospects will be worse than the likely ones produced by the linkages.

Notes

1. See among others, Bull (1977); Mares (1988); Posen (2004); He (2008); Toje (2010, 2011); & Archer et al. (2014)
2. Based on Buzan et al.'s (1998) definition of the term security 'referent'.
3. See, for example, Mearsheimer (1994); Alagappa (1998); & Waltz (2001).
4. See, among others, Sahni (2008); Wibben (2008); & Watson (2011).

Bibliography

Abbott, J 2004, 'The internet, Reformasi and democratization in Malaysia', in E Gomez (ed.), *The state of Malaysia: Ethnicity, equity and reform,* Routledge, Curzon, pp. 79–105.

Abdullah, F 1997, 'Affirmative action policy in Malaysia: To restructure society, to eradicate poverty', *Ethnic Studies Report,* vol. 15, no. 2, pp. 189–221.

Acharya, A 2008, *Singapore's foreign policy: The search for regional order*, World Scientific Publishing, London.

Adamson, F & Demetriou, M 2007 'Remapping the boundaries of state and national identity': Incorporating diasporas into IR theorizing', *European Journal of International Relations*, vol. 13, no. 4, pp. 489–526.

Aggarwal, V 2013, 'Linking traditional and non-traditional security in bilateral free trade agreements: the US approach', in V Aggarwal & K Govella (eds.), *Linking trade and security: Evolving institutions and strategies in Asia, Europe, and the United States,* Springer, New York, NY, pp. 175–200.

Aggarwal, G & Govella, K (eds.) 2013, *Linking trade and security: Evolving institutions and strategies in Asia, Europe, and the United States,* Springer, New York, NY.

Aggarwal, V & Koo G (eds.) 2008, *Asia's new institutional architecture: Evolving structures for managing trade, financial, and security relations,* Springer, Berlin.

Aggarwal, V & Morrison V (eds.) 1998, *Asia-Pacific crossroads: Regime creation and the future of APEC,* Palgrave Macmillan, London.

Aggarwal, V & Urata, S (eds.) 2006, *Bilateral trade agreements in the Asia-Pacific: Origins, evolution, and implications*, Routledge, Oxon.

Aldaba, R 2012, *Surviving trade liberalization in Philippines manufacturing,* PIDS Discussion Papers Series No. 2012-10, Makati City.

M.I. Magcamit, *Small Powers and Trading Security*,
DOI 10.1007/978-3-319-38815-1

Aldaba, R 2013, *Twenty years after Philippine trade liberalization and industrialization: What has happened and where do we go from here,* PIDS Discussion Papers Series, no. 2013-21, Makati City.

Alagappa, M (ed.) 1998, *Asian security practice: Material and ideational influences,* Stanford University Press, Redwood, CA.

Altman, R 2009, 'Globalization in Retreat,' *Foreign Affairs*, vol. 4, no. 2–7.

Anderson, B 1998, 'Cacique democracy and the Philippines', *New Left Review*, vol. 169, no. 1, pp. 3–33.

Anderton, C & Carter, J 2001, 'The impact of war on trade: An interrupted times-series study', *Journal of Peace Research*, vol. 38, no. 4, pp. 445–57.

Ahnlid, A 2013, 'The trade do-gooder? Linkages in EU free trade agreement negotiations', in V Aggarwal & K Govella (eds.), *Linking trade and security: Evolving institutions and strategies in Asia, Europe, and the United States,* Springer, New York, NY, pp. 201–22.

Apter, D 1965, *The politics of modernization,* University of Chicago Press, Chicago, IL.

Archer, C, Bailes, A & Wivel, A (eds.) 2014. *Small states and international security: Europe and beyond*, Routledge, Oxon.

Ariely, G 2012, 'Globalisation and the decline of national identity? An exploration across sixty-three countries', *Nations and Nationalism*, vol. 18, no. 3, pp. 461–82.

Arnold, N 2009, *Imposing values: Liberalism and regulation*, Oxford University Press, New York.

Arts, B, Noortmann, M & Reinalda, B (eds.) 2001, *Non-state actors in international relations*, Ashgate Publishing, Surrey.

Asian Affairs 2010, *Malaysia's new economic model: Risks and rewards.* Available from: <http://www.aseanaffairs.com/cover_story_aseanaffairs_magazine_may_jun_2010>. [30 September 2014].

Asian Development Bank 2007, *Philippines: Critical development constraints*, ADB, Manila.

Asian Development Bank 2009, *Poverty in the Philippines: Causes, Constraints and Opportunities.* ADB, Manila.

Asian Development Bank 2012, *Philippines: Country operations business plan, 2013–2015.* Available from: <http://www.adb.org/documents/philippines-country-operations-business-plan-2013-2015>. [1 March 2014].

Asia Regional Integration Center 2016, *Free trade agreements by country.* Available from: <https://aric.adb.org/fta-country>. [26 February 2016].

Asia Regional Integration Center 1999, *ASEAN Plus 3.* Available from: <https://aric.adb.org/beta>. [8 April 204].

Asia Regional Integration Center 2013, *Regional comprehensive economic partnership.* Available from: <https://aric.adb.org/fta/regional-comprehensive-economic-partnership>. [3 July 2014].

Asia Pacific Economic Cooperation 2002, *Secure trade in APEC region*. Available from: <http://www.apec.org/>. [1 October 204].

ASEAN Regional Forum 2014, *About The ASEAN Regional Forum*. Available from: <http://aseanregionalforum.asean.org/>. [3 July 2014]

Association of Southeast Asian Nation 2016, *ASEAN Community*. Available from <http://www.asean.org/>. [1 February 2016].

Athukorala, P 2005, 'Trade policy in Malaysia: Liberalization process, structure of protection, and reform agenda', *ASEAN Economic Bulletin,* vol. 22, no. 1, pp. 19–34.

Atienza, M, Berja, C, Cabilo, Z & Baviera, M 2010, *Developing a human security index for the Philippines: An exploratory study in selected conflict areas*, University of the Philippines Press, Quezon City.

Axworthy, L 2001, 'Human security and global governance: Putting people first', *Global Governance*, vol. 7, no. 1, pp. 19–23.

Aydinli, E & Rosenau, J (eds.) 2005, *Globalization, security, and the nation state: Paradigms in transition*, SUNY Press, New York, NY.

Aziz, A 2012, 'New Economic Policy and the Malaysian multi-ethnic middle class', *Asian Ethnicity,* vol. 13, no. 1, pp. 29–46.

Azizuddin, M 2010, 'A comparative analysis of Asian Values and *Islam Hadhari* in Malaysia', *Jurnal Kemanusiaan,* no. 15, pp. 1–22.

Ba, A 2009, 'Regionalism's multiple negotiations: ASEAN in East Asia', *Cambridge Review of International Affairs*, vol. 22, no. 3, pp. 345–67.

Badawi, A 2006, *Islam Hadhari: A model approach for development and progress*, MPH Group Publishing, Kuala Lumpur..

Bajpai, K 2000, *Human security: concept and measurement*, Paper no. 19, Joan B. Kroc Institute for International Peace Studies, University of Notre Dame, Southbend, IN.

Balboa, J & Medalla, E 2006, *State of trade and investments in the Philippines,* PIDS Discussion Paper Series no. 2006–15, Makati City.

Baldwin, D 1993, *Neorealism and neoliberalism: The contemporary debate*, Columbia University Press, New York, NY.

Baldwin, R & Low, P (eds.) 2009, 'Multilateralizing regionalism: Challenges for the global trading system', Cambridge University Press, Cambridge.

Balisacan A & Hill, H (eds.) 2003, *The Philippine economy: Development, policies, and challenges,* Oxford University Press, Oxford.

Balzacq, T (ed.) 2010, *Securitization theory: How security problems emerge and dissolve*, Routledge, Oxon.

Barbieri, K & Levy, S 1999 'Sleeping with the enemy: The impact of war on trade', *Journal of Peace Research*, vol. 36, no. 4, pp. 463–79.

Barbieri, K & Levy, J 2001, 'Does war impede trade? A response to Anderton and Carter', *Journal of Peace Research*, vol. 38, no. 5, pp. 619–24.

Barbieri, K, Keshk, O, & Pollins, B 2009, 'Trading data evaluating our assumptions and coding rules', *Conflict Management and Peace Science,* vol. 26, no. 5, pp. 471–91.

Barnett, J 2001, *The meaning of environmental security: Ecological politics and policy in the new security era,* Zed Books, London.
Barr, M & Skrbis, Z 2008, *Constructing Singapore: Elitism, ethnicity and the nation-building Project,* NIAS, Copenhagen.
Barr, M 2014, *The ruling elite of Singapore: Networks of power and influence,* I.B. Tauris, London.
Barston, R 1973, *The other powers: Studies in the foreign policies of small states*, Allen & Unwin, Sydney.
Beeson, M & Bellamy, A 2008, *Securing Southeast Asia: The politics of security sector reform,* Routledge, New York, NY.
Bello, W 2003, *Multilateral punishment: The Philippines in the WTO, 1995–2003.* Available from: <http://www.apl.org.ph/ps/multilateral-punishment.pdf>. [2 January 2014, date last accessed].
Bello, W (ed.) 2004, *The anti-development state: The political economy of permanent crisis in the Philippines,* University of the Philippines Press, Quezon City.
Bello, W 2005, *Deglobalisation: Ideas for a new world economy*, Zed Books, London.
Bello, W 2010, 'The conditional cash transfer debate and the coalition against the poor', *Focus on Global South 1 January.* Available from: <http://focusweb.org/content/conditional-cash-transfer-debate-and-coalition-against-poor#sthash.pX3WefaM.dpuf>. [2 October 2014].
Bhagwati, J, Krishna, P & Panagariya, A (eds.) 1999, *Trading blocs: Alternative approaches to analyzing preferential trade agreements*, MIT Press, Cambridge, MA.
Bhagwati, J 2003, *Free Trade Today,* Princeton University Press, Princeton, NJ.
Bhagwati, J 2008, *Termites in the trading system: How preferential agreements undermine free trade,* Oxford University Press, New York.
Berdal, M & Zaum, D (eds.) 2013, *Political economy of state-building: Power after peace,* Routledge, New York, NY.
Booth, K 2008, *Theory of world security,* Cambridge University Press, Cambridge.
Bourguignon, F & Verdier, T 2000,' Oligarchy, democracy, inequality and growth', *Journal of development Economics,* vol. 62, no. 2, pp. 285–313.
Bram, J, Orr, J & Rapaport, C 2002, 'Measuring the effects of the September 11 Attack on New York City, *FRBNY Economic Policy Review*, vol. 8, no. 2, pp. 5–22.
Brawley, M 1993, *'Regime types, markets, and war: The importance of pervasive rents in foreign policy', Comparative Political Studies*, vol. 26, no. 2, pp. 178–97.
Bull, H 1977, *The anarchical society: A study of order in world politics*, Columbia University Press, New York, NY.
Bull, H 1979, 'The state's positive role in world affairs', *Daedalus,* vol. 108, no. 4, pp. 111–23.

Burchill, S 2005, *The national interest in international relations theory*, Palgrave Macmillan, NH.

Bush, R 2005, *Untying the knot: Making peace in the Taiwan Strait*. Brookings Institution Press, Washington, DC.

Bush, R 2011, 'Taiwan and East Asian Security', *Orbis,* vol. 55, no. 2), pp. 274–89.

Buzan, B 1993, 'From international system to international society: structural realism and regime theory meet the English school', *International Organization*, vol. 47, no. 3, pp. 327–52.

Buzan, B, Jones, C & Little, R 1993, *The logic of anarchy: Neorealism to structural realism*, Columbia University Press, New York.

Buzan, B, Wæver, O, & de Wilde, J 1998, *Security: a new framework for analysis*, Lynne Rienner, Boulder, CO.

Caballero-Anthony, M 2005, *Regional security in Southeast Asia: Beyond the ASEAN Way,* ISEAS, Singapore.

Caballero-Anthony, M 2012, 'The responsibility to protect in Southeast Asia: Opening up spaces for advancing human security', *The Pacific Review*, vol. 25, no. 1, pp. 113–34.

Campbell, C 2016, 'Taiwan elects its first female president', *Time* 16 January 2016. Available from: <http://time.com/4183442/china-taiwan-tsai-ing-wen-first-female-president/>. [3 January 2016].

Campbell, J & Pedersen, O (eds.) 2001, *The rise of neoliberalism and institutional analysis*, Princeton University Press, Princeton, NJ.

Canlas, D, Khan, M & Zhuang J (eds.), *Diagnosing the Philippine economy: Toward inclusive growth*, ADB, Manila.

Capie, D & Paul, E 2007, *The Asia-Pacific Security Lexicon*, ISEAS, Singapore.

Capling, A & Ravenhill, J 2011, 'Multilateralising regionalism: What role for the Trans-Pacific Partnership Agreement?', *The Pacific Review,* vol. 24, no. 5, pp. 553–75.

Carney, C 1989, 'International patron-client relationships: A conceptual framework', *Studies In Comparative International Development,* vol. 24, no. 2, pp. 42–55.

Case, W 2004, 'Testing Malaysia's pseudo-democracy', in E Gomez (ed.), *The state of Malaysia: Ethnicity, equity and reform,* Routledge, Curzon, pp. 29–48.

Chang, H 2002, *Kicking away the ladder: Development strategy in historical perspective,* Anthem Press, London.

Chang, H 2007, *Bad samaritans: The myth of free trade and the secret history of capitalism*, Bloomsbury Publishing, London.

Chang, A, Chu, Y & Welsh, B 2013, Southeast Asia: sources of regime support, *Journal of Democracy,* vol. 24, no. 2, pp. 150–64.

Chang, J & Goldstein, S (eds.) 2007, *Economic reform and cross-Strait relations: Taiwan and China in the WTO,* World Scientific, London.

Charnovitz, S 2006, 'Taiwan's WTO membership and its international implications', *Asian Journal of WTO and International Health Law and Policy*, vol. 1, no. 2, pp. 401–32.

Chehabi, H & Linz, J 1998, *Sultanistic regimes*, Johns Hopkins University Press, Baltimore, MD.

Chen, O 2012, 'The influences of the internalization of international structure to Malaysia's national security', *Asian Social Science*, vol. 8, no. 3, pp. 151–155.

Chen, Y 2012, 'ECFA and beyond: The paradigm shift of Taiwan's national defence policy', in P Chow (ed.), *National identity and economic interests*, Palgrave MacMillan, New York, NY, pp. 205–32.

Chew, A & Tan, S 2008, 'Governing Singapore's security sector: Problems, prospects and paradox', *Contemporary Southeast Asia*, vol. 30, no. 2, pp. 241–63.

Chia, S 2005, 'ASEAN–China economic competition and free trade area', *Asian Economic Papers,* vol. 4, no. 1, pp. 109–47.

Chin, K 2004, 'Malaysia's post-crisis bank restructuring', in K Jomo (ed.), *After the storm: Crisis, recovery and sustaining development in four Asian countries,* NUS Press, Singapore, pp. 204–229.

Chin, G 2014, 'Asian regionalism after the global financial crisis', in G Capannelli & M Kawai (eds.), *The political economy of Asian regionalism*, Springer, Tokyo, pp. 39–58.

China Consulate 2013, *Foreign Ministry Spokesperson Hua Chunying's regular press conference on July 10, 2013,* Government of China. Available from: <http://www.chinaconsulate.org.nz/eng/fyrth/t1057848.htm>. [4 January 2014].

Christie, R 2014, 'The siren song of human security', in M Martin & T Owen (eds.), *The Routledge Handbook of Human Security*, Routledge, Oxon, pp. 94–108.

Cho, H 2005, 'China-Taiwan Tug of War in the WTO', *Asian Survey*, vol. 45, no. 5, pp. 736–55.

Chong, T 2006, 'The emerging politics of *Islam Hadhari'*, in Saw & K Kesavapany (eds.), *Malaysia: Recent trends and challenges*, ISEAS, Singapore, (pp. 22–46).

Chong, T 2012, 'A return to normal politics: Singapore general elections 2011', *Southeast Asian Affairs*, vol. 2012, no. 1, pp. 283–98.

Chow, J 2013, 'Trade and human Security in ASEAN: Toward deeper Llinkage?', in V Aggarwal & K Govella (eds.), *Linking trade and security: Evolving institutions and strategies in Asia, Europe, and the United States*, Springer, New York, pp. 67–88.

Chow, P 2012, 'The ECFA, its impact on cross-strait relations, and implications for the United States', in P Chow (ed.), *National identity and economic interests*, Palgrave MacMillan, New York, NY, pp. 67–92.

Chou, J, Chu, Y & Wang, S (1997) 'Effects of trade liberalization on Taiwan: A computable general equilibrium analysis', *Asian Economic Journal*, vol. 11, no. 2, pp. 169–86.

Clapham, C 1998, 'Degrees of sovereignty', *Review of International Studies*, vol. 24, no. 2, pp. 143–57.
Clarete, R 1999, 'Trade-related problems and policy issues in Philippine agriculture', *Philippine Review of Economics and Business*, vol. 36, no. 1, pp. 127–58.
Clarete, R 2005, 'Ex-post effects of trade liberalization in the Philippines'. Paper presented at the *United Nations Conference on Trade and Development*, Geneva, 18–19 January.
Clark, C & Tan, A 2012, *Taiwan's Political Economy: Meeting Challenges, Pursuing Progress,* Lynne Rienner, London.
Collie, D 1997, 'Bilateralism is good: trade blocs and strategic export subsidies', *Oxford Economic Papers*, vol. 49, no. 4, pp. 504–20.
Collins, A 2013, *Contemporary security studies*, Oxford University Press, Oxford.
Conway, D 2004, *In defence of the realm: The place of nations in classical liberalism*. Ashgate Publishing, Surrey.
Coppolaro, L & McKenzie, F (eds.) 2013, *A global history of trade and conflict since 1500*, Palgrave Macmillan, Basingstoke.
Corning, G 2011, 'Trade regionalism in a realist East Asia: Rival visions and competitive unilateralism', *Asian Perspective*, vol. 35, no. 2, pp. 259–86.
Cororaton, C 2000, *Philippine tariff reforms: A CGE analysis,* Discussion paper no. 2000–35, Philippine Institute for Development Studies, Makati City.
Cororaton, C 2004, 'Analyzing the impact of trade reforms on welfare and income distribution using CGE Framework: the case of the Philippines', *Philippine Journal of Development*, vol. 31, no. 1, pp. 25–64.
Cororaton, C., Cockburn, J., and Corong, E. (2005) 'Doha Scenarios, Trade Reforms, and Poverty in the Philippines: A CGE Analysis', World Bank Discussion Paper no. 86, Washington, DC.
Cox, R 1981, 'Social forces, states and world orders: Beyond international relations theory', *Millennium: Journal of International Studies*, vol. 10, no. 2, pp. 126–55.
Crump, T 2007, *Asia-Pacific: A history of empire and conflict*, Hambledon Continuum, London.
Dalby, S 2002, *Environmental security*, University of Minnesota Press, Minneapolis, MN.
David, R 2013, 'Can pork be good?', *Philippine Daily Inquirer* 21 August. Available from: <http://opinion.inquirer.net/59331/can-pork-be-good>. [4 July 2015].
David, C, Intal, P & Balisacan, A 2007, *Distortions to agricultural incentives in the Philippines,* Working Paper no. 28, World Bank's Development Research Group, Manila.
Davies, M 2013, 'ASEAN and human rights norms: constructivism, rational choice, and the action-identity gap', *International Relations of the Asia-Pacific*, vol. 13, no. 2, pp. 207–31.

de Dios, E & Hutchcroft, P 2003, 'Political economy', in A Balisacan & H Hill (eds.), *The Philippine economy: Development, policies, and challenges,* Oxford University Press, Oxford, pp. 45–73.

Dent, C 2001, 'Singapore's foreign economic policy: The pursuit of economic security', *Contemporary Southeast Asia*, vol. 23, no. 1, pp. 1–23.

Dent, C 2002, 'Reconciling multiple economic multilateralisms: The case of Singapore', *Contemporary Southeast Asia*, vol. 24, no. 1, pp. 146–65.

Dent, C 2005, 'Bilateral free trade agreements: boon or bane for regionalism in East Asia and the Pacific?', *European Journal of East Asian Studies*, vol. 4, no. 2, pp. 287–314.

Dent, C 2006, *New Free Trade Agreements in the Asia-Pacific,* Palgrave Macmillan, New York, NY.

Dent, C & Dosch, J (eds.) 2012, *The Asia-Pacific, regionalism and the global system,* Edward Elgar, Northampton, MA.

Dent, C 2010, 'Free trade agreements in the Asia-Pacific a decade on: Evaluating the past, looking to the future', *International Relations of the Asia-Pacific*, vol. 10, no. 2, pp. 201–45.

Derichs, C 2004, 'Political crisis and reform in Malaysia' in E Gomez (ed.), *The state of Malaysia: Ethnicity, equity and reform*, Routledge, Curzon, pp. 105–129.

Desker, B 2004, 'In defence of FTAs: From purity to pragmatism in East Asia', *The Pacific Review*, vol. 17, no. 1, pp. 3–26.

Devetak, R 1995, 'The project of modernity and international relations theory', *Millennium: Journal of International Studies*, vol. 24, no. 1, pp. 27–51.

Diamond, L 1992, 'Economic development and democracy reconsidered', *The American Behavioral Scientist,* vol. 35, no. 4, p.450.

Diamond, L 2008, 'The democratic rollback: The resurgence of the predatory state', *Foreign Affairs*, vol. 87, no. 2, pp. 36–48.

Dittmer, L 2012, 'Taiwan's political economy in an era of cross-Strait détente', in P Chow (ed.), *National identity and economic interests,* Palgrave MacMillan, New York, NY, pp. 233–246.

Donnelly, J 2005, 'Realism', in A Linklater, R Devetak, J Donnelly, M Paterson, C Reus-Smit & J. True (eds.), *Theories of International Relations,* New York: Palgrave Macmillan, pp. 29–52.

Dorussen, H 2006, 'Heterogeneous trade interests and conflict: What you trade matters, *Journal of Conflict Resolution*, vol. 50, no. 1, pp. 87–107.

Doyle, M 2011, *Liberal peace: Selected essays*, Routledge, London.

Drezner, D 1999, 'The trouble with Ccrrots: Transaction costs, conflict expectations, and economic inducements', *Security Studies,* vol. 9, no. 1/2, pp. 188–218.

Drysdale, P & Terada, T (eds.) 2007, *Asia-Pacific economic co-operation: Critical perspectives on the world economy,* Routledge, London.

Economic Planning Unit 1971, *New Economic Policy*, Government of Malaysia. Available from: <http://www.epu.gov.my/epu-theme/rmk3/chapt%201.pdf>. [3 September 2014].

Economic Planning Unit 1991, Sixth Malaysia Plan, 1990–1995, Government of Malaysia. Available from: <http://www.epu.gov.my/en/sixth-malaysia-plan-1990-19951>. [12 September 2014].

Economic Planning Unit 2004, *Malaysia: 30 years of poverty reduction, growth and racial harmony,* Government of Malaysia. Available from: <http://web.worldbank.org/archive/website00819C/WEB/PDF/MALAYS-2.PDF>. [25 September 2014].

Eaton, K 2003, 'Restoration or transformation? Trapos versus NGOs in the democratization of the Philippines', *Journal of Asian Studies*, vol. 62, no. 2, pp. 469–96.

Embong A 2008, 'Developmentalist state in Malaysia: Its origins, nature, and contemporary transformation', in J Nelson, J Meerman & A Embong (eds.), *Globalization and national autonomy: The experience of Malaysia,* ISEAS, Singapore, pp. 27–58.

Elliott, L 2012, 'ASEAN and environmental governance: strategies of regionalism in Southeast Asia', *Global Environmental Politics*, vol. 12, no. 3, pp. 38–57.

Elman, M 1995, 'The foreign policies of small states: Challenging neorealism in its own backyard', *British Journal of Political Science*, vol. 25, no. 2, pp. 171–217.

Emmers, R 2013, 'Securitization', in A Collins (ed.) *Contemporary Security Studies*, Oxford University Press, Oxford, pp. 109–25.

Espos, E 2008, JPEPA: How not to negotiate an economic agreement, *Philippine Center for Investigative Journalism*. Available from: <http://pcij.org/blog/wp-docs/Espos_JPEPA_How_Not_to_Negotiate_an_Economic_Agreement.pdf>. [3 November 2015].

Europa 2007, *Treaty of Lisbon*. Available from <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=OJ:C:2007:306:TOC>. [1 March 2014].

Feinberg, R (ed.) 2003, *APEC as an institution: Multilateral governance in the Asia-Pacific*, ISEAS, Singapore.

Faaland, J, Parkinson, J & Saniman, R 1990, *Growth and ethnic inequality: Malaysia's New Economic Policy*, St. Martin's Press, New York, NY.

Filson, D &Werner, S 2004, 'Bargaining and fighting: The impact of regime type on war onset, duration, and outcomes', *American Journal of Political Science,* vol. 48, no. 2, pp. 296–313.

Flaherty, M & Fritz, N 2002, 'Unjust order: Malaysia's Internal Security Act', *Fordham International Law Journal*, vol. 26, no. 5, pp. 1345–437.

Focus on Global South 2003, *The Philippines under the WTO: An unmitigated disaster*. Available from: <http://www.corpwatch.org/article.php?id=7268>. [2 October 2014].

Focus Taiwan 2016, *Full text of Tsai's victory speech at international press conference*. Available from: <http://focustaiwan.tw/news/aipl/201601160053.aspx>. [16 January 2016].

Fox, A 1959. *The power of small states: diplomacy in World War II*, University of Chicago Press, Chicago, IL.

Franco, J 2001, *Elections and democratization in the Philippines*, Routledge, New York, NY.

Frankel, B 1996, *Realism: restatements and renewal*, Frank Cass and Company, London.

Fridell, G 2006, 'Fair trade and neoliberalism: Assessing emerging perspectives', *Latin American Perspectives*, vol. 33, no. 6, pp. 8–28.

Friedman, T 1999, *The lexus and the olive tree: Understanding globalisation,* Farrar, Straus and Giroux, New York, NY.

Fritsch, S 2008, 'The UN global compact and the global governance of corporate social responsibility: Complex multilateralism for a more human globalisation?', *Global Society,* vol. 22, no. 1, pp. 1–26.

Fukunaga Y 2010, 'Najib embarks on *Bumiputera* reform: Is real power possible in post-Mahathir Malaysia?', *Economic Review*, vol. 5, no. 3, pp. 1–9.

Gallagher, J & Robinson, R 1953, 'The imperialism of free trade' *The Economic History Review*, vol. 6, no. 1, pp. 1–15.

Gallagher, K 2008, 'Understanding developing country resistance to the Doha Round', *Review of International Political Economy*, vol. 15, no. 1, pp. 62–85.

Ganesan, N 1998, 'Singapore: Realist cum trading state', in M Alagappa (ed.), *Asian security practices: Material and ideational factors*, Stanford University Press, Redwood, CA, pp. 579–610.

Ganesan, N 1999, *Bilateral tensions in post-cold war ASEAN*, ISEAS, Singapore.

Ganesan, N 2005, *Realism and interdependence in Singapore's foreign policy*, Routledge, Oxon.

Ganesan, N 2010, 'Singapore in 2009: Structuring politics, priming the economy, and working the neighbourhood', *Asian Survey,* vol. 50, no. 1, pp. 253–59.

Gardner, R 1990, 'The comeback of liberal internationalism', *Washington Quarterly*, vol. 13, no. 3, pp. 23–39.

Gartzke, E & Li, Q 2003, 'Measure for measure: Concept operationalization and the trade interdependence-conflict debate', *Journal of Peace Research*, vol. 40, no. 5, pp. 553–71.

Gill, S 1993, *Gramsci, historical materialism and international relations*, Cambridge University Press, Cambridge.

Glaser, C 1997, 'The security dilemma revisited', *World Politics*, vol. 50, no. 1, pp. 171–201.

Glaser, B 2013, *Taiwan's quest for greater participation in the international community,* CSIS, Washington, DC.

Glasius, M 2008, 'Human security from paradigm shift to operationalization: Job description for a human security worker', *Security Dialogue,* vol. 39, no. 1, pp. 31–54.

Glasius, M & Kaldor, M (eds.) 2006, A human security doctrine for Europe: Project, principles, practicalities (Vol. 40). Routledge.

GM News Online 2007, *Survey: Arroyo most corrupt, Aquino cleanest of 5 prexies* 11 December. Available from: http://www.gmanetwork.com/news/story/72457/news/nation/survey-arroyo-most-corrupt-aquino-cleanest-of-5-prexies. [7 July 2014].

Goh, E 2004, 'The ASEAN Regional Forum in United States East Asian Strategy', *The Pacific Review,* vol. 17, no. 1, pp. 47–69.

Gold, T 1986, *State and society in the Taiwan miracle*, M.E. Sharpe, New York, NY.

Gold, T 2010, 'Taiwan in 2009: Eroding landslide', *Asian Survey*, vol. 50, no. 1, pp. 65–75.

Goldstein, A & Mansfield, E (eds.) 2012, *The nexus of economics, security, and international relations in East Asia*, Stanford University Press, Redwood, CA.

Gomez, E & Jomo, K 1997, *Malaysia's political economy: Politics, patronage and profits.* Cambridge University Press, Cambridge.

Gomez, E (ed.) 2004, *The state of Malaysia: Ethnicity, equity and reform,* Routledge, Curzon.

Gomez, E (ed.) 2007, *Politics in Malaysia: The Malay dimension,* Routledge, New York, NY.

Gomez, E 2012, 'The politics and policies of corporate development: Race, rents and redistribution in Malaysia, in H Hill, S Tham, H Ragayah (eds.), *Malaysia's development challenges: Graduating from the middle,* Routledge, Oxon, pp. 63.82.

Malaysia's development challenges: Graduating from the middle, pp. 63–82.

Gomez, T & Saravanamuttu, J (eds.) 2012, *The new economic policy in Malaysia: Affirmative action, ethnic inequalities and social justice,* NUS Press, Singapore.

Gowa, J & Mansfield, E 2004, 'Alliances, imperfect markets, and major-power trade', *International Organization*, vol. 58, no. 4, pp. 775–805.

Goucha, M & Crowley, J 2008, *Rethinking human security*, Blackwell Publishing, Oxford.

Græger, N 1996, 'Environmental security?', *Journal of Peace Research*, vol., 33, no. 1, pp. 109–116.

Gooch, L 2010, 'Malaysia outlines new growth strategy', *New York Times* 30 March. Available from: <http://www.nytimes.com/2010/03/31/business/global/31ringgit.html>. [3 September 2014].

Grieco, J 1988, 'Anarchy and the limits of cooperation: a realist critique of the newest liberal institutionalism', *International Organization*, vol. 42, no. 3, pp. 485–507.

Guéhenno, J 1995, *The end of the nation-state,* University of Minnesota Press, Minneapolis, MN.

Grynberg, R & Qalo, V 2006, 'Labour standards in US and EU preferential trading arrangements', *Journal of World Trade*, vol. 40, no. 4, pp. 619–54.

Habito C & Cororaton C 2000, 'WTO and the Philippine economy: An empirical and analytical assessment of post-WTO trade reforms in the Philippines'. Unpublished report, Agile Program, United States Agency for International Development-Philippines, Manila.

Hafner-Burton, E 2005, 'Trading human rights: How preferential trade agreements influence government repression', *International Organization*, vol. 59, no. 3, pp. 593–629.

Hameiri, S 2007, Failed states or a failed paradigm? State capacity and the limits of institutionalism', *Journal of International Relations and Development*, vol. 10, no. 2, pp. 122–49.

Haacke, J 2003, 'ASEAN's diplomatic and security culture: a constructivist assessment', *International Relations of the Asia-Pacific*, vol. 3, no. 1, pp. 57–87.

Haas, E & Rowe, E 1973, 'Regional Organizations in the United Nations: Is there externalization?', *International Studies Quarterly*, vol. 17, no. 1, pp. 3–54.

Hall, D 2015, *Why public-private partnerships do not work*. Available from: <http://www.world-psi.org/sites/default/files/rapport_eng_56pages_a4_lr.pdf>. [9 August 2015].

Hamayotsu, K 2003, 'Politics of Syariah reform: The making of the state religio-legal apparatus', in V Hooker & N Othman (eds.), *Malaysia: Islam, society and politics,* ISEAS, Singapore, pp. 37–54.

Hamid, A & Ismail, M 2014, 'Islamic conservatism and the demise of *Islam Hadhari'*, *Islam and Christian-Muslim Relations,* vol. 25, no. 2, pp. 159–180.

He, K 2008, 'Institutional balancing and international relations theory: economic interdependence and balance of power strategies in Southeast Asia', *European Journal of International Relations*, vol. 14, no. 3, pp. 489–518.

Hedman, E 2006, *In the name of civil society: from free election movements to people power in the Philippines,* University of Hawaii Press, Minoa, HI.

Henderson, J 2014, *Reassessing ASEAN*, Routledge, Oxon.

Herz, J 2003, 'The security dilemma in international relations: background and present problems', *International Relations,* vol. 17, no. 4, pp. 411–16.

Hicken, A 2011, 'Clientelism', *Annual Review of Political Science,* vol. 14, no. 1, pp. 289–310.

Higgott, R 2004, 'US foreign policy and the 'securitization' of economic globalization', *International Politics*, vol. 41, no. 2, pp. 147–75.

Hilley, J 2001, *Malaysia: Mahathirism, hegemony and the new opposition*, St. Martin's Press, New York, NY.

Hirschman, A 1945, *National power and the structure of foreign trade,* University of California Press, Berkeley, CA.

Hiscox, M 2002, *International trade and political conflict: Commerce, coalitions, and mobility*, Princeton University Press, Princeton, NJ.

Hodder, R 2014, 'Merit versus kinship: A category mistake? The case of Philippine Civil Service', *Public Administration and Development*, vol. 34, no. 5, pp. 370–88.

Hoffstaedter, G 2009, '*Islam Hadhari*: A Malaysian Islamic multiculturalism or another blank banner?', *Contemporary Islam*, vol. 3, no. 2, pp. 121–141.

Holton, R 2011, *Globalization and the nation state*, Palgrave Macmillan, London.

Hong, T 2012, 'The ECFA: A pending trade agreement?', in P Chow (ed.), *National identity and economic interests,* Palgrave MacMillan, New York, NY, pp. 39–66.

Hooker, V 2003, 'Malaysia: Still Islam and politics but now enmeshed in a global web', in V Hooker & N Othman (eds.), *Malaysia: Islam, society and politics,* ISEAS, Singapore, pp. 16–36.

Hooker, V & Othman N (eds.) 2003, *Malaysia: Islam, society and politics,* ISEAS, Singapore.

Hopkin, J 2002, 'Comparative methods' in D Marsh & G Stoker (eds.) *Theories and Methods in Political Science*, Palgrave MacMillan, London, pp. 249–70.

Howe, B 2013, *The protection and promotion of human security in East Asia*, Palgrave Macmillan, New York, NY.

Human Rights Watch 2004, *In the name of security: Counterterrorism and human rights abuses under Malaysia's internal security act*. Available from: <http://www.hrw.org/sites/default/files/reports/malaysia0504.pdf>. [2 September 2014, date].

Humphreys, A 2010, 'Malaysia's post-9/11 security atrategy: Winning hearts and minds or legitimizing the political status quo?', *Kajian Malaysia*, vol. 28, no. 1, pp. 21–52.

Hsieh, P 2005, 'Facing China: Taiwan's status as a separate customs territory in the world trade organization', *Journal of World Trade,* vol. 39, no. 6, pp. 1195–221.

Hsieh, P 2011, 'The China-Taiwan ECFA, geopolitical dimensions and WTO law', *Journal of International Economic Law*, vol. 1, no. 36, pp. 1–35.

Hsieh, P 2013, 'Reassessing APEC's role as a trans-regional economic architecture: Legal and policy pimensions', *Journal of International Economic Law*, vol. 16, no. 1, pp. 119–58.

Hsu, J & Poon, A 2013, 'Taiwan, Singapore sign free trade pact', *The Wall Street Journal* 7 November. Available from: <http://online.wsj.com/news/articles/SB10001424052702303309504579182900090244112>. [14 January 2014].

Huang, C 2009, 'Bilateralism and multilateralism: Taiwan's trade liberalization trajectory', *The Hague Journal of Diplomacy*, vol. 4, no. 1, pp. 37–59.

Hufbauer, G, Schott, J & Elliott, K 1990, *Economic sanctions reconsidered: History and current policy*, Peterson Institute, Washington, DC.

Hurt, S 2003, 'Co-operation and coercion? The Cotonou Agreement between the European Union and ACP states and the end of the Lomé Convention', *Third World Quarterly*, vol. 24, no. 1, pp. 161–176.

Hutchcroft, P 1998, *Booty capitalism: The politics of banking in the Philippines,* Ateneo de Manila University Press, Quezon City.

Hutchcrot, P & Rocamora, J 2003, 'Strong demands and weak institutions: Addressing the democratic deficit in the Philippines', *Journal of East Asian Studies*, vol. 3, no. 1, pp. 259–92.

Hutchcroft, P 2008, 'The Arroyo imbroglio in the Philippines', *Journal of Democracy,* vol. 19, no. 1, pp. 141–55.

Huysmans, J 2002, 'Defining social constructivism in security studies: The normative dilemma of writing security' *Alternatives,* vol. 27, no. 1, pp. 41–62.

Hwang, J 2012, 'Democratic supervision of Taiwan-China agreements: on the ECFA and beyond', in P Chow (ed.), *National identity and economic interests*, Palgrave MacMillan, New York, NY, pp. 15–38.

Hyun, I, Thakur, R & Tow, W (eds.) 2000, *Asia's emerging regional order: Reconciling traditional and human security,* United Nations University Press, Tokyo.

IBON Foundation 2011, *Philippine Development Plan, 2011–2016: A social contract with whom?* Available from: <http://ibon.org/resources/>. [3 October 2014].

IBON Foundation 2013, *Philippine loses from new WTO deal: Government should have rejected Bali package*. Available from: <http://ibon.org/resources/>. [3 October 2014].

IBON Foundation 2016, *Public-private partnerships*. Available from: <http://ibon.org/section/advocacies/public-private-partnerships-ppp/>. [7 October 2014].

Ibrahim, Z 2012, 'The new economic policy and the identity question of the indigenous peoples of Sabah and Sarawak' in E Gomez & J Saravanamuttu (eds.), *The New Economic Policy in Malaysia,* NUS Press, Singapore, pp. 293–313.

International Labour Office 2014, *Key indicators of the labour market*. Available from: <http://www.ilo.org/empelm/what/WCMS_114240/lang--en/index.htm>. [3 June 2014].

Jackson, R. 1990, Quasi-states: Sovereignty, *international relations, and the third world,* Cambridge University Press, Cambridge.

Jackson, J 2008, 'The case of the World Trade Organization', *International Affairs*, vol. 84, no. 3, pp. 437–54.

Jackson, V 2014, 'Power, trust, and network complexity: Three logics of hedging in Asian security', *International Relations of the Asia-Pacific*, vol. 14, no. 3, pp. 331–56.

Jahn, B 2013, *Liberal internationalism: Theory, history, practice*, Palgrave Macmillan, London.

Jervis, R 1978, 'Cooperation under the security dilemma' *World Politics*, vol. 30, no. 2, pp. 167–214.

Jervis, R 2003, 'Understanding the Bush doctrine', *Political Science Quarterly*, vol. 11, no. 3, pp. 365–88.

Johnson, K 1992, 'Timing, speed and sustainability issues in the policy reform process: The Philippine case, in R Adhikari, C Kirkpatrick & J Weiss (eds.), *Industrial and trade policy reforms in developing countries,* Manchester University Press, Manchester, pp. 170–85.

Jomo, K 1993, *Industrializing Malaysia: Policy, performance, prospect,* Routledge, New York, NY.

Jomo, K (ed.) 2007, *Malaysian industrial policy,* NUS Press, Singapore.

Jomo, K 2004, *The New Economic Policy and interethnic relations in Malaysia*. Available from: <http://www.unrisd.org/>. [5 September 2015]

Judicial Appointments Commission 2009, *Laws of Malaysia,* Government of Malaysia. Available from: <http://www.jac.gov.my/images/stories/akta/federalconstitution.pdf>. [3 September 2014].

Kahler, M 2013 'Rising powers and global governance: negotiating change in a resilient status quo', *International Affairs*, vol. 89, no. 3, pp. 711–29.

Kahler, M & Kastner, S 2006, 'Strategic uses of economic interdependence: Engagement policies on the Korean Peninsula and across the Taiwan Strait', *Journal of Peace Research*, vol. 43, no. 5, pp. 523–41.

Kaldor, M 2007, *Human security*, Polity, Cambridge.

Kassimeris, C 2009, 'The foreign policy of small powers', *International Politics*, vol. 46, no. 1, pp. 84–101.

Kastner, S 2006, 'Does economic integration across the Taiwan Strait make military conflict less likely?', *Journal of East Asian Studies*, vol. 6, no. 3, pp. 319–46.

Kastner, S 2013, 'Drinking poison to quench a thirst? The consequences of China-Taiwan economic integration', in T Pempel (ed.), *The economy-security nexus in Northeast Asia*, Routledge, Oxon, pp. 25–41.

Katzenstein, P (ed.) 1996, *The culture of national security: Norms and identity in world politics*, Columbia University Press, New York, NY.

Katzenstein, P 2003, 'Small states and small states revisited', *New Political Economy*, vol. 8, no. 1, pp. 9–30.

Kawai, M & Wignaraja, G 2011, 'Asian FTAs: Trends, prospects and challenges', *Journal of Asian Economics,* vol. 22, no. 1, pp. 1–22.

Keohane, R 1969, 'Lilliputians' dilemmas: Small states in international politics', *International Organization*, vol. *23*, no. 02, pp. 291–310.

Keohane, R 1986, *Neorealism and its critics,* Columbia University Press, New York, NY.

Keohane, R & Martin, L 1995, 'The promise of institutionalist theory', *International Security,* vol. 20, no.1, pp. 39–51.

Keohane, R & Nye, J 1977, Power and interdependence: World politics in transition, Little, Brown and Co., Boston, MA.

Kerkvliet, T 2009, 'Toward a more comprehensive analysis of Philippine politics: Beyond the patron-client, factional framework', *Journal of Southeast Asian Studies*, vol. 26, no. 2, pp. 401–19.

Khan, J 2003, 'Islam, modernity, and the popular in Malaysia', in V Hooker & N Othman (eds.), *Malaysia: Islam, society and politics,* ISEAS, Singapore, pp. 147–168.

Khor, M 2007, *The 'Singapore issues' in the WTO: Evolution and implications for developing countries*, Third World Network, Penang.

Khorana, S & Perdikis, N 2010, 'EU-India Free Trade Agreement: deal or no deal?', *South Asia Economic Journal*, vol. 11, no. 2, pp. 181–206.

King, G & Murray, C 2001, 'Rethinking human security', *Political Science Quarterly*, vol. 116, no. 4, pp. 585–610.

Kingsbury, B 1998, 'Sovereignty and inequality', *European Journal of International Law*, vol. 9, no. 4, pp. 599–625.

Koh, S 2015, 'State-led talent return migration program and the doubly neglected Malaysian diaspora: Whose diaspora, what citizenship, whose development?', *Journal of Tropical Geography*, vol. 36, no. 2, pp. 183–200.

Koo, M 2013, 'The ASEAN + X framework and its implications for the economic-security nexus in East Asia', in V Aggarwal & K Govella (eds.), *Linking trade and security: Evolving institutions and strategies in Asia, Europe, and the United States*, Springer, New York, NY, pp. 489–510.

Krasner, S 1995, 'Compromising Westphalia', *International Security*, vol. 20, no. 3, pp. 115–51.

Krasner, S 1999, *Sovereignty: organized hypocrisy*, Princeton University Press, Princeton, NJ.

Krasner, S (ed.) 2001, *Problematic sovereignty: Contested rules and political possibilities.* Columbia University, New York, NY.

Krause, K & Williams, M 1996, 'Broadening the agenda of security studies: Politics and methods', *International Studies Review,* vol. 40, no. 2, pp. 229–54.

Krinks, P 2003, *The economy of the Philippines: Elites, inequalities and economic restructuring,* Routledge, New York, NY.

Kroll, J 1993, 'The complexity of interdependence', *International Studies Quarterly*, vol. 37, no. 3, pp. 321–47.

Kubalkova K & Cruickshank, A 1989, Marxism and international relations, Oxford University Press, New York, NY.

Kuik, C 2008, 'The essence of hedging: Malaysia and Singapore's response to a rising China', *Contemporary Southeast Asia*, vol. 30, no. 2, pp. 159–85.

Lai, A 2004, *Beyond rituals and riots: Ethnic pluralism and social cohesion in Singapore,* Eastern Universities Press, Singapore.

Landé, C 1969, 'Brief history of the Philippine political parties', in J Abueva & R de Guzman (eds.), *Foundations and dynamics of Filipino government and politics*, Bookmark, Manila.

Landé, C 2001, 'The return of people power in the Philippines', *Journal of Democracy,* vol. 12, no. 2, pp. 88–102.
Lang, A 2011, *World trade law after neoliberalism: Reimagining the global economic order*, Oxford University Press, Oxford.
Langhammer, R & Lucke, M 1999, 'WTO accession issues', *The World Economy*, vol. 22, no. 6, pp. 837–73.
Laquian, A & Laquian E 2002, *The Erap tragedy: Tales from the snake pit,* Anvil, Manila.
Lee, P 2008, 'The Look East Policy, the Asian crisis, and state autonomy', in J Nelson, J Meerman & A Embong (eds.), *Globalization and national autonomy: The experience of Malaysia,* ISEAS, Singapore, pp. 59–75.
Lee, J 2011, 'Malaysian Dilemma: The Enduring Cancer of Affirmative Action', *Foreign Policy Analysis,* vol. 6, no. 1, pp. 1–24.
Lee, K 2011, *Hard Truths to keep Singapore going*, Strait Times Press, Singapore.
Lee, S 2013, 'The economic–security nexus in East Asian FTAs', in V Aggarwal & K Govella (eds.), *Linking trade and security: Evolving institutions and strategies in Asia, Europe, and the United States*, Springer, New York, pp. 135–56.
Lee, W 2010, 'Taiwan's politics in the 2000s: An introduction', in W Lee (ed.), *Taiwan's politics in the 21st century*, World Scientific Publishing, London, pp. 1–22.
Leifer, M 2000, *Singapore foreign policy: coping with vulnerability*, Routledge, London.
Leu, G 2011, 'ASEAN's preferential trade agreements strategy', *Journal of Current Southeast Asian Affairs*, vol. 30, no. 2, pp. 31–64.
Liang, W 2002, 'China's WTO negotiation process and its implications', *Journal of Contemporary China*, vol. 11, no. 33, pp. 683–719.
Lim, M 1985, 'Affirmative action, ethnicity and integration: The case of Malaysia', *Ethnic and Racial Studies,* vol. 8, no. 2, pp. 250–76.
Lim, J 1996, *Philippine macroeconomic developments: 1970–1993,* PCPS, Quezon City.
Lim, J & Bautista, C 2002, 'External liberalization, growth and distribution in the Philippines.' Paper presented at the *External Liberalization, Growth, Development and Social Policy Conference,* Hanoi, 18–20, January.
Limão, N 2007, 'Are preferential trade agreements with non-trade objectives a stumbling block for multilateral liberalization?', *The Review of Economic Studies*, vol. 74, no. 3, pp. 821–55.
Lin, C 2001, 'National identity and Taiwan security', in A Tan, S Chan & C Jillson (eds.), *Taiwan's national security: Dilemmas and opportunities*, Ashgate, Burlington, pp. 60–83.
Linklater, A 1990, *Beyond realism and Marxism: Critical theory and international relations*, Palgrave Macmillan, London.

Lipset, S 1959, 'Some social requisites of democracy: Economic development and political legitimacy', *American Political Science Review*, vol. 5, no.1, pp. 69–105.

Lintott, A 1992, 'Aristotle and democracy', *The Classical Quarterly,* vol. 42, no. 1, pp. 114–28.

Linz, J 1975, 'Totalitarian and authoritarian regimes', in F Greenstein & N Polsby (eds.), *Handbook of Political Science Volume 3: Macropolitical Theory*, Addison-Wesley, Reading, MA, pp. 175–211.

Liew, C 2007, 'PAS politics: Defining an Islamic state in Malaysia', in E Gomez (ed.), *Politics in Malaysia: The Malay dimension,* Routledge, New York, NY, pp. 107–137.

Liu, J 2012, 'Civil liberties in contemporary Malaysia: Progress, retrogression and the resurgence of Asian values', in M Weiss (ed.), *Routledge Handbook of Contemporary Malaysia*, Routledge, Oxon, pp. 290–301.

Löhr, I &Wenzlhuemer, R 2013, *The nation state and beyond: Governing globalization processes in the nineteenth and early twentieth centuries,* Springer, New York, NY.

Loh, D 2010, 'The real deal with Perkasa', *The Nut Graph* 16 March. Available from: <http://www.thenutgraph.com/real-deal-perkasa/>. [10 July 2014].

Long, A 2003, 'Defense pacts and international trade', *Journal of Peace Research*, vol. 40, no.5, pp. 537–52.

Long, A & Leeds, B 2006, 'Trading for security: Military alliances and economic agreements', *Journal of Peace Research*, vol. 43, no. 4, pp. 433–51.

Lopez, C 2007, 'Globalisation, state and g/local human rights actors: Contestations between institutions and civil society', in E Gomez (ed.), *Politics in Malaysia: The Malay dimension,* New York, NY, Routledge, pp. 50–74.

Low, L 2001, 'The Singapore developmental state in the new economy and polity, *Pacific Review,* vol. 14, no. 3, pp. 416–19.

Low, L 2004, 'Singapore's bilateral trading arrangements in the context of East Asian regionalism: State of play, issues, and prospects, *Southeast Asian Affairs*, vol. 2004, no. 1, pp. 239–54.

MacFarlane, S & Khong, Y 2006, *Human security and the UN: A critical history*, Indiana University Press, Bloomington, IN.

Mainland Affairs Council 1991, *Guidelines for national unification*, Government of Taiwan. Available from: <http://law.wustl.edu/chinalaw/twguide.html>. [12 August 2014].

Mainland Affairs Council 2010, *Survey on public views on the fifth Chiang-Chen talks*, Government of Taiwan. Available from: <http://www.mac.gov.tw/public/Attachment/07141750425.pdf>. [23 December 2013].

Mainland Affairs Council 2013, *The significance and practice of the 1992 consensus of One- China with respective interpretations*, Government of Taiwan. Available from: <http://www.mac.gov.tw/mp.asp?mp=3>. [23 December 13].

Mainland Affairs Council 2016, *Statistics on economic exchanges,* Government of Taiwan. Available from: <http://www.mac.gov.tw/np.asp?ctNode=5933&mp=3>. [15 January 2016].

Mah, J 1998, 'ASEAN, labour standards and international trade', *ASEAN Economic Bulletin*, vol. 14, no. 3, pp. 292–302.

Malaluan, N 2011, *Philippine trade liberalization: Faith damns, losers can only weep*, FGS, Quezon City.

Malhi, A 2003, 'The PAS–BN conflict in the 1990s: The politics of Islamic modernism', in V Hooker & N Othman (eds.), *Malaysia: Islam, society and politics,* ISEAS, Singapore, pp. 236–238.

Mandal, S 2004, 'Trans-ethnic solidarities, racialization and social equity', in E Gomez (ed.), *The state of Malaysia: Ethnicity, equity and reform,* Routledge, Curzon, pp. 49–78.

Mandal, S 2008, 'The national culture policy and contestation over Malaysian identity', in J Nelson, J Meerman & A Embong (eds.), *Globalization and national autonomy: The experience of Malaysia,* ISEAS, Singapore, pp. 273–300.

Manacsa, R & Tan, A 2005, 'Manufacturing parties: Re-examining the transient nature of Philippine political parties, *Party Politics,* vol. 11, no. 6, pp. 748–65.

Manacsa, R & Tan, A 2012, 'Strong republic sidetracked: Oligarch dynamics, democratization, and economic development in the Philippines', *Korea Observer*, vol. 43, no. 1, pp. 47–87.

Mangabat, M 1999, *Effects of trade liberalization on agriculture in the Philippines: Commodity aspects*, Working Paper no. 51, The CGPRT Centre, Bogor.

Mansfield, E 1994, 'Alliances, preferential trading arrangements and sanctions', *Journal of International Affairs*, vol. 48, no. 1, pp. 119–39.

Mansfield, E & Reinhardt, E 2003, 'Multilateral determinants of regionalism: The effects of GATT/WTO on the formation of preferential trading arrangements', *International Organization,* vol. 57, no. 04, pp. 829–62.

Mansfield, E & Pollins, B (eds.) 2009, *Economic interdependence and international conflict: New perspectives on an enduring debate,* University of Michigan Press, Ann Arbor, MI.

Mares, D 1988, 'Middle powers under regional hegemony: To challenge or acquiesce in hegemonic enforcement', *International Studies Quarterly*, vol. 32, no. 4, pp. 453–71.

Martell, L 2010, *The sociology of globalization*, Polity, Cambridge.

Mastanduno, M 1992, *Economic containment: CoCom and the politics of East-West trade,* Cornell University Press, Ithaca, NY.

Maoz, Z & Russett, B 1993, 'Normative and structural causes of democratic peace, 1946–1986', *American Political Science Review*, vol. 87, no. 3, pp. 624–38.

Mauzy, D & Milne, R 2002, *Singapore politics under the People Action Party*, Routledge, New York, NY.

Medalla, E, Vidar-Vale, C & Balboa, J 2010, *Japan-Philippine Economic Partnership Agreement: Towards a framework for regional economic cooperation,* PIDS Discussion Papers Series No. 2010–19, Makati City.

Menon, J 2008, *Macroeconomic management amid ethnic diversity: Fifty years of Malaysian experience,* ADB Institute Discussion Paper No. 102, Manila.

Meerman, J 2008, 'The Malaysian success story, the public sector, and inter-ethnic inequality', in J Nelson, J Meerman & A Embong (eds.), *Globalization and national autonomy: The experience of Malaysia,* ISEAS, Singapore, pp. 76–115.

McCoy, A 1993, *An anarchy of families,* Ateneo de Manila University Press, Quezon City.

McDonald, M 2008, 'Securitization and the construction of security', *European Journal of International Relations*, vol. 14, no. 4, pp. 563–87.

McDonald, P 2009, *The invisible hand of peace,* Cambridge University Press, Cambridge.

Mearsheimer, J. 1990, 'Back to the future: instability in Europe after the Cold War', *International Security*, vol. 15, no. 4, pp. 5–56.

Mearsheimer, J 1994, 'The false promise of international institutions', *International Security*, vol. 19, no. 30, pp. 5–49.

Mearsheimer, J 2001, *The tragedy of great power politics*, WW Norton & Company, New York, NY.

Milner, H 1991, 'The assumption of anarchy in international relations theory: A critique', *Review of International Studies*, vol. 17, no. 1, pp. 67–85.

Milner, H & Moravcsik, A (eds.) 2009, *Power, interdependence, and nonstate actors in world politics,* Princeton University Press, Princeton, NJ.

Mohamad, M 2007, 'Legal coercion, legal meaning and UMNO's legitimacy', in E Gomez (ed.), *Politics in Malaysia: The Malay dimension,* Routledge, New York, NY, pp. 24–49.

Monten, J 2005, 'The roots of the Bush Ddctrine: Power, nationalism, and democracy promotion in U.S. strategy', *International Security,* vol. 29, no. 4, pp. 112–56.

Montgomery, E 2006, 'Breaking out of the security dilemma: Realism, reassurance, and the problem of uncertainty', *International Security*, vol. 31, no. 2, pp. 151–85.

Moore, J 1975, *Aristotle and xenophon on democracy and oligarchy*, University of California Press, Los Angeles, CA.

Morgan, T & Schwebach, V 1997, 'Fools suffer gladly: The use of economic sanctions in international crises', *International Studies Quarterly,* vol. 41, no.1, pp. 27–50.

Morrow, J 1991, 'Alliances and asymmetry: An alternative to the capability aggregation model of alliances', *American Journal of Political Science*, vol. 35, no. 4, pp. 904–33.

Morrow, J 1997, 'When do relative gains impede trade?', *Journal of Conflict Resolution*, vol. 41, no. 1, pp. 12–37.

Morse, E 2011, *President Ma's cross-Strait strategy: The tiger's new posture*. Available from: <https://nationalstrategy.wordpress.com/tag/taiwan/>. [15 January 2014].

Mulgan, R 1991, 'Aristotle's analysis of oligarchy and democracy, in D Keyt & F Miller (eds.), A companion to Aristotle's politics, Oxford University Press, Oxford, pp. 252–69.

Mutalib, H 2002, 'The socio-economic dimension in Singapore's quest for security and stability', *Pacific Affairs,* vol. 75, no. 1, pp. 39–56.

Mutalib, H 2004, *Parties and politics: A study of Opposition Parties and the PAP in Singapore*, Eastern Universities Press, Singapore.

Mutalib, H 2012, *Singapore Malays: Being ethnic minority and Muslim in a global city-state*, Routledge, London.

Muyard, F 2012, 'Taiwanese national identity, cross-strait economic interaction, and the integration paradigm', in P Chow (ed.), *National identity and economic interests*, Palgrave MacMillan, New York, NY, pp. 153–86.

Naoi, M & Urata, S 2013, 'Free trade agreements and domestic politics: the case of the Trans-Pacific Partnership Agreement', *Asian Economic Policy Review*, vol. 8, no. 2, pp. 326–49.

Narine, S 2008, 'Forty years of ASEAN: A historical review', *The Pacific Review*, vol. 21, no. 4, pp. 411–29.

Nathan, K 1998, 'Malaysia: Reinventing the nation', in M Alagappa (ed.), *Asian security practice: Material and ideational influences*, Stanford University Press, Redwood, CA, pp. 513–548.

National Anti-Poverty Commission 2010, *National anti-poverty program, 2010–2016*, Government of the Philippines. Available from: <http://www.napc.gov.ph/?q=resources/documents>. [3 October 2014].

National Economic Advisory Council 2010, *New economic model*, Government of Malaysia. Available from: <http://www.jcci.or.jp/NEM%20for%20Malaysia%20-%20Part%20I_0.pdf>. [30 September 2014].

National Economic Development Authority 2011, *Philippine Development Plan 2011–2016,* Government of the Philippines. Available from: <http://www.neda.gov.ph/2013/10/21/philippine-development-plan-2011-2016/>. [13 October 2014].

National Security Council 2010, *National security policy 2011–2016,* Government of the Philippines. Available from: <http://www.nsc.gov.ph/index.php/national-security-policy-2011-2016>. [17 October 2014].

National Statistics Office 2015, *Poverty incidence*, Government of the Philippines. Available from: <http://www.nscb.gov.ph/poverty/>. [19 October 2014].

Nesadurai, H 2009, 'ASEAN and regional governance after the Cold War: From regional order to regional community?', *The Pacific Review*, vol. 22, no. 1, pp. 91–118.

Nathan, K 1998, 'Malaysia: Reinventing the nation', in M. Alagappa (ed.), *Asian security practice: Material and ideational influences,* Stanford University Press, Redwood, CA, pp. 513–48.

Nelson, J 2008, 'Conclusions', in J Nelson, J Meerman & A Embong (eds.), *Globalization and national autonomy: The experience of Malaysia,* ISEAS, Singapore. pp. 301–320.

Nelson, J, Meerman, J & Embong, A (eds.) 2008, *Globalization and national autonomy: The experience of Malaysia,* ISEAS, Singapore.

Newman, E 2010, 'Critical human security studies', *Review of International Studies*, vol.36, no. 1, pp. 77–94.

Nishikawa, Y 2009, 'Human security in Southeast Asia: Viable solution or empty slogan?', *Security Dialogue*, vol. 40, no. 2, pp. 213–36.

Noland, M 2000, 'The Philippines in the Asian financial crisis: How the sick man avoided pneumonia', *Asian Survey*, vol. 40, no. 3, pp. 401–12.

North American Free Trade Agreement 1994, *The Agreement*. Available from: <http://www.naftanow.org/>. [2 January 2015].

Nye, J 2011, 'Taking institutions seriously: Rethinking the political economy of development in the Philippines,' *Asian Development Review*, vol. 28, no. 1, pp. 1–21.

Oberleitner, G, 'Human security: A challenge to international law?', *Global Governance: A Review of Multilateralism and International Organizations*, vol. 11, no. 2, pp. 185–203.

O'Brien, R, Goetz, A, Scholte, J & Williams, M 2000, *Contesting global governance: Multilateral economic institutions and global social movements.* Cambridge University Press, Cambridge.

Office of the United States Trade Representative 2016, *US Trans-Pacific Partnership Agreement,* Government of the United States. Available from: <https://ustr.gov/tpp/>. [1 February 2016].

Ofreneo, R, Manasan, R & Orbeta A. 2012, *Strengthening social protection components and strategies in the Philippines: A compilation of social protection think papers,* Government of the Philippines. Available from: <http://www.ph.undp.org/content/philippines/en/home/library/poverty/publication_socialprotectionthinkpapers.html>. [3 September 2014].

Omar, A 2003, 'Origins and development of the affirmative policy in Malaya and Malaysia: A historical overview', *Kajian Malaysia*, vol. 21, no. 1/2, pp. 13–29.

Ohmae, K 1990, *The borderless world: Power and strategy in the interlinked economy*, Harper, New York, NY.

Ōmae, K 1995, *The end of the nation state: The rise of regional economies*, Simon and Schuster, New York, NY.

Oneal, J, Russett, B & Berbaum, M 2003, 'Causes of peace: Democracy, interdependence, and international organizations, 1885–1992', *International Studies Quarterly*, vol. 47, no, 3, pp. 371–93.

Ortmann, S 2009, 'Singapore: The politics of inventing national identity', *Journal of Current Southeast Asian Affairs*, vol. 28, no. 4, pp. 23–46.

Ortmann, S 2011, 'Singapore: Authoritarian but newly competitive', *Journal of Democracy*, vol. 22, no. 4, pp. 153–64.

Othman, N 2008, 'Globalization, Islamic resurgence, and state autonomy: The response of the Malaysian state to Islamic globalization', in J Nelson, J Meerman & A Embong (eds.), *Globalization and national autonomy: The experience of Malaysia,* ISEAS, Singapore, pp. 241–72.

Owen, J 1994, 'How liberalism produces democratic peace', *International Security*, vol. 19, no. 2, 87–125.

Owen, T 2004, 'Human security-conflict, critique and consensus: colloquium remarks and a proposal for a threshold-based definition', *Security Dialogue*, vol. 35, no. 3, pp. 373–87.

Pang, E 2007, 'Embedding security into free trade: The case of the United States–Singapore Free Trade Agreement', *Contemporary Southeast Asia*, vol. 29, no. 1, pp. 1–32.

Pang, E 2011, *The US–Singapore Free Trade Agreement: An American perspective on power, trade and security in the Asia Pacific,* ISEAS, Singapore.

Pape, R 1997, 'Why economic sanctions do not work', *International Security*, vol. 22, no. 2, pp. 90–136.

Paris, R 2001, 'Human security: Paradigm shift or hot air', *International Security*, vol. 26, no. 2, pp. 87–102.

Pasadilla, G & Laio, C 2005, *Does the Philippines need a Trade Representative Office?,* PIDS Discussion Papers Seriess No. 2005–26, Makati City.

Patrick, S 2011, *Weak links: fragile states, global threats, and international security*, Oxford University Press, Oxford.

Peet, R 2003, The unholy trinity: The International Monetary Fund, World Bank, and World Trade Organization, Zed, London.

Pempel, T 2010, 'Soft balancing, hedging, and institutional Darwinism: The economic-security nexus and East Asian regionalism', *Journal of East Asian Studies*, vol. 10, no.1, pp. 209–38.

Pempel, T (ed.) 2013, *The economy-security nexus in Northeast Asia*, Routledge, London.

Pettis, M 2014, *The great rebalancing: Trade, conflict, and the perilous road ahead for the world economy,* Princeton University Press, Princeton, NJ.

Philippine Center for Investigative Journalism 2003, *A calculating campaign*. Available from <http://pcij.org/imag/PublicEye/arroyo-campaign.html>. [4 October 2014].

Philippine Statistics Authority 2015, *Foreign trade statistics of the Philippines: 2014*. Available from: <https://psa.gov.ph/content/foreign-trade-statistics-philippines-2014>. [25 August 2015].

Posen, B 2004, 'ESDP and the structure of world power', *The International Spectator*, vol. *39*, no.1, pp. 5–17.

Potter, C & Burney, J 2002, 'Agricultural multifunctionality in the WTO: Legitimate non-trade concern or disguised protectionism?', *Journal of Rural Studies*, vol. 18, no.1, pp. 35–47.

Powell, R 1994, 'Anarchy in international relations theory: the neorealist-neoliberal debate', *International Organization*, vol. 48, no. 2, pp. 313–44.

Press-Barnathan, G 2009, *The political economy of transitions to peace*, University of Pittsburgh Press, Pittsburgh, PA.

Prime Minister's Office 2010, *The Tenth Malaysia Plan 2011–2015,* Government of Malaysia. Available from: <http://www.pmo.gov.my/dokumenattached/RMK/RMK10_Eds.pdf>. [3 September 2014].

Quimpo, N 2009, 'The Philippines: Predatory regime, growing authoritarian features', *The Pacific Review*, vol. 22, no. 3, pp. 335–353.

Quimpo, N 2015, 'Can the Philippines' wild oligarchy be tamed?', in W Case (ed.), *Routledge Handbook of Southeast Asian Democratization,* Routledge, New York, NY, pp. 335–350.

Rae, H 2002, *State identities and the homogenisation of peoples,* Cambridge University Press, Cambridge.

Ragayah, H 2008, 'Poverty eradication, development, and policy space in Malaysia', in J Nelson, J Meerman & A Embong (eds.), *Globalization and national autonomy: The experience of Malaysia,* ISEAS, Singapore, pp. 116–158.

Ravenhill, J 2000, 'APEC adrift: implications for economic regionalism in Asia and the Pacific', *The Pacific Review,* vol. 13, no. 2, pp. 319–33.

Ravenhill, J 2003, 'The new bilateralism in the Asia-Pacific', *Third World Quarterly,* vol. 24, no. 2, pp. 299–317.

Ravenhill, J 2008, 'The move to preferential trade on the Western Pacific Rim: Some initial conclusions', *Australian Journal of International Affairs*, vol. 62, no. 2, pp. 129–50.

Ravenhill, J 2013, 'APEC and security? Linkages in EU free trade agreement negotiations', in V Aggarwal & K Govella (eds.), *Linking trade and security: Evolving institutions and strategies in Asia, Europe, and the United States*, Springer, New York, pp. 49–66.

Reporters Without Borders 2015, *World press freedom index 2015.* Available from <https://index.rsf.org/#!/>. [1 May 2015].

Reus-Smit, C 1999, *The moral purpose of the state: culture, social identity, and institutional rationality in international relations,* Princeton University Press, Princeton, NJ.

Reyes, C & Tabuga, A 2012, *Conditional cash transfer program in the Philippines: Is it reaching the extremely poor?* PIDS Discussion Paper Series No. 2012-42, Makati City.

Rich, T 2009, 'Status for sale: Taiwan and the competition for diplomatic recognition', *Issues and Studies*, vol. 45, no. 4, pp. 159–88.

Rigger, S 2010, 'The Democratic Progressive Party: From opposition to power, and back again', in W Lee (ed.), *Taiwan's politics in the 21st century*, World Scientific Publishing, London, pp. 41–68.

Ripsman, N & Paul, T 2010, *Globalization and the national security state*, Oxford University Press, Oxford.

Roberts, C 2012, *ASEAN regionalism: Cooperation, values and institutionalisation,* Routledge, London.

Rodrik, D 1998, 'The rush to free rrade in the developing world: Why so late? Why now? Will it last?' in F Sturzenegge & M Tommasi (eds.), *The political economy of reform*, MIT Press, Cambridge, MA, pp. 209–210.

Roff, W 2003, 'Social science approaches to understanding religious practice: The special case of the *Haji*', in V Hooker & N Othman (eds.), *Malaysia: Islam, society and politics,* ISEAS, Singapore, pp. 37–54.

Rosecrance, R 1986, *The rise of the trading state: Commerce and conquest in the modern world*, Basic Books, New York, NY.

Rousseau, D 2002, 'Motivations for choice the salience of relative gains in international politics', *Journal of Conflict Resolution,* vol. 46, no. 3), pp. 394–426.

Rotberg, R (ed.) 2003, When states fail: Causes and consequences, Princeton University Press, Princeton, NJ.

Rothstein, R 1968, *Alliances and small powers*, Columbia University Press, New York, NY.

Sasaoka, S 2014, 'Environmental consciousness of ASEAN Citizens', *Japanese Journal of Political Science*, vol. 15, no. 2, pp. 183–202.

Sahni, V 2008, 'Subordinate, subsumed and subversive: Sub-national actors as referents of security', in H Brauch, Ú Spring, C Mesjasz, J Grin, P Dunay, N Behera & P Liotta (eds.), *Globalization and Environmental Challenges*, Springer, Berlin, pp. 431–37.

Salazar, L 2004, 'Privatization, patronage and enterprise development: Liberalizing Telecommunications in Malaysia', in E Gomez (ed.), *The state of Malaysia: ethnicity, equity and reform,* Routledge, Curzon, New York, NY, pp. 194–228.

Saleh, A 2010, 'Broadening the concept of security: identity and societal security', *Geopolitics Quarterly*, vol. 6, no. 4, pp. 228–41.

Salleh, I & Meyanathan, S 1993, *Malaysia: growth, equity, and structural transformation,* World Bank Publications, Washington, DC.

Samuelson, R 2014, 'The unexpected challenges of using energy intensity as a policy objective: Examining the debate over the APEC energy intensity goal', *Energy Policy*, vol. 6, no.1, pp. 373–81.

Schaefer, M 2007, 'Ensuring that regional trade agreements complement the WTO system: US unilateralism a supplement to WTO initiatives?', *Journal of International Economic Law*, vol. 10, no. 3, pp. 585–603.

Schmidt, B 1998, *The political discourse of anarchy: A disciplinary history of international relations*, SUNY Press, New York.

Schott, J (ed.) 2004, *Free Trade Agreements: US Strategies and Priorities*, Institute for International Economics, Washington, DC.s

Semmel, B 2004, *The rise of free trade imperialism: Classical political economy the empire of free trade and imperialism 1750-1850,* Cambridge University Press, Cambridge.

Serrano, M 2008, 'Of jobs lost and wages depressed: The impact of trade liberalization on employment and wage levels in the Philippines, 1980-2000', *Monthly Review Foundation* 26 August. Available from: <http://mrzine.monthlyreview.org/2008/serrano260808.html>. [4 October 2014].

Shaffer, G & Meléndez-Ortiz, R (eds.) 2010, *Dispute settlement at the WTO: The developing country experience*, Cambridge University Press, New York, NY.

Shamsul, A 2003, 'The Malay world: The concept of Malay studies and national identity formation', in V Hooker & N Othman (eds.), *Malaysia: Islam, society and politics,* ISEAS, Singapore, pp. 101–125.

Silva, M 2014, *State legitimacy and failure in international law*, Martinus Nijhoff Publishers, Leiden.

Singapore Department of Statistics 2015, *Population in brief,* Government of Singapore. Available from: <http://population.sg/population-in-brief/files/population-in-brief-2015.pdf>. [1 February 2016].

Singapore Ministry of Budget 2016, *Budget archives,* Government of Singapore. Available from: <http://www.singaporebudget.gov.sg/budget_2015/BudgetArchives.aspx>. [3 February 2015].

Singapore Ministry of Defence 2005, *The Strategic Framework Agreement,* Government of Singapore. Available from: <http://www.mindef.gov.sg/imindef/press_room/official_releases.html>. [7 June 2014].

Singapore Ministry of Defence 2013, *Total defence*, Government of Singapore. Available from: <http://www.mindef.gov.sg/imindef/key_topics/total_defence.html>. [13 July 2014].

Singapore FTA Network 1993, *Overview of ASEAN AFTA*. Available from: <http://www.fta.gov.sg/fta_afta.asp?hl=1>. [2 October 2015].

Singapore FTA Network 2003, *Overview of United States (USSFTA)*. Available from: <http://www.fta.gov.sg/fta_ussfta.asp?hl=13>. [10 October 2015].

Singapore FTA Network 2008, *Overview of China-Singapore FTA (CSFTA)*. Available from: <http://www.fta.gov.sg/fta_csfta.asp?hl=27>. [25 October 2015].

Singapore Statues Online 2011, *International security act*. Available from: <http://statutes.agc.gov.sg/aol/home.w3p>. [13 July 2014].

Skocpol, T 1979, *States and social revolutions*, Cambridge University Press, Cambridge.

Skocpol, T 1985, *Bringing the state back in*, Cambridge University Press, Cambridge.

Slater, D 2003, 'Iron cage in an iron fist: authoritarian institutions and the personalization of power in Malaysia', *Comparative Politics*, vol. 36, no. 1, pp. 81–101.

Slocum, K 2006, 'Free trade and freedom: Neoliberalism, place, and nation in the Caribbean, University of Michigan Press, Ann Arbor, MI.

Smith, J 2004, 'Inequality in international trade? Developing countries and institutional change in WTO dispute settlement', *Review of International Political Economy*, vol. 11, no. 3, pp. 542–73.

Snidal, D 1991 'Relative gains and the pattern of international cooperation', *American Political Science Review*, vol. 85, no. 3, pp. 701–26.

Social Weather Stations 2016, *Social weather indicators*. Available from: <http://www.sws.org.ph/>. [1 March 2016].

Soesastro H 2003, 'APEC's overall goals and objectives, evolution, and current status' in R Feinberg (ed.), *APEC as an institution: Multilateral governance in the Asia-Pacific*, ISEAS, Singapore, pp. 29–45.

Son, H & Carangal-San Jose, J 2009, 'Equity in the social sector', in D Canlas, M Khan, & J Zhuang (eds.), *Diagnosing the Philippine economy: Toward inclusive growth*, ADB, Manila, pp. 216–219.

Spiegel, M 2012, 'Smoke and mirrors: Malaysia's new internal security act', *Human Rights Watch*, 19 June. Available from: <http://www.hrw.org/news/2012/06/19/smoke-and-mirrors-malaysia-s-new-internal-security-act>. [3 September 2014].

Steger, D 2007, 'The culture of the WTO: Why it needs to change', *Journal of International Economic Law*, vol. 10, no. 3, pp. 483–95.

Stiglitz, J 2002, *Globalization and its discontents*, W. W. Norton, New York, NY.

Stockholm International Peace Research Institute 2015, *Military expenditure*. Available from: <http://www.sipri.org/research/armaments/milex>. [6 July 2015].

Stubbs, R 2000, 'Signing on to liberalization: AFTA and the politics of regional economic cooperation', *The Pacific Review*, vol. 13, no. 2, pp. 297–318.

Subramaniam, S 2014, 'When does politics get in the way of development? The developmental state, good governance and liberal democratic change in Malaysia and Singapore', in Peerenboom & T Ginsburg (eds.), *Law and development of middle-income countries*, Cambridge University Press, Cambridge, pp. 36–56.

Suzuki, M 2013, 'The economy-security nexus in Northeast Asia', *International Relations of the Asia-Pacific*, vol. 13, no. 3, pp. 521–23.

Swaine, M 1999, *Taiwan's national security, defense policy, and weapons procurement processes*, RAND, Santa Monica, CA.

Tadjbakhsh, S 2014, 'In defense of a broad view of human security', in M Martin & T Owen (eds.), *The Routledge Handbook of Human Security*, Routledge, Oxon, pp. 43–57.

Tadjbakhsh, S & Chenoy, A 2007, *Human security: Concepts and implications*, Routledge, New York.

Tan, S 2009, 'Riding the Chinese dragon: Singapore's pragmatic relationship with China', in J. Tsunekawa (ed.), *The rise of China: Responses from Southeast Asia and Japan*, NIDS, Tokyo, pp. 21–45.

Tan, H 2011, *The ASEAN intergovernmental commission on human rights: Institutionalising human rights in Southeast Asia*, Cambridge University Press, New York, NY.

Tan, S 2012, 'Faced with the dragon: Perils and prospects in Singapore's ambivalent relationship with China', *The Chinese Journal of International Politics*, vol. 5, no. 3, pp. 245–65.

Tan, A 2014, 'Tipping the scale: PRC's military modernization and cross-Taiwan straits relations', *Journal of Asian Security and International Affairs*, vol. 1, no. 2, pp. 127–144.

Tan, A, Chan, S & Jillson, C (eds.) 2001, *Taiwan's national security: Dilemmas and opportunities*. Ashgate, Burlington.

Teehankee, J 2002, 'Electoral politics in the Philippines', in A Croissant (ed.), *Electoral politics in Southeast East Asia,* Friedrich-Ebert-Stiftung, Bonn, pp. 149–202.

Tellis, A & Wills, M (eds.) 2006, *Trade, interdependence, and security*. NBAR, Washington, DC.

Tham, S 2008, 'Trade liberalization and national autonomy: Malaysia's experience at the multilateral and bilateral levels', in J Nelson, J Meerman & A Embong (eds.), *Globalization and national autonomy: The experience of Malaysia,* ISEAS, Singapore, pp. 159–188.

The Wall Street Journal 2015, Malaysia controversy. Available from: <http://www.wsj.com/specialcoverage/malaysia-controversy>. [2 December 2015].

Tien, H & Tung, C 2011, 'Taiwan in 2011: mapping for a new political landscape and economic outlook', *Asian Survey*, vol. 51, no.1, pp. 76–84.

Tiglao, R 2013, 'Pork barrel defined Aquino presidency', The Manila Times 28 February. Available from: <http://www.manilatimes.net/pork-barrel-defined-aquino-presidency/54720/>. [8 July 2015].

Thompson, E 2006, 'Singaporean exceptionalism and its implications for ASEAN regionalism', *Contemporary Southeast Asia*, vol. 28, no. 2, pp. 183–206.

Toje, A 2011, 'The European Union as a small power', *Journal of Common Market Studies*, vol. 49, no. 1, pp. 43–60.

Toje, A 2010, *The European Union as a Small Power: After the post-cold war,* Palgrave Macmillan, New York, NY.

Tongzon, J 2005, 'Role of AFTA in an ASEAN economic community', in D Hew (ed.), *Roadmap to an ASEAN Economic Community,* ISEAS, Singapore, pp. 127–47.

Tow, W (ed.) 2009, *Security politics in the Asia-Pacific: A regional-global nexus?* Cambridge University Press, New York, NY.

Tow, W & Stuart, D (eds.) 2014, *The new US strategy towards Asia: Adapting to the American Pivot,* Routledge, London.

Transparency International 2015, *Corruption perception index – Philippines*. Available from: <http://www.transparency.org/country#PHL>. [25 May 2015].

Tusalem, R & Pe-Aguirre, J 2013, 'The effect of political dynasties on effective democratic governance: Evidence from the Philippines', *Asian Politics and Policy*, vol. 5, no. 3, pp. 359–386.

Tucker, N 2009, *Strait talk: United States-Taiwan relations and the crisis with China*, Harvard University Press, Cambridge, MA.

Tupaz E, & Wagner, D 2015, 'Aquino's legacy in the Philippines', *The World Post* 8 March. Available from: <http://www.huffingtonpost.com/edsel-tupaz/aquinos-legacy-in-the-phi_b_7922082.html>. [8 June 2017].

Ullman, R 1983, 'Redefining security', *International Security*, vol. 8, no. 1, pp. 129–53.

United Nations Development Program 1994, *Human development report*. Available from: <http://hdr.undp.org/sites/default/files/reports/255/hdr_1994_en_complete_nostats.pdf>. [3 March 2014].

United Nations Development Program 2006, *Malaysia: International trade, growth, poverty reduction, and human development*. Available from: <http://www.undp.org.my/uploads/UNDP_Booklet_PDF_FORMAT.pdf>. [3 September 2014].

Usui, N 2011, *Transforming the Philippine economy: Walking on two legs*, ADB Economic Working Paper Series No. 252, Manila.

Vadaketh, T & Low, D 2014, *Hard choices: Challenging the Singapore consensus*, National University of Singapore Press, Singapore.

Van de Haar, E 2009, *Classical liberalism and international relations theory*, Palgrave Macmillan, London.

Van de Haar E 2011, 'Philippine trade policy and the Japan-Philippines Economic Partnership Agreement', *Contemporary Southeast Asia*, vol. 33, no. 1, pp. 113–139.

Vasil, R 2000, *Governing Singapore: Democracy and national development*, Allen and Unwin, New South Wales.

Velayutham, S 2007, *Responding to globalization: Nation, culture and identity in Singapore*, ISEAS, Singapore.

Villacorta, W 1994, 'The curse of the weak state: Leadership imperatives for the Ramos Government', *Contemporary Southeast Asia*, vol. 16, no. 1, pp. 67–32.

Vital, D 1967, *The inequality of states: a study of the small power in international relations*. Clarendon Press, Oxford.

Vogel, D 2013, 'Global trade linkages: National security and human security', in V Aggarwal & K Govella (eds.), *Linking trade and security: Evolving institutions and strategies in Asia, Europe, and the United States*, Springer, New York, NY, pp. 23–48.

von Vorys, K 2015, *Democracy without consensus: Communalism and political stability in Malaysia*, Princeton University Press, Princeton, NJ.

Wachman, A 1994, *Taiwan: national identity and democratization*, M.E. Sharpe, New York, NY.

Wah, F & Khoo B, (eds.) 2002, *Democracy in Malaysia: Discourses and practices,* Curzon Press, Surrey.

Wah, F & Saravanamuttu, J (eds.) 2003, *New politics in Malaysia*, ISEAS, Singapore.

Walker, R 1990, 'Security, sovereignty, and the challenge of world politics', *Alternatives*, vol. 15, no. 1, pp. 3–27.

Waltz, K 1979, *Theory of international relations,* Addison-Webley, Reading, MA.

Waltz, K 2001, *Man, the state, and war: A theoretical analysis*, Columbia University Press, New York, NY.

Wang, T 2000, 'One China, One Taiwan: An analysis of the Democratic Progressive Party's China policy', in W Lee (ed.), *Taiwan in perspective*, Brill, Leiden, pp. 159–82.

Wang, T 2009, 'Cross-Strait rapprochement, domestic politics, and the future of the TRA'. Paper presented at the *Conference on Thirty Years after the Taiwan Relations Act*, Columbia, SC, 26–27 September.

Wang, T, Chen, L & Keng, S 2010, 'Symbolic politics, self-interests and threat perceptions: An analysis of Taiwan citizens' views on cross-Strait economic exchanges', in W Lee (ed.), *Taiwan's politics in the 21st century*, World Scientific Publishing, London, pp. 159–84.

Watson, S 2011, 'The human as referent object? Humanitarianism as securitization', *Security Dialogue,* vol. 42, no. 1, pp. 3–20.

Weber, M 1978, *Economy and society: An outline of interpretive sociology*, University of California Press, Berkeley, CA.

Weiss, T & Wilkinson, R 2014, *'Rethinking global governance? Complexity, authority, power, change', International Studies Quarterly,* vol. 58, no. 1, pp. 207–15.

Welsh, B 2013, 'Southeast Asia: Sources of regime support', *Journal of Democracy*, vol. 24, no. 2, pp. 151–164.

Wendt, A 1992, 'Anarchy is what states make of it: the social construction of power politics', *International Organization*, vol. 46, no. 2, pp. 391–425.

Wesley, M 2008, 'The strategic effects of preferential trade agreements', *Australian Journal of International Affairs*, vol. 62, no. 2, pp. 214–28.

Whalley, J 1998, 'Why do countries seek regional trade agreements?', in J Frankel (ed.), *The regionalization of the world economy*, University of Chicago Press, Chicago, IL, pp. 63–90.

White, N 2004, 'The beginnings of crony capitalism: business, politics and economic development in Malaysia, 1955–70, Modern *Asian Studies,* vol. 38, no. 2, pp. 389–417.

White, G 2005, 'Free trade as a strategic instrument in the war on terror? The 2004 US-Moroccan Free Trade Agreement', *Middle East Journal*, vol. 59, no.4, pp. 597–616.

White, L 2015, *Philippine politics: Possibilities and problems in a localist democracy*, Routledge, New York, NY.

Wibben, A 2008, 'Human security: Toward an opening', *Security Dialogue*, vol. 39, no. 4, pp. 455–62.
Wignajara, G, Lazaro, D & de Guzman, G 2011, 'Philippines', in R Wilkinson & S Hughes (eds.), *Global governance: Critical perspectives*, pp. 193–211. London: Routledge.
Wilkinson, R 2001, 'The WTO in crisis. Exploring the dimensions of institutional inertia', *Journal of World Trade*, vol. 35, no. 3, pp. 397–419.
Winters, J 2011, *Oligarchy*, Cambridge: Cambridge University Press, Cambridge.
Wong, K 2005, 'Continuity and change in Singapore foreign policy', in T Koh & L Chang (eds.), *The little red dot: Reflections by Singapore's diplomats*, World Scientific Publishing, London, pp. 49–60.
Wong, S, Jomo, K & Chin, K 2005, *Malaysia bail outs?:Capital controls, restructuring, and recovery*, NUS Press, Singapore.
Woods, N & Narlikar, A 2001, 'Governance and the limits of accountability: The WTO, the IMF, and the World Bank', *International Social Science Journal*, vol. 53, no. 170, pp. 569–83.
World Bank 2016, *Indicators*. Available from: <http://data.worldbank.org/indicator>. [11 February 2016].
World Economic Forum 2015, *Global competitiveness report, 2014–2015*. Available from: <http://www.weforum.org/reports/global-competitiveness-report-2014-2015>. [25 May 2015].
World Trade Organization 2016, *Trade Policy Reviews*. Available from: <https://www.wto.org/english/tratop_e/tpr_e/tpr_e.htm>. [3 February 2016].
World Trade Organization 2016, *Statistics database*. Available from: <http://stat.wto.org/Home/WSDBHome.aspx?Language>. [3 February 2016].
Worthington, R 2003, *Governance in Singapore*, Routledge, London.
Wouters, J, Goddeeris, I, Natens, B & Ciortuz F 2014, 'Some critical issues in the EU–India Free Trade Agreement negotiations', *European Law Journal*, vol. 20, no. 6, pp. 848–69.
Wu, N 2012, 'Will economic integration lead to political assimilation?', in P Chow (ed.), *National identity and economic interests*, Palgrave MacMillan, New York, NY, pp. 197–204.
Yahuda, M 2006, *The post-Cold War order in Asia and the challenge to ASEAN*, ISEAS, Singapore.
Yang, G 2007, 'The legal and political implications of Taiwan's WTO accession', in J Chang & S Goldstein (eds.), *Economic reform and cross-Strait relations: Taiwan and China in the WTO*, World Scientific, London, pp. 73–118.
Yap, J 2011, 'The Philippines: Weak institutions drag on economic performance', *East Asia Forum* 1 Janaury. Available from: <http://www.eastasiaforum.org/2011/01/01/the-philippine-economy-in-2010-recent-developments-and-challenges/>. [15 September 2014].

Yoshimatsu, H 2006, 'Collective action problems and regional integration in ASEAN', *Contemporary Southeast Asia,* vol. 28, no.1, pp. 115–40.

Zhao, Q & Liu, G 2010, 'Beijing's shifting positions in the new era of cross-Taiwan strait relations', in W Lee (ed.), *Taiwan's politics in the 21st century*, World Scientific Publishing, London, pp. 227–64.

Index

Note: Page numbers followed by "n" denote notes.

M.I. Magcamit, *Small Powers and Trading Security*,
DOI 10.1007/978-3-319-38815-1