



Article

Regionalism in the Shadow of Extraregional Great Powers: A Game Theoretical Explanation of Central Asia and Beyond[†]

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Abstract

The article develops a game theoretical model for the evolution of various regionalism projects. It contends that regionalism in the post-World War II (WWII) world has almost always evolved in the shadow of extraregional great powers (EGPs), with the United States being the principal, but not the only, EGP. As such, how regional great powers (RGPs) and small-to-medium states (SMSs) within a region interact with each other in the shadow of EGPs are critical to the evolution of different regionalism projects. This setup leads to a game theoretical framework. Among the various regionalism projects, regionalism in Central Asia is an intriguing case. The model developed in this article implies that the sometimes competitive and sometimes cooperative interaction among SMSs, EGPs, and RGPs can best explain the historical dynamics of the regionalism project in Central Asia. In particular, the model explains why the Shanghai Cooperation Organization, the regionalism project that has been proclaimed to be dead or close to be dead by many pundits, has become the more resilient and visible among the many regionalism projects within the region. The model also applies to other regionalism projects.

Introduction

Other than “the Unipolarity Moment” and “the Rise of the Rest,” regionalism has been one of the most striking developments in post-Cold War international

politics.¹ Yet, even a cursory survey of the various and often competing regionalism projects will reveal a striking difference of their fate. Some regionalism projects have fared well in the sense that regional integration has moved forward rather significantly, whereas many other projects have faltered from the start or stalled along the way.

So far, with few exceptions [see “EGP and Regionalism (in Central Asia): A Brief Overview” section], most students of regionalism have focused on the intra-regional logic of regionalism projects by detailing specific regionalism dynamics² or comparing different modes of regionalism, usually with the European Project as the yardstick.³ Overall, the existing literature on regionalism has paid scant attention to the question how *extraregional great powers* (EGPs), including the lone superpower, might have shaped different regionalism projects. Most students of regions and regionalism have implicitly or explicitly treated regions as more or less autonomous in the sense that EGPs must have played rather insignificant roles in shaping regionalism projects.

- 1 See Amitav Acharya, “The Emerging Regional Architecture of World Politics,” *World Politics*, Vol. 59, No. 4 (2007), pp. 629–52; Amitav Acharya, *Constructing a Security Community in Southeast Asia* (London: Routledge, Third Edition, 2014), Chapter 5; Barry Buzan, “The Inaugural Kenneth N. Waltz Annual Lecture a World Order without Superpowers: Decentred Globalism,” *International Relations*, Vol. 25, No. 1 (2011), pp. 3–25; Andrew Hurrell, “One World? Many Worlds? The Place of Regions in the Study of International Society,” *International Affairs*, Vol. 83, No. 1 (2007), pp. 127–46; Tanja A. Börzel and Thomas Risse, eds., *The Oxford Handbook of Comparative Regionalism* (Oxford: Oxford University Press, 2016); Shiping Tang, *Social Evolution of International Politics* (Oxford: Oxford University Press, 2013); Shiping Tang, “The Future of International Order(s),” *The Washington Quarterly*, Vol. 41, No. 4 (2018), pp. 117–31.
- 2 Amitav Acharya, *Constructing a Security Community in Southeast Asia* (London: Routledge, 2001); Andrew Moravcsik, *The Choice for Europe* (Ithaca: Cornell University Press, 1998); Etel Solingen, “The Genesis, Design and Effects of Regional Institutions: Lessons from East Asia and the Middle East,” *International Studies Quarterly*, Vol. 5, No. 2 (2008), pp. 261–94.
- 3 See Amitav Acharya, “Regionalism Beyond EU-centrism,” in Tanja A. Börzel and Thomas Risse, eds., *Oxford Handbook of Comparative Regionalism* (Oxford: Oxford University Press, 2016), pp. 110–30; Börzel and Risse, eds., *The Oxford Handbook of Comparative Regionalism*. For other earlier reviews of the voluminous literature, see Edward D. Mansfield and Helen V. Milner, “The New Wave of Regionalism,” *International Organization*, Vol. 53, No. 3 (1999), pp. 589–627; Raimo Väyrynen, “Regionalism: Old and New,” *International Studies Review*, Vol. 5, No. 1 (2003), pp. 25–51; Björn Hettne, “Beyond the ‘New’ Regionalism,” *New Political Economy*, Vol. 10, No. 4 (2005), pp. 543–71; Rick Fawn, “‘Regions’ and Their Study: Where from, Whatfor and Where to?” *Review of International Studies*, Vol. 35, No.1 (2009), pp. 5–34; Edward D. Mansfield and Etel Solingen, “Regionalism,” *Annual Review of Political Science*, Vol. 13, No. 1 (2010), pp. 145–63; Thomas J. Volgy, Paul Bezerra, Jacob Cramer and J. Patrick Rhamey, Jr., “The Case for Comparative Regional Analysis in International Politics,” *International Studies Review*, Vol. 19, No. 3 (2017), pp. 452–80.

This article advances the thesis that regionalism in the post-WWII has almost always evolved in the shadow of EGPs, with the United States being the principal, but not the only, EGP. While this does not mean that the driving forces behind a regionalism project have always come from outside the region, it does mean that few regionalism projects have been autonomous in the sense that they have been mostly decided by the states with a region. As such, how *regional great powers* (RGPs) and *small-to-medium states* (SMSs) within a region interact with each other in the shadow of EGPs are critical to the evolution of different regionalism projects,⁴ and understanding their interaction is critical for fathoming some of the puzzling dynamics in regionalism, and more broadly, in international politics. This setup leads to a game theoretical framework that can shed new theoretical and empirical light on many regionalism projects in the post-WWII on a range of issues, such as why some regionalism projects involve EGPs whereas others do not, how different regionalism projects have evolved, and why some regionalism projects have fared better than others.⁵

Among the various regionalism projects, regionalism in Central Asia is an intriguing case, for at least two reasons. First, other than the two adjacent great powers (i.e., China and Russia), all five Central Asian states have been newly independent states due to the collapse of the former Soviet Union. When this is the case, one would not expect them to catch-up with the challenging art of diplomacy so speedily.⁶ Second, in addition to China and Russia, other extraregional actors, most prominently, the United States, the North Atlantic Treaty Organization (NATO), the European Union (EU), Japan, Iran, and Turkey have been juggling for influence upon the region, resulting in a “(New) Great Game.”⁷ When this is the case, one would expect to see the geopolitical competition to drive the whole region apart rather than together.

Based on our model, this article develops a game theoretical explanation for the puzzling regionalism project in Central Asia. I also illustrate the wider applicability of our model by briefly examining three additional cases (North America, South Asia, and Western Europe).

For the regionalism project in Central Asia specifically, my model implies that the sometimes competitive and sometimes cooperative interaction among SMSs, EGPs, and RGPs can best explain the historical dynamics of the regionalism

4 Hence, regions without obvious RGPs fall out of the scope of my inquiry. Principal cases of such regions may include the Middle East and Central Africa. I thank Thomas Volgy for reminding me to stress this point.

5 For instance, the discussion in a recent nonmodeling piece by Cha can be translated into game theoretical logic, because it captures the tradeoffs for SMSs in taking sides in different issue domains. See Victor D. Cha, “Allied Decoupling in an Era of US–China Strategic Competition,” *Chinese Journal of International Politics*, Vol. 13, No. 4 (2020), pp. 509–51.

6 Boris Rumer and Stanislav Zhukov, *Central Asia: The Challenge of Independence* (Armonk: M. E. Sharpe, 1998).

7 Stephen Blank, “Whither the New Great Game in Central Asia?,” *Journal of Eurasian Studies*, Vol. 3, No. 2 (2012), pp. 147–60.

project in Central Asia. More concretely, Central Asia started with one RGP (i.e., Russia), but at least two EGPs (i.e., China and the United States). After almost three decades, however, China as an EGP has now become so entrenched that most pundits would now classify China as a RGP in Central Asia. Moreover, partly due to the Sino-Russian cooperation in the shadow of the United States, the Shanghai Cooperation Organization (SCO), the regionalism project that has been proclaimed to be dead or close to be dead by many pundits several times, has become the more resilient and visible one among the many regionalism projects within the region. My model reveals why this has been the case.

Before going further, it is necessary to briefly define Central Asia. As a narrow political geographical term, Central Asia denotes the five former republics of the Soviet Union, namely, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. For some pundits, there is also a “Greater Central Asia,” which includes not only the five Central Asian states but also Afghanistan, Iran, Pakistan, Turkey, and China’s Xinjiang. For Russia and some European countries, they may prefer the term “Eurasia” to include Central Asia and (Eurasian) countries that are proximate to Central Asia, such as Armenia, Azerbaijan, Belarus, and Ukraine, especially in the Russia-led Eurasia Economic Union (EAEU). For simplicity, I use Central Asia as “Greater Central Asia.” I retain Eurasia when a regionalism project has the name of Eurasia within it (e.g., EAEU). I also acknowledge that some authors may dispute the notion that Central Asia is a region.⁸ Like most analysts, however, I do hold that Central Asia has been a region or is becoming one.

It is also necessary to define RGP and EGP. An RGP is a leading state within a region (e.g., India in South Asia; the United States in North America).⁹ Importantly, an EGP is assumed to be least roughly equal to or more powerful than an RGP. Such an assumption is necessary, both logically and empirically. Logically, if any country can be an EGP, this term becomes meaningless. Empirically, without rough power parity versus an RGP, an extraregional state will be ill-advised to get involved in another region.

For most regions, which state is an RGP or an EGP is not very controversial (e.g., both India in South Asia). For Central Asia today, however, identifying Russia as an RGP, and while China as an EGP may need a bit justification. Before the collapse of the Soviet Union, Central Asia had been part of the Russian empire

8 Leila Zakhirova, “Is There a Central Asia? State Visits and Empirical Delineation of the Region’s Boundaries,” *Review of Regional Studies*, Vol. 42, No. 1 (2012), pp. 25–50.

9 Because the EU is not a state, I do not consider it an EGP, even though it has impacted how regions construct their regionalism projects extensively and perhaps even profoundly. For the impact of the EU on other regionalism projects, see Tobias Lenz and Alexander Burlikov, “Institutional Pioneers in World Politics: Regional Institution Building and the Influence of the European Union,” *European Journal of International Relations*, Vol. 23, No. 3 (2017), pp. 654–80; Johannes Muntschick, *Regionalism and External Influence: The Southern African Development Community (SADC) and the ambivalent Impact of the EU on Regional Integration* (New York: Palgrave Macmillan, 2018).

and then the Soviet Union. After the collapse of the Soviet Union, all five Central Asia states were heavily dependent upon Russia, economically and security wise. Although their dependence on Russia has declined, their ties with Russia have remained strong and Russia has always treated Central Asia as one of its indisputable spheres of influence (or “Near Aboard”). Altogether, treating Russia as the RGP within Central Asia should not be so controversial.¹⁰

Turning to China in Central Asia, before the collapse of the Soviet Union, China was sealed off from Central Asia. Thus, China has not been part of the Central Asia affairs for at least a century even though China borders it. Even after the collapse of the Soviet Union, China did not get involved in Central Asia economically after 1995–1996, when the border demarcation between China on the one side and Russia plus the three Central Asian states (Kazakhstan, Kyrgyzstan, and Tajikistan) on the other side was achieved. In this sense, China has been a late-comer to the Central Asia region. Logically, China should be considered an EGP to Central Asia.

The rest of my discussion unfolds as follows. The “EGP and Regionalism (in Central Asia): A Brief Overview” section provides a brief overview of the literature on EGP and regionalism, including discussion of Central Asia. The “A Model of Intra–Inter Regional Bargaining in Regionalism” section introduces and solves a model of regionalism with three players and then draws implications. The “Explaining the Puzzling Regionalism in Central Asia, 1991–2020” section then examines the case of regionalism in Central Asian, applying the logic of the model and its solutions. This section highlights the strategic logic behind the puzzling dynamics of regionalism in Central Asian. The “Three Brief Cases as Illustrations” section briefly examines two cases to illustrate the wide applicability of our model. The “Discussion and Concluding Remarks” section draws implications and then concludes.

EGP and Regionalism (in Central Asia): A Brief Overview

Let me begin with three key caveats. First of all, the literature on regionalism is so vast for an even brief review in any article. Instead, I focus on a missing element within the literature: the role of an EGP in regionalism.

Second, I finesse the task by defining region and regionalism. Follow Katzenstein’s¹¹ pragmatic and eclectic approach, I admit that region is a real

10 This, of course, does not deny the fact that Russia might have acted as a “global great power” even though it has become a regional great power after the collapse of the Soviet Union. See Andrei P. Tsygankov, “Russia’s Power and Alliance in the 21st Century,” *Politics*, Vol. 30, No. S1 (2010), pp. 43–51.

11 Peter J. Katzenstein, *A World of Regions: Asia and Europe in the American Imperium* (Ithaca: Cornell University Press, 2005), Chapters 6–13.

entity with both material and ideational dimensions.¹² In other words, region is thus neither a fixed physical or geographical entity alone nor a purely ideational notion without any physical foundation.

For regionalism, I emphasize that in addition to economic (and other material) interdependence or interaction among the states within a region, states within a region must have taken some concrete steps to institutionalize some schemes of economic integration at the lower bound and to forge some kind of regional common stands at the upper bound in order to make a region qualify for a region with a regionalism project. Regionalism thus implies more than physical proximity and economic interdependence; it presupposes some shared ideational and behavioral components among states within a region. Minimally, regionalism involves some kind of preferential trade agreements among states within a region. Maximally, regionalism aims at forging a supranational regional organization that can resolve intraregional dispute and coordinate among regional states or even governing body with real governing power (e.g., the EU). As such, there can be regions without much regionalism, with the Middle East and South Asia being the primary examples.

Third, my discussion is certainly related to the discussion on regional orders, “regional security complexes,” the coming of peace to different regions, the interaction between economics and security (and more broadly, politics) in regional integration, and the construction of regional security communities. Again, I cannot engage with these literatures, other than pointing out that my discussion does provide new angles for understanding the construction of security community and the shaping of regional order in different regions because regionalism has often been a key pillar of regional security community or regional order. I also refrain from engaging the role of “regional identity,” partly because it is unclear whether a common “regional identity” is a cause or an effect or both of regionalism and partly because it is of marginal relevance to the discussion here.¹³ On these topics, readers can refer to the excellent reviews in the edited volume by Börzel and Risse.¹⁴

Fourth, I acknowledge the possibility that an EGP can become interested and hence get involved in a region without much regionalism. For example, an EGP can insert itself merely because the regions have states or resources that are of critical interest to the EGP. A prominent example is that both the United States and the Soviet Union (and now Russia) have involved themselves deeply and extensively in the Middle East even though the region has had very little regionalism. Because I focus on regions with at least some regionalism, I only deal with regions without much regionalism very briefly (e.g., the case of South Asia below).

Fifth, I am more interested in situations in which EGPs have different preferences over key outcomes from those of RGPs. When EGPs, RGPs, and SMSs have

12 Barry Buzan and Ole Wæver, *Regions and Powers: The Structure of International Security* (Cambridge: Cambridge University Press, 2003).

13 See, for example, Jeffrey T. Checkel and Peter J. Katzenstein, *European Identity* (Cambridge: Cambridge University Press, 2009).

14 Börzel and Risse, eds., *The Oxford Handbook of Comparative Regionalism*.

similar preferences over key outcomes (e.g., forming an inclusive interregional bloc), the situation becomes a coordination game.¹⁵ What should be emphasized here is that the possibility that EGPs, RGP, and SMSs can work together to form an inclusive interregional bloc is a key policy implication that can be derived from my framework (see below).

Finally, I do not engage the “interregionalism” literature.¹⁶ This literature addresses how two different regions interact with each other, such as how the EU (as a “normative actor”) engages with other regions and regional organizations or how different interregional forums (e.g., Asia–Pacific Economic Cooperation, the Asia–Europe Meeting) operate. This literature thus rarely deals with either interregional bargaining even broadly or power politics narrowly. Also, the literature has mostly been descriptive or prescriptive with little theorization or empirical test. Needless to say, my study differs from this literature markedly.

I now briefly review the literature on EGP and (Central Asian) regionalism. In the broader regionalism literature, the role of EGPs in shaping a region has been noted from time to time, either explicitly or implicitly. Very earlier on, Buzan observed that many “regional security complexes (RSC)” have been “overlaid,” “penetrated,” and (hence) “distorted” by the two superpowers during the Cold War years.¹⁷ Surveying all the (sub)regions in the world, Buzan and Wæver then explicitly sought to examine different regions through a unifying prism and explored the various ways for EGPs to impact a region and an RSC. Yet, by all count, it is safe to conclude that the role of EGP in regionalism has not been adequately theorized, and certainly not in an integrated framework.

The literature most relevant for the discussion here is a small literature that starts with hegemony, hegemon, and external threat and then explores how a global or regional hegemon has shaped regionalism within a region.¹⁸ Although this

15 Thus, I examine the European Project (1945–1970) for illustration purposes only, partly because EGPs, RGP, and SMSs within this regionalism project share the same preference of forming an inclusive interregional bloc or alliance against a common foe in the Soviet Union.

16 Björn Hettne, “Interregionalism and World Order: The Diverging EU and US Models,” in Mario Telò, ed., *European Union and New Regionalism* (Burlington: Ashgate, Second Edition, 2007), pp. 103–23; Mathew Doidge, *The European Union and Interregionalism: Patterns of Engagement* (London: Routledge, 2011); Francis Baert, Tiziana Scaramagli and Fredrik Söderbaum, eds., *Intersecting Interregionalism: Regions, Global Governance, and the EU* (Berlin: Springer, 2014).

17 Barry Buzan, “New Patterns of Global Security in the Twenty-first Century,” *International Affairs*, Vol. 67, No. 3 (1991), pp. 431–51.

18 Mark Beeson, “American Hegemony and Regionalism: The Rise of East Asia and the End of the Asia-Pacific,” *Geopolitics*, Vol. 11, No. 4 (2006), pp. 541–60; Miriam Prys, “Hegemony, Domination, Detachment: Differences in Regional Powerhood,” *International Studies Review*, Vol. 12, No. 4 (2010), pp. 496–9; Sebastian Rosato, *Europe United: Power Politics and the Making of the European Community* (Ithaca, NY: Cornell University Press, 2010).

literature can be understood as more realist, many of them do take ideational factors into consideration.

Most prominently, Katzenstein singled out different strategies adopted by the United States toward different regions as a key factor in shaping regionalism. On the one hand, the United States has almost single-handedly dictated regionalism projects in Western Europe and the Americas.¹⁹ On the other hand, the United States has paid much less attention to South Asia and Africa, and Katzenstein attributed the cause to the lack of core regional states that are partners of the United States. Altogether, Katzenstein noted, “World politics is now shaped by the interaction between porous regions and America’s imperium.”²⁰

In the context of East Asia, Goh examined the possible negotiation and conflict between the United States as the EGP and China as a rising RGP.²¹ Focusing on the power competition between the United States and China and its implications for regional order, Goh has argued that an ordered order transition in East Asia is still possible.

Finally, Prys outlined a framework for understanding how an RGP can mold its own region via hegemony, domination, or detachment. In particular, he noted that the degree of openness of a region can impact how an RGP chooses what to do with a region and that the possible interaction between intraregional and inter-regional dynamics may have shaped a region profoundly.²²

My project builds upon these studies and goes beyond. First, comparing to Buzan and Wæver who focused mostly on security, my framework brings together economy and security. Comparing to Katzenstein who has neglected the possibility that some regions may have EGPs other than the United States, my framework says nothing about the identity of the EGPs and hence can accommodate EGPs other than the United States (e.g., China versus South Asia). Comparing to Goh who has assigned SMSs the role of merely limiting the possible conflict between the EGP and the RGP, I emphasize that SMSs have a critical role to play in shaping regionalism projects despite RGP and EGP.

Second and most critically, the existing literature tends to marginalize either the role of SMSs and RGPs when focusing on a global hegemon as the EGP or the role of EGPs when focusing on a regional hegemon (i.e., RGP) and its neighboring

19 Katzenstein, *A World of Regions*. See also Geir Lundestad, “Empire by Invitation? The United States and Western Europe, 1945–1952,” *Journal of Peace Research*, Vol. 23, No. 3 (1998), pp. 263–77; David A. Lake, *Hierarchy in International Relations* (Princeton: Princeton University Press, 2009).

20 Katzenstein, *A World of Regions*, pp. 234–244; 42. Although this part of my discussion does connect with some aspects of the literature on “American Empire,” again I cannot engage with this literature meaningfully.

21 Evelyn Goh, *The Struggle for Order: Hegemony, Hierarchy, and Transition in Post-Cold War East Asia* (Oxford: Oxford University Press, 2013).

22 Prys, “Hegemony, Domination, Detachment: Differences in Regional Powerhood,” pp. 479–504. See also Daniel Flemer, ed., *Regional Leadership in the Global System: Ideas, Interests, and Strategies of Regional Powers* (Burlington: Ashgate, 2010).

states (i.e., SMSs). In contrast, I bring interregional bargaining and intraregional bargaining by EGP, RGP, and SMS into a single framework rather than focusing on the intraregional bargaining between RGP and SMS, or the bargaining between RGP and EGP, or between SMS and EGP alone.

There has been a sizeable literature on post-Soviet Union Central Asia, with the discussion on the “New Great Game” being a cottage industry. There have been some useful comparative studies of Central Asian regionalism projects, such as Commonwealth of Independent States (CIS), EAEU, the Economic Cooperation Organization (ECO),²³ and SCO (cited below). Much of the literature, however, lacks rigorous theorization. My project builds upon them and adds more theoretical rigor.

A Model of Intra–Inter Regional Bargaining in Regionalism

This section introduces a model of inter–intraregional bargaining and lays out its implications for understanding regionalism projects. Partly due to space constraint and partly because players (i.e., states) in the case of Central Asia know each other’s preferences over goals well, I do not present the solutions for the model under incomplete information here.

Starting Assumptions and Setup

Our model of inter–intraregional bargaining starts with four simple assumptions. First, states within a region are not equal in terms of their (material) power. As a simplification, they are divided into two types according to their material power: RGPs and SMSs. Second, on the economic front, RGP and SMS can choose to forge closer economic integration for mutual benefit. On the security front, however, I assume that SMS’s security can be at least partly provided by EGPs. In other words, RGP’s security reassurance to SMSs can be partly, perhaps even highly, credible, but never completely credible.²⁴ After all, more often than not, due to their geographical proximity, RGP and SMS often have territorial disputes

23 I do not address ECO here for two reasons. First, although ECO contains all the five Central Asia states, plus Afghanistan, Azerbaijan, Iran, Pakistan, and Turkey. This is an organization with only SMSs but without RGPs because none of the more powerful states (e.g., Iran, Kazakhstan, Pakistan, and Turkey) within it can claim to have overwhelming power advantage over each other. Second, from 2013 to 2017, the weight of intra-ECO trade for its Member States has steadily declined. Hence, the economic prospect for ECO has steadily dimmed, as Tang (2000) predicted 20 years ago. Moreover, China has become the No. 1 trade partner for ECO countries since 2015–2017. This fact further testifies China’s economic pull for (greater) Central Asia. For trade data from ECO official website, http://eco.int/general_content/87003-Trade-Statistics.html?t=General-content.

24 Alternatively, it can be assumed that SMS’s security can only be provided by EGP. Such a setup does not change the model in any meaningful way: it merely lowers the threshold for SMS to go to EGP.

Table 1. Notations within the Model

M	The size of the pie from economic integration between RGP and SMS, $M > 0$
p	The proportion of M that RGP offers to SMS, $0 < p < 1$
S	Gain of security by SMS from interacting with EGP, $S > 0$
E	Side payment that EGP demands from RGM and SMS to allow economic integration between RGP and SMS to proceed, $E > 0$
r	The proportion of E that SMS has to shoulder, $0 \leq r \leq 1$
C	The cost for EGP to provide SMS with some security, $C > 0$
K	The size of the pie from economic integration between EGP and SMS, $K > 0$
t	The proportion of K that EGP offers to SMS, $0 < t < 1$
F	Face or prestige to be lost if SMS's request is rejected by EGP, $F > 0$

and ongoing rivalries.²⁵ Third, not every region is autonomous. Put it differently, some regions are porous. Fourth, different regions' regionalism projects are not of the same level of interest to EGPs. And if EGPs become interested in a regionalism project, it can get involved with the regionalism project, either via SMSs' invitation or by EGP inserting itself without anybody's invitation.²⁶

With these four assumptions, the strategic interactions between RGPs, SMSs, and EPGs in a regionalism project can be framed as an inter- and intraregional bargaining problem. The model has three players (RGP, SMS, and EGP) and their payoffs are given in that order.²⁷ Table 1 summarizes the notations within the model.

The game proceeds as follows:

1. Node-1. RGP and SMS have been haggling over their regionalism project. Finally, RGP makes a "take-it-or-leave-it" offer $[(1-p)M; pM]$ to SMS, where M stands for the size of the pie (or gains) from the regionalism project (with M containing both economic and security value) and p stands for the portion of the pie that goes to SMS, $M > 0$;

25 Paul F. Diehl and Gary Goertz, *War and Peace in International Rivalry* (Ann Arbor: University of Michigan Press, 2000).

26 These two different scenarios do not change the overall dynamics of the game.

27 Models with three players are not very common in the international relations (IR) literature or the broader political science literature. The models by Grigoryan, Kydd and Straus, and Fang et al., are the most relevant for the discussion here since their models model an external power, which is similar to EGP in my model. See Arman Grigoryan, "Third-Party Intervention and the Escalation of State-Minority Conflicts," *International Studies Quarterly*, Vol. 54, No. 4 (2010), pp. 1143–74; Andrew H. Kydd and Scott Straus, "The Road to Hell? Third-Party Intervention to Prevent Atrocities," *American Journal of Political Science*, Vol. 57, No. 3 (2013), pp. 673–84; Songying Fang, Jesse C. Johnson, and Brett Ashley Leeds, "To Concede or to Resist? The Restraining Effect of Military Alliance," *International Organization*, Vol. 68, No. 4 (2014), pp. 775–809. My model here, however, still differs from these models in some fundamental ways. Most critically, their models are model of crisis bargaining with real probability of war.

- $p > 0$.²⁸ Implicitly, at this stage, EGP's payoff is zero because it is not part of the bargaining yet.
2. Node-2. SMS then decides:
 - 2a) to reject RGP's offer and the game ends in the status quo (i.e., $[0, 0, 0]$);
 - 2b) to accept RGP's final offer and the game ends with the payoff structure of $[(1-p)M, pM, 0]$; and
 - 2c) to go to EGP and ask for EGP to intervene, hoping to get a better deal or something else (e.g., security). If SMS goes to EGPs, the game goes to the next stage.
 3. Node-3. When SMS comes for help, EGP then decides:
 - 3a) not to get involved in the regionalism project between RGP and SMS. SMS then goes back to RGP's original deal (which RGP will always honor) but SMS loses some prestige or face (denoted as F).²⁹ Game ends in the middle of Node-4.
 - 3b) To get involved in the regionalism project between RGP and SMS. The game goes to the next stage. At this stage, EGPs make an offer to RGPs or/and SMSs. EGPs' offers can be of two kinds.
 - 3b-i) EGP takes the game to the left side of Node-4 and demands RGP and SMS to pay for EGP's involvement. RGP and SMS are to share the payment (denoted as E) to EGP. In return, EGP provides some extra security assurance (denoted as S) to SMS, with a cost (denoted as C) to EGP.
 - 3b-ii) EGP takes the game to the right side of Node-4. Here, EGP offers a new deal to SMS, and this new interregional deal excludes RGP. EGP and SMS are to divide a new pie (denoted as K), with SMS getting tK plus some security, whereas EGPs getting $(1-t)K$ minus some cost of providing security (denoted as C). In this outcome, RGP gets zero payoff.
 4. Node-4. RGP and SMS then decide whether to accept or reject EGP's offer.
 - 4a) When both RGP and SMS accept EGP's offer on the left side of Node-4, the game ends the payoff structure of $[(1-p)M - (1-r)E, pM - rE + S, E - C]$.
 - 4b) When either RGP or SMS rejects EGP's offer on the left side of Node-4, the game ends with the status quo (i.e., $[0, 0, 0]$).
 - 4c) When SMS accepts EGP's offer on the right side of Node-4 (i.e., $tK + S$), the game ends with the payoff structure of $[0, tK - S, (1-t)K - C]$.
 - 4d) When SMS rejects EGP's offer on the right side of Node-4 (i.e., $tK + S$), SMS always goes back to the original offer made by RGP in Node-1 but suffers a loss of face or prestige (F), and the game ends with the payoff structure $[(1-p)M, pM - F, 0]$.

28 For example, RGP can offer investment and market access (e.g., tariff reduction) in turn for SMS's market access and investment opportunity. As a result, both RGP and SMS can benefit from the regionalism project.

29 One may think of F as some kind of precommitted cost. When one goes to a (possible) friend for help, one brings some gift(s) to that friend. Yet, even if the friend does not help, the gift(s) cannot be taken back. This condition places some constraint on anyone who seeks help (in this case, a SMS). If there is no cost for asking for help, then SMS will go to EGP for help regardless. Such a setup does not make intuitive or strategic sense.

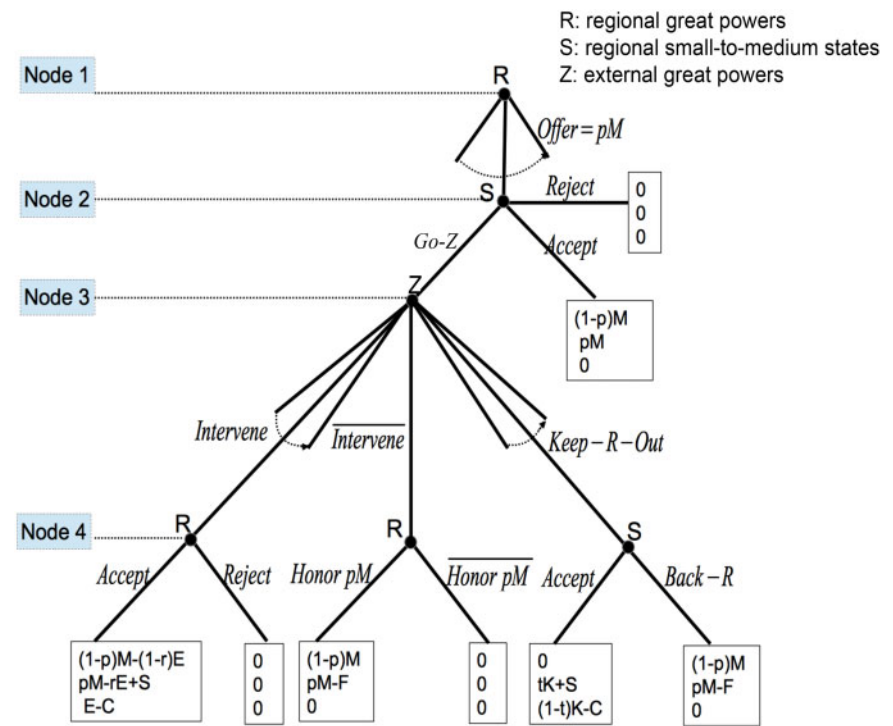


Fig. 1. The Model.

The complete game tree with players' payoffs specified is presented in Figure 1.

Two specific caveats are in order. First, when there are no viable EGP that SMSs can go to, the bargaining game becomes a subgame of the larger game: SMSs can either accept or reject RGP's offer but cannot go to an EGP (Nodes 1 and 2). North and Central America since 1895 has been one such system.³⁰ East Asia before the coming of the West (circa 1840), when China was unified and stable, represented a similar system.³¹ Second, when EGP shares RGP and SMS's preference for regional integration, EGP can certainly bring RGP and SMS together into an interregional project, then the situation becomes a different (and new) bargaining game. The European Project from 1945 to 1991 fits into such a situation. Evidently, this outcome can be easily added to our model as a possible outcome. Because we are more interested in situations in which EGP and RGP

30 Lake, *Hierarchy in International Relations*; see also "Three Brief Cases as Illustrations" section.

31 David C. Kang, *East Asia before the West: Five Centuries of Trade and Tribute* (New York: Columbia University Press, 2010); Ji-Young Lee, *China's Hegemony: Four Hundred Years of East Asian Domination* (New York: Columbia University Press, 2017).

have different preferences over outcomes, our model does not focus on this possibility other than for illustration purposes (see “Three Brief Cases as Illustrations” section).

It is difficult to imagine that forging regionalism projects can be entirely secret (i.e., in players do not know each other’s prior moves). This is especially true after WWII, and even more so in the age of 24-h news and now Internet. Moreover, in the sequential game, each player only moves after observing another player’s move. Hence, in the real world, the sequential game just described can only be a game of perfect information.

Note, however, even with perfect information, some uncertainties over players’ payoff are built-in within the model. For one thing, it is never easy to estimate the value of the economic payoffs from different economic integration (i.e., M and K). Moreover, only SMS knows the exact value of its security (i.e., S) and prestige (i.e., F).

Solutions with Complete Information³²

With backward deduction, it is easy to show that under complete information (or incomplete information), SMS will never reject RGP’s offer in Node-1 if there is a viable EGP: SMS will either accept RGP’s final offer or go to EGP. Hence, the outcome $[0, 0, 0]$ at Node-2 will never be realized.³³ Moreover, EGP always chooses to intervene whenever invited by SMS to intervene (i.e., to intervene is a dominate strategy for EGP). Hence, the middle of Node-4 is never realized. Meanwhile, RGP and SMS always accept EGP’s offer on the left side of Node-4 because a deal is always better than a no-deal that will get every player a payoff of zero. Also, a player (e.g., SMS) always prefers a deal with the same payoff now than a deal later because haggling out a deal always carries some cost in time.

Proposition 1: Under complete information, the game has three subgame perfect equilibriums (SPEs).

SEP-1 (at Node-2), with a payoff structure of $[(1-p)M, pM, 0]$. RGP makes the optimal “take-it or leave-it” offer pM_1^* to SMS. When SMS’ security concern (i.e., S) is not overwhelming, SMS accepts RGP’s offer at Node-2, and the game ends with SPE-1, with pM_1^* being specified by the two equations below:

From the left side of Node-4, we have:

$$pM_1^* \geq pM_1^* - rE + S, \text{ or } S \leq rE \quad (1)$$

From the right side of Node-4, we have:

$$pM_1^* \geq tK + S > pM_1^* - F \quad (2)$$

32 Assuming complete information in some situations is not only reasonable but also quite interesting. Detailed solutions and proofs for the incomplete information game are available upon request from the author.

33 Hence, this outcome is included in the model for the sake of completeness. Same for the middle of Node-4.

Combing Equations (1) and (2), we obtain RGP's optimal offer at Node-2:

$$pM_1^* = tK + S \leq tK + rE, \text{ with } S \leq rE \quad (3)$$

SPE-2 (the right side of Node-4), with a payoff structure of $[0, tK+S, (1-t)K-C]$. Out of some security concern, SMS goes to EGP. If EGP takes the game to the right side of Node-4, the key for EGP is to make an optimal offer to SMS so that SMS will accept the offer and not go back to RGP's original offer at Node-1. By doing so, EGP avoids the possibility of receiving a payoff of zero. More concretely, EGP offers $tK + S$ that is just slightly larger than $pM_1^* - F$.³⁴ SMS accepts EGP's offer, and game ends with a payoff structure of $[0, tK+S, (1-t)K-C]$.

$$(pM_1^* - F) + tK + S > pM_1^* - F \quad (4)$$

Apparently, for EGP to move to the right side of Node-4 rather than the left side of Node-3, there is an additional condition (see also immediately below):

$$1 - tK - C \geq E - C, \text{ or } 1 - tK \geq E \quad (5)$$

Together, Equations (3) and (4) imply the following:

1. if $S > rE$, RGP has no valid offer that can prevent SMS from going to EGP;
2. the larger S is (i.e., the more SMS fears RGP), the smaller tK can be. In other words, the more SMS fears RGP, the more EGP can afford to offer a smaller proportion (i.e., t) of the pie (i.e., K) to SMS and still draws the latter away from RGP. Similarly, the larger F is (i.e., the more SMS values face or prestige), the smaller tK can be;
3. the larger RGP's offer to SMS (i.e., pM), the larger the pie K has to be and the larger proportion (i.e., t) of the pie K that EGP has to offer to SMS in order to draw SMS away from RGP; and
4. the larger K is (i.e., the larger the pie derived from integration between SMS and EGP), the more EGP can afford to offer a smaller proportion (i.e., t) of the pie (i.e., K) to SMS and still draws the latter away from RGP.

SPE-3 (the left side of Node-4), with a payoff structure of $[(1-p)M - (1-r)E, pM - rE + S, E - C]$. Out of security concern, SMS goes to EGP. If EGP takes the game to the left side of Node-4, the key for EGP is to make an optimal offer to both RGP and SMS so that they will accept the offer rather than rejecting the offer. By doing so, EGP avoids the possibility that all three players receive the payoff of zero.

Proposition 2: For SPE-3, EGP has an optimal offer to both RGP [i.e., $(1-p)M - (1-r)E > 0$] and SMS [i.e., $pM - rE + S > 0$], with E^* and r^* being as specified below. (Proofs in Appendix)³⁵

34 Apparently, this condition also requires another condition, that is, $M > tK + S$.

35 I heartily thank a reviewer for providing this solution that is superior over my solution in an earlier version.

Table 2. Payoffs and SPEs under Complete Information

Players/Payoffs	Node-2	Node-4, Right Side	Node-4, Left Side
RGP	$(1-p)M$ or 0	0 or $(1-p)M$	$(1-p)M - (1-r)E$ or 0
SMS	pM or 0	$tK + S$ or $pM - F$	$pM - rE + S$ or 0
EGP	0	$(1-t)K - C$, or 0	$E - C$ or 0
SPEs	SPE-1: $[(1-p)M, pM, 0]$	SPE-2: $[0, tK - S, (1-t)K - C]$	SPE-3: $[(1-p)M - (1-r)E, pM - rE + S, E - C]$

$$E^* = (1 - p)M + S, \text{ with } (1 - p)M + S \geq (1 - t)K \tag{6}$$

$$r^* = \frac{S}{(1 - p)M + S}, \text{ with } 0 \leq r^* \leq 1 \tag{7}$$

Together, Equations (6) and (7) specify that:

$$r^*E^* = S \tag{8}$$

Equation (8) simply states that for SPE-3, EGP’s optimal offer to (or demand from) SMS is $pM - r^*E^* + S = pM$, that is, matching whatever EGP has offered SMS in Node-2 in the first place, nothing more and nothing less.

Together, Equations (6)–(8) imply that when EGP takes the game to the left side of Node-4, it has to observe two principles. First, EGP cannot be too greedy. More concretely, E^* cannot be larger than $M + S$. Second, when distributing the burden of E^* , EGP cannot be too biased against either EGP or SMS. Rather, EGP has to spread the burden of E^* to RGP and SMS (i.e., $1 - r$ and r) as specified by Equation (5), respectively.

The three mutually excluding SPEs can be visualized schematically by Table 2. The complete strategy set for all three actors under complete information is summarized in Figure 2.

Several implications from this preceding discussion are apparent.

First, when there is no viable EGP for SMS, SMS will accept the best offer from RGP at Node-2 of the game *regardless of its security concern*. The game then becomes a pure intraregional bargaining game. North America fits into such a scenario (see “Three Brief Cases as Illustrations” section).

Second, when S is so large, [i.e., $S > \max(rE, pM - F - tK)$ holds, that is, when SMS feels that the security threat posed by RGP is so great] and SMS has a viable EGP to turn to, no offer from RGP to SMS can prevent SMS from going to EGP. As becomes clear in “Explaining the Puzzling Regionalism in Central Asia, 1991–2020” section, the case of Pakistan and China versus India in South Asia fits into this scenario.

In contrast, when the pie from regional integration between RGP and SMS (i.e., M) is so large and that SMS has been offered a big enough piece of the pie

$RGP^*=$	<ol style="list-style-type: none"> 1. At Node-1, RGP makes SMS with the optimal offer $pM_1^* = tK + S \leq tK + rE$. 2. On the left side of Node-4 (if SMS rejects RGP's offer at Node-2, and EGP takes the game to the left side of Node-4), RGP accepts EGP's optimal offer of $(1-p)M_1^* - (1-r^*)E^*$ (and SMS accepts EGP's optimal offer of $pM_1^* - r^*E^* + S$), with $E^* = (1-p)M + S$ and $r^* = \frac{S}{(1-p)M+S}$. The game ends with SPE-3 with the payoff structure of $[(1-p)M-(1-r)E, pM-rE+S, E-C]$.
$SMS^*=$	<ol style="list-style-type: none"> 1. At Node-2, when $S \leq rE$, SMS accepts RGP's optimal offer of $pM_1^* = tK + S \leq tK + rE$. The game ends with SPE-1 with the payoff structure $[(1-p)M_1^*, pM_1^*, 0]$. 2. At Node-2, when $S > rE$, SMS rejects RGP's offer and goes to EGP. 3. On the right side of Node-4, SMS accepts EGP's optimal offer of $(pM_1^* = tK + S > pM_1^* - F$. The game ends with SPE-2 with the payoff structure of $[0, tK+S, (1-t)K-C]$. 4. On the left side of Node-4, SMS accepts EGP's optimal offer of $pM_1^* - r^*E^* + S$ [and RGP accepts EGP's optimal offer of $[(1-p)M_1^* - (1-r^*)E^*]$, with $E^* = (1-p)M + S$ and $r^* = \frac{S}{(1-p)M+S}$. The game ends with SPE-3.
$EGP^*=$	<ol style="list-style-type: none"> 1. When being invited by SMS at Node-2, EGP always gets involved in the game. 2. When $E^* < (1-t)K$ [and $E^* = (1-p)M + S$], EGP takes the game to the right side of Node-4 and offers SMS $(pM_1^* = tK + S > pM_1^* - F$. The game ends with SPE-2. 3. When $E^* = (1-t)K$ [and $E^* = (1-p)M + S$], EGP is indifferent between the two sides of Node-4. [In other words, the game can end in either SPE-2 or SPE-3.] 4. When $E^* > (1-t)K$ [and $E^* = (1-p)M + S$], EGP takes the game to the left side of Node-4, and offers RGP and SMS with $(1-p)M_1^* - (1-r^*)E^*$ and $pM_1^* - r^*E^* + S$, respectively, with $E^* = (1-p)M + S$ and $r^* = \frac{S}{(1-p)M+S}$. Both RGP and SMS accept EGP's optimal offer, and the game ends with SPE-3.

Fig. 2. Complete Strategy Set under Complete Information.

(i.e., pM is very large); and/or that the pie from a possible economic integration between EGP and SMS (i.e., K) is not larger enough and that SMS has not been offered a big enough share of the pie (i.e., t is too small); and/or that F is small enough; and/or that S is smaller, it would be more difficult for EGP to make an offer to SMS that is better than or even equal to RGP's original offer to SMS.

Finally, When EGP can gain more by integrating with SMS and excluding RGP [i.e., $(1-t)K > E$], EGP will always take the game to the right side of Node-4 and then make the offer $tK + S > pM - F$ (i.e., making SMS an offer of $tK + S$ that is slightly larger than $pM - F$), so that RGP will be excluded. As long as EGP makes the optimal offer of $tK + S > pM - F$, SMS can only accept EGP's offer in the right side of Node-4 {i.e., $[0, tK+S, (1-t)K-C]$ }. In other words, when EGP makes the right offer, SMS does not have the option of going back to RGP's original offer in Node-1.

Explaining the Puzzling Regionalism in Central Asia, 1991–2020

The case of regionalism in Central Asia exhibits not only much of the dynamics captured in our model but also some additional dynamics, partly because there were more than one possible EGP for the region and how different EGPs interact with regional SMSs in the shadow of RGP has shaped different dynamics in different periods. For convenience, I divide the discussion into three subsections.

Failure of Russia-Dominated and Central Asian-Only Regional Projects

The breakup of the former Soviet Union gave birth to five independent states in Central Asia, namely, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.³⁶ At the time of their independence, the five Central Asian states were almost entirely dependent on Russia, both economically and security wise. In short, Central Asia then belonged exclusively to Russia's sphere of influence, or for Russia, "the Near Abroad." At the beginning, the CIS, which included the five Central Asia states,³⁷ had been Russia's primary instrument for retaining the Central Asia states within Russia's orbit. Such a situation reflects the logic of a situation in which RGP attempts to keep SMS staying within intraregional bargaining and keep potential EGPs from intervening.

Gradually, Russia has become unable to keep Central Asian states depending on Russia at the same level of dependence that they used to have, although the five states have remained dependent upon Russia to a various degree. A key cause behind this shift has been that Russia could not offer enough economic benefit to the Central Asian states (e.g., their economies are not complementary enough). Another key cause behind the shift has been that almost every Central Asia state also harbors anxiety, if not fear, about Russia: what if Russia wanted to rebuild its lost empire. Because of these two key roadblocks, the Russia-centric CIS has largely failed as a regionalism project.³⁸

The security component of CIS has been the Collective Security Treaty Organization (CSTO). Through CSTO, Russia still maintains at least two military bases in Central Asia (one each in Kyrgyzstan and Tajikistan). However, CSTO now has only six Member States (i.e., Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan), down from its original nine Member States. Notably, several founding Member States of CIS have either withdrew from CIS (e.g., Azerbaijan, Georgia, and Uzbekistan) or become associate members (e.g., Georgia, Turkmenistan, and Ukraine). Turkmenistan never ratified the

36 See Eugene B. Rumer, Richard Sokolsky, and Paul Stronski, *U.S. Policy toward Central Asia 3.0* (Washington, DC: Carnegie Endowment for International Peace, 2016). It provides a useful update on the trajectory of these five states and CIS.

37 Turkmenistan's "permanent neutrality" has been recognized by the United Nations General Assembly in 1995. <https://www.un.org/documents/ga/res/50/a50r080.htm>. Accessed November 21, 2015.

38 For an overview, see Paul Kubicek, "The Commonwealth of Independent States: An Example of Failed Regionalism?," *Review of International Studies*, Vol. 35, No. 1 (2009), pp. 237–56.

CIS treaty or charter and later on opted for “permanent neutrality” (or perhaps self-imposed quasi-isolation). Indeed, even Igor Ivanov, then the secretary of the Russian Security Council and Russian foreign minister, questioned the future of CIS (and CSTO).³⁹ Certainly, the future of CSTO took a hit with the Georgia crisis in 2008 and then more severely the Ukraine crisis in 2014: Central Asian states now came to fear Russia much more.⁴⁰

To replace the moribund CIS, Russia came up with the Eurasian Economic Community and then the EAEU in 2014, with Armenia, Belarus, Kazakhstan, and Kyrgyzstan, being the other members. Russia’s attempt to keep these states tightly linked with itself reflects the logic dictated by SPE-1 in Node-2; whenever possible, the RGP hopes to keep SMSs within a region to an exclusively intraregional bloc so that SMSs will remain dependent upon the RGP,⁴¹ especially when facing possible competitions from potential EGPs.

So far, Turkmenistan and Uzbekistan have shown little interest in being part of EAEU, with Tajikistan still on the fence. Even the existing Member States of EAEU have been reluctant to cede more control to EAEU agencies with Russia being the dominant power, despite the establishment of various supranational agencies within the EAEU framework. Thus, “[while] the EAEU continues implementing the goals of further, deeper integration in strategically important markets in line with the EAEU Treaty, as well as removing trade barriers. However, the integration milestones set in the treaty are frequently achieved at the cost of diluting the content of the subsequent integration steps, with countries accepting smaller obligations than originally envisioned. The situation is unlikely to change in the future.”⁴²

Fundamentally, EAEU faces the same two challenges as CIS had. First, Russia dominates EAEU in every aspect. Russia’s GDP occupies 85% of the total GDP of EAEU, and trade with Russia makes up to 97% of the total intra-EAEU trade of goods. This has not changed that much from 2012 to 2018 (Spartak 2021, 31–36). Moreover, from 2010 to 2018, intra-EAEU trade has only increased 30.82% from US\$45.1 to 59 billion (Table 3).⁴³ As a result, there is little impetus for more economic integration among other EAEU states.

39 Igor Ivanov, “Russia Questions Further Existence of the CIS,” *InfoNIAC*, 17 March, 2007.

40 Alexander Cooley, “Tending the Eurasian Garden: Russia, China and the Dynamics of Regional Integration and Order,” in Jo Inge Bekkevold and Bobo Lo, eds., *Sino-Russian Relations in the 21st Century* (New York: Palgrave Macmillan, 2019), pp. 113–39.

41 Alexander Libman and Evgeny Vinokurov, “Autocracies and Regional Integration: The Eurasian Case,” *Post-Communist Economies*, Vol. 30, No. 3 (2018), pp. 334–64; Ann-Sophie Gast, “The Eurasian Economic Union-Keeping up with the EU and China,” *Post-Communist Economies*, Vol. 33, No. 2–3 (2020), pp. 175–99; see Figure 1.

42 Alexander Libman, “Market Integration in the Eurasian Economic Union,” *Russia Analytical Digest*, No. 247 (2020), pp. 2–5; see also Rilka Dragneva and Christopher A. Hartwell, “The Eurasian Economic Union: Integration without Liberalisation?” *Post-Communist Economies*, Vol. 33, No. 2–3 (2020), pp. 200–21.

43 In contrast, in the same period, intra-SCO trade has increased by 69.15% from US\$111.91 to 191.09 billion.

Table 3. Intra-EAEU Trade of Goods versus Intra-SCO Trade of Goods

Year	Intra-EAEU Trade, including Russia (billion \$)	Growth rate (%)	Intra-SCO Trade, including China (billion \$)	Growth rate (%)
2010	45.1	–	112.97	–
2011	65.2	44	156.40	38.44
2012	69.1	5.9	171.4.0	9.59
2013	66.25	–4.12	178.76	4.29
2014	61.4	–7.32	174.74	–0.02
2015	45.3	–26.22	132.05	–24.43
2016	41.9	–7.5	132.45	0.30
2017	53.7	28.16	161.98	22.30
2018	59	9.87	191.09	17.97

Source: Intra-EAEU trade from Spartak (2021). Intra-SCO trade data from UN trade data (author’s own calculations). <https://comtrade.un.org/data/>.

Second and closely related to the first, as long as Russia’s economy cannot grow robustly and become a locomotive for regional economic development, EAEU can offer little economically to Central Asian states. In 2018, compared to SCO and China’s presence in Central Asia, Russia’s injection of foreign direct investment (FDI) into EAEU states have been rather small and intra-EAEU trade stood only at US\$59 billion, much smaller than the intra-SCO trade (US\$191 billion, Table 3).⁴⁴ Worse things have become far gloomier after the Ukraine crisis.⁴⁵ Overall, the economic benefit and hence the future of EAEU remain uncertain at best.⁴⁶

More critically, much of the EAEU intratrade has been underpinned by commodity trade, especially oil and gas from Russia to Belarus. Thus, when the price of oil and gas declined during 2013–2016, intra-EAEU trade shrunk significantly, with its 2016 level being 39.4% less than that of 2012 as its peak. While the spike in the price of oil and gas in 2017–2018 has prevented the intra-EAEU trade from further declining, the level of intra-EAEU trade in 2018 was still 15% less than that of 2012. Hence, when compared to the intra-SCO trade, intra-EAEU trade is not only far smaller but also much more sensitive to downturns in the price of oil and gas (Table 3).

As a result, except Turkmenistan that maintains “permanent neutrality,” the other four Central Asian states have adopted two interlocked strategies. First, they form their own grouping in order to retain some political independence from

44 Andrey N. Spartak, “EAEU Intra-regional Trade,” in Natalia A. Piskulova, ed., *The Economic Dimension of Eurasian Integration* (Cham: Palgrave Macmillan, 2021), pp. 36–7.

45 Maria Shagina, “The Collateral Damage of Russia’s Counter-sanction for the EAEU,” *Russia Analytical Digest*, No. 247 (2020), pp. 6–8.

46 Kataryna Wolczuk and Rilka Dragneva, *The Eurasian Economic Union: Deals, Rules and the Exercise of Power* (London: Chatham House, 2017), Chapters 1–15.

both Russia and possibly, other EGPs. Unfortunately, none of the Central Asia-only initiatives have gone anywhere. Take, for example, the Central Asia Union (1994), then renamed to Central Asia Economic Union in 1998, and finally to Central Asian Cooperation Organization in 2004. Other than its frequent name changes, very little has been achieved within the framework.

The other strategy is to invite potential EGPs into the region. According to our model, this is exactly what should have happened. When an RGP cannot offer enough economic benefit partly because the pie from the economic integration between the RGP and SMSs is small and when SMSs fear the RGP at least somewhat and there are viable EGPs for these SMSs, SMSs will almost inevitably go to EGPs for help (i.e., taking the game from Nodes 2 to 3). And when EGP offers more benefits to SMSs than an RGP does, SMSs will gradually reduce its dependence on the RGP, as indicated by the growing trade between EAEU's Member States and China (see below).

Therefore, soon since their independence, Central Asian states have been trying to shop around among possible EGPs to move a bit away from Russia. The more interesting part of the story has been that Central Asian states have at least two EGPs to go to: United States/NATO and China.⁴⁷ The result has been a so-called a "New Great Game" in Central Asia.

Failure of US-Led Interregional Projects

As MacFarlane pointed out,⁴⁸ the United States has been torn by two conflicting impulses toward Central Asia, both before and after "9.11." On the one hand, the United States seeks to (i) bolster the independence of Central Asian states and prevent Russia from rebuilding its lost empire and (ii) to secure access to oil and gas in Central Asia and loosen the dependence upon Russia by Central Asian states. The US/NATO-led "Partnership for Peace (PfP)" was designed to fulfill the first goal. Meanwhile, the United States energetically promoted the pipeline project from the Caspian Sea to Europe via Azerbaijan because such a route will help achieve the second objective. Both moves have pleased Central Asian states.

On the other hand, the United States also promoted democratization in Central Asia, in rhetoric and in action (e.g., during the "Tulip Revolution" in Kyrgyzstan, 2004–2005). Taken together, the primary objectives of the United States in Central Asia have been mostly about geostrategic interests with limited normative aspirations.

Meanwhile, there is no doubt that the after "9.11" and Russia's support for America's "War on Terror," the United States became a bit more willing to accommodate some of Russia's strategic concerns, including the latter's interest in Central Asia. Russia's invasion of Georgia in 2008 ended this brief reset

47 One may add Japan, India, and even Iran to this list of potential EGPs. Because of their comparable weakness compared to US/NATO, Russia, and China, however, these countries are not viable EGPs.

48 S. Neil MacFarlane, "The United States and Regionalism in Central Asia," *International Affairs*, Vol. 80, No. 3 (2004), pp. 447–61.

and Russia's taking over of Crimea had put the final nail on the coffin of the US-Russia "reset."

Overall, although the United States had paid (unsteady) attention to Central Asia, it has not maintained a coherent strategy toward the region, including its regionalism project. On the one hand, the United States wanted to promote democracy and democratization in the region, however, rhetorically. This, however, has inevitably aroused fear among Central Asian states because all of them have been autocratic since their birth, with Kyrgyzstan being an on-and-off exception.⁴⁹ On the other hand, the United States desired stable cooperation from key Central States and mostly preferred Central Asian states to become less dependent upon Russia (for both internal and external security) and China (for economic development). Yet, the United States has shown little concern for the long-run economic development of Central Asian states other than their energy supply.⁵⁰

Moreover, even if the United States wanted to offer Central Asian states with long-run economic benefits, it cannot match what China can offer. Unsurprisingly, as the United States has become less committed to the war in Afghanistan and been slowly reducing its involvement in regime change, most of the Central Asian states seem to have drifted away from America's orbit and into Russia and China's orbit after 2008 or so.

SCO: Making and Thriving

The SCO originated from the effort to resolve border disputes by China, Russia, and three Central Asian states that share border with China (i.e., Kazakhstan, Kyrgyzstan, and Tajikistan). The founding of SCO in 2001, with Uzbekistan joining in 2001 as one of SCO's six founding Member States, certainly did not provide much excitement. For many pundits, SCO looks like just another dysfunctional regional organization in the making within the Eurasia heartland. After "9.11" when the United States became a more critical player in the region, many were ready to issue SCO as death certificate.⁵¹ Lately, however, SCO seemed to have gained more vitality and relevance. Not only has SCO grown from the original "Shanghai Six" to nine members with Uzbekistan joining in 2001 and India and Pakistan in 2017. SCO now has six dialog partners: Armenia, Azerbaijan, Cambodia, Nepal, Sri Lanka, and Turkey. SCO also has four observer states: Afghanistan, Belarus, Iran, and Mongolia. Several applications for dialog partners and observer states have been under active consideration.

49 Thomas Ambrosio, "Catching the 'Shanghai Spirit': How the Shanghai Cooperation Organization Promotes Authoritarian Norms in Central Asia," *Europe-Asia Studies*, Vol. 60, No. 8 (2008), pp. 1321–44.

50 Younkwoo Kim and Fabio Indeo, "The New Great Game in Central Asia Post 2014: The US 'New Silk Road' Strategy and Sino-Russian Rivalry," *Communist and Post-Communist Studies*, Vol. 46, No. 2 (2013), pp. 275–86.

51 Boris Rumer, "The Powers in Central Asia," *Survival*, Vol. 44, No. 3 (2003), pp. 57–68.

Moreover, economic cooperation and integration within SCO have also been accelerated measurably.⁵²

Why has SCO been able to retain and even grow its relevance whereas other regional initiatives have stalled and many pundits were ready to pronounce SCO dead? I contend that SCO might have succeeded precisely due to some key dynamics captured by our framework, in addition to some dynamics not captured in our framework.

Most critically, two key developments might have reduced the number of viable EGPs for Central Asian states to only one: China. Indeed, many pundits now identify China as an RGP for Central Asia.⁵³ Such a stand actually strengthens our case.

To begin with, the United States has been unable to offer long-term economic benefits to Central Asian states. More recently, the United States might even have lost some of its attraction as an EGP that can provide Central Asian states with at least some security. All Central Asian states are autocratic. As a result, all of them have been suspicious about America's promoting democracy (rhetorically and actively). Certainly, after the 2005 "Tulip Revolution" in Kyrgyzstan in which the United States might have played some role, all Central Asia states have become fearful of "Color Revolution(s)" and hence the United States. In contrast, the SCO promoted authoritarian norms in Central Asia. Finally, the United States may be losing interest in Central Asia now that it has significantly reduced its presence in Afghanistan.

Comparing to the United States that can only provide security (and some side payment for military bases), China offers unmatched economic opportunities for Central Asian states. Indeed, from very early on, China has emphasized both economics and security. China viewed SCO not just as a regional security organization but also as a genuine regionalism project with long-term economic payoffs to all of its Member States. Also, while trade with China also underpins much of the intra-SCO trade (between 79 and 83%), the weight of China within SCO is significantly smaller than the weight of Russia within EAEU. Moreover, because of the dynamism of China's economy, intra-SCO trade has not only been larger but also resilient than intra-EAEU trade (Table 3). Equally important, China's outward FDI to SCO Member States has been the singular source of inward FDI

52 Stephen Aris, "A New Model of Asian Regionalism: Does the Shanghai Cooperation Organization Have More Potential than ASEAN?," *Cambridge Review of International Affairs*, Vol. 22, No. 3 (2009), pp. 451–67; Ivaylor Gatev and Glenn Diesen, "Eurasian Encounters: The Eurasian Economic Union and the Shanghai Cooperation Organization," *European Politics and Society*, Vol. 17, Suppl. 1 (2016), pp. 133–50. Many pundits still viewed SCO as mostly a regional security organization or even quasi-alliance. This is at least incomplete.

53 Roy Allison, "Regionalism, Regional Structures and Security Management in Central Asia," *International Affairs*, Vol. 80, No. 3 (2004), pp. 463–83; Jing-dong Yuan, "China's Role in Establishing and Building the Shanghai Cooperation Organization," *Journal of Contemporary China*, Vol. 19, No. 67 (2010), pp. 855–69.

for SCO Member States, growing annually 144% since 2008.⁵⁴ Unsurprisingly, for some key Central Asian states, China has replaced the United States as the more viable and certainly more preferred EGP.

As captured in our framework, however, more often than not, RGP usually resents EGP's intrusion into a region in which RGP traditionally dominates. So why has Russia been accommodating China's foray into Central Asia, at least to some extent?

There are at least two principal reasons behind Russia's generally accommodating posture to China in Central Asia. First, both Russia and China firmly recognize that they need each other when facing America as the reigning hegemon, especially as NATO has expanded to include many former Soviet republics. Indeed, with the Russian economy still in stagnation since the collapse of oil price, Russia needs China's economic and financial support today much more than it used to. Russia also understands that it can benefit from China's economic growth and even China's engagement with Central Asian states, as long as China does not try to squeeze Russia out of Central Asia.

The second and an equally critical cause have been that China has chosen to work with Russia rather than seeking to displace Russia in Central Asia. In fact, this policy has been a cornerstone within China's policy toward Central Asia; China understands that it also needs Russia's support in the shadow of American hegemony. Thus, China and Russia seem to have settled into some kind of mutual understanding and *modus operandi*: Russia leads in regional security affairs while China leads in economic integration and development affairs without marginalizing Russia too much. In fact, SCO and EAEU interact with each other quite regularly, and China has signed a free trade agreement with EAEU in 2018. Thus, while Russia and China do sleep in the same bed with different dreams, some of the dreams are the same, and this is why they have been able to work with each other. The necessary condition for two actors to cooperate is not that they share *all* interests, but only *some* interests.⁵⁵

Put it differently, China (as the EGP) has chosen to work with Russia and Central States to forge a more inclusive scheme of economic integration: both

54 Olesya Dovgalyuk, "SCO-style Economic Cooperation: Treading Slowly," *The Interpreter*, 14 November, 2019, <https://www.lowyinstitute.org/the-interpreter/sco-style-economic-cooperation-treading-slowly>.

55 For the theoretical argument, see Robert Axelrod and Robert O. Keohane, "Achieving Cooperation under Anarchy: Strategies and Institutions," *World Politics*, Vol. 38, No. 1 (1985), pp. 226–54; for empirical analysis, see Shiping Tang, "Regional Economic Integration in Central Asia: the Sino-Russia Relationship," *Asian Survey*, Vol. 40, No. 2 (2000), pp. 360–76; Ernesto Gallo, Zhengxi Wu, and Bruno S. Sergi, "China's Power in Its Strategic Energy Partnership with the Eurasian Economic Union," *Communist and Post-Communist Studies*, Vol. 53, No. 4 (2020), pp. 200–19; cf. Younkyoo Kim and Stephen Blank, "Same Bed, Different Dreams: China's 'Peaceful Rise' and Sino-Russian Rivalry in Central Asia," *Journal of Contemporary China*, Vol. 22, No. 83 (2013), pp. 773–90.

China and Russia need Central Asia to be peaceful, stable, and even prosperous. Thus, even though Russia may resent China's increasing economic influence in Central Asia, Russia, after some initial hesitation, has shown serious interest in linking EAEU with China's "One Belt and One Road" (OBOR) initiative. Indeed, with China's strategic partnership with EAEU signed in 2015 ("the Greater Eurasian Partnership"), OBOR now provides Central Asian states and perhaps even Russia with more incentives to integrate with China economically further.⁵⁶

For Central Asian states, China's involvement in Central Asia too brings significant economic benefits. China represents a ready market for oil and gas for some of the key Central Asia states with oil and gas reserve (e.g., Kazakhstan, Turkmenistan, and Uzbekistan). With the OBOR initiative promising a new "Silk Road" from China to Europe via Central Asia, Central States can look forward to more benefits from China's economic expansion into the region. It was no coincidence that Chinese President Xi Jinping first announced the OBOR project in Astana, the capital of Kazakhstan, in September 2013, before attending the SCO summit in Kyrgyzstan and then visiting Uzbekistan after the SCO summit.⁵⁷

With the signing of economic partnership between SCO and EAEU, all the Member States of EAEU have increased their trade with China (and EU) significantly and reduced their dependence upon Russia substantially, even Belarus and Russia. This certainly reduces the weight of EAEU for SCO Member States.

Indeed, China even brings some significant security benefits, both external and internal. Externally, for Central Asian states, neither Russian domination nor Chinese domination is desirable. Yet, because Russia and China restrain each other, the presence of both countries provides Central Asian states with a sense of security that may not be there when Russia or China dominates the region. Internally, both China and Russia are concerned about regime security and the threat from Islamic fundamentalism.

In this sense, SCO today is somewhat like the European project from 1945 to 1991, an inter-intra regionalism project in which RGP, SMS, and EGP work together toward some common goals (see "Three Brief Cases as Illustrations" section), even though SCO is still far away from EU's level of institutionalization and will not get there any time soon. Together, Russia, China, and Central Asian states have forged tighter economic integration, and several important initiatives have been pushed forward within the SCO framework. Just like the European Project, therefore, the case of Central Asia and SCO illustrates that when an EGP can convince the RGP and SMSs within a region that working together is a real

56 Gaziza Shakhonova and Jeremy Garlick, "The Belt and Road Initiative and the Eurasian Economic Union: Exploring the 'Greater Eurasian Partnership'," *Journal of Current Chinese Affairs*, Vol. 49, No. 1 (2020), pp. 33–57.

57 Xi visited Turkmenistan before visiting Kazakhstan. Xi's visit to Kazakhstan came after his attending of the G-20 summit in St. Petersburg. "President Xi Proposes Silk Road Economic Belt," *Xinhua News Agency*, 7 September, 2013, http://www.chinadaily.com.cn/china/2013xivisitcenterasia/2013-09/07/content_16951811.htm.

possibility, they can eventually come together and forge an inter-intra regionalism project.⁵⁸

Finally, despite their differences, it is useful to note that EAEU and SCO are quite similar on at least one particular front, Intraregional trade by EAEU Member States is marginal to their overall trade. Likewise, Intraregional trade by SCO Member States is marginal to their overall trade. This fact is unlikely to change anytime soon.

Three Brief Cases as Illustrations

This section briefly examines three cases, serving two purposes. The first is empirical: to show that in different regions with different situations, intraregionalism versus interregionalism dynamics will be different. The second is theoretical: to show that our model can capture those different dynamics. In other words, these three brief cases illustrate our model's wide applicability.⁵⁹

North America and North American Free Trade Area

Since 1895 and certainly after WWII, North America has been the archetypical case in which a regional hegemon (i.e., the United States) dominates the region and SMSs has no viable EGPs to turn to. As such, there is no possibility of inter-intraregional bargaining for North America: only intraregional bargaining is possible. Moreover, every player in the region knows this common knowledge perfectly.

With such a setting, our model predicts that the game between SMSs (i.e., Canada and Mexico) and RGP (i.e., the United States) will end in SPE-1 in Node-2. In the real world, this has been the North American Free Trade Area (NAFTA).⁶⁰ Our model further predicts that when the United States under Donald Trump demanded to reopen negotiation regarding NAFTA, Canada and Mexico could only obligate because their economic welfare critically depends on access to the US market (i.e., M is extremely large) and there is a viable EGP.

58 Hence, when SMS and EGP are firmly for an intraregional/intraregional project, there is little RGP can do. As shown below, this dynamics has also been a key driver of the European Project (1945–1991). Also, having democratic regimes is not a necessary, but merely a facilitating, condition for sustaining an intraregional or interregionalism project.

59 Elsewhere, I examine the cases of East Asia, South America, and North America to further illustrate the wide applicability of our model.

60 Indeed, before signing on NAFTA, Mexico actually tried to find extraregional partners but none was coming. Remarkably, both the demand for having Mexico in NAFTA and the supply of rules within NAFTA mostly came from the United States and Canada, whereas Mexico held little leeway. For details, see Walter Mattli, *The Logic of Regional Integration: Europe and Beyond* (Cambridge: Cambridge University Press, 1999), pp. 179–88.

Pakistan–China Versus India in South Asia

After losing its first war with India in 1947, Pakistan grasped that its security within South Asia requires some sort of external help. For Pakistan (as the SMS), there are two possible EGPs: the United States and China.⁶¹ In fact, when the United States and China were quasi-allies (1972–1989), Pakistan had the backing of both EGPs. After the United States moved closer to India after the end of the Cold War, however, Pakistan is left with only China as the more reliable EGP. Unsurprisingly, Pakistan has increasingly been integrating with China, first security wise and now increasingly economically.

This case of close security and economic integration between China and Pakistan versus India can be understood as an archetypical case for SPE-2 on the right side of Node-4 under complete information. Security wise, Pakistan greatly fears India (as the RGP). Economy wise, Pakistan knows that China (as the EGP) offers far more than India can possibly offer. At the same time, viewing Pakistan as its archenemy, India has been unwilling to offer Pakistan anything meaningful on the economic front. All these calculations are common knowledge to all the players in this particular game.

As predicted by our model, when a very fearful SMS goes to an EGP without a meaningful offer from EGP, the SMS (i.e., Pakistan) would much prefer the EGP (i.e., China) taking the game to the right side of Node-4 and offer enough security and economic benefits so that SMS (and EGP) can exclude RGP (i.e., India). As a result, the game will end with SPE-2 with the payoff structure of $[0, tk+S, (1-t)K-C]$.⁶²

Thus, security wise, China has become Pakistan's "All-weather Friend," providing the latter with key technologies and weaponries. Economically, China has provided Pakistan with much development assistance fund over the past several decades. And China's aid to Pakistan will only increase now that Pakistan has been identified as "a pillar state" within China's "One Belt and One Road (OROR)" initiative. According to official report from the "OBOR Summit" held in Beijing in May 2017, China aims to build a "China and Pakistan Economic Corridor" and Pakistan is promised with about US\$55 billions investment from

61 Because China borders with most South Asian countries other than Bangladesh and Sri Lanka, it can be argued that China is an RGP within South Asia. Most analysts, however, have put China as an EGP to South Asia. For example, Buzan and Wæver, *Regions and Powers: The Structure of International Security*, Chapter 4. I concur with such a position.

62 David Lake (personal communication) suggests that a similar argument may be made regarding the case of postrevolution Cuba with the Soviet Union versus the United States. After the Cuban Revolution, the United States made Castro an offer and threatened embargo and invasion, if Cuba refused. Castro refused and went to the Soviet Union. Soviet Union responded with a counter offer that excluded the United States. Cuba accepted the offer and remained detached from US orbit until the end of the Cold War. The problem with such an interpretation is that the Soviet Union was a much weaker state than the United States.

China.⁶³ So far, India has countered with little effort other than voicing concern and dissatisfaction.

Of course, when the game ends in SPE-2 with the payoff structure of $[0, tk+S, (1-t)K-C]$, the intraregional integration project cannot possibly have produced much. Indeed, the South Asia Association for Regional Cooperation (SAARC) has become almost a sham.

The European Project, 1945–1991

The European Project from 1945 to 1991 was a case in which the EGP (i.e., the United States) had been a steadfast supporter of the regionalism project. In other words, the European Project was blessed by converging interest among RGPs, SMSs, and the EGP, aided by a common threat in the Soviet Union. Because I am more interested in situations in which EGP and RGP have different preferences over outcomes, this regionalism project thus is not the focus of our model. Because it helps us to understand the two cases examined below, however, I touch upon it briefly, restricting my discussion to its early phases (~1945–1970).

Immediately after WWII, almost every state in Western Europe tried to keep the United States in Europe. Between 1944 and early 1946, the United States was uncertain of the Soviet Union (USSR)'s intentions. As a result, US' attitude toward the European Project was rather lukewarm. After becoming certain of USSR's malignant intentions in early 1946 (symbolized by George Kennan's famed "Long Telegram" in February and Winston Churchill's the "Iron Curtain" speech in March), however, the United States came to fully support the European Project, militarily via NATO and economically via the Marshall Plan.

Notably, from 1960 to 1969, De Gaulle tried to push the United States out of NATO and create a "Europe for the Europeans" while still hoping that the United States would still defend Europe. Yet, sandwiched between the United States and European countries who wanted the United States to defend against USSR and to constrain both West Germany and France at the same time, De Gaulle failed miserably.⁶⁴ This outcome illustrates that when SMS and EGP are firmly for an intraregional/intraregional project, there is little RGP can do. As shown above, this dynamics has also been a key driver of SCO.

Discussion and Concluding Remarks

EGPs have been a key player in shaping regionalism projects, just as RGPs and SMSs have. Yet, EGP's role has rarely been systematically examined in existing literature on regionalism, at least not within a framework that brings together

63 "China Takes 'Project of the Century' to Pakistan," *Financial Times*, 18 May, 2017, <https://www.ft.com/content/05979e18-2fe4-11e7-9555-23ef563ecf9a>.

64 See Geir Lundestad, *"Empire" by Integration: The United States and European integration, 1945–1997* (Oxford: Oxford University Press, 1998), Chapter 6. Indeed, Washington earlier did not accept the Franco-Germany Peace Treaty (1963) because it feared of being squeezed out by the Paris–Bonn Axis even though Germany did not intend to do so.

intraregional and interregional bargaining. I first build a game theoretical model that brings together interregional and intraregional bargaining and then explore the bargaining dynamics of RGP, SMS, and EGP in shaping regionalism projects. With a case study of the various regionalism projects in Central Asia, I then show that some key dynamics captured in the model might have really operated in shaping different regionalism projects and hence regions.

My discussion provides a more rigorous and better explanation for the puzzling case of regionalism in Central Asia. I show that once we take the role of EGPs into consideration via a game theoretical model, the puzzling dynamics of regionalism in Central Asia becomes quite transparent, despite its intriguing history. Our exercise shows that combining game theoretical modeling with in-depth case studies with process-tracing is indeed a very useful methodological approach.⁶⁵

My project also contributes to the understanding of regionalism theoretically and to the making of better regionalism projects policywise. Theoretically, my project provides a new theoretical perspective on regionalism and the future of international politics. Most evidently, my discussion generalizes some causes behind the stalling and even declining of some regionalism projects, such as CIS, EAEU, and SAARC. According to my model, there are four principal causes behind their demises: (i) RGP cannot offer anything attractive for SMSs; (ii) SMSs fear RGP for their security; (iii) EGP and RGP cannot work with each other; and (iv) economic or security payoff from a regionalism project has been marginal, if not nonexistent.

My discussion also provides some new angles for understanding the construction of regional security community and the shaping of regional order in different regions because regionalism has often been a key pillar of regional security community or regional order.⁶⁶ If regions and regional orders are to become more critical for international order, then interregional interaction, whether competitive or cooperative, will also become more critical. Unfortunately, much of the existing literature on interregional interaction has been about interregional comparison or comparative regionalism, often with a heavy dose of EU centrism. If we are going to have an adequate understanding of interregional interaction, we have to move beyond EU centrism. More importantly, we need to look into how interregional interaction has shaped international politics so far and how it will continue to shape the future of international politics in the future.

Policywise, our discussion points to several key principles for forging regional integration. First of all, if regionalism is here to stay and regionalism has contributed to regional peace and prosperity, then we shall wish most regionalism projects to succeed. Indeed, our world will be a better place if all the regions in the world can take care of themselves adequately. The fact that key regionalism

65 Peter Lorentzen, M. Taylor Fravel, and Jack Paine, "Qualitative Investigation of Theoretical Models: The Value of Process Tracing," *Journal of Theoretical Politics*, Vol. 29, No. 3 (2017), pp. 467–91.

66 Emanuel Adler and Michael Barnett, eds., *Security Communities* (Cambridge: Cambridge University Press, 1998).

projects, such as ASEAN and MERCUSOR, have maintained peace and contributed to economic development within their respective regions without much EGP's involvement speaks of the possibility that regional states can indeed take care of regional peace and prosperity by themselves.⁶⁷

Second, our case studies yield important policy implications that are not always intuitive. As noted above, existing literature on leadership in regional integration tends to explicitly or implicitly emphasize that an RGP should provide enough economic concession or public goods to SMSs and to reassure SMSs in security affairs. Our discussion shows that this conclusion is incomplete, once we admit that a region may not be autonomous. When there is a viable EGP for SMS to go to, RGP's task of pleasing SMSs becomes much more difficult since EGP (and SMS) can impose more cost and constraints upon RGP.

An obvious lesson here is that EGPs can easily draw SMSs away from RGPs, when SMSs fear RGPs a lot. Hence, to forge a more integrated region, RGPs need to reassure SMSs on the security front: economic benefits alone will not suffice. At the same time, however, merely providing security to SMSs may not be enough for an EGP to draw SMSs away from a RGP either, as the United States has found out in East Asia after 2008.

Third, our discussion suggests that the EGPs, RGPs, and SMSs can indeed find common room for cooperation in institutionalizing regional peace as China, Russia, and other Central Asian states have done for Central Asia. An RGP may resent an EGP's intrusion into the backyard of the former. Yet, it may well be the case that some EGP's presence, including military, may alleviate some SMSs' fear and anxiety of RGPs, thus facilitating more effective regional initiatives. At the same time, it is also counterproductive for EGP to exclude RGP from a regionalism project. Ideally, a region must be more blessed if EGPs, RGPs, and SMSs can work together rather than going against each other.

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67 Benjamin Miller, *States, Nations, and the Great Powers: The Sources of Regional War and Peace* (Cambridge: Cambridge University Press, 2007), Chapter 7; Andrea Oelsner, *International Relations in Latin America: Peace and Security in the Southern Cone* (London: Routledge, 2005); Etel Solingen, *Regional Orders at Century's Dawn: Global and Domestic Influences on Grand Strategy* (Princeton: Princeton University Press, 1998), Chapter 5.

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Appendix: Proofs

This appendix provides proofs for the solutions under complete information and the solutions under incomplete information.

Starting at Node-4 of the model (Figure 1), two things are clear.

First, if EGP decides not to intervene, it will obtain the payoff of zero for certain. This outcome will be the worst for EGP, and EGP will attempt to avoid it. This logic implies that EGP will always intervene, whenever invited by SMS. In other words, to intervene is a dominant strategy for EGP. As a result, EGP always intervenes (at Node-3 when invited by SMS), and the middle of Node-4 will never be realized.

Second, if EGP decides to intervene, it can take the game to either the left side or the right side of Node-4. If EGP decides to take the game to the left side of Node-4, both RGP and SMS will accept EGP's optimal offer since rejecting the offer will get them the payoff of zero, which is also the worst outcome for RGP or SMS. This logic implies that if EGP decides to take the game to the left side of Node-4, the game will end with the outcome with the payoff structure of $[(1-p)M - (1-r)E, pM - rE + S, E - C]$.

If EGP decides to take the game to the right side of Node-4, however, then in principle both the outcome with the payoff structure of $[0, tK - S, (1-t)K - C]$ and the outcome with the payoff structure of $[(1-p)M, pM - F, 0]$ are possible. The final outcome is determined by whether EGP's offer to SMS on the right side of Node-4 is more than what SMS can obtain by going back to RGP's original offer at Node-1 (i.e., whether $tK + S > pM - F$ holds).

Again, at Node-3, EGP always intervenes when invited by SMS.

At Node-2, SMS will never simply reject RGP's original offer and then do nothing, if there is a viable EGP for SMS to go to. In other words, SMS will either accept RGP's original offer (and the game ends at Node-2 with a payoff structure of $[(1-p)M, pM, 0]$) or reject RGP's original offer and then go to EGP, hoping for a better deal.

By now, it becomes clear that RGP's best move back at Node-1 is to offer just enough to SMS so that SMS accepts the offer and ends the game at Node-2 with a payoff structure of $[(1-p)M, pM, 0]$. After all, any other payoff that RGP can obtain is no better and often worse than what RGP can obtain if SMS accepts the offer and the game at Node-2.

I now elaborate players' moves in detail. I shall start with the possible moves by SMS and RGP, and then come back to EGP's moves.

Solutions under Complete Information

SMS's Calculus

Apparently, the essential condition for SMS to go to EGP is that there is a viable EGP to which SMS can turn. When there is no viable EGP for SMS, SMS will accept the best offer from RGP in the first node of the game. This has been the conclusion of the game for a region, such as North America (see "Explaining the Puzzling Regionalism in Central Asia, 1991–2020" section of the main text).

As noted above, EGP always chooses to intervene when invited by SMS.

Here, we assume two tie-breaking rules for SMS. First, SMS will not get to EGP when going to EGP cannot possibly get SMS more than RGP's initial offer to SMS at Node-1.⁶⁸ Second, when EGP takes the game to the right side of Node-4, in order to prevent SMS from going back to RGP's original offer, EGP has to offer more than what SMS can (still) get by going back to RGP's original offer and suffering some loss of face (i.e., $tK + S > pM - F$).

Assuming the two tie-breaking rules specified above, SMS will only go to EGP when the following two equations hold:

$$pM < pM - rE + S \text{ (A1; if EGP takes the game to the left side of Node 4)}$$

and

$$pM = tK + S > pM - F \text{ (A2; if EGP takes the game to the right side of Node 4).}$$

Or

$$S > rE \tag{A1}$$

and

$$S > pM - F - tK \tag{A2}$$

Equations (A1) and (A2) above indicate that SMS must value its security (i.e., S) quite significantly. Evidently, the easiest condition for the two equations to hold is to have:

$$S > \max(rE, pM - F - tK) \tag{A3}$$

From condition (A1), it is evident that that when SMS' security concern (S) is paramount enough (i.e., larger than rE and $pM - F - tK$), then SMS will go to EGP for sure. This also means that when the pie from regional integration between RGP and SMS is large but not large enough or that SMS has not been offered a big enough piece of the pie (i.e., pM) for SMS to forget its security, then SMS can go to RGP and get a decent deal.

Of course, as pM becomes larger, whereas S , F , and tK become smaller, it becomes increasingly difficult for $S > \max(rE, pM - F - tK)$ to hold. For instance, when $pM > S + F + tK$, $S > pM - F - tK$ can no longer hold even if $S > rE$ can still hold.

This means that (i) when the pie from regional integration between RGP and SMS is so large and that SMS has been offered a big enough piece of the pie (i.e., pM is very large); (ii) and/or that the pie K from a possible economic integration between EGP and SMS is not larger enough (i.e., K is too small); (iii) and/or that F is large enough; (iv) and/or that S becomes smaller, it would be more difficult for EGP to make an offer to SMS that is better than or even equal to RGP's offer to SMS.

A straightforward point from this preceding discussion is that when S is so large (i.e., condition A3 holds, i.e., SMS feels that the security threat posed by RGP is so great), no offer from RGP to SMS can prevent SMS from going to EGP. As detailed in "Three Brief

68 In other words, SMS prefers a deal with RGP now over a deal with EGP that is merely of the same value. After all, reaching a deal with EGP will require more negotiation or hassle. This rule can be understood as that SMS discounts the future: a deal now is always better than a deal later that merely provides the same payoff.

Cases as Illustrations” section, the case of Pakistan–China versus India in South Asia fits this scenario perfectly.

EGP’s Calculus

With backward deduction, it is easy to conclude that EGP’s calculation in Node-4 is constrained by two sets of equations, if EGP takes the game to the right side of Node-4.

The first set contains two equations. The first equation is as follows:

$$\begin{aligned} E - C &= (1 - t)K - C > 0 \\ \rightarrow E &= (1 - t)K \end{aligned} \quad (\text{A4})$$

This equation makes EGP indifferent between the left side of Node-4 (i.e., being part of the inclusive game) and being on the right side of Node-4 (i.e., by excluding RGPs).

The second equation is that if EGP decides to take the game to right side of Node 4, it has to make sure that its offer to SMS (i.e., $tK+S$) is just larger than or at least equal to $pM-F$ (i.e., the payoff that SMS will receive by rejecting EGP’s offer and getting back to RGP’s original offer and hence leaving EGP with zero payoff). That is:

$$\begin{aligned} tK + S &> pM - F \\ \rightarrow tK &> pM - F + S \end{aligned} \quad (\text{A5})$$

Combining these two constraints together, we obtain a critical insight. When $(1 - t)K > E$, that is, when EGP can gain more by integrating with SMS and excluding RGP, EGP will always take the game to the right side of Node-4 and then makes the offer $tK + S > pM - F$ so that RGP will be excluded. And as long as EGP makes the right offer $tK + S > pM - F$ (i.e., making SMS an offer of $tK + S$ that is slightly larger than $pM - F$), SMS can only accept EGP’s offer in the right side of Node-4 and the game will end with SPE-2 (i.e., $[0, tK+S, (1-t)K-C]$). In other words, when EGP makes the right offer, SMS does not have the option of going back to RGP’s original offer in Node-1.

Proposition 2: If EGP takes the game to the left side of Node-4, EGP has an optimal offer to both RGP [i.e., $(1 - p)M - (1 - r)E > 0$] and SMS (i.e., $pM - rE + S > 0$), with E^* and r^* being as specified below.⁶⁹

$$E^* = (1 - p)M + S, \text{ with } (1 - p)M + S \geq (1 - t)K \quad (\text{A6})$$

$$r^* = \frac{(1 - p)M + S}{(1 - p)M + S} \quad (\text{A7})$$

Proof of Proposition 2

Four equations constrain what EGP can offer if EGP decides to take the game to left side of Node 4. The first equation forms the primary condition why EGP decides to take the game to the left side of Node-4. More concretely,

$$E - C \geq (1 - t)K - C \rightarrow E \geq (1 - t)K \quad (\text{A8})$$

69 These three equations are Equations (6) and (7) in the main text.

In addition, when taking the game to left side of Node 4, EGP has to make sure that both RGP and SMS will accept EGP's offer so that the game will not end in the status quo (i.e., [0; 0; 0]). To obtain such an outcome, EGP's offer has to fulfill the following three equations:

$$(1-p)M - (1-r)E \geq 0; \rightarrow (1-r)E \leq (1-p)M \quad (\text{A9})$$

$$pM - rE + S \geq pM \geq 0; \rightarrow rE \leq S \quad (\text{A10})$$

Combining Equations (A9) and (A10), we obtain:

$$E \leq (1-p)M + S \quad (\text{A11})$$

And hence,

$$E^* = (1-p)M + S, \text{ with } (1-p)M + S \geq (1-t)K \quad (\text{A6})$$

Similarly, from A9 and A10, we obtain:

$$(1-p)M - (1-r)E \geq 0; \rightarrow (1-r)E \leq (1-p)M; \rightarrow r \geq 1 - \frac{(1-p)M}{E} \quad (\text{A9})$$

$$pM - rE + S \geq pM \geq 0; \rightarrow rE \leq S; \rightarrow r \leq \frac{S}{E} \quad (\text{A10})$$

Inserting $E^* = (1-p)M + S$ (A6) into Equations (A9) and (A10), we obtain:

$$1 - \frac{(1-p)M}{(1-p)M + S} \leq r \leq \frac{S}{(1-p)M + S}$$

Or

$$\frac{S}{(1-p)M + S} \leq r \leq \frac{S}{(1-p)M + S}$$

Apparently, only one solution can satisfy the above condition, and this is:

$$r^* = \frac{S}{(1-p)M + S}, \text{ with } 0 \leq r^* \leq 1 \quad (\text{A7})$$

Together, Equations (A6) and (A7) above dictate that if EGP takes the game to the left side of Node-4, EGP's optimal demand/offer is $pM - r^*E^* - CC$, with $r^*E^* - C = 0$, with E^* and r^* denoted by Equations (A6) and (A7).

When being presented with such an offer from EGP, both RGP and SMS will accept the offer, and the game will end on the left side of Node-4 as the third BPE, with a payoff structure of $[(1-p)M - (1-r)E, pM - rE + S, E - C]$.

Recall also that EGP is indifferent between the left side and the right side of Node-4 only if $E = (1-t)K$. EGP's complete strategy set under both complete information and incomplete information can be specified as follows:

EGP* =

1. When being invited by SMS at Node-2, EGP always gets involved in the game.
2. When $E^* < (1-t)K$ [and $E^* = (1-p)M + S$], EGP takes the game to the right side of Node-4 and offers SMS $(pM_1^* = tK + S > pM_1^* - F$. The game ends with SPE-2.
3. When $E^* = (1-t)K$ [and $E^* = (1-p)M + S$], EGP is indifferent between the two sides of Node-4. [In other words, the game can end in either SPE-2 or SPE-3.]
4. When $E^* > (1-t)K$ [and $E^* = (1-p)M + S$], EGP takes the game to the left side of Node-4, and offers RGP and SMS with $(1-p)M_1^* - (1-r^*)E^*$ and $pM_1^* - r^*E^* + S$, respectively, with $E^* = (1-p)M + S$ and $r^* = \frac{S}{(1-p)M + S}$. Both RGP and SMS accept EGP's optimal offer, and the game ends with SPE-3.

RGP's Optimal Offer to SMS at Node-1

With the preceding discussion, we can now arrive at the conclusion that under complete information, RGP's best move is to offer SMS just enough at Node-1 so that SMS does not go to EGP or does not make an offer at all because RGP knows that SMS will go to EGP for sure, assuming that the two tie-breaking rules for SMS hold.

RGP's optimal offer to SMS can be deduced from two equations:

$$pM \geq pM - rE + S \quad (\text{A8})$$

and

$$pM - F \geq tK + S \quad (\text{A9})$$

In other words, when $S \leq rE$, RGP's optimal offer to SMS is specified as follows:

$$pM_1^* = tK + S \leq tK + rE \quad (\text{A10})$$

Together, the preceding discussion implies the following under complete information. First, when $S \leq rE$, RGP offers SMS with the optimal offer $pM_1^* = tK + S \leq tK + F$, it will be a sufficient condition for RGP to prevent SMS from going to EGP even when there is a viable EGP for SMS to turn to and SMS has serious security concern (note that $pM > pM - F$ always holds).

Yet, when S is so large [i.e., $S > \max(rE, pM - F - tK)$], RGP cannot possibly offer SMS enough to prevent SMS from going to EGP and obtaining at least one deal that is better than RGP's initial offer (i.e., pM). In mathematical terms, when $pM < pM - rE + S$ (or $S > rE$) and $pM - F < tK + S$ (or $S > pM - F - tK$), then out of its paramount security concern, SMS will go to EGP for sure.

When EGP takes the game to the right side of Node-4, it will make SMS an offer of with $(pM_1^* =) tK + S \leq tK + F$. The game will end with SPE-2 with a payoff structure of $[0, tK + S, (1-t)K - C]$.⁷⁰

If EGP takes the game to the left side of Node-4, the key for EGP is to make an optimal offer to both EGP and SMS so that they will accept the offer rather than rejecting the offer. By doing so, EGP avoids the possibility that all three players receive the payoff of zero. The game will end in SPE-3, with a payoff structure of $[(1-p)M - (1-r)E, pM - rE + S, E - C]$.

Solutions under Incomplete Information

Proposition 4: Under incomplete information, RGP has an optimal offer for SMS, denoted as follows:

$$pM_2^* = \frac{\varepsilon(S - rE)}{(1 - \varepsilon)(1 - \theta)} - \frac{\theta F}{(1 - \theta)} + (tK + S) \quad (\text{A11})$$

Proof of Proposition 4

At Node-1, RGP, to his/her best knowledge, makes an offer of pM to SMS to get the game going. Given the offer of pM from RGP, SMS now decides whether it should go to EGP. SMS's decision is now specified by the relationship between pM and SMS's potential payoff by going to EGP.

Let us assume that the probability that when invited by SMS, the probability that EGP will take the game to the left side of Node-4 is ε and hence the probability that EGP will take the game to right side of Node-4 is $1 - \varepsilon$, because there is no probability that RGP will take the game to the center of Node-4 and receive the payoff of zero. Apparently, when EGP takes the game to the left side of Node-4, the game will end with the SPE on bottom left [i.e., $(1-p)M - (1-r)E, pM - rE + S, E - C]$ (proof below).

If EGP takes the game to the right side of Node-4, then both outcomes are possible. Let us assume that the probability that the game ends with the outcome of $[(1-p)M, pM - F, 0]$ is θ , then the probability that the game ends with the outcome of $[0, tK + S, (1-t)K - C]$ is $1 - \theta$.

SMS's potential payoff by going to EGP is therefore specified as follows: $\varepsilon(pM - rE + S) + (1 - \varepsilon)[(1 - \theta) * (tK + S) + \theta(pM - F)]$.

Assuming that SMS is averse to risk of not getting a good enough offer from RGP, we can obtain that under incomplete information, RGP's optimal offer's to SMS (pM_2^*) is as follows:

$$\begin{aligned} pM &= \varepsilon(pM - rE + S) + (1 - \varepsilon)[(1 - \theta) * (tK + S) + \theta(pM - F)] \\ \rightarrow pM_2^* &= \frac{\varepsilon(S - rE)}{(1 - \varepsilon)(1 - \theta)} - \frac{\theta F}{(1 - \theta)} + (tK + S) \end{aligned} \quad (\text{A11})$$

The strategy sets of RGP, SMS, and EGP under incomplete information will remain the same as those under complete information. The only key difference is that RGP's optimal

70 However, even here, EGP cannot offer SMS that is less than $tK + S < pM - F$ because EGP knows that SMS can still go back to RGP if EGP's offer is less than $pM - F$, as specified by one of two tie-breaking rules for SMS.

offer to SMS at Node-1, denoted as pM_2^* , will be specified by Equation (A11), and EGP's and SMS's calculations change accordingly.

Taken together, under incomplete information, in addition to having a viable EGP, three conditions will propel SMS to go to EGP. First, SMS feels that RGP did not offer enough in Node-1. All else being equal, the worse SMS feels about the deal, the more likely that SMS will go to EGP. Second, SMS fears RGP: SMS wants some security protection from EGPs. All else being equal, the more SMS fears RGP, the more likely that SMS will go to EGP.⁷¹ Third, SMS feels that EGP can offer enough of a deal that makes SMS's going to EGP worthwhile (i.e., $tK + S > pM - F$). In contrast, when SMS feels that it gets enough of a good deal from RGP (i.e., pM is large enough) or that EGP cannot offer a minimally good deal that is better than $pM - F$, SMS will not go to EGPs.

71 This point does not deny that regional integration may bring more security to SMS (and overall regional peace to the regime). The logic holds as long as SMS' security concern can never be reduced to zero.