Issue Linkage as a Mechanism for Conflict Management in the Mekong Basin

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The Mekong is one of the world mighty rivers, shared by six countries: China, Myanmar, Thailand, Laos, Cambodia and Vietnam. Having had a long history of frequently war and peace; and previously represented a division line between the capitalist and socialist worlds, the Mekong River and its Basin (MRB) are of global importance. Today both economic and population, particularly in urban centres, have growth remarkably leading to increasing the use of energy and natural resources. Currently over hundred large dams are planned to the main stream of the Mekong River and its tributaries. Life on the Mekong faces threats as major dams begin to rise. Power distribution within the Mekong is defined by strategic position, making the MRB a scene for one of the most intensive hydropower development globally.

Like many transboundary river basins, joint management in the MRB has become the subject of increasing completion between many sectors. The benefits of cooperation in the MRB development is not easily recognised due to the complex analysis needed, with development often perceived as a zero-sum game. Due to the largest and most powerful upstream riparian, China, has not opted to become a member of the Mekong River Commission (MRC), the MRB faces many complex challenges. The future of the MRB depends not only on how water resources are allocated but also on a consideration of the complex power player between the nations and the role of supranational players, such as the Greater Mekong Subregion (GMS) and ASEAN Economic Community (AEC) on the hydropower debate.

This paper aims to contribute to understanding the existing knowledge gaps and address primarily the following questions: (1) do existing MRB’s institutions limiting opportunities and ability of nations to mitigate conflicts and enhance cooperation; (2) what political regimes or conditions have facilitated (or limited) the expansion of MRC and how nations as well the external players could promote these conditions; (3) how issue linkage can be considered as a mechanism for achieving sustainable development in the MRB. Based on the notions of games with externalities, the feasible solution concepts and linking issues, the paper demonstrates that (i) the MRC is far from being a sufficient condition for achieving sustainable development and cooperation; (ii) though the future of hydropower seems to be shaped mainly by economic development under the GMS initiative, the role of the MRC remains unclarified; (3) despite currently each riparian nation tries to capitalise on its river location, regardless of the pending consequences for the health of the Mekong ecosystem, all Mekong countries are involved in the regional power trade triggered by the GMS initiative. If all members of MRC do not commit themselves to empowering their organisation to plan and implement river basin management, the MRC (as weak governance) should expand its ability
of current powerful trade interactions within AEC and other external actors to influencing the role in sustaining and developing the basin.

In this paper, water and non-water issues are modelled as strategic interactions; under the assumption that the objective functions of players are linearly separable in the payoffs, ‘linking’ issues may either facilitate cooperation in payoff (i.e. substituted issues), or leave players’ ability to cooperate unchanged (complemented issues). By constructing empirical-linked MRC game from separated externality games, based on the framework of the GMS and ASEAN economic developments, the paper shows that managing the MRB is not only countries that are the winners or losers in the hydropower development schemes, but rather parts of the Mekong nations’ strategies in sustaining the basin/region-wide. While linkage issue can be used as a mechanism for managing the MRB’s conflicts, it is also supporting the integrated water resource management (IWRM) and water nexus solution adopted by the MRC and the region-wide recently.