

East Asian Regionalism: Origins, Development and Prospects for the Future

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Abstract

East Asian regionalism is a dynamic process changing the political and economic environment of an increasingly important area of the world. The region has experienced a variety of cooperation mechanisms, including post-war American-led regionalism, the closed regionalism of the 1960s and 1970s, and the new regionalism of the 1980s and 1990s. Yet it was the 1997-98 Asian financial crisis that forced East Asia to embark on a deliberate and concerted effort to construct a regional architecture. Recent successes demonstrate the determination with which this task has been undertaken. The process has also attracted a considerable amount of attention. Despite some overly critical opinions, East Asian regionalism today should be recognized as a decidedly unique process with great deal of promise for the future.

Keywords: ASEAN – Asian Financial Crisis – East Asia – Regionalism – Cooperation

East Asian regionalism is a dynamic process changing the political and economic architecture of an increasingly important area of the world.¹ How the region is undergoing this transformation, and how extensive it will become, has, understandably, become a matter of much discussion and debate. Nevertheless, it is unmistakable that governments in the region are not following the pattern of legalistic, binding regionalism pursued in Europe. Rather, the origins and expansion of the regional project have been a positive process of coordination and synchronization that emerges from the peculiar East Asian attitudes toward governance.

The world has seen a variety of cooperation schemes come and go, particularly in the post-war period. East Asia is no exception. The region has experienced the post-war regional efforts of the United States; the processes of old regionalism embodied in the early creation of Southeast Asia's regional political project, the Association of Southeast Asian Nations (ASEAN); and the early new regionalism of the 1980s and 1990s that coincided with the "Asian Miracle" period. Today, the region is ambitiously remaking the regional architecture,

¹ Here, "East Asia" refers to Northeast Asia (China, Japan and South Korea) as well as Southeast Asia (Brunei, Burma/Myanmar, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam). The states of South and Central Asia, as well as those of the greater Asia-Pacific, are not included.

largely to address the fallout of the 1997-98 Asian financial crisis. Familiarity with these past experiences is critical to understanding the region today.

This article seeks to provide this understanding so that the emergence and development of East Asian regionalism can be further understood. The first section will comprise a short theoretical discussion of what constitutes a region, a step necessary before commencing any discussion of regionalism. This will be followed by a short discussion of regionalism's economic benefits. The third and fourth sections will discuss the post-war, old and new regionalisms East Asia has experienced. This will be followed by sections covering the 1997-98 Asian financial crisis and how that crisis served as a catalyst for a renewed regional project. Selected criticisms of East Asia will then be addressed, followed by conclusions and expectations for the future.

WHAT IS A REGION?

Before any discussion of regionalism can begin, the question of what constitutes a region must first be addressed. Regions are classifications created to compartmentalize a complex world. Thus, an inherent difficulty complicates attempts at definition. The diversity of scholarship concerning their taxonomy clearly demonstrates this fact. Yet despite this theoretical eclecticism and variety of opinion, it is possible to develop a relatively straightforward definition for the purposes of this study.

At a fundamental level, a region is a group of similarly situated states in a distinct geographic area. The states in this area do not necessarily need to be physically connected; the example of the North Atlantic area is a primary example of a distinct physical space despite its oceanic partition. Walters (2002) expands on this idea by arguing that regions are distinct geographic places wherein formal political equality is shared between sovereign states. A region is, thus, a governable territorial space that has developed one or more political systems to address the need for governance.

While they are governable spaces, regions are not pre-determined or unchangeable. Rather, they are constructions dependent upon the political will of states. In this conception, regions are "what states make of them" and are characterized by "varying compositions, capabilities and aspirations" that can be altered (Fawcett 2004, 434). Therefore, states can actively organize and dismantle regional constructs to address new economic, socio-political or security considerations. The example of Europe – once split into two opposing regions but today regarded as one – is demonstrative of this state power to define and create regions in order to address new circumstances.

In a more normative fashion, regions cannot be considered as "natural, objective and ontologically given spaces" but, rather, should be recognized as "spatial and temporal constructs contingent on a variety of interests and agendas" (Nair 2008, 122). This conception greatly widens the regional project's participation pool. While states are overwhelmingly responsible for the final formalization of a region, they are not the only actors formulating the idea. States can be influenced by a large number of domestic actors, each with a particular reason for lobbying their respective governments to collaborate with others. Yet since regions are groups, it is impossible for one state to create a region on its own. Rather, two or more states must agree to differentiate themselves. Regions are, then, the cognitive constructs of multiple societies. At their creation they are the "discursive

creations [of] the interplay between language and politics," where language is the regional classification itself and politics is its rationale for existence (Jones and Smith 2007a, 175).

In sum, a region can be understood first as a governable, territorial space. Political systems arise within that space to fill the need for governance, and those systems may seek to organize into a collective for a variety of socio-economic, political or security purposes. It is this creation that is the region. Since regions are classifications fashioned on the basis of circumstances that may rapidly shift, they are not unalterable. Indeed, the variety of state and non-state actors involved in their formation ensure that changing circumstances and interests may quickly lead to a region's reorganization.

THE RATIONALES OF REGIONALISM

Regions, then, are classifications created to address the various socio-economic, political or security circumstances confronting a group of governments. External pressures can alter these circumstances over time, and some of the greatest pressures in the post-war period has come from the forces of economic globalization. While the "more intrusive and intense economic interaction" between state and non-state actors has bestowed a cornucopia of benefits, it has also presented governments with complex challenges (Haass and Litan 1998, 2). Unrelentingly targeting the traditional authority of the state and its ability to effectively govern, globalization has increasingly forced states to recognize the necessity of "re-aggregation of... authority" beyond the now punctured national level but short of the global level (Lupel 2004, 155). Regionalism has increasingly been looked upon as a method with which to achieve that objective.²

Despite the explosive popularity of regional trade arrangements (RTAs), the verdict concerning their overall economic benefits continues to be "mixed and frequently inconclusive" (Ravenhill 2008, 199). Proponents of RTAs focus on the benefits they can provide to members (Mansfield 1998; Ranjan 2007). They can be tailored to suit members, do not require states to stop participating in global trade, and can appeal to a government's desire to implement policies that maintain national competitiveness in the globalization era while simultaneously appeasing the demands of dislocated domestic actors (Gibb and Michalak 1996; Väyrynen 2003; Krugman 1993; Cavanagh et al 2002; Chase 2003). Regionalism allows states to "reduce their dependence" on the international economic system by aggregating resources and "becoming more economically competitive" within the specified regional market (Pelagidis and Papisotiriou 2002, 522). Opponents charge that RTAs can distort both intra-regional and global trade, may lead to the misallocation of resources, and provide an overall lower level of benefits than would be acquired in a global free trade system (Laurence 2003). While important, the questions of gains and losses, as well as of costs and benefits, are not major concerns here. For better or for worse, regional trade arrangements have become an integral component of the global trade order (Ethier 1998a; Ethier 1998b; Mansfield and Milner 1999; Fawcett 2004).

Much of this success can be attributed to the fact that regionalism is not solely an economic undertaking. It is also a remarkably successful breed of political project that represents a rising form of intergovernmental cooperation that can serve numerous political

² The concept of "regionalism" in this study encompasses the relatively straight-forward process of multiple governments cooperating over a sustained period of time on a specific economic, political or security agenda.

purposes (Ravenhill 2008). An RTA, then, is often the “product of purposive action by state elites” who have considered the political benefits such an arrangement and found it supportive of their own interests (Ravenhill 2010). RTAs also present opportunities for states to forego some of the efficacy challenges presented by global institutions and processes, while simultaneously building relationships neighboring governments sharing similar interests (Larner and Walters 2002; Gibb and Michalak 1996).

POST-WAR “REGIONALISM” IN EAST ASIA

Regionalism is multilateralism on a smaller scale. Like its global counterpart, regional multilateralism is a cooperative process occurring within a framework designed for equalizing the varying status and influence of member states (Kahler 1992). Owing to the ravages of the world war period, the post-war years saw a significant degree of attention paid to the appeal of fostering a variety of multilateral political and economic efforts across the globe. At the same time, nascent Cold War geopolitical interests focused the attention of the United States on particular regions. There, American officials actively pursued the establishment of a series of multilateral security arrangements to contain Soviet expansion.

As in Western Europe, the United States had compelling national security interests in East Asia. Thus, the early efforts at regionalism were overwhelmingly American-led endeavors serving those American interests. Chief among these efforts was the 1955 creation of the Southeast Asia Treaty Organization (SEATO). Designed as a collective defense organization, SEATO was meant to be the regional counterpart of the North Atlantic Treaty Organization (NATO) in stopping the advance of communism. Unfortunately, it suffered from a number of issues that hampered its effectiveness. The number of official members whose countries were actually in the region was laughable – only Thailand and the Philippines – while its inability to address numerous regional crises illustrated the ineffectualness of the organization as a whole.

Hemmer and Katzenstein (2002) argue that American efforts in East Asia were hampered by the “weakness of identification” with the region as well as the view that it represented “part of an alien and... inferior community” (Hemmer and Katzenstein 2002, 598 & 575). The common racial, socio-political, and historical experiences between the United States and Europe were simply not present. Yet the effects of this disconnect went past simple racial or historical levels. Suffering from more than American officials’ inability to connect with East Asian governments, SEATO was a failure because the kind of collective purpose that made NATO successful could not be generated.

NATO was, and has been, successful because a group of like-minded governments sought to institutionalize cooperation in order to achieve a common goal. In the post-war period, this common goal – the prevention of Soviet expansion – was not shared by the majority of East Asian governments. Nor was the overwhelming willingness to follow American direction present across the region. The United States found post-war allies in Japan, the Philippines, and South Korea, but communism reigned in Cambodia, China, North Korea, North Vietnam, and Laos. Thus, the creation of a regional system in East Asia was inherently problematic because a mutual threat and a common goal were not present.

The organization’s breakdown was representative of the greater American failure to construct an effective regional architecture in East Asia. With the failure of SEATO to develop into an East Asian NATO, American efforts in East Asia increasingly focused on the

creation of a network of bilateral alliances.³ The hub-and-spoke nature of that system prevented the aggregation of East Asian influence, thereby allowing the United States to exercise "greater control" over regional partners than if it would have had to "deal with them collectively" (Wright 2009, 169). It also allowed the United States to bypass the lack of common threats and goals among governments in the region that had hampered its earlier actions.

Throughout this period, it became increasingly clear that circumstances would prevent the implementation of a regionalism like that taking root in Western Europe at the time. American-led regionalism focused on security, and what allies the United States was able to acquire were overwhelmingly bilateral. With the tripartite division of regional governments between American allies, Soviet followers, and non-aligned multilateralists, regional ambitions died quickly. Yet when regional governments began to become disenchanted with this initial arrangement, the region as an organizational concept began to attract renewed interest.

WAVES OF REGIONALISM: OLD AND NEW

During the 1960s and 1970s, many developing states perceived the post-war international order to be an inequitable and unfair framework benefiting only the interests of the industrialized states. This sentiment was a principal causal factor in the rise of the first wave of regionalism. Denoted as 'old' or 'closed' regionalism, this was a method of regional cooperation wherein (mostly developing) states sought to create blocs to escape the post-war multilateral order. Many of these efforts were driven by economic interests. Particularly, "a desire to substitute... insufficient multilateral liberalization" for the protection of the regional bloc while simultaneously "holding aloof from what [aspects of] multilateral liberalization" might already have been implemented were key considerations for states looking for an alternative path to economic success (Ethier 1998a, 1150).

With its pervasive security concerns and unsteady interstate relations, Northeast Asia stayed largely on the sidelines of this first wave. Japan and South Korea were allied with the United States, while China was undergoing a series of domestic policy disasters. Southeast Asia, in sharp contrast, embarked on a regional project with the 1967 creation of ASEAN. The organization's founding members – Indonesia, Malaysia, the Philippines, Singapore and Thailand – sought to create a framework for cooperation on a wide range of agricultural, cultural, defense, scientific, socio-economic, and technical issues. It was at its formation a bloc; even with its subsequent expansions, official ASEAN membership remains held solely by Southeast Asian states.⁴ Apart from this exclusivity, ASEAN was a regional project drastically different from Western Europe.

On that European continent, a series of treaties had been laying a supranational, legalistic framework over its members for nearly two decades. The creation of ASEAN, in contrast, saw no efforts to implement a similar series of binding treaties. This was largely due to the association's attitude about interstate governance. The "ASEAN Way" – with its

³ Key treaties included the 1951 security treaty with Japan; the 1951 Mutual Defense Treaty with the Philippines; the 1952 Australia, New Zealand, United States Security (ANZUS) Treaty; and the 1953 Mutual Defense Treaty with South Korea.

⁴ Expansions occurred in 1984 (Brunei Daussalam), 1995 (Vietnam), 1997 (Laos and Burma/Myanmar), and 1999 (Cambodia).

principles of non-interference in others' internal affairs, mutual respect for sovereignty, and dedication to decision-making by consensus – ensured that treaty-based, legalistic regionalism would not be favored. The legacy of this concept can still be observed in East Asian regional processes today.

In 1977, member states took their regional project further with the implementation of the ASEAN Agreement on Preferential Trading Agreements (ASEAN PTA). The ASEAN PTA, like the organization itself, envisioned cooperation within the bloc. It was meant to “act as a stimulus to the strengthening of... economic resilience” at both the national and regional levels (Tin 1981, 2). Like other similar organizations, the bloc's PTA was envisioned as an incubator for national economic development. This focus on increased national strength through regional cooperation was expressive of the ‘closed’ character of ‘old’ regionalism.

With the slow demise of the Cold War, however, a ‘new’ or ‘open’ style of regionalism began to emerge. As its name suggests, the ‘new’ regionalism was dramatically different from its older counterpart. In this second wave, states had their sights set on active participation in global economic, and, to a lesser extent, political, affairs. The process involved smaller, developing states undertaking significant liberalization reforms while simultaneously “linking up” with larger, more developed economies in their immediate geographic region (Ethier 1998a, 1150)⁵. Two economic considerations – the desire for growth that comes with increased international openness and the allure of strengthening economic competitiveness in the global marketplace – were dominant in the creation of these organizations (Schiff and Winters 1998).

East Asia was greatly affected by this period of new regionalism. Harvie and Lee (2002) offer a number of explanations as to why East Asian governments chose to actively participate in this process, including the relatively slow liberalization process within GATT as well as the regional agreements signed in the Americas and Europe during the 1980s and early 1990s. Moreover, the economic dynamism of the “Asian tiger” economies, the economic powerhouse that was Japan, and the economic stirrings of China all gave rise to a class of East Asian businessmen and entrepreneurs who vigorously pursued cross-border connections. These groups' actions were expressive of the role non-state actors could play in the formation of regions, as their focus on developing the linkages necessary for their enterprises to grow and thrive led regional governments to recognize the need for greater economic cooperation (Kurlantzick 2001; Kurlantzick 2007).

The framework needed for a more intense economic cooperation was absent in East Asia. Governments therefore set out to create a series of new mechanisms to promote regional cooperation. Two early entrants were the unofficial Pacific Economic Cooperation Council (PECC) in 1980 and the official Asia-Pacific Economic Cooperation organization (APEC) in 1989.⁶ Subscribing to a variant of the “ASEAN Way,” both PECC and APEC stressed that actions would be based on “cooperation and policy coordination” (PECC 2009) and that decisions would be made on “the basis of non-binding commitments, open dialogue and equal respect” (APEC 2009b).

⁵ Notable examples to arise from this period include the creation of the Common Market of the Southern Cone (MERCOSUR) in 1991, the European Community in 1993, NAFTA in 1994 and the Common Market for Eastern and Southern Africa (COMESA) in 1994.

⁶ Due largely to the nature of ‘new’ regionalism, as well as increasing interconnectedness of the global economy during this time, these organizations possessed a varied and far-flung membership base.

Additional creations included the ASEAN Regional Forum (ARF), founded in 1994 to create trust and facilitate cooperation on security issues through confidence building and preventive diplomacy; the East Asia Summit (EAS), first held in 1995 and including a number of states outside the immediate region; and the Asia-Europe Meeting (ASEM), first held in 1996. These organizations, alongside PECC and APEC, represented "loosely knit associations" embodying the concept of "proto-regimes" rather than fully legalistic, binding institutions (Aggarwal 1993). At the time, these organizations were the kind of non-intrusive arrangements favored by regional governments. Over the horizon, however, a crisis loomed that would drastically alter attitudes concerning the character of regional architecture.

THE 1997-98 FINANCIAL CRISIS

The crisis broke in July 1997. The Thai government, after spending billions of its foreign exchange reserves to protect its currency's value from speculative attacks, determined it would end the baht's decades-long dollar peg and allow it to float on the world market. The massive devaluation that followed led to a crisis that quickly spread across the region during the fall of 1997 and throughout 1998. Real gross domestic product growth was wiped out in these economies hardest hit⁷ and fears that the crisis would bring down the international financial and monetary systems were rampant. The fear manifested itself in a 554.26 point one-day plunge of the Dow Jones Industrial Average less than four months after Thailand's devaluation (Richardson 1998).

The crisis was, in part, one "deeply rooted in the... economic strategies, political coalitions, and state forms that underpinned" the export-led growth models pursued throughout much of East Asia during the previous years (Jayasuriya 2003b, 203). In 1999, the International Monetary Fund (IMF) offered its opinion of what had initiated the crisis, stating:

"The crisis unfolded against the backdrop of several decades of outstanding economic performance in Asia, and the difficulties that the East Asian countries face[d] are not primarily the result of macroeconomic imbalances. Rather, they stemmed from weaknesses in financial systems and, to a lesser extent, governance. A combination of inadequate financial sector supervision, poor assessment and management of financial risk, and the maintenance of relatively fixed exchange rates led banks and corporations to borrow large amounts of international capital, much of it short-term, denominated in foreign currency, and unhedged. As time went on, this inflow of foreign capital tended to be used to finance poorer-quality investments" (IMF 1999a).

This statement was expressive of the general Western attitude, which saw the crisis as a severe debt servicing problem that briefly challenged the IMF's ability to normalize disruptions in the global economic system (Hellmann 2007). The role of speculative currency attacks and other non-regional factors in the crisis were disregarded in the early assessments.

The crisis starkly displayed a significant problem within regional political economies. During the 1980s and early 1990s, the processes of open regionalism fostered a deeply-rooted collusion between government and business in many East Asian economies. To address the needs of economic growth, a complex system of political patronage and institutionalized

⁷ In the period 1997 to 1998, annualized real GDP growth rates fell 10.2 percent in Thailand, 6.7 in South Korea, and 14.2 percent in Indonesia. See: IMF (2000)

economic trade-offs between governments, banking institutions, and business interests had developed. The process was described as "embedded mercantilism" and known more informally as "Japan, Inc." (Jayasuriya 2003a; Zhuang et al. 2001). Thus, the crisis showed the period of open regionalism in East Asia had not been about "regional market making," but instead was concentrated on governments ensuring their economies had what they needed to continue their exceptional rates of growth (Jayasuriya 2003a, 341).

While these strategies may have been good for growth in the short-term⁸, the process left structural deficiencies within regional economies that were easily aggravated by the crisis. Reliance on interventionist currency policies and easy foreign credit by many East Asian economies were two principal examples. Speculative currency attacks had occurred as investors' fears about East Asian debts increased. These attacks meant huge sell-offs of the region's soft currencies, and rapid depletion of the affected states' foreign exchange reserves. What followed were real exchange rate depreciations, drastically higher domestic interest rates, and waves of loan defaults (Radelet and Sachs 1998; Dash 2003). As fears of contagion spread, international investors intensified the disaster by withdrawing the foreign credit on which regional economies had hitherto depended. The rate of private foreign investment flowing into Indonesia, Korea, Malaysia, the Philippines, and Thailand, for example, swung from a \$93 billion inflow in 1996 to a \$12.1 billion outflow in 1997, an astounding \$105 billion negative swing (Radelet and Sachs 1998, 5).

The multilateral financial institutions did not neglect the region, however. IMF assistance came in the fall of 1997 and into 1998. The global lender of last resort propped up the most damaged economies, committing \$40.1 billion to Indonesia, South Korea, and Thailand.⁹ Yet the funds were delayed in arriving, with the first disbursement to Thailand coming almost two months after assistance was first requested. Moreover, all IMF funds came attached with a series of mandatory structural adjustment reforms which followed the policy prescriptions collectively known as the Washington Consensus.¹⁰ For governments particularly cognizant of threats to their sovereignty, these conditions only added insult to injury.

Malaysia's *Business Times* scornfully remarked in September 1998 that, had there been "more consultations with governments and less rigidity" in IMF crisis management, "things could have been salvaged" (*Business Times* 1998). Japan was even so bold as to call for the creation of an Asian Monetary Fund in the midst of the crisis. The proposal was doomed from the start, largely because of the perception that it was "half-baked and devoid of meaningful details" (Lipsy 2003, 94). Nevertheless, it was a stark vocalization of regional exasperation with the IMF and other global lenders. The majority of East Asian states believed the IMF was "acting to protect the interests of Western lending institutions... at the expense of Asian workers and the sovereignty of Asian countries" (Bowles 2002, 238). This perspective would have widespread implications as the region went forward.

⁸ Indeed, pre-crisis economic growth in East Asia was spectacular. In the period 1991 to 1997, the average annual percent increase in GDP growth rates in regional economies was: China 11.2; Hong Kong 5.2; Korea 7.2; Malaysia 8.5; Singapore 8.4; Taiwan 6.5; and Thailand 6.8. In contrast, the average annual percent increase in GDP growth in the developed economies was only 2.5. See: IMF (1999b).

⁹ Additionally, these three countries received assurances of \$26.9 billion from the World Bank and Asian Development Bank, as well as \$58.3 billion from bilateral sources. Of the total \$125.3 billion committed, \$66.6 billion was disbursed. See: IMF (2000).

¹⁰ These included bank closures, restoration and adjustment of capital standards, tightening of domestic credit, fiscal contraction, and other structural changes. See: Radelet and Sachs (1998).

EAST ASIA REACTS TO ITS FINANCIAL CRISIS

The crisis starkly displayed the inability of governments to withstand the powerful, and occasionally destructive, forces of financial globalization (Dittmer 2002). East Asian governments were quick to lament the lack of proper regional mechanisms for dealing with the crisis. If these had been in place, governments might have been spared the humiliation of accepting conditionality loans from the IMF. It was not just East Asians criticizing these loans. Some saw the IMF was degenerating into a "mendicant, politicized" institution (Walsh 1998), while others believed the crisis revealed "grave flaws" within the institution's policies and procedures (Sachs and Woo 2000, 6).

Despite the criticism that was pointed at the IMF, a large share of the blame belonged to regional governments. The lack of regional mechanisms that could have been used to defuse the crisis was a result of regional governments' earlier unwillingness to create them. The organizations created in the region throughout the 1980s and early 1990s demonstrated an "absence of a strong and stable commitment to the institutionalization of cooperation" (Aggarwal 1993, 1038). They were mechanisms meant to facilitate consultation, rather than to address specific regional needs.¹¹ This perception of failure led regional governments to consider making a rapid shift that increased the attention to exclusive East Asian regionalism.

One of exclusive regionalism's principal attractions is the inherent association with localization, which allows for higher degrees of economic harmonization and cooperation among a smaller number of states (Lamer and Walters 2002). The ensuing increase of economic opportunities accorded to each member limits the need or desire to expand membership to others. A smaller membership roster also makes decision-making far easier.¹² In the post-crisis period, exclusivity was a method to concentrate regional authority; East Asian governments would create mechanisms to address East Asian issues.¹³ This cognitive shift led to a number of important developments throughout the 1990s and into the new millennium.

A major outcome was the 1997 creation of ASEAN Plus Three (APT), a cooperative framework between ASEAN, China, Japan, and South Korea. Although the APT was intended primarily as an economic cooperation mechanism between Southeast and Northeast Asia, the agreement grew to include political, social/cultural, and security issues as well. The creation of the APT also demonstrated the powerful role of state interest in the creation of regions; two previously different regions were integrated into one. Government interest had become strong in large part because of "the frustration and disappointment" felt to the "perceived reluctance" of the IMF and Western governments to provide aid during the crisis (Simon 2008, 280).

¹¹ APEC's post-crisis initiatives were a laundry list of the needs that should have been addressed before 1997. The list included a renewed focus on financial market supervision, an assessment of banking supervisory regimes, the improvement of credit rating agencies, the development of "deep, liquid and mature" domestic bond markets, and the implementation of an action plan to maintain "free and stable" flows of capital. See: APEC (1999).

¹² During the crisis, the diversity of member states was one of APEC's key impediments to action. Effective action from an organization with membership spread as far as Australia, Chile and Mexico could hardly have been expected.

¹³ It should be noted that exclusivity does not require a withdrawal from forums, organizations or institutions which are more inclusive in membership. Rather, it prescribes the creation of complementary forums, organizations and institutions with more limited membership.

The APT was the first significant step toward the creation of an exclusive East Asian regionalism. It proved to be a critical development in a number of ways. First, it was a quite profitable arrangement for those involved¹⁴. It also allowed East Asian economies to increase their share of world trade, in large part because of the APT's effect on regional trade integration¹⁵. Yet most importantly, it provided a springboard from which to launch a series of new regional initiatives. Two key examples are the 2000 Chiang Mai Initiative (CMI) and 2003 Asian Bond Markets Initiative (ABMI).

The CMI was conceived as a regional currency swap arrangement to address national liquidity concerns in financially trying times. While "more symbolic than truly effective," it laid the foundation for the creation of the Chiang Mai Initiative Multilateralization Agreement (CMIM) (Sussangkarn 2010, 6). The CMIM, a \$120 billion regional currency swap fund, was initiated in March 2010 and represents the finalization of CMI goals. Like the CMIM, the ABMI is focused on the provision of alternative financing to East Asian economies. It focuses on the development of "efficient and liquid bond markets" throughout the region in order to "enable better utilization of Asian savings for Asian investments" (ASEAN 2003). The \$500 million Credit Guarantee and Investment Mechanism, housed within the Asian Development Bank, is an essential ABMI funding component.¹⁶ The 1999 ASEAN Investment Agreement, the call in 2003 for the creation of an ASEAN economic community by 2020, and the implementation of the APT free trade areas rounded out the spate of new measures.¹⁷

RESPONSES TO KEY CRITICISMS

The construction of regional frameworks that began following the Asian financial crisis continues to be a work in progress. It is natural to observe and comment on the progress being made. Many of these comments, however, are overly doubtful of the region's prospects. Much of the criticism focuses on three issues – the dearth of institutionalization in the region, the unresolved tension between exclusive or inclusive regionalism, and the lack of a sense of community to help facilitate regional cooperation. When each issue is examined, however, the region may have brighter prospects than are often accorded to it.

Regarding the first criticism, there is little doubt that the region lacks legalistic institutionalization like that found in Europe's regional project. Critics lament the perceived inability of governments to make binding decisions or initiate substantive, formal institutionalization. Instead, critics note, the pervasive "ASEAN Way" constrains governments to the issuance of "broad declaratory agreements and benchmarks" (Camilleri 2005, 254; Jones and Smith 2007b). Others, however, reject this critical opinion altogether. They argue that past attempts to understand the region have been marred by an

¹⁴ Total ASEAN exports to the Plus Three countries reached over \$225 billion in 2008. Total ASEAN trade with the Plus Three countries reached just over \$480 billion in 2008 to represent just over 28 percent of ASEAN's total global trade. The Plus Three countries also sent \$10.3 billion in foreign direct investment to ASEAN in 2008, 19.3 percent of ASEAN's total incoming FDI that year. See: ASEAN (2009).

¹⁵ IMF statistics show that the share of world trade held by "emerging Asia" – China, Hong Kong SAR, South Korea, Singapore, Indonesia, Malaysia, the Philippines and Thailand – increased from 21 percent in 1990 to 34 percent in 2006. See: Gruenwald and Hori (2008).

¹⁶ Bond markets carrying securities denominated in local-currency have been established in China, Hong Kong SAR, Indonesia, South Korea, Malaysia, the Philippines, Singapore and Thailand.

¹⁷ FTAs between ASEAN and China, Japan and Korea entered into force in January 2010, December 2008 and June 2009, respectively.

unambiguously Eurocentric focus (Poon 2001; Kang 2003). Poon argues instead that, owing to various cultural and political factors, governments are overwhelmingly focused on the establishment of "a neutral international space" wherein each state can pursue its own advancement while simultaneously raising the boats of its neighbors (2001, 252). While Ravenhill dismisses this idea, his contention of the "shallowness" of East Asia's institutionalization is itself an implicit comparison with the deeper institutionalization of Europe (2010, 201).

East Asian governments have not avoided creating institutions, as recent measures demonstrate. Moreover, the nature of these institutions – their depth – has been overwhelmingly "sovereignty reinforcing" and, thus, unlike those of Europe (Ginsburg 2010, 38). The ARF and APT are two primary examples. In these cases, as in others, the focus was on the creation of a normative mechanism "for exchanging... views and build[ing] up respect and confidence" between states (Lyou 2004, 306). Currently, governments do not seem to be concerned with the establishment of institutionalized governance structures that could someday infringe on national sovereignty (Gilson 2007). Thus, East Asian regionalism is occurring in precisely the manner intended; the focus is *meant to be* on norms and processes, at least until the divisive differences present in the region can be properly addressed.

Regarding the second criticism, it is true that East Asian regionalism suffers from the unresolved tension between inclusion and exclusion. The region's economic and geopolitical importance means that many of the region's organizations include states from around the globe (Nair 2008). Yet these circumstances have not prevented regional governments from implementing a host of significant initiatives notable for their exclusivity. There is practical incentive for exclusion, as an international institution's effectiveness declines relative to the number of members and diversity of viewpoints (Emmers 2005). Yet the assertion that post-crisis East Asia has engaged in a "proactive, helter-skelter rush" to create ad-hoc, exclusive regional organizations is only partly correct (Hellmann 2000, 841). It is true that the construction of regional frameworks has been remarkably proactive, but the process has been anything but "helter-skelter."

In the immediate aftermath of the crisis, there may have been a fair amount of improvising by governments. Yet as the dust settled, East Asian governments began both a purposeful examination of regional weaknesses and a coordinated implementation of a series of critical initiatives to address them. Considering the relatively short time spans between conception and successful execution, exclusive regionalism has clearly won a degree of favor with East Asian governments.

The third criticism focuses on the absence of a sense of community in the region. European officials, to their credit, have made some progress in fostering a sense of common identity based on shared values and common experience.¹⁸ In East Asia, a host of historical, cultural, demographic, political, and economic factors have impeded the development of any such identity (Murphy 1995). Even the post-crisis cooperation likely stems more from a pragmatic pursuit of mutual self-interest than any sense of 'we.' Moreover, post-crisis initiatives have largely been undertakings of political elites, with little real input from average citizens (Nair 2008).

¹⁸ A 2004 Eurobarometer survey conducted before that year's EU enlargement found that 56 percent of participants saw themselves "in the near future... as European to some degree or another." See: EEIG (2004).

The current lack of common identity may not be as negative as is often perceived, however. Regionalism is a constructive process whereby states with dissimilarities can transition from "relative heterogeneity to increased... homogeneity" (Lyuu 2004, 261). Therefore, a variety of socio-economic, political, and cultural systems do not necessarily make regionalism impossible. Indeed, this diversity may prove to be beneficial for a region.¹⁹ There may already be signs that East Asian regionalism is paying small dividends in this category. ASEAN's slogan – "One Vision, One Identity, One Community" – has received greater emphasis as the organization's successes have continued. Additionally, economic growth over the last two decades has fostered a nascent cross-border consumerist society increasingly connected by interstate cultural and artistic exchanges (Kurlantzick 2007). Questioning the effects of an identity deficit on the region is rash considering the relatively recent emergence of the processes that may someday fill that shortage.

CONCLUSIONS AND EXPECTATIONS FOR THE FUTURE

East Asian regionalism continues to be an evolving concept building on past experiences. Each of these experiences has left its own legacy on the current state of regional affairs. The ultimately unsuccessful regional attempts of the United States demonstrated the importance of timing. The region was not in a geopolitical position wherein cooperation would have been possible. The failure of SEATO to develop as envisioned by American officials only further demonstrated the inefficacy of externally driven regionalism. With the 'old' regionalism of the 1960s and 1970s, a nascent regional consciousness – manifested in ASEAN – emerged that followed the bloc orientation fashionable at the time. The 1980s and early 1990s witnessed a more 'open' regionalism whose adoption helped spur the "Asian Miracle."

It was not until the 1997-98 Asian financial crisis, however, that East Asian governments recognized the grim need for greater levels of substantive regional coordination. It was at this point that East Asian regionalism matured. Shifting from its pre-crisis focus on growth at any cost, the process began to actively study and address regional needs. The seriousness of regional purpose was demonstrated by the creation of a host of new, need-based institutions and cooperation mechanisms including the APT, CMIM, AMBI, and APT FTAs. Moving forward, however, East Asia will have to recognize that its regional project must increasingly address non-economic issues.

While East Asia's post-crisis regionalism has been exceptional at addressing the economic needs of the region, it has simultaneously neglected to address other important regional issues with the same determination. Of these, security issues are perhaps the most pressing. While the ARF provides a forum within which regional governments can consult and communicate, there must be a new focus on the resolution of East Asian security issues much like the post-crisis focus on economic matters. This is critical to the future stability of the region, on which recent economic developments depend.

Moving forward, East Asian regionalism will continue on its positive course pursued since the financial crisis. It will surely be a slow, gradual, and occasionally interrupted process. It will also not come to resemble European regionalism any time soon. To continue in the study of East Asian regionalism, therefore, a great degree of patience and an open mind is necessary. The ongoing coordination of regional governments will continue to have

¹⁹ The example Europe, itself a war-ravaged continent just over six decades ago, is again useful for this point.

increasingly important implications for the rest of the world. Study of the phenomena must recognize the peculiar socio-political, economic, and historical considerations that have contributed to the fascinating development of East Asian regionalism.

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