

ASEAN Plus Three and the Rise of Reactionary Regionalism

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Abstract

The course of regional integration in East Asia has been shaped by a complex mix of internal and external factors. Although the emergence of initiatives like ‘ASEAN Plus Three’ appears to indicate that East Asia is assuming a more independent and regionally-oriented place in the international system, this paper argues that the future trajectory of ASEAN Plus Three, and of the region more generally, will continue to be constrained by internal tensions and – especially – by the continuing influence of the United States. In short, for the foreseeable future East Asia will be marked by a form of ‘reactionary regionalism’ in which regional initiatives are designed to mediate and moderate external influences.

It has become something of a cliché to observe that supposedly ‘global’ processes are in fact marked by striking regional biases. While the economic and political manifestations of this phenomenon are most pronounced in the European Union (EU), greater integration and cooperation at a regional level has become a characteristic of contemporary transnational relations in the Americas and East Asia as well. In short, while we may be living in an era dominated by the idea of globalisation, the reality is that global forces are powerfully mediated by regional factors with the consequence that ‘globalisation’ looks very different in various parts of the world.

This article is primarily concerned with the way in which the countries of East Asia have responded to this global-regional dialectic. Yet even to speak of ‘East Asia’ is to make a number of initial assumptions about the validity of what is arguably an arbitrary geographical demarcation, and about the possible existence of a regional

identity that is, in itself, contestable and uncertain.¹ For one of the most noteworthy characteristics of regionally-based developments in East Asia is that – at the overtly political, intra-regional level, at least - such developments are of relatively recent origin and reflect evolving processes, the outcome of which is inherently uncertain. The intention of this paper is initially to make some suggestions about how different regional experiences can be conceptualised and then to consider the factors that will determine the course of such developments in East Asia.

Consequently, the paper is organised in the following way: firstly, I consider some of the more useful and important theoretical insights that have been generated in order to explain regional processes. Secondly, I briefly examine some of the distinctive and specific historical factors that have shaped political, economic and strategic developments in East Asia, as these provide both the bedrock for, and a potential constraint upon, contemporary regional initiatives. Finally, I look more closely at the evolving nature of regional processes in East Asia generally and at the ASEAN Plus Three initiative in particular. The central argument that I advance is that regional initiatives in East Asia have been driven *and* constrained by a complex array of contingent internal factors and powerful external influences in surprising and unpredictable ways. The influence of the US has, I contend, been extremely important in this regard, and its direct and indirect interventions in East Asia look likely to continue defining the overall context within which East Asian regional processes unfold. As a consequence, East Asia has been characterised by a form of ‘reactionary regionalism’, in which regional initiatives have frequently been both a response to external events and designed to mediate and moderate their impact.

East Asia Regionalisation in Historical and Theoretical Perspective

The terms regionalism and regionalisation are frequently used more or less interchangeably, but it is helpful to make a distinction between the two. Many analysts of regional processes distinguish between those processes that are the largely uncoordinated consequence of private-sector led economic integration – regionalisation – on the one hand, and those processes of regionally-based cooperation and coordination that are the self-consciously driven consequences of political activities – regionalism – on the other.² This is a useful distinction because it serves as an important point of comparison and explanation both within individual regions, and between regions in different parts of the world. As we shall see, ‘East Asia’ has, until fairly recently, at least, been marked primarily by process of regionalisation in which external economic forces have played a major role in encouraging integration. Regionalism, or formal political initiatives and agreements, has tended to follow in their wake – a quite different experience in some important ways from that of Europe. To understand the very different sorts of outcomes that have distinguished regional processes in East Asia from Europe or Latin America, it is necessary to put the region’s development in its specific historical context.

At the outset, it is worth making a few elementary comparative historical points as they remain important and help us to account for the different development experiences and challenges that characterise the contemporary international political economy. In this regard, it is important to emphasise that, the remarkable economic

transformation that has occurred in much of East Asia notwithstanding, much of the region continues to confront the particular challenges of 'late' development and the specific constraints that implies. The historical expansion of capitalism from Western Europe and latterly the United States not only conferred significant 'first mover' advantages on those regions and/or countries but - as an inevitable corollary of this process - they also placed major structurally embedded development hurdles in the path of the countries of East Asia.³

To accelerate the pace of development in a world already dominated by established industrial powers, East Asia generally and Japan in particular famously pioneered the 'developmental state', in which national governments guided the course of development with the help of an array of what were generally highly effective policy tools. The story of the region's remarkable economic expansion and the sequential development process that moved from Japan, through South Korea and Taiwan, and into Southeast Asia and latterly China, is well enough known to need little rehearsal here.⁴ There are, however, a number of features of this historical legacy that merit emphasis as they continue to shape the region's contemporary development experience, the domestic political-economies of the region, as well as the region's relationships with other parts of the world.

War and peace in East Asia

One of the defining aspects of the East Asian experience has been the region's incorporation into the Cold War security architecture that dominated the international scene for over four decades following World War II. In this context the US, unambiguously revealed in the war's aftermath as the dominant power of the era,

played a critical role. Whereas in Western Europe, American hegemony was instrumental in promoting closer European integration as a response to the apparent threat of communist expansion,⁵ in East Asia, the US's preference for a series of 'hub and spoke' bilateral relations with its allies on the one hand, and its implacable hostility to communist rivals on the other, had the effect of fracturing the region and making any kind of region wide integration or identity impossible.⁶ For those nations fortunate enough to be on the 'right' side, however, the Cold War offered the prospect of accelerated development via direct American aid, and a tolerant attitude to political practices and economic relationships of which US policymakers might not otherwise have approved.

The continuing 'War on Terror' is, therefore, but the latest in a long line of regional strategic crises that have had their origins in wider external conflicts, but which have had a major impact on East Asia's development and sense of regional identity. It is important to note that the very idea of a distinct Southeast Asian region, which ultimately provided a basis for the original ASEAN grouping and the subsequent ASEAN Plus Three initiative, was itself an artefact of British military planning during World War II.⁷ Indeed, as Charrier has persuasively argued,⁸ ASEAN did not so much create a Southeast Asian political space through its actions, as 'indigenise' an existing one that had been given de facto expression by the activities of the colonial powers. Similarly, the crucial impact of the Cold War period was to entrench external influences by dividing the East Asian region along ideological lines. Consequently, not only was there little possibility of extensive, intra-regional relations developing across East Asia as a whole, but even where greater regional cooperation occurred, it was limited and reactive. The inauguration of ASEAN itself, for example, may have

been largely motivated by a desire to contain and institutionalise otherwise brittle relations between Indonesia and Malaysia,⁹ but its membership and goals were constrained by the overarching reality of the wider conflict between the major powers: the Soviet Union, the US and East Asia's emergent great power, China.

The ending of the Cold War appeared to open up new opportunities for intra-regional cooperation and confidence building in East Asia. Yet there are still major potential constraints on what can be achieved – an underlying reality given renewed prominence by recent events and the US's direct strategic intervention in the region. Most fundamentally, perhaps, the predominantly bilateral security architecture established by the US in East Asia during the Cold War shows little sign of shifting to a more multilateral structure, the development of the ASEAN Regional Forum (ARF) notwithstanding. For as Simon notes,¹⁰ the ARF contained the same sorts of inherent tensions between the activist, legalistic 'Westerners' and the more consensually-minded East Asians as APEC did. Indeed, it is revealing that both the US and Australia have endorsed the doctrine of pre-emption in responding to the threat of terrorism, rather than attempting to work through more multilateral channels. The US's rather heavy-handed interventions in Indonesia, the Philippines and on the Korean peninsula, despite the problems this has created for the respective governments of these countries, serves as a powerful reminder of the extent of US power and the limitations of regional cooperation.¹¹

A number of points merit emphasis from this very brief consideration of East Asia's overall security situation. First, recent events serve as powerful reminders of the enduring strategic tensions in the region. Second, and flowing directly from the first

point, the possibilities for regional cooperation will be constrained by strategic concerns, especially the role of the US in the region. It is important to emphasise that for all the US's sometimes overbearing and insensitive behaviour, most of the region – China is the obvious exception – continues to give rhetorical support for and desire American engagement; the potential impact of an American withdrawal on the regional balance of power, especially between Japan and China, is still a major constraint on the region's ability to act independently of the US.¹² There are a number of unresolved strategic tensions in the region, most obviously revolving around China's strategic ambitions and its claims for the Spratly Islands, the continuing stand-off on the Korean peninsula, to say nothing of a number of other disputes between the ASEAN countries,¹³ which mean that America is seen by many regional players as a decisive and stabilising influence. In such circumstances, the degree of autonomy available to individual countries is highly constrained, and the possibility of developing an encompassing East Asia perspective that differs markedly from the US's goals is reduced as a consequence.

Consequently, the final point to emphasise is that in the seemingly likely event that strategic concerns generally, and the 'war on terror' in particular, remain prominent parts of intra- and inter-regional relations, then the US and its actions will continue to be pivotal constraints on the course of regional development. If the US continues a shift from a benevolent form of hegemony in which it enjoys broad support for enlightened policies and the provision of important collective goods, to a more coercive form of hegemony in which America unilaterally pursues its own narrow national interests with or without widespread support, it will present a major challenge to East Asia.¹⁴ Having said that, it is also becoming increasingly apparent

that American policy is effectively alienating, or at the very least, making life extraordinarily difficult for formerly stalwart allies. The new South Korea government of Roh Moo Hyun for example, initially expressed popularly supported criticisms of American policy that were seen to be destabilising relations with the North, before opting to send troops to take part in post-war reconstruction in Iraq.¹⁵ Likewise in Indonesia and the Philippines, there has been widespread unease about America's rather heavy-handed interventions in regional affairs, something that has effectively undermined ASEAN solidarity.¹⁶ Even in Japan, the population has been sufficiently unnerved by some of the apparent consequences of American policy to spark an important debate about the nature of Japan's own policies as a consequence. Thus far there has been little attempt to develop a regional response to recent events, and given the disparate national interests and impacts of such events, it is not clear what such a policy would look like. However, if the 'war on terror' goes badly, and if East Asia is generally seen to be damaged by events over which it has little control, then it is not inconceivable that a new, more inclusive calculus of the region's strategic interests may emerge.

US hegemony and East Asian political-economy

The evolution of, and prospects for, emergent institutions like ASEAN Plus Three will be shaped both by these enduring political and economic historical realities, and by the way that the East Asian region more generally is incorporated into a wider international order. In addition to the strategic constraints and pressures noted above, East Asia must contend with the challenge of integration into the increasingly

pervasive and interconnected international political-economy. It is important to emphasise that this is a system dominated by America and its institutional allies, because some of the most influential accounts of the new regionalism are predicated upon assumptions about the supposed decline of American hegemony.¹⁷ In such conceptions, America's waning influence opens up a space for new centres of power to emerge, centres which, following the EU exemplar, are more likely to assume a regional rather than a national focus. Indeed, it is no coincidence that the 'declinist' view of American power was prominent during the 1980s when East Asia's general stellar economic performance eclipsed the US's and gave rise to concerns about 'imperial overstretch' and the end of American pre-eminence.¹⁸ Despite the fact that there are still grounds for remaining sceptical about the overall health of the American economy,¹⁹ the status of the US in the international system has been transformed, leading to triumphalist predictions of a second American century,²⁰ and further constraining East Asia's reactionary regionalism.

Clearly, there is a good deal of uncertainty about the extent and intent of American power at present, and there is no intention of attempting to provide an exhaustive account of US-East Asia relations here.²¹ However, the US's dominant and increasingly assertive position, especially but not exclusively in the strategic sphere, means that the development of East Asian regionalism cannot be understood without some reference to American power. The key point to emphasise here is that assumptions about the supposed decline of American power – the anaemic recent performance of the American economy notwithstanding – look overstated and premature.²² The US has long used its dominant position in the emergent architecture of global governance it helped to create and maintain to promote a market-centred,

neoliberal reform agenda that was fundamentally at odds with the sort of state-dominated economic orders that prevailed in East Asia. While there may be some debate about how successfully these normative and ideational aspects of American hegemony have been inculcated throughout the East Asia and elsewhere,²³ the key consideration as far as East Asia is concerned is that America's reformist goals have been supported by the international financial institutions (IFIs) and have consequently had the effect of accelerating structural change in the developmental states of the region.²⁴

The potential implications of neoliberal reform for the states of East Asia cannot be overstated. In a series of original and important articles, Kanishka Jayasuriya has demonstrated that the distinctive political-economies of the region are being steadily transformed as the region's overall integration into the wider international system evolves.²⁵ What he describes as the 'embedded mercantilist' regimes of the region,²⁶ in which powerful, domestically-oriented political and economic coalitions have been able to use their influence to create and sustain policies that protect them from external competition, have been increasingly undermined by policy initiatives designed to promote economic openness and competition. Significantly, as Jayasuriya points out, such regimes were not directly threatened by the sort of 'open regionalism' that predominated under the auspices of institutions like the Asia Pacific Economic (APEC) forum, where trade liberalisation was ultimately a unilaterally determined process, and where states retained the possibility of making side deals with adversely affected, but influential domestic coalitions. In the post-crisis environment, however, in which the US has played a much more assertive role, the ability of states to maintain this bargain has diminished. Not only have the overall capacities of states

been eroded by a combination of structural changes that have undermined formerly powerful policy tools,²⁷ and widespread ideological support for ‘appropriate’ reform, but the re-emergence of security concerns have further constrained regional autonomy and made the development of a unified regional position more complex.

The combination of state intervention, authoritarian rule and the attempted cultivation of a domestic capitalist class that was capable of taking on or – more often – domestically supplanting established transnational capital, had the effect of entrenching indigenous political and economic elites and institutionalising particular forms of rule or governance. Such institutionalised relations are not only ‘sticky’ and thus resistant to rapid reform, but they also delimit the range of possible social practices or relationships that are feasible in particular circumstances.²⁸ Two further points flow from this: firstly, there has always been a potential for in-built resistance to the sort of neoliberal reforms that have latterly been championed by the US in particular and by international financial institutions (IFIs) like the World Bank and the International Monetary Fund more generally – something that helps to account for the often fractious relationship between the US and the region. Secondly, even if the East Asian governments had been enthusiastic about the prospect of neoliberal reform – which they frequently were not – there are limits to their ability to implement them.²⁹ A key factor behind the successful development of a single market, the establishment of a common currency and the more generalised process of deeper political integration and sovereignty pooling that has distinguished the EU has been the existence of a ‘thick’ infrastructure of non-state institutions and actors that were capable of facilitating new forms of increasingly market-centred governance.³⁰ In East

Asia, by contrast, in the absence of a similarly developed non-state sector or civil society, the state has of necessity been a more prominent actor.

The distinctive role of the state and the highly politicised nature of business activities across much of the region not only distinguish East Asia economies from those in other parts of the world,³¹ but they present a potentially significant point of friction between the region and key external actors like the US and the IFIs. In such circumstances, an effective regional organisation that contains the largest economies of the region, and which has the capacity and desire to promote indigenous strategies with which to accommodate global processes, is potentially highly attractive. It is precisely such a role that ASEAN Plus Three could fill; whether it will realise its potential is dependent on a complex mix of internal and external factors.

ASEAN Plus Three: Its Antecedents and Prospects

In this section I examine the forces that have encouraged the development of the nascent ASEAN Plus Three grouping, which includes the much larger economies of Japan, China and South Korea in addition to the ten ASEAN members. The picture that emerges is complex, uncertain and rapidly evolving, but one tentative conclusion appears plausible: formerly quiescent strategic considerations, the absence of which allowed a greater degree of autonomy to develop within East Asia, have resurfaced and look set to play an important role in shaping and delimiting the possible trajectory of East Asian regionalism. A further caveat needs to be added to this claim: the impact of strategic considerations is itself potentially contradictory and will ultimately

depend on a number of imponderable strategic developments – especially those revolving around American foreign policy - and the region's capacity to develop collective responses to them. At this stage, all we can do is spell out some of the potential contradictory dynamics that are likely to underpin future developments and link them to the region's specific historical circumstances.

Regional factors

The most important antecedent of ASEAN Plus Three is, of course, ASEAN itself. Although ASEAN has provided an important foundation for the development of a wider East Asian grouping, there are some important differences in the formative dynamics of both groupings that merit brief emphasis. ASEAN, as noted earlier, was very much a product of the aftermath of the decolonisation process, the Cold War, and the great power contestation that continues to grip the region. Regionalisation – or the private sector-driven economic integration manifest in denser trade and investment flows - was not a decisive force in encouraging closer political cooperation in Southeast Asia. On the contrary, intra-regional trade is still modest between the non-complementary and essentially competitive economies in most of ASEAN.³² It is important to remember that ASEAN is composed of a number of small economies, the structure and development of which has been profoundly shaped by firstly colonialism and latterly by the activities of more powerful economic and political forces from outside Southeast Asia.³³ In other words, there have been integrative forces encouraging economic regionalisation, but these have emanated from countries like Japan,³⁴ which are outside the smaller ASEAN grouping and are an expression of wider East Asian forces. At the level of regionalisation, therefore, an expanded

ASEAN Plus Three grouping that takes account of such pan-regional forces makes intuitive sense.

Yet one of the distinguishing characteristics of East Asian regionalisation is that it is relatively low profile. Of the three major drivers of economic integration identified by Dajin Peng³⁵ – regional production networks, ethnic business networks, and subregional economic zones – none has the sort of visibility associated with initiatives like the creation of a single market in the EU. However, this ‘informal’ style of integration has provided a rationale for a more explicit political corollary as the countries of Southeast *and* Northeast Asia come to recognise that their economic interests may be advanced through enhanced regional cooperation. The underlying logic of the broader East Asian region’s multi-tiered developmental experience, in which Japan pioneered an industrialisation process that spread initially to South Korea, Taiwan, and then onto Southeast Asia and China, has led to a flurry of initiatives designed to consolidate regional integration. The ASEAN Free Trade Area (AFTA), for example, reflected Southeast Asia’s incorporation into region-wide production networks.³⁶ More recently, both Japan and China have moved to consolidate their economic relations with Southeast Asia through bilateral trade agreements.³⁷

Plainly, competition rather than cooperation between Japan and China - as they attempt to realise their respective regional leadership ambitions - may have a good deal to do with such initiatives.³⁸ However, the attempt to enhance regional autonomy by institutionalising and increasing intra-regional trade and investment is also a reflection of a more fundamental and enduring reality: the East Asian crisis and its

aftermath dramatically brought home to East Asia's political and economic elites just how dependent they are on external markets and how vulnerable they are to outside political pressures. The crisis was consequently a watershed at a number of levels and led to a number of crucial political and economic initiatives that have given impetus to the ASEAN Plus Three project.

The crisis and its aftermath

The economic and political crises that struck East Asia generally and South Korea, Thailand, Malaysia and Indonesia in particular toward the end of 1997, have been sufficiently analysed now to need little elaboration here.³⁹ There are, however, a number of aspects of the crisis that have accelerated and helped determine the subsequent course of regionalism in East Asia which are important to highlight.

Perhaps the most significant long-term impact of the crisis was to fundamentally transform established perceptions of the region itself. On the one hand, this was manifest in the panic-stricken exit of mobile capital from the region, as a number of key countries went from being 'pin-ups' to 'pariahs' in a matter of months as far as the 'international investment community' was concerned. A handful of emerging market fund managers, who controlled vast amounts of mobile capital, were instrumental in initially reinforcing and then puncturing the myth of the 'Asian miracle'. On the other hand, this transformation in external perceptions fed into a painful but ultimately overdue internal reassessment of the costs, benefits and basis of integration into a global economy in which rapid capital movements were not only

frequently of a vastly greater scale than individual national economies, but which were inherently unpredictable and destabilising.

Two crucial sets of questions emerged from the crisis which have been central components of subsequent debates about the course and content of East Asian regional integration as a consequence: first, on what basis should the countries of East Asia be economically integrated into the wider global economy? Is it possible for East Asia to develop regulatory mechanisms that might insulate their distinctive forms of state-led economic organisation from the undesirable economic *and* political impacts of participation in the global political economy, while allowing them to take advantage of its benefits? Second, is it possible to create a regional political architecture which would allow regional elites to promote their preferred visions of transnational cooperation whilst simultaneously preserving regional autonomy? This latter question is crucial because one of the most remarkable and revealing after aspects of the crisis was the way it was managed: not only were external actors like the IMF and the US Treasury Department the most prominent players in crisis management, but they took the opportunity to push for precisely the sorts of neoliberal reforms they had championed for years to little avail prior to the crisis itself. In other words, the crisis revealed both the continuing vulnerability of the region as a whole to external leverage and the lack of a regional capacity to manage such events.

Consolidation or conflict?

It is important to emphasise that the idea of a specifically East Asian grouping to represent the possible collective interests of the region is not new or something exclusively associated with the crisis and its aftermath. On the contrary, Malaysian Prime Minister Mahathir Mohamed has long called for the establishment of such an organisation. Significantly, however, Mahathir's proposed grouping, the East Asian Economic Caucus (EAEC), was frustrated by a combination of US opposition and a directly consequential Japanese ambivalence.⁴⁰ Equally significantly, ASEAN Plus Three has continued to develop momentum despite the fact that it is essentially Mahathir's vision in another guise.

In some ways this should come as no surprise: despite the frequently noted diversity of the East Asian region, Stubbs argues that there are a number of commonalities – the experience of warfare, 'Asian values', common institutions, a distinctive brand of capitalism, and deeper economic integration – which provide ASEAN Plus Three with a potential basis for regional identity and consolidation.⁴¹ Moreover, the members of ASEAN Plus Three had already begun to forge common perspectives through inter-regional initiatives like the Asia-Europe Meeting (ASEM). Indeed, the fact that such an exclusively East Asian grouping appeared a more 'natural' expression of an identifiable region reveals how misconceived those analyses which continue to focus on a wider 'Asia-Pacific regionalism' actually are.⁴² One of the principal reasons that APEC has failed to fulfil the hopes of its supporters has been its inability to accommodate and represent the very different 'Asian' and 'Western' impulses contained within it.⁴³ The key question for ASEAN Plus Three is whether the sorts of initiatives it has undertaken will be able to build more successfully on its putative regional identity.

In this context, it is revealing that some of the more significant initiatives undertaken within broadly ASEAN Plus Three auspices have been of a fairly technocratic nature. Nevertheless, there is much at stake for both intra- and inter-regional relations, as the US's effective veto of Japan's original proposal for an Asian Monetary Fund (AMF) demonstrates.⁴⁴ This rather heavy-handed intervention in the region's affairs might have been read as an example of an emergent, more coercive form of hegemony, designed to impose neoliberal reform on a part of the world associated with very different patterns of economic organisation.⁴⁵ Revealingly, however, it seems that AMF-style initiatives are not being held up so much by a lack of regional economic capacity, but by doubts on the part of those that might be called on to underwrite such a scheme.⁴⁶ In this context, China and Japan's accession to IMF conditionality for any future currency swap arrangements are emblematic of a more pervasive and diffuse form of hegemony in which the interests of financial capital have become increasingly influential, placing major limitations on the precise nature of any distinctive regional response to financial sector reform.

To understand this possible obstacle to the development of an encompassing regional policy position, and the inherent conflict of interest between the region's wealthier and poorer countries it reveals, we need to distinguish between the financial and 'real' economies. Global finance is the area of international economic activity that has gone furthest in becoming footloose, stateless and increasingly geared to a transnational regulatory framework.⁴⁷ Revealingly, and despite the clear evidence about both the impact that highly mobile capital flows have had in precipitating and intensifying the

East Asian crisis, there has been little serious attempt to curb such initiatives or establish different, specifically East Asia regulatory regimes.⁴⁸ True, there are formidable technical obstacles that make establishing currency swap arrangement difficult,⁴⁹ particularly given the lack of governmental capacity amongst some of Southeast Asia's less developed countries,⁵⁰ but there would seem to be a more basic alignment of interests across the *international* financial sector that makes regional solidarity inherently problematic. In this regard, the Chiang Mai initiative of 2000, which was designed to promote regional financial crisis management, may have had a 'symbolic importance [that] is hard to overestimate',⁵¹ but thus far, it has been of little practical significance.

At the level of the real economy, however, where the distinctive structure of East Asian business and the close links between economic and political elites makes reform more visible, direct and potentially painful, resistance to change is more pronounced and the incentives for regional cooperation to protect broadly similar regional political and economic structures may be greater. The outbreak of intra-regional trade agreements, which have the capacity to accommodate powerful domestic constituencies, becomes easier to understand in this context. Moreover, as Ravenhill notes,⁵² preferential trade agreements may have symbolic importance that goes beyond their economic worth as they help to consolidate underlying regional relations. The way such contradictory sectoral and national tensions may work themselves out can be seen in the case of Japan: although the financial sector has been increasingly liberalised – often despite, rather than as a consequence of, the wishes of Japanese officials – the government has shown an ability to maintain a degree of insulation for a number of politically powerful constituencies in the real economy

through an array of restrictive trade agreements.⁵³ However, the fact that these trade initiatives are happening predominantly at the bilateral level, or have been bolted on to existing structures like AFTA, suggests that there are still major obstacles to the development of region-wide agreements of a sort that will give greater credibility to ASEAN Plus Three.

Concluding remarks

Given the number of political, economic, and strategic variables currently in play, it is wise to keep in mind Yogi Berra's sage advice about the dangers of prediction – especially about the future. However, it is possible to identify key dynamics that are likely to shape regional outcomes and extrapolate from existent trends.

The first general observation to make about ASEAN Plus Three is that, like other regional organisations such as APEC and the narrower ASEAN grouping, it promises much, but has arguably delivered relatively little so far. Like ASEAN and APEC, ASEAN Plus Three is displaying signs of institutional consolidation, and has spawned a plethora of Summits, Senior Officials Meetings, and working groups in areas such as finance and trade, political and strategic cooperation, as well as energy and environmental cooperation.⁵⁴ Such initiatives clearly help to give institutional ballast to the region, build confidence and identity, and may ultimately prove to be important parts of an effective regional institutional infrastructure. At present, however, they are more reminiscent of the, possibly well-intentioned, efforts of APEC to promote economic reform and facilitate integration through the establishment of functionally-oriented working groups and the like. Like APEC, ASEAN Plus Three's adherence to

the ‘ASEAN way’ of consensus and voluntarism,⁵⁵ and lingering concerns about establishing a powerful secretariat that might ultimately threaten national autonomy is also likely to make the development of effective and binding regional initiatives much more difficult.

This leads to a second consideration: East Asia’s diversity makes cooperation inherently more complex and challenging than it does in the EU, for example, where similar levels of economic development and integration into regional and international systems give rise to potentially similar interests. In East Asia, by contrast, not only are there profoundly different levels of development, modes of governance and potentially disparate policy perspectives as a consequence, but the regional mega-economies of Japan and China are also integrated into the global economy in ways that make the identification, let alone the implementation of common policy positions inherently problematic. This is not to say that there are not important historical forces that might encourage greater regional economic and even political cooperation; plainly, there are. But whether the desire for a greater sense of regional identity can overcome the different policy positions that fundamentally different economic structures generate, to say nothing of overcoming the long-standing regional rivalries that exist between Japan and China, is a moot point. A third, and arguably most significant potential influence on the course of East Asian development emanates from outside the region.

The US – directly or indirectly – continues to exert a critical influence on East Asian regional development. Significantly, the effect of American influence appears to vary across issue areas: while America’s intervention in the region’s post-crisis

development had the effect of accelerating the process of regional political and economic cooperation, the US's 'war on terror' has revealed deep fault-lines across the region as individual country's most fundamental interests and policies are subjected to searching examinations and pressure. In such circumstances it has proved impossible to develop a region-wide response to American actions. The strategic bilateralism that characterised the Cold War era continues to influence national responses and constrain regional initiatives; the only question is whether such constraints will ultimately spill-over into the economic sphere and make even that aspect of regional integration less feasible. In the short-term, at least, it seems safe to predict that the trajectory of East Asian regionalism will continue to be profoundly influenced by American actions and essentially reactive as a consequence.

NOTES

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- ⁴ See, for example, Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (Princeton: Princeton University Press, 1990); and Linda Weiss and John M. Hobson, *States and Economic Development: A Comparative Historical Analysis* (Cambridge: Polity Press, 1995).
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- ²³ Richard Higgott, and Nicola Phillips, "Challenging triumphalism and convergence: the limits of global liberalisation in Asia and Latin America", *Review of International Studies* Vol 26 (2000): 359-79.
- ²⁴ Barry K. Gills, "The crisis of postwar East Asian capitalism: American power, democracy and the vicissitudes of globalisation", *Review of International Studies* Vol 26(2000): 381-403.
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- ²⁶ The term is borrowed from T. J. Pempel (1998) who applied it to Japan, which provides the definitive exemplar of the way in which state policy can be shaped by powerful vested interests leading to the development of a dualistic economy and making reform inherently difficult.
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