

APEC, ASEAN+3, and American Power: The History and Limits of the New Regionalism in the Asia-Pacific

Mark T. Berger and Mark Beeson

INTRODUCTION: “EAST ASIA” OR THE “ASIA-PACIFIC”

The post-Cold War era has seen the simultaneous acceleration of economic regionalisation and increased levels of transnational political interaction associated with regionalism. In the 1990s both non-state-centred and state-centred regional processes of integration have emerged as increasingly important counterpoints to the globalisation project and US globalism.¹ In fact, some observers have argued that regional

¹ Björn Hettne, “Globalisation and the new regionalism: The second great transformation”, in Björn, et al (eds.), *Globalism and the New Regionalism* (London; Macmillan, 1999). The globalisation project, as the term is used here, is centred on the promotion of neo-liberalism and the reconfiguration of state-mediated national development projects into neo-liberal states and is being pursued at a wide range of sites by an increasingly unaccountable transnationalised elite. The globalisation project is linked, in particular, to the growing concentration of control over the global economy by a relatively small number of large oligopolistic transnational corporations that have emerged in the 1990s from dramatic merger-driven and technology-facilitated changes to the global political economy. Despite the increasingly oligopolistic character of global business operations the globalisation project is legitimated by, and promoted in the name of, a “free enterprise” vision of the global economy. Philip McMichael, *Development and Social Change: A Global Perspective* (Thousand Oaks, Calif.: Pine Forge Press, second edition, 2000; first published 1995), pp. 350, 354. Regionalization and globalisation, building on Payne and Gamble are defined as primarily non-state-centred processes, while regionalism and globalism are primarily state-led processes, the latter being associated particularly with the U.S. and the Soviet Union during the Cold War, and with the US in the post-Cold War era. Of course, the boundaries between these processes is not always clear. Anthony Payne and Andrew Gamble, “Introduction: The Political Economy of Regionalism and World Order” in Andrew Gamble and Anthony Payne, eds., *Regionalism and World Order* (London: Macmillan, 1996), pp. 2, 16-17. Andrew Gamble and Anthony Payne, “Conclusion: The New Regionalism” in Andrew Gamble and Anthony Payne, eds., *Regionalism and World Order* (London: Macmillan, 1996), pp. 250,

initiatives provide important mechanisms with which to respond to, and take advantage of, the pressures that are commonly associated with globalisation.² State-led regionalism also reflects attempts by elites, in both the post-Cold War and post-9/11 era to engage with or mediate US globalism generally and the US-led “war on terrorism” more specifically. In short, there are powerful incentives for state and non-state actors based within regions to cooperate to their mutual advantage. However, such observations raise questions about how regions should be defined and who should be considered to be “authentic” members? In some parts of the world, most notably Western Europe, regional identity reflects long-standing processes of economic and political integration, which have been facilitated by shared political and even cultural practices.³ In the “Asia-Pacific”, by contrast, not only are processes of regional integration and coordination of more recent vintage, the very definition of the region has been a far more highly contested and far more incompletely realised project.⁴ In fact, the term Asia-Pacific only

258. Also see Suan Breslin and Richard Higgott “Studying regions: Learning from the old, constructing the new” *New Political Economy* vol. 5, no. 3. (2000).

² See Charles Oman, *Globalisation and Regionalisation: The Challenge for Developing Countries*, (Paris: OECD, 1994).

³ See, William Wallace, “The sharing of sovereignty: the European paradox” *Political Studies* 47, (1999).

⁴ Arif Dirlik, “The Asia-Pacific idea: reality and representation in the invention of regional structure”, *Journal of World History* vol. 3, no. 1. (1992). Hadi Soesastro, “Pacific Economic Cooperation: The History of an Idea” in Ross Garnaut and Peter Drysdale, eds., *Asia Pacific Regionalism: Readings in International Economic Relations* (Sydney: Harper Collins, 1994). Mark. T. Berger, “A New East-West Synthesis? APEC and Competing Narratives of Regional

gained widespread currency in the last decade or so and continues to be used alongside the narrower and more long-standing usage of, and emphasis on, “East Asia”.⁵ Such definitional imprecision has been compounded by continuing tensions within and between the Western and Eastern shores of the nebulous Asia-Pacific region, something that has made the establishment of a coherent regional political organisation inherently problematic. The failure of the Asia Pacific Economic Cooperation (APEC) forum to even begin to realise the hopes of its advocates is a powerful reminder of just how difficult regional and political cooperation in such circumstances can be.⁶

APEC’s failure was all too predictable.⁷ Set up in 1989, APEC reflected both a naïve belief amongst some sectors of the region’s elites that

Integration in the Post-Cold War Asia-Pacific” *Alternatives: Social Transformation and Humane Governance* vol. 23, no. 1. (1998).

⁵ East Asia, which is often used to refer to Northeast Asia is also increasingly used to refer to Northeast and Southeast Asia. The latter usage will be followed in this article. Meanwhile, “Asia” is widely used to refer to all of South Asia, Southeast Asia and Northeast Asia. However, in some instances Asia is also used to refer to East Asia. In this paper this latter usage will be followed in some instances in which case the meaning will be clear from the context.

⁶ The founding member nation-states of APEC were Australia, Brunei, Canada, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Thailand and the United States. Hong Kong, the People’s Republic of China and Taiwan joined in 1991, followed by Mexico and Papua New Guinea in 1993. In 1994 Chile was admitted, while Peru, Russia and Vietnam became members in the late 1990s. For a good overview of APEC see John Ravenhill, *APEC and the Construction of Pacific Rim Regionalism* (Cambridge: Cambridge University Press, 2001).

⁷ See Mark Beeson, “APEC: Nice theory, shame about the practice”, *Australian Quarterly* vol. 68, no. 2. (1996); Mark T. Berger, “APEC And Its Enemies: The Failure of the New Regionalism in the Asia-Pacific” *Third World Quarterly: Journal of Emerging Areas* vol. 20, no. 5. (1999).

economic reform could be insulated from politics, and a general lack of US interest in an organization, which provided few benefits to successive administrations in Washington where there has been a continued, if not a growing, predilection for bilateral or unilateral approaches to foreign policy.⁸ What is of far greater long-term significance than the faltering APEC is the contradictory impact of US hegemony on regional processes. US indifference to APEC helped to render it obsolete, while outright hostility to more specifically East Asian organizations in the 1990s, especially when coupled with Washington's highly interventionist role in the region with the onset of the Asian financial crisis (1997-1998), provided a catalyst for the development of what may yet prove to be a more significant and enduring regional entity: ASEAN+3 (the Association of Southeast Asian Nations and China, Japan and South Korea). This article begins by exploring the limits of the new regionalism in the post-Cold War East Asia via a focus on the Cold War history of the region. It then turns to the changing character of US hegemony in the post-Cold War era. We emphasize that in the context of the complex shifts and continuities of the past five decades there are far more serious constraints on the new regionalism in the Asia-Pacific than in Europe, or the Americas, where regionalisation and regionalism is arguably most advanced. We also

⁸ Coral Bell "American ascendancy; and the pretense of concert" *The National Interest*, Fall (1999).

look closely at APEC and ASEAN+3, paying particular attention to the role of the United States, which has played a pivotal role in shaping regional outcomes. Finally, we consider the prospects for a distinctive East Asian form of regionalism grounded in a much narrower conception of the Asia-Pacific. We conclude that while there are profound limits on the coherence and unity of ASEAN+3 in the context of the continued salience of US power in the region, APEC has now clearly been displaced by ASEAN+3 as the most significant embodiment of the new regionalism in the Asia-Pacific.

INVENTING SOUTHEAST ASIA: THE RISE AND DEMISE OF SEATO

Given our emphasis on ASEAN+3 it is particularly important at the outset to examine the background to the Association of Southeast Asian Nations (ASEAN) and also to look at the earlier rise and eventual demise of the South-East Asia Treaty Organization (SEATO). In fact, in contrast to Northeast Asia, what became known as Southeast Asia saw far more significant efforts at regionalism in the Cold War era. Southeast Asia (or South-East Asia) is now widely understood as that part of Asia that lies east of India and south of China and encompasses the contemporary nation-states of Burma, Thailand, Malaysia, Singapore, Indonesia, Brunei, the Philippines, Cambodia, Laos and Vietnam and most recently East Timor. However, the concerted

treatment of Southeast Asia as a distinct historical, political, economic and geographical unit is of relatively recent origin. While usage of the term can be traced back to the nineteenth century, it only gained currency amongst scholars, colonial officials, policy-makers and nationalist leaders in the 1930s and early 1940s. For example, “Southeast Asia” was used by the end of the 1930s in various reports and documents by the Institute of Pacific Relations, which was founded in Honolulu in 1925 to promote understanding in the Pacific. Between 1943 and 1946 the theatre of war under the overall direction of Lord Mountbatten was identified as the “South-East Asia Command”; however, the territory covered by the South-East Asia Command, the boundaries of which were expanded in the waning days of the war, never included the Philippines or all of French Indochina. Meanwhile, in the early post-1945 era the French government sought to promote a “Southeast Asia Union” centred on its colonies in the region as part of its effort to retain its possessions and its influence. This was countered by the “Southeast Asian League”, which was set-up in 1947 by the Laotian Prince, Souphanouvong (the so-called Red Prince) who became its first General Secretary. In its relatively short existence the Southeast Asian League sought to mobilize regional opposition to colonialism. The subsequent formation of the South-East Asian Treaty Organization (SEATO) in 1954 and the Association of Southeast Asian Nations (ASEAN) in 1967 and the growing currency of the term during the Vietnam War, and the Cold War more generally, was complemented by

the proliferation of Southeast Asian area specialists and courses on Southeast Asia at universities and colleges inside and outside of Southeast Asia.⁹

Northeast Asia, meanwhile, was the pivot of the particularly complex territorial and geo-political intersection of the People's Republic of China, Japan, the USSR and the United States, while the Cold War divisions between North and South Korea and between the Chinese mainland and Taiwan had also solidified by the 1950s and remains in place to this day. The geo-political and geo-economic imperatives of the Cold War had a profound influence on the shape and limits of regionalism in Northeast Asia where the US developed major bilateral relationships with Japan, South Korea and Taiwan, at the same time as relations even between these three ostensibly Cold War allies (but erstwhile colonizer and colonized) remained relatively limited in the early period. By the end of the 1940s, meanwhile, the US had embarked on a full-scale effort to facilitate the industrial rebirth of Japan, and turn as much of Northeast Asia as possible into a capitalist bulwark against the USSR and Mao's China.¹⁰ With the onset of the Korean War (1950-

⁹ See Russell H. Fifield, "The Concept of Southeast Asia: Origins, Development and Evaluation" *South-East Asian Spectrum* vol. 4, no. 1. October (1975). Donald Emmerson, "Southeast Asia-What's in a Name?" *Journal of Southeast Asian Studies* vol. 15. no. 1. (1984). Also see Geoffrey C. Gunn, *Theravadins, Colonialists and Commissars in Laos* (Bangkok: White Lotus, 1998).

¹⁰ Bruce Cumings, "Japan in the World-System" in Andrew Gordon, ed., *Post-War Japan as History* (Berkeley: University of California Press, 1993).

1953), the governmental and military institutions and bureaucratic structures of the US national security state were increasingly consolidated as instruments of regional and global power.¹¹ In terms of institutionalising and amplifying Washington's commitment to the Cold War generally and the Cold War in Northeast Asia more specifically, the Korean War was an unequivocal turning point.¹² At the same time, a major result of Washington's strategic engagement with the Northeast Asian region during the Cold War was a network of primarily bilateral security alliances, which in the long term served to inhibit intra-regional cooperation.¹³

This is in sharp contrast to Western Europe, where the US moved to encourage multilateral defence arrangements and also supported the push for some form of economic and eventually political integration. This was done, despite the fact that a narrow conception of political

¹¹ Ronald L. McGlothen, *Controlling the Waves: Dean Acheson and U.S. Foreign Policy in Asia* (New York: W.W. Norton, 1993). Melvyn P. Leffler, *A Preponderance of Power: National Security, the Truman Administration and the Cold War* (Stanford: Stanford University Press, 1992). Michael J. Hogan, *A Cross of Iron: Harry S. Truman and the Origins of the National Security State, 1945-1954* (Cambridge: Cambridge University Press, 1998).

¹² On the roots of the conflict see Bruce Cumings, *The Origins of the Korean War I: Liberation and the Emergence of Separate Regimes 1945-1947* (Princeton: Princeton University Press, 1989, first published 1981). Bruce Cumings, *The Origins of the Korean War II: The Roaring of the Cataract 1947-1950* (Princeton: Princeton University Press, 1990).

¹³ Bruce Cumings, "Japan and Northeast Asia into the twenty-first century" in Peter J. Katzenstein and Takashi Shiraishi, (eds.), *Network Power: Japan and Asia*, (Ithaca: Cornell University Press, 1997). For a good overview see Roger Buckley, *The United States in the Asia-Pacific Since 1945* (Cambridge: Cambridge University Press, 2002).

advantage would have calculated that the US would benefit more from bilateral ties with specific nation-states in Western Europe. In the immediate post-1945 era, policy-makers in Washington assumed that the US and Western European governments would have complementary interests in relation to most geo-political issues, while economic integration would strengthen economic progress and industrial development in Europe.¹⁴ In 1947 the Marshall Plan for Western Europe (which also involved aid for Japan and South Korea) demonstrated US economic power and commitment in the emerging Cold War.¹⁵ After 1947 and the division of Europe into US and Soviet spheres of influence was institutionalised with the establishment of a US-led military alliance, the North Atlantic Treaty Organization (NATO), in 1949-1950 and the Soviet-led Warsaw Pact in May 1955.

Meanwhile, Southeast Asia had emerged by the 1950s as a major arena of the Cold War.¹⁶ In February 1955, following the dramatic military defeat of the French at Dien Bien Phu in May 1954, the US presided

¹⁴ Geir Lundestad, *“Empire” By Integration: The United States and European Integration* (New York: Oxford University Press, 1998).

¹⁵ Kees van der Pijl, *The Making of An Atlantic Ruling Class* (London: Verso, 1994), pp. 138-177. Michael J. Hogan, *The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947-1952* (Cambridge: Cambridge University Press, 1989; first published 1987).

¹⁶ Andrew J. Rotter, *The Path to Vietnam: Origins of the American Commitment to Southeast Asia* (Ithaca: Cornell University Press, 1987). Steven Hugh Lee, *Outposts of Empire: Korea, Vietnam, and the Origins of the Cold War in Asia, 1949-1954* (Montreal: McGill-Queen’s University Press, 1995).

over the establishment of the South-East Asia Treaty Organization (SEATO) which was comprised of the governments of the United States, Australia, New Zealand, Britain, France, Pakistan, Thailand and the Philippines. SEATO was established less as a regional security organization (most of its member nation-states were not even located in “Southeast Asia”) and more as a broad military alliance to defend South Vietnam. However, even as a military alliance it was of limited significance. A number of military exercises were arranged and conducted under the auspices of SEATO, but the organization never assumed an active military role even at the height of the Vietnam War. SEATO, with its headquarters in Bangkok, nevertheless symbolized the formalization of the US commitment to Southeast Asia, at a time when the Eisenhower administration had embarked on an increasingly costly attempt to help establish a stable non-communist nation-state in the southern part of Vietnam under the leadership of Ngo Dinh Diem.¹⁷

As the 1960s began the Diem regime was the fifth highest recipient of US foreign aid worldwide (and it was the third highest recipient--after South Korea and Taiwan--amongst non-NATO countries).¹⁸ By the end

¹⁷ Robert J McMahon, *The Limits of Empire: The United States and Southeast Asia Since World War II* (New York: Columbia University Press, 1999), pp. 60-79. Also see David Kaiser, *American Tragedy: Kennedy, Johnson, and the Origins of the Vietnam War* (Cambridge: Harvard University Press, 2000).

¹⁸ When Kennedy entered the White House in 1961 over 1,500 US citizens were already based in Saigon, employed in various public administration posts or serving with the Military Assistance and Advisory Group (MAAG) which advised and trained the Army of the Republic of Vietnam

of the decade, however, it was clear that there were profound limits on Washington's ability to preside over the emergence of a stable non-communist South Vietnam.¹⁹ In broader terms the limits of US hegemony and the weakness of multilateralism in the region was reflected in the fact that SEATO had been disabled from the outset by internal differences and an absence of any underlying strategic interest around which its members could unite. The government of Pakistan began to drift away at an early stage because of a lack of support for its conflict with India. Pakistan eventually withdrew from SEATO in November 1972. The French government was clearly against the escalation of US military involvement in South Vietnam in the 1960s, while the British government failed to provide any real military support for that conflict. In fact, in July 1967 Britain formally announced its military disengagement from affairs to the east of Suez. Other SEATO members, such as the Australian, Thai and Filipino governments, did send troops to South Vietnam, but this was not done under the umbrella of SEATO. The treaty organization was further weakened by the Nixon

(ARVN). By the time of the new president's inauguration, Saigon had also become the site of the headquarters of the biggest US economic aid program in the world. Carlyle A. Thayer, *War By Other Means: National Liberation and Revolution in Viet-Nam 1954-1960* (Sydney: Allen and Unwin, 1989), p. 123. Also see David Anderson, *Trapped By Success: The Eisenhower Administration and Vietnam, 1953-1961* (New York: Columbia University Press, 1963). Douglas C. Dacy, *Foreign Aid, War, and Economic Development: South Vietnam, 1953-1975* (Cambridge: Cambridge University Press, 1986).

¹⁹ Gabriel Kolko, *Anatomy of a War: Vietnam, the United States and Modern Historical Experience* (New York: New Press, second edition 1994, first published 1985), pp. 303-337, 341-355.

administration's historic rapprochement with China in early 1972. With the waning of the Vietnam War (particularly after the Paris Peace Agreements of January 1973) SEATO lost any vestige of relevance and its military structures were abolished in February 1974. The organization as a whole was disbanded in June 30 1977.²⁰

REINVENTING SOUTHEAST ASIA: THE RISE AND CONSOLIDATION OF ASEAN

The failure of SEATO reflected the fact that the Cold War in Asia presented as much of an obstacle as a stimulus to regional organization even in Southeast Asia. At the same time, the deepening of the Cold War in Southeast Asia in the 1960s had prompted the emergence of the Association of Southeast Asian Nations (ASEAN) in 1967. While ASEAN was a response to security concerns on the part of the governments involved, the organization also placed a major emphasis on economic collaboration. ASEAN had been preceded by a smaller organization, the Association of South East Asia (ASA), which had been set up on 31 July 1961 by Thailand, Malaya/Malaysia and the Philippines. The ASA had been envisioned as an alternative to the already faltering SEATO, but the ASA ran aground less than two years

²⁰ The actual treaty that gave rise to SEATO was retained because it was the only formal military agreement between the United States and the government of Thailand. Leszek Buszynski, *SEATO: The Failure of an Alliance Strategy* (Singapore: Singapore University Press, 1984).

after its inception following the outbreak of a dispute over Sabah between the governments of Malaya and the Philippines. The organization was further undermined when Manila supported the Indonesian government's territorial conflict (the so-called *Konfrontasi*) with Malaya/Malaysia. With the waning of *Konfrontasi*, the ASA was briefly resuscitated in 1966, but was dissolved in 1967 in favour of the newly created, and more broadly based, ASEAN. The emergence of the Association of South East Asian Nations, which was briefly known as the South East Asia Association for Regional Cooperation (SEAARC), flowed from the conjuncture of local, regional and international initiatives. By the mid-1960s, anti-communist governments in Southeast Asia had a shared concern with local insurgencies in their respective nations, even though they differed with regard to the level of support they wanted to provide for escalating US involvement in South Vietnam. They were also concerned to establish a framework for regional negotiations in the wake of *Konfrontasi* between Indonesia and Malaysia in the early to mid-1960s.²¹

Following a series of meetings behind closed doors in 1966 and early 1967, the governments of Indonesia, Malaysia, the Philippines, Singapore and Thailand formally promulgated the ASEAN Declaration

²¹See Matthew Jones, *Conflict and Confrontation in Southeast Asia, 1961-1965: Britain, the United States, Indonesia and the Creation of Malaysia* (Cambridge: Cambridge University Press, 2002).

in Bangkok on 8 August 1967. Prior to the establishment of ASEAN, the general idea of regional cooperation in South East Asian and ASEAN more specifically had been receiving both private and public support from US policy-makers, academics and the print-media.²² In formal terms the organization's main goals were economic and social cooperation; however, a key implicit objective was political cooperation and the founding document also embodied a desire to shape the regional order. These latter concerns were reflected in the organization's declared commitment in November 1971 to make Southeast Asia a Zone of Peace, Freedom and Neutrality (ZOPFAN). Despite such grandiose declarations ASEAN did very little for almost ten years after its initial establishment in 1967. The organization did not have its first summit meeting until February 1976. In the 1980s ASEAN opposed Vietnam's occupation of Cambodia; however, Vietnamese withdrawal and the end of the Cold War undermined the organization's united front against Vietnam. The early 1990s saw a reorientation: Vietnam joined ASEAN in 1995, Laos joined in 1997 and Cambodia eventually joined in 1999 (Burma—Myanmar—also became a member in 1997). By the end of the 1990s its membership encompassed all of the nation-states in Southeast Asia (Brunei had already joined in 1984, and East Timor joined in 2002). Significantly, beginning in January 1992, the organization also

²²Vincent K. Pollard, "Two Stages in American Promotion of Asian Regionalism: United States-Southeast Asia-Japan Relations, 1945-1970" *Ajiagaku-ronso* (Bulletin of Asian Studies) vol. 5. (1995).

initiated a security dialogue with nation-states beyond Southeast Asia. The following year, the foreign ministers of ASEAN met with their opposite numbers from the People's Republic of China, Russia and the US, as well as other Asia-Pacific governments to launch the ASEAN Regional Forum (ARF). These years also saw the promulgation of a formal commitment to an ASEAN Free Trade Area (AFTA). Meanwhile, ASEAN played a key role in the setting up of the Asia-Europe Meeting (ASEM), which started operation in 1996. But ASEAN's effectiveness, particularly in the wake of the human rights controversy surrounding the entry of Burma (Myanmar) and Cambodia to the organization in the late 1990s, has been questioned. An enlarged ASEAN has also had more difficulty in achieving consensus, while the Asian financial crisis contributed to the organization's apparent disarray.²³

The end of the Cold War and organizational expansion has carried ASEAN into uncharted territory.²⁴ The organization has always emphasized mutual respect for, and reinforced the sovereignty of, member nation-states and it has no commitment to political integration

²³John Funston, "ASEAN: Out of Its Depth?" *Contemporary Southeast Asia* vol. 20, no. 1. (1998).

²⁴ See Amitav Acharya, *The Quest for Identity: International Relations of Southeast Asia* (Singapore: Oxford University Press, 2000). Amitav Acharya, *Constructing A Security Community in Southeast Asia: ASEAN and the Problem of Regional Order* (London: Routledge, 2001). Shaun Narine, *Explaining ASEAN: Regionalism in Southeast Asia* (Boulder: Lynne Rienner, 2002).

along the lines being pursued by the European Union (EU). These concerns and practices, as well as a desire to move towards a “more rules-based association” were reflected in the public comments in 2001 of Rodolfo C. Severino, Secretary-General of ASEAN. He observed that “regional agreements may need national legislation to carry them out...This would help strengthen the national legal systems of the member-states as well as the rule of law in the region as a whole”.²⁵ Meanwhile, the emergence of ASEAN+3 (ASEAN and China, Japan and South Korea) in the post-crisis period has meant that ASEAN, or at least some of ASEAN’s wider initiatives, have encouraged observers to now see it as a more significant grouping than APEC.

INVENTING THE ASIA-PACIFIC: THE ORIGINS AND EMERGENCE OF APEC

The origins of APEC can be traced to the 1960s and early 1970s against the wider backdrop of the reorientation of US hegemony. During the decades preceding the 1970s the Japanese government and Japan-based corporations, with US sponsorship, had gradually re-built their linkages with Northeast and Southeast Asia. By the 1970s, the US had been

²⁵ Rodolfo C. Severino, “The ASEAN Way and the Rule of Law” International Law Conference on ASEAN Legal Systems and Regional Integration (Sponsored by the Asia-Europe Institute and the Faculty of Law, University of Malaya) Kuala Lumpur, 3 September 2001 (http://www.asean.or.id/newdata/asean_way.htm).

eclipsed by Japan as East Asia's most significant source of foreign aid and investment.²⁶ The growing regional economic significance of Japan, against the backdrop of the country's post-1945 economic boom, was complemented by renewed efforts on the part of Japanese officials and economists to encourage some form of regional economic integration and a Pacific community. In Japan, visions of a Pacific community can be traced to the end of the nineteenth century when Japanese intellectuals began to anticipate a "Pacific Age" in global history.²⁷ This was also connected to celebratory accounts of Japan's industrial rise and its emergence as a major colonial power by the early twentieth century.²⁸ In 1966 the Asian Development Bank was set up, primarily under the auspices of the Japanese government (but with strong support from the US).²⁹ However, it was the promulgation of an "Asia-Pacific policy" by the Japanese Foreign Ministry in late 1966 that

²⁶ Dominic Kelly, *Japan and the Reconstruction of East Asia* (Basingstoke: Palgrave, 2002), pp. 67-105.

²⁷ Pekka Korhonen, "The Pacific Age in World History" *Journal of World History* vol. 7, no. 1. (1996).

²⁸ Mark R. Peattie, "Japanese Attitudes Towards Colonialism, 1895-1945" in Ramon H. Myers and Mark R. Peattie, eds., *The Japanese Colonial Empire, 1895-1945* (Princeton: Princeton University Press, 1984).

²⁹ Nitish K. Dutt, "The United States and the Asian Development Bank" *Journal of Contemporary Asia* vol. 27, no. 1. (1997). Nihal Kappagoda, *The Asian Development Bank* (Boulder: Lynne Rienner, 1995).

is seen by some observers to have signalled the start of Japan's effort to build a regional trade organization.³⁰

This led to persistent, but unsuccessful, efforts by the Japanese economist Kiyoshi Kojima and the Japanese Ministry of Foreign Affairs to promote a Pacific Free Trade Area (PAFTA--it was envisioned as encompassing the US, Japan, New Zealand, Canada and Australia) as a counter-weight to the European Economic Community). While PAFTA received limited support it did ease the way for the Pacific Basin Economic Council (PBEC) in April 1967, which is comprised of nationally based business organizations and the first Pacific Trade and Development conference (PAFTAD) in 1968. The latter was primarily a forum for economists. The lack of interest in PAFTA led Kojima to introduce a less ambitious proposal centered on the idea of an Organization for Pacific Trade and Development (OPTAD) modelled on the Organization for Economic Cooperation and Development (OECD). This proposal also languished until the late 1970s when it was revived in a report for the US Senate Committee on Foreign Relations written by prominent US economist, Hugh Patrick and Peter Drysdale (an influential Australian economist). It was proposed that this version of

³⁰ Takashi Terada, "The Origins of Japan's APEC Policy: Foreign Minister Takeo Miki's Asia-Pacific Policy and Current Implications" *The Pacific Review* vol. 11, no. 3. (1998). On Japan's role in the formation of a Pacific Community between the late 1960s and the late 1990s see Pekka Korhonen, *Japan and Asia Pacific Integration: Pacific Romances 1968-1996* (London: Routledge, 1998).

OPTAD would encompass all the non-communist nation-states in the region including some Latin American countries. As with previous initiatives very few governments in the region were interested in making a commitment to the proposal; however, it did stimulate the establishment of the Pacific Economic Cooperation Conference (PECC) that sought to provide a forum for academics, business representatives and government officials.³¹ The Pacific Economic Cooperation Conference (PECC), later Council, had its first meeting in Canberra in late 1980, and included representatives from the US, Japan, Canada, Australia, New Zealand, Korea, Malaysia, Thailand, Indonesia, Singapore and the Philippines. During the 1980s the governments of China, Taiwan, Brunei and the South Pacific Forum also began sending delegates to the PECC. While the PECC, brought together academics, business and government officials, a key characteristic of its operation was the unofficial role played by governments. Although the PECC has produced a host of reports and recommendations over the years they are not binding.³²

The establishment of APEC in 1989 underscored the important relationship between economic cooperation and geo-political and

³¹ Ravenhill, *APEC and the Construction of Pacific Rim Regionalism* (2001), pp. 51-52, 62-63.

³² Hong Kong and then Mexico, Chile and Peru had all joined the PECC by 1991-1992, while a number of other Latin American countries, along with the USSR (Russia after 1991) hold observer status. Lawrence T. Woods, *Asia-Pacific Diplomacy: Nongovernmental Organisations and International Relations* (Vancouver: UBC Press, 1993), pp. 41-65.

security considerations. The Cold War had inhibited a more expansive regionalism in at least two ways. First, nation-states in Southeast Asia were wary of an organization that might have “security overtones” and thus limit its membership to capitalist economies, while the US was opposed to an organization in which the USSR might have a forum for the discussion of security questions.³³ Against the backdrop of the end of the Cold War and the dramatic economic transformation of Asia over the preceding decades, APEC emerged as the major institutional expression of the idea of a Pacific Century. It represented a forum for the articulation and accommodation of revised and reconfigured version of various long-standing geo-political and geo-economic visions for the region. The rising neo-liberal narratives on economic development and international relations increasingly represented the Asia-Pacific as destined to become an ever more integrated region of prosperous free-trading nation-states.³⁴ At the same time, elites in Northeast and

³³ Ravenhill, *APEC and the Construction of Pacific Rim Regionalism* (2001), p. 85.

³⁴ Staffan Burenstam Linder, *The Pacific Century: Economic and Political Consequences of Asian-Pacific Dynamism* (Stanford: Stanford University Press, 1986). David Aikman, *Pacific Rim: Area of Change, Area of Opportunity* (Boston: Little Brown, 1986). William McCord, *The Dawn of the Pacific Century: Implications for Three Worlds of Development* (New Brunswick: Transaction Publishers, 1991). Simon Winchester, *Pacific Rising: The Emergence of a New World Culture* (New York: Prentice Hall, 1991). Frank Gibney, *The Pacific Century: America and Asia in a Changing World* (New York: Macmillan, 1992). Steve Chan, *East Asian Dynamism: Growth Order and Security in the Pacific Region* (Boulder: Westview Press, second edition, 1993; first published 1990). Jim Rohwer, *Asia Rising: How History's Biggest Middle Class Will Change the World* (London: Butterworth-Heinemann, 1995). For critical analysis of the idea of a Pacific Century see Mark T. Berger and Douglas A. Borer, “Introduction--The Rise of East Asia: Critical Visions of the Pacific Century” in Mark T. Berger and Douglas A. Borer, eds., *The Rise of East Asia: Critical Visions of the Pacific Century* (London: Routledge, 1997).

Southeast Asia became increasingly concerned that the post-Cold War international political economy was shifting towards economic blocs centred on Western Europe (EU) and North America (North American Free Trade Agreement--NAFTA). APEC was challenged from the outset by Prime Minister Mahathir Mohamed of Malaysia: as an alternative to APEC, Mahathir proposed the establishment of a trading bloc, initially called the East Asian Economic Group (EAEG), which would exclude the United States, Australia and New Zealand and all other “non-Asian” nation-states. To underline his opposition to APEC, Mahathir refused to attend the organization’s first heads of government meeting in Seattle in 1993. However, by the time of the annual summit in November 1998, which was held in Kuala Lumpur (KL), he was the presiding host, and his East Asian Economic Group, under the guise of the East Asian Economic Caucus, had been folded into APEC.³⁵ Apart from concerns about the possible formation of economic blocs in the post-Cold War era and the need to respond in kind, elites in Asia were also uncertain about the US approach to security issues after the Cold War. At the outset Washington was preoccupied with the situation in Europe, but in a 1991 visit to East Asia, George Bush’s Secretary of State, James Baker reaffirmed a US commitment to the region emphasising the continued

Also see Donald Crone, “Does Hegemony Matter? The Reorganisation of the Pacific Political Economy” *World Politics* vol. 45, no. 4. (1993). Ravi Arvind Palat, “Pacific Century: Myth or Reality?” *Theory and Society* vol. 25, no. 3. (1996).

³⁵ Mark T. Berger, “APEC And Its Enemies: The Failure of the New Regionalism in the Asia-Pacific” *Third World Quarterly: Journal of Emerging Areas* vol. 20, no. 5. (1999).

importance of Washington's bilateral security arrangements.³⁶ These arrangements maintained, in a somewhat revised fashion, the basic bilateral politico-military architecture of the Cold War.³⁷

This did not necessarily mean that the US actively opposed regional and multilateral initiatives; however, it was the Australian government that had taken the lead, with Japanese encouragement, in the establishment of APEC less than two years before. Although the Japanese government was as interested in trade cooperation as it was in trade liberalization, APEC quickly emerged as a forum for the latter. From the outset APEC was portrayed by many of its supporters as being committed to “open regionalism” in contrast to the preferential trading practices that characterise the EU and NAFTA.³⁸ The Eminent Persons Group (EPG), which laid down much of the early organisational framework for APEC, made it clear that APEC would “not be a community” like the European Union, which is “characterised by acceptance of the transfer of

³⁶ See James A. Baker, “America in Asia: Emerging Architecture for a Pacific Community” *Foreign Affairs* vol. 70, no. 6. (1991).

³⁷ Susumu Yamakage, “Japan’s National Security and Asia-Pacific’s Regional Institutions in the Post-Cold War Era” in Peter J. Katzenstein and Takashi Shiraishi, eds., *Network Power: Japan and Asia* (Ithaca: Cornell University Press, 1997), pp. 291-292.

³⁸ “Open regionalism” is most commonly, and narrowly, defined as a concerted and unilateral process of trade liberalisation along MFN--most favoured nation--lines. See Peter Drysdale, David Vines and Brett House, “Europe and East Asia: A Shared Global Agenda?” in Peter Drysdale and David Vines, eds., *Europe, East Asia and APEC: A Shared Global Agenda?* (Cambridge: Cambridge University Press, 1998), pp. 6-9.

sovereignty, deep integration and extensive institutionalisation”. By contrast it emphasised that APEC would “be a community in the popular sense of a “big family” of like minded economies” that are “committed to friendship, cooperation and the removal of barriers to economic exchange among members in the interest of all”.³⁹ At the same time, C. Fred Bergsten (former chair of the EPG and Director of the Washington-based Institute for International Economics) emphasised that the organization should not only play a central role in regional trade liberalization, but it should also act as a “force for world-wide liberalisation”.⁴⁰ This perspective reflected a wider view that APEC could play a key role in the international diffusion of economic liberalism.⁴¹ This vision was readily apparent at the first major meeting in Seattle in late 1993, and the second major meeting in Bogor, Indonesia in November 1994. On the final day of the Bogor meeting the leaders from the eighteen member countries agreed in principle to the virtual elimination of tariff barriers and obstacles to capital flows within

³⁹ Cited in Mark Beeson and Kanishka Jayasuriya, “The Political Rationalities of Regionalism: APEC and the EU in Comparative Perspective” *The Pacific Review* vol. 11, no. 3. (1998), p. 327.

⁴⁰ C. Fred Bergsten, “APEC and the World Economy: A Force for Worldwide Liberalisation” *Foreign Affairs* vol. 73, no. 3. (1994).

⁴¹ For example, see Ross Garnaut, *Open Regionalism and Trade Liberalisation: An Asia-Pacific Contribution to the World Trade System* (Singapore: Institute of Southeast Asia Studies, 1996).

the APEC region by the year 2020 (2010 for developed nations and 2020 for developing nations).⁴²

A NEW EAST-WEST SYNTHESIS: APEC AND THE PACIFIC CENTURY

On the eve of the Bogor summit President Clinton emphasised his “vision of a new Asia-Pacific community with no artificial dividing line down the middle of the Pacific”.⁴³ This meshed with an increasingly influential strand of the Pacific Century narrative that was grounded in the idea of a new East-West synthesis. The public articulation of synthetic visions of the region’s future by prominent politicians and intellectuals facilitated consensus building aimed at easing tensions in and around APEC. In 1992 Mark Borthwick outlined a version of this new vision in *Pacific Century: The Emergence of Modern Pacific Asia*. Borthwick, who worked as US director of the Pacific Economic Cooperation Council (PECC), argued that, with the end of the Cold War, Japan now “aspires to the leadership of a Pacific economic renaissance” in alliance with the US which continues to work to “bind

⁴² James Walsh, “Toward the Pacific Age” *Time: International* November 22 (1993), pp. 22-27. “A Dream of Free Trade” *The Economist* November 25 (1994), pp 29-30. C. Fred Bergsten, “The APEC: The Bogor Declaration and Its Implications for the Future” in Dilip K. Das, ed., *Emerging Growth Pole: The Asia-Pacific Economy* (Singapore: Prentice Hall, 1996).

⁴³ Cited in Michael Gordon, “APEC’s Great Leap Forward?” *The Weekend Australian* November 12-13 (1994), p. 21.

the region to its global political and economic foreign policy”.⁴⁴ And, by the mid-1990s the idea of a new East-West synthesis for which the US Japan alliance served as the explicit or implicit cornerstone had become widespread. For example, in 1995, Tommy Koh, former Singaporean representative to the United Nations, argued that the new “Pacific Community” would be founded on a fusion of values and practices drawn from Asia and the West.⁴⁵ Meanwhile, another senior Singaporean government figure, George Yeo, argued, “an East Asian consciousness without the softening effect of Western liberal ideas will not gel”.⁴⁶ The emerging East-West synthesis in all its vagueness and ambiguity could be discerned in a book written by John Naisbitt (while he was a fellow at the Institute of Strategic and International Studies in Kuala Lumpur). According to Naisbitt, a “new network of nations based on economic symbiosis” was “emerging” which was founded on both a “spirit of working together for mutual economic gain” and a new Asian consciousness. The “catalyst” for all this, he said, was the “free market”, but the “modernization of Asia” was not the “Westernization of Asia,

⁴⁴ Mark Borthwick (with contributions by selected scholars), *Pacific Century: The Emergence of Modern Pacific Asia* (Boulder: Westview Press, 1992), pp. 1-3, 543-545.

⁴⁵ Tommy T. B. Koh, *The United States and East Asia: Conflict and Co-operation* (Singapore: The Institute of Policy Studies, 1995), pp. 107-108. Also see Kishore Mahbubani, “The Pacific Way” *Foreign Affairs* vol. 74, no. 1. (1995), p. 107.

⁴⁶ George Yeo, “A New Greater East Asia Co-Prosperity Sphere” in Greg Sheridan, ed., *Living With Dragons: Australia Confronts Its Asian Destiny*, Sydney: Allen and Unwin, 1995), p. 179.

but the modernization of Asia in the ‘Asian Way’”.⁴⁷ In the following year, Anwar Ibrahim (former Deputy Prime Minister and Finance Minister of Malaysia, who now languishes in jail but was widely viewed as Mahathir’s successor until the late 1990s) also called for a synthesis of East and West. In a book, entitled *The Asian Renaissance*, he spoke of the need for a “Symbiosis Between East and West”, arguing that the “renewed self-esteem” in Asia and the growing awareness in the West that Asia was “a force to be reckoned with” ought to “lead to greater interdependence and genuine mutual consultation in the years to come”.⁴⁸

An important example of the East-West synthesis was *Asia Pacific Fusion: Japan’s Role in APEC* by Yoichi Funabashi, the former Chief Diplomatic Correspondent for *Asahi Shimbun*. Funabashi’s book was, in part, a reply to Samuel Huntington who had warned of the potential for a “clash of civilizations” in the post-Cold War Asia-Pacific and elsewhere.⁴⁹ Funabashi, who has close links to the Institute for International Economics in Washington and had served as head of *Asahi Shimbun*’s Washington, D.C., bureau, argued “the Asia-Pacific

⁴⁷ John Naisbitt, *Megatrends Asia: The Eight Asian Megatrends That Are Changing the World* (London: Nicholas Brealy, 1995), pp. ix-x.

⁴⁸ Anwar Ibrahim, *The Asian Renaissance* (Singapore: Times Books International, 1996), p. 45.

⁴⁹ Samuel P. Huntington, “The Clash of Civilizations?” *Foreign Affairs* vol. 72, no. 3. 1993. Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon and Schuster, 1996).

experiment to bring the greatest civilizations of the world into one dynamic sphere of confluence will lead to a new era of prosperity into the next century". He emphasised that "the economic and cultural dynamics in the Asia-Pacific, suggest that in at least this region, economic interdependence and cross-fertilization among civilizations can perhaps transcend the barriers of race and ideology". He concluded that: "the growing fusion of the Asia Pacific is offering Japan" and other countries in the region "more room to harness elements of both East and West".⁵⁰ These sorts of exercises in cultural diplomacy suggest that APEC was emerging, prior to the Asian crisis, as not just an organisational attempt to facilitate trade liberalisation and advance the globalisation project, but as a possible embodiment of a new vision of the Pacific Century that ostensibly synthesised East and West. This view was particularly apparent at the annual APEC summit in Osaka Japan in November 1995. The Japan meeting produced an "Action Agenda" which eschewed binding trade agreements in favour of what Fidel Ramos (president of the Philippines) called the "Asian Way". This amounted to verbal assurances by all member governments that they would make every effort to meet the economic liberalisation goals of APEC.⁵¹ The representation of this result as evidence of the "Asian

⁵⁰ Yoichi Funabashi, *Asia Pacific Fusion: Japan's Role in APEC* (Washington: Institute for International Economics, 1995), pp. 10-11.

⁵¹ Frank Ching, "APEC Moving Along 'Asian Way'" *Far Eastern Economic Review* December 7 (1995), p. 48.

Way” at work was significant. Regardless of the alleged antipathy between a triumphant East and a defensive West which was a focus of debate in the early 1990s, APEC had emerged as a site for a wider process of elite integration in the Asia-Pacific, and this was facilitated by the domestication of influential East Asian narratives of progress to the dominant neo-liberal narrative on globalisation in the name of a new East-West synthesis. In this sense, the emergence of APEC was indicative of the post-Cold War transition to a reconfigured form of neo-liberalism that sought to accommodate ostensibly Asian ideas and practices against the backdrop of the continued resilience of US hegemony.⁵² This process was also apparent at the World Bank, which played a very significant role in domesticating the East Asian Miracle to the influential neo-liberal narratives on globalisation in the 1980s and 1990s.⁵³

The APEC process unfolded, in the context of a global politico-economic order in which the United States was the hegemonic power. Furthermore, despite the efforts at elite consensus building and the

⁵² Stephen R. Gill, “Neo-Liberalism and the Shift Towards a US-Centred Transnational Hegemony” in Henk Overbeek, eds., *Restructuring Hegemony in the Global Political Economy: The Rise of Transnational Neo-Liberalism in the 1980s* (London: Routledge, 1993), pp. 246-247, 280.

⁵³ Mark T. Berger and Mark Beeson, “Lineages of Liberalism and Miracles of Modernisation: The World Bank, the East Asian Trajectory and the International Development Debate” *Third World Quarterly: Journal of Emerging Areas*, 19(3), (1998).

emerging East-West synthesis, the end of the Cold War and the continued spread of economic liberalism, contributed to considerable tension. For example, in the post-Cold War era, relations between the US and Japanese governments, the key axis of the new East-West synthesis and the wider APEC process, continued to be beset by friction on a range of economic issues especially related to trading practices.⁵⁴ At the same time, the ostensibly consensual character of agreements made at APEC meetings also pointed to the real limitations of such an organization, as no enforcement mechanisms were set up and no legally binding commitments were made. While the annual meeting in the Philippines in November 1996 proceeded much as earlier meetings, the organization's lack of formal and binding decision-making, and its diverse membership was about to face a serious challenge far beyond the capabilities of APEC to deal with. Prior to 1997 the dominant neo-liberal narratives on the Pacific Century rested on the assumption that the rise of East Asia and the end of the Cold War had produced increased opportunities for greater regional integration and the spreading and deepening of economic prosperity and political stability. APEC was grounded in these optimistic visions and directly implicated in the view that the economic trends that were carrying the region forward were going to continue indefinitely, delivering prosperity to an ever-growing number of people. This celebratory view of the Pacific

⁵⁴ C. Fred Bergsten and Marcus Noland, *Reconcilable Differences? The United States--Japan Economic Conflict* (Washington: Institute for International Economics, 1993).

Century was dramatically challenged as the financial crisis, which ostensibly began in Thailand in July 1997, rapidly engulfed the region.⁵⁵

A NEW EAST-WEST DIVIDE: APEC AND THE ASIAN FINANCIAL CRISIS

Within months of the fall of Thai baht in July 1997 commentators, such as Kishore Mahbubani (a prominent advocate of the new East-West synthesis), were warning that the crisis could “split” the Pacific Ocean “down the middle” and create “an east-west divide.”⁵⁶ As long as the various leaders who attended APEC’s annual summits were only being called upon to agree to relatively distant trade liberalization targets (so distant that even those leaders who measured the length of their tenure in decades would probably not be in office when the deadline was reached) the meetings had proceeded with few serious problems. By the time of the meeting in Vancouver in November 1997, however, the East Asian crisis presented APEC leaders with a serious and immediate problem, and, not surprisingly, the 1997 APEC meeting produced little

⁵⁵ Richard Higgott, “Regionalism in the Asia-Pacific: Two Steps Forward, One Step Back?” in Richard Stubbs and Geoffrey R. D. Underhill, eds., *Political Economy and the Changing Global Order* (New York: Oxford University Press, 2000).

⁵⁶ Cited in Peter Hartcher and Michael Dwyer, “East versus West: How the Markets are Uniting Asia Against the US” *The Australian Financial Review* September 27 (1997). (<http://www.afr.com.au>)

of substance. In fact, by the time of the Vancouver summit, the organization had already become irrelevant.

The prominent role the IMF began to play in the management of the Asian financial crisis provided the United States with the opportunity to pursue economic liberalization and deregulation far more effectively than could ever have occurred with APEC. In the second half of 1997 as APEC drifted to the sidelines, the IMF embarked on major efforts to restore financial stability to the region via loan packages to the governments of Thailand, Indonesia and South Korea. IMF loans were conditional on the implementation of a range of austerity measures and liberal economic reforms. The IMF set out to remake the financial systems of the various countries and was able to demand far-reaching regulatory reforms of a sort that were completely beyond APEC's consensual, voluntaristic approach.⁵⁷ These included the shutting-down of a range of banks and financial institutions, the liberalization of capital markets, and allowing foreign capital to embark on hostile acquisitions and mergers. The IMF's solution to the crisis also resulted in an extended period of deflation and an ongoing region-wide liquidity crisis because it insisted on tight restrictions on public expenditure and high interest rates for domestic borrowers. At the same time, the IMF reassured foreign bankers that they would be able to collect the entirety

⁵⁷ Mark Beeson, "Reshaping regional institutions: APEC and the IMF in East Asia" *The Pacific Review* vol. 12, no. 1. (1999).

of their outstanding debts. In concert with the US Treasury and Japan's Ministry of Finance, the Fund brokered the conversion of considerable short-term debt to long-term debt primarily by forcing the governments concerned to socialise private debt. The IMF also demanded that public enterprises be privatised and cartels be broken up. In South Korea, where the Fund also pushed for the introduction of flexible labour markets, it initially found a willing ally in the government of Kim Dae Jung, whose political and economic goals were strengthened by the early IMF demands. The same cannot be said of the cutting of food subsidies carried out by the Indonesian government, with IMF encouragement. The IMF's austerity packaged added dramatically to the millions and millions of the country's population who already lived at, or below, the poverty line.⁵⁸

The overall approach taken by the IMF reflected the dominant neo-liberal perspective that the crisis flowed from the efficiencies and distortions that were characteristic of the various state-centred approaches to capitalist development that prevailed in East Asia ("crony

⁵⁸ Mitchell Bernard, "East Asia's Tumbling Dominoes: Financial Crises and the Myth of the Regional Model" in Leo Panitch and Colin Leys, eds., *Socialist Register 1999: Global Capitalism Versus Democracy* (New York: Monthly Review Press, 1999), pp. 198-199. Ha-Joon Chang, "Korea: The Misunderstood Crisis" *World Development* vol. 26, no. 8. (1998), p. 1560. Richard Robison and Andrew Rosser, "Contesting Reform: Indonesia's New Order and the IMF" *World Development* vol. 26, no. 8. (1998). Nicola Bullard (with Walden Bello and Kamal Malhotra), "Taming the Tigers: The IMF and the Asian Crisis" in Jomo K. S., ed., *Tigers in Trouble: Financial Governance, Liberalisation and Crises in East Asia* (London: Zed Books, 1998).

capitalism”).⁵⁹ Of course, this view was challenged at the outset from a number of quarters.⁶⁰ Not surprisingly, Prime Minister Mahathir was quick to dispute IMF explanations, at the same time as his government sought to avoid IMF support and interference. Mahathir and a number of other politicians and commentators placed the blame for the region’s problems at the door of foreign currency speculators. They argued that foreign currency traders had deliberately acted to undermine the economies of East Asia. In particular, Mahathir singled out the well-known fund manager, George Soros, who he charged with masterminding a deliberate and pre-meditated attempt to sabotage the economic dynamism of Malaysia and the other countries of the region.⁶¹ He also criticised the IMF’s approach. Of course, long before the onset of the crisis, Mahathir and numerous other government officials and regional ideologues had questioned the relevance of Western ideas and practices to the region.

⁵⁹Charles Wolf, “Blame Government for the Asian Meltdown” *Asian Wall Street Journal*, February 5 (1998), p. 14. Pam Woodall, “Frozen Miracle: A Survey of East Asian Economies” *The Economist*, March 7 (1998). International Monetary Fund, *Interim Assessment of the World Economic Outlook* (Washington: International Monetary Fund, December 1997).

⁶⁰ For a recent and particular sustained critique of the IMF’s handling of the Asian financial crisis see Joseph Stiglitz, *Globalization and Its Discontents* (London: Allen Lane, 2002).

⁶¹ “Too late for a gentle landing” *The Economist*, September 6 (1997), pp. 69-70. Alex Brummer, “Malaysian tiger takes a mauling” *The Guardian Weekly* September 7 (1997), p. 19. “Mahathir, Soros and the currency markets” *The Economist* September 27 (1997), p. 93.

These critiques were linked to the rising Pan-Asianism that interpreted the Pacific Century in terms of an Asian renaissance in which Asia would return to centre stage in world affairs unfettered by the West generally and the US more specifically.⁶² Mahathir reaffirmed this view at the first Asia-Europe Summit (ASEM) in Bangkok in early March 1996, when he asserted “Asian values are universal values” while “European values are European values”.⁶³ The idea of an Asian renaissance and the resurgence of Pan-Asianism provided an important backdrop to Mahathir’s promotion of an EAEG, which he first raised with Premier Li Peng on a visit to China in December 1990. Mahathir sought to establish an exclusive Asian trading bloc on the grounds that Malaysia and other countries would lose out in any larger grouping such as APEC that included countries such as the United States. This eventually led to the emergence of the East Asian Economic Caucus (EAEC) as part of the wider APEC process. While Mahathir’s initiative flowed from concerns about the membership and orientation of APEC, as well as the rise of NAFTA and the EU, it also represented an attempt to curb the growing flow of Chinese-Malaysian capital to China by linking China more tightly into a regional economic cooperation network. The EAEC proposal, which the ASEAN secretariat had put forward at Mahathir’s instigation, envisioned a caucus that enjoyed

⁶² Mark T. Berger, “Yellow Mythologies: The East Asian Miracle and Post-Cold War Capitalism” *positions: east asia cultures critique* vol. 4, no. 1. (1996).

⁶³ Mahathir cited in “Asia and Europe: Friends Apart” *The Economist* March 9 (1996), p. 27.

considerable independence within the framework of APEC and was made up of the governments of ASEAN plus Japan, South Korea and China (ASEAN+3). This line-up apparently reflected the perception in ASEAN that Japan and South Korea were the driving economic forces in the region, both of which were the source of major investment flows, while China was the main destination for overseas Chinese capital moving out of ASEAN. The exclusion of Hong Kong and Taiwan from this list also catered to Beijing's sensitivities. At the same time, Mahathir's vision remained focused on Japan as the leading economic power in the region, and a major economic force internationally: he foresaw the Japanese government acting as the "voice of Asia" at meetings of the G-7.⁶⁴

Japan's economic malaise throughout the 1990s and into the 21st century has meant that the government and Japanese corporations have been unable to play as significant a role in the region in the post-Cold War era as many inside and outside Japan had anticipated. At the same time, the prevailing view in Japan prior to 1997 was that the end of the Cold War, combined with the economic dynamism of much of the rest of the region (if not of Japan itself), made it possible for the Japanese government to be "internationalist" and "Asianist" simultaneously. In

⁶⁴ Glenn Hook, "Japan and the Construction of Asia-Pacific" in Andrew Gamble and Anthony Payne, eds., *Regionalism and World Order* (London: Macmillan, 1996), pp. 194-195.

the post-Cold War era, despite ongoing friction between Washington and Tokyo over trade issues it was widely assumed amongst Japanese policy-makers that the Japanese economic presence could be extended ever more deeply into the region, without challenging either the US-Japan alliance or neo-liberal forms of economic regionalism represented by APEC and advocated by the United States.⁶⁵ In the aftermath of the Asian crisis, the new Koizumi government committed itself to both neo-liberal reform and the strengthening of its alliance with the US. His government combined an appeal to conservative and populist neo-nationalist ideas with a formal commitment to the neo-liberal restructuring of the Japanese developmental state of the Cold War era.⁶⁶ However, thus far Koizumi's reforms of the Japanese banking system and other areas of the economy have been far more limited than was initially anticipated, or hoped for, by many observers.⁶⁷ At the same time, the Japanese government was initially quick to support the US in its effort to build a global coalition to carry out its "war on terrorism".

⁶⁵ Takashi Shiraishi, "Japan and Southeast Asia" in Peter J. Katzenstein and Takashi Shiraishi, (eds.), *Network Power: Japan and Asia*, (Ithaca: Cornell University Press, 1997), pp. 191-194.

⁶⁶ Kurt M. Campbell, "Koizumi as Japan's Reagan" *Far Eastern Economic Review* August 23 (2001), p. 29.

⁶⁷ "Japan: Reform on Hold" *The Economist* September 8 (2001), pp. 29-30. "Bank Reform in Japan: The Takenaka Challenge" *The Economist* October 5 (2002), pp. 69-70.

However, the exact character of that support was relatively minimal and it did not involve an actual Japanese military commitment.⁶⁸

The Japanese government's general acquiescence to the US and the maintenance of the bilateral ally-client relationship of the Cold War era had, of course, shifted somewhat following the Asian crisis. There were early efforts by Tokyo to play a more significant role in handling the crisis. In September 1997 at a G7 finance minister meeting, Japan's Finance Minister, Hiroshi Mitsuzuka, first proposed the concept of an Asian Monetary Fund (AMF) as a means of countering economic instability without the conditions attached to the IMF packages.⁶⁹ While Mahathir was attacking currency speculators at the annual IMF-World Bank meeting in Hong Kong in mid-1997, the Japanese government again floated the Asian Monetary Fund idea, proposing that upwards of 100 billion dollars be set aside and that the institutional infrastructure to administer it be created, in order to be prepared for any future crises of the kind that was destabilising Southeast Asia.⁷⁰ Not surprisingly, representatives from the US, Europe, and the IMF voiced strong opposition, while officials from Hong Kong, Malaysia, and

⁶⁸ "Japan and the United States: On Board?" *The Economist* September 22 (2001), p. 32.

⁶⁹ Michael Dwyer, "Japan backs \$133bn Asia fund" *The Australian Financial Review* September 22 (1997) (www.afr.com.au). Mitsuzuka subsequently resigned over a corruption scandal at the Ministry of Finance.

⁷⁰ "Rumpus in Hong Kong" *The Economist* September 27 (1997), p. 15. "An Asian IMF" *The Economist* September 27 (1997), p. 84.

Thailand expressed considerable enthusiasm. In a gesture of support, Thai Finance Minister Thanong Bidaya announced his government's intention of lobbying for a single ASEAN currency at the December 1997 ASEAN summit in Kuala Lumpur.⁷¹ Meanwhile, other East Asian leaders, particularly those of Singapore and Malaysia, made clear their frustration with the IMF's approach to the crisis.⁷²

The Asian Monetary Fund proposal was notable in that there were to be no conditions attached. It would have maintained the restrictions on foreign ownership of financial institutions and sustained the economic practices that East Asian elites associate with rapid capitalist development. However, the idea of an Asian Monetary Fund was defeated at the November 1997 APEC Finance Minister's meeting in Manila and the end result of the ASEAN summit in Kuala Lumpur, the following month, was a weak endorsement of the IMF's plan for the crisis. Despite this trend, Mahathir did not abandon his pan-Asian vision. With the Malaysian government in the lead, a number of governments appeared to be drifting in the direction of capital controls by the end of 1998. In India and China, which had capital controls before the crisis started, and in a number of countries beyond Asia,

⁷¹ Surachai Chupaka and Kulchada Chaipipat, "ASEAN currency bid launched" *The Nation* (Thailand) September 19 (1997).

⁷² "Asian Crisis--Global Crisis" *Pacific Rim Review* December 20 (1997), (http://pacificrim.bx.com/articles/12-20asian_crisis.htm).

especially in Europe and Latin America, political support for controls on capital flows was on the rise.⁷³ Prominent advocates of neo-liberalism were also continuing to worry about the rise of protectionist trade practices as a global recession loomed.⁷⁴ There was evidence, however, that support for protectionism (at least among elites), even in many East Asian countries remained weak, even though the popularity of capital controls was rising worldwide.⁷⁵

In the immediate aftermath of the Asian crisis renovated versions of neo-liberalism continued to provide the dominant narratives on economic development and no alternative to the IMF approach gained a position of influence regionally or internationally. For example, prior to the annual APEC meeting in 1998 the idea of an Asian Monetary Fund was again raised.⁷⁶ However, as in late 1997, no effort to implement

⁷³ Robert Wade and Frank Veneroso, "The Gathering World Slump and the Battle Over Capital Controls" *New Left Review* (I) no. 231, (1998), pp. 20-21, 30, 41-42.

⁷⁴ "A Bad Time to be an Ostrich" *The Economist*, December 19 (1998), pp. 15-16. This has been a concern from the onset of the crisis. "Asia's spreading shadow" *The Economist* November 1 (1997), pp. 82-87.

⁷⁵ "Liberalism Lives" *The Economist* January 2 (1999), pp 53-54.

⁷⁶ Robert Wade and Frank Veneroso, "The Resources Lie Within" *The Economist* November 7 (1998), pp. 19-21. Koichi Hamada, "Keeping Alive the Asian Monetary Fund" *Capital Trends* vol. 3, no. 10. (1998), pp 8-9. Masaki Shiroyama, "With IMF Cash-Strapped, Room for Asian Monetary Fund" *Capital Trends* vol. 3, no. 10. (1998), p. 10. At the end of 1998 C. Fred Bergsten proposed the establishment of an Asia-Pacific Monetary Fund as a compromise. C. Fred Bergsten, "Pursuing the Asia-Pacific Monetary Fund" *Capital Trends*, vol. 3, no. 13. (1998).

such a scheme materialised. And, if it had materialised, the US Treasury would undoubtedly have moved quickly to oppose it, out of concern that an Asian Monetary Fund would undermine the high degree of “control” the US exercised via the IMF.⁷⁷ In fact the IMF had increasingly become a key instrument in the wider promotion of the globalisation project in this period.⁷⁸ Meanwhile, the November 1998 APEC meeting produced even less of substance than in previous years, signalling to all that events would unfold despite, rather than because of APEC.⁷⁹ Nor did an important ASEAN meeting in December 1998 result in any significant initiatives to address the crisis.⁸⁰ ASEAN did not have the institutional capability or the stature to react to the crisis in an effective fashion. The organization’s founding principle of non-intervention in relation to the domestic issues of member governments has prevented a “comprehensive collective response”, with or without Japanese support.⁸¹

⁷⁷ David D. Hale, “The IMF, Now More Than Ever” *Foreign Affairs*, vol. 77, no. 6. (1998), pp. 12-13.

⁷⁸ Robert Wade and Frank Veneroso, “The Asian Crisis: The High Debt Model Versus the Wall Street-Treasury-IMF Complex” *New Left Review (I)* no. 228, (1998), pp. 18-19.

⁷⁹ “APEC’s family feud” *The Economist*, November 21 (1998), p 41. David E. Sanger, “Tongue-Lashings and Backlashes” *The New York Times*, November 22 (1998), p 5.

⁸⁰ “ASEAN Looks to the New Year” *The Economist* December 19 (1998), pp 29-30.

⁸¹ Yoichi Funabashi, “Tokyo’s Depression Diplomacy” *Foreign Affairs* vol. 77, no. 6. (1998), p. 28.

REINVENTING THE ASIA-PACIFIC: THE RISE AND FUTURE OF ASEAN+3

In the medium-term, however, the Asian crisis and the failure of a number of proposed regional initiatives like the AMF had actually given renewed life to East Asian attempts to develop regional political institutions and crisis management mechanisms. If one thing became clear to East Asia's political elites during the crisis and its aftermath, it was that East Asia remained highly dependent on, and vulnerable to, external forces over which regional leaders had little control. At one level this was apparent in the region's exposure to massive flows of short-term capital in and out of the region. At another level, however, the crisis made clear that, absent an effective regional organisation which could take responsibility for responding to, or attempting to manage economic instability, the region would continue to remain dependent on external actors like the IMF and the US – with all that that implied for national sovereignty and independence. Unsurprisingly, then, renewed interest has been expressed in developing some sort of pan-Asian organisation of a sort championed for so long by Mahathir. It is significant and revealing that Mahathir – the advocate of currency controls and outspoken critic of “the West” – appears to have been rehabilitated and to some extent vindicated in the aftermath of the crisis. The new “war on terrorism” has also strengthened Mahathir's ability to

contain his domestic opponents at the same time as his relationship with the US has improved. Mahathir quickly moved to align his government with the war on terrorism after September 11, arresting suspected terrorists under his government's Internal Security Act and garnering praise from Washington.⁸² Meanwhile, often using more moderate language, Mahathir has continued to emphasize that "with the global economy in trouble, Asian countries should intensify their regional cooperation in trade and finance, including such initiatives as an East Asian Economic Grouping and a regional monetary fund".⁸³

An examination of the emergence of ASEAN+3, however, highlights how difficult it will be for East Asia to develop an authoritative and independent regional entity along the lines envisioned by Mahathir. From an optimistic, if not superficial and ahistorical, point of view, Richard Stubbs argues that there are a number of factors which are encouraging the development of East Asian regionalism: first, common historical experiences like nationalism, and the events of the Second World War and Cold War; second, common cultural traits associated with authoritarianism and hierarchy; third, the importance of the

⁸² Barry Wain, "A questionable strategy" *Far Eastern Economic Review* January 31 (2002): 19-20. Barry Wain, "Southeast Asia: Wrong Target" *Far Eastern Economic Review* April 18 (2002), pp. 15-16.

⁸³ Mahathir bin Mohamad, "Globalization: Challenges and Impact on Asia" in Frank-Jürgen Richter and Pamela C. M. Mar, eds., *Recreating Asia: Visions for a New Century* (Singapore: John Wiley and Sons, 2002), p. 10.

developmental state; fourth, distinctive East Asian forms of capitalist organisation, especially Japanese and those associated with the “overseas Chinese”; finally, cross-cutting investment patterns throughout East Asia, especially those associated with Chinese and Japanese capital.⁸⁴ While there are serious doubts about how encompassing or significant some of these features may be, or how much they reflect a common historical experience, Stubbs does draw attention to some potential commonalities that could be deployed by elites to generate greater unity in a region that is still characterized by considerable diversity. In this context, it is important to note that the widely felt sense of resentment about the way the Asian financial crisis and its aftermath unfolded, especially about the activities of the US and the IMF over which it exerts so much influence, provided an important source of regional mobilization and identification and the basis for subsequent policy initiatives by East Asian elites.⁸⁵

In contrast to Stubbs’ reading of the prospects for East Asian regionalism, Douglas Webber argues that the ASEAN+3 initiative is unlikely to amount to much. Noting ASEAN’s low levels of intra-regional trade, its diminished leadership credentials in post-crisis East

⁸⁴ Richard Stubbs, “ASEAN Plus Three: Emerging East Asian regionalism?”, *Asian Survey* vol. 42, no. 3. (2002).

⁸⁵ Richard Higgott, “The Asian economic crisis: A study in the politics of resentment” *New Political Economy* vol. 3, 3. (1998).

Asia, and its notorious lack of an effective capacity with which to implement and/or enforce policy, Webber concludes that “the vast intra-regional political-systemic disparities pose an extremely high obstacle to the development of much closer inter-state cooperation”.⁸⁶ And yet Webber also notes two other distinguishing qualities of East Asia’s putative regionalism: that ASEAN+3’s rise has been stimulated primarily by the actions of the US generally and the IMF specifically; and that the “distinguishing” characteristic of “East Asian regionalism” is the fact “its initial focus has been less on trade than on money”.⁸⁷

Both of these observations are important and merit further explication as they tell us much about both the contradictory course of East Asian regionalism and about the continuing influence of US power in the region. It might be expected that given East Asia’s – or more specifically, China and Japan’s – formidable monetary reserves,⁸⁸ the chance to develop an effective regional monetary mechanism that allowed both governments to display their regional leadership credentials would prove irresistible. Both the Japanese and Chinese governments have certainly attempted to use the crisis and its aftermath

⁸⁶ Douglas Webber, “Two funerals and a wedding? The ups and downs of regionalism in East Asia and Asia-Pacific after the Asian crisis” *The Pacific Review* vol. 14, no. 3. (2001), p. 365.

⁸⁷ Webber, “Two funerals and a wedding?” (2001), pp. 359-360.

⁸⁸ Dieter Herbert, “Monetary regionalism: Regional integration without financial crises”, *CSGR Working Paper*, No. 52/00, May (2000).

to bolster their respective positions. China's leaders have made clear that they feel their actions as good international economic citizens in providing stability during the financial crisis were undervalued, while Tokyo continues to try and entrench itself at the heart of the region's production networks and trade relations. However, the principal obstacle to greater regional integration led by either Japan and/or China would not seem to be any bilateral tensions between the two regional giants, nor even Japan's well-known reluctance to do anything that might upset Washington. On the contrary, both China and Japan continue to cede authority for the conduct of regional monetary relations to the IMF – concerned, as they both are, about the implications of underwriting open-ended commitments to their regional neighbours in nascent currency swap arrangements.⁸⁹ In other words, the emphasis of the governments of China and Japan on their national, rather than regional interests, appear to be constraining developments in the one area – monetary cooperation – in which the region seems capable of making substantive progress.

This contradiction can be clarified by recognising the limits that the wider global political economy – which the United States has played such a pivotal role in constructing and managing – imposes on the national economic spaces embedded within it. The growing power of

⁸⁹ John Ravenhill, "A three bloc world? The new East Asian regionalism", *International Relations of the Asia Pacific* 2 (2002).

financial capital in particular has been at the forefront of the construction of an international economic order that is characterized by a growing disjuncture between economic activities in the “real” economy of goods and services production and an expanding and increasingly deregulated financial system. In such circumstances, and absent a systematic attempt to impose capital controls of a sort championed by Mahathir,⁹⁰ even the region’s more powerful and independent economies will be constrained by the capacity of “Wall Street” to translate its narrow sectional interests into global public policy.⁹¹ US power, therefore, mediated through key financial sector institutions, such as the IMF, continues to impose limits on the possible trajectory of East Asian development and regional integration. The the underlying significance of U.S. foreign policy generally and the IMF’s efforts specifically during the Asian financial crisis was to bring an end to the era in which the developmental states of East Asia, such as South Korea and Japan, had flourished. The US and the IMF also sent a clear signal to China that made clear a desire to prevent it emerging as “another Japan”.⁹²

⁹⁰ See Mark Beeson, “Mahathir and the markets: Globalisation and the pursuit of economic autonomy in Malaysia” *Pacific Affairs* vol. 73, no. 3. (2000).

⁹¹ See Jagdish Bhagwati, “The capital myth” *Foreign Affairs* vol. 77, no. 3. (1998), pp. 7-12.

⁹² Bruce Cumings, “The Korean Crisis and the End of ‘Late’ Development” *New Left Review* (I) no. 231, (1998), pp. 51-52. Also see Mark T. Berger, “Bringing History Back In: The Making and Unmaking of the East Asian Miracle” *Internationale Politik und Gesellschaft* (International Politics and Society) no. 3. July (1999). In a major study of the effort by the Chinese leadership to emulate the developmentalism pursued in an earlier era by South Korea and Japan, Peter

Neither of the alternative contenders for regional leadership –Japan and China – is well placed to seriously challenge US hegemony. In post-Cold War East Asia a “rough balance of power” exists in which the US has the overall advantage and this will continue for some time. In particular China’s nuclear capability and large standing army is “offset” by the economic significance of Japan, not to mention the large conventional forces on the Korean peninsula, Taiwan, and in Vietnam. Japan has, throughout much of the twentieth century, been a “subordinate partner” in either a U.S. hegemonic project or an earlier U.S.-British hegemonic alliance.⁹³ Against this backdrop, and at a time when China’s political elite is attempting to manage its continued integration into the global capitalist economy via membership of the World Trade Organisation, and when Japan’s government remains preoccupied with its apparently interminable and unresolvable economic malaise, the prospects for regional cohesion and solidarity do not appear bright. Indeed, it is important to remember that China’s rapid economic development is a major threat to the smaller economies of Southeast Asia, and suggestions that integration be consolidated through an ASEAN-China free trade agreement might be seen as making the best of

Nolan observed that “(i)t may be the case that the heroic age of building national champions through state-supported industrial policy is over”. Peter Nolan, *China and the Global Economy* (Basingstoke: Palgrave, 2001), p. 188.

⁹³ Bruce Cumings, *Parallax Visions: Making Sense of American-East Asian Relations at the End of the Century* (Durham: Duke University Press, 1999), pp. 16, 23, 167-169, 225.

a bad job as far as the ASEAN states are concerned.⁹⁴ If nothing else, the outbreak of bilateralism across the region is further confirmation of the demise of APEC's multilateral trade liberalisation agenda. At the same time, Japan continues to exert a powerful influence over Southeast Asia in particular, an influence that has a contradictory rather than a straightforward unifying effect on the region.⁹⁵

Despite these significant obstacles, and despite the fact that the original ASEAN countries will inevitably risk being overshadowed by their larger neighbours, ASEAN+3 remains a continuing source of regional initiatives and diplomacy. Significantly, the region's political elites have been prominent participants in what have become regular summits, and this has been supported by an increasingly substantial array of ministerial and functional meetings. It is not necessary to unambiguously endorse the claim that the nation-states that belong to ASEAN+3 "are definitely relinquishing autonomy in their quest for greater stability and prosperity".⁹⁶ But it is necessary to recognise that

⁹⁴ Michael Dwyer, "Asian economies fear 'friendly' dragon" *Australian Financial Review* September 17 (2002), p. 11.

⁹⁵ Mark Beeson, "Japan and Southeast Asia: The lineaments of quasi-hegemony", in Gary Rodan, Kevin Hewison and Richard Robison, (eds.) *The Political Economy of South-East Asia: An Introduction* (Melbourne: Oxford University Press, second edition, 2001), pp. 283-306.

⁹⁶ Nick Thomas, "From ASEAN to an East Asian Community? The role of functional cooperation" *Working Paper Series*, No 28, Southeast Asia Research Centre, Hong Kong, 2002. Available at: <http://www.cityu.edu.hk/searc/WP.html>

something significant is happening in the region, something that is intended to give organisational expression to the political and economic ambitions of East Asian elites. At a time when the US economy is not simply looking less robust and more crisis prone, but is associated with precisely the same sort of “crony capitalism” that was previously viewed by a number of observers as the key to the Asian crisis, there are grounds for assuming that the ideological or discursive component of US hegemony will be less compelling in Asia.⁹⁷ By extension, this may open up a space for alternative Asian economic and political visions, a space that regional elites will use ASEAN+3 to fill if they prove capable of overcoming intra-regional tensions and their historical subordination to US power.

CONCLUSION: THE HISTORY AND LIMITS OF THE NEW REGIONALISM IN THE ASIA-PACIFIC

This paper looked at the history of, and limits to, APEC and ASEAN+3 in the context of the changes to and continuities in US power in Northeast and Southeast Asia. New or revised forms of regionalism in East Asia or the Asia-Pacific, which remain relatively weak in contrast to Western Europe and North America, were examined against the

⁹⁷ Mark Beeson and Mark T. Berger, “The Paradoxes of Paramountcy: Regional Rivalries and the Dynamics of US Hegemony in East Asia” *Global Change, Peace & Security* vol.15, no. 1. (2003).

backdrop of the transition from the Cold War to the post-Cold War era. Some observers, view the geo-political and economic shifts in the 1970s in East Asia as more important than the end of the Cold War in 1989. Nevertheless, the waning of Soviet power altered the dynamics of the United States-China relationship, while the post-Cold War era also saw increased friction in Washington's relationship with Tokyo around efforts by Washington to promote the globalisation project in the region. This latter trend came to a head with the Asian crisis in 1997-1998. The crisis facilitated U.S. efforts, via the International Monetary Fund, to further wind back state-guided national development as it had emerged in various significant, even paradigmatic, forms in East Asia. The crisis also stimulated or reinvigorated various regional initiatives outside of APEC, as the relative unimportance of APEC and the relative impotence of the Japanese government were both highlighted by the financial crisis. At the beginning of the 1990s, meanwhile, U.S.-China relations entered a new and more difficult era related in part to China's emergence as a major economic force in the region and beyond. This is linked to the Chinese government's enhanced defence spending, military reorientation and upgrading. The events of September 11th (2001) and October 12th (2002), however, are powerful indicators of how rapidly new issues can re-shape the regional and global order. The reassertion of US military pre-eminence, Washington's insistence that governments declare their support for its "war on terrorism" and the relative alacrity with which Tokyo and Beijing aligned themselves at

least tactically with the US after 9/11 has the potential, at least in the short term, to subordinate virtually all other issues to a global security agenda.⁹⁸ In the longer-term, however, it is reasonable to assume that other, ostensibly East Asian concerns will reassert themselves. In such circumstances, ASEAN+3 is likely to provide a far more significant forum for canvassing issues of regional importance than APEC ever did.

⁹⁸ Susan V. Lawrence and Murray Hiebert, "Sino-U.S. Relations: Bending in the U.S. Storm" *Far Eastern Economic Review* October 24 (2002), pp. 32-36.