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Asia-Pacific in (America's) New World Order

Introduction

Order is a condition in international relations. It implies interaction among states in an environment of predictability, reciprocity and evolutionary change. Conflict, while unavoidable, should not be revolutionary in nature, so as not to radically alter the international system as it happened after the Napoleonic Wars in 1815 and the First and Second World Wars in 1918 and 1945.

Under such a condition, states develop regularized patterns of behavior based on a general adherence to norms, rules, procedures and principles. In a word, order can be equated with an international regime. Thus, the post-Napoleonic order was based on a classical balance of power institutionalized as the Concert of Europe. The retreat to utopia at the expense of power politics may explain why the inter-war order was short lived. However, after 1945, the dynamics of bipolarity (and nuclear weapons) helped institutionalize a Cold War regime that lasted for more than half a century.

In all three cases, order was predicated on a hierarchical structure. There was a pecking order of super and great powers, middling powers and small and minor powers. Only the “top dogs” in the international system –as “system-determining” powers– had the privilege of determining the rules of the game. Others, depending on the level of their capabilities, adjusted to the oligopolistic competition in varying degrees.

Based on the theoretical premise set out above, order in the post-Cold War international system would be based on the dynamics of unipolarity, that is, America's global hegemony, institutionalized as the “New World Order”. This is not to suggest that there are no autonomous policy outputs in the international system, but these are not free from the constraints imposed by American foreign policy. The question is: How comfortably does Asia sit in an American-dominated world order? In examining this question, the analysis is organized along the following themes: balance of power; institutions and organizations; international political economy; and international norms.

Balance of power

Military might is a critical component of hegemony. Though not always the case, the state with superior military capabilities often assumes the mantle of dominant power in a regional or international system. American dominance had begun at the close of the Second World War. It is significant to note that by 1945 Japan was on the verge of defeat. Yet, the United States chose to drop two atomic bombs on Japan, claiming that such an action would save more lives in the long term. But it was clear that the bombing of Hiroshima and Nagasaki was a demonstration effect, meant as a signal to the rest of the world that the post-World War order would be American-based. Indeed, this American-oriented world order saw the creation of American-sponsored institutions such as the United Nations and economic organizations such as GATT, IMF and the World Bank. Admittedly, American hegemony was tempered by the rise of the Soviet Union as a superpower.

The transition between the end of the Cold War and the evolution of the new post-Cold War international system displayed remarkable similarities with the situation in 1945. In 1991, the United States employed awesome military power to evict Iraq from Kuwait. Clearly, it was Washington's signal to the rest of the world that the *pax Americana* would underpin the new international system, especially in the absence of a countervailing superpower. And the United

States also made it plain that it would not tolerate any challenges to a world order that sustains its dominant position. Thus, Iraq was severely punished for its transgression.

These rules of the game would explain US-Asian and intra-Asian dynamics in the post-Cold War era. In 1995, the China-Taiwan crisis erupted. The lapse of bipolarity had made China a redundant player in the “strategic triangle”, a development that was not lost upon the Taiwanese, who capitalized upon it to seek formal independence from China. True, the states has been consistent in its approach that it would not accept “reunification” by force. But, as was evident in the Iraqi case, neither was it willing to tolerate challenges to the present world order, especially since a Chinese invasion of Taiwan would have radically altered the balance of power in the Northeast Asian subsystem. This explains the despatch of two major fleets into the Straits of Taiwan. The United States was more than willing to risk a military confrontation with China. Significantly, it was China that “blinked”.

On all counts, China was a secondary power when compared to the United States. This realization contributed to two opposing though related undertones in its foreign policy. The first was a strategy of bandwagoning that was already evident in its diplomacy at the United Nations in 1991 with regard to the Kuwait crisis. As the American invasion of Iraq would indicate, China has not opposed the United States where critical interests of the latter are at stake. In China’s calculations, it had a lot to lose by inviting American retaliation especially in the realm of economics, given that not only military power, but increasingly political influence, was contingent upon economic growth, which was also vital in bolstering the legitimacy of the communist party. By the time of the second Bush administration, Sino-American relations had become the most cordial since rapprochement in 1972.

The second strategy pertained to balance of power politics. In this vein, it is important to note that Sino-Russian relations improved significantly, as have Sino-Indian ties, suggesting that it was not in China’s interest to have tensions with its nuclear neighbors, who are also moving closer into the American embrace. Equally important, China has sought to strengthen its ties with the Southeast Asian states, notably with its neighbor Vietnam, the latter also serving as an ideological confluence for two out of the three remaining communist governments in Asia. Taking cognizance of the fact that, alongside Iraq, North Korea’s supposed possession of “weapons of mass destruction” has invited America’s *realpolitik* eye, China, wary of undue American influence in Northeast Asia, and unwilling to be viewed as an obstacle in the non-proliferation process, and also for other reasons, has distanced itself from the Pyongyang regime and encouraged compromise.

It should be noted that the United States prefers the term “engagement” when referring to its interaction with China. The usual yardstick to substantiate this argument would be the burgeoning trade ties and Washington’s yearly renewal of most-favored nation status for China. In reality, engagement is an inter-state relationship conducted upon American-preferred rules of the game. Alternatively, “containment” is the other side of the same coin. China is a great power. World Bank estimates suggest that China would be the largest economy by the year 2010. How accurate this assessment is, is for the time being immaterial, inasmuch as the fact is that a rising economic power will invariably have commensurate political and military power. Especially since China’s socio-political values and institutions do not correspond with those of the United States, as is the case with the Western great powers, the threat of China challenging America’s world order is not unreal. Neither is it frivolous to mention that Hollywood began to give credence to the “China threat” with the decline of the Soviet spy in the post-Cold War era. The undertone of containment was already evident in Washington’s desire to sustain Taiwan as an independent base of power at China’s doorstep. Equally important is the role of Japan in America’s strategy.

America’s resolve to defend Taiwan in 1995 also reaffirmed its commitment to a security architecture in the Asia-Pacific that has been in place since the early 1950s, including Taiwan, South Korea, Japan, Thailand, the Philippines, and Australia. Following America’s declaration of war on international terrorism in the post-Cold War era, Singapore has been co-opted within this strategic framework, while Australia has assumed a higher profile as America’s “sheriff” in the Asia-Pacific region. Be that as it may, the Japanese-American Security Treaty of 1951 remains the linchpin of this alliance structure. Significantly, the “revised guidelines” of 1995 amended the treaty’s scope of operations to cover a wider strategic area. Though left unstated, it would appear that the treaty’s revision covers the defence of Taiwan as well as the South China Sea

lanes. It is interesting to note that in both cases China is the main claimant to territorial sovereignty.

As a consequence, Japan has been tasked to shoulder an increased burden of strategic responsibility that it was reluctant to undertake during the Cold War for reasons related to its peace constitution, but also because such a task would have undermined its mercantilist foreign policy. In the post-Cold War period, in the absence of superpower competition to the United States, Japan had little leverage in fending off American pressure for a “level playing field” in the economic realm. Japan had even less leverage in the strategic domain: to abrogate the treaty was unthinkable in terms of Japan’s defence, not to mention that “remilitarization” –in reality a euphemism, given Japan’s defence capabilities– would have revived memories of Japanese aggression during the Second World War and hence invited negative reactions from East Asian countries.

Notwithstanding these considerations, a countervailing trend was also apparent in Japan’s foreign policy. Implicit in a policy of bandwagoning with a superior power is the expectation of rewards. Japan’s support for the United States adventure in Iraq was never in doubt. But what is more interesting is Japan’s decision to send troops to serve in the American-occupied Iraq, which is quite distinct from its contributions to United Nations peacekeeping operations in Cambodia in 1991. Clearly, Japan was also redefining its national role conception in the present international system. Indications are that it is gradually moving towards a “normal” status and seeking acceptability of its rank as a great power. The increase in its military expenditure above its self-imposed limit, in conjunction with its peace constitution, its acceptance of increased responsibilities in the context of the Japanese-American Security Treaty, and its military presence overseas, demonstrate Japan’s quest for normality. Similarly, the growing international opinion that Japan, alongside Germany, should be accorded a permanent seat on the UN Security Council, its mediation in the Cambodian crisis, and its economic diplomacy during the Asian Financial Crisis, suggest a role for Japan that is commensurate with the status of a great power.

Proceeding from the above analysis, it is evident that the “economics is security” approach that underpinned Japan’s mercantilist foreign policy is no longer feasible in achieving its national goals. The steady transformation into a “normal” great power was also a means to balance Washington’s growing obsession with the “relative gains” problem in its relationship with Japan in the post-Cold War era. Aside from internal balancing, Japan has also sought to improve its relations with Russia, China and South Korea. Nevertheless, there are limitations to this policy. The historical baggage, territorial disputes and ideological differences are among the more significant factors that debilitate closer political relations. This factor, together with the fact that the United States is the key in the balancing equation in Northeast Asia, reinforce Japan’s joint destiny with the superpower.

This dependence is all the more pertinent with regard to the threat of North Korea’s nuclear potential. By the late 1990s, North Korea had demonstrated its missile capability to hit targets in Japan, including American military installations in Okinawa. Especially in a post-September 11 world, Japan’s vulnerability reinforced its decision to enter into close cooperation with the United States to develop a theatre missile defence. Using the same rationale against China, an increasingly assertive Taiwan has also opted for a similar scheme followed by Australia, which acted for no credible reason save to identify itself more closely with the United States. Be that as it may, the fact remains that North Korea, given its nuclear program at home, does constitute an important source of instability in the Northeast Asian security complex.

At first glance, it would appear that the security of the Northeast Asian region necessitates an international response to the North Korean nuclear threat. But the American spotlight on North Korea reaffirms the earlier assertion that the United States would not tolerate radical transformation in regional balances of power that would eventually undermine the central balance. To take the analysis to its logical conclusion, we return to the unipolar model comprising the United States and the secondary powers. Stratification of power determines the hierarchical order in the international system, and provides a niche for the great powers to play great power roles. This, together with the fact that the prospect of a nuclear war among the great powers is unthinkable (a proposition that has almost come to be accepted as a value by international society), bolsters the edifice of the New World Order. However, a nuclear capability in the hands of a small (and what is more, an impoverished) power provides North Korea with an inflated degree of systemic autonomy much to the chagrin of the United States. The

superpower is used to employing the law of the jungle when dealing with regional upstarts. Dealing with a nuclear power that has vowed to retaliate is another matter altogether.

The nuclear dilemma on the Korean peninsula, the China-Taiwan conflict, competing maritime claims and military clashes in the South China Sea, and shared perceptions of the United States as the main security provider in the Asia-Pacific, were factors that tended to strengthen the nexus between the Northeast Asian and Southeast Asian security complexes in the post-Cold War period. The security dimension, together with the evolution of transnational economic regimes like the Asia-Pacific Economic Cooperation (APEC) forum on which more will be said later, served to strengthen an “Asia-Pacific” regional identity that reinforced the *realpolitik* motif of America’s New World Order. The demise of the Cold War had somewhat diminished Washington’s central role in European politics, more so with the evolving special relationship between France and Germany. Apart from seeking leverage through an enlarged North Atlantic Treaty Organization (NATO), the Asia-Pacific region emerged as an important counter to the influence of the European Union in America’s balance of power strategy. Apart from Northeast Asia, the United States also had important strategic stakes in Southeast Asia.

It must be remembered that the United States had tried, albeit not too successfully, to assert its image of regional order in Southeast Asia after the Second World War. Taking into consideration that Southeast Asia was on the “periphery” of superpower competition, and given the intensification of the Sino-Soviet conflict from the 1960s onwards, the Soviet Union was more forceful in thwarting America’s grand design than was China, which had vital interests in Southeast Asia. These considerations came to bear in the Laotian crises of the 1950s and the Vietnam quagmire in the 1960s. For the greater part of the Cold War, regional stability was confined to the ASEAN region, whereas the Indochina peninsula continued to be ravaged by war. This contrasting set of regional dynamics can be explained by the fact that there was an implicit understanding among the superpowers –which incidentally, also functioned as co-global security managers– of ASEAN being an American preserve, whereas Soviet influence in Indochina was actively resisted by China. Both sub-regions of Southeast Asia were fraught with historical, ideological, and territorial disputes. However, superpower moderation and dispensation of benefits, common external threat perceptions, similar ideologies, and the living lessons of war in Indochina, moderated sub-regional fissures and promoted cooperation within ASEAN. These conditions no longer wholly obtain in the post-Cold War era. The thawing of the Cold War glacier has resulted in the accentuation of intra-bloc competition within ASEAN against the background of the surfacing of old conflicts and unresolved issues, and the emergence of new axes of rivalries. Thus, on the one hand, the prospects of conflict in Southeast Asia have increased. On the other hand, the potential disruption to the existing regional order may be exaggerated. For one, nations can no longer tap an alternative base of superpower in furthering their objectives. Equally important, inter-bloc competition between communist Indochina and non-communist ASEAN became redundant with the collapse of the Soviet Union and the decline of communist ideology. What is more, by 1997, ASEAN enlarged itself to cover all countries in Southeast Asia. Socialization of the new entrants into the “ASEAN Way” of conducting inter-state diplomacy reaffirms the role of international institutions in moderating the security dilemma. In this vein, earlier in 1993, ASEAN, alongside the great powers, had constructed a nascent security regime, the ASEAN Regional Forum (ARF), to deliberate on Asia-Pacific security issues.

These regionalist endeavors were not totally autonomous from United States strategic interests. Regional order is a component of, and helps sustain, the New World Order. The ARF, in particular, reveals the underlying general insecurity among its members with regard to the Korean problem, the China-Taiwan issue and the South China Sea conflicts, not to mention Southeast Asian concerns regarding regional hegemony like China and India. It is clear that ASEAN regards the United States as the hub of the Asia-Pacific balance of power.

Nevertheless, Southeast Asian countries have not over-emphasized the role of institutions as underwriters of security. Traditional balance of power strategies within ASEAN has been employed for the same purpose. The inclusion of Vietnam into ASEAN was a means of blunting the rising power of the developed and near developed states within the region and China, as was the co-opting of Myanmar as a means to wean the internationally isolated state from the influence of China. Even among the original “ASEAN Five”, regarded by some as having the potential of being a security community, mutual suspicion and positional competition has, in a world where alliances seem to have acquired a negative connotation, contributed to an alliance

pseudonyms called the “Memorandum of Understanding” (MOU). It is significant that these MOUs have, almost without exception, been concluded with the United States.

Even those states without any formal agreements with the United States have found it prudent to partake in joint military exercises with the superpower or allow port visits by the Seventh Fleet.

The Cold War image of the United States as a “benign power” may be a factor that continues to shape foreign policy outputs although, it is suspected, no nation in Southeast Asia would like to be on the wrong side of the superpower, particularly in a post-September 11 world. If anything, certain countries like Singapore have taken advantage of America’s vulnerability to identify itself even more closely with the superpower in the anticipation of reaping political and economic dividends. Be that as it may, living in the shadow of a global hegemon has its perils, particularly among the Muslim-majority nations that happen to be in insular Southeast Asia. States are especially concerned about Washington’s declamatory policy of unilateral action to depose governments with supposed terrorist links. At any rate, governments that try to clamp down on Islamic fundamentalism, particularly in Indonesia and Malaysia, risk being displaced by theocratic regimes whose supporters view the United States as Islam’s greatest enemy.

International values

The reference to Islam serves as point of departure for discussing the normative aspects of the New World Order in relation to Asia-Pacific. A set of international values generally considered worthy of adoption by states is an important source of stability of an international order. Yet, norms are also critical to the legitimation of a hegemonic order in an international system. Theoretically speaking, in a unipolar world, these two themes should blend. But empirical evidence does not wholly support this generalization. The nuances are elaborated below.

Evidence suggests that the values of the hegemonic power are invariably replicated as the values of the international system. During the Cold War, America’s global hegemonic power was constrained by the power of the Soviet Union and China, and “Making the World Safe for Democracy” was tempered by “International Communism”, and later Soviet and Chinese communism. *Realpolitik* considerations would explain why the United States had to de-couple its commitment to democracy, as the superpower tolerated and even supported military dictatorships and fascist regimes in Asia-Pacific.

The removal of the Soviet pole of superpower and the retreat from communist utopia in Eastern Europe symbolized the triumph of democratic forces over authoritarian ones. In a word, democracy emerged as a powerful stimulus in world politics. This impulse fed on the intellectualization (which was, however, not free from the dominant ideological paradigm) within the United States that democracy was the final form of government in civilized societies. Already the United States, at least before 9/11, had become less tolerant of oppressive regimes. This may explain why South Korea and Taiwan, two of America’s key allies in Asia-Pacific, almost totally discarded their authoritarian garb in the 1990s. Later, America’s demolition of the Taliban regime in Afghanistan and the overthrow of Saddam Hussein in Iraq – both instances in the name of delivering democracy to the people– seem to reaffirm democracy as the ideological axle of the New World Order.

A common ideological framework no doubt provides reassurance to states (including the hegemonic power) that systemic rules and obligations are adhered to. Democracy also means greater plurality with domestic politics, and governments become more accountable to their people and less adventurous in foreign policy. In sum, these expectations lead to two conclusions. The first reactivates Immanuel Kant’s “democratic peace theory” that practically outlaws war in the international system. The second suggests that the United States, especially wounded by terrorism, would feel safer. After all, “they behave just like us”.

It is the image of ideological homogeneity that is academically and politically intriguing. Many forget that the thrust of Indian nationalism against British rule began with the former engaging the latter on the same plank of liberal democracy. This lesson may not have been consciously emulated by Asian nations that have come under increasing pressure to adjust to the dominant ideological structure of the international system being nurtured by United States power. But the fact remains that weaker nations do not have the capabilities to offset the demands of a

superior power. The only option left to these nations is to engage the superpower on a higher moral ground. Thus, the values debate.

States that seek to exempt themselves from international norms do so selectively, for in the most part, they too have benefited from these values. Usually, the grounds of exemption are based on the rationale that all values are relative in nature, and that what is considered a universal value may actually represent sectional interests in the international system but is salient because of power considerations. These “Western” sectional interests such as democracy neglect the unique experiences and cultural peculiarities of Asian societies. Hence the “Asian values” rearguard action by authoritarian regimes in Asia.

As has been explained elsewhere, Asian values have weak philosophical foundations, not to mention the fact that Asia is a continent of tremendous diversity, which reinforces the viewpoint that countries like Malaysia, Singapore and China –the main proponents of the debate– do not speak for Asia. Equally important, exclusionary claims are difficult to reconcile with the rules and norms of a Western-based international system. In any event, democracy is not the preserve of the West as communist states like Vietnam, North Korea and East Germany legitimized their existence in democratic terms.

Global democratization is not just a function of United States foreign policy. Globalization –in simple terms taken to mean the shrinkage of space and time, combined with the advancement in information technology, has made it more difficult for states to maintain closed political structures. This partly explains the growing political liberalization in states such as China, Vietnam and Myanmar in the post-Cold War world.

If anything, the ascendancy of the economic agenda in post-Cold War politics reinforced the democratic imperative in the Asia-Pacific. The collapse of the Soviet Union not only discredited communism as an alternative world order, but also acknowledged the power of capitalism in underpinning political systems. Needless to say that capitalism thrives in an environment of good corporate governance, transparency, accountability and rule of law –elements that contribute to democratic development. As governments themselves came under global pressure to liberalize –best illustrated by linkage politics involving trade– and political awareness in domestic politics increased, governments themselves became more dependent on economic performance as a criterion for legitimacy. This in turn reinforced the democratic dynamics of capitalism in Asia-Pacific societies.

To state the obvious, capitalism has its contradictions, best illustrated by the Asian Financial Crisis (AFC) of 1997 that paralyzed the economies of South Korea and Southeast Asian countries. The crisis exposed the personalization of political power by governing elites and attendant ills like corruption, collusion and cronyism. It also discredited the myth of the “strong state” model as the basis for development used by governments to justify authoritarian structures in domestic politics. Inflation, asset shrinkage and food shortages unleashed populist reactions under the banner of democratic reform to centralized, top-down governance. The resulting political instability led to the displacement of authoritarian regimes in Thailand and Indonesia, and forced others to institute reforms. An important outcome in the regional context was a departure in ASEAN’s policy on “non-interference” in its member’s affairs, a policy that had tolerated human rights abuse in Indonesia and Myanmar, and which by extension had justified non-involvement in other non-ASEAN states, including Pol Pot’s Cambodia during the Cold War. In the aftermath of the AFC, the Philippines, Thailand and Indonesia have taken the lead in advocating “flexible intervention” in ASEAN countries in times of political instability and “constructing engagement” –as applied to Myanmar– as a means to affect democratic change in that country.

Without doubt, these developments in Asia-Pacific corresponded with the objectives of America’s New World Order. Yet, it is indeed ironic that it was also the United States that backtracked from its democratic agenda in a post-911 world (except when it was used to legitimize intervention and regime displacement). This provided the necessary respite to authoritarian political regimes, particularly in Muslim-based Southeast Asian countries like Malaysia, which began to exploit the “terrorists” label to incarcerate their opponents. Nevertheless, the larger forces of capitalism and globalization mentioned above, increasing awareness of civil societies through transnational linkages, and the growing public revulsion in the United States with regard to the curtailment of civil liberties at home and abroad, have

limited the ability of governments in relatively open societies to resort to repression, as was the case during the Cold War.

International institutions

Global terrorism illustrated firstly that states no longer have the monopoly to threaten an established international order. The domain of non-traditional security issues like terrorism, drug trafficking, piracy and ecological disasters, among others, has come to acquire its proper place in international politics. Secondly, states have become increasingly aware that the solution to non-traditional threats cannot be instituted unilaterally or bilaterally, but requires multilateral cooperation. In a word, non-traditional security has strengthened the neo-liberal faith in institutions as managers of international society. But the fact remains that institutions are not free from the influence of power politics. For instance, piracy in Asia-Pacific does not directly impinge on American interests, and the International Maritime Agency operates quite independently of the positional competition among states. In contrast, the regional counter-terrorism centre established in Kuala Lumpur had its origins in United States foreign policy.

The fact remains that the New World Order is rooted in a state-centric international system. Notwithstanding the emergence of non-traditional security issues in the post-Cold War era, traditional security and economic concerns continue to dominate the agenda of states. This reaffirms the continuing relevance of certain post-war institutions and the evolution of newer ones. We will begin with the United Nations, the global security regime. The end of the Cold War seemed to signal the revitalization of this organization that had hitherto been paralyzed by bipolar politics, most strikingly illustrated by its response to the Kuwaiti crisis in 1991 and the resolution of the Cambodian crisis in 1991. But it was clear in the first example that the initiative was led by the United States, whose policy change was also instrumental in effecting a peace agreement in the second. So long as America's energies were directed towards enforcing the rules of the international system and the maintenance of peace, states were not uncomfortable with the New World Order.

Yet, a decade later, the United Nations appeared to be a tool of American foreign policy. Even more worrisome for states was the fact that the United States was willing to bypass the world body altogether in the pursuit of its foreign policy objectives, a willingness most notably exemplified by its diplomacy prior to the invasion of Iraq. This option, in particular, unnerved states the world over, not just in Asia-Pacific. For the global community in general, it was important that the United States operate within the ambit of the United Nations system. It allows secondary states to temper, if not constrain, the perils of global hegemony. This explains the growing agitation in the society of states for reforms in the United Nations, especially with regard to the Security Council veto. In this regard, countries like Malaysia have urged the community of nations to expand the Security Council so as to cater to the interests of weaker nations. The proposal to expand the Security Council has drawn the interest of Japan, which is seeking normality as a great power.

However, Asian states and scholars appear to miss the point about the role of the Security Council. The United Nations system addressed the weaknesses of the League of Nations, and combined the more idealist features of collective security with a realistic balance of power considerations. It is not just a question of submerging preponderant American influence in an enlarged, majority-vote Security Council inasmuch as it is also an issue of reconciling a truly hegemonic power with the rest of the secondary powers in sustaining global order, given the fact that the hegemon could defect from, or institute new, global security institutions.

Regional organizations complement global institutions in maintaining the stability of the New World Order. These organizations found space to develop in parts of Southeast Asia that was relatively free of superpower competition during the Cold War. This included ASEAN, the best known, and often touted as an example of successful regionalism in Asia-Pacific. ASEAN's expansion to cover all states of Southeast Asia may induce regional stability, as states are parties to collective decision-making and hence are obliged to adhere to ASEAN-based rules and conventions in their diplomatic dealings. Conversely, ASEAN itself is a Cold War relic. Then, its effectiveness stemmed from its members sharing a common threat perception, not to mention the fact that it also relied on the United States for structural leadership and benefits. Such a situation no longer obtains. Strategically, ASEAN has little relevance to the United States in the post-Cold War world compared to the Asia-Pacific regional conception. In fact, the

emergence of sub-regional economic zones in Southeast Asia on the one hand forebodes regional fragmentation that undermines the fit between ASEAN and cartographic Southeast Asia. On the other hand, ASEAN itself is becoming redundant in relation to other regional institutions. Mention has already been made of the ARF, which has in essence usurped ASEAN's security agenda. It is significant to note that the ARF is premised upon inclusionary regionalism based on balance of power politics, whereas ASEAN had preached exclusionary regionalism based on neutrality. Likewise, APEC has overshadowed ASEAN's Post-Ministerial Meeting dialogue on economic relations.

International political economy

APEC and its major detractor, the East Asian Economic Grouping (EAEG), symbolize the evolution of new institutions in the Asia-Pacific seeking to adapt to the vicissitudes of the global capitalist system. Both institutions have their origins in the transition between the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO). Whereas the former regime operated by voluntary association, the latter functions by way of binding agreements. Whereas APEC promotes open (inclusionary) regionalism, the EAEG advocates closed (exclusionary) regionalism. However, the contradictory logic between these two approaches is not difficult to understand. Deregulation and dismantling of protectionist measures in domestic societies risked dumping of cheaper goods and closure of less competitive as well as cottage industries, especially in the developing world. The looming threat of protectionist trade blocs emerging following the lack of progress in the Uruguay round also influenced the espousal of the EAEG. The proponents of APEC, however, disagree that countries should enjoy the benefits of free trade and yet adopt protectionist measures at home.

It is this economic-based argument that has driven American foreign economic policy in the post-Cold War era. The disappearance of an alternative superpower base has made the United States less tolerant of unfair trade practices, advocating instead a "level playing field". This largely explains America's attitude towards Japan as well as the EAEG proposal, which it considers a racist-based protectionist trade bloc. But to state the obvious, it is difficult to separate economic issues from political and strategic ones which in combination provide a more holistic view of the economic foundations of the New World Order. For the United States, APEC exudes an Asia-Pacific identity that is critical to its region-building enterprise in the context of the global balance of power mentioned earlier. Equally important, APEC adds legitimacy to its Asia-Pacific role and ensures the involvement of its key allies in the region, Australia and New Zealand, in contrast to the EAEG. America's "level playing field" approach and the non-membership of the EAEG with regard to Japan, is motivated by its desire to check Japan's influence in the region.

These considerations are not lost upon the advocates and sympathizers of the EAEG, among whom one would also include the great powers, Japan and China. In the main, APEC provides a framework within which the United States hopes to realize, on a regional scale, its ambitions contained in the WTO. The fact that APEC comprises the United States and a subdued Japan—the core of the global capitalist system—also provides the superpower with tremendous influence in shaping the regime's agenda. This point has not gone unnoticed by regional states that are, however, themselves dependent on the United States for their economic wellbeing. This facet of reality suggests that regional states can only hope to moderate America's hegemony, an aspect best illustrated by the transformation of the EAEG into an East Asian Economic Caucus (EAEC).

If anything, the AFC drove home the point of America's economic hegemony in the Asia-Pacific economy. Conventional wisdom, rooted in the neo-liberal tradition, would posit that institutions facilitate state interests. But during the AFC it was clear that, for the sake of survival, states were held hostage to the dictates of the International Monetary Fund (IMF) and the World Bank. That the United States has controlling interests in these two institutions is a point not to be missed. Policy prescriptions proffered by these international regimes in the immediate term aggravated the economic crisis and political instability, effectively transforming the so-called "miracle economies" into mirages. Still related to the superpower, what is especially interesting is the aftermath of the AFC. First, it contributed to the restructuring of domestic politics along democratic lines that conformed with the normative contours of the New World Order. Secondly, states began to adopt, however grudgingly, the revised prescriptions of the IMF, particularly in

terms of good governance (including transparency, accountability and lack of corruption) and deregulation. This in turn reinforced the integration of the Asia-Pacific states into the capitalist, laissez-faire substructure of the New World Order. Needless to say that this development not only augments dependency structures around the core of the capitalist world economy, but also results in the less developed states becoming more susceptible to the vagaries and competitiveness of such a system.

The central thesis of Marxist theory is that the core would eventually be surrounded by regional production factories. Globalization, assisted by economic regionalization, has facilitated this process. In this regard, a number of sub-regional economic zones (SEZ) have sprung up in Asia-Pacific. In the main, these SEZs that span national borders combine the attributes of Japanese (and recently, NIE) capital, overseas Chinese entrepreneurship, skilled and semi-skilled labour, and land. But while the Marxists had predicted the retreat of the state under socialist conditions, the same appears to be occurring under conditions of capitalist ascension. Increasingly, the state has become an adjunct to market forces, as governments, increasingly beholden to economic performance for purposes of regime legitimation, have a greater responsibility for providing infrastructure and security than for decision-making. This in turn has implications for the state-based New World Order, which, in any event, has not addressed the old ills of poverty, inequality, exploitation and dependency of the old world orders.

Note

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