

COD

14

**SOUTH-SOUTH
COLLABORATIVE
PROGRAMME
OCCASIONAL PAPER SERIES**

East Asia's Competitive Regionalism

Lam Peng Er



About the South-South Tri-Continental Collaborative Programme

The South-South Tri-continental Programme is a scholarly collaboration for Research, Training, Publishing, and Dissemination, between the Council for the Development of Social Science Research in Africa (**CODESRIA**); the Asian Political and International Studies Association (**APISA**); and the Latin American Council of Social Science (**CLACSO**). The Programme was established as a reaction to the need, identified by scholars in the South, to reorient theoretical and methodological frameworks of the dominant development discourses; and to improve the organization of Southern research infrastructures. The Programme aims at reviving cooperation and collaboration among scholars of the global South working in the broad field of the social sciences. The collaboration was entered into with the specific aim of sustaining knowledge exchange between scholars on the three continents as a long-term initiative. At the core of this collaboration are the objectives of


deepening intra-South networking

contributing a South perspective towards the transformation of the Social Sciences on a global scale

producing alternative theoretical and methodological approaches of knowledge building

Networking and dialoguing take place in the different International Comparative Seminars that the partners set up annually on a rotational basis. For each International Seminar, **CODESRIA**, **CLACSO** and **APISA** select representatives from their respective continents. Each themed Seminar brings together a total of no more than twelve senior scholars who have been working on the thematic area identified for the Seminar, and are recognized as leaders in such area of scholarship. The small number of participants is meant to enable close, thorough discussion of issues, with a view to producing scholarly publications that not only make audible the voices of the South in the global arena, but effectively advance scientific scholarship.

The **CODESRIA-APISA-CLACSO Occasional Paper Series** disseminates work discussed at the South-South International Comparative Seminars. The Occasional Papers are written by participants from the three continents, and are designed to provide an opportunity for a sustained South-South dialogue, and to enhance the understanding of the current research issues that scholars of the South are actively engaged in. The papers offer reflections emerging from issues that are pertinent to the South; and are informed by experiences from the South, as well as from South-South and South-North contact as viewed from the perspective of the South.



Lam Peng Er, East Asian Institute, National University of Singapore,
Singapore..

Send comments to: eailampe@nus.edu.sg or to south.seminar@codesria.sn

This paper was presented to the CODESRIA/APISA/CLACSO South-South International Seminar on Regionalism in the South and the New Global Hegemony, in Accra, Ghana.

Papers published in the CODESRIA-APISA-CLACSO Occasional Paper Series are posted on the websites of CODESRIA www.codesria.org; APISA www.apisa.ml and CLACSO www.clacso.ar as preliminary working papers to stimulate discussion and critical comment. The Occasional Paper Series is part of the CODESRIA-CLACSO-APISA South-South tricontinental collaboration supported by SIDA/SAREC.

Copyright 2008 Africa-Asia-Latin America Scholarly Collaboration Program.

The responsibility for the opinions and facts presented in this document lies exclusively with the author(s). The interpretation of these opinions and facts do not in any way reflect the views of the editors nor the policies of APISA, CODESRIA and CLACSO.

Series Editors: Adebayo Olukoshi, Ebrima Sall, Pinkie Mekgwe



Introduction


The main argument is that East Asia's nascent regionalism is driven by competition within the region and with NAFTA and the EU. Unlike France and Germany which consciously led in European integration to avoid a catastrophic war again, the lynchpin of East Asian regionalism is actually ASEAN. However, the strategic rivalry between the two great Asian powers of China and Japan is also driving East Asian regionalism because they are competing to establish FTAs, bilaterally and multilaterally, with Southeast Asia.

The analogy is that ASEAN works like a "Lego Block" which helps to link China and Japan together in regionalism even though the two countries remain divided by their burden of history and competing to become the "top dog" in East Asia. Nevertheless, rising bilateral trade valued at US\$207 billion in 2006 between China and Japan will be an added incentive (though not a sufficient condition) to keep their relations on an even keel.

Presently, there is little consciousness in East Asia that Latin America and Africa are natural allies in the South to balance North America and Europe. East Asia comprises mixed elements of North and South differentiated by material wealth and technological capabilities. Moreover, a number of East Asian states (e.g. Japan, South Korea and the Philippines) are dependent on the US for their military security. I also argue that there are different types, configurations and layers of "global hegemonies" --- military, political, economic and cultural --- and in the case of regionalism, it is difficult for even a unilateral military superpower like the US to impose its preferences and will on the processes and institutions of regionalism in East Asia which are multilateral, pluralistic, complex and multi-layered.

Outline of the article

This article will first define the terms "regionalism", "South" and "Global Hegemony". Then it will examine the engines which drive the "concentric circles" of East Asian regionalism (ASEAN, APT, EAS and APEC). This paper will also analyze how the impetus and threats of "global hegemony" have facilitated --- often unwittingly --- and paradoxically also hindered the grand enterprise of East Asian




regionalism. Following that is the question whether the rise of China in East Asia will challenge US global hegemony and perhaps replace it with a “local hegemony”. It will conclude by examining the problems and promises of East Asian regionalism and South-South alignments in an American global hegemonic system which is eroded by Washington’s futile war on terror and marked by instability in the global financial system as evidenced by the US sub-prime housing mortgage woes.

Terminologies

The term “regionalism” is a multi-faceted one: institutionalizing a larger and broader political entity which transcends the traditional/idealized nation-state; the deepening and broadening of economic relations among states, societies and markets leading to a discernable economic bloc, and nurturing a cultural community based on shared values and a common identity beyond the elite level. Presently, only the EU can boast of a close approximation to the ideal-type of a region. East Asia remains a distant second. NAFTA is subsumed within US hegemony given the preponderance of the latter. Sub-Sahara Africa has to struggle to build states and seek development out of arguably artificial boundaries mapped by European colonial powers. The term African *Union* (AU) appears to be more an aspiration for the future rather than a genuine description of present reality.

With a majority of “Southerners” live in East Asia (demographically in China, India and Indonesia), there are also countries in East Asia which do not fit in this paradigm --- Japan is a G7 country and world’s second largest economic superpower, South Korea is an OECD country and another economic powerhouse, and Singapore is economically significant beyond its tiny geographical size. There are also East Asian countries like Thailand and Malaysia which are middle-income countries. In this regard, East Asia comprises both North and South and the zone in between. The fragmentary and uneven nature of East Asian development gives us a clue why it is difficult for East Asia to cooperate within let alone forge an alignment with Africa and Latin America to balance Western hegemony.



I interpret “global hegemony” in the following dimensions:


- * the diffusion of global capitalism based on the “neo-liberal” ideology of the Washington Consensus (US Treasury, IMF, World Bank and Wall Street) which preaches deregulation and “free” market competition as the Way to economic rationality, efficiency and growth,
- * the US military which outspends the next 20 countries added together,
- * and the “soft power” of the US in terms of values --- the allure of democracy, individualism, human rights and capitalist consumerism --, cultural products such as Disney, McDonald, MTV and NBA, and the source of information technological platforms ---- the Internet, Microsoft, Apple and its i-pod.

I argue that there are “global hegemonies” and not a single and all-encompassing hegemony. Militarily, no states can challenge and withstand the US war machine in conventional wars. (However, the main challenge to the Pentagon is asymmetrical and non-conventional warfare as exemplified by non-state resistance to US forces in the streets of Iraq). Nevertheless, even though the US economy still is the largest in the world and the US Treasury prints paper dollars which are the de facto international currency, its economic share of the global pie has shrunk considerably from almost half shortly after World War II to barely a quarter today.

With the rise of China and India, US economic dominance is likely to be chipped away even though the US consumer market continues to suck in the exports of China, Japan and other East Asian countries. In the cultural sphere, American hegemony is the least difficult to compete against. Despite American “soft power”, other nations including those in East Asia have deep, vibrant and enduring cultural traditions which cannot be so easily eroded let alone overwhelmed by American or European values.

Engines of East Asian Regionalism: Geopolitics, markets and ideas

ASEAN, the kernel of East Asian regionalism, was born in the context of the Cold War fought between two hegemons --- the US and the USSR. Ostensibly set up as an organization in 1967 to promote




economic cooperation among five Southeast Asian countries, the geo-political logic was for five non-communist states to band together in an era where the region was polarized by the US involvement in the Vietnam War against communism. After the end of the Cold War, Southeast Asian states, despite their differences in political regime-types, formed an expanded ASEAN 10 which would carry more weight in international affairs.

As a result of the colonial legacy, trading ties among the ASEAN states is not necessarily the strongest among each other. Nevertheless, intra-ASEAN trade and intra East Asian trade (among ASEAN, China, Japan and Korea) are gradually rising and by 2006, intra-East Asian trade has comprised more than 50 percent of their total trade. According to economist Edward Lincoln, between 1981 and 2001, the share of intra-regional exports within the APT rose from 32 percent to 40 percent while intra-regional imports rose from 32 percent to 50 percent. Simply put, although the US market still is critical to many East Asian countries, they have increasingly become less dependent on the US. With the economic rise of China, India and Vietnam, US economic power will become relatively less dominant in East Asia. In this regard, economic ties that bind in East Asia are a necessary though not a sufficient condition for regionalism.

The genesis of East Asian regionalism was not driven only by Cold War geo-politics and markets but also ideas. Then Malaysian Prime Minister Mahathir Muhammad envisaged an EAEG (East Asian Economic Group) which could compete against NAFTA and the EU. However, the idea was still-born after the US hegemon opposed it and Tokyo, the loyal ally of Washington, abided by the preference of the US despite an initial interest in Mahathir's EAEG.

The Asian Financial Crisis of 1997-8 was the catalyst to East Asian Regionalism. Unlike the American intervention when financial crises hit its sphere of influence in debt-ridden Latin America and Mexico in the late 1980s (e.g. Brady bonds in 1989 to rescue these economies), the US advocated the IMF approach of raising interest rates, tight state budgets, austerity measures and deregulation which aggravated massive unemployment, poverty and political disorder especially in Indonesia and Thailand. There was also the East Asian perception that the IMF prescription of deregulation amidst the financial crisis benefited western corporations which acquired East Asian assets in fire-barn sales. The financial crisis forced the ASEAN 10, Japan, China and Korea (Plus Three) to



propose the Chiangmai Initiatives, a currency swap arrangement to prevent the occurrence of another Asian financial crisis.

The APT also grew out from an idea of Singapore which advocated a dialogue between the top political leaders of East Asia and Western Europe --- known as ASEM (Asia-Europe Meeting) which takes place every two years. In actuality, the East Asian countries which participated in ASEM are essentially the same members envisaged by Malaysia's Mahathir. However, Singapore and other East Asian countries were careful not to couch it in Mahathir's combative terms i.e. as an Asian bloc to keep the US out of the region. Instead, the APT is packaged as open regionalism which welcomes good relations with NAFTA and the EU.

While East Asia has embraced regionalism to enhance its clout globally, there still is uncertainty about its membership, geographical scope and final destination. In the recent East Asian Summits (EAS), India, Australia and New Zealand were also participants. This raises the question whether the Indian subcontinent and Australasia are geographically and culturally part of East Asia. However, EAS as ASEAN Plus 6 has a geo-political logic -- to bring in India to balance a rising China. Although it is a cliché to repeat the East Asian aphorism that a journey of a thousand miles begin with a single step, it is difficult to conceive East Asia adopting the EU model which pools sovereignty and adopts a common currency, with a European parliament and rule making in Brussels within the next 50 years. Located at different levels of economic development, possessing different regime-types and cultural roots, many East Asian countries have yet to complete their arduous project of national building let alone to embrace regionalism which transcends nationalism.

In the case of APEC which includes the US, Russia, Papua New Guinea and Latin American countries like Mexico, Chile and Peru, the 21 members (comprising economies rather than states) are so diverse making it difficult for any entities including the US to dominate it. While APEC provides a good platform for photo opportunities for top leaders, it is a non-binding institution unable to move beyond the lowest common denominator of a watered-down consensus. Case in point is the 2007 APEC meeting in Sydney, Australia where members gave lip service to environmental protection especially climate change. Thus, East Asia has overlapping multilateral institutions such as the ARF (ASEAN Regional Forum) and APEC which include the US hegemon. It is not

inconceivable that the US would one day join the EAS to balance a rising China.


China's Rise: Peaceful or Hegemonic?

East Asian regionalism cannot succeed without the participation of Japan and China. Beijing's offer of an FTA to Southeast Asia in 2000 and 2001 was politically motivated to give the Southeast Asian countries a stake in its rapid economic growth and also to reassure them that its intentions are indeed peaceful. Conceivably, it is desirable to China to be ringed by friendly neighbors than to be surrounded by Asian proxies of the US superpower which may seek to contain it in the future.

This Chinese FTA scheme triggered a counter offer from Tokyo in January 2002 --- a Japan-ASEAN Economic Partnership. While the ASEAN countries play the role of a Lego block to link China and Japan, an FTA between both Northeast Asian giants is not in the horizon, in part, due to their lack of a historical reconciliation over the Japanese imperial invasion of the Chinese mainland. Although Beijing claims that it is pursuing a "peaceful rise" (*heiping jiaqi*), many in Japan are suspicious of Chinese intentions. Indeed, many Japanese prefer the hegemon they know --- the US --- rather than a new local hegemon which is not a democracy and has traditionally viewed itself the Middle Kingdom at the center of the universe. A precondition for an East Asian regionalism to take off is a historical reconciliation between Beijing. This includes a "grand bargain" between the two ancient neighbors --- that the Japanese Prime Minister should not visit Yasukuni Shrine (the symbol of Japanese militarism to the Chinese and Koreans) and the Chinese must reciprocate by not playing the history card. In the tripod of East Asian regionalism (China-ASEAN, Japan-ASEAN and Sino-Japanese ties), the latter is undoubtedly the weakest link.

The Future of East Asian regionalism

2007 marks the 40th anniversary of ASEAN. Though ASEAN is seeking to transform itself into a political, economic and cultural community, it will probably take a long time to gel given the considerable differences in national interests, regime-types, stages of economic development and cultural heritage. However, the fear that Southeast Asia will be overshadowed by the rise of China and



India will provide impetus for this region to seek greater regional cooperation. That the ASEAN states have enjoyed 40 years of experience at regional building and being non-threatening and accommodating to China and Japan means that they are acceptable to both Northeast Asian countries to be at the “driver’s seat” of East Asian regionalism. Whether the ASEAN states can be more than a taxi driver to the great powers remains to be seen but given the strategic competition and historical animosity between China and Japan mean that there is space for the smaller Southeast Asian countries to maneuver. Southeast Asia will be wooed by both Northeast Asian giants.

While the US probably chaffs at being excluded from the EAS, it is still a key actor in East Asia with extensive military bases in Japan and South Korea, and formal alliances with not only Tokyo and Seoul but also Bangkok and the Philippines; it also has aircraft carrier berthing facilities in Singapore. Moreover, with the exception of the Shanghai stock exchange thus far, a cough in the New York stock exchange over the sub-prime housing mortgage issue often leads to a cold in East Asian markets. This phenomenon underscores the continual influence of American financial markets on the rest of the world. Nevertheless, East Asia is likely to make gradual progress as a region buoyed by the economic rise of China and India. Given the richness of its diverse civilizations, East Asia will be able to resist the cultural hegemony of the west.

In the foreseeable future, the economic rise of China and India will lead to rising demands for raw resources including those from Africa. Even though both Asian giants have the size to resist dominance from the West and had a tradition of aligning itself with countries of the South, at least rhetorically, in the post-colonial world, it remains to be seen whether the Chinese and Indians will not exploit Africa like the West. The construction of East Asian regionalism is difficult and complex enough; to forge an Afro-Asian solidarity infused by the spirit of Bandung may be even more elusive. The challenge for the two continents is to avoid a new North-South relationship based on exploitation and resentment but to seek common grounds based on equality, humanity and environmental protection. In this regard, the ties between these two continents will be more enduring and meaningful if they stand *for* positive values and common good rather than *against* a global hegemony which is bent on self-destruction in Iraq.