Regionalization in East Asia-Pacific?
An Elusive Process
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This study has been prepared within the UNU/WIDER project on The New Regionalism and the International System: Implications for Development and Security. The project, carried out under the 1994-95 research programme, has been directed by Professor Björn Hettne, Peace and Development Research Institute Gothenburg University (PADRIGU).
UNU World Institute for Development Economics Research (UNU/WIDER) was established by the United Nations University as its first research and training centre and started work in Helsinki, Finland in 1985. The purpose of the Institute is to undertake applied research and policy analysis on structural changes affecting the developing and transitional economies, to provide a forum for the advocacy of policies leading to robust, equitable and environmentally sustainable growth, and to promote capacity strengthening and training in the field of economic and social policy making. Its work is carried out by staff researchers and visiting scholars in Helsinki and through networks of collaborating scholars and institutions around the world.
This study has been carried out within the framework of a research project, 'The New Regionalism and the International System: Implications for Development and Security', launched two years ago by UNU/WIDER. The aim of the project was to explore the concept of new regionalism and its consequences for economic development, ecological sustainability and conflict resolution.

What is ‘new’ in the new regionalism concept? New regionalism should be understood as a comprehensive process that drives the change of a particular region from relative heterogeneity to increased homogeneity. The process is a multidimensional one, encompassing economic, political, social and cultural aspects that go beyond the 'common market' idea. Nowadays, regionalism is extrovert rather than introvert which reflects the deeper interdependence of a region and the world economy.

This study analyses Southeast Asia, but also the larger Asia Pacific region. In order to test the argument that there is a worldwide process of regionalization taking the shape of a new regionalism, it might, in spite of the successful ASEAN cooperation, have been simpler to choose another example. East Asian regionalism is often described as de facto regionalism, whereas regionalization is supposed to take place de jure in Europe and North America. This contrast may be due to differences in political culture, but an alternative explanation could lie in the fact that interstate relations in East Asia are still rather unsettled. This having been said, it is obvious that on levels other than the state level there has been an impressive process of regionalization in terms of trade, investment and social networking. In spite of the lack of formal regionalism, there are many reasons, particularly in the areas of development and conflict management, to believe that regionalization will also have a deep impact on East Asia and Southeast Asia in the future. The NICs are facing changes in those objective conditions which originally made them into NICs. Their strategy in the 1990s will probably be to bet on the domestic market, preferably a regional market. The regional framework is still, however, in flux.

I welcome the publication of this interesting report in UNU/WIDER’s World Development Studies and hope that it will contribute to the discussion on the issues affecting economic and human development in Southeast and East Asia.

Giovanni Andrea Cornia
Director, UNU/WIDER
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As a 'state of the art paper', this report aims to review the literature and the current debates on regionalization in East Asia-Pacific. It is a part of the UNU/WIDER project on 'The New Regionalism and the International System: Implications for Development and Security'. The review of the debate on new regionalism is kept brief and functions as a framework in which current processes in East Asia-Pacific can be viewed.

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The study covers events up to mid-1995, and the analytical work was finished in the end of the same year.

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| ADB | Asian Development Bank |
| AFTA | ASEAN Free Trade Area |
| APEC | Asian Pacific Economic Cooperation |
| ARF | ASEAN Regional Forum |
| ASEAN | Association of Southeast Asian Nations |
| ASEAN MM | ASEAN Ministerial Meetings |
| ASEAN PMC | ASEAN Post Ministerial Conference |
| ASEP | ASEAN Environmental Program |
| CEPT | Common External Preferential Tariff |
| COFAF | Committee on Food, Agriculture and Forestry |
| CSCAP | Counsel on Security Cooperation in the Asia Pacific |
| EAEC | East ASIA Economic Caucus |
| EAEG | East Asian Economic Grouping |
| EC | European Community |
| EFTA | European Free Trade Area |
| ESCAP | Economic and Social Commission for the Asia Pacific |
| EU | European Union |
| FDI | foreign direct investments |
| GATT | General Agreement on Trade and Tariffs |
| IBRD | International Bank for Reconstruction and Development |
| IMF | International Monetary Fund |
| ISEAS | Institute of Southeast Asian Studies |
| LDC | low developed countries |
| MRC | Mekong River Commission |
| NAFTA | North American Free Trade Area |
| NIC | newly industrialized countries |
| NIE | newly industrialized economies |
| NTB | non-tariff barriers |
| ODA | overseas development aid |
| PAFTAD | Pacific Trade and Development Conference |
| PBEC | Pacific Basin Economic Council |
| PECC | Pacific Economic Cooperation Conference |
| PTA | Preferential Trading Agreement |
| UNEP | United Nations Environment Programme |
| WTO | World Trade Organization |
This is a state-of-the-art report prepared within the UNU/WIDER project The New Regionalism and the International System – Implications for Development and Security, covering East and Southeast Asia. The report constitutes an initial inventory study on regionalization incentives and prospects and is arranged around the three themes of economic development, regional security and ecological problems. It is basically a study of secondary material with an extensive bibliography.

The aim of the report is, first, to provide a survey of recent literature regarding regionalization and regional cooperation in East Asia in general and in Southeast Asia in particular, and, second, to review a number of historical and contemporary debates in regard to the potential regionalization process in East Asia-Pacific in general and in Southeast Asia in particular. To satisfy these vast aims, the report therefore tries to give the reader advice on where to find further readings.

The UNU/WIDER project mentioned above acknowledges a number of new features of regional cooperation in the world and the theoretical point of departure for this report – as well as for the larger research programme of which it is a part – is the new regionalism which, it is argues, goes beyond the more traditional debates on regional cooperation. It attempts to display signs of multidimensionality and 'from within' approaches. These tendencies are explored and described through discussions on concepts such as open regionalism and new regionalism.

The report takes note of recent literature on world regionalization before it lists the most important regional initiatives in East and Southeast Asia. It observes the current imbalance between drastically increased regional economic interactivity coupled with the absence of, or very low keyed, political mechanisms for handling this situation. It argues that there is a need for enhanced political/security cooperation in order to sustain the current transformation process in East and Southeast Asia. Increased regional cooperation on a wide range might be the answer to this question. The report elaborates here on what a maximalist and minimalist approach to regionalization would mean. A version of the maximalist approach could be a developed APEC, while the minimalist version is an extended ASEAN; it is likely that somewhere in between these poles, we will find a future, deepened, regional cooperation.

The report reviews various East and Southeast Asian debates pertinent to the question of regionalization. The underlying factors for further regionalization are mentioned briefly for East Asia and, in somewhat more detail, for Southeast Asia before a number of scenarios are discussed and a tentative conclusion is drawn.

The report concludes that there are hectic activities in terms of regionalization in East and Southeast Asia. There are, however, severe obstacles to institutionalized regionalization. This does not necessarily stop the process, but rather makes it uncertain
in terms of its scope, depth and future direction. The conclusion also gives prominence to a number of key questions such as: the pivotal relation between the US and Japan, the relation between Japan and Southeast Asia, the extension of ASEAN to Indochina and the nature and degree of Asian exclusiveness in any East Asian regional cooperation formula.
Regionalization in East and Southeast Asia is an elusive process. It takes place at various levels for various reasons. The apprehension of a world region is, in this part of the world, even less well established than in many other parts. A first observation can be made that there neither exists any official operational organization, association or 'caucus' that is independent, all encompassing and exclusive to East Asia, nor has the region any self evident regional history of its own. Nevertheless, there is a rapidly growing web of regional interaction and there are currently repeated urges for regional cooperation and a variety of propositions for comprehensive and institutionalized regional organizations. On the other hand, the possible regionalization in East Asia is a highly controversial topic and there are formidable obstacles and counterforces to it. Or rather, there are different interests in different varieties of regionalization spanning from varying perceptions on the scope and commitment, to what topics should actually be involved in the would-be regionalization. Debated topics are, for example, regional trading blocs, security dialogues, and the increasingly significant ecological question. This essay, or state of the art report, has basically two purposes: i) to provide a survey of recent academic literature regarding regionalization and regional cooperation in East Asia in general and in Southeast Asia in particular, and ii) to review a number of contemporary debates in regard to the potential regionalization process in East and Southeast Asia.

It is by no means clear as to what constitutes the region of East Asia-Pacific – quite the contrary. The question of definition is actually part of what the 'scramble' for the East Asia-Pacific region is about and one of the questions this report addresses. The maximalist version of East Asia-Pacific regionalism would be the idea of the Pacific Rim as formulated in APEC, and including Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, Papua New Guinea, China, South Korea, Taiwan, Hong Kong, Japan, Australia, New Zealand, Canada, USA, Mexico and Chile. Reasonably it should,
in due time, be extended to include Vietnam, Russia and Cambodia as well. In this report these countries are included in the \textit{maximalist} perception of East Asia/Pacific. Other Latin American states have been mentioned as candidates for APEC, and perhaps landlocked Laos and Mongolia. Burma is also a candidate in the long run. The \textit{minimalist} version of regionalization in East Asia, on the other hand, would be a deepened and extended version of the ASEAN. Even though this monograph takes its point of departure in the larger region, the more coherent regional arrangements in Southeast Asia and their offshoots will become its real focus. This is further motivated by the recent tendency that ASEAN is launching and managing a number of initiatives which concern the greater region. Especially the middle ground between the minimalist and the maximalist version between ASEAN and APEC will be of future interest.

There are basically two reasons for approaching regionalization via the maximalist and minimalist version. The first is that, arguably, it covers the whole spectrum of possible outcomes and developments. The second is that the two poles do organizationally exist (APEC and ASEAN) and thus provide us with a solid point of departure in venturing on a search for any would-be regionalization.

Besides this horizontal discussion on membership and influence, there is a vertical discussion on how deep the cooperation/integration shall/ought to be. One could very well envisage a different set-up of states for different agendas. For example, the US is keen on being on the inside when it comes to trade and economic cooperation, but encourages the East Asian states to engage in a security dialogue internally. One can also assume that there is an evolution taking place over time where the depth of the cooperation/integration is gradually moving from superficial topics (like promoting tourism in the case of ASEAN) to more substantial topics (like the AFTA, ASEAN free trade area, plan in ASEAN). In this regard one should note that nothing is predetermined about regionalization, rather it is highly exposed to disturbances due to an extremely dynamic situation in the region.

This review of attempts at regional cooperation will mainly concentrate on three themes; regional security, economic development according to the East Asian design and common ecological questions.

The security discussion is called for for obvious reasons; during the cold war the US guaranteed the security of the area, to some extent in regard to the Soviet Union, but also in regard to potential intraregional instability. With any new emerging world order the US military presence seems to be slowly but inevitably withdrawing. What will guarantee the status quo and how will different forces be composed in East and

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features of the ASEAN states without including Brunei (and before the admittance of Vietnam). ASEAN-4 excludes Singapore as well. This is sometimes done in order to expel the exceptionally small and rich states. The Asian NIEs (newly industrialized economies or NICs (newly industrialized countries) are the Republic of Korea, Taiwan, Hong Kong and Singapore.
Southeast Asia? Many states (or political entities)\(^3\) have unresolved problems and have, at least, no habit of discussing sensitive and important issues with each other.\(^4\)

With regard to economic development, rapid economic growth is a unifying phenomenon for the region. Japan was first out, later to be followed by the NIEs and perhaps by Thailand and Malaysia, and China, Indonesia and Vietnam in the league of success stories. These successes in an otherwise badly tormented third world have attracted much attention and catchwords such as 'economic miracles' (IBRD 1993), 'four little dragons (Vogel 1991) and 'Asian renaissance' (McCord 1993:vii) have been phrased. It has also given birth to – or renewed – academic debates around concepts such as 'the developmental state' (White 1984; White and Wade 1985; Migdal 1986; Sörenson 1991), the 'flying geese theory'\(^5\) and the advantage of 'late industrialization' (Amsden 1991) or even 'late, late industrialization' (Vogel 1991:5f).

The ecology could ultimately be the Achilles' heel of the above mentioned 'miracles', where, to mention one example, Thailand seems to have depleted its forests in order to accumulate capital for the 'take off'.\(^6\) Many other states risk entering that road as well; notably Malaysia and Indonesia, and perhaps soon Vietnam and Cambodia. There is, however, another angle to this issue. The depletion of natural resources and the degrading ecology have been seriously criticized by groups in the industrialized western world. The reaction from concerned states has been harsh and the question has been transformed into a North-South issue. Finally, it should be noted that ecological questions can hardly be separated from economic and security questions and, for example, pollution, logging, fishing rights, international resource management and international rivers provide ecological problem areas with high conflict potential in all the three aspects.

We will first briefly discuss the context in which this proposed regionalization takes place and we will try to establish the outer ends on this scale of regionalization (i.e. APEC vs ASEAN). To substantiate this, and to take the argument further, the rapidly growing literature on world regionalization/world trading blocs will be consulted. The maximalist as well as the minimalist versions will be discussed around the three themes (security, economic development and ecological question), and we conclude by discussing the different scenarios in the plethora of current regional initiatives in East Asia/Pacific.

\(^3\) Currently, the term political entity' is often preferred as a concession to China's claim that Taiwan and Hong Kong are no real states. In a parallel fashion, NIE, the acronym for newly industrialized economies is frequently used as a substitute the former NIC (newly industrialized countries).

\(^4\) This was further highlighted by the Chinese military exercises in the proximity of Taiwan in February of 1996.

\(^5\) Cf note 21.

\(^6\) The deforestation of Thailand is, of course, caused by more complex issues, involving local interests, mix of loyalties between business and politics and an active involvement of the military in the logging business; see Hirsch (1993).
II REGIONALIZATION OF/IN EAST ASIA/ THE PACIFIC

- WHY AND WHAT?

Is the world currently facing regionalization? This has been a question for quite some time now. Regionalism, from being controversial (Hettne 1988), has become high fashion:

For better or for worse, regionalism is in fashion. EFTA and Eastern Europe are knocking on the EC's door; South America is queuing to join NAFTA; and fears that they will be shut out of these markets have led many Asian countries to consider a block of their own.

_The Economist_ 31/10 1992:73.

There seems to be no question that the world currently is about to undergo some sort of regionalization. Rather, the question is which one. And what is the role of East Asia-Pacific in this development?8

One underlying theory to the assumption of the regionalization of the world after the cold war is that open global capitalism without central management is an unstable creation subject to irresistible protectionist pressure. The cold war served to stabilize this system and impeded thus its inherent tendencies of instability. The breakdown of the socialist camp disintegrated the former world order and the quickly eroding cold war changed these circumstances and increased the push-forces for regionalization. There is no central global government so in order to avoid the anarchic world of sovereign states, regional centres can assume a hegemonic role (Malik 1993:31ff) and maintain peace with enlightened leadership in a geographically limited area. The argument carries, if understood in a normative sense, a prerequisite that there exists a common understanding of the crucial need for cooperation between the regional hegemons as well as a commitment from any regional hegemon to its hegemonic responsibility.9

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7 Regionalization _in or of_ the Pacific is not merely a question of linguistics. It is the question of acquiring regional cooperation as a result from a change in world order or from a process generated from within.

8 The current world regionalization has sparked rich debate. For regionalization as a theoretical emerging concept, see Hettne (1988; 1993; 1994), Greenaway (1992), Oman (1994). For attempts to trace the relation between EC/EU, NAFTA and East Asian regionalization, see Center for International Economics (1990), Kreinin and Plummer (1992), Aho (1993), Regnier _et al_ (1993) and Kim and Weston (1993). For regionalization in East Asia/Pacific, see, for example, Palmer (1991), Fields (1992), Bollard and Mayes (1992), and Garnaut and Drysdale (1994). A substantial part of the recent debate on Asian economic regionalism is collected in this latter volume. Theoretically educated contributions are to be found in Cable and Henderson (1994) and Fawcett and Hurrell (1995) for the economic and political field respectively. For the integrative aspect of trade and investment patterns in East Asia/Pacific, see Alvstam (1995).

9 This rather positive view of 'regional hegemon' is by no means shared by everyone. See for example, Thompson (1991:57ff) for a malign view of the potential effects of a regional hegemon in the Southern African context. The concept of regional hegemon is discussed in East Asia as well where it is often
With the 1930s in Europe in mind (Kindleberger 1970), the common wisdom, however, is that any regionalization of the world will lead to protectionism and trade war, diminished global prosperity and, in the end, social turmoil leading to full-scale war.

This notion of inherent malignity in world regionalization has recently been all the more questioned. The final marginal approval by the US in November 1993 on NAFTA was depicted as a victory for the free trade advocates (e.g. Newsweek 29/11 1993:8ff) and the APEC meeting in Seattle under US leadership later the same month clearly expressed – though partly successful in outlining a path for deepening regional cooperation – a wish for successful conclusion of the then critical phase of the GATT negotiations (Far Eastern Economic Review 2/12 1993:13). The argument also follows along the lines of, 'If we cannot keep the whole world open, let us at least keep as much as possible open and at least safeguard regional free trade' (Preeg 1993:164ff). The Pacific Rim contains quite a large portion of the world's trade (40-50 per cent) and this area as a free trade regime could thus be a major contribution to the liberal global free trade ambition (e.g. Far Eastern Economic Review 18/11 1993:5).

Theoretically the malignity of world regionalization has been debated (Buzan 1984) and openly challenged (Seers 1983; Hettne 1993). It is, furthermore, questioned not only from the world order perspectives, but also from a direction which uses more mainstream economists' arguments; especially its alleged predetermined habit of restricting an open trade system has been criticized. Open regionalism has become a catchword for world regionalism in general and for Asia/Pacific regionalism in particular (Cheit 1992:116ff; Elek 1992:74ff; Kim 1992:79ff). Open regionalism is used to describe an arrangement that is inclusive rather than exclusive and reduces tariffs internally rather than raises them externally. Philosophically speaking, economic regionalism does run contrary to the aim of GATT. There are, however, exceptions made in GATT (Preeg 1993:164ff), article XXIV, which allow for this kind of arrangement. Furthermore, regional trading blocs have been argued to be trade creating, rather than the opposite (ibid; Hine 1992:119). It is not uncommon for liberal free trade advocates to argue clearly in favour of open regionalism:

... it is much easier for a smaller number of like-minded countries to come to an agreement on trade and investment liberalization, a problem with which GATT has not dealt successfully so far. In this sense, regionalism can become a vehicle for multilateral liberalization.

Yoshida et al 1994:104

Another way to view trading blocs is to consider these as a method for increasing the pressure not to restrict trade; as one trading bloc is created in the spirit of open regionalism, it increases the pressure on other trading regimes not to be exclusive. The

10 A case could be made that the East Asian political economy basically operates within the framework of the GATT regime (Ryan 1994).
A successful APEC will give the European Community an incentive, to move in the right direction. If the Europeans believe that regionalism leads to the three-bloc world, they will be quite comfortable. If they believe that it will lead to a two-bloc world the Europeans will be most uncomfortable.


Viewing world regionalization as the road to peace rather than to war has in the past been lively discussed in waves. The first debate on regionalization was in the 1950s but faded when reality did not fulfil the early bold prophecies. The debate on new regionalism picked up in the late 1980s. Two rather different views on new regionalism can be observed: Palmer notes the increased scale of economic affairs and increased utility of political leverage derived from the increased political weight that the region, in contrast to the single nation-state, generates (1991). Hettne (1993; 1994) applies a bolder meaning to new regionalism. He acknowledges the increased scale of international affairs, but argues that the level of political decision-making is bound to follow in order to coordinate and govern the very complex international system. The region that eventually crystallizes is the one that can be supported by a certain degree of political coherence from within and a certain common cultural and/or historical identity. The world region, Hettne argues, might be the ultimate level for global economy and national politics to meet (Hettne 1994). He introduces the concept of regionness in order to discuss the level of coherence for various regions. The degree of regionness is progressing from a geographical and ecological one to the concept of a region representing a social system, as one entity sharing an institutionalized cooperation, as a region with a common civil society to end up in one which is capable of acting as a political subject.

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11 Discussing this already in 1945, Polanyi was the pioneer to regard world regions as a viable path to peace. It has been thoroughly discussed at a later date but in the same spirit by, for example, Hettne (1988; 1992; 1993; 1994), Hettne and Hveem (1988), Seers (1983) and Nye (1971 [1987]). The UN-Charter on regional conflict resolution offers the primary means of dealing with threats to the international peace and stability (UN-Charter, Article 33:1). See also Rivlin (1992) and Hettne (1994b) for the revival of the UN in regional terms. The concept of a trilateral management of the world borders on this theme as well, see for example Gill (1990). The idea of regional cooperation as a road to peace has also been cultivated as a useful tool for the somewhat smaller region; for the classical approach on economic integration, see Viner (1950), Meade (1955), Lipsey (1960) and also Cantori and Spiegel (1970). For regional 'regimes', see Deutsch (1957), Holsti (1967), Jervis (1982) and Østergaard (1993). For a view closer to the realists of international relation, see Haas (1970) and Buzan (1991, 1994) (the idea of any special notion to the concept of region is, of course, basically incompatible with the strict interpretation of the realist school). For contributions specifically discussing the regional approach to peace in Southeast Asia, see for example, Ayoob (1986), Buzan (1988), Palmer (1991), Buszynski (1992), Alagappa (1994) and Khong Yuen Foong 1995).

Hettne’s conception of regionalism thus departs considerably from the simple notion of trading blocks and identifies three main characteristics for new regionalism as compared to old regionalism: It takes shape in a multipolar world order, it is built from within, i.e., that the initiatives come from member states and it is multidimensional (1994:1f; 11).

East Asia-Pacific does not necessarily have a high degree of regionness and these features are definitely not present in the whole of the region, but, on the other hand, some of these are clearly visible somewhere along the line from ASEAN to APEC. The idea is not that there suddenly exists a coherent region, but rather that there is an ongoing process towards greater coherence within many world regions and that the concept of regionness allows us to discuss the degree of coherence along a number of crucial factors.

There are many different processes at work on the global scale that have renewed the debate on the regionalization of and in the world. The vanished cold war, or, in other words, the change from a bipolar to a multipolar world order is undoubtedly one of the major reasons for this debate. This world-order-entrance to regionalism is emerging from a number of changes on the global political economic arena: the dismal free trade negotiations, the ambition for increased Euro-independence emanating from the Maastricht agreement and the increasing protectionist currents in the US. With regional economic arrangements around the two economic engines (the US and Germany), the third natural region is East Asia with Japan as the economic engine. This, loosely described, is the approach for the push forces of East Asian regionalism. This approach tempts one to discuss regionalism in the whole of East Asia and to consider whether it is emerging as a world region or one of three trading blocs (Palmer 1991:55ff; Cable and Henderson 1994). To some extent, interest in the East Asian cooperation has been promoted by the seemingly successful EU and NAFTA (Endo 1995:63).

The pull forces for regionalism in the whole of East Asia are, ostensibly, more elusive, questioning the feasibility of any such region in the spirit of new regionalism. There are some attempts, however, to view East Asia-Pacific as an embryo for an imagined community (Forbes 1993:58ff) following Anderson in his search for the early roots of nationalism (1983) and Deutsch in tracing the formation of political entities (1957). Rozman is, consequently, looking for a solid foundation for regional coherence:

Justification for taking this region as a unit must be sought elsewhere [than cooperation only within politics and economics]/.../Justification for a regional focus is not hard to find. This focus is evident in the common heritage of the region, which is customarily, although somewhat imprecisely, called the Confucian heritage.

Rozman 1991:6

The Chinese pre-eminence within the Confucian cultural sphere, the country's early sophisticated civilization and its great regional influence have by some scholars been viewed as a 'Chinese world order' (Fairbank 1968). Other have argued that an Asian
culture exists which influences views on power and authority and which has considerable influence over East Asia's political and economic structure (Pye 1985).

Even though Confucianism does provide a vehicle for the Asian perception of a common history and culture, not even Confucianism is strong enough to make up the all encompassing regional 'glue'. The Southeast Asian nations will have an important role to play in the formation of a modern East Asia, where Confucianism is not, except in Singapore and, to some extent, in Vietnam, the major cultural influence.13

The regionness in East Asia-Pacific is rather low, with a disparate common history and a weak civil society. Nevertheless, there is pressure for institutionalizing regional interaction. The competition for initiatives, size and scope will rely, at least partly, on which level a credible association can be placed. Credibility, in turn, relies on the degree of regionness, or, in other words, where some sort of regional identity can be created. On which level the identity will be found – and this is a running point in the future discussions on East and Southeast Asian regionalization – will not be solely determined by the economic and political interests and where they push it, but also by the more elusive factors influencing the formation of political entities in the tradition of Deutsch (1957), Anderson (1983), Pye (1985), and as recently argued by Hettne (1994).

APEC is a child of push forces searching for integration and depth, suffering from being too large, too diverse, too young and too loosely organized. ASEAN, on the contrary, is a fairly coherent and well-established association reaching out for greater responsibility and in need of additional weight. Before a discussion of the progress of different regionalization formulas, a brief overview of the existing associations and institutions will be given.

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13 For literature viewing Southeast Asia as a historical region or system, see Wolters (1982) and McCloud (1986).
The quotation cited earlier from the *Economist* which claims that some countries in East Asia have considered 'a bloc of their own' can by now be taken as an understatement. It was stated earlier that no formal, operational organization exists which encompasses East Asia exclusively. There are, however, no lack of initiatives, ideas or think pieces; neither historically nor currently. This section will give a brief overview – with no ambition of being exhaustive\(^\text{14}\) – of the most interesting and forceful initiatives.

PAFTAD (Pacific Trade and Development Conference, initiated 1965), PBEC (Pacific Basin Economic Council, 1967) and PECC (Pacific Economic Cooperation Conference, 1979) are private organizations consisting of academics and businessmen who unofficially meet and discuss the concerns of the Pacific Rim. The first two are part of PECC, which also has some importance beyond what its private and unofficial status leads observers to believe; it is sometimes called semi-official.

PECC is often seen as the forerunner to APEC (Asian Pacific Economic Cooperation), which is a rather open-ended organization bringing most Pacific Rim states together. Although created in 1989, the status and role of APEC were very unclear until November 1993 when the US strongly encouraged further advancement on economic development and free trade issues, the lines which had previously been only vaguely discerned. It has a secretariat in Singapore.\(^\text{15}\)

The East Asian Economic Caucus (EAEG later renamed to EAEC) is a relatively new concept (1990), and is in no way operational. It has the ASEAN-Japan axis as the bearing theme and carries some East Asian exclusivity. It was initiated and is being promoted by Dr Mahatir, Prime Minister of Malaysia, and directed primarily toward Japan. Membership in this somewhat provoking idea is not clear since Japan has been rather cool and other ASEAN states very cautiously optimistic at best. It is subject to harsh criticism from the US.

The Association of Southeast Asian Nations (ASEAN)\(^\text{16}\) is, on the other hand, an old association in terms of third world regional cooperation (1967) with a good reputation for coherence and determination. Its primary raison d'être was to check the perceived communist threat emanating from Indochina and from within. Deprived of this target, they now stress economic cooperation. Its merits as an association advocating economic integration are, however, poor. It is now trying to reduce tariffs substantially. The work name for that ambition is AFTA (ASEAN Free Trade Area), which, thus, is a vision

\(^{14}\) For a historical overview of attempts at regional institutions, see Palmer (1991).

\(^{15}\) Not surprisingly, APEC has gathered a whole body of literature; see, for example, Bodde (1994) and Chia Siow Yue (1994).

\(^{16}\) ASEAN encompasses Thailand, Malaysia, Indonesia, the Philippines, Singapore and Brunei. Vietnam joined in the summer of 1995.
under the heading of ASEAN. AFTA is modelled on the EC/EU, including a common market, hopefully by the year 2003.

There are a number of offshoots from ASEAN – ASEAN PMC is the Post Ministerial Conference with the dialogue partners of ASEAN. It convenes as a prelude to the annual ASEAN MM (an annual ministerial meeting within ASEAN) and serves as a forum for unofficial dialogue. The dialogue partners of ASEAN are the US, Canada, Japan, the Republic of Korea, New Zealand, Australia and the EU. (India is a 'sectoral dialogue partner' and China and Russia have 'special dialogue status')(Thambipillai 1994:124).

The ASEAN Regional Forum (ARF), established in July 1994 with the explicit aim to discuss political and security issues in the wider Asia-Pacific (Khong Yuen Foong 1995), brings in the ASEAN PMC plus Russia, China, Laos and Papua New Guinea.

Next we will try to catch the character and prospects for the *maximalist* and *minimalist* region around our three chosen themes.
IV THE MAXIMALIST REGION

4.1 Overview

Is there at all a case for regional cooperation – or even less regionalism – in East and Southeast Asia? If so, what will it look like? There are three distinct subregions in the larger region; Northeast Asia (Odom 1992), Australasia (Alves 1993:520ff) and Southeast Asia (Buzan 1988; Um 1991; Clements 1993:14), but no given centre. EC/EU has a natural centre on the axis Germany-France and NAFTA in the US. In East Asia, Japan for historical reasons has taken neither a high political profile as the US in NAFTA, nor has the conflict resolution between Japan and China proceeded as far, or been as successful, as the conflict resolution in Europe between Germany and France. The result is a rather mixed picture. We have a regional hegemonic vacuum in terms of security, coupled with low-key aspirations on economic hegemony from the side of Japan. In addition to this, it can be noted that a number of unresolved latent conflicts still exist.

East Asia thus lacks the advantage that EC and NAFTA have – political leadership pursuing a regionalist agenda. Or put more bluntly, it is doubtful whether the states in East Asia are ready to let Japan conduct the march towards a united region, or whether Japan dares to rely on that alternative. The lack of political legitimacy partly stems from memories from the Second World War, but also from the 'invisible face of Japan' or 'GNP-ism' (Nye 1992/93:108). The discrepancy between Japan's international commitment and its potential power is confusing. Japan has neither showed its regional intentions nor its capacity as a leader. Recent domestic political turmoil has not done much to boost confidence in Japanese foreign policy. Nevertheless, Japan is a self-evident contender for a hegemonic role in the region and its participation is necessary for any successful regionalization efforts.

In view of the growing number and increasing seriousness of regional initiatives in Asia, the possible success of EU and NAFTA and the possibly gloomy outlook of the long-term trade relation between Japan and the USA (Rosecrance 1992:76ff), Japan would be very unwise not to prepare the ground for a regional alternative. This is an old debate for the Japanese (Mendl 1995). Catch phrases like 're-Asianization' (Hettne 1992:20; Nye 1992/93:108) or 'rejoining Asia' (Asia Week 30/10 1992:29), 'common Asian home' (Park 1993:251) and 'new partnership for growth' (Asia, Inc, November 1993) are becoming more and more common. In Japan, growing resentment to other potentially protectionist regional blocs can be recognized (Japan Times Weekly 1993:20). It should also be noted that the region currently faces high economic growth which often serves as a catalyst for integration.

17 Japan was instrumental in resolving the Cambodia conflict, which was important for bestowing on Japan a more active role in regional conflict resolution and regional cooperation.
There are, however, a number of reasons that ostensibly impede regionalization in East Asia. The first obstacle is the relative low degree of regionness in East Asia/Pacific; whatever a natural region must contain, it can be stated that there are hazy geo-physical limits, limited cultural ties, only disparately organized cooperation, inactive regional civil society and a weak nature as an acting political subject (cf Hettne above).

Second, one can also question the economic rationale of any regionalization in East Asia/Pacific. The typical East Asian development strategy is outward oriented and highly dependent on global free trade with important counterparts such as the US and Europe. On the other hand, intraregional trade is rising and regionalization adhering to open regionalism with lower internal tariffs without an increase in external tariffs, still makes sense. Moreover, the threat of rising US (and EU) protectionism is ever present.

Third, there is an unstable security situation with immature security arrangements. The relation between Japan and China is one of many potential conflicts (Ellings and Olsen 1992/93:116); some would say that it is the most important (Segal 1993; Roy 1993). The Korea crisis is another example of the region's instability and it illustrates the unpreparedness of the Asian security structures to deal with security problems without the presence of the US.

Finally, the region also has to come to terms with ecological degradation, the flipside of its economic miracle. Besides the fact that ecological degradation is devastating in itself, it can also generate local conflicts affecting regional security and economy or even provoke a sharpened North-South conflict.

4.2 Economic development – East Asian design

East and Southeast Asia have come to be synonymous with high economic growth: Japan was the first East Asian economic miracle (Johnson 1982) and was considered a special case. It was followed by 'the four little dragons' (Vogel 1991) and by Malaysia and Thailand in the 1980s. China, Indonesia and Vietnam are other high performing, albeit still poor, economies. This remarkable economic growth, coupled with rapid industrialization, has spurred considerable interest in the East Asian economic development model. First, it was presented as the victory of the outward oriented liberal development strategy (Balassa 1981 and 1983; Agarwala 1983). Soon, however, it was reinterpreted as the success of the 'developmental state', meaning state intervention in order to create economic growth (White and Wade 1985:126-272; Migdal 1986; see also Sorensen 1991). The neoclassical economists, epitomized in the World Bank approach,  

18 The literature on the East Asian 'miracles', 'dragons', NIEs, NICs and so on, is immense and only a tiny portion will be referred to here. For a good overview of the literature, see McCord (1993:207-16) and Chowdhury and Islam (1993:256-75). Broadly three different interpretations can be pointed out: First, there are the advocates of the neoclassical case; see Balassa (1981) and Agarwala (1983). For the state interventionist school, see White and Wade (1985), Wade (1992) Amsden (1989, 1991) and Henderson (1993). Finally it should be mentioned that arguments critical to the actual content of the 'miracles' do exist even if they easily drown in the flood of appraisal; see, for example, Bello and Rosenfeld (1992) and Bello (1993). For a contribution which might serve to renew the debate, see IBRD (1993).  

19 Republic of Korea, Hong Kong, Taiwan and Singapore, henceforth referred to as NIEs. Cf note 2.
maintained that state intervention was instrumental in, and successful because, it aimed to 'get the prices right'. (Thereby fitting the neoclassic economics condition for effective economy.) Critics still argued that a closer look at the policies of the states in question revealed that they actually tried to 'get the prices wrong' in order to promote certain sectors over others (Amsden 1989 and 1991; Wade 1992). There are good arguments which assert that the state's central role (followed by good leadership) is the main explanation and should be the future strategy (Henderson 1993). In 1993, the World bank agreed that the state has played a large role but also argues that state intervention is not the explanation for economic growth (ibid 1993). This dichotomy between free prices and regulation, between state intervention and market rule, between preference for realist political economy or liberal political economy is partly dissolved by arguments that there is no real dichotomy (Agarwala 1983).\(^\text{20}\) It was argued that policies were not always explicitly aimed at getting prices right or wrong, but the result of more or less failed policies. A package of policies can, in retrospect, be interpreted as a series of well-planned actions when, in reality, they are more haphazard (Chowdhury and Islam 1993:106). In this depolemized explanation, state intervention is well acknowledged, but the most important factor is the quality rather than the quantity of state intervention (ibid).

With regard to the outwardness of the East Asian development strategy, the benefits from export orientation still hold water even though some moderating arguments have recently contested its sovereign role in promoting economic growth (Alvstam 1993:23ff [especially in the case of Japan]) and:

The empirical evidence on export-led growth or supply-led exports is inconclusive. There is little doubt that export played a very important role, but certainly the economic growth in the East Asian NIEs was not export-led in the sense that the impetus for export expansion came from abroad.

Chowdhury and Islam 1993:87

Japan has, of course, played an important role in the economic growth of the NIEs (Vogel 1991:90f) in the same way as the NIEs (and Japan) play an important role for the next generation of would-be NIEs in East and Southeast Asia. The 'flying geese theory'\(^\text{21}\) has been a popular metaphor for explaining the gradual spread of industrialization seemingly to have originated in Japan. The theory relies on the neoclassical theory of comparative advantages and follows a stage pattern claiming that increased living standards create a wage-push and force economies towards an ever increasing degree of sophistication in production. Lower income states can capture substantial market niches and thus become one of the geese following the leader goose. The theory introduces little which could not have been derived from neoclassical

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\(^{20}\) Agarwala is otherwise generally in favour of low price distortions and limited state intervention, thus keeping up the World Bank's general neoclassical view.

\(^{21}\) The 'flying geese theory' was first launched in the 1930s by the Japanese economist Akamatsu, but has recently been actualized by a number of scholars; see, for example, ESCAP (1992:15f), Cronin (1992), Chowdhury and Islam (1993), Rosentorp (1994) and Korhonen (1992).
economy, but its explanatory power increases now for two reasons: i) Japan is seeking to boost its image in the region and is thereby cautiously preparing for a potential leader role, and ii) there is a certain euphoria in the region about the inevitability of quick economic growth. Initially Japanese foreign direct investments (FDI) and trade went to Taiwan and South Korea, later to Thailand and Malaysia and now to China, Indonesia and Vietnam. Simply by adhering to the present regional economic order, it seems to be possible to generate high economic growth and break out of earlier poverty.

Furthermore, in terms of aid, 59 per cent of the Japan's overseas development aid (ODA) went to Asia in 1990, one third went to the ASEAN states and, throughout the 1980s China was the largest single receiver of ODA (Koppel and Orr 1993: Passim). There is also a clear connection between Japanese economic and political goals and the ODA (ibid; George 1993:566). Japan imposes, for example, less conditionalities in Asia than elsewhere due to fears of being accused of having great power ambitions (ibid:11). In terms of economic influence, we can see how ASEAN-4 occupies a far higher status than any other recipient of Japanese ODA (Rix 1993:22, 36f). A decisive engagement in the Asian Development Bank (ADB) is another sign of the leadership role that burdens Japan in terms of aid (Yasutomo 1993).

The resulting image – and vision – is one of a common economic interest in the region. The theory might thus serve as both an explanation of reality and a creator of reality.

There are also signs that the flying wild geese may serve as a model for Japanese policy makers regarding objectives for regional development, and that this may influence e.g. the allocation of development aid.

Rosentorp 1994:270

Whether one believes in the functionalistic stage pattern in the deterministic geese theory or not, there is abundance of empirical evidence of Japan's direct involvement in the economic growth in the region, especially for the NIEs and especially in the 1980s. We will briefly look at two different but interrelated factors enhancing the regional aspect of development: the Plaza House Agreement of 1985 and the increased intra-Asian trade.

Japan has benefited from benevolent US treatment since the Second World War. In the beginning of the 1980s it became obvious to the US that Japan posed an economic threat and subsequently pressure for the appreciation of the Yen increased. In September 1985, the US and Japan signed the Plaza House Agreement (or Plaza G-5 Agreement) which resulted in a sharply rising Yen. Japanese foreign direct investments (FDI) then increased sharply and Japan 'exported' its trade surplus; if anything, the 'Japanese' export now going through the NIEs became even more competitive and increased exports to the US. The flow of FDI doubled during the second half of the 1980s as compared to the first half of the decade. The ratio of FDI in East Asia which originated internally was 60

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22 For a solid odyssey of Japan's ODA and its economic and political role, see Koppel and Orr (1993). For its regional implications, see especially Rix, Yasutomo and Koppel and Orr in the same volume. See also Koppel and Plummer (1989).
per cent; considerably higher than in NAFTA and the EC (Yoshida et al 1994:69). The Asian NIEs were some of the winners in this process (Borthwick 1992:510). The Yen rising against the dollar was good news for the NIEs, and even more so for the states further down in the row of geese.

Intraregional trade also increased sharply from 1970 to 1986; with only a few exceptions, the increase in trade from NIEs, ASEAN and China ranged annually between 10 and 20 per cent, or even higher (ESCAP 1992:21). From 1986 to 1990, the trade between Japan and other Pacific Rim states has almost doubled (Cronin 1992:20). Overall, the intraregion's trade ratio has increased from 30 per cent in 1970 to 45 per cent 1992, a trend which indicates that the increase is softly accelerating (IMF, Direction of Trade, taken from Yoshida et al 1994:62ff). The emerging sophisticated division of labour needs some sort of coordinating body in order to utilize the world market more effectively (ESCAP 1992:15ff; 33). Some sort of closer regional cooperation is explicitly called for and even outlined (ibid:34ff).

Even though one cannot expect the continuation of an annual 10 per cent growth, the general pattern of high growth, fast industrialization, increased trade and regional economic integration shows no signs of decay. On the contrary, the flying geese model, calls for trade coordination, and a heightened interest, particularly Japanese, in East and Southeast Asia indicates a desire to deepen regional cooperation. It should be noted, however, that when talking about regionalism in East Asia, it is very much in the spirit of open regionalism explained above.

4.3 East Asian security – changing of the guards

There exists a 'standard analysis' of the current security situation in East Asia-Pacific to which most scholars and analysts adhere: a power vacuum is emerging as Russia and the US are pulling out and there is no new security arrangement in place (Buzan and Segal 1994; Foot 1995). There is an obvious risk that the balance of power logic outweighs the interdependence logic (Buzan and Segal 1994:18). The analysis continues that in the event of an unchecked arms race, there are formidable potential military powers in the making, notably China and Japan. An embryo of this arms race is already visible in the sharply increased defence spending by China, Japan and many ASEAN states (Park 1993:258ff; Robinson 1993:204). In addition, there is a number of unresolved conflicts within the region making the upcoming situation all the more fragile (Clements 1993; Segal 1993; Ellings and Olsen 1992/93:116ff). The US security role is commonly

23 The FDI for the Asian NIEs doubled from 1985 to 1986 and increased almost sevenfold from 1985 to 1989. The corresponding figures for all Asia was a 62 per cent increase from 1985 to 1986 and an almost six fold increase during 1985 to 1989 (Japanese Ministry of Financial Statistics, US Department of Commerce, Survey of Current Business [August 1991], taken from Cronin [1992:11f]). During the periods of 1975-79, 1980-84 and 1985-88, the Japanese share of FDI directed to Asia in the developing world grew from approximately 55 per cent to 65 per cent and further to 90 per cent respectively (Rosentorp 1994).

24 For a detailed and updated account of trade flows in east Asia, see Yoshida et al (1994).
described as a 'balancing wheel' to the emerging vacuum and unresolved conflicts (Ellings and Olsen 1992/93:116ff; Thakur 1993:25).

Japan has relied on the US for its security in the post-World War II era. If left by itself, Japan would have no alternative but to re-arm quickly – something for which it definitely has the capacity. One can easily imagine what reaction that would spark in the rest of the region. Contrary to US assurances, uncertainty over a US withdrawal has caused concern and resulted in Japan becoming the third largest world spender for arms (Robinson 1993:204). Another security related problem is Japan's large trade surplus with the US and this is seen in some quarters as a serious threat to US primacy. Even among the US public, Japan is viewed as the number one economic threat (Nye 1992/93).25 Neither outcome is desirable for the US. Either the US risks a continuing and accelerating trade deficit with Japan (and other states in the region) or it might unleash an arms race and conflicts which could spin out of control. Seemingly the US has ended up in a trap of its own making.

In Southeast Asia, the US has no lesser role to play, only on a lower level. There are repeated pleas that the US should stay in the area to provide military stability. Singapore's reaction (Strait Times) to the Clinton victory is a clear-cut example of this, 'US should stay engaged in the region' (Sumiko Tan 1992:24).

For the US, the way out of this trap is to assist in creating regional security arrangements that can provide security to a degree beyond what the US is willing to do. If successful, the slow US withdrawal would not result in a spiralling arms race and room for the US to manoeuvre in choosing the level of commitment would increase sharply. This is one – hidden – agenda for the plethora of regional formulas that has been proposed for the Asia Pacific over the last couple of years. In this light, the APEC meeting in Seattle in the autumn of 1993 was an even greater success than what is commonly believed. With one exception,26 all the leaders of the East Asian countries that are members of APEC were there and this in itself is a success considering the low frequency of multilateral security discussions and the many unresolved conflicts in the region. The meeting was repeated a year later in Jakarta and was hailed as a success. Some common statements were issued and the determination to move towards a common market in the long term was agreed upon. There was, however, also criticism for the US domination and that the agreements reached were rather hollow.

To continue the security analysis, the arguments can roughly be divided between those who view China as the major threat to regional peace (Roy 1993; Segal 1993, Shambaugh 1994) and those who are more concerned with the future role of Japan (Robinson 1993:204). ASEAN does not carry the same weight as does China or Japan but on the other hand, its internal cooperation warrants some admiration and, as long as

25 It should be noted that these poll results vary widely from time to time.
26 Notably Prime Minister Mahatir of Malaysia was absent, which was interpreted as a Malaysian protest against APEC overtaking the Malaysian EAEC initiative and weakening the role of ASEAN.
it can act collectively, it might balance the China-Japan relationship; even more so if Laos, Cambodia and Burma were included.27

Multilateral security cooperation is frequently called for (Park 1993; Brown 1993; Camilleri 1993:340ff; Funabashi 1991; Mack and Ravenhill 1994). Japan in particular is trying to find a way to assume a greater leadership role without appearing frightening. Multilateral security cooperation was first proposed in an ASEAN meeting in 1991 by Japan's Foreign Minister Nakayama (Brown 1993:551). At that time, it was coldly accepted by the ASEAN-leaders (Economist 27/7 1991:29). Cautiously nurtured through APEC and ASEAN PMC, the idea was later repeated in the Miyazawa speech in Bangkok in 1993 and was presented in a spirit of cooperation and mutual interest (Miyazawa 1993; Brown 1993:551f). There is now a broad consensus that multilateral discussion is needed and that the ASEAN Regional Forum is the place to have it, or at least start it. Parallel to this forum, the Counsel on Security Cooperation in the Asia Pacific (CSCAP) was founded; it consists of influential individuals acting in their personal capacity (Evans 1994).28

China is suspicious about Japan's intentions in the region and its cautious post-cold war tendencies to political assertiveness. Although the China-Japan relationship is crucial for stability in the region (Wang 1993:625ff), it is also a fragile relationship (Funabashi 1991:71; Park 1993:261). A strong leadership role by Japan is bound to spark a reaction in terms of a military build-up in China and any military build-up in China, in turn, is bound to alarm Japan. This unsteadiness once stability has been rocked, is very difficult to re-stabilize it – is one of the major reasons for the delicateness of the present change in the East Asian security system.

4.4 Ecological degradation – the unwanted side effect

Ecological questions are not favourite discussion topics among NIE representatives.29 The region seems largely to be following the Western, albeit not too attractive, model of depleting natural resources as well as degrading the environment in order to industrialize and then attempting to take care of the damages. The sustainability of economic growth and the rapidly changing societies are commonly challenged (Burnett 1992; cf Tisdell 1995). In general terms, the environment is considered to be neglected and in a poor state. 'False economies' (Far Eastern Economic Review 19/9 1991:37ff) is one cry illustrating that environmental protection in East Asia is lagging behind. The land area under forest, for example, is sharply declining partly for reasons of

27 For effects on and importance of Southeast Asia in this security triangle relationship, see Segal (1993), Grant (1993), and Sudo (1992).

28 Note that this follows the pattern of the PECC-APEC relation; a semi-official body paving the way for a more official and institutionalized regional cooperation body.

29 Although rich literature exists on environmental degradation in East and Southeast Asia, the correlation between ecological and regional affairs is definitely under-researched. This brief chapter will not do justice to the importance of this question. For a comprehensive overview of the ecological situation in Southeast Asia, see Brookfield and Byron (1993 also noting the extensive bibliography in this volume. See also Seda (1993), and Dasgupta (1995).
industrialization and increased consumption and partly for reasons of declining ratio of unit of arable land per person\(^{30}\) (RAPA and FAO 1991:1). Deforestation is one of the most serious problems to rectify (Potter 1993). Average deforestation increased from 2 million hectares in 1970-80 per year to 4.7 million hectares per year in 1980-90 (Rao 1991:25ff).\(^{31}\) The increase in deforestation in East and Southeast Asia is most pronounced in Indonesia, Burma, the Philippines, Thailand and Vietnam (ibid) with Cambodia recently joining the group (Far Eastern Economic Review 4/6 1992:64). In 1989, Thailand was the first state in the world to put a total ban on logging (Rao 1991:28; Hirsch 1993:14; 148). Malaysia has also started to restrict its logging operations in Sabah and Sarawak (Far Eastern Economic Review 3/6 1993:23f). In 1991, exports of tropical timber totalled approximately 35 million cubic metres, but is projected to decline sharply in the coming years and to stabilize somewhere around 12 million cubic metres (Borthwick 1992:539).

Taiwan, South Korea and Japan are the major importers of tropical timber in the region; Japan imports two thirds of its consumption (valued in 1989 at 14 billion dollars), Taiwan imports around 80 per cent and South Korea slightly more (Brooks 1991:286ff). The two latter have more or less depleted their natural timber resources, while Japan still has considerable domestic resources. Japan's resources are, in fact, increasing due to plantations reaching maturity and modest domestic harvesting (ibid). Considering its domestic resources as well as the increasing world market prices caused by the restrictions in Indonesia (mid-1980s), Thailand (1989) and Malaysia (1991-2), and rising environmental consciousness, Japan can be expected to reduce its imports of raw timber. In the case of South Korea and Taiwan, the prospects for the use of domestic resources are much gloomier in the foreseeable future.

There are many voices calling for a restriction on the exploitation of the environment (Davidson \textit{et al} 1987; SAM 1987; Hurst 1990; Pongsapich \textit{et al} 1992; Hirsch 1993; Seda 1993; Brookfield and Byron 1993) and there are many demands for a regional approach to the problem (Perry 1991:3; Brookfield and Byron 1993:372). Biodiversity cannot be maintained nor can deforestation and toxic wastes be stopped in one country alone:

\begin{quote}
Political commitment to improving the environment is increasing but national strategies will not suffice. Because of joint gains, environmental security will be more expeditiously attained at the regional level. Japan alone has the cognitive model and economic resources to provide environmental leadership.
\end{quote}

\textit{Maddock 1995:20}

\(^{30}\) The Asia Pacific region embraces 69 per cent of the world's agricultural population and 28 per cent of the world's arable land. The per capita availability is 0.27 hectares in Asia, compared to 1.64 hectares in the rest of the world (RAPA and FAO 1991:1f). Total land area is close to 3,000 million hectares and tropical forests cover 445 million hectares, approximately one fourth of the world's total (Rao 1991:25).

\(^{31}\) These figures include South Asia.
It has been argued by some scholars that the internationalization of natural resource exploitation has been explicitly used to by-pass regulation. Hirsch argues (1993:148), for example, that the restriction of logging in Thailand became possible because contracts for continued logging were arranged for in a regional setting instead of at the national level.

Some results of the work done at the regional and international levels to assess and to impede regional environmental deterioration are slowly forthcoming. UNEP (United Nations Environment Programme) and ESCAP (Economic and Social Commission for Asia Pacific) (ESCAP 1990) are working together. It is acknowledged that ecological degradation is a regional rather than a national concern (ibid:3), which needs increased regional cooperation (ibid:77). The link between high economic growth and environmental degradation has also been established and the two largest NICs, the Republic of Korea and Taiwan, are singled out as having the most serious problems in terms of pollution (ibid.iii). China also faces gigantic environmental problems (Ohlsson 1995a) and is viewed by some scholars as potentially having the severest problem of the region (Borthwick 1992:539). The degrading environment is regarded by some researchers as one of the major security problems for the region (Maddock 1995:20ff).

Japan can be expected to take a tougher stand against regional ecological degradation (Maddock 1995:34). Fermann (1993) claims, however, that given the present priority for economic growth, the prospects of Japan introducing initiatives for higher priority on ecological questions are poor. Even though this is contested by Tomitate (1993), no high regional profile for the environment is evident on the part of Japan. On the positive side, it is true that a 'green aid plan' and 'energy conservation-related international cooperation plan' have been launched as part of the technological aid to LDCs during 1993. The former Japanese Prime Minister Miyazawa also stressed in a policy speech in Bangkok in 1993 the need for increased focus to regional ecological questions and substantially promised additional ODA in this matter. Furthermore, following soaring public support in Japan, the country enacted 'the environmental basic law' in November 1993, which is the most powerful environmental law in Japan so far, dictating its environmental policy both domestically and internationally (Imura 1994). It is sometimes argued that in future environmental protection strategy, there must be a communality of interest between the rich and poor countries (Tisdell 1995). Only then can the economic success of East Asia be sustainable.

Any drastic improvement, however, still is forthcoming and it is argued that Japan's hitherto environmental policies in other East and Southeast Asian states make these initiatives look rather bleak (Tsuruoka 1991:50ff). If Japan views the degrading environment as a security problem, it could gain considerable goodwill by providing a model as well as resources (Maddock 1995:34).

4.5 The maximalist region and the new regionalism

Pacific Asia has experienced tremendous economic growth with its attendant pressure on society and the environment. To sustain economic development and to keep conflicts
minimal, a number of issues have to be addressed. Policy coordination for various
development strategies and trade options, the creation of security arrangements and
conflict resolution forums, and some regional rethinking in ecological issues, are all
urgent questions demanding answers. These answers are found neither at the national
nor the global level; instead, they may be in the multilateral forum with its focus on East
Asia. APEC is one such potentially suitable regional forum.

APEC has, however, some defects. First, some important players – notably Vietnam,
Cambodia and Laos – are still missing. Hopefully the reparation of this is more a
question of time than anything else. The relative success of the UN-brokered
Cambodian peace process and the US decision to withdraw the economic embargo and
recognize Vietnam (in 1994 and 1995 respectively) seem to indicate that the somewhat
irrational, or at least obsolete, international isolation of Indochina is finally over.

Second, to establish an efficiently working institutionalized regional organization, it
needs to be large enough to deal with vital questions but not so large that coherence and
many of the common interests are lost. APEC is too large to be linked together in any
‘imagined community’ or to be fully credible in Hettne’s perception of new regionalism.

A region where such linking elements or glue could be found, is arguably the one where
no regional institutionalization has taken place, namely an East Asian cooperation
formula. It is void basically for two controversies: it would be large enough to be
globally influential and exclusive enough to challenge the – making of the – new world
order.

ASEAN is a well established regional cooperation body and, if APEC is too large to fit
the concept of new regionalism, ASEAN’s problem is rather the opposite – it is too
small to tackle difficult questions. On the other hand, it has certain prestige due to its
well coordinated cooperation and its recent developments in striving for a larger role
and greater size.
5.1 Overview

Why has Southeast Asia, despite its natural propensity to do so, not become the Balkans of Asia?

Mabhubani 1992:110

Southeast Asia is an extremely diverse region. Whether we consider history, tradition, religion or cultural belonging, the heterogeneity is striking. 'Unity in diversity' has also become a catchword in the region. How can any unity be kept up? Is regionalization in any respect the answer?

When talking about regionalism in Asia, ASEAN cannot be overlooked. ASEAN is often singled out as a major and perhaps even the ultimate example of successful third world regional cooperation (ibid). It is true that ASEAN has exceeded the early expectations for the organization, but it is also true that it constitutes a mixed success. Questions are being posed:

i) How to achieve the long-debated economic cooperation/integration?

ii) What will happen in terms of security now that the security situation has drastically changed with the end of the cold war and the resolved Cambodia conflict?

iii) How – and when – will the region come to terms with its ecological degradation?

ASEAN will definitely play a role in future East Asia security discussions. In the triangle relationship of China-Japan-Southeast Asia, the latter, for historical reasons, has become the only one with enough political legitimacy and unoffending power to take the initiative for security discussions in the region. Furthermore, it has introduced a model which can be followed by others in East Asia, i.e. subregional cooperation that could be adapted by other subregions and which could be coordinated on a central level.

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32 The literature on ASEAN is vast and cannot be treated within this limited space. The Institute of Southeast Asian Studies (ISEAS) in Singapore has published a two-volume study ASEAN Bibliography. For an early well informed publication, see Brinowski (ed. 1982). A more recent overview is given in Brinowski (1990). An ambitious summary of essays and monographs is compiled in Sandhu et al (1992). See also the bibliography in the same volume (pp.549-82). For an overview of official documents and treaties, see Rieger (1991). For a collection of semi-official early views, see Martin (1987).

33 Many states in ASEAN can no longer be viewed as belonging to the unprecise group of third world states.

34 'Subregion' means in this context Southeast Asia as a subregion of East Asia.
5.2 Economic development – ASEAN ready for the next phase?

There is a basic paradox in the ASEAN cooperation; its statutes aim for economic cooperation, but it had not included security discussions on its agenda until 1992. Ironically, it has succeeded in managing the security situation, but has failed in generating substantive economic cooperation.

One can ask, why? One answer is that economic cooperation has not been needed – (most of) the national economies have done well on their own. Also, the reliance on export and extraregional markets has been so vast that regional trade has really not been desirable. The fact that the economies are competing rather than complementing is the third reason (Hussey 1991:92). Fourth, there are other priorities on the ASEAN agenda. Finally, strong national industrial groups have lobbied efficiently to keep national tariffs high and to maintain the usage of non-tariff barriers (NTB) (Hussey 1991:93; Alvstam 1993:29f).

This situation in many regards is changing with the rapidly changing international situation; the national economies are still doing well but the global economy progressively put more stress on regional organization. The internal and the East Asian markets are becoming increasingly more important for ASEAN. A number of states in ASEAN are reaching a more sophisticated level of industrialization and the advantages of specialization and cooperation increase accordingly. Finally, the communist threat and the Cambodia conflict have been removed and, as a result, the question of promoting economic development has drastically ascended to the list of future priorities for ASEAN.

The fact that there has been no significant regional integration does not mean that ASEAN has been economically inactive. Attempts have been made since 1976 to generate trade and to promote industrial cooperation. This has been done basically within two separate, but interrelated, frameworks: industrial cooperation and a preferential trading agreement (PTA). The former was divided in three subcategories: common industrial projects, complementation schemes and joint venture schemes. The package of industrial projects never took off as planned, but the other two did show some progress. The complementation schemes aimed at allowing different countries to specialize in the production of certain parts or components (UNIDO 1992:13). The joint venture schemes were perhaps more successful, even out-competing the complementation scheme (ibid:14). The strategy was to lower tariffs on projects involved in this scheme. But, it has not yet reached any major proportions due to bureaucratic sluggishness and indecisiveness in lowering tariffs.

The other measure for creating economic integration within the ASEAN is the preferential trading agreement (PTA) which started in 1977. It began slowly with an

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item-by-item approach, which was later speeded up to an across-the-board approach (UNIDO 1992). It has not, however, been very efficient for a number of reasons:

i) the cuts in tariffs generally were not very deep;

ii) the offers within the agreement often did not exceed bilateral agreements already reached;

iii) 'exclusion lists' were drawn up so that substantial areas remained untouched, and

iv) nontariff barriers covering quotas and import prohibition have been applied.

None of the attempts to create regional economic integration have been highly successful so far. During the period 1968 to 1992, internal trade have risen only from 15 to 17.8 per cent (Alvstam 1993:30). Some new strategy or stronger commitment is thus needed to reach any tangible results. We can, however, see two different lines of development that carry promise in regard to deepening regional integration – one is ASEAN Free Trade Area (AFTA) which is an agreement aiming at a 'free market' (or Common External Preferential Tariff [CEPT]) within ASEAN by the year 2008 (Far Eastern Economic Review 5/11 1992; Imada and Naya 1992; Imada, Montes and Naya 1991; Kettunen 1994). The other line of economic regionalization in focus here is the micro-regional approach (Thambipillai 1991; Parsonage 1992; Pangestu et al 1992; Alvstam 1993:36; Myo Thant et al 1994; van Grunsven et al 1995) which would integrate neighbouring provinces in different states with each other in order to haste foreign direct investment, industrialization and economic growth. The former strategy is ambitious, but is viewed with some suspicion by the local industrialists, while the latter has been greeted mostly with enthusiasm from many different sides (Thambipillai 1991). The following takes a closer look at these.

5.2.1 AFTA

ASEAN Free Trade Area or AFTA can be seen as a continuation and a speeding-up of the PTA. AFTA, agreed at the fourth ASEAN summit in Singapore in 1992, is commonly seen as a major political commitment to increase economic integration

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36 The figures on ASEAN internal trade are somewhat difficult due to the fact that data on the Singapore-Indonesia trade is restricted and due to the dubious nature of some trade within the region. Singapore plays an entrepôt role and some trade must be viewed as merely transit trade. Thus, figures on totals must rely on estimates and one has to take into consideration that a rise in the official internal ASEAN trade could be merely a reflection of increased imports and exports to and from the region going through Singapore. Alvstam's figures, however, are supported, for example, by Tyabji (1990:48f). Figures for internal trade, based on IMF statistics, are somewhat higher in Chia Siow Yue (1995). For the widely-held, generally critical judgement on the performance of ASEAN economic integration, see for example Tan (1987) and Hussey (1991:89ff). Another way of interpreting this modest increase in intra-ASEAN trade is that internal trade has not only kept up with the exploding external trade, but actually gained a few per cent. In absolute numbers internal trade has risen manifold.

37 The timetable and corresponding cuts in tariffs are, in reality, rather complicated, see Alburro (1995) for an exposé. The timetable has also been speeded up and has extended the range of goods affected (ibid). Most goods will be freed by the year of 2003.
(Kumar 1992:517) or even an attempt to break into a new phase of ASEAN cooperation (Naya and Imada 1992:513). Tariffs will be cut in Malaysia first. Being the first to take this step, it will put pressure on the Malaysian producers and government and will create a critical stage that others countries are bound to follow. The phased timetable for the reduction of tariffs could be interpreted as an attempt by some states to avoid the effects of a free trade area. The comparative advantages within ASEAN could be rocked by this phased trade liberalization which could induce protectionist states to take advantage of the situation and dump into the markets of the forerunners. On the other hand, the states that do liberalize early could end up with a more competitive industry when others are forced to reduce their tariffs.

Another potential obstacle is the fact that some important changes have taken place in the various national governments since the agreement was first negotiated in Singapore in 1992. The successive government in Thailand may not necessarily be as independently-minded and pro-trade as the Anand government was. In Indonesia, a reshuffling in the government has ostensibly been made in favour of protectionism (Alvstam 1993:32).

A third issue questioning the long-term relevance of AFTA is the fact that it was constructed in the midst of the prolonged Uruguay Round negotiations to provide a certain platform for the ASEAN countries and to provide protection against a possible protectionist world. Currently and in the near future, this function does not seem necessary.

The reduction of tariffs, of course, cannot be forced on any state because the agreement is not legally binding. This is a familiar problem in international affairs. Some observers even argue that a supranational body with functions similar to the Court of Justice in Europe needs to be established (Santiago 1995:21). This would be tantamount to tampering with the sovereignty of the ASEAN countries, something which has been carefully avoided since the birth of ASEAN in 1967. Regional relations, not to mention the image of ASEAN, would be severely hampered if this agreement were to be unilaterally broken by any party later in the process.

Although the Uruguay Round to some extent has superseded the AFTA, the concept is still relevant for at least three different reasons: i) AFTA can serve as a model for the coming WTO negotiations; ii) it will expand the free trade urge with its – and

38 The first phase was 1967-76 during which the countries basically got to know each other, the second stage during 1976-92 included active political cooperation and the next phase of 1992-2008 will be one of consolidation in building AFTA and other forms of regional cooperation, according to Naya and Imada (1992:513).

39 The average tariff rates are highest in Indonesia with 34 per cent, followed by Thailand with 31 per cent, the Philippines with 29 per cent, Malaysia with 25 per cent and Singapore with 6 per cent. Brunei has no external tariffs (Alvstam 1993:30). Figures on actual tariff rates are highly controversial due to the wide use of non-tariff barriers, for example, and controversies on how to calculate Singapore’s participation in regional trade. These features make the system non-transparent. Based on a calculation by Ariff (1992:4, taken from Kettunen 1994:207ff) on ASEAN-4, i.e. without Singapore, a different structure on nominal average tariffs was evident – Thailand 44 per cent, the Philippines 26 per cent, Indonesia 22 per cent and Malaysia 16 per cent.

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ASEAN’s – expanding membership; and, iii) it will serve to attract foreign direct investments, to increase the international competitiveness of ASEAN industry (Kettunen 1994:205), and to adapt to the ongoing globalization (Alburo 1995).

5.2.2 Micro-regionalism

Micro-regionalism, or 'growth triangle', is partly planned integration strategy, but also a more spontaneous development (Thambipillai 1991:303). It has been described as, 'An example of regionalism as a response to global political transformation' (Parsonage 1992:307), as a process for the greater regionalization (Mittelman 1993), as a complementation to macroregional economic integration (Thambipillai 1991:312) or as a way of achieving regional integration, while the time-consuming procedure of full regional grouping has been avoided.40

One growth triangle – the southern triangle (Lee 1991) – connects Indonesia, Singapore and Malaysia. But more triangles are possibly in the making: for example, the northern triangle of southern Thailand-northern Sumatra-northern Malaysia (Surat Thani-Medan-Penang), and Sarawak-Brunei-Sabah. Furthermore, one can easily envisage arrangements around the development of common natural resources; for example, what will be the outcome of the joint Malaysia-Vietnam oil explorations in the South China Sea (Antolik 1992:147), the proposal for joint management of the exploration of natural resources in the South China Sea or the giant Mekong development plans between Thailand, Laos, Cambodia and Vietnam (Öjendal 1995)?

The southern triangle – to pick one with the most articulated plans – is a project comprising Johor Bahru, the southern province in Malaysia, Singapore and Indonesia (Batam Island in Riau Islands in the archipelago of eastern Sumatra). These areas have in the past shared many common interests. In the modern era, Johor delivers fresh water to Singapore and serves as the major port of entry for tourists to Malaysia (Parsonage 1992:309). Following the deregulation of Malaysia, the Johor state government announced a strategy of economic 'twinning' with Singapore. Land and labour constraints in Singapore, lower production factor prices in Johor, access to generalized system of preferences and a deregulated market were the forces which rapidly created increased capital flows and an economic boom in Johor (ibid:309ff). The boom has led to further infrastructure investments linking the two countries even closer together. Capitalizing on the success of Johor-Singapore, Lee Kwan Yew suggested to Suharto, the Indonesian President, that the Batam Island in the Riau archipelago be established as a tax free area. A two hundred million dollar industrial park as well as a general tourist facility has since been constructed and real estate has been upgraded (Thambipillai 1991:305; Myo Thant et al 1994; van Grunsven et al 1995). Then in 1990, Singapore declared this as a growth triangle, an idea that was later endorsed by the Prime Minister Mahatir in Malaysia as well as by President Suharto.

40 See also Yuan (1992), Heng and Low (1993), Myo Thant et al (1994) and van Grunsven (1995) for an update.
According to a vertical division of labour effort in this growth triangle, low-cost working force and land is supplied by the Batam Island, semi-skilled labour and industrial sites by Johor and high technological skills, advanced electronic infrastructure, advanced bank and insurance services, and international know-how by Singapore (Chan 1992:27; Dixon and Drakakis-Smith 1993:16ff). This could be combined with extra privileges for foreign investments which would further propel the economic growth in the micro-region. Another area of compatibility is within the tourist sector where the well developed infrastructure of Singapore and the natural attractions of Malaysia and Indonesia could be exploited. Singapore's position in regard to Malaysia and Indonesia would parallel that of Hong Kong to Guangdong in China, a relation that has proved fruitful for all parties except perhaps, in the long run, the central government.

But this concept is not free of complications; the idea of growth triangles implies that a part of a society is taken aside and given certain conditions. This is a profound problem when trying to achieve development. The specific areas of friction for the southern triangle include inflation and social turbulence from the economic hausse caused by the increased flow of capital from Singapore to Riau and Johor. Some concern is evident between Kuala Lumpur and the state government of Johor over its extensive integration with Singapore (Kumar 1994:208). Singapore's middleman role will increase as long as Johor and Riau do not have substantial direct contact with one another, and both Malaysia and Indonesia suspect that Singapore intends to cement the existing vertical division of labour (Parsonage 1992:314). These obstacles, directly or indirectly linked to Singapore's favourable economic position, could be counterbalanced, or at least reduced, by the political clout Malaysia and Indonesia have over Singapore in terms of size and power. A crucial aspect of growth triangles is mutual benefit and economic complementarity (Myo 1994:24). Thus, ideally the micro-regional approach should extract all its inherent advantages and still remain balanced.

5.3 Regional security - increased responsibility

ASEAN has recently experienced a number of crucial changes in the security context, such as the breakdown of the cold war in 1989, the ensuing collapse of the Soviet Union and the solution of the Cambodia conflict in 1993. For an organization born arguably from external threat or the perceptions of such, a fundamental change in the external environment is crucial for its future. On the one hand, the ASEAN-cohesion originated from the perceived threat from Vietnam which is now gone. On the other hand, the ASEAN states still belong to a common security complex (Buzan 1988; Um 1991), interrelated in security questions whether they want it or not. One could then anticipate

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41 The parallel could be carried even further; outside Hong Kong, an exclusive economic zone has been established in China (Shenzhen) and is designed to attract foreign investment from or through Hong Kong. It has been highly successful in terms of economic growth.

42 There is still a low intensity civil war in Cambodia, but its character as a regional conflict disappeared with the general recognition of the outcome of the UN-sponsored election in May 1993.

43 For a discussion on reasons for ASEAN birth as well as for the early and unexpected resilience see, Leifer (1984:127ff; 1989).
that in the wake of the Cambodia conflict solution, the two partly contradicting processes – the disintegration and the extension of ASEAN – would be activated.

ASEAN has been charged of being an 'one-issue' organization, where the Cambodia conflict served to harmonize the foreign policies of the ASEAN states, by creating a common security concern. Throughout the 1980s, every meeting of the foreign ministries routinely ended with reproach for the Vietnamese behaviour in Cambodia. But this stopped with the fourth summit in 1992. The 'overlay' of superpower interest has disappeared (Buzan 1988; 1991; 1994), and a number of lower level conflicts have re-emerged (Acharya 1993:15; Antolik 1992:148). There is no lack of friction or potential conflicts between the ASEAN states. The security issue was officially on the ASEAN agenda for the first time at the 1992 summit, with the immediate result that ASEAN PMC was to be the forum for discussing regional security concerns. This was endorsed by all ASEAN members as well as by Japan and the US (Acharya 1993:61f).

These give an indication of the increased interest in regional multilateral security arrangements. All dialogue partners plus India and China were invited to the meeting. A formal alliance was even proposed (Buszynski 1992:840), but there was definite resistance in some quarters against any tight multilateral security arrangement. Basically Malaysia and Indonesia are resisting this development (ibid), their reluctance stemming from fears of being dominated and of being locked into a far too demanding relation respectively.

A tight multilateral security arrangement does not necessarily rest easily in the Thai camp either. Thailand was not given full support in military terms against the perceived threat from Vietnam during the Cambodia conflict. Instead, China and the US backed Thailand in their strong anti-Vietnamese urge. Later they claimed that ASEAN could not guarantee its own security without the US, thereby reducing Thailand's enthusiasm for ASEAN multilateral security cooperation (Buszynski 1992:845). Other ASEAN members also sceptically observed the Thai-Chinese rapprochement in weapons systems during the Cambodia conflict. Thailand has a tendency to identify its interest and fears with mainland Southeast Asia, impeding further ASEAN security cooperation.

Instead of a multilateral security arrangement, a spiderweb-type allegory of bilateral and trilateral arrangements within ASEAN has been nurtured. The bilateral or even trilateral security ties between Singapore, Malaysia and Indonesia are growing stronger (Kusuma-Atmadja 1990). As this development is not necessarily followed-up on all fronts of the ASEAN security theatre, it produces a rather patchy spiderweb. The Philippines, geographically alone in its corner of the ASEAN area, is further isolated by its unsettled conflict with Malaysia over the territorial delineation of Sabah and the intermediate waters. This conflict has recently flared up as a result of the renewed actuality of the Muslim rebellion in the southern Philippines.

Thus we have outlined a potential three-polar ASEAN in terms of security: i) Thailand directing attention towards mainland Southeast Asia; ii) Malaysia-Indonesia-Singapore

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44 1967, 1976 and 1987 were the three former summit years.
preoccupied with constructing arrangements of their own, and iii) the Philippines more interested in creating internal security. This pattern is based on a relative disintegration in the face of eased external pressure. The offensive way of tackling the problem of potential disintegration is for ASEAN to adopt a greater and more influential role in the region or even beyond, but this introduces the immediate question of how to treat the states in Southeast Asia that are not yet members of ASEAN.

The political will to extend ASEAN to cover all of Southeast Asia was partly fortified with the admittance of Vietnam. The Vietnam Premier, Vo Van Kiet, visited Indonesia, Malaysia and Thailand in 1991 to convey the wish for the country to become an integral part of Southeast Asia (Buszynski 1992:833; Frost 1993:64). The rapprochement between Vietnam and the ASEAN countries inspired the joint project 'Interaction for Progress', which arranged two symposiums. At one of these symposiums, it was made known that the idea of '...Vietnam joining ASEAN in the future' (Jayanama 1991:35) was clearly voiced by the official representatives from most ASEAN states'. And the idea of 'one Southeast Asia' (Rajaretanm 1991:9) was also explicit. This was an echo of an earlier statement by Ali Atalas, the Indonesian Foreign Minister:

Now that Cambodia can hopefully be resolved we can go back to our original blueprint: Southeast Asia must become one, not a region of two polarized mini-blocs.

Quotation in Frost 1993:65

There was, however, common understanding that it would take some time (ibid; Rajaretanm 1991:8f; Buszynski 1992:833). This was followed up by the high status Vietnam-ASEAN Study Group which strongly emphasized the concept of Southeast Asia as a community, with a shared destiny based on common security in the atmosphere of being a pluralistic community:

For the nations and the peoples of Southeast Asia, shared destiny is a fact of life, not a figment of some idealists' imagination. And for those with shared destiny, close collaboration is not a temporary choice or an optional luxury, but a permanent, persistent and all-embracing necessity.

The ASEAN-Vietnam Study Group 1993:14ff

In 1992 Vietnam and Laos signed the Bali Agreement to recognize the principles of non-interference and territorial status quo mentioned therein. They also gained observer status in ASEAN and the political reconciliation between ASEAN and Vietnam was

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45 For the view from Malaysia, see Ibrahim, Ahmad, and Tahir; for the view of the Philippines, see Mitra, for the views from Thailand, see Jayanama, and for the views of Singapore, see Rajaretanm. For the Vietnamese view point, see Vu Khoan, Do Quoc Sam, Phan Van Tiem, Tan Kong Yam, Dang Xuan Ky and Le Dang Doanh. All in NCSS, CIEM and IRC (1991).

46 In the words of Rajaretanm, 'We have never lost our confidence in our objective of building a better regional order - one Southeast Asia - with Vietnam and ASEAN finally reconciliated and members of the same family. I know that it is, as a Chinese saying puts it, "a thousand li path". and we have engaged the first and most difficult "li".' (Rajaretanm 1991:8).
formally sanctioned (Acharya 1993:48). For the ASEAN states, Vietnam's recognition of the freeness and the fairness of the UN-sponsored election in Cambodia in May 1993 was further confirmation of the rapprochement between Vietnam and ASEAN (see also Gainsborough 1993). In the summer of 1995, Vietnam was admitted as a full member of ASEAN.

A look at the recent trade and investment pattern between ASEAN and Vietnam underlines this development (Acharya 1993:47ff). Singapore has emerged as Vietnam's largest trading partner and biggest ASEAN investor (Tung 1993:86; Chee Peng Lim 1995:310ff). Moreover, Lee Kwan Yew, the former Singapore Prime Minister, has become a special economic adviser to the Vietnamese government.

The relations with China are sensitive in this regard. Malaysia and Indonesia would like to see Vietnam serve as a shield against China's influence in the region. Vietnam, on the other hand, does not want to pursue membership too vigorously so as not to provoke China. Rather, Vietnam attempts to balance China and ASEAN, paying attention to both, but without compromising either partner (Tung 1993:89f; Tuan 1993).

However, Vietnam's membership in ASEAN does not mean that all the problems are solved: Vietnam and Thailand have disputes over fishing rights in the South China Sea as well as some diverging opinions over the development of the Mekong River. Vietnam and Indonesia are conducting negotiations on some overlapping exclusive economic zones in the South China Sea (Tung 1993:88). The Spratley Islands are contested by a number of different states; in this conflict, the severest tension is between China on one side and Vietnam and ASEAN on the other. This was further highlighted by China's recent occupation of the Mischief Reef, which is also claimed by the Philippines. Despite these incidents, however, there is no doubt that the Indochina-ASEAN relations have steadily improved since 1991 (Thayer 1995:56).

Burma is more troublesome. It was invited in July 1994 to the ASEAN Regional Forum meeting in Bangkok, not by ASEAN, but by the individual initiative of the host country, Thailand. The close connection, or 'constructive engagement', between ASEAN and Burma draws heavy critique from the West, but Burma nevertheless seems to be slowly approaching ASEAN. Cambodia is also troublesome due to its internal political turmoil and weak administrative capacity.

5.4 Ecological sustainability

Although ASEAN security discussions are vivid and the pace of regional economic integration accelerating, environmental protection is lagging behind (Brookfield and Byron 1993; Seda 1993). Slow recognition of the urgency of environmental degradation and its related problems does not make them less of a problem, quite the opposite (Park 1993:264; Maddock 1995).

ASEAN had established a regional environmental programme already in 1978 (ASEP, ASEAN Environmental Programme), which has evolved through three 5-year phases,
and is now in its fourth. In 1987, the Jakarta Resolution on Sustainable Development was adopted and upgraded to senior level in 1989 (Phamtuvanit and Lamont 1990:1ff). In spite of these farsighted measures, the environment is suffering badly in many parts of Southeast Asia. Water resources management (Easter, Dixon and Hufschmidt 1991) and deforestation (Hurst 1990) are two particularly urgent and controversial topics.

Both water resources management and deforestation are interrelated to the wider problem found in the locus of natural resources management and national interests, an increasingly delicate topic in the Southeast Asia region (Dixon 1993). The international conflicts caused by ecological problems and natural resources management require regional solutions. One example is Thailand, the Indochina states and Burma which are often discussed as a single problem area (Innes-Brown and Valencia 1993). Deforestation in Thailand is forcing the logging industry to expand, for example, into Burma, Laos and Cambodia which still have forested areas and no strict logging bans. Deforestation in Borneo is another problem which needs to be solved by Indonesia, Malaysia and Brunei in the not-too-distant future when the forests are irrevocably depleted.

Deforestation is perhaps the most serious ecological problem of Southeast Asia (Hurst 1990). A regional committee, The Committee on Food, Agriculture and Forestry (COFAF), exists which is supposedly addressing deforestation issues within the ASEAN framework. During the first ten years of existence, it has convened sixteen times and at the subcommittee level, there have been 68 meetings, 15 of which have concerned forestry. Its efforts, however, seem to be geared towards increasing productivity rather than protecting the environment and the work done is generally financed by external donors instead of ASEAN (Cabanilla 1988:55ff).

The controversy over rain forest logging has, furthermore, developed into a conflict matching the pattern of the North-South conflict. Dr Mahatir, the Prime Minister of Malaysia, has questioned the West's motive for preserving the rain forest and he has become a high profile representative of the South against the North (Crovitz 1992:14; Far Eastern Economic Review 20/8 1992).47 In demanding the South to protect the environment without the North paying for it, the paradox of the North is perfectly clear in the phrase, 'You free trade, we'll save forests'. This was offered by the South, i.e. East Asia, to the North (Far Eastern Economic Review 4/6 1992). Another issue in the politics of environmental protection is the struggle of the minority groups living in the forests being cut. The most publicized of these is perhaps the exchange of letters between Mahatir and Bruno Manser, the Swiss national who has been living among the Penans in Borneo (Sarawak) for six years. Struggling to maintain the Penans' right to preserve their livelihood in the rain forest, Manser is making demands that logging must be stopped. Mahatir claims that Manser is '... the mastermind behind a series of logging protests in Sarawak ...' (Far Eastern Economic Review 27/8 1992:8) and that he '... condemns them [the Penans] to a primitive life forever ...' (ibid:9). The clash of world views is obvious, confronting an imperative to modernize with nonmaterial arguments.

47 Related to this subject, see also Raghavan (1990).
Conflicts over water resources and water usage are usually a regional concern since water delineates nations or links states through international rivers. In terms of ecology, the Mekong River development project on mainland Southeast Asia is perhaps the most significant single package of projects and one with high conflict potential.

The Mekong Committee (now the Mekong River Commission [MRC]) is the oldest surviving regional cooperation body in the area; it was established in 1957 and has survived to date, albeit in a reshaped version. It comprises Vietnam, Thailand, Cambodia and Laos. All major construction on the river and its tributaries was blocked for a long time due to protracted conflicts in the region. With peace in Cambodia, a new era has arrived for the river project. Now large-scale plans are being renewed and a realization of some of the major projects can be foreseen before too long. This is a cause of tension between Vietnam and Thailand, the major contenders of these water resources, but it also gives hope for accelerated development for the large poor population of the area and for stronger national reconciliation between the two countries. The Mekong River is the world's tenth largest waterflow and the largest unexploited waterway. Critics say, however, that the large-scale plans will create havoc to both fisheries and sustainable agriculture throughout the basin (Lohmann 1990; Ryder 1993; 1994).

In addition to the issues of deforestation and water resources management singled out above, there are a number of other controversial ecology-related questions that should be mentioned; for example, natural resources management in general (Sharma and Tan 1991; Sharma 1993), toxic waste and overfishing (Seda 1993) are problems that call for regional initiatives.

5.5 Integration, extension or division?

In 1991, Langhammer phrased the dilemma ASEAN was confronted with, as follows:

ASEAN is standing at a watershed between widening its membership (towards Indo-China) and deepening cooperation and/or integration internally... At the same time, it has to redefine its role as a subregional institution in a wider Asia-Pacific grouping.

Langhammer 1991:137

This is also what has happened because, in addition to the fact that ASEAN made no progress in enlarging its membership or strengthening cooperation, it tried simultaneously to widen, deepen and position itself in the 'wider Asia-Pacific grouping'. Thus a changing role for ASEAN can be observed – from safeguarding security within

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Southeast Asia to promoting regional economic integration. ASEAN's greater interest in external security questions and in regional security arrangements through the ARF (see below) can be added to its role as the economic 'negotiation club'.

As has been seen, there is an increasing logic in establishing closer integration in the Malaysia-Singapore-Indonesia cluster. It does make sense for Thailand and Vietnam to identify, and to some extent to focus on, their immediate interests in mainland Southeast Asia (ibid:842ff) because, as the words of Acharya claim '... the de facto polarization of Southeast Asia into continental and maritime spheres' is apparent (1993:52; 75; see also Shibusawa et al 1992:94ff). The AFTA concept is, however, pointing in the direction of increased integration.

ASEAN's future development framework may end up with a similar problem to the EU – should it increase the depth of integration, consolidate the present structure or extend the organization's role to new members and functions? Every extension may dilute common interest in the organization and instigate division, and each step to deepen cohesion may result in a backlash if the individual states are unwilling to join future integration. This issue was highlighted at the 1992 summit where a political acceptance of Vietnam was made public at the same time as the AFTA concept was set to sea. A two-tier approach to ASEAN has been proposed, according to which formal links could be forged with some states without requiring or claiming full membership status. ASEAN's parallel to the EC/EU in the acceptance of additional states for future membership is, again, quite obvious. However, given the emphasis placed on the concept of 'one Southeast Asia' and the obvious pride over nearly three decades of ASEAN cooperation, it is likely that ASEAN will show again considerable resilience against dividing forces.

There is still one level in the regionalization discussion that has not been touched very deeply yet – the one bridging cooperation between the established ASEAN and the newly formed APEC; in other words between the maximalist and the minimalist version of regionalization. The EAEC formula is one conceivable bridge; the ARF is another.
VI THE MAXIMALIST AND THE MINIMALIST VERSION RECONSIDERED

What sort of East Asia-Pacific regionalization will we then find? A reason for choosing the maximalist-minimalist approach is that regionalization – if any – will be found within these parameters. As shown above, APEC is inclusive enough not to dismember any major player, while ASEAN is small enough not to threaten any major interests. The controversial concept would be the pan-Asian region (contrary to pan-Pacific [Borthwick 1992:522]) which would encompass the East Asian states but not the US, Canada, Australia, New Zealand or the Latin American states. This is not a reality today, but it is the logical outcome if the trans-Pacific relations between the US and Asia are disturbed, a situation that is probable, given the fact that the US has a tremendous trade deficit with Japan (55 billion dollar in 1993) which hardly can be sustained in the long run. The US is on a collision course with China in regard to human rights, intellectual property and the export issue of high-tech weapons. For the ASEAN states, there might be a North-South conflict in the making. Seen from an (pan-) Asian point of view, the EAEC, of course, is the potential vehicle dealing with these issues.

For security reasons, it makes sense for Asian states to establish some sort of arrangement in wake of the withdrawing US military. The seriousness of the emerging Asian security dialogue could be tested in the case of the Spratley Islands. This is the most obvious issue in which the interests of China, Japan and Southeast Asia intersect. In terms of economy, there is already regional integration in the making with trade and foreign direct investments sharply increasing, especially from Japan, but from also Taiwan and South Korea. This is evident not only between Japan, Taiwan and South Korea, but also between this group and Southeast Asia and China. As mentioned above, the ARF is an initiative on the part of ASEAN which can, and will, deal with these questions. The first ASEAN Regional Forum was considered a success (Far Eastern Economic Review 11/8 1994:34) and many security topics were aired, although perhaps not necessarily the most controversial ones. The ARF can now be considered an established forum, which is an astonishing improvement if one recalls the situation just two years ago when multilateral discussions were virtually nonexisting. The 1995 meeting was held in Brunei.

Any regionalization would have to take the three entities of China, Japan and Southeast Asia into consideration. In particular, the relationship between Japan and Southeast Asia

49 This is, furthermore, seen as inevitably coming sooner or later (Nye 1992/93:96ff). The events in mid-February 1994 and the spring of 1995 caused the deterioration in the trade relations between the US and Japan, substantiate this claim.

50 Further impetus in this North-South question is the issue of human rights in Asia. The US is bashing China, the EC/EU is bashing the ASEAN states and everybody is bashing Vietnam (see Trang Quang Co for a Vietnamese view in this issue in Far Eastern Economic Review 4/8 1994:17). For the connection between China and the ASEAN in this matter, see Jie (1993:227) There is also growing discussion on topics like 'the Asian way to democracy' and 'Asian values'.

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has proven to be dynamic with considerable economic influence emanating from Japan and many institutional initiatives from the ASEAN states. Japan's interest in Southeast Asia also falls within a pattern of historical interest (Baker and Frost 1992:104; Sudo 1992; 1994). While little work has been done to institutionalize or even consolidate this relation, it can be concluded that there are rather strong underlying forces promoting these ties.

Regionalization or not, there is de facto economic integration emerging in East Asia through Japan's expanding economy. The Japanese foreign direct investment (FDI) in ASEAN-4 has risen more than fivefold between 1985 and 1990 and, in states like Thailand and Singapore, it represents close to 70 and 50 per cent respectively of total FDI received by these states. During 1980 to 1990, the official development assistance (ODA) to the ASEAN states increased more than threefold; this, in spite of the fact that states like Singapore and Malaysia have become too rich to receive large aid donations. Imports and exports from the ASEAN-4 have increased 74 per cent and 194 per cent respectively during 1986-90. Furthermore from 1985 to 1990, Japan's manufactured imports from ASEAN have risen more than fourfold, indicating that there is industrialization is in progress in the ASEAN states (ibid). One can observe, however, that this is taking place on Japanese terms; to a large extent, the increased trade is generated by Japanese corporations established in ASEAN. After the US and EC, ASEAN collectively ranks as Japan's largest trade partner. These figures are compounded with the general, favourable attitude on the part of ASEAN towards the presence of the Japanese business community. It has been reported that Japan is given substantial benefits in Thailand when establishing new investments (Cronin 1992:32); there is an official 'look east' campaign going on in Malaysia and Japan supplies in Indonesia between 60 and 70 per cent of the total ODA.

Willing or not, the ASEAN economies definitely have become an integral part of a production structure that is emerging in the Pacific region, with Japan as its core.

Soesastro, in Cronin 1992:51

Japan's strong involvement in the economies of the ASEAN states has also spurred some critical academic views (Saravannamuttu 1988; Ping 1990:164ff) as well as cautious notes from the ASEAN statesmen (ibid:180) and public resentment (ibid:163). However, instead of increasing, public resentment against the Japanese involvement seems to be declining over time.

Politically Japan has a long-standing interest in Southeast Asia. It was reinforced by the Fukuda Doctrine in 1977, according to which Japan would be instrumental in promoting closer ties with the ASEAN states; in playing a constructive role towards the Indochina states and would refrain from becoming a military power in the region. Even though some scholars question the significance of the Fukuda Doctrine (Khamchoo 1991:9f),

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51 Unless otherwise stated, the figures here are from the Japanese Ministry of Finance and Ministry of Foreign Affairs, taken from Cronin (1992, passim).
others see it as a major policy document, which goes far beyond pure economic rationale (Sudo 1988:510; 1992).

Since then, this special relationship has been carefully nurtured, first via the Takeshita speech at the third ASEAN meeting to a recent policy speech in Bangkok by Prime Minister Miyazawa in 1993. Miyazawa's speech stressed economic development, an increase in ODA for ecological issues and conflict resolution on a regional basis (with special reference and invitation to the Indochinese states). Even more important, Miyazawa supported the ongoing formation of Asia-Pacific political and security dialogue. In all areas, he outlined a significant role for the ASEAN states (Miyazawa 1993).

One undecided factor is China's position with regard to this pattern. In a way, China could be viewed to be somewhat outside the ASEAN group due to potential hostilities, or perceptions of hostility, towards both Japan and Southeast Asia. This ostensive detachment is, however, contradicted by two substantial arguments: first, the economies in most Southeast Asian states are pushed by nationalized ethnic Chinese who constitute an invisible but a very significant network all over Southeast Asia. Second, the southern and eastern part of China is becoming involved in the economic boom in East Asia and therefore China's incentives to repair and to improve relations with the rest of East Asia are on the rise. In spite of this, it is not likely that China will join in the foreseeable future any organization or institution which could diminish its national sovereignty.

6.1 Four different scenarios

What then, is to be expected of the future in terms of regionalization in East Asia/Pacific? At least four scenarios are envisaged: i) the conflictive East Asia; ii) the divided Asia; iii) the status quo situation; and, iv) the Asian house.

In the first, conflictive East Asia scenario, the NIEs will start to outcompete Japan and Japanese-Chinese relations will actually soar. Japan, instead of being the benevolent regional hegemon, will subsequently try to maximize profits, thus creating a tense East Asia with fiercely rivalling economies.

Second, the divided Asia scenario is a variation of the first. The Southeast Asia-Japan axis will develop further, while China pursues its sovereignty, refusing to compromise on issues like Taiwan and the Spratley Islands. Mutual anxiety over China will push Southeast Asia and Japan economically and diplomatically closer together. Tense economic relations will follow and relations with the US will be important for both Japan and Southeast Asia.

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53 This analysis draws on Cronin (1992:104ff) which is a work discussing prospects of East Asia regionalism much in the spirit of new regionalism. See also Cronin (1994).
In the third scenario of status quo, affairs will continue as in the past with a very strong Japanese economy making massive investments, further increasing trade and establishing a vertical division of labour, but keeping a very low regional political profile with no major regional initiative. For Japan, in this scenario as well as in the first, its relationship across the Pacific will be more important than those to the East Asian states.

The fourth scenario is Asian house which could result from a disturbance in the Japan-US relationship, encouraging Japan to turn more decisively to Asia. The Japanese overture does not need to be very strong to bring in a number of interesting parties to the 're-Asianization'. This could increase interest in a number of regional initiatives already launched, notably the EAEC in economic terms and the ARF in terms of security. This scenario becomes more likely with the increasing size of the markets in East Asia.

Are there signs to support any of the above scenarios? As was pointed out above, there are many potential conflicts in the region and the existing arrangements are not very solid. The conflict scenario, however, seems to be contrary to the present development pattern in East Asia with its consistently high economic growth rates and an atmosphere of success in the making. With the exception of Japan, most East Asian states seem to have come out of the protracted global low conjuncture unharmed, or even strengthened. A mutually expected upturn in world economy would serve to further support the economic success of East Asian, increasing, instead of decreasing, the incentive for regional cooperation and integration.

The actual outcome will likely wobble between the status quo and the Asian house scenarios. Certainly the Japanese influence in the economic sphere will continue in the foreseeable future, and it is less likely that it will turn into an authoritarian political role, or military role, which is even more unlikely. Certainly Japan will play a modest, but important political role. Trade relations with the US will most likely be disturbed, but not necessarily damaged. Seen in this light, Japan is the agent that could trigger the regionalization process, if it so wishes while China, on the other hand, is the agent that could impede the process.

To consider Japan-led regionalization in the light of new regionalism, the question needs to be asked – what is the cultural role to be played by Japan in exporting Japanese way of life to a limited part of the world. This is a significant part of the new regionalism puzzle that is still difficult to answer conclusively, but might ultimately be the aspect that makes or breaks East Asian regionalization. Currently. Southeast Asian popular opinion is not always overwhelmed with the Japanese presence.
The controversial EAEC proposition by Prime Minister Mahatir of Malaysia is the middle ground that could become the formula for enhancing the depth and the scope of regional cooperation. The East Asian exclusiveness of that caucus is, however, still keeping Japan from openly endorsing this idea. Then again, it has won some support in the region (from e.g. South Korea [Bangkok Post 20/4 1993:20]) and any Japan-US trade conflict will serve to keep the idea at least as an 'emergency exit' for Japan. For the moment, EAEC seems to have found a position as a subforum within the APEC cooperation (Clements 1993a:7).

The other emerging regional forum is the ARF. In the words of the ASEAN Secretary General, 'In the long term the forum will generate its own momentum and become the focus of all matters relating to political and security issues'. This forum also fits Miyazawa's concept in which ASEAN is viewed as the forerunner for a potential two-track security arrangement in East Asia and subregional forums could be linked to a regionwide conference of officials (Uren 1992:122).

In the event of an increased pace of economic regionalization, the Japan-Southeast Asian axis is of vital interest. This is a development which would, to some extent, suit Southeast Asia. *Open regionalization* is the code word for a situation where the benefits of closer regional ties can be achieved without the detrimental effects of the potential exclusiveness inherited in regionalization. This is the evolution seen from outside. But there is also development towards greater responsibility and scope of Southeast Asian regionalism which emanates from within, and this tendency could be distinguished from the generally continued internationalization with the term *new regionalism*. This internally generated, multidimensional regionalization can be seen basically to proceed in two directions: one is the regional cooperation embodied in more or less institutionalized regional organizations as well as other similarly working formulas (e.g. ASEAN). The other option is the recent phenomenon embodied in trans-border growth triangles, golden quadrangles and so on. The latter has a more spontaneous and economic profile. Issues of shared identity and cultural understanding will be crucial in the long run for any genuine regionalization. Perceptions of broad-based civil societies with similar values have not yet emerged in large scale in East and Southeast Asia. The exception would be for limited national elites.

Although this publication is entitled *Regionalization in East Asia/Pacific? An Elusive Process*, the question cannot be satisfactorily answered at this stage nor in this monograph. We can, however, expand a few lines of thinking. Regionalization in East Asia-Pacific is certainly elusive, and cautiousness in international affairs has become the trademark of Asian politicians in the post-cold war era. But is it inevitable? Who is

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54 Stated by Datuk Ajit Singh, the Secretary General of ASEAN (taken from Clements 1993:6).
driving the process? This question can be addressed by analysing a number of relations and their attendant challenges on three different levels.

First, the US-Japan relationship is crucial in efforts to determine the defining structures for regional revival which at the same time is under severe (long term) stress. The more relations between the US and Japan deteriorate, the greater become Japan's incentives to choose re-Asianization, which by necessity would generate a further institutionalization and cooperation.

Second, the triangle between Japan, China and Southeast Asia is another key relationship that has improved lately, but it also introduces incomplete power struggles, historic conflicts, unequal economic development and low absolute degree of regional coherence. On this level, the new vivid modernizing elite who advocate economic growth strategies are pushing for increased regional cooperation but not as 'fortress Asia' (Harland 1993:397). These elite are growing in size with more trade, foreign investment and aid flows, and are exerting progressively greater pressure for conflict resolution, or at least conflict avoidance, in which China's role is crucial.

The third relationship of primary importance is the one between the ASEAN states. It has, so far, proved to be surprisingly harmonious. However, as a result of the changed security situation, the downfall of the ASEAN has frequently been predicted and consequently a new top-priority issue must be introduced to its agenda. The emerging East Asian regional security dialogue and the deepening free trade cooperation in Southeast Asia could – and already have to some extent – become the issues to re-start the ASEAN. The idea of 'one Southeast Asia' is also a powerful political vision which is being launched with surprising vigour. If managed in an egalitarian way, certainly all states included in ASEAN would benefit.

Who benefits from a regionalized East Asia/Pacific? On a global level, any Pacific Rim regionalization with the adherent free trade agreements would make the US a winner and the EU a loser in terms of market access. Over the long term, a more integrated East Asia would certainly be good for the security situation (cf Western Europe) within East Asia. Also, if interregional relations were not harmed, it would augment the prospects for economic growth. Then, the one remaining worry is whether this economic growth will translate into economic development? In other words, will there be equity in development and will the large Asian masses be able to take part in the economic development?

Another important question concerns the sustainability of this development. East Asian regionalization will certainly favour economic growth and thereby ostensibly challenge any effort at environmental recovery. Even so, regional coordination and cooperation are needed to come to terms with the ecological problems. Perhaps regional cooperation could be the tool for working towards environmental recovery.

The conclusion is that there are a number of regional institutions in the making in the Pacific, East and Southeast Asia. Their size and scope are, however, highly undefined. The logics extending the national boundaries can be easily traced, but there seem to be
only few ready-made comprehensive solutions to the emerging problems. In many respects, the regional approach is the only viable approach. To be sustainable, and here the arguments of the new regionalism are accepted, regional approach has to originate from, and be supported by, some kind of regional identity marker. This can neither be easily found nor rapidly created.

The far-sighted question to pose in regard to regionalization in the Pacific is not whether regionalization is emerging, but rather, which structures can carry the weight of the international issues and potential problems in Asia/Pacific? The current level of regionalization is elusive because of the lack of any self-evident borders, boundaries, common history and lack of political leadership. Regionalization needs to proceed cautiously in order not to spark any political counter-reaction. This report concludes that an organization of the international society is inevitable due to the fact that East Asia-Pacific has a weakly organized and institutionalized international society, but a lot of international contacts and potential areas of friction. This much having been said, is regionalization then desirable? As with most things, it can be progressive and it can be dangerous. On the one hand, a closed elitist organization created for outcompeting external players and disregarding long-term problems like large-scale poverty and the environment, will stir up internal instability as well as external irritation. On the other, an economically open, and politically problem-solving regionalism, addressing issues like ecological degradation, common security and general welfare, will create internal legitimacy and stabilize the world economy. These are the much-needed objectives in a world where East Asia-Pacific certainly will play a larger role than it has in the past.
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