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Article Title: COMPARATIVE THEORY, CHINA, AND THE FUTURE OF EAST ASIAN REGIONALISM(S)

Year of publication: Forthcoming

Link to published version:

<http://journals.cambridge.org/action/displayJournal?jid=RIS>

Publisher statement: None

# COMPARATIVE THEORY, CHINA, AND THE FUTURE OF EAST ASIAN REGIONALISM(S)\*

## LEVEL ONE HEADING

### **Level Two Heading**

*Level three heading*

## INTRODUCTION

It is not surprising that the experiences of the European integration project loom large in analyses of (and predictions for) regional integration elsewhere in the world. After all, the European Union (EU) is the best example we have of what happens when states agree to first move towards formal economic cooperation and coordination, and then some wider form of political integration. However, how useful it is to have such a dominant presence when it comes to the construction of a truly comparative approach to studying regional integration is open to question. Perhaps the biggest potential problem is the treatment of the EU as the archetypal model – a benchmark against which the progress to full and “proper” regionalism is judged. For example, Wang Zhengyi argues that despite myriad forms of actually existing regionalism in East Asia, the focus remains on the potential for regionalism in the future because current regional forms do not match up to EU-centric expectations of what constitutes a region.<sup>1</sup>

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\* I am grateful for comments provided by Ben Rosamond on an early draft of this paper, for the participants at the conference on Comparative Regionalism organised by Renmin University in Beijing and UNU CRIS in Beijing in February 2008, and for the points raised by the anonymous reviewers.

<sup>1</sup> Discussions with Wang Zhengyi, Beijing University, Beijing, Feb 2008.

But while this paper starts from the understanding that there is much more to regionalism than just the EU, it also accepts that there understandings that emerge from studying integration in the EU and point towards an integrating logic for East Asia. These essentially emerge when considering the economic basis for regionalism, and the search for collective “statist” solutions to common challenges – challenges largely generated by non-state actors and what we might conceive of as the spread of neoliberal globalisation. Or put another way, the logic of capital accumulation and distribution requires means of not just facilitating neoliberal capitalism but also *legitimising* it that create a demand for regional level institutions.

This integrative logic is also partly fuelled by geostrategic concerns – but also perversely simultaneously constrained by geostrategic rivalry. On the one hand, the changing attitude of China<sup>2</sup> to regional organisations, whilst partly being inspired by understandings of economic security, also seem to be in part at least inspired by considerations of power politics and competition. But on the other hand, responses to Chinese initiatives – particularly, but not only, in Japan - have resulted in the “oversupply” of region; or the establishment of a rival conception of region that has at its heart the attempt to undermine perceived Chinese regional leadership ambitions.

Before turning to the East Asian case in the second half of the paper, it begins by first attempting to draw out the most relevant theoretical strands in the literatures on regional integration. Here, apparent distinctions between contending approaches seem in part conditioned by the academic practice of drawing clear dividing lines between theoretical approaches; for example, between realist and liberal positions and between “traditional” and “new” approaches. This is not to say that there is nothing new – the focus on actual processes of regional integration rather than formal regional

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<sup>2</sup> I am, of course, using “China” here to refer to the policies and attitudes of key state elites and not to imply that there is only one interest in the entire nation.

organisations is essential for building a truly comparative approach to studying regional processes. So too is the expectation that multiple (functional) regions are more likely than the inevitable spillover into a single political region expected by some neofunctionalists. However, the paper also argues that the focus on constructing mechanisms to deal with the consequences of increased economic interconnections ties new and old approaches together. Furthermore, conceptions of hegemony – how to establish it and how to resist it – seem to result in more connections between liberals and realists than we might think would be the case.

### **STUDYING REGIONALISM(S): THE BENEFITS AND PITFALLS OF THE COMPARATIVE APPROACH**

It might not be easy to identify what point of the European experience is the most apposite for a comparison with today's Asia with, but comparing Asia now with Europe now is likely only to result in the conclusion that they are different. So the correct temporal basis of analysis is important if we are to make any sense of how the study of one process can help us understand what might occur elsewhere. For example, a comparative historical approach can suggest that insurmountable obstacles aren't always as insurmountable as they might appear if studied on their own. From the safe vantage point of the safe European home of today, it is perhaps easy to forget that the Europe of the early 1950s was characterised by fragmentation and potential challenges to regional stability and peace rather than integration and union. How many scholars in 1945 or even at the signing of the Treaty of Rome in 1957 would have predicted the EU that existed on its fiftieth anniversary? Indeed, how many people in early 1989 would have foreseen a Europe of 27 including many that once

formed part of the opposition “bloc” or “camp”, and states that didn’t even exist less than two decades ago?

Crucially, however, identifying what **can** be overcome, what **might** be overcome and how they **have** been overcome in one setting doesn’t necessarily mean that they inevitably **will** be overcome – or overcome in the same way in every place. And here we return to how best to use the EU experience as one example of integration rather than the only experience and/or archetypal model identified in the introduction. And it is not just that regionalist theories have emerged from the European experience, but a narrow European experience at that. As Rosamond notes, “neofunctionalism can be read at one level as a theory provoked entirely by the integrative activity among the original six member-states”.<sup>3</sup>

Ironically, even Europe fell short of expected standards of regionness for Haas through the failure of the European model to meet his expectations that the regional entity would supersede the nation state.<sup>4</sup> Despite arguing that this (along with the lack of regionalist projects elsewhere) meant that his own integration theory was obsolescent, his understanding that narrow functional arrangements such as the European Coal and Steel Community would necessarily “spillover” into wider and deeper integration retains much purchase in the study of regional integration today.

Those that followed Haas from neofunctional, intergovernmental and neoliberal institutionalist positions disagreed over many of the motivations and processes of integration. But there was nevertheless a shared understanding (of sorts) that growing internationalisation of economic activity and the resulting interdependence meant that there was an urgent need to find collective answers to

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<sup>3</sup> Ben Rosamond, *Theories of European Integration* (Basingstoke: Macmillan, 2000), p.10.

<sup>4</sup> Ernst Haas, *The Obsolescence of Regional Integration Theory* (Berkeley: Institute of International Studies Working Paper, 1975).

collective problems in a world of “complex interdependence”.<sup>5</sup> Formal inter-state cooperative institutions are expected to develop at the regional level – but not just at the regional level - as a statist response to an increasingly complex world where the activities of non-state actors (primarily companies) operating beyond the national sphere mean that national level legislation and action alone cannot attain (contested understandings of) national objectives.

Crucially, later students of the “second wave” of regionalism did not just compare new regional projects with the early European experience, but instead also compared the non-European examples with each other. Whilst the resulting studies contained many varied conclusions, an underlying theme was this key idea of non-state actors – particularly major transnational corporations – influencing the evolution of regional organisations. To varying degrees, government policies towards regionalism are seen as responses to the interests of transnational business communities.

One of the most important works in this tradition was Walter Mattli’s “The Logic of Regional Integration”.<sup>6</sup> Mattli’s research was very much informed by the European experience – not just the development of the European Union, but earlier attempts to promote integrative projects in the nineteenth century (both successes and failures). But it also went beyond the European cases, considering the motors of integration in East Asia and the Americas. At the risk of oversimplification, Mattli argued that integration is most likely to occur and cohere when the supply of supranational institutions by regionalising political elites meets the demand for regional level coordination and action by primarily economic elites. And this

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<sup>5</sup> Robert Keohane and Joseph Nye, *Power and Interdependence: World Politics in Transition* (Boston: Little, Brown and Company, 1977).

<sup>6</sup> Walter Mattli, *The Logic of Regional Integration: Europe and Beyond* (Cambridge: Cambridge University Press, 1999).

understanding of the supply and demand of regions informs much of the analysis in the second half of this paper – albeit in a way that departs considerably from Mattli’s original observations.

### **Beyond Rationalist Approaches**

Not surprisingly, the efficacy of both rationalism and intergovernmentalism have been challenged – not least by the broadly defined “new regionalism” approaches to understanding regional integration. I have outlined the potential usefulness of these theories for studying China’s position in Asian regionalism elsewhere, and do not intend to repeat the analysis in detail here.<sup>7</sup> Rather, I will simply draw out what seem to be the most important conclusions for comparativists/students of Asian regionalism.

First, there is a rejection of the inevitable functional spillover into single political regional units - indeed, if the world has a future of regions, it is likely to be one where states are members of multiple regional organisations rather than members of single exclusive bodies. Often building on Coxian approaches to World Order,<sup>8</sup> the real world of new regionalisms is characterised by multiple forms, layers and levels of integration. For example, the security region might not be the same as the region of production, investment and trade - as was the case in Europe with a disjuncture between the European member states of the North Atlantic Treaty Organisation and the European Economic Community respectively for much of the second half of the twentieth century. In this respect, the fact that China, for example, seeks regional security cooperation with neighbouring states to the north and north-west through the Shanghai Cooperation Organisation (SCO) whilst simultaneously promoting

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<sup>7</sup> See Shaun Breslin, ‘Theorising East Asian Regionalism(s): New Regionalism and Asia’s Future(s)’, in Melissa Curley and Nick Thomas (eds.), *Advancing East Asian Regionalism* (London: Routledge, 2006), pp.26-51.

<sup>8</sup> In particular, Chapters Six and Seven of Robert Cox, Robert Cox with Timothy Sinclair, *Approaches to World Order* (Cambridge: Cambridge University Press, 1996).

economic cooperation with the Association of Southeast Asian Nations (ASEAN), Japan and South Korea does not seem particularly atypical.

Diversity is also a result of different levels of “region”. For example, much of the real integration that is taking place between economies is not between the economies of two or more nation states. Rather, it often occurs between sub-national entities across national boundaries. Thus, for example, Tijuana becomes integrated with San Diego across the Mexico-USA border to a much greater extent than the Mexican and US economies become integrated as a whole.<sup>9</sup>

Add scale and function together, and a country like Malaysia is involved in cross border ASEAN growth triangles, in ASEAN itself, in the fast track for the ASEAN Free Trade Area liberalisation (as opposed to the slower track for the new members), the ASEAN regional forum, ASEAN Plus Three (APT), the China ASEAN Free Trade Agreement (CAFTA), the East Asia Economic Caucus, the Asia Europe Meeting (ASEM), Asia-Pacific Economic Cooperation (APEC), the Asian Development Bank, the Colombo Plan and probably others that I have forgotten here.

### **Regional Integration as Form and Process: isation and ism**

Perhaps more forcefully, the variety of new regionalism approaches were largely inspired by a desire to move away from the concentration on creating formal regional bodies as the defining feature of regional integration. Clearly the creation of these organisations – what was typically termed as “regionalism” (as form) - was a major element in regional integration. However, for a number of scholars, the focus on what governments did to and with each other was not the only benchmark against which

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<sup>9</sup> Scott Grimes, ‘San Diego-Tijuana: Microregionalism and Metropolitan Spillover’, in Shaun Breslin and Glenn Hook (eds.), *Microregionalism and World Order* (Basingstoke: Palgrave, 2002), pp. 23-41.



regional integration should be judged - and indeed no guarantee that real integration or “regionalisation” (as process) would take place.<sup>10</sup>

Taking the latter first, there were examples of the creation of formal regional bodies – sometimes inspired by the emulation of earlier regional projects – that had come into being through inter-governmental dialogue and treaty, but where little or no real integration had subsequently occurred. For example, Manoli has shown how the creation of the Parliamentary Association of Black Sea Economic Cooperation in 1993 did little to spur actual economic integration with member states looking instead to relations with extra-regional economics (particularly the EU).<sup>11</sup>

Perhaps more important for this study, the example of East Asia in particular showed that national economies (or at least parts of national economies) were becoming integrated with each other even though formal regional bodies did not exist. This is not to say that governments in the region had been passive or even irrelevant – on the contrary, integration had been facilitated by numerous government initiatives to facilitate integration into the global economy. As such, while there was no formal EU style union, there was actual regionalisation.

There was also a form of regional “governance” (if not regional government) in that integration was being driven by the increasingly shared acceptance that neoliberal capitalist globalisation was the best (indeed, the only) way of promoting economic growth. To be sure, this did not entail a complete transition to laissez-faire free market capitalism and of course many different forms of national economies

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<sup>10</sup> A distinction that was made early in the evolution of literature on new regionalism in this journal in Andrew Hurrell, ‘Explaining the Resurgence of Regionalism in World Politics’, *Review of International Studies*, 21:4 (1995), pp.331-358 and also by Andrew Gamble and Anthony Payne (eds.), *Regionalism and World Order* (Basingstoke: Macmillan, 1996).

<sup>11</sup> Panagiota Manoli, *The Formation of Black Sea Economic Cooperation: A Case of Subregionalism* (University of Warwick, Department of Politics and International Studies, PhD Thesis, 2003).

persist. But the primacy of using the market as a means of promoting transnational investment and trade linkages had become the accepted orthodoxy.

The idea that the desire to lock national economies into the neoliberal global economy **via** regionalisation was at the core of many new regional interpretations of what was driving this second wave. However, both the logic of this interpretation and the logic of the policy seeking integration were challenged by the financial crises that hit East Asia, Latin America and Russia in and after 1997. For those that saw the cause of these crises in excessive liberalisation that removed states' abilities to control their own financial affairs, the way to prevent future shocks was to restore regulation. With the international financial institutions seen as reflecting the neoliberal preferences of the west, and most individual states seen as lacking the power and resources to do things on their own, then regional solutions became increasingly attractive. As Katzenstein noted, regionalism was attractive because it was the right fit – neither “too hot” nor “too cold” but “just right”.<sup>12</sup>

Although the idea of “regulatory regionalism” was largely a response to what happened in the late 1990s and particularly the Asian, Russian and Latin American crises,<sup>13</sup> Katzenstein's “Goldilocks” principle actually preceded the crises. It also has much in common with those understandings of European integration as providing a bulwark that allows the European social welfare model to persist despite the liberalising and privatising edicts of neoliberal globalisation,<sup>14</sup> and Helen Wallace's conceptions of Europe as a “filter for globalisation”.<sup>15</sup>

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<sup>12</sup> Peter Katzenstein, ‘Regionalism in Asia’ in Shaun Breslin *et al* (eds.), *New Regionalisms in the Global Political Economy: Theories and Cases* (London: Routledge, 2002), p. 104.

<sup>13</sup> Kanishka Jayasuriya (ed.), *Governing the Asia Pacific: Beyond the “New Regionalism* (Basingstoke: Palgrave, 2004).

<sup>14</sup> Colin Hay and Ben Rosamond, ‘Globalisation, European Integration and the Discursive Construction of Economic Imperatives’, International Political Science Association XVIIIth World Congress of Political Science, Quebec City, Canada, 1-5 August 2000.

<sup>15</sup> Helen Wallace, ‘Europeanisation and Globalisation: Complementary or Contradictory Trends?’, in Breslin *et al* *New Regionalisms in the Global Political Economy*, p. 149.

At first sight it might appear that these understandings of regionalisation as a means of ensuring participation in the global capitalist economy and regulatory regionalism as a means of constraining the impact of the capitalist global economy contradict each other. But we can reconcile them by pointing to the learning process that many state elites actually went through in the 1990s – the first two thirds of the decade characterised by massive growth through regionalisation and globalisation based on liberalisation and deregulation; the last third characterised by crises, perceptions of “western” bias and hegemony, and lesson learning. Just as neofunctional theorists argued that their innovations were based on observations of what was actually occurring in Europe (in particular the regionalising initiatives of people like Jean Monnet), so their successors have adapted theoretical positions in response to actual events in other parts of the world.

Moreover, for Marxists, there is no contradiction at all. Capitalism needs to be seen to be legitimate, and regionalism, just like nationalism, is about constructing a space that allows capitalism to flourish and become widely accepted as the best (or only) economic system.<sup>16</sup> The organisation of capitalism thus tends to be reformulated as a result of crises to ensure that the system does not cause so many problems that it becomes illegitimate and is therefore challenged. Thus, we can see a dual process of facilitating and legitimating in the second wave of regionalism in the 1990s (and will perhaps see a similar process as the repercussions of the 2008 crises in the West unravel). With unfettered capitalism not only often blamed for the crises but also in large parts of the world seen as representing the preferences of others (“the West” or the USA through its power in the financial institutions) the need to re-legitimate through regulation was doubly important.

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<sup>16</sup> Peter Cocks, ‘Towards a Marxist Theory of European Integration’, *International Organization*, 34:1 (1980), pp.1-40.

## **Competing Explanations and Over-stark Dichotomies**

Whilst new approaches have done much to move the comparative study of regionalism forward, the attempt to construct new and innovative ways of thinking has sometimes ironically muddled the divisions between old and new and between different theoretical positions. For example, starting from a position of challenging the conceptions of actors in Neofunctionalism, intergovernmentalism and neoliberal institutionalism, new regionalism placed an ever greater emphasis on the role of non state actors (largely fund managers and companies) in creating new regional spaces of economic activity, and driving real processes of regional economic integration.

But in light of the crises of the late twentieth century (and perhaps now of the early twenty-first), the focus changed to a renewed emphasis on policy coordination and cooperation at the regional level to regulate. So whilst the rationalist basis of analysis has changed and the predictions for the evolution into an EU-type future may have gone, but in some respects we are back in a position that people who espouse variations of “older” approaches would be happy to sign up to - regional regulation is seen as a statist response to shared market/(neo)liberal/economic concerns. Add to this an emphasis on how government policy is based on a balance of domestic demands from groups that have benefited (or suffered) in different ways from the spread of neoliberalism, and we are close to a liberal (if not neoliberal) institutionalist position.

We might also question the apparent division between an emphasis on function-rationality as explanation for region and constructivist understandings. If state elites decide that it is in the national interest to work together to solve common problems (in the national interest), then they need to decide who they are going to work with – who is in and who is out. In this sense, then rationalist/functional

understandings of region – indeed, all understandings of region – are based on the construction of a conception of the parameters of that regional activity. It’s just that in the neofunctionalist tradition, it’s only a small group of elites who “construct” the region and have a shared “regional identity” rather than the broader conception of who might develop a regional identity that some constructivists have focussed on. Or perhaps put another way, in terms of establishing regional integration, shared constructed regional identity amongst finance ministers matters more than the conceptions of the general population.

### *Hegemony and Regional Integration*

The realist concept of “bandwaggoning” whereby states try to tie themselves to the fortune of a hegemon through regionalism also has something in common with new regional approaches that emphasis “north south” regionalisation and the desire of developing states to tie themselves to their regional cores to promote development. The understanding of how the decision is made might be different, and so too is the understanding of what it’s “for” (based on a different understanding of the nature of the “state”). Nevertheless, the basic understanding that state elites in developing countries will develop policies that deliberately link them in an asymmetric relationship with the hegemon/core has more in common than probably either side would like to admit.

Indeed for Hurrell, conceptions of hegemony loom large in many interpretations of what drives regionalism and points to four main “hegemonic” explanations.<sup>17</sup> First, the above mentioned bandwaggoning or the attempt to get

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<sup>17</sup> Andrew Hurrell, ‘Explaining the Resurgence of Regionalism in World Politics’.

special favours from the hegemon by forming an alliance.<sup>18</sup> Second, the evidence of sub-regional groups emerging as a collective defence against actual or potential hegemons – ASEANs initial role as a mutual defence against communism, and the Gulf Cooperation Council as a means of resisting Iran. Third, “an attempt to restrict the free exercise of hegemonic power, through the creation of regional institutions” (which of course links to liberal socialising understandings if the norms of the region are liberal ones) – the argument that bringing West Germany into the European project at an early stage was a strategy of “regional entrapment” into European (liberal) norms.

At this point, it is difficult to see where realism ends and liberalism starts (or vice versa). The key differences should be on the permanence of any relationship based on a realist privileging of absolute gains vis-à-vis liberal conceptions of relative gains (leading to temporary alliances for the former versus an understanding that cooperation can and should be enduring for the latter). But when the focus is on the short term reasons for the establishment of the region rather than on “shoulds” and “wills”, then its not always easy to separate out the two.

Liberals should also stress the two-level nature of the process emphasising the importance of domestic considerations/demands, while realists should take the interest as given and shaped by the state’s position in the structure of the global order. But these formal ontological divisions do not always hold true. Different domestic positions and demands are not always simply assumed away in realist approaches – indeed, it is difficult to think of considerations of regionalism that do simply take the national interest as structurally given.<sup>19</sup> Indeed, neoclassical realists accept that there

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<sup>18</sup> Of course, this does not have to simply be based on market access, and could also include simply ensuring special political gains.

<sup>19</sup> Thanks to Ben Rosamond for focussing the ideas here – and for also pointing out that this is why realists tend to leave the field of regional integration studies to others.

is more than one level of action and search for the domestic roots of policy preferences while accepting that what states can agentially do with these preferences is structurally constrained. Conversely, the argument that the liberal order “enmeshes” and socialises states into accepting dominant liberal norms is often pitched in terms of the results being beneficial for national security and something that should be pursued in the national interest (rather than sectoral interests). The state might be deconstructed to find the roots of policy preferences, but is often reconstituted when it comes to consider for whom or for what this resulting pacific global order is good for. So while there **should** be a clear distinction between realist and liberal approaches here, in reality (a dangerous word in this context) the division is not always as clear.

Returning to the importance of hegemony in regional theories, Hurrell’s fourth explanation is the hegemon’s position on regional projects – in short, regionalism will happen if the hegemon wants it to, and be blocked when it doesn’t. But which hegemon (or potential hegemon)? The US, Japan or China? So to Hurrell’s four we add a fifth understanding of the relationship between regionalism and hegemony which rests on amending the traditional idea of regionalism as a means of maximising the national interest in a game of mercantilist competition (“cooperating to compete”) to studying *competing* forms of regionalism. Different state elites promoting forms of region in both membership and function that they think will best serve their self-defined interests.

#### **FROM THEORY TO CASE: CHINA AND (EAST) ASIAN REGIONALISM(S)**

So perhaps the distinctions between “old” and “rationalist” approaches and “new” understandings of regionalism have been overstated. In addition, whilst there remain key differences of opinion of why it is done, and whether it is good, there is also

perhaps more in common in explaining the roots of regionalism than liberals and realist would perhaps like to admit. So if we try to pull out a position for studying regionalism in East Asia based on comparative approaches, what do we need to consider?

### **What Type of Region?**

#### *Multiple Regions, Multiple Regionalisms*

The most obvious implication of applying new regional approaches to China and East Asian regionalism is that Europe does not have to be the only benchmark and model. The disjuncture between security regions and other regional forms in Europe has been noted above, and is likely to be a feature of any Asian regional architecture. It is particularly notable that of China's partners in the SCO, only Russia is discussed in analyses of East Asian regionalism – and even then only rarely and usually to explain why it isn't being considered. Whilst this suggests a concrete example of the disjuncture between security and other regions, it also leads us towards two other issues.

First, Russia is not only China's regional partner in the SCO, but also in the Tumen River Delta Project. Although little concrete regional integration has actually taken place in the TRDP for a number of reasons,<sup>20</sup> the project does remind us that China's neighbours are not all "Asian", and at least one of China's regional futures might be in a partnership with non-Asian states/economies. Individual states can be and are members of multiple sometimes overlapping regional organisations, and there

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<sup>20</sup> For details, see Gilbert Rozman, 'Flawed Regionalism: Reconceptualizing Northeast Asia in the 1990s', *Pacific Review* 11:1 (1998): 1-27, Shaun Breslin, 'Decentralisation, Globalisation and China's Partial Engagement with the Global Economy', *New Political Economy* 5:2 (2000), pp. 205-26, and Christopher Hughes, 'Tumen River Area Development Programme (TRADP): Frustrated Microregionalism as a Microcosm of Political Rivalries' in Breslin and Hook (eds) *Microregionalism and World Order*, pp. 115-143.



is no reason why China will not develop deeper regional cooperation with both Central and East Asian neighbours in the future, based on the different functional objectives of each region. For example, China's leaders increasingly define security in terms other than just guns, bombs and bullets, conceptions of what might form a security region will change. So in addition to more traditional security concerns, the search for energy security concerns might also lead China towards regional cooperation with Central Asian neighbours.

Second, the Tumen River Delta Project was a failed attempt to construct a sub-national cross-national microregion. But there are other well documented microregional experiments and processes that have led to microregional integration; for example, between the Pearl River Delta and Hong Kong (sometimes extended to include Taiwan) and across China's south-western borders. So it is not just a question of considering multiple forms of region, but multiple forms at different levels and the way that they interact with each other.

### **Demand for Regional Governance: Changing Perceptions in ASEAN and China<sup>21</sup>**

In an era when some are suggesting (and perhaps fearing) a new regional order built on China's engagement of Southeast Asia, it is worth reminding ourselves until fairly recently, this relationship was characterised by distrust and sometimes outright hostility. China didn't even have diplomatic relations with a number of regional states until the early 1990s,<sup>22</sup> perceived ASEAN as a natural ally of the USA and therefore a

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<sup>21</sup> This section builds on a policy analysis brief published by the Stanley Foundation, and Shaun Breslin, 'Towards a Sinocentric regional order? Empowering China and Constructing Regional Order(s)' in Christopher Dent (ed.), *China, Japan and Regional Leadership in East Asia* (Cheltenham: Edward Elgar, 2008), pp. 131-155.

<sup>22</sup> Relations were formally established with Singapore in 1990, with Brunei in 1991, and re-established with Indonesia and Vietnam in the same year.

potential challenge to Chinese interests, and had the occasional military stand-off with regional states over competing territorial claims in the South China Sea.

Moreover, China shied away from engaging in multilateral organisations. Of course, Beijing was more than happy to join the United Nations in 1971 and take the China seat from the Republic of China on Taiwan. But membership of the United Nations did not threaten Chinese sovereignty – indeed, through the veto power on the Security Council, sovereignty was in many ways enhanced. But it was a different story when it came to those organisations that established norms and rules of global governance; organisations that China could not participate on from the same position of power it had on the UN. For example, China only joined the World Bank and IMF in 1980,<sup>23</sup> and even then Chinese leaders were wary of organisations that were considered to largely represent western (for which usually read US) interests. So in combination, it was not surprising that participating in a regional multilateral organisation in Asia was not on Chinese agendas until very recently. In searching for an explanation in this change in approach, there is a clear distinction between those who study security on one hand, and (international) political economists on the other.

#### *The Chinese Demand for Regionalism: A Security Agenda?*

For a number of writers, the demand for regionalism has been driven by a security agenda and the need to prevent encirclement by the US and its allies.<sup>24</sup> Hence, for Goldstein the need for a neo-Bismarkian “grand strategy” to prevent a coalition of

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<sup>23</sup> “China” was actually a founding member of the Bretton Woods institutions. But that China was the Republic of China under the leadership of the Guomindang.

<sup>24</sup> Thomas Christensen, ‘The Rise of China and U.S. Policy toward East Asia’, *International Security* 31:1 (2006), pp. 81–126.

forces emerging against China allowing the time and space to concentrate on internal developments and modernisation (in the short to medium term at least).<sup>25</sup>

Shambaugh points to 1989 and Tiananmen as the turning point.<sup>26</sup> The lack of condemnation that largely characterised the response from Southeast Asia was in stark contrast to the response from the USA and other Western states.<sup>27</sup> At a time where China faced the real possibility of international isolation – both politically and economically – the fact that ASEAN did not simply follow the US “master” was very much welcomed in Beijing. Not only did the Southeast Asian response (or more properly, the lack of a response) alleviate the fear of total alienation from the international community, it also showed that ASEAN was not simply an Asian outpost of US foreign policy. To be sure, ASEAN’s power compared to the West or even Japan was strictly limited, but at the very least, that ASEAN was at least not an automatic enemy in times of turmoil

Thus, for many security scholars, classic “power balancing” is at the heart of Chinese policy, intended to reduce the potential of containment and perhaps even conflict.<sup>28</sup> Regional leadership might remain rather elusive, but the promotion of friendly relations in East and Southeast Asia with states that China once perceived as almost inevitable allies of the US might at least remove some of the threat to China.<sup>29</sup> This is partly achieved through diplomatic initiatives, but also through the promotion

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<sup>25</sup> Avery Goldstein, *Rising to the Challenge: China’s Grand Strategy and International Security* (Stanford: Stanford University Press, 2005).

<sup>26</sup> For example, David Shambaugh, ‘China Engages Asia: Reshaping the Regional Order’, *International Security*, 29:3 (2004-5), pp. 64–99.

<sup>27</sup> Japan’s position was somewhere between the two – or for Zhao caught between the twin and conflicting desires to both fall in line with the west and to not alienate China. While the resumption of loans to China in 1991 did much to help “rehabilitate” China into the international order, such security-based approaches place a much stronger emphasis on the changing perception of ASEAN. Zhao, Quansheng, *Japanese Policymaking: The Politics behind Politics, Informal Mechanisms and The Making of China Policy* (Hong Kong: Oxford University Press, 1993).

<sup>28</sup> Joseph Cheng, ‘The ASEAN-China Free Trade Area: Genesis and Implications’, *Australian Journal of International Affairs* 58:2 (2004), pp. 257–277.

<sup>29</sup> Robert Sutter, ‘Asia in the Balance: America and China’s Peaceful Rise’, *Current History*, Vol. 103:674 (2004), pp. 284-290.

of closer economic ties. The Chinese leadership is depicted as establishing “strategic dependencies on China among its neighbors”<sup>30</sup> to ensure that the region would not necessarily choose the US if the Taiwan issue ever results in the region having to take sides.<sup>31</sup> Rather than counterbalancing this sino-dependence by seeking accommodation with the US, Friedberg points to the danger of regional states “bandwaggoning” instead; hooking up with China’s rising star and locking the US out of Asia.<sup>32</sup>

### *Chinese Demand for Regionalism: A “New” Security Agenda?*

So from a security perspective, 1989 marked an important turning point in shifting Chinese perceptions of ASEAN’s relationship to the US. Given the official Chinese rhetoric over combating hegemony in the global order, then the argument that Chinese regional initiatives are in part designed with an eye to the regional role of the US does not sound far fetched. But it is a long way from this position to actively promoting partnership and collaboration. And in terms of the demand for more formalised forms of regional governance and from a political economic perspective, the financial crises of 1997 appear to be more significant. Four issues stand out as warranting particular attention here.

First, although China survived the crises more or less intact, there was a secondary impact. In brief the collapse of currencies across the region meant that it was suddenly much cheaper to export to goods to the US and Europe – the very same places that China was trying to export to. With export growth in China proving to be the main engine of economic growth, and the main provider of new jobs, China’s

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<sup>30</sup> Christensen, ‘Fostering Stability or Creating a Monster?’, p.104.

<sup>31</sup> See Evan Medeiros, ‘Strategic Hedging and the Future of Asia-Pacific Stability’, *Washington Quarterly* 29:1 (2005-6), pp. 145–167 and Michael Chambers, ‘Framing the Problem: China’s Threat Environment and International Obligations’, *Asia Policy*, 4 (2007), pp: 61-66.

<sup>32</sup> Aaron Friedberg, ‘The Struggle for Mastery in Asia’, *Commentary*, 110:4 (2000), pp. 17–26.

leaders feared that this unwarranted competition threatened not just the Chinese economy, but might also lead to social and political instability. Almost for the first time since abandoning autarky after the death of Mao, the potential dangers of participating in the global economy came to the forefront (even if it was only a minor reduction in the rate of growth). It also became clear that China's economic fortunes had become inextricably linked with the wider regional economy as a whole. It was thus increasingly deemed to be in "the national interest" to seek new mechanism of ensuring economic security through cooperation and collaboration.<sup>33</sup>

Second, the fact that China did not devalue the Renminbi to restore price competitiveness of exports won considerable praise. Had China devalued, the likelihood that the regional economy would be plunged into a further wave of devaluations and deeper crises was very high. But simply not pressing the destruct button helped promote the idea that China was a responsible economic actor. As Snitwongse notes, China actually contributed much less than Japan in terms of assistance, but nevertheless emerged from the crises with the "lion's share of appreciation".<sup>34</sup>

Third, the crises generated a new demand for regulatory mechanisms to discourage rapid capital flows and currency attacks from across the region. For the best part of a decade, regional economies had grown quickly thanks in part to deregulation and the speed at which investment could flood into the region. In 1997, this deregulation became a problem rather than the solution, as money equally quickly flooded out of the region and there was a general consensus that something needed to be done to ensure that this did not happen again.

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<sup>33</sup> See Joseph Fewsmith, 'China in 1998: Tacking to Stay the Course', *Asian Survey* 39:1 (1999), pp. 99-113 and Zha Daojiong, 'Chinese Considerations of "Economic Security"', *Journal of Chinese Political Science* 5:1 (1999), pp. 69-87.

<sup>34</sup> Kusuma Snitwongse, 'A New World Order in East Asia?', *Asia-Pacific Review* 10:2 (2003), p. 38.

## **A Shared Demand for Regional Governance? Identity and Hegemony**

Fourth, the policy responses of the International Financial Institutions (IFIs) such as the IMF were largely perceived within the region as representing western (for which again read largely US) preferences and interests. Governmental direction, control and ownership had been important features of economic growth in Southeast Asia. This was not the state ownership, planning and distribution of communist party states that *replaced* the market, but rather strong state intervention to *regulate* and direct the market in pursuit of government defined developmental objectives. When added to the developmental successes of other “capitalist developmental states” like South Korea and Taiwan, this strong state and interventionist model of development seemed to provide a powerful alternative to the neoliberal strategy of privatisation and the withdrawal of the state from as much economic activity as possible.

When the miracle turned to crises in 1997, it was not surprising that much attention focussed on the very same issue of government intervention. To be sure, some focussed on whether there had been **too much** liberalisation in the region – whether financial liberalisation had gone too far too quickly allowing “hot capital” to be withdrawn from crises states with incredible ease (and at incredible speed). But for others the focus was on governments that distorted free economic flows through such practices as managing exchange rates; governments that interfered in the economy to benefit government officials their families and their economic contacts, and on banks that lent money to those with the right personal connections. In short, the basic problem was depicted as “crony capitalism” – the evolution of opaque decision making processes where a group of insiders from government and business ran the country and the economy to primarily benefit themselves.

It is easy to fall into the trap of thinking in terms of a single Western response to the crises – the idea that “the west” responding by imposing western neoliberal prescriptions as the way out of the problem. The reality is that the response was much more diverse. For example, there was considerable concern from Japanese and some European authorities that imposing far reaching liberalisation on Indonesia might result in political collapse and possibly even civil conflict. Furthermore, it is not even possible to talk of a single IMF response to the crises as policy changed once the impact of original reforms became clear. And ironically the IMF was accused in some quarters of not being neoliberal enough by using public funds to support rotten and bankrupt Asian financial institutions, and by not forcing through fully liberalising reforms of exchange rate and banking structures. But despite the reality of diversity and a degree of pragmatism (and the fact that only Indonesia, Thailand and South Korea asked them for help) the IMF came to become something of a symbol of neoliberal reform – financial bailouts would only be forthcoming in return for privatisation, deregulation, budgetary cutbacks and ever greater transparency in all financial affairs.

Although many would point to the domestic cause of the crises, a focus on the external rather than the internal was common across the region. The response of the IMF to the crises was in part seen as seen as the “West” finally getting its own back on recalcitrant East Asian developmental states through the promotion of “proper” western forms of capitalism.<sup>35</sup> Perhaps more important, it was sent as a symbol of how the US defending its interests and projected its power via the major IFIs.

In short, through its own bilateral actions and through its proxy Bretton Woods agencies, the US hegemon was able to impose its preferences across the world. And

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<sup>35</sup> Richard Higgott, ‘The Asian Economic Crisis: A Study in the Politics of Resentment’, *New Political Economy* 3:3 (1998), pp. 333-356.

these preferences were perceived as damaging the region – damaging the economy through inappropriate IMF conditionalities, but also for Godement challenging Asian identity – forcing the abandonment of a distinctly different and Asian model of development.<sup>36</sup> As such, rather than subject themselves to the US dominated global organisations, many in the region began to think that regional solutions and regional level organisations were increasingly attractive alternatives. This desire to resist US hegemony in parts of Southeast Asia and in some sectors of South Korea chimed with long standing Chinese concerns over the nature of the unipolar world order. This shared position has been an important component in the move towards greater regional cooperation – but so too has Japan’s stance on US hegemony and the potential of a rising China.

### **The Supply of Region: Towards ASEAN Plus Three**

So the crises generated a demand from state elites for regional institutions – and regional institutions that went beyond existing ASEAN arrangements. This was manifest in the relatively early days of the crises in Japanese proposals to construct an independent Asian Monetary Fund (AMF) largely bankrolled by Japanese money inspired by a sense of Asian “solidarity”.<sup>37</sup> But although the AMF proposals gave way to the Manila Framework that actually strengthened the IMF’s position (in the short run at least) the demand to go beyond the ASEAN framework to build new mechanisms of regional governance were not simply abandoned.

In the wake of the collapse of the AMF idea, leaders of ASEAN states met with the leaders of China, Japan and South Korea in an “informal” forum in Malaysia

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<sup>36</sup> Francois Godement, *The Downsizing of Asia* (London: Routledge, 1999).

<sup>37</sup> Phillip Lipsy, ‘Japan’s Asian Monetary Fund Proposal’, *Stanford Journal of East Asian Affairs*, 3:1 (2003), p, 95. Lipsy also shows that Japan originally proposed a membership of China, Hong Kong, Japan, South Korea, Australia, Indonesia, Malaysia, Singapore, Thailand, and the Philippines.



in December 1997. This first meeting of what became the APT marked an important watershed in East Asia's regional governance.<sup>38</sup> In the subsequent finance ministers' meeting in 2000, the idea of a regional bulwark against unregulated capital flows re-emerged in the form of the "Chiang Mai Initiative". Building on existing ASEAN arrangements, this set in motion the creation of a network of currency swap arrangements whereby regional states agreed to support each other in any future crises by using their financial resources to help their neighbours. Given that Japan and China were the two largest holders of foreign currency reserves in the region (and indeed, not just the region) the logic of going beyond ASEAN and including the "plus three" members is not difficult to grasp.

#### *The Supply of Region: Identifying the Region*

The Chiang Mai Initiative clearly falls institutionally far short of formal EU type regionalism. Nor is it a totally independent from the Western/US dominated IFIs in that a country can only activate 20 per cent of the funds available to it without the approval of the IMF. Nevertheless, it does provide an increasing degree of independence from the IFIS – symbolic if nothing else – and also represents a convergence of supply and demand for regional institutions.<sup>39</sup> The initiative also seemed to suggest that powerful indication that a "cognitive region" was emerging – that regional leaders (if not the general populace) accept that they are part of a region, and that there is a shared understanding of which countries are part of that region, and

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<sup>38</sup> For details of the evolution of ASEAN+3 see Takashi Terada, 'Constructing an 'East Asian' Concept and Growing Regional Identity: From EAEC to ASEAN+3', *The Pacific Review* 16:2 (2003), pp. 251-277 and Douglas Webber, 'Two funerals and a wedding? The ups and downs of regionalism in East Asia and Asia-Pacific after the Asian Crisis', *The Pacific Review* 14:3 (2001), pp. 339-372.

<sup>39</sup> For details of what the Chiang Mai Initiative is and does, see Natasha Hamilton-Hart, 'The Chiang Mai Initiative and the Prospects for Closer Monetary Integration in East Asia', in, Bertrand Fort and Douglas Webber (eds.), *Regional Integration in East Asia and Europe: Convergence or Divergence?*, (London: Routledge, 2006), pp. 109-128.

which are outside it. Unlike the original plans for the AMF, Australia is not part of this APT process. In this respect, it has echoes of Mohammad Mahathir's understandings of the membership (and parameters) of Asia in his call to establish an East Asia Economic Group in 1990. Though Mahathir had a slightly different membership in mind,<sup>40</sup> this was an Asia that did not include the Indian subcontinent or Australasia. Moreover, there was a loose consensus that there was something that made them different from the other non-Asian members of APEC. As with many regions, when it comes to the glue that binds in Asia, it appears that agreeing on what you are not and what you are against – for example, not the west and against western dominated IFIs - can be a powerful force.

### **Integration through competition? ASEAN plus one(s)**

APT remains an important mechanism for bringing regional elites together. Most of the focus is on the high level leaders' summits, and the finance ministers' meetings. But alongside these high profile summits, there is also extensive collaboration on a range of issues such as transnational crime, social welfare and development, and after the SARS epidemic, infectious diseases. But in some respects it has been eclipsed in terms of meeting demands for regional institutions by individual ASEAN+1 processes with China, Japan and South Korea.

The promotion of integration through a multiplicity of bilateral processes is an important feature of regional integration in East Asia. For example, although the Chiang Mai Initiative institutionalised meetings of APT finance ministers and established a framework for agreeing currency swaps, the swaps themselves are

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<sup>40</sup> Although initially hesitant about including China, Mahathir proposed the then ASEAN Six plus Japan, South Korea, and Vietnam. As this was conceived of as an economic grouping promoting Asian interests, it also included the economic territories of Hong Kong and Taiwan (referred to as Chinese Taipei). This Group was subsequently "downgraded" to become a Caucus representing "Asian Asia's" interests with APEC

negotiated bilaterally. Country A negotiates with country B, country B with country C, and country C with country A. APT creates a region-wide umbrella for action, the result is that the countries of the region are all linked together, but the processes are bilateral. As with financial regionalism, trade regionalism is similarly driven by bilateral Free Trade negotiations between ASEAN and each of the Three individually, and bilaterally amongst the Three. Once complete, these agreements will provide what Dent has called “lattice regionalism” – a network of bilateral ties that crisscross and combine to integrate economic activity across the region.<sup>41</sup>

The preference for bilateral processes is in many ways simply a reflection of the difficulties of coming to agreement in bilateral fora. The failure to reach agreement at the WTO might be an extreme example of the pitfalls of seeking multilateral consensus, but nevertheless hints at how negotiations become more complex the greater the number of actors (and interests) involved. We might also suggest that there is an element of competition involved as neither China nor Japan would be wholly happy to see the other forge ahead with regional arrangements while doing nothing themselves.

Of the various free trade negotiations and agreements, the CAFTA has garnered the most attention – largely because it reinforces the fears of those who think that China will inevitably come to assert itself over the region and establish a hegemonic position. At first sight, CAFTA appears to be a classic example of Mattli’s supply and demand type region.<sup>42</sup> The creation of a free trade area is promoted as a means of generating growth in both ASEAN and China by allowing greater market access and reducing transaction costs to stimulate investment and trade. The resulting economic growth might benefit market actors, but should also if the theory goes to

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<sup>41</sup> Christopher Dent, *New Free Trade Agreements in the Asia-Pacific* (Basingstoke: Palgrave, 2006).

<sup>42</sup> Mattli, *The Logic of Regional Integration*.

plan help to legitimate the political elites involved by ensuring sustainable long term economic growth.

### **China and ASEAN: Beyond (Current) Economic Rationality**

There is concern in some parts of Southeast Asia over the logic of integrating with/engaging China too closely – for example, that the CAFTA will actually lead to enhanced competition from China.<sup>43</sup> Creating a Free Trade area will give Chinese consumers easier access to Southeast Asian markets and allow cheaper Chinese imports to undermine local producers. Furthermore, for those who are trying to export to the same markets that China exports to, China is a problem not the solution. As such, from the ASEAN side, CAFTA initiatives are actually contra the demands of some business interests (and prejudices).

So why have ASEAN leaders nevertheless sought to establish the CAFTA and more generally deepen relations with China? The answer is partly that they have privileged the views of those who want to export to China over those who fear Chinese competition. The answer is also partly because they are thinking about the future – and a longer term future that sees China's continued rise as an inevitable fact of economic life in Asia. If China is going to become increasingly economically dominant in the region, it makes sense to do whatever is possible to ensure that regional economies get as much as they can out of this rise. Hitching yourself to the regional engine of growth is thus considered to be the sensible thing to do – even if some in the region might lose out in the short run.

So the negotiations over CAFTA, and wider policy towards China is not just driven by considerations of economic rationality today. Rather, they are also built on

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<sup>43</sup> Markus Hund, 'ASEAN Plus Three: Towards a New Age of Pan-East Asian Regionalism? A Skeptic's Appraisal', *The Pacific Review* 16:3 (2003), pp. 383-417.

conceptions of China's economic future, which are in turn built around (and feed) assumptions of China's future regional power (and as we shall see below, China actively promotes this vision of its future). Just as financial markets discount future economic shocks – for example, oil price rises – but dealing with them before they occur, so ASEAN leaders have discounted China's future economic rise.

Nor is it just a matter of throwing in the towel and doing whatever is possible to “bandwagon” the emerging regional power. Though China's rise might be inevitable, the exact nature of the China that rises is not set in stone. Engaging China through closer regional arrangements not only might bring economic gains, but might also allow the region to influence the way in which China evolves. Better to enmesh China in a regional order and try to get it to accept some of the norms and practices of the region, than let it develop independently without any regional influence.<sup>44</sup>

### **The Over-Supply of Regions in Asia: ASEAN+3 and the East Asia Summit**

China's engagement of Southeast Asia has been referred to as a “charm offensive” designed to ameliorate concerns about its growth, or to build a Sinocentric anti-US bloc depending on your viewpoint.<sup>45</sup> The prior position has been articulated in the “Peaceful Rise of China” hypothesis, first explained by Zheng Bijian at the Bo'ao Forum for Asia in 2003. Rather than being a threat, China's rise is the guarantee of regional economic stability and development – a rise that will benefit the world, but will benefit the rest of Asia most of all. But, while the “Peaceful Rise” was promoted

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<sup>44</sup> Though as Alice Ba points out, (2006: 162) socialisation as a two-way process, and the potential for ASEAN leaders to be socialised by China (rather than just the other way round) remains. Alice Ba, ‘Who's socializing whom? Complex engagement in Sino-ASEAN relations’, *The Pacific Review* 19:2 (2006), pp. 157-179.

<sup>45</sup> See Stéphanie Lautard, ‘State, Party, and Market: Chinese Politics and the Asian Crisis’, *International Political Science Review* 20:3 (1999), pp. 285–306 and Joshua Kurlantzick, *Charm Offensive: How China's Soft Power Is Transforming the World* (New Haven, CT Yale University Press, 2007).

as an antidote to the “China Threat” approach, for many it focussed attention on 崛起 (rise) rather than 和平 (peaceful) reinforcing concerns about the implications of China’s development. Ironically, the Peaceful Rise might have accentuated those very concerns about China’s rise that it was meant to dispel in the first place.

As we have already seen, the idea of inevitable rise has already informed policy in the region and the evolution of China-ASEAN relations. One strategy is to ensure that regional economies are linked into this inevitable rise through economic integration. Another is to socialise China through the same economic integration and other forms of regional partnerships – to bring China into international society and to get it to accept existing norms. But concerns about China’s rise and its implications for emerging regional orders brings us to the idea of an oversupply of potential regional futures in Asia.

The formalisation of APT collaboration and the movement towards a region-wide network of trade agreements (albeit as a consequence of multiple bilateralisms rather than a single multilateral process) led to a growing understanding that East Asia had finally defined itself. Just as long as nobody asked about the thorny question of Taiwan’s status, here we had a group of states that were increasingly coming together on a regular basis in formal meetings with each other on a range of issues. Moreover, patterns of investment and trade had established an informal “region of production” that more or less corresponded with the APT members - though admittedly with differential levels of activity in some of the later developing ASEAN states. The potential of a future evolution or spillover into a more formal regional organisation of some form or another was far from impossible, and indeed, policy makers began to talk about the possibility of creating an East Asian Community.

And yet when the first East Asia Summit (EAS) took place in 2005, it did not map onto the APT vision of region that the Chinese government proposed. Nor did it take place in Beijing as Chinese leaders wanted, but instead in Kuala Lumpur. Instead, the EAS represented a broader vision of region that included India, Australia and New Zealand. Not a return to the region as Asia-Pacific articulated by APEC that included those American states with a Pacific seaboard, but neither a signal of a more narrow “East Asian” conception of region represented by APT. Informal economic activity and formal collaboration had appeared to create a shared cognition within the region of which countries were part of the region, and which were not. But the EAS threw this “consensus” out of the window and reignited debates over what the region actually was. To be sure, the EAS did not bring the USA back into understandings of what the region is (or should be) but it nevertheless resumed the debate over what or where is Asia. Decided how to move forward is hard enough at the best of times – just ask those involved in the evolution of the EU – but it is more or less impossible if you can’t agree on who should be moving in the first place.

So the promotion of the wider vision of region in the EAS seems to represent an attempt to create an over-supply of region. And just as Chinese policy towards regional integration is partly designed to neutralise the power ambitions of others, so the EAS represents an attempt to neutralise Chinese power. This new vision of Asia is essentially constructed to prevent the emergence of a Sinocentric APT regional organisation, or even Chinese domination of an ASEAN+1 region. This idea is aptly caught by the statement of Jetro Chairman, Osamu Watanabe, to an audience in Washington:

“There was a difference of opinion among member countries on the concept and framework of the new summit and the East Asian community: It is my

understanding that China and some ASEAN members insisted that the building of an East Asian community should be discussed *only* among the ASEAN Plus Three members. Japan and the other ASEAN members—out of concern that such a limited framework would allow China to expand its influence over East Asia—made the point of including India, Australia and New Zealand in the community” [original emphasis]<sup>46</sup>

Like APEC before it, the EAS is an “anti-region” supplied in order to prevent the emergence of a regional community in Asian East Asia – Asia without Caucasians and East Asia without the Indian sub-continent. As the supply of this region is not in equilibrium with the demand for region – and not just in China – it is unlikely to evolve into a form of region that “works” and evolves into a functioning regional community of any sort. It might succeed in preventing the consolidation of other regional forms for which there is a demand, but under this “supply and demand” understanding, then the emergence of a new regional community from the seeds of the EAS seems less than likely.

## **CONCLUSION**

In many respects, it’s simply too soon to tell how pertinent different theoretical approaches might be for studying Asian regionalism. If spillover from functional cooperation is to occur, it is something that will be studied by future generations – not now. Nevertheless, drawing on the theoretical understandings of regionalism established at the beginning of this paper, we can say that the establishment of some form of regional community is not only likely, but already in existence. The CMI,

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<sup>46</sup> Osamu Watanabe, ‘Integration of East Asian Economies: A Role for the United States and Japan’ Speech at the Center for Strategic and International Studies, Washington, 14th December 2005 (<http://www.jetro.go.jp/en/jetro/profile/speeches/2005/dec14.pdf>)



APT, CAFTA and the SCO are all examples of forms of region in practice. To be sure, they are at nascent stages and might not last long or evolve into something more formal, and those who expect regional integration processes to result in an EU type institution and EU level institutionalisation might not consider them to be “proper” regions.

So there appear to be two different dynamics at play which also correspond with two different sets of approaches to studying China’s role in Asian regionalism. And its possible to find evidence that suggests a move towards greater integration in both. On one side, political economy perspectives and agendas point to a shared regional desire to construct mechanisms that allow economic relations to flourish, but also provide regulation at the regional level (as well as at the national level) designed to prevent crises and prevent the possible de-legitimation of the economic project. The economic incentives provided by both free trade agreements that facilitate economic exchanges and the regulatory mechanisms designed to prevent crises are compounded by resistance to what have at times appeared to be inappropriate (at best) “Western” forms of governance. When changing Chinese priorities and conceptions of security (and how to ensure it) are added to the mix, then the logic of integration (of some kind if not a European-type union) appears even stronger.

On the other side, we have a set of strategic agendas that focus on the building of alliances and balances. Much of this literature focuses on Chinese attempts to balance the power of the US by engaging Southeast Asia, perhaps slightly overlooking the importance of how the APT framework also provides an opportunity to engage Japan and South Korea and at the very least to try and convince them of China’s peaceful ambitions; and in particular, to engage Japan in a way that is different from the occasional confrontational tone of bilateral relations. Moreover,

whilst writing from a political economy perspective, Stubbs (2002: 443) provides an important link between the two issues and approaches by pointing to the importance of integration through competition.<sup>47</sup> If China engages the rest of the region, then “the Japanese government could not afford to let China gain an uncontested leadership position in the region” and had to respond with its own strategy of engagement.

But there are also strong countervailing trends. Economic logic does not just point to interaction within the region designed as APT. Whilst the Chinese authorities were initially keen on maintaining a narrow definition of region, the importance of those non-Asian economies is reflected in Chinese negotiations to establish Free Trade agreements with India, New Zealand and Australia (though the Chinese view is that relations with New Zealand and Australia are largely extra-regional relations). We should also bear in mind that much of the investment and trade that occurs within East Asia is predicated on extra-regional relations. For example, much regional trade with China is the provision of materials used to produce goods that are subsequently exported to the US, Europe and elsewhere. Regional economic relations in East Asia are heavily dependent on global financial and trade flows, and a narrow and/or closed regional perspective is simply not feasible. And what the 2008 crises in the West means for these East Asian relationships an East Asian regionalism is an issue that will take some time to become clear.

And while the APT and Chiang Mai Initiative appeared to have cemented the idea of a cognitive understanding of region as Asian Asia, subsequent events have raised new questions. The extension of the Asian members of the Asia Europe Meeting to include India, Mongolia and Pakistan in 2008 suggests that understandings of what is Asia continue to be fluid, changeable and challenged. As too does the

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<sup>47</sup> Richard Stubbs, ‘ASEAN Plus Three: Emerging East Asian Regionalism?’, *Asian Survey* 42:3 (2002), p.443

inclusion of “non-Asian Asia” in the East Asia Summit which in many ways represents an attempt to undermine one vision and version of region by the supply of an alternative. In this respect, strategic concerns about the rise of China appear to be a key determinant of not just the process of regional integration, but also of what the region should be.