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Regional Integration in East Asia



The Global Institute for Asian Regional Integration (GIARI) of the Graduate School of Asia-Pacific Studies of Waseda University was selected in 2007 by the Ministry of Education, Culture, Sports, Science and Technology as part of its Global COE (Centers of Excellence) Program. Fulfilling the program's primary aims of developing internationally competitive universities and leading human resources in Japan, GIARI produced excellent research results and highly skilled human resources with the potential to significantly contribute to Asian regional integration and cooperation. Since April 2012, its activities have been carried out as research projects by the Institute of Asia-Pacific Studies and the East Asian University Institute (EAUI) for Asian Regional Integration.

Regional Integration in East Asia: Theoretical and historical perspectives

Edited by Satoshi Amako, Shunji Matsuoka
and Kenji Horiuchi



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Endorsements

“This is an excellent book on regional integration in East Asia. Well-known experts have given a better understanding of this complex and evolving process through multiple perspectives and disciplines on the history, theory and practice of regional integration. I strongly recommend this book to scholars, students and policymakers interested in East Asian affairs.”

Surin Pitsuwan, Secretary-General of the Association of Southeast Asian Nations

“Here is a powerful collection of scholarly work on Asia from a program that brought the best and the brightest in Japan and from around the region to think about the future of Asia’s integration and its global setting. It is a triumph in scholarly leadership. Its message is at once sober and optimistic about the Asian community.”

Peter Drysdale, Emeritus Professor of Economics in the Crawford School of Economics and Government at the Australian National University

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Abbreviations

3Es	economic growth, environmental protection and energy security
AA	Asia–Africa
AAU	Association of African Universities
ADB	Asian Development Bank
ADMM	ASEAN Defence Ministers Meeting
AFAS	ASEAN Framework Agreement on services
AFPFL	Anti-Fascist People’s Freedom League
AFTA	ASEAN Free Trade Area
AIA	ASEAN Investment Area
AMF	Asian Monetary Fund
ANZUS	Australia, New Zealand, United States Security Treaty
APEC	Asia-Pacific Economic Cooperation
APG	ASEAN Power Grid
APQN	Asia-Pacific Quality Network
APRU	Association of Pacific Rim Universities
APSA	ASEAN Petroleum Security Agreement
APT	ASEAN+Three [ASEAN plus China, Japan and South Korea]
APT-EMM	APT Environment Ministers Meeting
ARF	ASEAN Regional Forum
ASA	Association of South East Asia
ASCOPE	ASEAN Council on Petroleum
ASEAN	Association of Southeast Asian Nations
ASEAN+6	ASEAN Plus Six [ASEAN plus Australia, China, India Japan, New Zealand and South Korea]

ASEAN+8	APT Plus Eight [ASEAN plus Australia, China, India Japan, New Zealand, Russia, South Korea and the United States]
ASEM	Asia–Europe Meeting
ASPAC	Asian and Pacific Council
AU	African Union
AUN	ASEAN University Network
AUN/Seed-Net	ASEAN University Network / Southeast Asia Engineering Education Development Network
Benelux	Belgium, Luxembourg and the Netherlands
BRIC	Brazil, Russia, India and China
CCPCC	China Communist Party Central Committee
CDM	Clean Development Mechanism
CE	Council of Europe
CER	Australia–New Zealand Closer Economic Relations Trade Agreement
CEPEA	Comprehensive Economic Partnership for East Asia
CJK	China, Japan and South Korea
CLMV	Cambodia, Laos, Myanmar and Viet Nam
CMI	Chiang Mai Initiative
CNCPEC	China National Committee for Pacific Economic Cooperation
COE	Centre of Excellence
COMECON	Council for Mutual Economic Assistance
COMINFORM	Communist Information Bureau
COMISCO	Committee of the International Socialist Conference
CSCE	Conference on Security and Cooperation in Europe
DPRK	Democratic People’s Republic of Korea
EAAF	East Asian-Australasian Flyway
EAC	East Asian Community
EAEC	European Atomic Energy Community
EAEG	East Asian Economic Group
EAFTA	East Asian FTA
EANET	Acid Deposition Monitoring Network in East Asia
EAS-EMM	East Asian Summit Environment Ministers Meeting
EAS	East Asian Summit
EASG	East Asian Study Group
EAVG	East Asian Vision Group
EC	European Community
ECAFE	Economic Commission for Asia and the Far East
ECFA	Economic Cooperation Framework Agreement
ECO ASIA	Environment Congress for Asia and the Pacific
ECSC	European Coal and Steel Community
ECT	Energy Charter Treaty
ECTS	European Credit Transfer System
EEC	European Economic Community
EPA	Economic Partnership Agreement

EPZ	Export Processing Zone
ERIA	Economic Research Institute for ASEAN and East Asia
ESCAP	Economic and Social Commission for Asia and the Pacific
ESI	Energy Security Initiative
ESIB	European Students Union
ESPO	Eastern Siberia–Pacific Ocean
EST	Environmentally Sustainable Transportation
EU	European Union
EUA	European University Association
EURASHE	European Association of Institutions in Higher Education
EURATOM	European Atomic Energy Community
EWG	Energy Working Group
FTA	Free Trade Agreement
FTAAP	Free Trade Area of the Asia Pacific
FTZ	Free Trade Zone
GATT	General Agreement on Tariffs and Trade
GIARI	Global Institute for Asian Regional Integration
GCC	Gulf Cooperation Council
GMS	Greater Mekong Subregion
HAPUA	Heads of ASEAN Power Utilities/Authorities
HST	Hegemonic Stability Theory
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development
IDE	Japan's Institute of Developing Economies
IEA	International Energy Agency
IG1	First Intergovernmental Meeting
IMF	International Monetary Fund
IPE	International Political Economy
ITA	Information Technology Agreement
JICA	Japanese International Cooperation Agency
KIEP	Korea Institute for International Economic Policy
KMT	Kuomintang
KORUS FTA	United States–South Korea FTA
LCSs	littoral combat ships
LRTAP	Convention on Long-range Transboundary Air Pollution
METI	Ministry of Economy, Trade and Industry (Japan)
MEXT	Ministry of Education, Culture, Sports, Science and Technology (Japan)
MOFA	Ministry of Foreign Affairs (Japan)
MOFAT	Ministry of Foreign Affairs and Trade (South Korea)
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NDPG	National Defense Program Guidelines
NEASPEC	North-East Asian Subregional Programme for Environmental Cooperation
NIEs	Newly Industrializing Economies

NOWPAP	Northwest Pacific Action Plan
NPT	Nuclear Non-Proliferation Treaty
ODA	Official Development Assistance
OSRM	Oil Stockpiling Road Map
PAFTAD	Pacific Trade and Development Conference
PBEC	Pacific Basin Economic Council
PECC	Pacific Economic Cooperation Council
PKI	Partai Komunis Indonesia (Indonesian Communist Party)
PMC	ASEAN–Post Ministerial Conference
POPs	persistent organic pollutants
PRC	People’s Republic of China
PTAs	Preferential Trading Agreements
QDR	Quadrennial Defense Review (USA)
ROK	Republic of Korea
SCCCI	Singapore Chinese Chamber of Commerce and Industry
SCO	Shanghai Cooperation Organization
SEACOR	South East Asia Community Organization
SEAMEO	Southeast Asian Ministers of Education Organization
SEAMEO RIHED	SEAMEO Regional Institute for Higher Education and Development
SEATO	Southeast Asian Treaty Organization
TAC	Treaty of Amity and Cooperation in Southeast Asia
TAGP	Trans-ASEAN Gas Pipeline
TEMM	Tripartite Environment Ministers Meeting
TPP	Trans-Pacific Partnership (Trans-Pacific Strategic Economic Partnership Agreement)
UMAP	University Mobility in Asia and the Pacific
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNSC	United Nations Security Council
VOCs	volatile organic compounds
WTO	World Trade Organization
WWI	World War I
WWII	World War II

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Preface

Satoshi Amako, Shunji Matsuoka and Kenji Horiuchi

1 Asian regional integration at a crossroads

The beginning of the twenty-first century saw many historical complications, followed by large-scale changes as the wave of globalization swept through the world. In Asia, this was experienced as a rapid expansion of transborder activities within such spheres as the economy, society and culture, as well as remarkable developments in de facto regional cooperation. Multinational corporations today form the core of the economic sphere worldwide, with an international division of labour advancing in such areas as production, sales and technological development, while profit generation continues to cross national borders. Also on the increase are dynamic cross-border social and cultural exchanges, including regional study abroad programmes and other interpersonal initiatives, as well as an international vogue for Japanese manga and anime, Korean popular television programmes and more. Such economic, social and cultural initiatives have also impacted efforts related to regional exchange and cooperation in areas such as diplomacy and security that have resulted in many programmes aimed at dialogue and framework-building for regional security. In this way, the East Asian region is giving rise to and promoting a new meaning for “regionalization” that is not opposed to and does not exclude internationalization and globalization. As will be discussed in each chapter of this book, this is promoting de facto regional integration and, in part, de jure regional integration.

Asian regional integration is, however, currently at a major crossroads. In what sense? It is possible to note the following three characteristics. First, although of course no conclusion has yet been reached, traditionally in the debate over regional integration, at least at the economic level, the point at issue has been about which framework to use: should it be ASEAN+3 (APT), ASEAN+6, an East Asian Community or an Asia-Pacific Community? At the same time as this issue has remained unresolved, the debate over joining the Trans-Pacific Partnership (TPP) has arisen, resulting in an extremely chaotic situation regarding how to view economic integration in the Asia-Pacific region. Moreover, behind the chaotic conceptualizations of regional integration lies the fact that the European Union (EU) has not been able to exert enough effective leadership in Europe, which is facing a severe economic crisis. The promotion of regional integration is certainly no panacea for international problems.

Second, amid these circumstances, the much spoken of “rise of China” has led to a number of conflicts and clashes with the surrounding region and the international community. As a result, the notion of the “Chinese threat” and its concrete form emerged, leading to movements towards rebuilding security frameworks – such as the reconsolidation of the United States–Japan and the United States–South Korea alliances, actual or hopes for stronger ties with a US presence in Southeast Asian countries and the attempts at balancing that have incorporated India – which have been more visible than the deepening of economic cooperation and partnerships. In addition, although the debate over the TPP should conventionally have been a simple discussion of economics and trade, it appears to have incorporated political and security implications. Examining these trends, it is as though a “Cold War-style opposition” framework of the United States versus China is surfacing, even more than the flurry of regional integration.

Third, nevertheless, in terms of economic and cultural exchanges, a greater cooperative, interdependent relationship is simultaneously deepening between China and the countries of the Asia-Pacific region. The economic ties between mainland China and Taiwan have deepened since the 2010 Economic Cooperation Framework Agreement (ECFA), and in 2011 Sino-Japanese relations also marked a record high overall value of trade. Trade between China and ASEAN is also growing, in 2011 reaching a scale in overall value exceeding that between Japan and China. There is a similar trend between China and South Korea, as well as between the United States and China. Consequently, a sort of “twisted phenomenon” of “cooperating while opposing” is growing in the form of political and security opposition towards, as well as economic mutual dependence on, China.

To observe these trends in the Asia-Pacific region from a slightly different standpoint, rapid international movements and flows of people, goods, capital and information have progressed since the 1990s, and this momentum is not showing any signs of future decline. Furthermore, as if to take advantage of this, China's economic growth and increase in overall national strength is continuing, and counteractions against China in various countries are likely to intensify. It appears that the first, second and third characteristics noted above will continue for a while in the future, and the deadlocked situation will remain.

2 Structural changes in the Asian region

However, we must not approach this situation in an emotional or simplistic manner. In other words, instead of considering this situation as a mere "phenomenon", it is necessary to understand it as a "structure" requiring a relatively long-term viewpoint. In that case, what can be said from this position?

First, there has evolved an increasingly complex and multilayered cross-national structure. Even in relations between countries, there are numerous phenomena that share interests, values and networks across national borders. The state of there being opposition in one area at the same time as cooperation in another is not exceptional but has come to be quite common.

Second, there is nevertheless clearly starting to be a marked change in the power balance between countries. Globalization, which intensified free competition in direct investment at an international level and encouraged labour movements, was originally promoted and actively advocated by the United States. Due to the inflow of capital and technology to developing countries and the comparative advantage of the labour force in such countries, however (ironically), rapid growth occurred more in developing countries than in advanced ones, causing a large change in the conventional economic balance between them.

This change stimulated developing countries to boost national prestige as competition for power between countries progressed. As a result, a power transition was triggered. Traditionally, the operation of international organizations and conferences and the handling of most international issues essentially proceeded with US or Western leadership. But today, led by a rapidly growing China, the BRIC countries (Brazil, Russia, India and China) and new powers from developing and emerging countries are rising, and it is no longer possible to ignore their influence.

Third, in many cases, the "internationalization of internal problems and the internalization of international problems" as well as the "multilater-

alization and internalization of bilateral problems” is deepening. For example, once an infectious disease, air pollution, a natural disaster or a terrorist incident arises locally in one country, it quickly crosses borders and becomes a neighbouring or international problem. The so-called information revolution, including the media and the Internet, has brought the whole world closer to the individual. Not only was the Great East Japan Earthquake in March 2011 an intense shock to the world, but the accident at the Fukushima nuclear power plant is greatly changing nuclear energy development, which hitherto had been actively promoted in various countries around the world. Alternatively, this prominent phenomenon can easily be seen in such events as the chain of regime changes called the “Arab Spring” which started from the sharing and border crossing of information in North Africa and the Middle East.

3 The need for a new approach and GIARI’s activities

Given these perspectives, how is the handling and resolution of important problems arising in international relations being addressed? Of course, the governments of countries and relevant institutions involved are the central actors. However, third-party countries and non-state actors, international institutions and, in particular, regional actors have been involved through cooperation, assistance, leadership and interference in many of the problems of recent years. This has been at least indirectly and at times directly as these actors have come to engage in the resolution and amelioration of various international problems. This factor not only signifies that the problems themselves are diversifying, that they are becoming more complex and are crossing borders, but also that the handling of the problems is diversifying and becoming more complex and crossing borders, too. The great wave of globalization that can be seen in the international movements of information and people is rapidly creating connections from person to person, country to country and region to region, and is strengthening the movement of mutual interaction and interpenetration.

While these problems do not always arise intentionally and are often unexpected, in order for the handling and resolution of problems to be more effective it is necessary to be as intentional and strategic as possible. Thus, new approaches and new mechanisms are needed at a regional or international level for solving problems.

It is within this context that Waseda University has aimed to prioritize specialized research and education that focuses upon the Asia-Pacific region. The Contemporary Asian Studies programme of the Ministry of Education, Culture, Sports, Science and Technology’s (MEXT) Twenty-

First Century Centre of Excellence (COE) programme took place for five years beginning in 2002, with the Faculty of Political Science and Economics and the Graduate School of Asia-Pacific Studies acting as key players in this initiative. In 2007, the Graduate School of Asia-Pacific Studies began working together with other entities including the Faculty of Political Science and Economics, the Faculty of Social Sciences and the Organization for Asian Studies to create the Global Institute for Asian Regional Integration (GIARI). This was followed by receipt of the “Global COE Programme”, MEXT’s large-scale, competitive promotion fund that followed its previous Twenty-First Century COE programme.

GIARI engaged in collaborative endeavours and mergers in academic disciplines such as politics, economics and sociology, as well as interdisciplinary fields such as international political economy, international society and culture, and traditional/non-traditional security, while also undertaking research related to Asian regional integration studies. GIARI also actively welcomed many PhD and post-doctoral graduate students engaged in undertaking research in these fields, including a number of overseas exchange students – thereby contributing to excellence in human resource development within many different disciplines. While the actual implementation of such initiatives required a significant amount of trial and error, it is also the case that these five years produced several groundbreaking successes. This book is one of the results.

4 The aim of this book

This book is an attempt at a multifaceted, true-to-life, long-term understanding of the actual conditions of Asia, which is integrating while diversifying, becoming more complex and transcending borders. It is also an attempt to describe the state of endeavours at building regional cooperation and regional institutions that have begun in order to respond to the various problems arising in Asia. As a result, the intention of this book is to form a foundation for “Asian regional integration studies” as a framework for regionally resolving problems in light of the conditions in Asia.

As discussed earlier, Asian regional integration has not been a process that has proceeded purposefully and with consistency. Rather, it has moved forward with *de facto* regional integration centred mainly in the economic realm taking the lead and institutional integration following behind. The phrase “regional integration” in this volume is the concept combining both aspects; there are cases where the former is called “regionalization” and the latter “regionalism”. Moreover, the level of integration varies considerably by field, issue, problem area and subregion. At the same time, the movement of regionalism in Asia today can be

seen within a larger historical perspective as part of a process that has continued to the present day since Asia experienced the “Western impact” in the mid-nineteenth century. In other words, at least at present, in order to truly comprehend the complicated and multifaceted Asian region as well as the process of its integration, instead of depicting a unified image from a single point of view, it can be regarded as more effective to invoke a variety of disciplines and approaches to shed light on diverse aspects, levels of analysis and time spans in order to portray the full picture.

Based on this way of thinking, in the first part of this volume the Asian region and its process of integration is viewed using various theoretical approaches, in the second part from the viewpoint of individual issues and in the third part from a longer-term historical viewpoint that draws on past perspectives. While based on a pragmatic awareness of the issues, this study includes theoretical criticisms of traditional Asian regional integration research as well as long-term historical points of view that have not been conventionally used. Many books regarding Asian cooperation and Asian integration have been published, but this work aims to open a new research frontier in these diverse modes, and is therefore unique in this way.

“Asia” in “Asian regional integration” in the current study generally refers to the region of East Asia comprising the ASEAN countries and Japan, China, South Korea and North Korea (and occasionally Mongolia as well). However, there are also occasions when the countries of South Asia such as India are included, as well as cases where the “Asia-Pacific” region is being referred to, including Australia and New Zealand as well as Russia and the United States. The range of “Asia” changes depending on the theme or issue being discussed. Additionally, the question of what is included in “Asia” is itself the subject of political opposition and debate. Consequently, the region indicated by “Asia” will be set by the author of each chapter in accordance with the subject analysed therein.

5 Various approaches to Asian regional integration

The chapters in Part 1 discuss the effectiveness of various theoretical approaches for comprehending the actual state of Asian regional integration.

Chapter 1 (Yamamoto) discusses the level of development of regional integration as well as its development and disposition in the fields of economy, society, security and politics/governance based on theories of international relations, and presents a comprehensive analytic framework for regional integration. Using this framework, Yamamoto analyses the

development and state of integration in the Asia-Pacific region and East Asia from the Cold War period to the present. According to Yamamoto, the power transition in the Asia-Pacific region resulting from the rise of China is not only promoting confrontation in the region but also regional economic interdependence, furthering the development of relations that intermingle hostility and competition. Also, the various multilateral regional institutions formed in East Asia and the Asia-Pacific region serve the functions of hedging and institutional balancing with respect to China. The rise of China is also having the effect of promoting US involvement in Asia, and it is expected that as a result this will work towards the strengthening of integration in an Asia-Pacific region which includes the United States.

Chapter 2 (Katsumata) discusses the role of various East Asian regional institutions in regional security governance, particularly taking a constructivist perspective in international relations. Yamamoto considers that consistent values or norms are not being shared in East Asia, nor are they moving towards greater consistency in the future, and so is negative about the role of values and norms in Asian integration. However, Katsumata places greater importance on the influence of norms on policy in each country through regulative and constitutive effects. Also, while rendering a cautious judgement that one must not overestimate the role of regional institutions such as APT and the East Asia Summit (EAS) since struggles for power still hold the most important position in East Asia, Katsumata asserts that shared norms and a regional identity in these regional institutions have been promoting cross-national cooperation and regional community-building.

Among the various approaches towards regional integration in international political economy, Chapter 3 (Kim) points out the importance of paying attention to domestic political factors. Kim considers why the movement towards the formation of multilateral free trade agreements (FTAs) has been weak in East Asia despite the numerous bilateral FTAs that have been signed, and focusing on South Korea, which has had the most active FTA policy, analyses factors hindering FTAs. Also, through a consideration of why agricultural groups – which do not have a direct channel to policy-making – came to wield the greatest influence as an inhibiting factor, the limits of a “two-level game”, which is an analytic framework representing a “domestic politics approach”, are noted. In Asia, it can be said that further development of this approach is desirable amid the progressing situation of the “internationalization of internal problems and the internalization of international problems”.

Chapter 4 (Matsuoka) summarizes the various institutional theory approaches of recent years, and on that basis, searches for the possibility of applying such approaches to analysing Asian regional integration. These

institutional theory approaches have primarily been developed with changes in domestic institutions as the subject of analysis, but this chapter indicates that they do have a certain explanatory ability when analysing the development of regional institutions. In this sense, this chapter suggests the possibility of a new future development in regional integration research methodology.

In contrast to the above approaches, Chapter 5 (Amako) asserts that in order to apprehend the true state of Asia, an approach is necessary that emphasizes “the unique binding factors of the region that lie at the very foundations, including tradition, history and culture”, describing this as an “analytic approach of relationships and static–dynamic structures”. At the same time, Amako strongly asserts the need for actively building a cooperative framework for realizing a “harmonious Asia”. He also attempts to extract “that which is Asian” that exists at the “bottom” of Asia, and with that foundation, indicates the possibility and necessity of building a cooperative framework in Asia. Furthermore, based on this analysis, a “GIARI method” is proposed as a methodology for cultivating human resources for the building of a cooperative framework, and its promotion is advocated.

6 Various issue areas of Asian regional integration

After Part 1, which discusses the possibility of various approaches primarily from a theoretical angle, Part 2 attempts to examine the state of Asian integration and Asian cooperation from the issue areas of the economy, energy and the environment, security and education. The development of *de facto* integration in each issue area and the regional promotion of cooperation and formation of institutions have not only been bolstered by intra-regional factors but have been strongly influenced by global factors. These have progressed, along with the continuation of globalization in the form of the international unification of economy and society and an expansion of border-transcending threats, as well as through the partnership between Asian regional institutions and international institutions in other regions. This point of view is important when considering how to both set and pursue the agenda in each issue area. The chapters in Part 2 have as a focal point the interrelation between global and regional levels, and indicate the current state and future directionality of integration.

Chapter 6 (Urata) analyses how integration in the economic field, which led the way for “*de facto* integration” in Asia, has progressed. Here, Urata indicates that the countries of East Asia have effectively used the worldwide deregulation and liberalization of trade and investment to

expand exports and draw in investment from outside the region. He indicates that as a result the strengthening of production networks between countries in the East Asian region was promoted, and reveals that globalization and regionalization have progressed while coupled to each other. While liberalization at a global level through the World Trade Organization (WTO) remains at a standstill, Urata stresses the importance of forming a Free Trade Area of the Asia-Pacific (FTAAP) through the promotion of an East Asia FTA (EAFTA) and a Comprehensive Economic Partnership for East Asia (CEPEA), as well as the promotion of the TPP in a form that includes many countries. On the other hand, as a factor influencing the formation of FTAs and the liberalization of trade and investment in East Asian countries, Urata points out that there has not only been economic impetus but also a tendency towards rivalries between countries in the region and domestic drivers of structural reform. Furthermore, he asserts that domestic social policies in each country and a reduction in developmental disparities between countries are necessary for promoting intra-regional liberalization, which is a significant implication for the political aspect of Asian integration.

Chapter 7 (Horiuchi, Matsumoto and Tanaka) considers the field of energy and the environment, in which serious problems are surfacing that threaten the sustainability of Asia, and discusses the current state and effectiveness of regional institutions in these fields. While these regional institutions are deeply affected by global factors, they are also affected by various intra-regional or domestic factors, and institutions with weak binding force have been formed in a dispersed manner at a variety of levels. It is noted that in order to increase their effectiveness, it is necessary to strengthen coordination with global institutions and to reinforce the loose ties between regional institutions. It is also noted that Japanese leadership is important.

Chapter 8 (Ueki) analyses how the arguments for regional multilateral security cooperation have emerged in Japan, South Korea, China and the United States, and what factors have had an effect therein. According to Ueki, these arguments were strongly affected by the level of US involvement in the region and the competitive relationships between the countries of the region; there is a clear adversarial relationship between China and the United States, Japan and South Korea. On the other hand, Ueki points out that global factors such as non-traditional threats that transcend borders, the threat of the proliferation of weapons of mass destruction and the threat of terrorism by non-state actors have had an effect, even if indirectly, and that the disposition of liberal forces within each country has been an important factor in regional cooperation in this field. This circumstance even suggests the possibility that a more coordinated construction of a regional order will be promoted in the field of security.

Chapter 9 (Kuroda) discusses the state of regional integration and regional cooperation in the Asia-Pacific region, Southeast Asia and East Asia in the field of higher education. Kuroda focuses on the fact that while being strongly influenced by higher education in North America and Europe, higher education in East Asian countries simultaneously shares the “J-model” as an Asian model. Kuroda asserts that it is necessary to further the integration of higher education in East Asia while recognizing that there is marked diversity and disparity between these countries despite their common foundations. This integration should respect the distinctiveness of each country instead of taking a highly homogenous and standardized form as in Europe, and harmonize the educational systems of each country in a multilayered “mosaic”. At the same time, Kuroda points out that the higher education framework of the Asian region should also build a global cooperative relationship with higher education frameworks outside the region, such as in Europe.

7 Asian regional integration in history

“Asian regional integration” as generally discussed today mainly indicates the movement of regional economic integration since the mid-1980s and the movement towards building regional institutions that started in the 1990s; the chapters of Part 1 and Part 2 have these movements as their subject. However, starting from the mid-nineteenth century, when Asia experienced the “Western impact”, the movements of “Asianism” and “Asian solidarity” intensified in Japan as well as in the other countries of Asia, and after World War II (WWII), there was the Non-Aligned Movement with Asia and Africa at centre stage. It is possible, indeed necessary, to envisage continuity between these movements and the Asian regional cooperation and Asian regional integration that are currently progressing, and to position the current Asian regional integration within a long-term field of view.

It is also possible to view Asian history from the modern era to today as the history of Asia being subsumed by the European capitalist system even while resisting it, ultimately coming to actively engage in it and then, as a result, achieving startling economic growth. It is possible to consider an “East Asian Community” to be an “out of Asia” community, so to speak. On the other hand, the development of Asia, which was achieved as a result of being subsumed into the capitalist system, is causing various difficulties, such as environmental problems, poverty and deep hostility between nations, which are threatening the sustainability of that development itself. In the midst of this situation, former ideas on Asianism, which were developed as “resistance” against the capitalist system,

are currently being reread. In this light, when conceptualizing an image of Asia as it should be in the future, there can be said to be a very important significance in depicting the history of Asia since the modern era that includes both the aspects of “subsumption” and “resistance” with respect to the capitalist system as the “history of Asian integration”.

In Part 3, there is an attempt to understand Asian regional integration from a long-term historical perspective. In particular, the focus is on Japan, which led the movements of Asianism and Asian solidarity before WWII; on Southeast Asia, which in recent years has become a key player in the formation of regional institutions in Asia; and on China, which is becoming the most important presence in regional institutions and regional order in Asia today.

The significance of understanding Asianism in the pre-WWII period and Asian integration after the war is discussed in detail in Chapter 10 (Umemori). Hau and Shiraishi (2009), who assert the separation of the two movements, emphasize that Asia transformed itself from a region of “poverty” and “tyranny” to one that is “part of global capitalism”, and claim that the current ideology of an East Asian Community is not of “resistance” to capitalism but rather is called for by the “politics of productivity” aiming for the upgrade of capitalism itself. In contrast, Umemori focuses on the fact that poverty and tyranny have not been resolved by global capitalism but have been reproduced across the world, including in Asia. Umemori also argues, based on Y. Takeuchi’s “Asia as a method”, that there is the possibility of, and significance in, calling for the ideology of an East Asian Community not on the common ground of the politics of productivity but in the commonality of resistance to it. On the other hand, Umemori also demonstrates the bitter truth that despite the fact that Japan’s out-of-power “Asianists” in the pre-WWII period who called for “Asian solidarity” were emotionally aiming for resistance to capitalism, they actually caused Asia’s subsumption into this system.

Chapter 11 (Mimaki) focuses on the diplomatic perceptions of the Japanese government during the period from the opening of the country until after the Washington Naval Conference, and discusses another bitter historical fact. Japanese diplomacy, which turned its back on Asian solidarity and attempted to act as a loyal member of the European system, fell into severe deadlock through the rise of the idea of the “Yellow Peril” in the West and through the proposition of the principle of self-determination at the Washington Naval Conference which encouraged Chinese movements for recovering national sovereignty. Mimaki points out that Japanese diplomacy of the time, which had fallen into a “realism” that pursued short-term benefits, could not have had the imagination to recognize the significance of Asian solidarity. It can also be said

that an imaginative power having such a long-term outlook is strongly needed in current Japanese diplomacy.

Chapter 12 (Hirakawa) traces the process of regionalism in Southeast Asia up to the formation of ASEAN in 1967 by following the movements of post-WWII conferences and organizations including the Asian Relations Conference, the Asian Socialist Conference, the Bandung Conference, the Association of Southeast Asia and Maphilindo (Malaysia, the Philippines and Indonesia). Hirakawa convincingly indicates that the philosophy of “a prosperous and peaceful community of Southeast Asian nations” that is inscribed in ASEAN’s founding declaration, as well as the approach currently known as the “ASEAN Way”, which emphasizes thorough deliberation and a system of unanimous consensus, were formed within the trials and errors that took place around these conferences and organizations. This history is also important in considering why ASEAN was able to become the key player in East Asian integration.

Chapter 13 (Aoyama) discusses how China has transformed its attitude towards multilateral cooperation in Asia since its founding in 1949. To begin, regional diplomacy targeting Asia did not exist in China until the 1990s. China promoted the solidarity of “Asia–Africa” from a political and ideological viewpoint in the 1950s and 1960s, and from the end of the 1970s aspired towards an integration of “Asia and the Pacific” from the viewpoint of economic strategy. China’s active posture towards multilateral regional cooperation in recent years has been largely promoted by economic motives. At the same time China’s attitude towards multilateral cooperation has strongly reflected power politics among influential countries in a consistent manner, and has been deeply affected by sovereignty issues related to Hong Kong and Taiwan, among others. These points have important implications when considering the nature of China’s future regional diplomacy.

8 A new outlook on Asian regional integration research

As described above, this book is the culmination of Asian regional integration research intensively conducted in the five years from 2007 by Waseda University, centred on the Graduate School of Asia-Pacific Studies. Based on political science, economics, sociology and other disciplines, it attempts to discuss the past, present and future of Asian regional integration from an approach that is as comprehensive and interdisciplinary as social science. In particular, this volume’s aim is to configure Asian regional integration research from the three pillars of theory, issues and history, paying attention to identity, sustainability and networks in Asian regional integration.

The Asian region is the growth centre of the world but has become the pollution centre of the world. Asia has literally become a Global Asia and, therefore, to study Asia is to study the world – and bringing peace and prosperity to Asia is an extremely important element in the peace and prosperity of the world.

With the start of the twenty-first century, globalization and regionalization have progressed further. While there are signs of a resurgence of the traditional power games between powerful nations, the rise of non-state actors is striking, and there continues to be an extremely chaotic situation that includes the destabilization of the global economy, the deepening of environmental and resource issues, and an increase in natural disasters. Asian regional integration research can provide significant insights when considering the movement and structure of such a chaotic world and it is hoped that this book will also provide such insights to the reader.

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Part I

Theoretical perspectives on Asian regional integration

1

Asia and regional integration theory: Between a regional complex and a regional society

Yoshinobu Yamamoto

1 Introduction

Nine nations including the United States, Australia, Singapore and Viet Nam have been negotiating the TPP (Trans-Pacific Partnership) that would become a highly developed multilateral free trade agreement (FTA). ASEAN+3 (ATP) and ASEAN+6 have also been contemplating forging multilateral FTAs. The three-nation summit between China, Japan and South Korea was discussing the formation of a three-nation FTA at the time of writing this chapter. We can observe many other FTAs in this region, and ASEAN has been trying to consolidate its integration to become an economic, social/cultural and security community. However, in the first meeting of the expanded East Asian Summit (EAS) in the autumn of 2011 participating countries exchanged somewhat harsh words regarding the principle of freedom of navigation and respect for international law, having in mind the territorial disputes in the South China Sea between China and a number of Southeast Asian countries. One of the most serious current issues in the region is how to cope with the rise of China, particularly in the security area. In spring 2012, in opposition to a UN security council resolution, North Korea attempted a test launching of what they called a satellite. North Korea detonated nuclear devices twice, in 2006 and in 2009, contrary to the basic agreement of the six-party talks made in 2005.

These events and phenomena demonstrate that international relations in the Asia-Pacific region and East Asia are very complex. Cooperation

and competition are mixed; they change in time, space and issue areas and they have non-linear dynamics that wax and wane. This chapter approaches this complex system from the vantage point of international relations theories, particularly from regional cooperation and integration theories. I have several assertions or hypotheses. My first assertion is that the patterns of international relations between states range from mutually independent actions to cooperation, and that levels of cooperation range from ad hoc cooperation to regularized forums, to international regimes, to international organizations and finally to sovereign states. My second assertion is that international (regional) integration covers different levels of cooperation and that the mechanisms that raise (or lower) levels of cooperation are key in integration theories. Basically, if the forces (for example, net benefits) for higher-level cooperation are larger than those for lower cooperation then integration will proceed, but if the forces for and against further cooperation are evenly balanced then the status quo will be maintained; if net benefits are negative, integration (cooperation) will deteriorate or collapse. These mechanisms differ in both issue and geographical area so that levels of cooperation vary in security, economic and social areas, and in regions and subregions. If we define regional governance as the pattern of cooperation and conflict in various issue areas and regions as a whole, regional governance can take complex and differing patterns. My third claim is that in the Asia-Pacific region and East Asia the forces that protect national autonomy are generally strong, and, thus, levels of cooperation in the region tend to be on the lower end of a continuum, even though incentives exist to enlarge cooperation and integration, particularly in economic areas.

The purpose of this chapter is to examine and organize regional integration theories, and to analyse the development and current state of regional integration in the East Asian and Asia-Pacific regions. This chapter also looks at future integration in these regions and considers issues that merit further research. Regional integration is, as stated above, a complex phenomenon, a fact which gives rise to a wide variety of perspectives and theories when it comes to analysis. It is thus necessary to define regional integration, classify the various theories and make clear where each fits. This chapter starts with the idea that regional integration is one type of cooperative relationship between the countries in a region. There are many different levels of such cooperation, from short-term cooperation to long-term continuing cooperation, to international regimes comprising clear rules and norms, and even supranational structures such as the European Union (EU). Another facet of regional integration is substantive, as opposed to formal, integration in the economic, societal and security sectors. For example, economic integration can be promoted without formal institutions such as FTAs and customs unions. Societal integration

runs the gamut, usually without formal institutions and polices, from a phase in which fundamental values, norms and domestic institutions are inconsistent across a region to a phase in which values and norms are shared and a regional identity is formed (see section 2).

There are of course many different forms of regional governance. One region might be in a state that could be called a (mere) “regional space” in which a geographical term of reference is shared but otherwise there is little interaction between the nations in the region. Another region might progress to form a “regional society” with heightened interdependence, ongoing international cooperation in a variety of sectors and rules and norms governing relationships between the nations in the region. Examining these types of regional governance, along with the mechanisms by which they develop, sheds light on the paths (including backtracking and stagnation) along which integration unfolds in a region and makes it possible to compare different regions (see section 3).

Finally, the above approach will be applied to the Asia-Pacific region, which contains an overlapping hierarchy of large and small regional systems including East Asia as well as North America, Northeast Asia and Southeast Asia. Each region has developed its own regional governance, the different manifestations of which have interacted with each other and the relationships between them have changed significantly over time. During the Cold War, the Asia-Pacific region was divided in terms of security, economic matters and values and norms. After the Cold War, the 1990s saw the beginnings of institutionalization, first in the Asia-Pacific region, and then, at the end of the decade, in East Asia. Recently, however, the rise of China has planted the seeds of tension in the Asia-Pacific region. Amid this backdrop, the variety of cooperative entities and regimes that support this regional society are preventing a transition to a regional complex divided by confrontation (see section 4).

2 Regional integration theory: Content and scope

Any discussion of regional integration theory first requires looking at what “integration” is, what a “theory” is and what a “region” is. There is no clear, widely accepted definition for any of these, so this section will address each in turn.

2.1 Integration

Integration has two different sides: one has to do with the forms that relationships between nations take, and the other is to do with substantive integration in a variety of sectors.

(1) Relationships between nations

To oversimplify a bit, relationships between nations can be thought of along the following axis. First, there is the case in which each nation acts independently. This includes both situations in which there is little interaction (interdependence) and situations in which there is interdependence, but it is of a zero-sum nature in which national interests are at odds with each other (thus, there is no possibility of cooperation). Then there is the case in which nations cooperate with other nations to further their own interests. This cooperation can be ad hoc short-term cooperation (a “coalition of the willing”) that solves a specific issue by combining individual resources and then ends. However, there is also cooperation that extends over a long period of time, addressing a variety of problems. Frameworks that undertake long-term cooperation decrease transaction costs and are convenient for information collection. This type of cooperation can be referred to as a regularized forum (or network).

Furthermore, ongoing cooperation can be institutionalized to varying degrees; that is, rules and norms are spelled out and then used to try to solve problems or maintain stability by regulating the actions of members. This is what is generally referred to as an international regime (Krasner, 1983). There are also international regimes in which international organizations are created and nations delegate some of their functions in order to fulfil the goal of the regime.¹ Such organizations might execute the functions of the regime within the scope of the authority delegated to them (for example, data collection and monitoring of rule compliance). Others, such as courts, might be given stand-alone functions.

There can also be international organizations that, with respect to specific problems, use decision rules such as majority voting and perform activities that go above and beyond individual nations (supranational organizations). If such a supranational organization were to then expand into more areas (in particular, areas such as diplomacy and military matters), it could become a single state.

The progression described here is depicted in Figures 1.1 and 1.2 (Figure 1.2 is just a simplified version of Figure 1.1).

Figures 1.1 and 1.2 illustrate a variety of different forms of relationship between nations. Figure 1.1 details the mechanisms and forms of institutionalization. The left-hand side of Figure 1.1 shows the types of choices and the right-hand side shows the outcomes of each choice. For example, if nations choose continued cooperation, a regularized forum will result. Figure 1.2 shows a simplification, focusing on the levels of institutionalization (the decision outcomes on the right-hand side in Figure 1.1).² Figures 1.1 and 1.2 can be applied to both global and regional levels. Generally, these different forms of relationship between nations exhibit a variety of distributions in time and space.

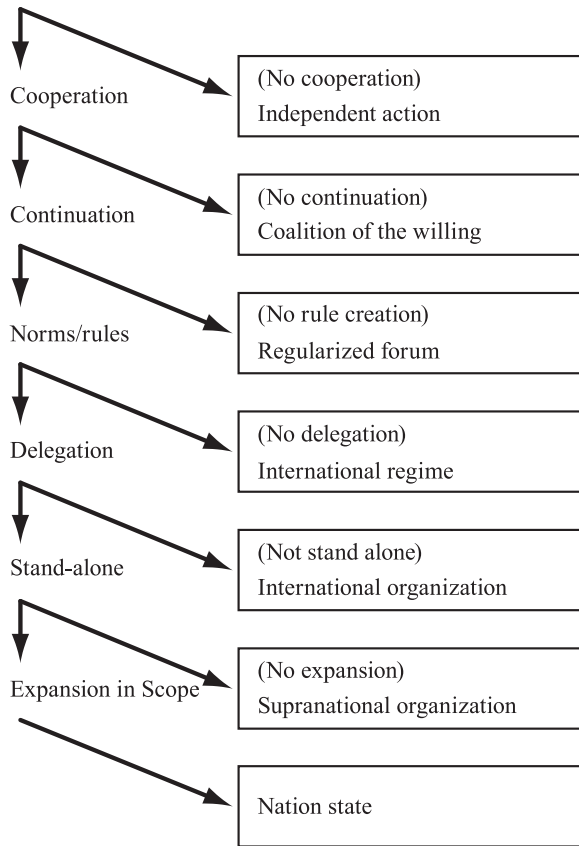


Figure 1.1 Mechanisms and forms of the institutionalization of cooperation
Source: Y. Yamamoto.

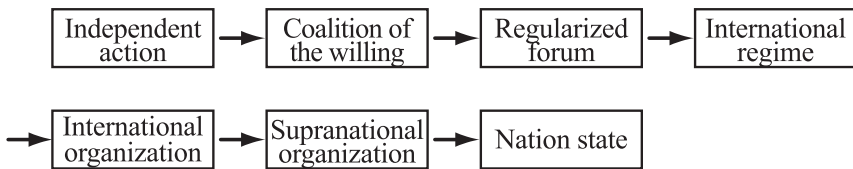


Figure 1.2 Simplification (institutionalization of cooperation)
Source: Y. Yamamoto.

Looking at the forms of cooperation in Figure 1.1, how should the term “integration” be interpreted? One strict interpretation is that integration is the delegation of national authority, and that the degree of integration depends on how much national authority has been delegated to

international organizations.³ From this point of view, there has hardly been any integration in East Asia. Even forums such as APT, for example, are primarily continuing cooperative entities and do not involve any delegation of national authority. Even APEC has hardly any elements that restrict the prerogatives of individual nations. In order to classify these continuing cooperative entities in the East Asian and Asia-Pacific regions as (part of the process of) integration, some conceptual manipulation is required. One way is to view regularized forums and (informal) international regimes as preliminary steps towards integration that lead to the delegation of national authority. But this is not reasonable, either theoretically or empirically, because there is no guarantee that a regularized forum or international regime will turn into an integrated entity with the delegation of national authority; it could simply remain as it is.

Another possible perspective is that although continuous cooperative entities and international regimes do not involve the delegation of national authority, they are (one type of) integration in that they act to restrain (to various degrees) independent actions on the part of individual nations.⁴ Thus, if the delegation of national authority constitutes positive integration and the restriction of national behaviour (freedom of action) constitutes negative integration, continuous cooperative entities and regimes represent negative integration.⁵

(2) Theory: Theories of integration and theories of integrated entities

Looking at the forms taken by relationships between nations, such as in Figure 1.1, there are several theoretical issues that need to be addressed. One is the question of why the institutionalization of cooperation, as illustrated in Figure 1.1, takes place: for example, why does one-off cooperation turn into a regularized forum? Why do regularized forums turn into international regimes or stay as they are? And, why do international regimes turn into supranational organizations? Theories addressing these issues can be called theories of integration. Such theories include classical integration theories that will be discussed again later, such as neofunctionalism and communication theory. And many international regime theories include theories on the formation and development of regimes: for example, theories on the formation of international regimes by hegemonic countries and theories on the formation of international regimes through multilateral intergovernmental negotiation (such as solving social dilemmas). There is a wide range – from explanations based on rational choice theory or institutional theory (for example, institutions are formed and develop path-dependently) to constructivist approaches (for example, a given norm becomes widely accepted and becomes the basis for integration).

If the above are theories of integration, there are also theories that analyse the forms and workings of cooperation shown in Figure 1.1 (regularized forums, international regimes and international organizations). These could be called, for the sake of discussion, “theories of integrated entities” (or theories of governance): for example, frameworks for analysing the workings of international regimes (such as compliance and effectiveness); the use of multilevel governance to analyse highly developed integrated entities such as the European Union (EU); and the application of theories such as network theory to the analysis of the formation of public policy within such integrated entities.⁶

2.2 Problem sectors and substantive integration

Depending on the problem sector (or issue area), the types of relationships between nations illustrated in Figure 1.1 can develop in different ways. The degree of substantive integration can also differ by problem sector. This section will examine integration by sector and also consider the difference and relationship between formal and substantive integration.

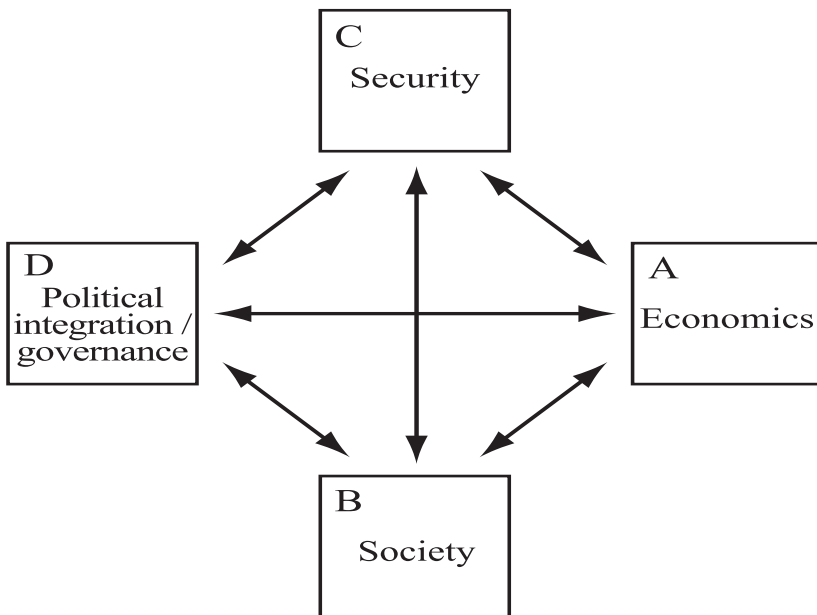


Figure 1.3 Sectors of integration

Source: Y. Yamamoto.

Integration (theory) is generally thought of in terms of four areas (Figure 1.3): economics, security, society and politics (political integration and regional governance). Regional integration theories include those that focus on economic matters, those that focus on society, those that focus on security, those that focus on political integration/governance and those that use a combination of these. In a sense, the “dependent variables” differ depending on different integration theories.

(1) Economic integration

Balassian (from Bela Balassa, 1961) regional economic integration theory conceptualizes a process that starts with an FTA or customs union, moves to a common market that allows free movement of factors of production (labour and capital) and then transitions to an integration of policies (an economic union) such as labour, fiscal and monetary policies (directly from A to D in Figure 1.3).⁷ This is highly compatible with the neo-functionalism of Ernst Haas (1958): neofunctionalism holds that starting integration in sectors amenable to working-level cooperation leads (automatically or as a result of conscious action) to cooperation in other, closely related sectors, resulting in a spillover effect that causes integration to include one new sector after another, eventually leading to political integration (again, from A to D).⁸ However, although economic integration that starts with FTAs or customs unions is institutional and formal, economic integration also includes substantive integration, which can be measured by the degree of interdependence (sometimes referred to as market-driven integration), the actual openness of trade and the synchronization of economic cycles.⁹ Furthermore, institutional economic integration includes cases that end at the FTA stage, cases that transition from a customs union to a common market and end there, and cases that transition from a common market to an economic union. Many factors are at work, such as the national interests of participating countries (for example, views on sovereignty), and it is not just because of spillover based on functional relationships between related economic sectors.

As will be discussed later, the late 1990s saw the beginning of a third wave of economic regional integration, with many bilateral FTAs being concluded.¹⁰ The same period saw the emergence of theories that could be called FTA-focused economic integration theories. Baldwin’s domino theory analysed the process of FTA proliferation in terms of inter-FTA competition.¹¹ That is, simply put, if two countries (A and B) sign an FTA, a country (company) competing with B in terms of exports to A is adversely affected, and that country then has an incentive to sign an FTA with A. If negotiations with A do not go well, that country may try to form FTAs with other countries, and in this way inter-FTA competition causes a proliferation of FTAs. This then results in a huge number of

FTAs operating in parallel (referred to as a “spaghetti bowl” or “noodle bowl”). A network of FTAs is one form of governance, but it is an extremely complex one that decreases efficiency. It then becomes necessary to create a multilateral FTA that covers a whole region and consolidates the bilateral FTAs in that region – and a variety of means to that end are considered (Baldwin, 2006; Baldwin and Low, 2009).

Recent years have seen the formation of FTAs, not only between neighbouring countries or within geographical regions but across continents. Thus, the proliferation and development of FTAs does not necessarily involve the integration of regional neighbourhoods. Though they are an important element when it comes to the economic integration of a given region (such as in East Asia or in the Asia-Pacific region), FTA-based integration rarely follows a Balassian path from a customs union to a common market and then to an economic union. Customs unions involve the imposition of common tariffs (more generally, external economic policy) on countries outside the region; in that sense, they represent a delegation of national sovereignty as it relates to tariffs,¹² and are thus a step above FTAs in terms of integration (delegation of national authority).

(2) Societal integration

Karl Deutsch’s communication theory focuses on society; when looking at a given region, he considers whether or not the people living in that region share fundamental values (B in Figure 1.3). If they share liberal values, then even if that region comprises many countries, a pluralistic security community in which the use of force is unthinkable is formed between them (C in Figure 1.3) (Deutsch et al., 1957). What is notable here is that Deutsch considers the integration of values (B) and political integration (D) to be independent from each other. Incidentally, in contrast to Deutsch’s theory that leads from societal integration to a security community, Kupchan has recently proposed a hypothesis in which countries antagonistic to each other achieve rapprochement and then proceed to a security community (C in Figure 1.3), which is followed by societal integration (B), then economic integration (A) and finally political integration (D) (Kupchan, 2010).

In integration theory, what exactly is meant by societal integration (B in Figure 1.3)? This chapter uses the word “society” in an extremely broad sense, referring both to the values, belief systems and identities of people living in a region and to communication and contact between populations. From that point of view, if a given region has little communication between populations on a societal level, fundamental values are not shared, there is no regional identity to speak of and there are many different identities (such as religious and national ones), then that region

has not undergone much integration at the societal level. On the other hand, there could also be a region in which societal integration has progressed significantly, i.e., there is close communication between the peoples in the region, their fundamental values are consistent with each other and even shared, and a regional identity can be seen to a significant extent.¹³ Societal integration in this sense progresses via a mechanism in which communication and contact between populations increase, shared values and a shared identity are formed as trade and other communication between nations in the region increase and economic integration (A in Figure 1.3) progresses (hence the term “communication theory”). There are also deliberate attempts (as a matter of policy) to foster mutual understanding and create shared values and a shared identity in a region by increasing cultural exchanges and communication between populations.

When discussing regional societal integration, one can also consider identity and the sharing of values among the elite. For example, if the foreign relations elite share norms regarding relationships between nations (such as cooperation or peaceful conflict resolution) and domestic and international norms (such as human rights and political freedom), one could say that in terms of the elite societal integration has made progress in that region. Societal integration at that level can become possible through repeated contact, education and learning and through socialization in general.

Of course, in terms of both form and degree, societal integration among the elite and societal integration among ordinary people sometimes differs and is sometimes consistent (Ikenberry and Kupchan, 1990; Schimmelfenning, 2000). However, there are two things one must keep in mind. First, societal integration is almost always the result of a slow process involving learning and socialization, not something caused deliberately and immediately. Second, although societal integration is thought to influence economic integration and security, it does so from below, by creating a foundation, and does not necessarily directly produce specific policies or institutions.¹⁴

(3) Security

Next, let us look at pluralistic security communities. The formation of a pluralistic security community depends not only on Deutschian shared fundamental values in a society (B in Figure 1.3) but also on close economic interdependence (A) and rules that govern relationships between the nations in a region (D) (Adler and Barnett, 1998; Russett, 1998). Here, “pluralistic security community” does not refer to a situation in which national sovereignty is delegated (in fact, the principles of respect for sovereignty and non-intervention in internal affairs are emphasized)

but alludes to (or at least includes) the state in which the prevailing practice is to refrain from the use of force in disputes (Pouliot, 2010).

From this it can be seen that there are several different patterns of regional security. Buzan and Wæver (2003) postulate that regional security systems depend on the distribution of power among the nations in a region, as well as relations with other regions around the globe, and fall into three patterns: (1) regional conflict formation (ally/adversary relationships); (2) security regimes; and (3) security communities. The first is what they call a standard regional security complex, in which anarchy or a balance of power is dominant. In the second, a security regime is created at the regional level and in the third a security community is created where there is no possibility of the use of force.¹⁵ Of course, even in the security sector, integration (delegation of national authority to a supranational organization) is not inconceivable.¹⁶ If such integration were to develop into the sole military institution in that region, that region would be, in a Weberian sense, a sovereign state.

As with other sectors, there can be a difference between substantive integration (peace between countries) and formal integration (security regimes) in the security sector. For example, using the Deutschian model, societal integration leads to the formation of pluralistic security communities without necessarily requiring security regimes between the nations in the region. Conversely, even if a given region has a security regime in place, behind it there could be conflict or a balance of power (a standard regional security complex as described by Buzan and Wæver (2003)).

3 Patterns of regional governance: Political integration/governance

In the context of integration theory, there are several different perspectives on political integration and governance (D in Figure 1.3). One involves political unification, in which the ultimate result of integration is that a region becomes a sovereign state (for example, federalism).¹⁷ This of course could follow the pattern illustrated in Figure 1.3, in which economic integration (A) is accompanied by the integration of societal values and the formation of a supranational regional identity (B), the creation of a pluralistic security community (C) and finally the formulation of a constitution and the formation of an entity with a unified government with military and diplomatic arms.¹⁸

Another perspective is that instead of moving towards the formation of a single sovereign state in a given region, integration is manifested as a variety of international organizations (shared sovereignty) and/or international regimes in different sectors. Instead of the region becoming a

sovereign state, a combination of various levels of integration fulfils the role of governance. Of course, even before the emergence of shared sovereignty, regional governance can exist in the form of international collaboration in which nations restrict their own and each other's sovereignty (a negarchy as mentioned previously).

There are also regions that have not reached that point: for example, regions in which the dominant paradigms are mercantilism, economically speaking, and an (adversarial) balance of power, in terms of security. Furthermore, there are regions in which the constituent countries are extremely weak as sovereign nations (both economically speaking and in terms of security and domestic politics – in extreme cases, quasi-states) and are not sufficiently able to interact with other countries (either within the region or without).¹⁹

In order to better analyse regional governance, Table 1.1 gives a tentative breakdown of its different aspects.

Table 1.1 shows the aspects that regions can take on, by degree of integration. The top row shows a scale referred to here as “integration level”, going from I to VI. The remaining rows give examples of the integration levels for each of the four sectors depicted in Figure 1.3, with a (somewhat forced) division of each sector into six phases. For example, economic integration is shown as proceeding from an absence of interdependence to mercantilism (an economic system with strong government interventions domestically and externally), then to unilateralist free trade, to economic cooperative institutions (for example, regularized forums and international regimes), to supranational organizations and finally to highly developed economic unions. Likewise, societal integration is shown as going from mutually independent values/norms (with no points of contact) to conflicting values/norms, to inconsistent values/norms, to consistent values/norms, shared values/norms and to the formation of a (regional) identity on the basis of shared values and norms.

This layout may suggest a view that integration advances linearly through integration levels, in the same manner for each sector. Of course, that is not the way things actually are. The process of integration may stop at any phase and may also backtrack (from a security regime to a balance of power, for example). Furthermore, there are cases in which each sector is at a different integration level (for example, economically speaking, an international regime is in place, but security is at the balance-of-power stage). Additionally, as is clear from the preceding discussion, the different sectors influence each other. However, keeping those possibilities in mind, Table 1.1 shows one way of organizing integration levels by sector. The last rows give (tentative) names to six characteristic forms of governance or region, from “region without interdependence” (I) to “sovereign state” (VI).²⁰ Hettne and Söderbaum's

Table 1.1 Types of regional governance

Problem sector	Level I	Level II	Level III	Level IV	Level V	Level VI
(A) Economics	No inter-dependence	Mercantilism	Unilateralist free trade, market-driven economic integration	Economic cooperation regime	Supranational organization	Highly developed economic union
(B) Society	Mutually independent values/norms	Conflicting values/norms	Inconsistent values/norms	Consistent values/norms	Shared values/norms	Formation of a (regional) identity
(C) Security	No security interaction	Adversarial balance of power	Cooperative balance of power	Security regime	Pluralistic security community	Integration (unification) of military/diplomatic arms
(D) Governance type	Region without interdependence (overlay, unstructured)	Regional politics without governance	Governance without coordination	Governance without government	Governments without state	Sovereign state
Hettne and Söderbaum's regionness	Region space	Regional complex	Cooperative regional complex	Regional society	Regional community Region state	Sovereign state
		Competitive regional complex				

Source: Y. Yamamoto.

(2000) “levels of regionness”, which can be contrasted with this chapter, are also shown (slightly rearranged).

First, at level I, the region in question is geographically a single region, but there is no meaningful interaction or interdependence among the countries located therein (thus, Hettne and Söderbaum call this “region space”). One example is a region in which the constituent countries are extremely undeveloped with no military or economic power and they are unable to interact with each other. Another is a region which is a subordinate system of a larger system, with no meaningful interaction or interdependence on its own standing between its constituent countries (Brecher, 1963). During the Cold War, the Asia-Pacific and East Asian regions were shaped by the framework of East–West (Soviet–US) rivalry and divided in terms of values/norms, economic matters and security. Buzan and Wæver (2003, Ch. 3) called this an overlay (referring to the previous type of region as unstructured).

One thing that must be noted is that, up until this point, this chapter has considered individual regions while leaving global relationships and relationships between regions out of the equation. However, every region is connected in various ways to global politics, global economic institutions and other regions. This is a significant problem in integration theory and will be taken into account later in this chapter during discussion of the Asia-Pacific and East Asian regions.²¹

Next, at level II, there is interaction between countries in the region, but the interaction is effectively anarchic; in the security sector there is an adversarial balance of power and in the economic sector mercantilism is dominant. Furthermore, there is no regional societal integration, with each country’s values/norms and domestic institutions based thereon in mutual conflict. This state can be called “regional politics without governance”. However, since there are mutually interacting systems, for example, in the security sector, this state can also be called a “regional (security) complex” (Buzan and Wæver, 2003, Ch. 3). Some regions at this level may also be in a state called “enduring rivalry” (Diehl, 1998) in which conflict predominates. Thus, we may call this type of governance a “competitive regional complex”.

In contrast, at level III, there is a significant amount of trade (unilateral free trade, or market-driven integration without international regimes), and although there is a balance of power, it is cooperative and not adversarial (Little, 1989). Furthermore, each country’s values, norms and domestic institutions, while not consistent are not in conflict. A region with these characteristics could be considered to have a form of governance not based on explicit coordination, and although the region in question constitutes a regional complex, it is a peaceable one. Thus, this may be called a “cooperative regional complex”.

Economic exchange becomes vibrant at level IV, and summit-style co-operation and/or international regimes come into existence to maintain and promote that economic exchange. In terms of security (to a certain degree), multilateral cooperation regimes can be seen. Values/norms and domestic institutions do not conflict and become more and more consistent. This state of regional governance could be considered (a primitive form of) “governance without government”. Also, since this level sees the formation of norms and rules governing the relationships between the countries in the region, there is in effect a society of states in the “English School” sense (Bull, 1977), which could also be called a regional society.

At level V, economic integration has progressed and supranational organizations have been formed in several sectors; that is, the sharing of sovereignty has begun. Pluralistic security communities come into existence and the region begins to share values and norms. As a result, a regional identity takes root inside the region, and from the outside the region is increasingly viewed as a single working system. In that sense, the region can be considered a regional community. There are multiple supranational organizations, and “governments” (institutions that fulfil governmental functions) come to exist in those sectors. Thus, multilevel governance is in place, but military matters and diplomacy are not unified, so the region cannot be considered a sovereign state. Hettne and Söderbaum (2000) call this stage a “region-state”.

Military and diplomatic unification takes place at level VI, and a Weberian sovereign state emerges. The region forms a highly developed economic union, and regional identity takes hold to the point where there is a shift from national identities to the regional identity.

4 The Asia-Pacific and East Asian regions

Given Table 1.1, the current regional governance of the entire Asia-Pacific region and East Asia seems to be at level III, i.e., a cooperative regional complex, but we are now witnessing some moves back towards competitive regional governance (Level II), particularly in the security area, with some other moves towards a regional society (Level IV or beyond), especially with regard to the move towards an ASEAN community and efforts to forge multilateral FTAs. I would like to trace the developments of regional cooperation and integration in this region, historically from the Cold War era when the region was just a regional space, and try to find some ways in which the region can prevent itself from going back to a competitive regional complex – how we can promote regional cooperation for a stable regional society. To state some of

the conclusions first, in the Asia-Pacific and East Asian regions, the predominant pattern of cooperation is through regularized forums such as APEC, APT and the EAS. Formal and legally binding rules and norms such as the American-centred hub-and-spoke alliance system and FTAs are exceptions. This is partly because many nations in the region have a strong tendency to guard their sovereignty and autonomy as a result of their colonial experience. It is also partly due to differences in national interests owing to differences in domestic systems and levels of economic development. It will be difficult for the region to forge formal and legally binding international regimes in the near future. The rise of China is one of the most important issues that nations in the region must face. While China contributes to the economic prosperity of the region, it also disturbs security stability and might turn the region into a competitive balance of power. Rather than attempting a difficult balancing act towards China, we have opportunities to utilize a whole range of regularized forums to adjust interests among concerned countries diplomatically.

This section will take the above logical framework for regional integration and apply it to the Asia-Pacific and East Asian regions. This is, however, not a simple task. Market-driven integration has made a good deal of progress in these regions, but the state of institutional integration is extremely complex. From the point of view of Figure 1.1, there are institutions at various different levels and there are also differences between subregions in the Asia-Pacific region. ASEAN, for example, is situated at the threshold between a level IV regional society and a level V regional community. On the other hand, bearing in mind the Korean Peninsula, Northeast Asia is a polarized level II regional complex, and though there are attempts to create security regimes, such as the six-party talks, they are not meeting with much success.

Looking at East Asia as a whole, there are a variety of summit-style regularized forums, with APT at the forefront. There has been a significant amount of dialogue regarding security and economic matters, and institutions such as the Chiang Mai Initiative have been created as a result. Multilateral FTAs are also in the planning stages. However, there is no East Asian institution that can be called a clear security regime, and East Asian institutions have expanded to cover the Asia-Pacific region, going from APT (including Japan, China and South Korea) to ASEAN+6 (adding Australia, New Zealand and India) and now to ASEAN+8, which adds the United States and Russia (in terms of security dialogues; this corresponds to incorporating the United States and Russia into the ASEAN Defence Ministers' Meeting-Plus).

As for the Asia-Pacific region, the economic sector has APEC and the security sector has the ASEAN Regional Forum (ARF). APEC currently has the formation of a multilateral FTA covering the entire APEC region

(an FTAAP) on its agenda since its 1994 Bogor Declaration set a goal of implementing free and open trade and investment among its developed nations by 2010. Despite the term “Asia-Pacific”, there are also movements to connect more closely with Central Asian countries via India as well as the Shanghai Cooperation Organization (SCO). Meanwhile, the rise of China may promote substantive economic integration in the East Asian and Asia-Pacific regions, but in terms of security it may produce a tense balance-of-power system.

In this way it can be seen that the Asia-Pacific region is affected by an overlapping set of intertwined regions and subregions, including East Asia, Southeast Asia, Northeast Asia, North America (NAFTA) and the entire world. Furthermore, depending on the sector (economic matters or security and so on), cooperation and institutionalization are progressing at different levels with different participating countries. There is also no stable institution that is always central in promoting cooperation and integration; rather, the focal point of activity shifts from one institution to another. Thus, the (major) Asia-Pacific nations’ interests in these various cooperative entities and institutions are not always stable; they use and create institutions as the situation and their national interests warrant. This state of affairs contrasts with, for example, the Atlantic region and Europe, which have highly stable central institutions (NATO and the EU) around which international politics revolve. In addition, major powers such as the United States, Germany, France and the United Kingdom are fundamentally in agreement with keeping these institutions in place.²²

Keeping Table 1.1 in mind, the next part of this section will take a look at the path that the Asia-Pacific and East Asian regions have traced out on their way to the current state summarized above.

4.1 The Cold War: An overlay

Asia and the Asia-Pacific region can be said to have been dominated by (overlaid onto) the paradigm of the US–Soviet (East–West) conflict during the Cold War. In terms of security, the West’s hub-and-spoke network of alliances on one side, centred on the United States, faced off against the Soviet Union’s camp on the other side, including China, North Korea, Mongolia and North Viet Nam. Values, norms and domestic institutions were also split along these lines. There were close economic relationships among the countries on each side but very little economic interaction between the two sides. In the political, security and economic sectors, the two camps were divided but, in a sense, congruent within. There was of course interaction in that system, in terms of security, so in a sense the system could arguably be considered to have constituted a regional security complex (balance-of-power, mercantilist) as referred to

in Table 1.1, but it was subsumed by the global system; i.e., in terms of Table 1.1, it was an overlaid subordinate system, as touched upon previously. There were regional alliances formed within that system, such as the South East Asian Treaty Organization (SEATO), but they were part of Cold War attempts to promulgate security cooperation and create institutions within the West's sphere of influence. As a matter of fact, during the Cold War, an alliance system was created on both sides. In the Western camp, what is called a "hub-and-spoke" system was created, while the Russia–China and China–North Korea (DPRK) alliances were formed. Among them, the American-led hub-and-spoke alliance system still exists as does the China–DPRK alliance.

ASEAN, founded in 1967, is probably the sole exception to these Cold War structures. In an effort to foster trust among Southeast Asian nations, ASEAN was an inclusive system for continued cooperation. Although it was a *de facto* non-communist organization, it was more concerned with fostering regional autonomy and avoiding external intervention than outwardly responding to communism. Though it encompassed varied domestic values/norms and domestic institutions, it attempted to prevent clashes by emphasizing the principle of non-intervention in internal affairs. Furthermore, in terms of norms for relationships between countries, it adopted principles compatible with differing domestic norms, such as dialogue and peaceful conflict resolution (the "ASEAN Way"). As such, it opened the way for the formation of a single Southeast Asian regional complex and even a regional society.

Thus, with the exception of ASEAN, the Asia-Pacific and East Asian regions directly reflected the structure of the Cold War, forming a standard regional complex. In the 1960s, however, tensions between China and the Soviet Union intensified, and the early 1970s saw an end to China's policy of trying to export revolution. China and the United States grew closer throughout the 1970s and, in 1978, under the leadership of Deng Xiaoping, China shifted to a policy of reform and openness. In this way, an economically segmented East Asia with an adversarial balance of power gradually experienced an easing of tensions and an expansion of economic exchange, although with regard to fundamental values, norms and domestic institutions, there was of course the difference between socialism and capitalism (level III in Table 1.1).

In 1979, the Soviet invasion of Afghanistan began a new era of the Cold War, and conflict between the Soviet Union on the one hand and the United States, Japan and China on the other became more pronounced. The 1980s saw an aggressive Soviet Union facing off against an anti-Soviet pseudo-alliance consisting of the United States, Japan and China, which once again overlaid Asia onto a global system. As such,

there was little conflict between the United States, Japan and China on the security front. Economic cooperation was pursued (for example, aid from Japan to China); trade volumes gradually increased; and regional cohesion began to appear (in the mid-1980s, the United States' Pacific trade volume surpassed its Atlantic trade volume). Additionally, the 1970s and 1980s saw a great deal of economic growth, not just in South Korea, Singapore, Taiwan and Hong Kong (Asia's four "tigers") but across Southeast Asia (in 1993, the World Bank issued a report entitled "The East Asian Miracle" (World Bank, 1994)).

4.2 After Cold War I (the 1990s) – towards a regional society?

(1) Asia-Pacific region

The end of the Cold War brought major changes for the Asia-Pacific and East Asian regions, which until then had been overlaid onto the Cold War paradigm. They began transitioning to regional societies with regimes and norms regulating the nations. This change was based on both historical conditions and new ideas. As mentioned above, by the time the Cold War came to an end, economic exchange in the Asia-Pacific region had increased in pace, including that of China, and on the security front as well there was no serious conflict among the United States, Japan and China (thanks in part to them constituting an anti-Soviet pseudo-alliance). East Asia, however, did not have a strong identity as an independent region in either the security or economic sector. In Southeast Asia, ASEAN distanced itself from the Cold War paradigm and began forming a regional society. Given the situation, it is natural that one option when seeking a post-Cold War regional order was to look to the entire Asia-Pacific region, including both the United States and Asia (East Asia and Southeast Asia).

First, on the economic front, the idea of pursuing regional cooperation, on the assumption that the Asia-Pacific region would become increasingly mutually interdependent, was widespread in the 1980s. There were also fears that the end of the Cold War would result in waning commitment from the United States, as well as predictions that the end of the Cold War would be accompanied by intensified competition for trade and capital in a single global market. This period also saw the beginning of a new era of regionalism (the "second wave of regionalism" or "new regionalism") across the globe. Starting in the mid-1980s, there were calls for a single market in Europe and the Canada–United States FTA was signed in 1988. This environment also gave rise to APEC, the first inclusive international regime (or at least the first regularized cooperative

forum) formed in the Asia-Pacific/East Asian region. At that point, the region found itself at the threshold of level IV in Table 1.1, the regional society stage, i.e., regime creations both in economic and security areas without serious security conflicts in the region. With that said, APEC was a unique economic regime. First, it had multiple goals such as trade liberalization, trade facilitation and economic (development) cooperation. Second, it was not based on binding rules but on member countries furthering its goals on their own initiative. And third, ASEAN played an important role with respect to APEC. This was because, although Australia (and Japan) took the initiative in forming APEC, it was in effect created on top of ASEAN's network of dialogue partners. This was the start of ASEAN centrality – the idea that ASEAN should be “in the driver's seat” of future regime creation in the Asia-Pacific and East Asian regions. These characteristics suggest that APEC will stop at the level of a regularized forum in Figure 1.2 and will need serious efforts to move up to the level of a formal international regime with legally binding rules and norms.

With the Cold War over, the Asia-Pacific (East Asian) region's next step towards becoming a regional society was the creation of the security-focused ASEAN Regional Forum (ARF). ARF was one answer to the question of how to create an Asia-Pacific security system in a post-Cold War world with no defined enemy (albeit with countries that were not allies either). The basis for the idea of ARF, which held its first meeting in 1994, was the Conference on Security and Cooperation in Europe (CSCE) with Australia and Canada pushing the idea for the Asia-Pacific region. As with APEC, however, the main driver for ARF is ASEAN. A principal goal of ARF is the fostering of trust among countries in the region, and issues pursued include the creation of systems for preventative diplomacy and peaceful conflict resolution. From its beginning, participants agreed that ARF was to be a forum for security dialogues, not a place for binding rules or decisions. In terms of the reasons ARF took on these characteristics, many parallels can be drawn with APEC. What should be particularly emphasized here is that security-wise, with respect to Table 1.1, the Asia-Pacific region is still a regional security complex (at times, level III or sometimes level II), with a balance of power and inconsistent values/norms in many areas. ARF was created with this state of affairs in mind, and was intended more to maintain stability within that state than to change it.²³ Of course, the Asia-Pacific and East Asian regions do have their problems, such as the Taiwan and North Korea issues, and acute level II conflicts that go beyond what ARF can handle have flared up. At the same time, those issues also served to mark the existence of what could be called “regional subsystems” (for example, North-east Asia) in the security sector.

(2) East Asianism

Nearly simultaneously with the formation of APEC – an umbrella economic framework for the Asia-Pacific region – an idea that could be called “East Asianism” appeared. In 1990, not happy at being lumped together with Western countries such as the United States and Australia as part of APEC, the strongly anti-West Malaysian Prime Minister Mahathir Mohamad presented the idea of an East Asian Economic Group (EAEG) to Chinese Premier Li Peng who was visiting Malaysia. The intent was to maintain and solidify East Asian autonomy by forming an East Asian group comprising ASEAN, Japan, China and South Korea. However, the United States strongly opposed splitting the Pacific region in two, and Japan, which was looked at to lead the EAEG, was not proactive about doing so. The EAEG concept ended up as a caucus within APEC but did help lead to the 1992 creation of the ASEAN FTA (AFTA). The year 1996 saw the establishment (initiated by Singapore) of the Asia–Europe Meeting (ASEM) as a forum for dialogue between the EU and ASEAN, Japan, China and South Korea. This was the first occasion for APT to come together formally as a group. The North American FTA (NAFTA) was concluded in 1994, and as a result APEC ended up encompassing several different economic groupings, including FTAs, within its membership.

As mentioned previously, APEC had multiple goals, including trade liberalization, promotion of trade and development cooperation. Different APEC members, however, had different ideas on trade liberalization. The United States and Australia wanted to use APEC as a trade liberalization mechanism, but ASEAN was wary. An (unofficial) meeting of heads of state was held at the 1993 APEC summit in Seattle; and then in 1994 in Bogor, Indonesia, APEC issued the Bogor Declaration, setting the goals of free and open trade and investment among its developed nations by 2010 and among its developing nations by 2020. APEC-mediated liberalization did not, however, make much progress. Then, in 1997, the Asian financial crisis erupted. Starting as a currency problem in a regional system with heightened substantive interdependence, it pummelled the economies of countries including Thailand, Indonesia and South Korea. The IMF was not able to take appropriate responsive measures and the United States also adopted a passive stance, making East Asian countries realize the necessity of regional cooperation. Japan committed tens of billions of dollars to try to restore stability (the “Miyazawa Initiative”) and, although it did not come to fruition, proposed the creation of an Asian Monetary Fund. In late 1997, the heads of state of the APT countries held a meeting which subsequently evolved into an annual summit. In response to the Asian financial crisis, APT created the Chiang

Mai Initiative in 2000, a network of bilateral currency swap arrangements (which was later expanded and now has its own pool of reserves). In 1998, a proposal by South Korean President Kim Dae-jung led to the creation of an East Asia Vision Group aimed at building an East Asian Community, bringing the vision of East Asianism into focus.

4.3 After Cold War II (the 2000s)

(1) East Asianism and an American pivot to the Asia-Pacific region

East Asianism developed further after the turn of the millennium as the United States threw itself into a war on terrorism following 9/11. In an address in Singapore in 2002, Japanese Prime Minister Koizumi Junichiro set out a goal of forming an East Asian Community including Australia and New Zealand. The question of whether to include non-APT countries in an East Asian Community – and if so, which ones – was a major political issue. China wanted to remain with APT, while Japan wanted to include Australia and New Zealand to keep China's influence in check, and ASEAN wanted to include India. As a compromise, an APT meeting and an APT+3 East Asian Summit (EAS) were held consecutively in 2005. In both it was stipulated that ASEAN would take the driver's seat (as regards setting agendas, for example) and APT would take the lead in implementing an East Asian Community.

When the Obama administration took office in 2009, the United States moved to re-engage with East Asia, with Secretary of State Hillary Clinton declaring in Bangkok that “the United States is back in Southeast Asia” (Department of State, 2009; Simon, 2009). In the first half of that year, the United States signed the Treaty of Amity and Cooperation in Southeast Asia (TAC). ASEAN had required countries to enter the same treaty as a condition of joining the EAS, and the United States' accession thereto laid the groundwork for it to join the EAS. In 2010, the EAS decided to add the United States and Russia as members (resulting in ASEAN+8) starting the following year, making the EAS no longer limited to East Asia. Slightly ahead of the EAS, the ASEAN Defence Ministers Meeting (ADMM) decided in 2010 to meet once every three years as ADMM-Plus, with the same ASEAN+8 countries. One reason for the United States pursuing an active East Asian policy was for economic gain (expansion of trade), and another was to prepare for the emergence of China as a prominent major power. At the July 2010 ARF meeting, along with several ASEAN countries, the United States took a strong stance against China for its maritime forays. Due to strong international pressure, China seemed to back down and began restating a peaceful rise as its basic foreign policy (Dai, 2010; State Council

Information Office of China, 2011) The United States' China policy is a measured one, however, and it is also directly engaging China in strategic dialogue, pursuing coordination and negotiations on both security and economic matters.

(2) *A network of FTAs*

In parallel with the above developments, the world was entering a third wave of economic integration. The second wave was characterized by attempts at continent-wide economic integration and cooperation, but bilateral FTAs took centre stage in the third wave. In the late 1990s, South Korean President Kim Dae-jung called on Japan to form an FTA with South Korea, and Singapore also approached Japan with an FTA proposal. China approached ASEAN with an FTA proposal prior to acceding to the WTO in 2001. After the turn of the century, many more bilateral FTAs were concluded in the East Asian and Asia-Pacific regions, providing an example of Baldwin's domino theory of FTAs mentioned earlier. This proliferation of FTAs had several implications for regional integration in these regions. One was that FTAs are of course binding agreements between nations, and as such differ from the autonomy-focused ASEAN Way. The ASEAN FTA was signed in 1992, and now with the ASEAN FTA being bolstered and expanded to more sectors and with calls for an ASEAN Community, negotiations among ASEAN member nations have become heated.

Second, at least for the time being, bilateral FTAs have resulted in an interesting paradigm in East Asia: namely, an FTA network that could be called a reverse hub-and-spoke system centred on ASEAN. ASEAN (AFTA) has bilateral FTAs with China, South Korea and Japan (as well as with India and CER, the Australia–New Zealand Closer Economic Relations Trade Agreement), but there are no FTAs between China, South Korea and Japan.²⁴ In other words, the smaller-scale economy of ASEAN is functioning as the centre of a network with the larger economies of China and Japan, which seems to epitomize the centrality of ASEAN.

Third, in contrast to the second point, FTAs have also become symbols of movement towards multilateral integration (putting aside the issue of whether or not such integration can be achieved). As a large-scale regional integration example, FTAs such as a Free Trade Area of the Asia Pacific (FTAAP), an APT FTA and an FTA between Japan, China and South Korea are all being researched partly as a means to strengthen APEC. There is also the TPP, which is aiming to create a higher-order multilateral FTA. These all constitute efforts to multilateralize FTAs, and can also be considered an important step towards economic integration of the East Asian or Asia-Pacific region as a whole. Furthermore, these

efforts stem from the fact that a large number of bilateral FTAs have been formed, resulting in the above mentioned spaghetti-like network, and they belong to a phenomenon that could be called the fourth wave of regional integration, encompassing multilateralization and widening of that network. Against that backdrop, “ASEAN centrality” in the Asia-Pacific and East Asian regions is gradually losing ground (Yamakage, 2010).

Finally, FTAs (whether bilateral or multilateral) have the potential to strengthen regional cohesion, as discussed above, but they also have the potential to weaken it. East Asian countries are working to conclude FTAs with various countries and regions outside East Asia and even outside the Asia-Pacific region, such as the EU (South Korea), the Gulf Cooperation Council (Japan, among others) and India.

(3) ARF and competitive security: Limits of ARF

In the first half of the 1990s, a system for security dialogue across the Asia-Pacific region was created in the form of ARF. The hub-and-spoke network of alliances centred on the United States, however, remained, resulting in a two-tiered Asia-Pacific security paradigm. The first North Korean nuclear crises arrived in 1993 and 1994 and then, in 1996, leading up to the presidential election in Taiwan, China carried out a series of missile tests to try to intimidate Taiwan, and the United States responded by dispatching two aircraft carriers. Then in 1998, North Korea carried out a missile launch test. In response to these incidents, it was the system of alliances centred on the United States that demonstrated its effectiveness, not ARF (elements of level II in Table 1.1 – a competitive regional complex – are still much in evidence in the Asia-Pacific region). ARF pursued confidence-building as well as preventative diplomacy and peaceful conflict resolution, but it had difficulty producing effective results.²⁵ East Asia still embraced a regional security complex as its part, with deterrence and balance of power playing major roles, while values, norms and domestic institutions were still not mutually consistent. This contrasts with the economic sector, in which there was substantive, mutually beneficial interaction, and the values and norms of a free economy had gradually become widespread.

(4) The rise of China (the 2000s)

(i) 9/11

The 9/11 terrorist attacks came in 2001, and the United States called for the cooperation of various major powers and other countries for a “War on Terror”, to which major powers responded. In his 2002 National Security Strategy, President Bush called the juncture the most significant

opportunity for collaboration among major powers since 1648 (the formation of the Westphalian system). The United States attacked Afghanistan in October 2001, and in Bush's State of the Union address in January 2002, he called Iran, Iraq and North Korea an "axis of evil". In June 2002, he went on to issue his "Bush Doctrine": namely, that the United States would not shy away from pre-emptive attacks against terrorists or nations that harbour them. In addition to its campaign in Afghanistan, the United States attacked Iraq in March 2003.

In East Asia, as though spurred by US aggression, the North Korean nuclear crisis flared up again in the autumn of 2002, with the United States refusing to engage in bilateral talks in response. China tried to mediate, which turned into it hosting six-party talks (between North and South Korea, China, the United States, Japan and Russia) starting in 2003. Despite the subject of discussion being North Korea's nuclear weapons, the six-party talks were groundbreaking in that they created a Northeast Asia constituting one security complex with a cooperative entity including all countries concerned. After a joint statement agreeing to denuclearize the Korean Peninsula was issued in 2005, however, North Korea conducted a nuclear test in 2006 and again in 2009, followed after that by a test of a long-range missile. As of this writing, the six-party talks are completely stalled.

(ii) The Asia-Pacific and East Asian regions and the rise of China – "coopetitive" interaction

In the second half of the decade, the United States began to lose prestige abroad as its wars in Iraq and Afghanistan continued, and its economy was hit hard by the 2008 financial meltdown. Meanwhile, China's rise as a major power was proceeding at a remarkable pace, and China stepped up military activity in the South and East China Seas, particularly from 2009. China's economy surpassed Japan's in size (GDP in terms of exchange rate) in 2010, and it is said that it will overtake that of the United States in another 10 to 15 years. Furthermore, China's military expenditures are increasing at nearly the same rate as the size of its economy. Given these developments, the idea of a power transition in the Asia-Pacific region (or even globally) began garnering a great deal of attention. The distribution of power in the region is moving rapidly away from unipolarity. China's emergence as a major economic power is causing increased, sometimes asymmetric, interdependence, within which China's influence is growing. Although to varying degrees, other nations in the region want to maintain and increase interdependence with China, but at the same time, on the security front, they need to contend with China's sometimes aggressive behaviour. The result is "coopetitive" (simultaneously cooperative and competitive) interaction between China and other nations: i.e.,

other nations pursuing bilateral (with China) and multilateral policies that combine cooperation and competition.

(iii) *The use of institutions: Institutional balancing*

As part of this process, each nation acts on the basis of its own individual economic and security interests. Such actions are sometimes unilateral, sometimes bilateral and sometimes multilateral. There are several related issues in the context of the regional integration theories discussed so far. One is that the various cooperative entities and international regimes that have been created in the economic, political and security sectors will be used in various combinations for confidence-building and hedging (to provide against and check China's opportunistic actions) as well as counter-hedging by China. Here, multilateral forums and institutions are combined with realism which may be called "institutional realism" (He, 2009). As discussed in previous sections, there are a variety of multilateral regional cooperative entities, forums and institutions in this region. APEC's 1994 Bogor Declaration, as mentioned above, set a goal of free and open trade and investment among its developed nations by 2010. With this in mind, the idea of an FTA for the entire Asia-Pacific region (an FTAAP) emerged in the second half of this past decade. One of the proponents thereof, C. Fred Bergsten, gives, to reiterate, the following as a major reason for an FTAAP: it would allow APEC members to avoid the problematic choice of whether to go with the United States or China (Bergsten, 2005). There are several debates within APEC about how to put together a future FTAAP; for example, at the 2010 APEC meeting in Yokohama, APT, ASEAN+6 and TPP were suggested as candidate parent organizations, but the EAS (which the United States and Russia were joining) was not suggested apparently because of Chinese opposition (APEC Leaders' Declaration, 2010). Another security forum encompassing the entire Asia-Pacific region is ARF; as previously mentioned, the United States started taking an active role in ARF in 2009, and at times takes the lead in restraining China. There is also the EAS, which decided in 2010 to add the United States starting in 2011, and in the autumn of 2010 the ASEAN Defence Ministers' Meeting was expanded to create ADMM-Plus, encompassing the same ASEAN+8 countries as the expanded EAS. At ADMM-Plus, US Defense Secretary Robert Gates brought up the concept of "freedom of navigation" as a way of sending a warning message to China. Also, if TPP negotiations – which China is not a party to – go well (and if Japan joins), the result should act as a significant economic, political and security counterweight to China. Furthermore, many of the alliances that make up the US-centred hub-and-spoke network are being strengthened with China in mind. Meanwhile, China is continuing to increase its military expenditures (although this is probably simply an issue of military expenditures increasing in pace with GDP)

and may continue to pursue bold policies, on the seas and otherwise. Also, in addition to coordinating and pursuing its agenda one-on-one with other nations, China is proactively using multilateral frameworks to defend and further its policies. It is also making full use of its growth-fuelled market power; for example, through the creation of FTAs (using FTAs as a political tool), to increase its regional influence.

It can thus be seen that hedging against China and institutional balancing (He, 2009) are being implemented not only via security-focused regional cooperative entities such as ARF and ADMM but also via institutions created with the goal of economic integration, such as APEC, TPP and bilateral FTAs. From this point of view, the various institutions in the Asia-Pacific region are functioning on one hand to transition the region to a regional society, and on the other hand as a networked coordination apparatus to prevent the region from regressing to a (standard) regional complex in which a polarized balance of power prevails and inconsistent values and norms are manifest.

The rise of China will drastically alter the distribution of power in the Asia-Pacific and East Asian regions while increasing both the degree and the asymmetry of economic interdependence in said regions. Furthermore, if China's political system does not significantly change going forwards, there will not be much of a move towards consistency in terms of the regions' values, norms and domestic institutions. Though this is just conjecture, the rise of China may carry the following implications for the future. First, although it may seem counterintuitive, the Asia-Pacific region could increase in relative importance with respect to East Asia. That is, the emergence of China as a major power will both provide the United States with economic opportunity in East Asia and increase its security interest in the region. This eventuality has a high probability of increasing its involvement in the region and producing a coherent Asia-Pacific region with a high degree of interaction among its members. Additionally, other nations will likely count on US involvement in the region to balance out China. Given these circumstances, we may see more and more substantive economic integration and FTA-mediated institutional integration in the Asia-Pacific and East Asian regions.

5 Conclusion

This chapter examined regional integration theories and illustrated the variety of aspects that regions can take. Specifically, there is a wide range of possible relationships among the nations in a region, from independent action to cooperation, to continued cooperation and international regimes, and finally to supranational organizations. In addition, relationships among the nations in a region often differ across the fundamental sectors

of economics, security and society. Several different patterns of regional governance were then presented from that perspective and used to analyse the Asia-Pacific and East Asian regions.

The beginnings of the institutionalization of cooperation in the Asia-Pacific and East Asian regions can essentially be traced back to the end of the Cold War. First, APEC and ARF were formed, covering the entire Asia-Pacific region, and the end of the 1990s saw the institutionalization of cooperation in East Asia in the form of APT. The Asia-Pacific region contains a roster of regions and subregions, including North America, East Asia, Southeast Asia and Northeast Asia, and each subregion has different characteristics. Some have (comparatively) developed institutions across the board, and in others a balance of power still plays a major role. The Asia-Pacific region as a whole looks as though it is drawn in countless different shades, with different elements such as membership, security, economics and society forming different patterns. Nearly all integration that has taken place in the Asia-Pacific and East Asian regions consists of regularized forums and international regimes with no legally binding power and loose-knit cooperative entities such as summits (the exceptions being FTAs and the US-centred hub-and-spoke network of alliances). There has been almost no integration in the strict sense, i.e. institutions based on the delegation of national authority. In that there are many, mostly informal, international regimes and continuous cooperative forums, the region as a whole can be considered in-between a competitive regional complex and a regional society. Within that regional governance, one can see efforts to combine the many existing institutions to realize national interests, to restrain the expansive behaviour of other countries and to prevent a transition to a regional security complex divided by confrontation. On the other hand, we see efforts such as ASEAN to progress to the (sub)regional community stage and FTAs to promote economic cooperation and interdependence.

Notes

1. Regarding delegation in international relations, see, for example, Hawkins et al. (2006).
2. Figures 1.1 and 1.2: see Yamamoto (2009), Yamamoto (2010, p. 83). Also see Dobson (1991, p. 3) which presents a diagram similar to Figure 1.2.
3. For example, Lombaerde and Langehove (2005, p. 5). Also, Mattli defines [economic] integration as “the voluntary linking in the economic domain of two or more formerly independent states to the extent that authority over key areas of domestic regulation and policy is shifted to the supranational level” (Mattli, 1999, p. 41).
4. Insofar as continuous cooperative entities and international regimes affect mutual restraints of nations’ actions, they constitute a “negarchy” as defined by D. Deudney; that is, via mutual restraints, nations are subject to “negative” restrictions on their sovereignty, resulting in a relationship that lies between anarchy and hierarchy (the left and right ends of Figure 1.2) (Deudney, 2007, pp. 48–49).

5. "Negative integration" and "positive integration" are terms usually used in the context of regional economic integration, in which negative integration is the reduction of tariffs and other border measures and positive integration is the creation of shared policies (Tinbergen, 1954). Thus, here the terms are used differently from the way that Tinbergen used them, but the principle is the same.
6. At present, many of the theories analysing the EU are what are referred to here as "theories of integrated entities" (Wiener and Diez, 2009, Ch. 3).
7. Balassa (1961). For the current state of European economic integration, see for example Baldwin and Wyplosz (2004). However, as is mentioned elsewhere, since the EU is highly integrated both politically and economically, more attention is paid to how the EU as it exists now is functioning (theory of integrated entities) than to the process of integration. In that regard, integration theory as it relates to the EU is diverging from integration theory and comparative regional theory (and could perhaps be called EU political theory or EU economic theory).
8. For more on neofunctionalism, see Wiener and Diez (2009).
9. For example, Dorrucchi et al. (2002).
10. For more on this third wave, see for example, Carpenter (2009), especially pp. 22–23. The first wave of regional integration involved regionalism that started in Europe in the 1950s and propagated to Latin America and elsewhere. The second wave was a regionalist movement in the mid-1980s, called "new regionalism", in which a single-market movement appeared in Europe, an FTA came together in North America (NAFTA) and APEC was founded in the Asia-Pacific region. The "third wave" refers to the conclusion of many bilateral FTAs in the late 1990s (after the Uruguay Round). The fourth wave, which started midway through the first decade of the new millennium, is a movement to unify and multilateralize these various FTAs. From Yamamoto (2008, p. 378).
11. There are several versions of Baldwin's domino theory, but see for example, Baldwin (1993), and Baldwin et al. (2009).
12. See Laursen et al. (2011), Ch. 3, especially p. 65.
13. On societal integration, see for example, Kupchan (2010), especially pp. 46–56. However, Kupchan deals with identity separately from the consistency and sharing of values. He holds that the formation of a regional identity leads, on that basis, to the formation of a narrative that furthers regional integration, and the formation of a narrative forms an identity (Kupchan, 2010, pp. 50–52).
14. For example, see Hudson (2007, Ch. 4).
15. Kupchan also proposes something similar to these patterns of security: a path that leads from hostility to rapprochement and then to a security community and union (Kupchan, 2010).
16. Buzan and Wæver (2003, Ch. 3).
17. For more on federalism, see Wiener and Diez (2009, Ch. 2).
18. Deudney presents a hypothesis that instead of a supranational sovereign entity being formed as the result of integration in various sectors, such a sovereign entity is formed when the ability of nations to inflict damage upon each other reaches a point at which forming a single nation is the only way to avoid destruction (Deudney, 2007: especially Ch. 9).
19. For more on quasi-states, see Jackson (1993). Failed states and subaltern states may also qualify (Ayoob, 2002).
20. For more on these names of governance types, see Yamamoto (1997).
21. For these problems see Buzan and Wæver (2003), Katzenstein (2005), Fawcett and Hurrell (1995).
22. Mouritzen and Wivel (2011), especially Part I.
23. For strong criticism of this aspect of ARF, see Leifer (1996).

24. Usually the hub in an FTA hub-and-spoke system is a major power. For example, the FTA networks centred around the United States and the EU (Baldwin et al., 2009, pp. 85–86).
25. ARF began large-scale joint training for disaster relief in 2009. This suggests that ARF was transforming itself from a “talk shop” to substantive cooperation.

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2

Norms and regional institutions: Towards an East Asian community

Hiro Katsumata

1 Introduction

Do East Asian regional institutions matter? If so, in what sense? Do they have any impact on international relations in the region? Can they be regarded as an integral element of the regional security governance of East Asia? Institutions centred on the Association of Southeast Asian Nations (ASEAN), such as the ASEAN+3 (APT) and the East Asia Summit (EAS), are characterized by their informal nature. They have few legal mechanisms to regulate the policies of the participant countries. Unsurprisingly, many observers are sceptical about the value of these institutions. For these sceptics, these institutions are useless “talking shops” which can have little impact on international relations in East Asia (see Webber, 2010; Jones and Smith, 2007, pp. 180–183).

This chapter challenges their scepticism by focusing on the normative aspect of the East Asian regional institutions. In concrete terms, it argues that these institutions are significant in terms of community building – or the development of a community of friendly nations which collaborate on maintaining peace, security, prosperity and progress in the region and beyond. Components of these institutions include what can be regarded as a norm of regional community building. This kind of norm has been encouraging countries in the region to promote international cooperation and to develop an “East Asian community” founded on a shared regional identity, within frameworks such as the APT and the EAS.

In what follows, the chapter focuses first on the characteristics of the East Asian regional institutions, and then explores the question of whether these institutions matter in terms of regional security governance. Before proceeding any further, it is worth clarifying the meanings of key terms. To begin with, the notion of “East Asia” in this study refers to an area encompassing Southeast and Northeast Asia. The members of ASEAN are in the former, and China, Japan and South Korea are in the latter. In addition, the “East Asian regional institutions” examined in this study are the APT, the first summit meeting of which was held in 1997, and the EAS which was launched in 2005. The participants of the former are limited to the East Asian countries: namely, the ASEAN members, with China, Japan and South Korea. Those of the latter include not only these East Asian countries but also countries outside the region: namely, Australia, New Zealand, India, the United States and Russia. The participation of these non-East Asian countries in the EAS is understandable because they are closely involved in regional affairs in East Asia, although they are located outside the region in a geographical sense. The geographical scope of these two East Asian regional institutions is broader than that of the Southeast Asian framework of ASEAN, and narrower than that of the ASEAN Regional Forum (ARF) and of the association for Asia-Pacific Economic Cooperation (APEC), both of which cover the entire Asia-Pacific region (see Table 2.1).¹

2 Characteristics of East Asian regional institutions

What are the characteristics of East Asian regional institutions such as the APT and the EAS? To put it briefly, they can be characterized as informal institutions, prioritizing the inclusiveness of membership over the institutionalization of formal rules to limit the sovereignty of the participant countries. They are designed to make it easier for countries to join, by having few legal mechanisms to regulate the policies of the participant countries.

Institutions have at least two important aspects: the formality of their rules and the inclusiveness of their membership. These two aspects can often be incompatible. On the one hand, if formal rules to constrain the sovereignty of participant countries are to be institutionalized, the inclusiveness of the membership – or the number of countries which are able to subscribe to such rules – will probably be limited. On the other hand, if membership inclusiveness is to be prioritized, the institutionalization of legal rules will probably have to be delayed.

Given these two aspects, there may be two types of institution. The first type may be described as “coalitions of the willing” to prioritize formal rules over membership inclusiveness. Such institutions involve a limited

Table 2.1 Regional institutions

	First meeting	Participant countries (and the years of their participation)
ASEAN	1967	Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei (1984), Viet Nam (1995), Laos (1997), Myanmar (1997) and Cambodia (1999).
ASEAN+3 (APT)	1997	ASEAN members, China, Japan and South Korea
East Asia Summit (EAS)	2005	ASEAN members, China, Japan, South Korea, Australia, New Zealand, India, the United States (2011) and Russia (2011).
ASEAN Regional Forum (ARF)	1994	ASEAN members, China, Japan, South Korea, Australia, New Zealand, the United States, Russia, Canada, Papua New Guinea, the European Union, India (1996), Mongolia (1999), North Korea/DPRK (2000), Pakistan (2004), East Timor (2005), Bangladesh (2006) and Sri Lanka (2007).
Asia-Pacific Economic Cooperation (APEC)	1989	Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Japan, South Korea, Australia, New Zealand, the United States, Canada, China (1991), Hong Kong (1991), Chinese Taipei (1991), Mexico (1993), Papua New Guinea (1993), Chile (1994), Russia (1998), Viet Nam (1998) and Peru (1998).

number of countries which are ready to follow formal rules while leaving others outside the frameworks. An example can be found in Europe: Yoshinobu Yamamoto describes the currency integration in the European Union (EU) as a product of a “coalition of the willing” involving a limited number of the EU members that are able to follow strict economic rules (Yamamoto, 2007, p. 330).

The second type consists of informal institutions, prioritizing membership inclusiveness over the institutionalization of formal rules. Such institutions accommodate a variety of countries with different interests, including those which are unwilling to subscribe to formal rules. The East Asian regional institutions belong to this second category. Institutions such as the APT and the EAS are designed to make it easier for East Asian countries to join by having few legal mechanisms to regulate their policies. These institutions have few legal rules to constrain the economic policies of the participant countries. Nor do they have concrete measures to resolve regional security conflicts in a legal manner.

Several factors must be shaping the informal nature of the East Asian regional institutions. To begin with, the diplomatic culture of ASEAN – the so-called ASEAN Way – must be influencing the policies of the

Southeast Asian countries. For a long time, while avoiding a rapid institutionalization of their cooperative framework, the ASEAN members have valued state sovereignty and the principle of non-interference in the internal affairs of other states, thereby promoting intra-ASEAN cooperation and mutual understanding through dialogue and consultation (ASEAN, 1976; Katsumata, 2003; 2009). Next, strategic calculations made by the ASEAN members must also be relevant. These minor powers in Southeast Asia must be reluctant to agree on formal rules, within frameworks involving their Northeast Asian counterparts which have greater material capabilities. They must be reluctant because of their concern over the possibility of the Northeast Asian powers dominating them by legal means.² Furthermore, China's preferences should also be considered. Beijing is sensitive to the issue of state sovereignty, and thus prefers non-legal frameworks which have few implications for sovereignty. The rest of the East Asian countries may be taking into consideration the preferences of Beijing.³ Finally, the diversity of the East Asian countries must be making it difficult for them to agree on common formal rules. These countries are diverse in terms of the levels of economic development, approaches to local conflicts and their understanding of liberal issues such as democracy and human rights. The diversity in East Asia can be contrasted with the situation in Europe. At least in relative terms, the EU members have achieved similar levels of economic development, and also have common approaches to local conflicts and a shared understanding of liberal issues such as democracy and human rights. This kind of situation is likely to facilitate the development of formal rules in Europe.

Having examined the characteristics of the East Asian regional institutions, the present study is in a position to explore the value of these institutions. In exploring their value, the study employs a constructivist perspective in International Relations (IR).⁴ To be specific, it focuses on the role of norms, broadly defined as shared – thus social – understandings of standards for behaviour (Klotz, 1995, p. 14; Finnemore, 1996, p. 22) (to be sure, it also examines the case from a different point of view, by considering what should be observed if norms did not play any major role but power concerns did). Norms concerning international cooperation may constitute international institutions – broadly defined as a set of formal or informal rules, stipulating the way in which states should cooperate (Mearsheimer, 1994, p. 8; Simmons and Martin, 2002, p. 194). Ultimately, from the constructivist point of view, which focuses on the ideational aspects of international relations, international institutions reflect ideational elements such as norms which are intersubjectively held by actors, and these elements play independent roles in shaping the behaviours of actors (see Adler, 2002, p. 104, for institutions and intersubjectivity; also see Ruggie, 1998, pp. 53–55; Simmons and Martin, 2002, p. 198).⁵

3 Impact of East Asian regional institutions

Given the informal nature of the East Asian regional institutions, do they matter? Do informal institutions such as the APT and the EAS have any impact on international relations in the region? To put it briefly, they are significant in terms of community building. A normative component of these institutions has been encouraging countries in the region to promote international cooperation and to develop an East Asian community, founded on a shared regional identity, within frameworks such as the APT and the EAS.

The analysis in this section starts by identifying the normative component of the East Asian regional institutions. It can be said that the components of these institutions include what can be regarded as a norm of regional community building. The content of this norm can be captured by focusing on official documents of the APT and the EAS. This norm is founded on the “bright prospects for enhanced interaction and closer linkages in East Asia” (APT, 1999); it encourages the countries in the region to pursue an “East Asian community” as a long-term goal for the maintenance of peace, security, prosperity and progress in the region and beyond (APT, 2005; EAS, 2005a). It proscribes attempts to exclude particular parties from the process of cooperation. That is to say, it calls for an open, inclusive and outward-looking approach to international relations (EAS, 2005a; 2005b).

This being so, has this norm been effective? The presence of a norm and its effects are separate issues. That the norm of regional community building has been embodied in the official documents of the APT and the EAS does not necessarily mean that this norm has been influential and that the countries participating in these institutions have been adjusting their policies in accordance with it. Hence, an empirical investigation is necessary to examine whether the norm has had effects on policies and, if so, in what sense.

The rest of this section demonstrates that the norm has had at least two kinds of effect on the policies of the East Asian countries, thereby encouraging them to develop an East Asian community and making the regional institutions significant in terms of community building: regulative and constitutive effects. The following subsections address each of these two effects in turn.⁶

3.1 *Regulative effect*

The norm of regional community building has been regulating the policies of the countries participating in the East Asian regional institutions. This becomes clear when focusing on what China and Japan have *not*

been doing within the multilateral frameworks of the APT and the EAS. These two Northeast Asian powers have made few attempts to block the development of a regional community in East Asia. To be sure, with regard to the foundation of an East Asian community, they tend to give priority to different institutions: China commonly prioritizes the APT while Japan usually focuses on the EAS. Yet they seem to have taken for granted the participation of their counterparts in these East Asian multilateral frameworks, and made few attempts to exclude them from the frameworks. In addition, China has made few objections to ASEAN's decision to invite the United States and its security partners, such as Australia and India, to the EAS. In 2005, when ASEAN was about to invite some of these countries to the new forum, Beijing expressed its willingness to support ASEAN's decision (Grattan, 2005), although it had once tried to dissuade the Southeast Asian nations from doing so (Malik, 2006, p. 208). In 2010, when ASEAN decided to invite the United States to the EAS, at least rhetorically Beijing welcomed the decision, and expressed the hope that Washington would play a constructive role in the EAS (Qin and He, 2010; also see Xia, 2011).

It is fair to say that these two Northeast Asian powers have been constrained by the norm of regional community building. The mechanism of constraint here is social sanctions in terms of the loss of reputation/legitimacy. In East Asia today, the norm of community building has been salient, in that the idea of building a regional community has been stipulated in a number of official documents of the APT and the EAS. In such a circumstance, if a country attempts to block the development of a regional community, it will lose its status as a legitimate entity in East Asia and thus become isolated in the region. It may even face an unfavourable discourse associated with notions such as the "China threat" or "Japanese revisionism". This kind of discourse will probably have negative impacts on the country's foreign relations in a variety of areas, such as trade, investment and security. In this way, the widely accepted norm has been constraining the policies of the Northeast Asian powers.⁷

The discussion above implies that the Northeast Asian countries have been reluctant: it is only because they have been under a normative constraint that they have unwillingly been engaged in community building. In reality, however, the East Asian countries, including China and Japan, seem to be willingly engaged in community building. This is due to the constitutive effect of the norm of community building, as will be discussed in the next subsection.

3.2 Constitutive effect

The normative component of the East Asian regional institutions has been defining what counts as "regional community building", and encour-

aging the participant countries to develop an East Asian community by constituting their interests in so doing, in terms of normative appropriateness. In other words, it has been defining “regional community building” in East Asia as the implementation of an open, inclusive and outward-looking approach to international relations, and leading the East Asian countries to adopt such an approach within the frameworks of the APT and the EAS by shaping their understanding of its appropriateness.

The constitutive effect of the norm, summed up above, has been reflected in the active commitment of the East Asian countries to regional community building in the APT. Notably, when the APT was launched in the second half of the 1990s, not all the participant countries were actively committed to regional community building. In particular, both China and Japan seemed to be more interested in strengthening their bilateral relations with ASEAN than in promoting multilateral cooperation at the East Asian level. In other words, both of them appeared to be more strongly committed to their exclusive “plus one” relations – i.e., ASEAN plus China and ASEAN plus Japan – than to the inclusive framework of ASEAN “plus three” involving China, Japan and South Korea. To illustrate, when the participant countries of the APT met for the first time in 1997, neither China nor Japan showed much willingness to regularize APT meetings (see Dollah, 1997; Shimada, 1997). Before the meeting, Japan was envisaging bilateral meetings with ASEAN to be held on a regular basis at the summit level (see Okumura, 1997; *New Straits Times*, 1997). China, for its part, was also seeking to strengthen its bilateral relations with ASEAN (see Reuters News, 1997). It can be said that, in the early stages of the APT process, the attitudes of these two Northeast Asian countries towards East Asian cooperation were, at the most, passive.

In recent years, however, all the APT participant countries have been actively committed to regional community building. China and Japan are no exception since they have been actively pursuing multilateral cooperation at the East Asian level (see Xinhua News Agency, 2001; BBC Monitoring Asia-Pacific, 2003; Awai, 2002; Yamakage, 2003, pp. 33–36; ASEAN and Japan, 2003). The active commitment of the East Asian countries to regional community building has been reflected in the remarkable feature of their plan for an East Asian community: its comprehensiveness. An East Asian community is to cover a wide range of issue areas, including trade, investment, finance, security and culture. Such a comprehensive community is meant to form a basis for the construction of an East Asian regional identity. Their plan envisages an identity-based regional community which enhances “people-to-people exchange aimed at developing a ‘we’ feeling” (APT, 2005).⁸

It can be said that the East Asian countries have been influenced by the norm of regional community building. The positions of ASEAN and the Northeast Asian countries are different. On the one hand, ASEAN is

in a position to promote the norm. Precisely because the members of the Southeast Asian association have defined their interests in terms of a community building norm, they have been promoting this norm in the APT and the EAS. On the other hand, the Northeast Asian countries are in a position to learn the norm. Through their participation in the East Asian regional institutions, countries such as China and Japan have come to define their interests in terms of regional community building, thereby recognizing the appropriateness of an open, inclusive and outward-looking approach to international relations.

If there were no norm and no constitutive effect, the East Asian countries would probably make little commitment to regional community building. Let us focus on the APT, given that this is the first East Asian regional institution, on the basis of which the EAS has developed, and suppose, for the sake of argument, that there were no normative construction of interests in terms of regional community building, and that all the East Asian countries were concentrating on the struggle for power and influence. In this kind of situation, these countries would probably make little commitment to “plus three” cooperation, and focus exclusively on their “plus one” relations. In other words, they would probably prioritize their exclusive bilateral relations at the expense of inclusive multilateral activities. This would be the case for both ASEAN and the Northeast Asian countries.

On the one hand, if ASEAN’s concerns were limited to the struggle for power and influence, it would probably focus exclusively on a combination of its “plus one” relations with external/non-Southeast Asian powers such as China and Japan, thereby dealing with each of them separately. The struggle for power and influence for an association of minor powers can involve various goals: to enhance its material capabilities by exploiting its relations with external powers, to maintain its influence by extracting concessions from them, and to maintain its autonomy by balancing its relations with each of them. In any case, given these goals, it is more prudent for ASEAN to deal with each external power separately through a combination of “plus ones” than to promote an inclusive framework of “plus three”. Exclusive “plus one” relations ought to make it easier for an association of minor powers in Southeast Asia to take advantage of several external powers at once. As long as external powers are competing as rivals, by dealing with them separately ASEAN can easily balance its relations with each of them, and extract benefits from all of them. An inclusive “plus three” framework would be an unreasonable option for an association of minor powers, since it would give external powers the chance to coordinate their policies.

On the other hand, if the Northeast Asian countries were concentrating on outperforming their rivals and expanding their spheres of influ-

ence from Northeast Asia to Southeast Asia, they would probably focus exclusively on their bilateral relations with the Southeast Asian association. For the purpose of expanding a sphere of influence, exclusive “plus one” relations are more efficient than inclusive “plus three” cooperation. For each Northeast Asian country, an inclusive framework is inefficient, in that such a framework would allow its rivals to have a say in its own Southeast Asian diplomacy.

In addition, if the Northeast Asian countries were interested only in expanding their spheres of influence, even if ASEAN tried to promote inclusive “plus three” cooperation, they would probably not follow ASEAN’s initiative. As long as they have their own “plus one” relations with ASEAN – and their rivals also have their own – a commitment to multilateral cooperation – or lack thereof – would not drastically alter the distribution of influences. The policy of the United States under the Bush administration is worth noting in this respect. The Bush administration did not accede to ASEAN’s Treaty of Amity and Cooperation (TAC), although doing so was a prerequisite for participating in the EAS. Two things should be noted here. First, if the United States had wanted to strengthen its Southeast Asian diplomacy, it would have been able to do so bilaterally, by utilizing existing arrangements with ASEAN as a whole – such as the ASEAN–US Dialogue – and with each of the Southeast Asian countries. Second, an involvement of the United States in ASEAN’s multilateralism would have not altered Beijing’s relations with ASEAN in any case, in terms of the Chinese sphere of influence. This is because China was also able to enhance its Southeast Asian diplomacy through its own “plus one” relations with ASEAN, whose components included ASEAN–China Summit meetings. To illustrate, Washington’s accession to ASEAN’s TAC would probably have not prevented Beijing from issuing a Joint Declaration on Strategic Partnership with ASEAN in 2003.

4 Conclusions

The significance of the regional institutions in East Asia should not be overestimated. Community building in this region is still in its early stages. The constitutive effect of the norm operating in the EAS is probably weaker than that in the APT, since the former is newer than the latter. Given the severity of territorial disputes and the modernization of armed forces by the East Asian countries, it is hard to say that these countries have put an end to their struggle for power and influence, and completed the development of a community of friendly nations which is founded on a shared regional identity. After all, in the regional security

governance of East Asia, power factors still matter, and the perspective of realists remains relevant. For realists, international relations are characterized by the struggle for power (Morgenthau, 1960), and the status of these relations is determined by the distribution of material capabilities (Waltz, 1979; Mearsheimer, 2001).

However, the significance of the East Asian regional institutions should not be underestimated either. Had there been no norm of regional community building constituting the APT and the EAS, the status of the regional security environment would probably have been considerably different from what it is today. The East Asian countries would probably have conducted their regional diplomacy in a more exclusive way for the sake of power and influence and, as a result, the development of an East Asian community could not have progressed far. Therefore, regional institutions – in particular, their normative component – should be regarded as an integral element of the regional security governance of East Asia. Power factors do not determine all the aspects of international relations; cooperative norms also matter in shaping the East Asian regional security environment. Ultimately, the structure of regional security governance is determined not only by the distribution of material capabilities but also by that of ideational elements (Wendt, 1999, p. 20).

Notes

1. The study concentrates on the East Asian regional institutions, since the author has already examined elsewhere the significance of the Asia-Pacific institution: namely, the ARF (Katsumata, 2009).
2. Miles Kahler argues that the Southeast Asian countries' aversion to a highly institutionalized framework is both instrumental and strategic. It is instrumental in that it results from their consideration for the cost to sovereignty. It is strategic in that they reject binding and precise obligations in a setting which might require bargaining with governments with greater powers (Kahler, 2000, pp. 562, 568–569).
3. According to Alastair Iain Johnston, when they established the ARF in the early 1990s, the ASEAN countries were aware of Beijing's wariness of highly institutionalized frameworks, and thus decided to start from a weakly institutionalized forum (Johnston, 1999; 2008, Ch. 4).
4. The strand of constructivism employed here is "thin" constructivism. Constructivism is broad with regard to its ontology and epistemology, and contains many strands. The present study deals with issues or events in the real world, and thus is concerned with the strand of constructivism which takes a similar epistemological stance to those of the mainstream/rationalist IR schools. This kind of constructivism assumes that social reality does exist, and stresses the importance of empirical work in order to advance knowledge about the real world (see Wendt, 1999, pp. 38–40, pp. 47–91, 2000, p. 165; Katzenstein, 1996b, pp. 4–5; 1996a, p. 525). For classifications of constructivists, see Christiansen et al. (1999, p. 535) and Smith (2000, pp. 391–392).

5. The constructivist view is distinguished from that of rationalists, including (neo)realists and (neo)liberals in the field of IR. These IR rationalists are concerned with strategic interests defined largely in material terms. To be sure, they do not wholly exclude the ideational aspects of international relations from their arguments. They have for a long time subscribed to the view that the elements of international cooperative frameworks include norms, along with other elements such as principles, rules and decision-making procedures (see Krasner, 1982, p. 186). Yet, for them, norms are largely reducible to the interests of individual actors. International institutions are, after all, an equilibrium point reached as a result of strategic interaction between rational actors. From such a view, the actors' pursuit of ideas and norms appears instrumental. Actors promote new norms or comply with existing ones simply because doing so will be an efficient means of maximizing benefits while minimizing costs.
6. For constructivists, norms can have at least two kinds of effect on the behaviours of actors (Dessler, 1989, pp. 454–458; Katzenstein, 1996b, p. 5; Jepperson et al., 1996, pp. 46, 54; Wendt, 1999, pp. 165–166; Ruggie, 1998, pp. 22–25; Tannenwald, 1999, p. 437; Duffield, 2007, pp. 12–14). One is regulative: norms constrain and regulate actors' behaviours by making some sorts of behaviour proper in a normative sense while proscribing other sorts. The other is constitutive: norms constitute the meanings of actions or shared understandings of what count as particular actions – for example, what count as “humanitarian interventions” and “sustainable development” (see Barnett and Finnemore, 1999, pp. 710–712; Barnett and Finnemore, 2004, pp. 31–33, 164; Duffield, 2007, pp. 12–13) – as well as the interests of actors in pursuing particular actions, by shaping the actors' understanding of these actions as “appropriate” in a normative sense (see Klotz, 1995, pp. 17–27; Finnemore, 1996, pp. 1–7, pp. 128–129).
7. When cooperative ideas are widely shared among a community of actors, such ideas constitute ideational structures which constrain the behaviour of all the actors who have a stake in the community. The mechanism of constraint here is social sanctions in terms of the loss of reputation/legitimacy which will be suffered by those who reject the widely accepted ideas. An unfavourable reputation often has a negative impact on material interests in other issue areas. For example, such a reputation in the area of security cooperation can have a negative impact on interests in other areas, such as trade, investment or even geopolitics. For social sanctions in terms of the loss of reputation, see Keohane, 1984, p. 94, 104–106; 1988, pp. 387–388; Simmons, 2000; Kreps and Wilson, 1982; Fudenberg and Kreps, 1987. For social sanctions in general, also see Johnston, 2001, pp. 499–502, 2008, Chap. 3; Finnemore and Sikkink, 1998, pp. 895, 902–904.
8. Within frameworks such as the APT and the EAS, the East Asian countries have expanded the areas of cooperation, thereby enhancing the weight of their discourse of regional identity. In the APT meeting in 1999, they began to address not only economic but also security issues. In this meeting, they discussed issues such as the tension in the Korean Peninsula and the domestic political turmoil in Indonesia (see Tansubhapol, 1999; *Nikkei Shimbun*, 1999), and released a Joint Statement on East Asia Cooperation, agreeing to consolidate their collective efforts to advance “peace, stability and prosperity in East Asia and the world” (APT, 1999). Within the framework of the EAS, they have envisaged not only economic but also security cooperation since their first meeting in 2005. In this meeting, they recognized that an East Asian community “would contribute to the maintenance of peace, security, prosperity and progress” (EAS, 2005a), and declared that, in their forthcoming meetings, they would be “fostering strategic dialogue and promoting cooperation in political and security issues” (EAS, 2005b). Their cooperative activities covering a wide range of issue areas can be regarded as a basis for the construction of an identity-based regional community.

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3

East Asian integration and domestic politics

Jemma Kim

1 Introduction

One of the most interesting phenomena in today's world is how, despite the rapid pace of globalization, economic exchange on a regional basis is progressing. As the emphasis on regional trade in Western Europe gradually increases, a similar phenomenon can be seen in North and South America. In recent years, such a phenomenon has been remarkable in East Asia as well: the flow of goods, services, capital and labour has increased and expanded considerably, moving from *de facto* to *de jure* (institutional and legal) integration (Kim, 2010a). With *de facto* integration, multilateral connections are made as a result of the free actions of regional enterprises. Today, many nations are bound to each other by Free Trade Agreements (FTAs), thus maintaining *de jure* integration (Yamamoto, 1997; Urata, 2002; 2004; Urata and Kimura, 2005; Watanabe, T., 2004; Watanabe, Y., 2004; Watanabe, 2007).

An FTA is a lower level of economic integration than a customs union – which applies joint tariffs to other countries – and results in a lesser degree of institutionalization.¹ However, with regard to the trading of goods, an FTA abolishes tariffs and further deepens economic integration (Watanabe, Y., 2004).² This kind of FTA is being discussed between large areas such as the Asia-Pacific region and East Asia, in smaller areas such as North Asia and Southeast Asia, and at bilateral levels as well. Bilateral FTAs are currently the most advanced in East Asia, but regional/multilateral FTAs, such as the one based on ASEAN+3 (APT), are not

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progressing. There has been a trend in promoting regional FTAs, such as those in Europe that are connected through the core of the European Union (EU), and in North America, through the North American Free Trade Agreement (NAFTA). Why are multilateral/regional FTAs not advancing in East Asia? As might be expected, the purpose of this chapter is to determine the primary obstacles to FTA development in East Asia. In particular, a “domestic politics” approach will be adopted and its effectiveness will be verified to clarify what factors may be hindering FTAs.

This chapter will present a new perspective on research on regional integration and FTAs by focusing on the political causes of FTA formation through the lens of International Political Economy (IPE). The reason for employing an IPE viewpoint is based upon the idea that FTAs and economic integration possess both economic and political aspects. In other words, the action of bringing about an increase in efficiency for all participants through market expansion is understood not only as economic behaviour but is highly political as well, with significant implications for domestic and international politics.

The significance of this chapter is its contribution to both theory and policy. By looking at the political aspects of FTAs, which are often overlooked in existing research, this chapter will attempt to contribute theoretically to FTA research. This chapter will also attempt to contribute politically to future regional FTA formation by looking into the obstacles facing FTA formation. Finally, the findings of this chapter regarding the theoretical and policy implications that are involved will be laid out in the conclusion. In writing this chapter the author has made use of testimony from interviews with concerned individuals in government and interest groups; the inclusion of such material is a feature that differentiates this study from existing research on FTA strategy.

The structure of this chapter is as follows: section 2 will investigate how IPE theory, which focuses on international factors, can help in examining the political causes of FTA formation. Section 3 proposes a domestic politics approach as an analytical framework for the chapter, pointing out its applicability for investigating East Asian regional integration. Based on this approach, section 4 will conduct a case study analysis of East Asian countries, with a focus on South Korea. Finally, the chapter will summarize findings from the case study of South Korea and discuss future challenges.

2 International factors

First, before analysing previous research, definitions of “regionalism” and “regionalization” should be discussed. It is often argued that regionalism

and regionalization have the same meaning, but they are clearly different concepts and must be differentiated as such. According to Pempel (2005), “regionalization” is an energetic, ‘bottom-up’ process based on the economic connections between social actors. This means that it is a phenomenon in which economic exchange is regionally concentrated and, conceptually, it is similar to regional “economic interdependence.” In contrast, regionalism is a political, “top-down” process that involves institutionalization. It can be understood as a political process in which measures such as economic policy cooperation and regulation are taken as standard (Haggard, 1997, p. 47).

Keeping these concepts in mind, what follows will examine how IPE theory, particularly that concentrated on international factors, can answer the query posed by this chapter. It will also take the main theories concerned with regionalism – realist, liberalist and constructivist – into consideration for a comprehensive view.

2.1 Realist approach (Hegemonic Stability Theory)

The realist approach attaches importance to the distribution of power in the international system, supporting the viewpoint by which nations seek to obtain consistent relative gain. Based on this premise, it is proposed that the factor of “hegemony” determines an international system’s stability. The research of Kindleberger (1973; 1981), Krasner (1976) and Gilpin (1981) is representative of the discourse on hegemony. In their arguments, they place importance on the construction and maintenance of an international system in which hegemonic states can offer benefits to other countries. As long as this system remains advantageous, states other than the hegemonic ones can conduct economic activities smoothly without building their own international systems.

Invoking the viewpoint of the Hegemonic Stability Theory (HST) above, Mansfield showed empirically that the number of Preferential Trading Agreements (PTAs) and countries entering into such arrangements have increased with the decline of US hegemonic power (Mansfield, 1998). As the existence of a hegemonic state is necessary for the stability of the international economic system, with the decline of hegemony comes economic instability and a flood of PTAs. Mansfield states that the decline of hegemony will increase bilateral FTAs as well as multilateral/regional FTAs: namely, it will strengthen regional “cohesion”.

Today, US hegemony is in relative decline in East Asia. Meanwhile, the presence of China in particular has been growing and influencing the interests of experts and academics (Mearsheimer and Walt, 2003; Gries, 2005; Amako, 2006). The 16 March 2010 issue of the United Kingdom’s *Financial Times* contained an editorial entitled “Rising China is a Real Contender” which stated:

China is a much more serious challenger to American hegemony than Japan ... If China keeps growing fast then inevitably its economy will, at some point, become larger than that of the United States – and that process will certainly change the global balance of power.

Further, the US financial institution Goldman Sachs produced data that the Chinese GDP would surpass the US GDP in the year 2050. In concrete terms, it was estimated that China's GDP in 2050 will be \$50 trillion, with the United States at \$35 trillion. These figures demonstrate the decline of US hegemony.

HST predicts that FTAs will form under these conditions. In reality, however, the predictions of HST have not come true in East Asia, as East Asian regional FTAs are not making progress. Therefore, it seems that HST arguments are limited.

2.2 Liberalist approach (neofunctionalism)

Can the questions posed by this chapter be answered from a liberalist perspective? The representative theory of the liberalist approach, neofunctionalism, is concerned with the roles of non-governmental actors such as supranational organizations and enterprises (Dougherty and Pfaltzgraff, 1981, pp. 430–434). Neofunctionalism discusses “sectoral spillover” (Caporaso, 1998; Choi and Caporaso, 2002).³ That is, integration from one area will spill over into another area, and economic integration will lead to political integration. One example is E. B. Haas's experimental study, typical of his research, titled the “European Coal and Steel Community” (ECSC). Haas argued that the strategic integration of coal and steel would inevitably prompt related areas towards integration, resulting in political integration. Neofunctionalists stressed the “learning process” whereby habits of cooperation in one sector extend into others (Haas, 1961).

Might this sort of sectoral spillover theory in neofunctionalism be applicable to the case of East Asia? Looking at the economy of East Asia, the degree of regional dependence with regard to trade was 43.1 per cent in 1990 and exceeded 50 per cent in 1995. Since entering the new millennium, it has changed to approximately 50 per cent (Ministry of Economy, Trade and Industry, 2011). These data show that economic exchange has been prospering. Even human exchange within the region is flourishing, as is reflected in the surge of visa exemptions and human migration – of accepted careworkers and registered nurses, as an example – thus deepening social exchange. According to neofunctionalist expectations, under these conditions, spillover will take place, allowing regional FTAs to succeed through this economic and cultural exchange. However, in observing

the reality of East Asia, the exchanges occurring at various channels are not moving towards multilateral FTAs to any politically significant degree. Therefore, the liberalist theory is likewise insufficient to answer this chapter's query.

2.3 Constructivist approach

Constructivism emphasizes the importance of ideas, norms and identities. Rationalism supposes that an actor's preferences are prescribed and constant in an anarchical international system. In contrast, constructivism maintains that an actor's preferences are formed within a group or society. The actors, through the process of socialization and learning, acquire new norms and value systems; in forming new identities, it is possible for them to change their personal preferences.⁴

In viewing the integration process, constructivism stresses ideas, norms, systems and identities. According to constructivist theory, the institutionalization of a nation is advanced and new identities are formed through the sharing of ideas and norms (particularly those related to policy). Constructivism emphasizes that this new identity formation is indispensable in the acceleration of integration and implementation of political integration. Simply put, when there are shared political norms, identity is strengthened and integration moves forward (see Wendt, 1992; 1999; Mack and Ravenhill, 1995; Katzenstein and Shiraishi, 1997; Mansfield and Milner, 1999; Oyane, 2004).

Can this sort of constructivist argument answer the query of this chapter? In other words, is it possible to apply the constructivist argument to East Asia whereby institutionalization and integration progress when nations share political norms? According to interviews conducted by the author with policymakers in Japan's Ministry of Economy, Trade and Industry (METI) and Ministry of Foreign Affairs (MOFA), as well as South Korea's Ministry of Foreign Affairs and Trade (MOFAT), these institutions embrace a strong FTA policy norm (Kim, 2008). As an illustrative example, there is the Japanese case in which METI Trade Policy Bureau Director Hidehiro Konno, who was in charge of Japan–Mexico FTA negotiations, hosted a number of coordination meetings between the Trade Policy Bureau and the International Trade Administration Bureau, thinking that they should be more involved in FTA policy. These meetings provided opportunities for industry examiners to report on how the various countries' principles and operations regarding FTAs should be understood (author interview with METI representative, Tokyo, 27 November 2007). In the case of South Korea, the person in charge of FTAs at MOFAT recognized that an FTA is more than just a simple trade agreement on a purely economic level; it is a policy, held as the international

standard, that is designed to boost the outside world's confidence in South Korea (author interview with MOFAT official, Seoul, 14 July 2009; see Kim, 2011).

If policymakers in Japan and South Korea embraced a strong FTA policy norm, constructivists would predict that FTAs would progress, but this is not the case. Therefore, the constructivist approach is also unable to answer the question posed by this chapter.

3 Considering domestic factors

The preceding sections confirmed that IPE theories, which are concerned with international factors, could not answer the question posed by this chapter. So, a fourth approach, that of domestic politics, will be adopted.

3.1 Domestic politics approach

Mansfield and Milner's research is representative of that dealing with domestic politics. They explain the importance of domestic politics analysis and divide the regionalism issue into two parts, one that emphasizes domestic factors and one that emphasizes factors of international systems (Mansfield and Milner, 1999, pp. 602–615). In particular, they are interested in the influential power of special interest groups, focusing on nations' preference-formation processes. Mansfield and Milner maintain that it is domestic interest groups that simultaneously advance and obstruct FTA policy. They further emphasize that the establishment of an FTA is determined by the scope of special interest groups' influence, as well as the degree of a government's investment in the welfare of its constituency. In FTA negotiations, groups with mutual, aligned interests form an alliance and, conversely, groups with divergent interests come into conflict with each other (Mansfield and Milner, 1999; see also: Milner, 1987; Rogowski, 1987; Moravcsik, 1993; 1998; Baldwin, 1995; Grossman and Helpman, 1995; Gourevitch, 1997; Pekkanen, 2005; Solis and Katada, 2007).

The great majority of case studies on East Asia are concerned with the parameters of international systems. The focus of research concerned with issues other than international systems is limited to cultural and emotional parameters (Lee, C.J., 2009; Sohn, 2011). In research on East Asia, that concerned with the parameters of domestic politics remains an undeveloped area. However, the topic of FTAs is inseparable from the political issues of member states. This chapter will clarify the factors that hinder FTA formation, focusing on domestic politics.

3.2 Rationale for focusing on South Korea

Properly speaking, in order to investigate domestic factors, all East Asian countries should be analysed. However, given space limitations, it is necessary to narrow the investigation to one precedent country. South Korea will be examined for two specific reasons which are explained in the following sections.

(1) The country that is most likely to adopt regional FTA policies

First, the current state of East Asia with regard to regional FTAs will be outlined. It is thought that each East Asian country intends to advance a regional FTA at the governmental level. For example, in Japan, Prime Minister Hatoyama advocated an “East Asian Community” through an East Asian FTA. In South Korea, President Kim Dae-jung proposed an “East Asian Vision Group” (EAVG) as well as an “East Asian Study Group” (EASG). In China, at a summit meeting in 2001, former Prime Minister Zhu Rongji suggested a three-country FTA with Japan, South Korea and China. However, despite each country’s government actively supporting a multilateral FTA, an official strategy has yet to be worked out.

Given these circumstances, there must exist some similar domestic obstacles within each country. In the cases of Japan and South Korea, in particular, each of them shares a similar industrial structure so it is likely that there are some common domestic deterrents. Although both countries actively advocate regional FTAs, it seems that their similar domestic obstacles have kept them from working out an official strategy. In order to clarify these shared deterrents, it is necessary to analyse the countries that have most clearly demonstrated their intentions to implement a regional FTA. If there are obstacles to regional FTAs for even the most forward-thinking governments, then there is a high probability that those same factors are strong deterrents in other governments as well. For the purposes of this chapter, South Korea, as a prime example of a country with a more proactive government, will be the focus.

There are two points worth mentioning about South Korea. The first is that South Korea has entered into more bilateral FTAs than any East Asian country. FTAs between South Korea and 16 countries, including Chile, Singapore, ASEAN and India, have been executed, and in October 2010, they officially signed an FTA with the EU that has been in effect provisionally since July 2011. South Korea also signed an FTA with Peru in March 2011. They signed a preliminary pact in June 2007 with the United States and completed the signing of a document agreeing to supplementary negotiations in February 2011. Procedures to ratify the United States–South Korea FTA (KORUS FTA) are currently underway in both

countries. Furthermore, South Korea is working on negotiations with 12 other countries including Australia, New Zealand, Turkey, Columbia, Canada and Mexico (MOFAT, n.d.).

The second point is that the South Korean government is an organization with a growing interest in multilateralism and regionalism. This fact is evident from President Kim's EAVG and EASG proposals. EAVG was proposed at the APT Conference in 1999 as the first step in creating a regional cooperative mechanism, with the hope that it would make APT into a more lasting regional system.⁵ The proposal for EASG came in November 2000 at another APT conference as a preliminary step towards building an East Asian economic community. Furthermore, the South Korean government, in constructing a multilayered regional FTA network through its Japan–South Korea, South Korea–China and Japan–China–South Korea FTAs, asserted its vision of connecting all of these East Asian FTAs into an economic community.

In this way, South Korea is the country that seems the most likely to adopt regional FTAs; they are invested in the largest number of bilateral FTAs in East Asia and are deeply interested in East Asian regionalism. In light of this factor, the advancement of regional FTAs is seemingly being blocked due to some obstacle, the nature of which this chapter hopes to explain. If it can deter a country such as South Korea, this obstacle must be compelling, and is likely to be affecting other countries as well.

(2) The country for which a domestic politics approach may not be so applicable

Next, the situation is considered from a more theoretical angle. According to the theory employed by this section (the domestic politics approach), although an FTA should lead to gains for an entire country, it also draws attention to the losses of specific groups. This then leads to strong opposition from those particular groups, and those suffering losses are actively offered incentives through political acts. Bearing this in mind, upon examination of South Korea's industrial structure, it can be said that their agricultural sector would suffer the greatest loss. Accordingly, it may be that the deterrent to FTA progress lies with agricultural organizations.

In order to discover the validity of this kind of theory, this chapter will now focus on South Korea. The rationale behind this decision is that it will be a challenge to apply a domestic politics approach to South Korea. There are two reasons for this. First, channels that connect government and agriculture are lacking in South Korea. Agricultural organizations are excluded from the governmental FTA policy-making process and the opinions of stakeholders have not been sought. Due to the insufficiency of channels between the government and agriculture, it is difficult for the

former to accept restraints from the latter. In South Korea, the authority of the president is so enormous that it has been likened to “delegative presidentialism” and under his leadership they are following a “simultaneous implementation strategy of multiple FTAs” where negotiations with many other countries are progressing simultaneously (MOFAT). It is said that South Korea is able to advance FTA strategies faster and more resolutely than other countries due to the strong support of the president along with the Trade Negotiations Headquarters’ Promotion Committee in the centre. As a result of these two factors, South Korean agricultural groups cannot easily block the development of FTAs. In other words, this chapter’s theories may not be so applicable to the situation in South Korea; however, if they are capable of explaining this case, then they could be applied to other cases as well.

4 FTA case studies

South Korean agricultural groups, despite the fact that their channels for communicating demands to the government are limited, function as strong obstacles to FTAs. As these groups are without a regular means of making demands, they utilize other methods such as public opinion and mass communication. Public opinion is a tool they have cleverly used to express their opposition to FTAs. For example, one representative agricultural group, the National Agricultural Cooperative Federation, has frequently spread its proclamations through the media. Through measures they have taken, such as organizing large-scale meetings, they have gained support through public opinion and applied pressure to the government. In this way, they have exercised great influence over the FTA preparatory process. The government has also not been able to devise appropriate policies to respond to the strong opposition from farmers and the negative public opinion towards FTAs. Accordingly, FTAs have not been able to move forward.

In this section, the trends established above will be brought to the fore through three negotiation processes. More concretely, the focus will be narrowed down to the negotiation processes of the South Korea–Chile, United States–South Korea and Japan–South Korea FTAs. Negotiations for the South Korea–Chile FTA, South Korea’s first FTA, were settled in October 2002. Although this agreement has been concluded, it is said to be lacking in content. The KORUS FTA is a conspicuous example of strong domestic opposition. Following the announcement in February 2006 that negotiations were officially underway, after many twists and turns negotiations were settled in April 2007 and have been ratified by both sides. However, a great number of problems were exposed in

domestic regulation and so there is some doubt as to whether this case can be deemed a success. The case of the Japan–South Korea FTA is rare in that negotiations were suspended. At the sixth and final round of negotiations in November 2004, it was determined that there was no further prospect of reopening negotiations. This is an example of an FTA failure. These cases will be analysed below, focusing on domestic political factors.

4.1 The South Korea–Chile FTA negotiation process

The agreement with Chile was the first concluded FTA for South Korea. In November 1998, the Inter-Ministerial Trade Policy Coordination Committee decided to enter into the FTA with Chile. The official opening of negotiations was approved in September 1999 after the second high-level conference. The official start of negotiations was in December of the same year, but after the fourth meeting in December 2000 they were temporarily suspended. Nevertheless, in a conversation between South Korea's chief of trade negotiations and Chile's foreign minister in October 2001, they agreed to reopen discussions and the fifth round of negotiations resumed in August 2002. It was at the sixth round of talks in October of the same year in Geneva that negotiations were settled and South Korea's first FTA was born.

Still, there would be many ups and downs until the South Korea–Chile FTA could come into effect. This agreement was officially signed in February 2003 in Seoul. In Chile, the consent to ratification passed quickly through the lower house in August of the same year and through the upper house in January 2004, after which the domestic procedures for putting it into effect were completed. As for South Korea, the consent to ratification was submitted to the National Assembly in July 2003, but the road to ratification was extremely rough. According to an FTA policy-maker at MOFAT, the reason for this difficulty was that the targets of this liberalization, which included grape growers, realized that their livelihoods could come to considerable harm if the FTA were to be signed, and so sought to thwart ratification (author interview with MOFAT representative, Seoul, 11 December 2008). The consent to ratification was introduced as a bill in plenary sessions but was rejected at the first vote on 29 December and was voted down a second and third time in January and February 2004. With one year having passed since signing, the FTA was finally approved on 16 February 2004, with 162 votes for the bill and 71 against. Both countries had achieved ratification and in April 2004, South Korea's first FTA was officially put into effect. By then, five and a half years had passed from the time discussions began.

South Korea's 2005 Diplomatic White Paper states the following regarding the experience of executing the South Korea–Chile FTA: "More

than anything, South Korea's first FTA, the South Korea–Chile FTA, will become a valuable learning tool. This experience will be utilized as a precious asset in advancing future simultaneous FTA negotiations" (MOFAT, 2005, p. 147).

Interest groups had a large influence on domestic politics in the South Korea–Chile negotiation process. For example, progress was stalled when the Ministry of Agriculture and Forestry submitted an unyielding draft concession agreement, behind which was the influential power of various agricultural groups. According to FTA policymakers at the time, agricultural groups, FTA alliance groups, citizen's groups and local government consistently opposed the South Korea–Chile FTA negotiations from the time they began, demanding that the agricultural sector be excluded (author interview with MOFAT representative, Seoul, 11 December 2008). Agricultural groups utilized policy talks and conferences hosted by the Ministry of Agriculture and Forestry as a mechanism to apply pressure to the government's policy-making administration. In particular, the National Agricultural Cooperative Federation used their influence to put pressure on the government by disseminating statements through the media and organizing large-scale rallies (author interview with MOFAT representative, Seoul, 11 December 2008). The Ministry of Agriculture and Forestry was greatly influenced by pressure from agricultural and manufacturing groups and, in the end, their concession plan was drawn up as a way of representing the interests of those groups which were ultimately deemed unacceptable by Chile (author interview with Japan Business Federation representative, Tokyo, 14 November 2007).⁶

The press stimulated public opinion by pointing out that agricultural groups were left out of the South Korea–Chile FTA Promotion Committee discussions four times during the three years from the start of joint studies until negotiations began (*Segye Ilbo*, 24 February 2001). Some media outlets reported that MOFAT refused a demand from the agricultural groups to make the contents of the Chilean draft concession agreement open to the public, for which the government was criticized (*Nongmin Shimun*, 5 July 2002). The Committee of Agricultural Organizations, displeased with the government's response, did not participate in the FTA briefing by the government (Kim and Shim, 2004, p. 130). In addition, agricultural groups repeatedly staged massive demonstrations that included protests, rallies, trespassing and fasting. These acts were reported on extensively in leading South Korean newspapers such as *Chosun Ilbo* and *Donga Ilbo*, stirring up anti-FTA sentiments among the public. Concerned about negative public opinion, and in an effort to avoid ushering in inappropriate strategies, the South Korean government wasted five and a half years before ratifying the South Korea–Chile FTA (author interview with MOFAT representative, Seoul, 11 December 2008).

As was described above, farmers were skilful in their command of public opinion, continuing their vigorous opposition movement despite the fact that communication channels between the government and agricultural organizations were not well established. The National Committee of Agricultural Organizations demanded that they have a representative participating in the MOFAT negotiations and exercised their influence to oppose the government (*Donga Ilbo*, 14 November 2002).

4.2 The United States–South Korea FTA negotiation process

In the next section the KORUS FTA negotiation process is examined. While the economic impact of an FTA is certainly important, it also has influence over political and diplomatic matters relating to a country's foundation, such as South Korea and Japan's security and policies towards North Korea. Policymakers were also aware of this point (author interview with MOFAT representative, 11 December 2008). In addition, citizens were very concerned about the direction of the KORUS FTA.

From the official start of negotiations in February 2006, the KORUS FTA went through ups and downs until its conclusion in April 2007. The first public hearing was held on 2 February 2006 and was reported on in the Ministers' Meeting for External Economic Affairs. The next day, the start of the KORUS FTA negotiations was formally announced. Informal preparatory meetings were held in March and April 2006 and official negotiations were conducted eight times from May 2006 to March 2007. After some complications, an agreement was reached at a meeting of trade ministers in March 2007 and negotiations were concluded in April 2007; and in June, the KORUS FTA was signed. Ratification was submitted to the National Assembly in September of that year and passed through the National Assembly's Foreign Affairs, Trade and Unification Committee in April 2009.

The KORUS FTA led to intense debate that split public opinion in two. Advocates of each position engaged in a public battle and the media reported on the progress of negotiations and positions of both groups in detail. In just over a month after the start of negotiations was declared, a substantial number of agricultural and civic groups clarified their intentions to oppose the KORUS FTA, and at the end of March they came together as one organization establishing the "Pan-National Movement Headquarters to Counter the KORUS FTA". Farmers, workers and economic groups representing small businesses were among the most obvious of participants in the movement, and civic organizations dealing with issues of public interest such as the environment, culture, education and healthcare as well as representatives of academia also joined the movement. Officially, as many as 310 socioeconomic groups organized the

Pan-National Movement Headquarters. These organizations made proactive plans and in coordination with the media held seminars and public debates which publicized the anticipated damage and side effects of the KORUS FTA. They also actively coordinated activities, such as anti-FTA demonstrations and rallies, with the intention of inciting public hostility. Policy officials at the time understood anti-FTA public opinion as a factor obstructing the promotion of the government's FTA policy (author interview with MOFAT representative, Seoul, 11 December 2008).

The opposition movement of agricultural groups slowed down government activities. In February 2006, even though hardly anyone had been informed of the FTA with the United States outside of a few government officials, the start of negotiations was suddenly declared. Even the FTA public hearing, where the Procedures for the Conclusion of Free Trade Agreements (established in 2004 to regulate pre-FTA negotiation public hearings for the collection of citizens' opinions) was decided upon, was largely ignored. A KORUS FTA public hearing was held on 2 February 2006, the day before the declaration of the official start of negotiations; although it was held as a pure formality, it was interrupted by violent protests from farmers. Hearings were also held in June 2006 but were suspended due to similar events. Ultimately, the lack of explanation prior to the initiation of negotiations would have a lasting impact throughout the process. With such a lack of mutual understanding from its citizenry, the premature KORUS FTA negotiations were called "hasty" and "askew" (Okuda, 2007, p. 74).

The high level of market opening of the agricultural sector in the KORUS FTA strengthened the resistance of agricultural organizations. The target for short-term tariff elimination included 934 products (61 per cent of total commodities, 68 per cent of imports) and the over-10-year/long-term elimination included 174 products, or 11.4 per cent of all commodities. Of these, commodities not touched by market opening were no more than 1 per cent (16 rice products). Because agricultural groups feared that other countries negotiating with South Korea, such as Australia, Canada and Mexico, would request a market opening similar to that of the KORUS FTA, and that more pressure would be put on the agricultural sector to liberalize as a result, they continued their resistance (Hangil Research, 2006).

In a public opinion poll four months after the announcement that negotiations would commence, 76.9 per cent of respondents expressed the position that the socioeconomic impacts of the FTA should be investigated and negotiations continued with care, even if it meant delaying the conclusion of the KORUS FTA (Hangil Research, 2006). Such poll results, combined with resistance from agricultural groups, encouraged public FTA opposition and caused difficulty in promoting government

FTA strategies (author interview, MOFAT representative, 11 December 2008). In addition, the South Korean government was criticized for ignoring their own prescribed rules for promoting participation, and for plunging into FTA negotiations with the United States. The lessons from the South Korea–Chile FTA and its legislative ratification, made laborious by the lack of explanation to the public, were not utilized in the KORUS FTA negotiation process.

4.3 The Japan–South Korea FTA negotiation process

Discussion of the Japan–South Korea FTA began in 1998, when South Korea was faced with an economic crisis. Along with the South Korea–Chile FTA, the Japan–South Korea agreement is one of the oldest issues for South Korea in the history of FTA negotiations. It started in September 1998 at the monthly meeting of the Federation of South Korean Industries when the former ambassador to South Korea, Ogura Kazuo, proposed that joint study on a Japan–South Korea FTA be initiated (author interview with MOFA official, Tokyo, 23 February 2007). To that end, President Kim Dae-Jung proposed the Action Plan for a New South Korea–Japan Partnership for the Twenty-First Century when he visited Japan in October of the same year. The joint study came to be officially considered thanks to the Korea Institute for International Economic Policy (KIEP) and Japan's Institute of Developing Economies (IDE). At the seventeenth Japan–South Korea Economic Conference in October 2000, the Federation of Korean Industries and the Japan Business Federation (Nippon Keidanren) agreed to establish an organization of specialists to study the promotion of a Japan–South Korea FTA. The following year, the Japan–South Korea FTA Business Forum was held. In March 2002, former President Kim and Prime Minister Koizumi agreed to establish an industry–government–academia research group (the Japan–South Korea FTA Joint Study Group) in Seoul. At the APEC Summit Meeting in Bangkok in October 2003, President Roh and Prime Minister Koizumi agreed the goal of starting formal FTA negotiations by 2005. Thereafter, negotiations commenced in December 2003 but were then suspended after the sixth session in November 2004; there is still no prospect of an official reopening of negotiations.

In the 2006 edition of the South Korean Diplomatic White Paper, the description of the Japan–South Korea FTA disappeared from the FTA policy introduction section. With regard to the sequence of events that led to the suspension of negotiations, the South Korean Government stated, “Due to Japan’s proposal of an excessively low level of concessions in agricultural products (50 per cent of trade volume), negotiations have been suspended without reaching an agreement in November 2004”

(MOFAT, 2006, p. 152). With respect to the future plan, the South Korean government demonstrated a stern attitude in saying, "While adhering to the position that the content of the agreement is more important than the time limit of negotiations, the government will consider resuming talks when Japan is ready to present a positive proposal for agricultural products" (MOFAT, 2006, pp. 152–153).

However, it is thought to be the strong domestic resistance within South Korea above all else that has stalled the FTA negotiations with Japan for close to seven years. The ostensible reason for the South Korean government's lasting reluctance is that the openness of Japan's market for agricultural products falls below their expectations. In fact, due to the considerable domestic opposition to a Japan–South Korea FTA, policymakers concerned about this sort of negative public opinion had no choice but to adopt a passive view. Japan and South Korea's industrial structures are in a competitive relationship, and due to this competition and the symmetry of tariff structures they have strictly opposed interests (author interview with Ministry for Food, Agriculture, Forestry and Fisheries representative, Seoul, 13 July 2009). If the Japan–South Korea FTA were signed, South Korean agriculture would not prevail over Japan's. Due to South Korea's elimination of import tariffs, it was predicted that imports of high-quality fish, citrus fruits and even tobacco imports from Japan would grow, which was why South Korean agricultural organizations opposed the approval of the Japan–South Korea FTA. Furthermore, although it was expected that light industry would be at an advantage, damage would be concentrated in the precision instruments industry. From the beginning, the opposition from agriculture was clear, but the voice of manual labourers and small businesses also became increasingly vocal.

Policymakers have recognized that, in addition to the normative conflict based on differences in historical perspective, the transaction costs of policy implementation that come with resistance from those industries suffering losses due to FTAs had become a large barrier in both countries (author interview with MOFAT representative, Seoul, 11 December 2008). The cause of Japan–South Korea FTA negotiations being discontinued was in large part due to the passive attitude of the South Korean government which was fearful of negative public opinion in the country (author interview with Keidanren South Korea–Japan FTA representative, Tokyo, 14 November 2007; author interview with MOFAT representative, Seoul, 14 July 2009). In addition, the South Korean government was not able to work out appropriate policies to deal with the strong resistance from agricultural groups (author interview with MOFAT representative, Seoul, 14 July 2009). Put simply, the primary factor for the stalling of the Japan–South Korea FTA was the strength of opposition from

groups such as those from agriculture, followed by the South Korean government's inability to enforce adequate measures towards them.

5 Conclusion

This chapter has attempted to present a new perspective on FTA research by looking at domestic political factors overlooked in existing FTA research. The primary barrier in South Korea, brought to light in this chapter, has been the opposition from agricultural organizations, reinforced through the medium of public opinion. Perhaps in Japan, too, which has a similar industrial structure to other East Asian countries, there are similar barriers at work. Case studies of China and ASEAN will be left as future topics of study.

The theoretical contributions of this research are as follows. By analysing the previously overlooked domestic level of FTAs, this chapter can contribute theoretically to Putnam's "two-level game theory". Putnam's model understands negotiations between two nations as a game that occurs on two levels: international and domestic. The realm of international negotiations is called "Level 1", and the realm in which the government negotiates with various domestic groups as to whether or not an agreement with a partner country will be ratified is called "Level 2". The key concept used in this two-level game theory is "win-set". This term refers to when support obtained domestically falls within a range of a set of agreements made with a partner country (Putnam, 1993). Usually, factors that decide a win-set are thought to be channels that link the government and domestic actors. However, this chapter claims that under conditions where those channels are tenuous, public opinion utilized by domestic interest groups determines the win-set. Therefore, with regard to the factors for determining a win-set in two-level game theory, one could say that a theoretical contribution has been made here.

The policy implications of this chapter are as follows. By overcoming the domestic obstacles such as those seen in the case of South Korea, it is expected that the formation of multilateral and regional FTAs will be promoted. From this chapter's analysis, it has become clear that agricultural organizations used the tool of public opinion and, in doing so, inhibited FTA policy. Viewed objectively, despite the fact that the interests of the entire country should have been given priority, the situation became one in which agricultural organizations, allied with public opinion, blocked FTA progress. It would appear that the possibility for regional FTA formation in Korea will rise when its relationship with agricultural organizations and public opinion changes.

In addition, the analysis in this chapter has revealed the problem of a government not applying appropriate measures to groups that may suffer losses from FTAs. With regard to specific examples of compensation for sectors hurt by FTAs, President Roh worked out a compensation policy, but the contents were unsatisfactory to agricultural organizations. Two examples of this policy were the introduction of the “Special Law for Assisting the Agricultural Sector in Implementing the South Korea–Chile FTA” and the announcement of “Domestic Support Measures on Agriculture in Implementing the KORUS FTA”, but neither of these achieved their initial goals (*Chosun Ilbo*, 11 January 2003; *Donga Ilbo*, 17 July 2003).⁷

Policymakers ought to provide a forum for speaking with groups suffering losses and then make necessary adjustments. Although it is fundamentally undesirable to have a channel where policymakers come under pressure, they should at least build a channel through which effective conversations can take place with affected groups. Moreover, institutional and legal measures that appropriately absorb and reflect public will should be considered. In addition, when losses are expected, the government should calculate the possible extent of any losses and costs beforehand and quickly determine the method, amount and target of compensation.

If the issues stated in this chapter can be overcome and multilateral/regional FTAs formed, not only would economic ties be strengthened but so would social and political ones. Friendly relations would deepen and integration would accelerate. Through the promotion of regional cooperation, opportunities for mutual learning would multiply and networks of humans with shared knowledge would form. As a result, it can also be expected that international rules and norms would spread to developing countries, and improvements in regional governance could be anticipated. This would further accelerate regional integration in East Asia. One can only hope for such a cycle.

Notes

1. Balassa classified five developmental stages of economic integration: (1) FTAs; (2) Customs Unions: harmonization of common external tariffs; (3) Common Markets: allowance for the free movement of production factors; (4) Economic Unions: harmonization of macroeconomic policies; and (5) Total Economic Integration: complete integration of currency and fiscal policies. (Balassa, 1964)
2. Consider the following three points as merits of FTAs: first, there is an increase in various economic gains such as increasing trade and promoting competition between the involved countries; second, the nation's international credibility is reconsidered and diplomatic relations between the involved countries are improved (Kim, 2010b); and third,

- with respect to domestic policy, difficult economic reform can be achieved without being easily reversed. This is called the “lock-in effect” (Choi, 2003, p. 193).
3. Spillover means that once integration begins in one area, the potential for habits of co-operation to expand into other areas is born. The exchange and cooperation of the trade sector is similarly required in situations of policy adjustment in the currency sector, and is generated by tactical linkages between actors that represent each sector’s interests (Choi and Caporaso, 2002, pp. 485–486).
 4. Checkel states that ideas, norms and identities do not simply function as external, constraining factors on actors but become factors that organize actors (Checkel, 1999, pp. 545–560). For a more detailed discussion on constructivism, see Onuf (1989), Wendt (1992; 1999) and Ruggie (1998).
 5. EAVG conducted research on the joint monitoring mechanisms of short-term capital movements and the financial early-warning system. While they have other long-term goals such as the formation of a common currency area, they have also proposed the establishment of an East Asian Monetary Fund and a regional exchange rate coordination mechanism. Further, they have also proposed the status upgrade of the APT conference to an East Asian Summit Meeting and the establishment of free trade zones in East Asia.
 6. In the negotiation plan submitted by South Korea, grapes, apples and pears, Chile’s largest export items, were included as exceptions, and as such it was deemed unacceptable by Chile.
 7. The principal matter of the proposed measures is the provision of compensation to the agricultural sector, where losses from FTAs would be expected to occur; specifically, it proposed aid of 1 trillion yen over a 7-year period for income compensation and reparations to farmers that go out of business.

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4

Institutional approaches to Asian regional integration

Shunji Matsuoka

1 Introduction: Asian regional integration research and institutional integration

While de jure integration and institutional integration are emphasized as attributes of European regional integration, East Asian regional integration has been characterized by de facto integration and functional integration. The formation of de facto regional integration and functional integration in East Asia has been discussed from the perspective of deepening economic interaction through trade and foreign direct investments and the development of multilevel and multiactor social networks of people, information and cultural exchanges (Mori and Morikawa, 2006).

Such research includes, on the one hand, regionalization research regarding the development of regional integration as an actual condition centred on economic and social sectors. On the other hand, there is also regionalism research that discusses the formation of Asian regional institutions, such as the Association of Southeast Asia Nations (ASEAN), Asia Pacific Economic Cooperation (APEC), the ASEAN Regional Forum (ARF) and also the recent ASEAN+3 (APT) and the East Asian Summit (EAS) (Pempel, 2005; Dent, 2008; Beeson, 2009).

This chapter discusses “institutional integration” which is thought to be important when considering future Asian regional integration while also taking into account earlier research regarding Asian regional integration. The meaning of institutional integration in this chapter will be discussed in detail below, but the topic of institutional integration itself was inspired

by recent trends in European regional integration studies, and I would like to discuss this point first.

The very reason that European regional integration is viewed as institutional integration is because of the advancement of regional integration through the development of formal institutions such as the European Coal and Steel Community (ECSC), the European Economic Community (EEC), the European Community (EC) and the European Union (EU). However, as discussed in detail by Endo and others, it is important to view institutional development in European regional integration as harmonious and complex institutional development that covers three dimensions – not only the development of “political and economic cooperation systems” (ECSC, EEC, EC and EU) but also “military and security cooperation systems” (North Atlantic Treaty Organization (NATO)) and “regional cooperation systems in norms and social image” (Council of Europe (CE)). Endo refers to this as the “EU–NATO–CE framework” (Endo, 2008, p. 9).

Endo’s hypothesis of complex institutional development regarding European institutional integration overturns conventional research that examines the institutional development of each sector in a parallel manner. In addition, it shares some aspects with recent institutional theory research, which perceives institutions as “a bundle of institutions” (Aoki, 2001) and emphasizes points such as the hierarchy and foundation/subsidiarity of institutions as a whole. Furthermore, the analytical framework in which Endo established the three sectors of politics and economics, military and security, and norms and social image, and envisaged European institutional integration as a harmony of regional cooperation systems in these three sectors is also an extremely interesting point in terms of institutional theory study.

Although the European integration model cannot be directly applied to Asian regional integration, it is meaningful enough to examine Asian regional integration while referring to the analytical framework of Endo’s research on European regional integration. Also, as will be later mentioned, progress in institutional theory research in social sciences in recent years has provided various tools, devices and theories with which to analyse the formation and development processes of institutions for regional cooperation. Perhaps it can be said that enough data and methods now exist to sufficiently discuss institutional integration in the Asian region as well. This is one of the main questions raised in this chapter.

In addition, “institutional theory research” of Asian regional integration has not necessarily been conducted in an active manner because many Asian regional institutions were not legally binding to begin with, and were informal or “soft law” in nature in terms of international law. The analysis of such informal institutions had not necessarily been a

strong point in conventional social sciences. However, in recent years, there has been a notable increase in institutional theory research in areas of social sciences such as economics, politics and sociology, and it has become possible to study the formation and development of institutions as part of general social sciences.

This chapter looks at what the institutional theory approach is and considers how social phenomena related to Asian regional integration and regional cooperation are depicted using it. The chapter also assesses regional integration as a vertical/horizontal institutional integration process in a dynamic manner, and examines the pathway to institutional formation regarding Asian regional cooperation systems and regional integration and its present and future outlook using an institutional theory approach, taking into account the achievements of multidisciplinary studies regarding systems in social sciences. In section 2, I will first set out how the formation and development of institutions has been discussed using the institutional theory approach, focusing on the path dependence theory of institutional development. Next, in section 3, I will discuss how institutional changes related to Asian regional integration and regional cooperation can be analysed and evaluated using the institutional theory approach. Finally, in section 4, I will conclude the chapter by examining the future development of the Asian regional integration system from the perspective of institutional theory research, given the above analyses of the Asian regional cooperation system.

2 Institutional theory approach and East Asian regional institutions

2.1 Institutional theory approaches and institutional integration

(1) Institutional theory approaches

When discussing institutions, a series of questions is immediately raised, such as: what are institutions to begin with? How are institutions formed? How do institutions develop? What is the efficiency and effectiveness of institutions? And, how do institutional changes occur? There are many types of research regarding institutions, and the approaches of new institutionalism, historical institutionalism and social institutional theory attempt to answer these questions head-on. These approaches will be referred to collectively as the “institutional theory approach” in this chapter.

In general, institutional theory in the field of economics is described as “rational choice institutionalism”, based on methodological individualism and actor-centricity. This includes new institutionalism as represented by

Douglass North and Oliver Williamson; the comparative institutional analysis of Masahiko Aoki; the commons theory of Elinor Ostrom; and the comparative organization theory of Paul Milgrom and John Roberts.

Institutional theory in the field of politics is described as “historical institutionalism”. This includes comparative historical analyses in the fields of politics and history by Robert Putnam and Paul Pierson, who emphasize social context. Social institutionalism in the field of sociology is described as “sociological institutional” theory based on methodological holism.

In addition, there are also studies regarding the economics of complexity and evolutionary economics by economists such as Brian Arthur and Paul David, who do not directly study institutions but study path dependence and the lock-in effect in economic and technological development based on the increasing returns theory. This chapter also covers the achievements of such economists as part of a broad institutional theory approach.

(2) What are institutions?: The concept of institutions

To borrow Douglass North’s words, “Institutions are the rules of the game in a society, or more formally, are the humanly devised constraints that shape human interaction” (North, 1990, pp. 3–4). Institutions govern certain behavioural patterns that are repeatedly exhibited by people in society, whether they are formal institutions such as laws, or informal institutions such as social norms.

In addition, Masahiko Aoki, who points out the importance of comparative institutional analysis based on game theory, defines institutions as follows:

Institutions are a self-sustaining system shared by a group regarding how games are played. They actually express the distinctive, unchangeable characteristics of a particular equilibrium path in a condensed manner, and it is recognized that they are related to our strategic selections by means of almost all of the economic entities in the domain. In this way, institutions govern the strategic interactions of economic entities in a self-restraining manner, while also being reproduced through their actual strategic selections under a constantly changing environment. (Aoki, 2001, p. 33)

In her commons study, Ostrom (2005, p. 3) states that: “An institution, in its broadest definition, is a prescription that forms all patterns of structured interactions repeated by people, such as families, regional society, markets, corporations, sports leagues, churches, private organizations, and various levels of government.” In addition, she also describes institutions as a “rule-structured situation” (Ibid., p. 3).

Strictly speaking, there are some differences in the definitions of institutions given by North, Aoki and Ostrom, but they are broadly consistent with one another. Institutions are patterns/forms that govern the behaviours of the various actors (players) in a society that are repeated in various relationships, and may comprise social norms such as customs and social ethics (informal institutions) or formal institutions such as laws.

The institutional theory of North, Aoki and Ostrom, who understand institutions from the standpoint of functional theory as patterned constraints imposed on the social behaviour of people, is based on methodological individualism which states that institutions are generated, develop and disappear so that individuals can carry out social actions in a smooth manner. The factors of institutional change are discussed as being efficiency, such as the reduction of societal transaction costs, and some sort of stability. Of course, historical institutions were formed as a bundle of institutions and were characterized by their durability/inertia, and it is thought to be difficult to change institutions. In many cases, institutional change is a gradual process characterized by path dependence.

In response, the sociologist Scott provides the following definition: “Institutions are comprised of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behaviour. Institutions are transmitted through media such as cultures, structures, and customs, and act, to a controllable extent, in a multilayered manner” (Scott, 2008, pp. 48–49). Institutions give meaning and value to people’s social behaviour, and accord with the principles of methodological holism in the sense that institutions are what first exist. From this perspective, the mechanisms of institutional change are described as a process of selection/evolution by means of collective behaviour. This implies that in comparison to the institutional theory of North, in social institutional theory and historical institutionalism, which stand by the principles of methodological holism, the process of institutional change is strongly characterized by the process of social development itself.

In either case, it is important that institutions have the dual attributes of “restricting” and “expanding the possibilities” of human behaviour (Isogai, 2004, pp. 38–39). In the relationship between social capacity and institutions, institutions regulate social capacity and institutional change is brought about by the formation/enhancement of social capacity; it can thus be said that social capacity and institutions are in a mutually regulating relationship (Matsuoka, 2007; 2008). Furthermore, when human behaviour and social capacity are transmitted by institutions with dual attributes, the micro-domain of human behaviour and the macro-domain of social capacity are transmitted by these institutions, resulting in the formation of a so-called micro-macro loop (Alexander, 1987; Imai and Kaneko, 1998; Shiozawa, 1999).

(3) What is institutional integration?

Regional integration is when institutions that have been independently formed in sovereign nations and societies, and bundles of institutions, which have strong path dependence, are coordinated and recombined with institutions of other nations by forming regional cooperation systems (vertical institutional integration). It is presumed that such regional cooperation systems start from the formation of cooperation systems for each sector, such as economic, political and environmental sectors, and it can be said that regional integration progresses through the joining and linking of the regional cooperation systems of these individual sectors (horizontal institutional integration). Institutional integration is the structuring of various systems whose structure may be a hierarchical or flat network depending on the social context.

From this perspective, regional integration is a process in which regional institutions that transcend nations are formed through some sort of power, interest, idea, norm or social movement, whether it be intrinsic or caused by external pressure, and can be understood to be a process where vertical institutional integration and horizontal institutional integration between institutions advances through the development of such regional institutions. At the same time, it is also easy to imagine the difficulties of regionally integrating institutions that have been historically formed in their respective countries and societies and thus have extremely strong path dependence.

Of course, the integration of institutions in different countries and societies is by no means new in itself, and various international treaties, international organizations and bilateral FTAs and Economic Partnership Agreements (EPAs) are specific examples of institutional integration. However, conventional studies on such international institutions focus primarily on the formation of individual institutions and analyse their effects, or consist of highly ideological discussions such as global governance, but there are few studies on the formation or development of regional institutions in terms of vertical and horizontal institutional integration.

2.2 Institutional formation and path dependence

(1) Brian Arthur's rational choice institutionalism

The hypothesis stating that the formation and development of institutions has strong path dependency is a major characteristic of institutional theory. There are several interpretations regarding the subject of path dependency, but we will first look at the discussions of Arthur (1994), who developed path dependence theory as the technological development theory.

Arthur theorized the technological selection and technological establishment mechanism in technological progress, starting by developing the “increasing returns” theory that had been ignored by conventional economics, and emphasized the role of the path dependency mechanism that had characteristics such as “positive feedback” and “self-reinforcement” in technological selection. Such path dependence eventually brought about a phenomenon called “lock-in”, which was developed into the lock-in theory, that states that a technology will continue to be used even if it becomes inefficient compared to other technologies. The QWERTY keyboard layout is a famous case of lock-in portrayed by David (1985).

In addition, Arthur states that: “Once a particular path with a random economic phenomenon is selected, the selection is locked-in regardless of the benefits of alternative options” (Arthur, 1994, p. 1). He has continued to discuss path selection (equivalent to a critical juncture in historical institutionalism) and lock-in, and this aspect differs from discussions on lock-in within historical institutionalism that will be mentioned later.

The relationship between path dependency and increasing returns is shown in Figure 4.1. The user payoff of technology A is larger than that of technology B in the initial stage and so the phenomenon of lock-in occurs. Even if the user payoff of technology B becomes larger than that of technology A after lock-in, the society will continue to use technology A. This is called technological path dependency.

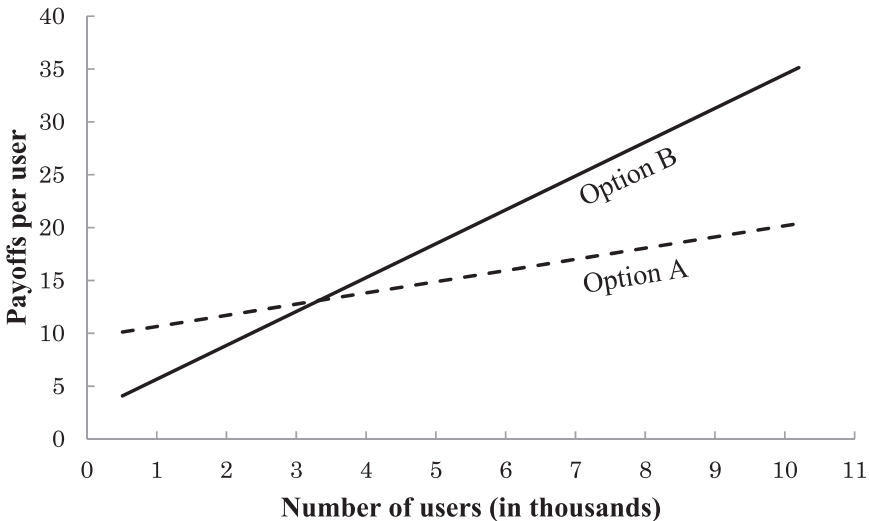


Figure 4.1 Increasing returns and lock-in in technological selection
Source: Pierson (2004, p. 23).

Furthermore, with regard to path selection, Arthur points out that, “selection occurs by means of an accumulation of small, chance events, but these ‘small historical events’ greatly influence the outcome of history, and are not historically/temporally equalized”. He also states that, “a certain option is selected (dominated) from among multiple options due to ‘small chance events’ under the condition of increasing returns, causing path dependence, and an option that is not necessarily the most efficient is locked-in among multiple equilibriums” (1994, pp. 14–15), and “what is selected cannot be predicted in advance, and is only known after the fact” (Ibid., p. 46).

Arthur’s discussions of technological and institutional selection have certain points in common with institutional selection theory, such as a reduction of transaction costs by actors, and the increasing returns theory in the rational choice institutionalism of North. However, in terms of its unpredictability, where selections cannot be predicted in advance, it is extremely similar to discussions on critical junctures in historical institutionalism. From the standpoint of the formation and development of regional institutions in East Asia, the institutional theory of Arthur is interesting in that it states that once institutions are formed, even if by accident, they have a strong path dependency mechanism with characteristics such as positive feedback or self-reinforcement, which are extremely difficult to change.

(2) *Paul Pierson’s historical institutionalism*

Pierson, who has written widely about historical institutionalism, states that path dependence signifies that, “once a nation or region is on a certain trajectory, the costs of switching trajectories is extremely high” (Pierson, 2004, p. 20). In addition, he states that, “positive feedback (self-reinforcing mechanism) is what produces path dependence” (Ibid., p. 21), and “when there are increasing returns, an actor has a strong incentive to stick to one option, and furthermore, there is a strong incentive to continue on a given path that leads from this option” (Ibid., p. 22).

Pierson states that a critical juncture is important as the start of path dependence (positive feedback process), and does not necessarily need to be a large-scale or dramatic event. The event can be small and can develop from the “open” and “optional” nature of the option to a “closed” and “forced” nature after the critical juncture.

In terms of differences in path dependence due to differences in economic, political and social institutions, economic institutions have relatively long temporal ranges or have elements that make them long (business organizations and capital markets), but political institutions inevitably have short temporal ranges as they are subject to the election cycle. While the achievements of economic institutions are relatively

clear, such as can be shown by a cost-benefit ratio, the achievements of political institutions are vague, and as their temporal ranges are also relatively short, it is said that political institutions often show stronger path dependence compared to economic institutions (Ibid., p. 44).

In addition, with regard to institutional selection, actor-centred functionalism such as new institutional economics (rational choice institutionalism) – which explains institutional formation as being due to a decrease in transaction costs – can be used to analyse the functions, utility and effects for actors of existing institutions. However, actual institutions are not formed by the intentions of actors, or in the way that they intended, and so institutional selection cannot be explained by actor-centred functionalism. In addition, Pierson states that institutions have various effects and that actors do not necessarily act based on the efficiency of institutions. He, therefore, emphasizes the roles of normative diffusion, the clustering of institutions and institutional isomorphism (imitation) in institutional selection and formation. Furthermore, he argues that it is important to expand discussion from institutional selection to institutional development, since actors have a short temporal range whereas institutions have a long temporal range (Ibid., pp. 104–122).

In that case, why, when and how do institutional change (escape from lock-in) and institutional development come about in the realm of historical institutionalism, which states that the focus of discussion should be moved from institutional selection (institutional formation) to institutional development? Conventional economics claims that “competition and learning” are two powerful mechanisms (improvement mechanisms) to break free from path dependence, but market competition is not necessarily free and fair, and social and organizational learning does not necessarily lead to the selection of, or shift to, alternative institutions under insufficient information disclosure (transparency) and accountability in society. On that basis, Pierson summarized conventional institutional development studies in terms of the following five points:

- (1) A large-scale event such as a war or economic crisis becomes a catalyst for institutional change (discussion of a critical juncture).
- (2) A past “loser” (peripheral group) becomes a catalyst for institutional change (repackage theory).
- (3) The interaction of multiple institutional domains that comprise a social system encourages institutional change (overlapping process theory, institutional interaction theory).
- (4) Entrepreneurs or skilled social actors encourage institutional change (innovative actor theory).
- (5) Institutions change due to layering, conversion and diffusion in institutional development.

From the perspective of the formation of regional institutions in East Asia, the overlapping process theory of institutional change in point (3),

which says that institutional change occurs due to the overlapping of various institutions or the mutual interference/mutual interaction of various institutions, is particularly interesting among institutional development theories. In addition, institutional interaction theory also provides a very interesting perspective, together with point (5), which says that the layering, conversion and diffusion of institutions takes place in the process of institutional formation. In particular, Pierson has developed an “institutional convergence theory” which says that institutional convergence, which occurs due to normative diffusion brought about by globalization and the development of networks, equals institutional standardization. Such an institutional development theory is thought to be a particularly important point when considering the future of East Asian regional institutions (Ibid., pp. 134–139).

(3) Formulation of path dependence according to Schreyogg and Sydow

Among the various definitions and interpretations of a critical juncture and lock-in of institutional formation, Schreyogg and Sydow (2010) summed up the rational choice institutionalism of economics and business administration and the historical institutionalism of politics, and organized the process of path dependence into the following three phases.

Phase 1 is the pre-institutional formation period, and is the process leading to a critical juncture. The critical juncture can be a small or large event and is the point where a selection regarding the future path is made, and on passing the critical juncture, institutions are formed and self-reinforcement mechanisms are activated.

Phase 2 is the institutional formation period, where the path is formed through the self-reinforcement process (synonymous with increasing returns or positive feedback). There are six types of self-reinforcement mechanisms: economies of scale, network externalities, learning effects, adaptive expectations, coordination effects and complementarities.

Phase 3 is the lock-in period. This is the phase where even institutions that have become outdated, rigid and inefficient continue on due to being locked into society.

Figure 4.2 shows the three phases of path dependency according to Schreyogg and Sydow.

The formation of path dependence through the three phases of Schreyogg and Sydow clearly shows the institution formation process, and these three phases will be kept in mind when analysing East Asian regional institutions in this chapter.

(4) Formation of East Asian regional institutions and path dependence

The Acid Deposition Monitoring Network in East Asia (EANET) is a representative case of an East Asian regional environmental cooperation

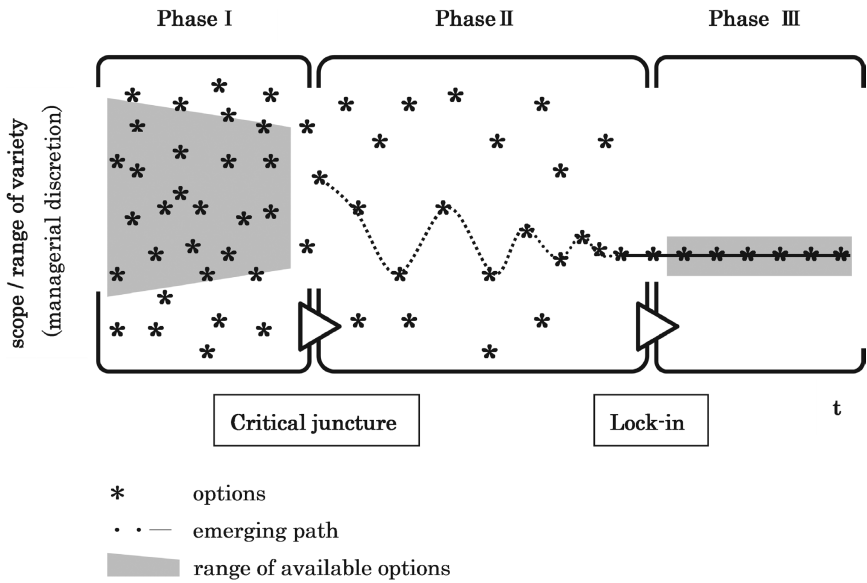


Figure 4.2 The three phases of path dependency
Source: Schreyogg and Sydow (2010, p. 8).

system which will be introduced as a case of path dependence of East Asian regional institutions. EANET currently has members from 13 East Asian countries, including Russia, Japan, South Korea, China, Mongolia and eight ASEAN countries (refer to Matsuoka, 2011, for further details).

EANET was conceptualized by the Environmental Agency of Japan (now the Ministry of Environment) against the background of the societal problem of air pollution following rapid industrialization in East Asia since the 1980s, and is based on enhancing the social capacity of environmental management of East Asian nations through the input of Japanese International Environment Cooperation (Environment Official Development Assistance (ODA)). EANET was modelled after LRTAP (Convention on Long-range Trans-boundary Air Pollution, 1979), a regional cooperation system in Europe established to counter the problem of acid rain. EANET was formed after being influenced by the international code of Agenda 21 adopted at the 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro to disseminate the experiences of LRTAP to other regions.

Specifically, the EANET concept of the Environmental Agency of Japan began in 1993 with the first of a series of expert meetings. The first Intergovernmental Meeting (IG1) was held in Yokohama in 1998 which

laid the groundwork for EANET's full-scale operation in 2001. At the time, it was a hub-and-spoke organization centred on Japan but gradually looked for ways to become a flat network institution. Methods of formalizing the institution (legal systems) were also sought: in 2003, efforts were made to equalize the burden of EANET finances (UN financial contributions, implemented from 2005), organizational activities and operations were documented, a document titled "Instrument" (not a convention) was adopted at the 2010 IG13 in Niigata and processes such as having documents signed by the representative of the Environment Ministry of each country were undertaken.

When the formation of EANET is analysed in terms of institutional theory framework, the critical juncture, which is the starting point of institutional formation, is thought to be IG1 and the institutional trial in 1998 or the full-scale operation in 2001. It is thought that the path dependence that governs the subsequent path of EANET, such as dependence on Japan in terms of organizational structure and monitoring/information exchange in terms of organizational function, was formed based on this point. At the same time, the social capacity for environmental management of the various participating countries other than Japan was formed by the transfer of advanced environmental technologies from the developed nation of Japan, and it is thought that the formation of such capacities served as a self-reinforcement mechanism for EANET, which has continued for over 10 years to date.

In order to understand the path dependence of EANET, its relationship with other institutions in its formation process is also important. The North-East Asian Subregional Programme for Environmental Cooperation (NEASPEC), which South Korea led in creating at the same time, is a similar regional cooperation system which is, in a way, important. NEASCAP was founded in 1993 after the Rio Earth Summit in 1992. The six countries of China, Japan, Mongolia, North Korea, South Korea and Russia participate in NEASPEC and implement wide-ranging regional environment cooperation programmes that deal with air pollution problems and biodiversity conservation.

Furthermore, the Tripartite Environment Ministers Meeting (TEMM) consisting of South Korea, Japan and China started in 1998 following a proposal by South Korea. It is based on the United Nations and is held once a year on a rotating basis. In the twelfth meeting held in Hokkaido in May 2010, action plans on 10 priority areas were agreed upon: environmental education, climate change, biodiversity, yellow sand, pollution management, recycling-based societies, electronic waste, chemical control, the environmental governance of Northeast Asia, environmental industries and environmental technologies. Reference to EANET activities was made in the joint communiqué of TEMM.

In addition to EANET, NEASPEC and TEMM, there is an overlap with other institutions, including: (1) The Northwest Pacific Action Plan (NOWPAP) which was established in 1989 to target marine contamination of Northeast Asia. It was initiated by the United Nations Environment Programme (UNEP) and South Korea and officially decided at the 1994 Intergovernmental Meeting. Its members are Japan, South Korea, China, Russia, North Korea (observer) and UNEP; (2) The APT Environment Ministers Meeting (APT-EMM) whose first annual meeting was held in 2002; and (3) the East Asian Summit Environment Ministers Meeting (EAS-EMM) whose first biennial meeting was held in 2008.

When looking at these institutions from an institutional theory perspective, it is important to consider whether these institutions complement one another, have some sort of key institution, generally function as a bundle of institutions or building block regarding the East Asian regional environment, or whether they compete with, disperse and offset one another (stumbling block) (Pempel, 2005, p. 17). At present, it is hard to tell either way, and perhaps it is better to interpret them as being at a stage in which the modality of regional integration is being explored through various trials and errors.

However, in the current regional environmental cooperation system, institutions that have been established to tackle environmental problems, such as EANET, NEASPEC and NOWPAP coexist with institutions that have been established as environmental fields of summit meetings (political summits) such as TEMM, APT-EMM and EAS-EMM. It is thought that the future East Asian regional environmental cooperation system will, in a sense, be developed by both specialized environmental institutions and environmental institutions as partial/complementary institutions of political cooperation systems that aspire for regional integration/community.

At this time, the movement of APT, which is thought to play a central role when considering Asian regional integration, is important. Furthermore, the EAS (APT+3+2), which started in 2005 as an institution to complement APT, was joined by the United States and Russia in 2011 producing a spatial structure of ASEAN+6+2. Considering this fact, it is thought that regionalism in these regions itself, including the movements of APEC, which was started in 1989, continues to change with globalization and regionalization. Such variability, plasticity and flexibility of the concept of regionalism are themselves characteristic of the East Asian region, and it will be necessary to carefully examine whether the institutional convergence theory advocated by Pierson (2004) (institutional convergence = “standardization of institutions” through the “diffusion” of norms due to globalization and network development) applies to Asian regional institutions.

3 Formation of Asian regional institutions and institutional change

3.1 The institutional change theory of Mahoney and Thelen

Whereas conventional institutional theory focused on the durability and inertia of institutions and emphasized the difficulty of institutional change, recent institutional theory focuses on institutional change and development, and such theorization of institutional change is drawing increasing attention.

Mahoney and Thelen (2010) state that institutions change more easily than was previously thought, and that these changes take place slowly, gradually and cumulatively. In addition, they believe that when considering institutional change, it is more important to understand gradual and endogenous changes rather than rapid and drastic ones. They also claim that institutions usually evolve slowly and that institutions with path dependence that actually leads to lock-in are quite rare.

This prompts a series of questions: what attributes of institutions allow for institutional change? Why and how do attributes that permit institutional change enable actors to act in ways that promote institutional change? How can these actions be theorized? What kinds of actor strategies are effective for what kinds of institutional change? What attributes of institutions are vulnerable to the strategies of particular institutional change? Based on these questions, Mahoney and Thelen have developed the following arguments as the basis for their theory of institutional change.

The formation of a particular institution gives rise to the possibility of particular actors being allocated political, economic and social resources and that these resources are not allocated to other actors. In many cases, the institutional design (intention) by the actors and the results of the institution at work differ, and the actual formation of institutions is the product of an ambiguous compromise between various actors. In other words, not all the rules of resource allocation by institutions and their operation are clear in advance; in actuality, these rules are quite ambiguous and as a result institutions are thought to inherently incorporate dynamic change factors.

An important factor in institutional change is the balance of power between actors. It is important to theorize on the basis of following factors: power distribution, the level and extent of compliance, rule interpretation and enforcement, ambiguity and space for actors. In particular, if a conflict arises between the resource allocation mechanism of a certain institution and the resource allocation mechanism of another institution due to the various interactions between the institutions, a change occurs in

the power relationship between actors. Such changes and disparities in the power of actors are thought to encourage institutional change. Mahoney and Thelen have typified such institutional change into the following four patterns:

- (1) Displacement: abolish old institutions and introduce new institutions.
- (2) Layering: introduce new institutions on top of old institutions (Kitayama uses “parallel establishment of institutions”).
- (3) Drift: The impact and effects of existing institutions change according to environmental changes (Kitayama uses “abandonment of institutions”).
- (4) Conversion: Give existing institutions new roles through strategic re-definition.

According to Hacker (2005) and Kitayama (2011), the mechanisms of these four types of institutional change are patterned by “a strengthening or weakening of the desire to maintain the status quo in politics” and “a strengthening or weakening of resistance to institutional change” (refer to Figure 4.3).

In cases where there is a weak desire to maintain the status quo in politics and resistance to institutional change is strong, institutional layering

		Resistance to conversion of the institution itself	
		High	Low
Desire to maintain the status quo in politics	High	<p>Institutional abandonment (drift)</p> <p>Real diversion of existing policies due to non-compliance to environmental change. Example: Weakening of risk-handling capabilities of existing programmes</p>	<p>Institutional conversion (conversion)</p> <p>Conversion of existing policies. Example: Restructuring of private pension benefits that have received public aid</p>
	Low	<p>Parallel establishment of institutions (layering)</p> <p>Creation of new policies without abolishing existing policies. Example: Creation and expansion of tax benefits for individual retirement accounts</p>	<p>Institutional abolishment/ institutional displacement (elimination/replacement)</p> <p>Example: Abolishment of the “aid to families with dependent children” programme</p>

Figure 4.3 The four types of institutional change
Source: Kitayama (2011, p. 38).

takes place. This is where institutional change is brought about by leaving old institutions as they are and covering them with new institutions because the profit structure for existing institutions is strong and any alteration of existing institutions is difficult.

In cases where there is a weak desire to maintain the status quo in politics and resistance to institutional change is weak, institutional displacement takes place. This is classic institutional change where old institutions are abolished and new institutions are built.

In cases where there is a strong desire to maintain the status quo in politics and resistance to institutional change is strong, institutional change is difficult and institutional drift takes place. Even in the case of institutional drift, the role of existing institutions may alter due to major changes in the social environment, and in these cases, it can be said that institutional change has actually occurred.

Finally, in cases where there is a strong desire to maintain the status quo in politics but resistance to institutional change is weak, institutional conversion takes place. With institutional conversion, the external form of institutions is maintained, but actual institutional change becomes possible by redefining the institutions.

3.2 Institutional change theory and Asian regional institutions

I would now like to consider to what extent the formation and development of East Asian regional institutions can be explained by the institutional change theories of Hacker (2005), Mahoney and Thelen (2010) and Kitayama (2011) described in the previous section.

In 1997, ASEAN, which was established in an informal manner in 1967, adopted the “ASEAN Vision 2020” which sets forth a goal for the establishment of an ASEAN community in 2020. Furthermore, taking the step forward towards the formation of a formal regional community institution through the creation of a Declaration of ASEAN Concord II (second Bali Declaration) (in 2003) regarding the establishment of the ASEAN Community (Economic Community, Security Community and Socio-Cultural Community) and the adoption of the ASEAN Charter (in 2006) was a strategic redefinition of the existing ASEAN institution. Such development of ASEAN can be considered to be a case of institutional conversion. In addition, the formation of multilayered East Asian regional cooperation systems since 1997 such as APEC, APT and EAS can be considered to be a case of institutional layering.

Based on institutional change theory, in the institutional conversion case, there is said to be a “strong desire to maintain the status quo in politics but weak resistance to institutional change”, and in the institutional layering case, there is said to be a “weak desire to maintain the

status quo in politics but strong resistance to institutional change". To what extent do these hypotheses regarding institutional change apply to the formation of Asian regional institutions?

(1) Development of ASEAN and the "institutional conversion" theory

First, let us consider the case of institutional conversion of ASEAN since 1997. The Asian currency crisis that started in July 1997 is thought to have been a major factor in the movement towards the formal institutionalization of ASEAN after the adoption of the ASEAN Vision 2020 at the second unofficial ASEAN summit meeting that was held in Kuala Lumpur in December 1997 (Solingen, 2005, pp. 48–49).

The Asian currency crisis of July 1997, which started from the Thai baht crisis due to short selling of the baht by institutional investors centred on US hedge funds, led to the Indonesian rupiah crisis, the Malaysian ringgit crisis and further spread to South Korea and the Philippines. The currency crisis eventually caused an economic crisis and social unrest, and led to the fall of the Suharto dictatorship in Indonesia.

This Asian currency crisis was the perfect opportunity to test the effectiveness of a regional cooperation system, but ASEAN and other existing East Asian regional cooperation systems were not able to handle the crisis effectively (Beeson, 2009, p. 30). Thus, the Asian currency crisis was the definitive moment for East Asian countries to acknowledge the necessity for an effective institutional mechanism to prevent the adverse effects of globalization and to manage such risks (Ibid., p. 78), and can be said to have propelled the move towards East Asian regional integration (Shindo, 2007, p. 38).

When assessing the move to the formalization of ASEAN from the standpoint of institutional change theory, the manner in determining the strength or weakness at which the status quo is maintained in politics in the international institution known as ASEAN is important. In this chapter, the manner of cooperation between nations will be emphasized. If the same framework and members are maintained, the desire to maintain the status quo in politics will be determined to be strong, and if forming new frameworks the desire to maintain the status quo in politics will be determined to be weak. Based on this criteria, the approach of maintaining the framework known as ASEAN is determined to be a case in which the desire to maintain the status quo in politics is strong.

Meanwhile, there was weak resistance towards changes in the existing ASEAN institution, whose vulnerability was exposed by the crisis, and this is thought to have necessitated changes in the attributes of ASEAN, which was a classical example of an Asian regional institution with the three major characteristics of informality, consensus and open regionalism (Solingen, 2005, pp. 32–38).

Given this perspective, in terms of institutional theory research the institutional change in ASEAN due to a strategic redefinition triggered by the 1997 Asian currency crisis can be said to be a case of institutional conversion, where “there is a strong desire to maintain the status quo in politics but the resistance to institutional change is weak”.

(2) Formation of APT and EAS and the “institutional layering” theory

Next, we will think about the relationship between the formation of multilayered regional cooperation systems such as APEC (1989), APT (1997) and EAS (2005) and institutional change theory.

APEC was formed through the initiatives of Australia and Japan after “Pacific” regionalism such as the Pacific Trade and Development Conference (PAFTAD) and the Pacific Basin Economic Council (PBEC) of the late 1960s and the Pacific Economic Cooperation Council (PECC) of the late 1970s were trans-regionalized to “Asia-Pacific” regionalism as a result of economic development of the East Asian region. In this sense, it would be better to distinguish this from Asian regionalism after the end of the Cold War

The end of the Cold War, marked by the fall of the Berlin Wall in 1989 and the collapse of the Soviet Union in 1991, granted a greater space of freedom to Asian regionalism (Beeson, 2009, p. 75). The frameworks of various regional cooperation systems, such as the proposal of the East Asia Economic Group (EAEG) by Malaysian Prime Minister Mahathir in December 1990, and the institutionalization of regional cooperation such as the establishment of ARF (APT+ United States, Russia, and the EU; North Korea joined in 2000) in July 1994 and the establishment of ASEM (Asia–Europe Meeting; ASEAN+ Japan, China, South Korea and the EU) in 1996 show that the expansion of political freedom after the end of the Cold War and economic confidence due to the “East Asian miracle” (World Bank, 1993) caused Asian regionalism to develop into “East Asian regionalism”.

A summit meeting of ASEAN and the leaders of Japan, China and South Korea was held in Kuala Lumpur under the initiative of Malaysian Prime Minister Mahathir in December 1997, triggered by the 1997 Asian currency crisis. It was agreed that APT would be jointly held with the ASEAN summit meeting in subsequent years. Furthermore, the East Asia Vision Group (EAVG), an eminent persons’ group aimed towards establishing an East Asian community, was formed following the proposal of South Korean President Kim Dae-jung in 1999, and the Chiang Mai Initiative (CMI), a currency swap agreement within the East Asian region made at the APT Finance Ministers Meeting in Chiang Mai, was established in May 2000. This further led to the concept of an East Asian community (APT+2 (Australia and New Zealand)) mentioned in Japanese

Prime Minister Koizumi's speech in Singapore in January 2002 and the first EAS (APT+3) in December 2005.

Among the various institutions formed during this time, there is particular attention placed on APT, which is the framework of the East Asian community (Shindo, 2007, p. 35). It is the most important institution among the Asian regional institutions of recent years (Beeson, 2009, p. 75), and is considered to be the regional institution with the most potential for development in the future (Ibid., p. 101).

When considering the institutionalization of APT, it can be seen that it forms a new cooperative framework known as "ASEAN+3" while it is still led by ASEAN, and is determined to be a case in which "there is a weak desire to maintain the status quo in politics". At the same time, maintaining the regional institution of ASEAN as it is would be considered to be a "case of strong resistance to institutional change". This pattern is thought to fit the category of institutional layering, which assumes that "there is a weak desire to maintain the status quo in politics and strong resistance to institutional change".

Based on the above analyses of institutional conversion known as ASEAN formalization and the institutional layering of APT, it is thought to be possible to explain the changes in East Asian regional institutions using the institutional change theories of Hacker (2005), Mahoney and Thelen (2010) and Kitayama (2011).

4 Conclusion

Many discussions concerning the formation and development of Asian regional institutions characterize European regional integration as *de jure* integration and institutional integration, and, in a sense, use it as a model of regional integration to compare with the formation of East Asian regional institutions – which is characterized as *de facto* integration and functional integration. This chapter addressed the issue of institutional integration in Asian regional integration with respect to existing institutional research concerning Asian regional integration.

This chapter put forth two reasons for discussing institutional integration in Asian regional integration research. The first was that the latest trends in European regional integration emphasize the importance of viewing European regional integration as a harmonious and complex institutional development that covers three dimensions – political/economic cooperation systems (ECSC, EEC, EC and EU), military/security cooperation systems (NATO) and regional cooperation systems in norms and social image (CE) – as opposed to existing discussions of regional integration theory that regard it as linear institutional development – ECSC,

EEC, EC, and EU (Endo, 2008). The second reason was because it is thought that recent developments in institutional theory research in economics, politics and sociology, and regionalization in Asia are prompting the gradual development of theories and methods for analysing institutional integration in Asian regional integration, and data and materials necessary for such analysis are gradually being accumulated.

Based on these standpoints, this chapter presents arguments centred on the theories and validation of path dependence and institutional change. In section 2, we introduced the latest trends in path dependence research and attempted to apply these to the East Asian regional cooperation system.

In the path dependence analysis of regional environment cooperation systems using EANET as a case study, it was shown that EANET co-existed with other similar environmental cooperation systems and that no hierarchy or structure was created. Furthermore, although EANET's activities were mentioned at TEMM and the APT Environment Ministers Meeting, no clear directionality was presented at the summit meeting level, which is thought to be making its future course of development unclear. Based on such analysis, in order to enable institutional changes, such as making a certain degree of progress in the field cooperation system by establishing a common monitoring system and information exchange, as can be seen in the case of EANET, and moving on to the next step of policy coordination, the formation of a clear political will at the summit meeting level in political cooperation systems such as APT and EAS can be said to be important.

In section 3, we introduced institutional change theories and classified institutional change into four types: institutional displacement (abolishment of old institutions and introduction of new institutions); institutional layering (introduction of new institutions on top of old institutions); institutional drift (change in the impact and effect of existing institutions in accordance with environmental changes); and institutional conversion (giving new roles to existing institutions through strategic redefinition). We also introduced our attempts to develop a pattern of the conditions for these four types of institutional change in terms of "a strengthening or weakening of the desire to maintain the status quo in politics" and "a strengthening or weakening of resistance to institutional change".

Furthermore, we verified the extent to which institutional change theory in the institutional theory approach was applicable to actual cases of Asian regional institution formation such as APT, EAS and changes in ASEAN. The development of the formalization (legalization) of ASEAN, triggered by the 1997 Asian currency crisis, is thought to be an institutional conversion case in the typology of institutional change theory, and can be explained in terms of "a strong desire to maintain the status quo

in politics” and “weak resistance to institutional change”. In addition, APT, which was also formed in the wake of the Asian currency crisis at the initiative of ASEAN, is thought to be a case of institutional layering, and was able to be explained by the hypothesis of institutional theory.

In this chapter, such considerations were used to point out the fact that institutional path dependence and the theoretical hypotheses of institutional change in the institutional theory approach, which were mainly developed with regard to changes in domestic institutions, can also be applied to the formation of and changes in regional institutions which are international institutions. I also discussed the necessity of focusing on the modality of adjustment between field institutions (functional institutions) that came from European regional integration research. Institutional change theory based on such inter-institutional relationships is gradually being emphasized in the institutional theory approach, an approach that recognizes institutions as a bundle of institutions and points out the hierarchy of institutions.

However, the European regional integration research of Endo was new in that it did not simply point out the hierarchy of institutions but also introduced the concept of hierarchy in the cooperation systems of the three fields of political and economic cooperation, military and security cooperation, and the formation of norms and social image, as well as the harmonization of cooperation systems among the three fields. This interpretation enriches the understanding of institutional integration itself and also suggests much that is relevant to Asian regional integration.

The future outlook for institutional integration with regard to Asian regional integration which is suggested in this chapter is thought to depend on how the mechanisms of institutional harmonization within and among fields are created, using the experiences of and learning from the formation and operation of various institutions in each of the cooperation fields as a basis. It is thought that such institutional integration of East Asian regional institutions will not necessarily converge into a single regional institution but will progress as a structuring of various institutions through the formation of key/complementary relationships involving various institutions. Furthermore, it is thought that Asian regional integration will not move forward without such structuring.

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5

The GIARI model of Asian regional integration studies and its meaning

Satoshi Amako

1 Introduction: The lessons of the 2011 Great East Japan Earthquake

The 11th March 2011 was an unforgettable day for many people in Japan, and indeed for many people in the world. Although the 9/11 attacks in 2001 were the ultimate collision of world views between jihadist Islam and crusading Christianity – a true clash of civilizations as the epitome of man-made disaster – the Great East Japan Earthquake, by contrast, demonstrated how feeble humankind is before the power of nature. To human society, nature is a great “heavenly gift” as well as an unimaginable “tremendous monstrosity”. In other words, the real “Leviathan” is not Hobbes’s monster, created by human society, but is nature itself. The events of 3/11 truly epitomize the idea of natural disaster as opposed to human society. How did the people of Japan’s farming and fishing villages face nature’s fury?

I paid close attention to the rebuilding efforts that began immediately after the disaster by the people at the bottom of society. These are the people who lived in the farming and fishing villages who literally lost many family members and friends, had the foundation of their lifestyles completely wiped out – including their homes, food, transportation network, electricity and fuel – and were dealt a psychological and material blow that defies imagination. Despite this, they took “nature’s fury” as a given, and without causing social disturbance, they quickly and methodically returned to the business of living. With surprise and respect, the

international media reported these developments to the world. Even without codified rules, institutions or crisis management systems, people were spontaneously creating order and regularity.¹

When considering regional integration in Asia, I often hear the expression “de facto integration”. From the point of view of Western social science, “integration” and “order” fundamentally refer to some sort of sustained, orderly stable state, the necessary conditions for which are the existence of contracts, rules, regulations and the continuous and fruitful effects of these. It is assumed that institutions and regimes function as a collection of many such rules and regulations. Consequently, a case where there are common issues and goals, and cooperation is institutionalized on that basis, is generally referred to as a “functionalist approach”. On the other hand, when commitments are made based on common values, morality and ethics, and cooperation is regularized and becomes institutionalized, this is referred to as a “normative approach”. Alternatively, from a purely realist viewpoint, it is possible to envisage integration in the form of institutionalized power as seen in alliances and collective security systems based on a supposed common threat, or integration in the form of other actors jumping on the bandwagon of an overwhelmingly pre-eminent power.

Of course, in Asia as well, it is not as though events are continuously and regularly dealt with without rules, norms or regulations, and there are cases where functional or normative cooperative relationships arise. Moreover, it is an important fact that the countries of Asia today have engaged in building Western-style nation-states amid the powerful effect of the “Western Impact” in the latter half of the nineteenth century, and have entered into the international system with this kind of nation-state as a cornerstone. Therefore, there is no good reason for thinking that there is no clear difference between the West and Asia in this regard. Naturally, it is incorrect to perceive and treat the Western and Asian worlds as being alien to one another.

Particularly in this era of globalization, there is an increasing circulation of goods, people and information across borders and regions, and it is true that in certain ways a homogenization of regions is making inexorable progress. However, when failing to recognize or even ignoring the divergent portions of the two spheres – considering the dynamic movements of Asia only from a functional, institutional point of view, and understanding its structures of development and transformation using only Western standards – there is a tendency only to evaluate events using, for example, the Western scale of “advancement” and “backwardness”. That is likely to lead to an interpretation from which important pieces, namely the realities of Asian society, are missing.

What does the expression “de facto integration” in Asia refer to? In Asia, it is possible to see events that have meaningful substance and are taking form in a de facto manner. To put it another way, it is not exceptional to see some type of relationship arising, commitments forming and a stable, regular state emerging, regardless of the artificial subjective action called integration that arises between people, and without specific rules or norms being formalized for the purpose of integration. Free trade agreements (FTAs) are institutional frameworks for regional integration aiming at economic liberalization, but before FTAs were formed in Asia, it is well known that active regional cooperation and regionalization of the liberal economy by multinational corporations had made progress. Why are such movements in the vanguard? Although this is slightly restrictive, it is necessary to problematize (consider?) the relationship between integration and economies, governments and cultures across the region called Asia. Only then is it possible to understand the regional integration of Asia itself as being meaningful.

This chapter argues that in order to comprehend Asian regional integration, an approach that captures the specific factors underlying Asia is needed, and presents such an approach as “the analytic approach of relationships and static–dynamic structures”. Then, by using this approach, this chapter will attempt to extract “that which is Asian” and, using this, will present the basis of new regional integration studies – the “GIARI Model”.²

2 “Area studies” as an analytic approach of relationships and static–dynamic structures

How should the realities of the region be incorporated into a social scientific analysis, or, in other words, what should “area studies” be as part of social science methodology? In recent years, particularly since the end of the Cold War, the decline and demise of area studies has been proclaimed in the field of Western social science. The assertion that analysis without a discipline cannot be called an academic field has suddenly become dominant in academia. It is true that explaining the causal relationships of various social phenomena using some sort of bounded operational method of analysis – power theory, theory of variables, systems theory or modelling theory – results in a very neatly assembled result, with the intention of a clean analysis on some level.

For example, in Western social science and international relations, there is often a debate over which one of the three approaches of realism, liberalism and constructivism best explains a phenomenon. However,

when analysing various phenomena, although one can argue over the relative capabilities of the three, the phenomena themselves do not exist as a choice of one out of three possibilities, and elements of all those approaches are included in particular phenomena/problems of a target region. Consequently, an analysis using only one of the approaches results in excluding other elements and aspects from the very start of analysis, whether intentionally or not.

When analysing various actual social phenomena as part of area studies, what is important is not simply to differentiate factors and the causal relationships of issues from superficial segments and relations but rather to engage in an analysis of causal relationships while also thoroughly considering what lies behind and within: namely, the unique binding factors of a region that lie at its very foundations, including traditions, history and culture. Consequently, analysis of the foundations naturally requires interdisciplinary methods. To illustrate a difference between analytic approaches, realism and liberalism explain various social phenomena through deriving causal relationships from selective and circumscribed analytic viewpoints such as power and interdependence. This can be expressed as an “analytic approach of superficial relationships”. By contrast, a constructivist approach emphasizes factors such as identity, norms and networks, which themselves require a multifaceted understanding. It is concerned with the characteristics of the foundations of society, and although it is a more comprehensive interdisciplinary approach it cannot yet be called a clear methodology. However, I call it an “analytic approach of fundamental static–dynamic structures” that attempts analysis while giving weight to structures within society that are difficult to apprehend on a superficial level.

The analytic approach of fundamental static–dynamic structures is one that attempts to consider the dynamically changing relationships that have some meaning in a particular region (a supranational region, a state, a subnational region or a society) and that actually arise separately from the “common grouping” while being influenced by it as a single entity.³ This common grouping should be understood in two ways. The first is the political/economic/social structure (the fundamental structure) that resists change and that is formed through a combination of a number of meaningful factors that have been uniquely present in a particular region for a long period. The second is the resulting unique lifestyle and behaviour (cultural kinetics) of the people who live in the region. The chosen region and scale determine how to think about the combination of these two factors. Furthermore, the common grouping should not be considered to be something unchanging and written in stone. The essence of area studies is in theoretically understanding the dynamics of a transforming society while considering and emphasizing the effect and

influence that the characteristics of the collective have on high-level relationships, or the interaction where high-level relationships turn around and change the change-resistant common grouping itself.

It is true that in an interdisciplinary approach there is the risk of analyses becoming vague and interpretations becoming arbitrary in order to incorporate all sorts of elements. However, this approach can determine the formation of difficult-to-change characteristics that are still meaningful today and that are formed by various factors unique to a region, such as culture, society, topography, ecology, politics and economics. Consequently, it is extremely important to utilize an interdisciplinary approach in analysing the causal relationships of the phenomena of a region.⁴ Of course, when studying the economic problems of a particular region, it goes without saying that the discipline of economics is used (an example of an analysis of high-level relationships).

However, when asked how to handle economic problems in area studies, my answer is that they should be considered from a combination of an analytic approach of high-level relationships and of fundamental static–dynamic structures. Area studies puts energy into using interdisciplinary methods, depicting the characteristics seen as unique to a given region and highlighting the real dynamic state of the region. In addition, while incorporating that thoroughly, the analysis of causal relationships in the concrete phenomena of the region is performed using the methods of various disciplines.

3 “That which is Asian” as the core of static–dynamic structures

At the beginning of the 1990s, the Cold War ended, and thereafter so-called globalization has been rapidly progressing. Additionally, Asia has continued remarkable economic development to the extent that the region has been described as “the centre of global economic growth” and “the factory of the world”. Alongside this, the movement of corporations from single countries across borders – namely, regional cooperation and regional coordination in the form of direct investment, distribution and human movements – has quickly advanced. In terms of momentum, it is just behind Europe, which furthered integration through institutional procedures. For over 30 years, Asia has been achieving a dramatic transformation, and regional cooperation and regional integration are among the keywords for understanding that transformation.

Is it valid, then, to ask what are the characteristics of the fundamental static–dynamic structure that subsumes Asia as a whole? Asia has been thought of as varied and disunited from the start and was even given its

name by Europeans. The point is that depicting it as a grouping (structure) with common characteristics is probably not possible. It is futile to extract a fundamental static–dynamic structure as a clear result that is common to (particularly) Japan, China and South Korea, and Southeast Asia and South Asia. However, it is possible to isolate a number of commonalities where Asia acts in concert or can form a common understanding as some sort of a grouping or an aggregate. This is what I would like to call “that which is Asian”.

How should we consider “that which is Asian”? When asked this, many people have a strong tendency to take that which is Asian in the sense of characteristics of Asia that do not exist in the West. Of course there are modes of thought and phenomena that are completely lacking in the West but exist in Asia. Moreover, as noted by Yoshimi Takeuchi, since Asia has been asserted as a concept that is opposed to Europe, it is natural to focus on that which is Asian that is not Western.⁵ However, in the human society that we are examining, it is common for something that is considered Asian to actually exist in the West, as well as for the reverse to be true. For example, the idea of a “simple and austere life”, emphasized as a characteristic of Asia by Tenshin Okakura, can also be seen in Western thought. Institutions and rules exist in the West and these are not lacking in Asia.

It is true that there had not been a native concept “of that which is Asian”. Many common patterns surfaced in the process of cultural and behavioural acceptance, backlash and mixing – in a wide sense, in the wake of the Western Impact as a result of an awakening of a sense of self that had been previously latent; or alternately, there was a creation of a sense of self while adding new elements to it. Moreover, each of “that which is Asian” that surfaces is strongly influenced by its time period, and in that sense is contemporary in each era. For example, the more the Western Impact came to extend over an entire region, the more regionally these patterns arose, and the more each separate instance of colonial rule under imperialism progressed, the more strongly nationally they came to the surface.

The liberal economic globalization that rapidly progressed starting at the end of the twentieth century indeed caused shared phenomena on a global scale. However, the negative phenomena it caused often arose regionally. For example, water, air and soil pollution, acid rain, infectious diseases including HIV and avian flu, and the rapid widening of inequalities are expressed as regional problems despite being deeply linked with globalization. Although this will be discussed further later, it is well to ponder the common, if unintentional, rise of reactions to globalization that can be considered Asian, such as the revival of an “economy of

modest wants” based on Buddhist economics in Thailand, the creation of a “harmonious society” in China and the re-evaluation of an economical recycling society that emphasizes harmony with nature in Japan.

The issue that deserves thought is what is at the foundations that support these Asian reactions. Here, it is important to consider elements such as ethnic sentiment and views of nature, society and human values. I have come to consider the core problems for illuminating these to be the three points of religion, society (especially rural and communal society) and the formation of *ethnos*, all three of which inherently are deeply important to people.

3.1 Religions of Asia

Hinduism, Buddhism, Confucianism, Taoism and Islam should be mentioned as the major religions of Asia. In Asia, the religion that is the oldest and still has the most adherents today is actually Hinduism.⁶ The *Rig Veda*, which can be thought of as Hindu scripture, is considered to have been completed around 1200–1000 bc. It is the religion of the majority in India and Nepal, with 830 million adherents in India and around 70 million in other countries, thus ranking third in the world after Christianity and Islam.

Hinduism is polytheistic, worshipping a number of “venerable things” in nature as gods, and it has subsumed various indigenous religions. Consequently, it is deeply intertwined with a view of nature and life that has long been developed among indigenous people, and so naturally the expression of faith takes extremely diverse forms depending on group affiliation and locale. Broadly speaking, its common characteristics are: (1) the inclusion of a caste system, which arose from Brahmanism; (2) following a lifestyle aiming for nirvana as the ultimate goal of life; and (3) the strongly held idea of monism, which holds that nothing exists aside from *Brahman* (the primordial basis of the universe) and its counterpart *Atman* (the self).

The strict social hierarchy of the caste system was depicted in the Vedic scriptures, and it was rigidly defined in the later *Manusmiti*. This created a change-resistant hierarchical structure in which social mobility was restricted, and at the same time a person’s life was considered fatalistically – in that someone’s fate in their previous incarnation determined their present life and their fate in this life will determine their next incarnation – the status quo was valued, and individual effort for the next incarnation was advocated. Also, life was divided into four stages (*ashrama*) – the student (the period for learning the Vedas), the householder (the period for having an occupation, marrying and raising a family), the hermit (the

period after the birth of grandchildren for leaving home and living an austere, ascetic lifestyle) and the mendicant (the period for abandoning shelter and wandering while seeking nirvana) – and so the rules for the proper life of each person were laid out.

Buddhism, which will be described next, although developed by the historical Buddha, was strongly influenced by Hinduism – to the extent that it is considered a subset of Hinduism in India – and has been regarded as one of the major religions of the world. However, today, (2000) it has only about 360 million followers (Melton and Baumann, 2002, p. xxx) and there are not many countries that have Buddhism as the national religion. Four points can be noted as characteristics of a Buddhist conception of human society: (1) everything that has a form is impermanent and exists due to chance (*anicca*); (2) nothing without a form exists (*anatta*); (3) everything with a form is suffering (*dukkha*); and (4) there is entry into a world of liberation from all suffering (*nirvana*). Furthermore, “salvation” does not come from the power of a transcendent being such as a god but through each individual receiving teachings in a form that can be achieved/confirmed in the real world and then putting those teachings into practice.

It is possible to escape from the suffering of life (attain enlightenment) only through a correct understanding of, and insight into, truth. Consequently, followers of Buddhism are referred to as “devotees” (one who has deep faith and who follows the teachings), and unlike Islam (the word “Islam” means “voluntary submission to God”) Buddhism does not demand absolute obedience from the faithful. Furthermore, the concept of *samsara*⁷ that exists in Hinduism is also present in Buddhism; however, it is not an idea of *samsara* involving an immortal soul. Another important element is having compassion (*karuna*) – which is felt equally towards all living things – when someone sees the suffering of living things and attempts to save them. Before long, this led to the idea of salvation – relief from pain or worldly desires surrounding human lives.

The commonalities between Hinduism and Buddhism regarding human behaviour are: (1) the recognition of the coexistence of many gods (*buddhas*) in the natural world (as opposed to the exclusive monotheism of Christianity and Islam); (2) the initial acceptance of the world through the ideas of *samsara* and *karma*, setting aside whether or not it is affirmative and whether or not it is strongly hierarchical; and (3) a view of human society from a way of thinking of integration as having a strong relationship with nature. This view is closely related to rural society and will be examined later.

In regard to these characteristics, when looking at the religions of Northeast Asia, Taoism is closer to Hinduism and Buddhism than is Confucianism. Taoism can be summed up as:

... a natural religion of worldly benefit based on the various animistic beliefs of the people in ancient China, centred on Shenxian thought, to which was added a belief in the shamaness and theories of philosophical Taoism, divination, yin and yang, the five elements (*wuxing*), the book of omens appended to the Confucian classics, medicine, astrology, and the like, which was systematized in imitation of the structure and format of Buddhism, and which has a strong magical-religious tendency aiming primarily towards perpetual youth and longevity. (Kubo, 1986, p. 73)

Also, according to Max Weber, Taoism is “an enduringly organized rite for the pantheon of gods to which have been added natural spirits or heroic figures based on values from the exalted intellectuals as the despised throng of common gods” and “connected with a certain active promise regarding this life and the next” (Weber, 1971, p. 331). Taoism is still alive and well today. For example, according to a 2005 survey, after Buddhism (43.2 per cent), Daoism (*I-Kuan Tao*) has the most adherents in Taiwan (40 per cent). Based on these numbers, Taiwan is a “Buddhist/Taoist country” (Yamashita, 2009, p. 75).

What is also interesting is that although Weber depicts Taoism as being heretical to orthodox Confucianism, the required reading that adherents of *I-Kuan Tao* focus on studying are the four books of classical Confucianism (Analects of Confucius, Mencius, Great Learning and Doctrine of the Mean). Also, the tenets of Hinduism and Taoism have influenced many folk religions such as Shinto and Japanese Zen Buddhism. For example, *Taishakuten*, who can be seen in Japanese Shinto shrines, is based on the Hindu thunder god, *Indra*. Kikuchi described this ideological space in Asia as being a “flower garden of syncretism”, characterizing it by saying, “Syncretism refers to a hodgepodge of beliefs. There is a hodgepodge of Confucianism, Buddhism, and Daoism [and Hinduism could also be added here]. It is not pure, but it is rich” (Kikuchi, 2008, p. 5).

Asia’s religions are truly “a culture of fusion” and this has important implications when thinking of peace and war. In Europe, there have historically been frequent defining wars and massacres over religion, such as the religious wars between Christianity and other religions as well as the religious wars within Christendom. Although intense opposition does of course exist, there have not been many religious wars in the form of definitive hostility among the religions of Asia. This can be thought to be strongly related to the polytheistic, “hodgepodge” culture.

On this point, although it has become a major religion in Asia, the character of Islam is quite different from that of the other Asian religions. Islam is the second largest religion in the world, estimated to have 1.1 billion adherents. In Asia, it has spread through Central Asia, South

Asia and Southeast Asia, including the world's largest Islamic country, Indonesia, as well as other countries such as Malaysia. Islam is monotheistic, worshipping one god, Allah, who is a personal god and completely different from gods of nature such as mountain gods, fire gods and sun gods. The Islamic scripture, the Quran, was delivered to the Islamic community (*ummah*) through Mohammed, the greatest and final prophet sent to humanity from the one god Allah, and for followers it forms the most important guide that governs all aspects of social life.

Although details will be omitted, adherents have a duty to the six articles of belief and the five pillars of Islam. The six articles of belief are what adherents must believe in: God (the one god Allah); angels of God; the holy books (the Quran); the prophets; life after death (heaven and hell); and fate. The five pillars of Islam are what adherents must do: profess belief; worship; fast (during the month of Ramadan); give alms (distribution of assets by the rich to the poor); and make the *hajj* pilgrimage. Also, *ummah* is often thought of as a level, unitary organization that all adherents can participate in equally. Furthermore, Islam is not only a religious philosophy but is also deeply linked with the practices and government of the people, and so it often takes the point of view of the unity of church and state.

However, Asian Islam cannot be said to be a strictly exclusive religion. For example, in Indonesia, there are five national principles of the *Pancasila*, which were defined in the constitution by Indonesia's first president, Sukarno, at the time of independence in 1945 as a national policy. They are the principles of: a belief in one God; humanitarianism; nationalism; democracy; and social justice. This last became the basis of the legitimacy of the regime and an ideology of national unity. Of these, the belief in one God is Islamic and is emphasized as the very first principle, but aside from this, Catholicism, Protestantism, Buddhism and Hinduism are all officially recognized and coexist. Malaysia is similar on this point, where often those of Chinese descent are Buddhist, those of Indian descent are Hindu and there are also Christians as a result of the period as a British colony. It is through this very type of mixed coexistence that a part of what is Asian can be glimpsed.

3.2 *Society in Asia*

Asia has been, for a very long period of time, basically a farming (and fishing) society. This has been seen as representing "backward" and "impoverished" regions. In the sense of stagnation versus progress, farming problems are the largest economic problems of post-WWII Asia, and with the aim of increasing yields and productivity the "Green Revolu-

tion” was deployed in each area of Asia. However, farming problems are not just agricultural problems. One young researcher, who is focusing on Japan’s free trade agreement (FTA) problems as a theme, set out to interview a few dozen legislators and members of related organizations regarding the deregulation of rice, which is the greatest obstacle to the progress of the Trans-Pacific Partnership (TPP) in Japan, but they all said their reason for opposing it was “because Japan is the land blessed with rice”. Also, in the agricultural calendar (lunar calendar), there are many meaningful festivals in each region of Asia such as the Chinese New Year, Tet, summer festivals after rice paddies are planted and autumn festivals after the rice harvest. Rice culture is not declining in lockstep with the decline of agriculture.

Here, the nature and modes of forming relationships in human society created through farming societies should be examined. Of course, the farming villages of Asia themselves are diverse and it is difficult to discuss them in an across-the-board manner. In particular, in China there is a strong tendency to view urban and rural areas as binary structures. However, with respect to rural farms in Southeast Asia, Teruo Sekimoto repudiates the binary view of urban and rural areas, asserting, “In Malaysia, Indonesia, and the Philippines, one does not see such a severe ‘unipolar concentration’ in the cities, the rural areas being rather urban, and the cities being rather rural” (Saito and Ishii, 1997, p. 164).

However, if we eliminate the various differences between regions and look for some sort of commonality, a rural social space called the “village community” comes to the surface. In a review of debates on rural sociology, Fumiki Tahara compared the “village” in Japan and China. In Japan, the traditional home is the foundation, where the family name, family business and family property are all one and the same, and the village is formed as a group (confederation) of homes. By contrast, in China, his interpretation is that the village is formed as a total whole, as an extension of the shared element of patrilineal blood relations stemming from individuals, and is the result of connections of “type” (Tahara, 2000, p. 88–91). However, in both Japan and China, the foundation on which a village community rests is the series of connections from person to person (networks).

In order for a village group to have a shared mentality (identity), the first factor that can be noted is a lack of human mobility within the collective of the village and the concentration of daily connections in various forms within the village. In a sense, communal work is inevitable in the agricultural-production lifestyle. Morimitsu Shimizu, who has achieved prominence in the study of pre-World War II Chinese rural areas, noted: “The autonomy of Chinese villages straddled nearly every

important aspect of village communal life, including education, religion, public works, the economy, law enforcement, irrigation, and sanitation” (Shimizu, 1939, p. 252). At the same time, his analysis of the strength of bonds between villagers is that “villages in old China are distinguished by a marked preservation of collectivity and sealed-off-ness. Moreover, this Chinese characteristic arises strongly in villages of kinship” (Ibid., p. 260), linking this to a second notable factor: communal participation in rituals based on kinship or religion. While surveying villages in South China, D.H. Kulp explains that there is an “intimate relation that exists between polity, kinship and religion” (Kulp, 1940, p. 128). As mentioned earlier, most rituals were deeply connected with agriculture in the form of reverence for, and co-existence with, nature and the worship of ancestors who had fused with nature.

It is possible to see commonalities in the village communities of South-east Asia. For example, Kenji Tsuchiya, a talented researcher of Indonesia who died young, quoted the following from a letter from Kartini to a woman in 1901: the “flower and scent . . . the breeze crossing the tops of the palms . . . the resonance of the Gamelan . . . the calls of the doves of Java . . . the waves of rice plants” and the “sound of the rice mortars”. Kartini, called the mother of “ethnic consciousness”, explained that “this is the very landscape of Java, and is the bloodstream of Java that has been passed on across the eras” (Tsuchiya, 1991, p. 137). In the farming villages of Indonesia, there is a principle of a collective society of mutual assistance called *gotong-royong*, which is similar to the “village gathering” of Japanese rice culture.

Musyawarah (discussion) and *mufakat* (consensus) are structures that support villages in *gotong-royong*. *Musyawarah* takes place between village community members no matter what the circumstances might be. And as long as one person is opposed to a decision, *musyawarah* continues until *mufakat* is reached. This can be very time-consuming and along with mutual exhaustion can eventually lead to the original point of dispute becoming unclear. Consequently, the very continuation of *musyawarah* can be said to be significant.

It has been noted that village communities similar to those in Japan exist in Viet Nam as well.⁸ In Asian villages, such connections are a common feature. Consequently, one important aspect of Asian rural society is a strong orientation towards considering human society and nature as integrated. Kōichi Satō stated, “It is symbolic that ASEAN’s logo is expressed as a bundle of rice stalks, representing friendship and solidarity. To put it the other way around, there are many cases in which no other commonalities can be seen between the ASEAN nations aside from that they are all rice-producing countries” (Satō, 2006, p. 9). In response, Tōru Kurata noted the broad significance of agricultural society:

Actually, the commonality of being rice-producing countries may have led to a surprising number of common features in East Asia within the traditional culture, including folklore, rituals, and lifestyles. Moreover, ASEAN nations are not the only rice-producing countries, and it is a common characteristic of all of East Asia, including Northeast Asia. (Kurata, 2006, pp. 12–13)

Of course, in the so-called maritime countries like Indonesia and the Philippines, there are many fishing villages based on making a livelihood from fishing. There is no doubt that compared with inland villages based on farmland surrounded by mountains and hills, these areas are vastly more open. However, even here, various natural phenomena are combined with “gods that should be respected” and nature is incorporated into the lifestyle as a given. Also, so-called communal bonds of blood kinship and territorial connection can be seen. To add to this, in the Southeast Asian region, the immigration of overseas Chinese has increased since around the eighteenth century, coming into confrontation with traditional Southeast Asian culture and creating unique organizations of common trade and economic activity. As this accumulated, the network of ethnic Chinese came to be built in as an important actor in Southeast Asian society. This will be discussed below.

3.3 *The creation of ethnos in Asia*

When attempting to depict “that which is Asian” from the perspective of the fundamental structure/culture of society, the characteristics of religion and society become important, as noted earlier. However, it is difficult to discuss clearly in what way these are constituent elements of that which is Asian. Nonetheless, when considering the problem of *ethnos* in Asia, it is possible to find some clear boundaries.

First, *ethnos* itself in each country with an ethnic consciousness did not traditionally exist as something unique and unchanging but, rather, while being subjected in some form to outside pressure and inducement from the outside world, it can be said to have acquired certain characteristics in response to the needs of the times while triggering/uncovering a number of factors – a similar indigenous history, traditions, religion and race – that can be given shape as *ethnos*. For example, during the period of the end of feudal Japan and the imperial restoration in the 1860s, the nationality of being Japanese was formed. However, this occurred from the “lineage of the Emperor”, “Shinto based on naturalism” and “*bushido*” (the way of the warrior) – which had existed in a piecemeal fashion since ancient times – turning into a kind of aggregate and serving as a model of a Japanese. This occurred in the form of the idea of *sonnōjōi* (revere the Emperor and expel the barbarians) used as a slogan during

that period, and was based on an extreme sense of crisis, of being up against external pressure represented by the “black ships”, which led to the forced opening up of the country. In other Asian countries as well, no ethnic consciousness existed in ancient times to begin with, and in many cases the formation of *ethnos* was a task that arose amid the process of forming a modern state.

Second, as a consequence the formation of *ethnos* in Asian countries was a product born of the resistance to, and the process of casting off of, Western powers (partially including Japan) that proceeded with invasion and colonization. Therefore, it has a tendency towards resistance to the West, whether intentionally or not. Kenji Tsuchiya notes in his book chapter titled “Creation of ethnic culture” that:

... the “Indonesian spirit” is self-awareness of one’s own power, the will towards unity based on common interest, and a desire for higher status ... When did this “Indonesian spirit” arise? It is indeed the zeitgeist of the twentieth century, and did not yet exist in the nineteenth. (Tsuchiya, 1994, p. 177)

This was the very process of casting off Dutch colonial governance, and was the “creation of Indonesia” as “one motherland, one nation, and one language”, as embraced in the “youth pledge” at the 1928 Indonesian Youth Congress. Later, Sukarno noted, “The Indonesian spirit is the spirit of democracy (populism) ... For example, look at the Minangkabau, look at the decision-making of Javanese villages. *Mufakat* and *musyawarah* [the aforementioned structures of running traditional village society in Indonesia] are well loved” (Ibid., p. 246).

As is evident from the examples above, the formation of *ethnos* in Asia proceeded from the end of the nineteenth century through the twentieth, and needless to say it is strongly related to the fact that Asia experienced an anti-(non-)Western era, an anti-colonial/independent era and a nation-state-building era. However, if we question that which is Asian once more, it can be thought to be governed by the restrictions of eras more than ethnicity. To put it in a somewhat simplified way, Asia in the latter half of the nineteenth century was emblematic of poverty, backwardness and being undeveloped. Asia in the first half of the twentieth century opposed the West, was anti-West and was independent/autonomous. Asia since the 1970s has been surging forward in the form of the Asian miracle and as the engine of the global economy.

When thinking about “that which is Asian” myself, I am reminded of the assertions of Hiromu Shimizu, who discusses the formation of *ethnos* in the Philippines:

The infusion of the essence of the Philippines was in the intermittent and repeated introduction of immigrants, and was the transmission of stimuli and cul-

ture from the outside world that they brought with them. There were many repetitions of a process of foreign elements that immigrants and ruling forces brought from the outside making contact with that which, despite also having arrived from abroad, had arrived earlier and had become an inner constituent, and through a process of mutual interaction, being transformed in a manner so as to match the forms of the local world and becoming accepted as constituent elements of it . . . There was the formation, suspension, change, and fluctuation of the critical surface of contact and friction between “the origin is the foreign that is domestic” and “the foreign that will become domestic before long” . . . and amidst the dynamic relationships at the gap between foreign and domestic, a Filipino reality has consistently continued to exist. (Shimizu, H., 1998, p. 164)

“That which is Asian” may truly be conceivable as an expanded form of Shimizu’s “that which is Filipino”.

4 An approach towards Asian integration studies through the GIARI model

4.1 *Deriving keywords from “that which is Asian”*

In this section, based on the analysis above, the question of how to conceptualize Asian regional integration will be considered while taking into account “that which is Asian”, or the uniqueness of Asia. Also, we have named that approach, of a consideration from this type of viewpoint and grasp of the problems, the “GIARI model”. While accepting the major trends regarding regional integration as true, regional integration was put into theory in the form of the systematization of Asian integration studies from the standpoint of how to structure a desirable orientation for the greatest majority of those who participate in that course as well as the power to achieve it. Thus, I would like to give my own analysis of “that which is Asian”.

First consider “that which is Asian” as “a saucer that receives diversity”. It is a *modus operandi* of structures and relationships that accepts diversity in the form of multiple ethnicities, cultures and religions, and causes some form of amalgamation and harmonization. Of course, this way of putting it is vague, and it cannot be seen concretely in institutions or procedures, but it has unmistakably continued to operate. Prime example are Indonesia, which accepted Islam as a strictly monotheistic religion but continued to allow the coexistence of other religions and cultures, and Japan’s polytheistic space.

Second, think of “that which is Asian” as the “stratification of ideology”. As mentioned earlier, starting with animist beliefs, in Asia a variety of religions including Hinduism, Buddhism, Taoism, Islam and Christianity, and ideologies such as Indian philosophy, Confucian ethics and

Western democracy have, while retaining certain characteristics, become interfolded to form a single whole. Of course, within that, Japan, China, South Korea, Thailand, Indonesia and other countries each have their own uniqueness and shades of grey, but it can be said that they have the common point of “being stratified”.

Third is the point that there is a strong tendency to recognize nature as venerable, and to give weight to harmony with nature. In Western-style modernization, nature is seen in a sense as something to be vanquished and development has been sought amid an artificial mode of production. Of course, in the countries of Asia, including Japan, this kind of Western-style modernization was actively incorporated as being “advanced” and it has powered development. However, development always has various negative aspects, and contradictions simultaneously arise. It is interesting that along the axis of the repetitive, ruminative contemplation of this, “a sense of distance from nature”, or in other words, the problem of “harmony with nature” has been questioned.

Before World War II, the following assertions by Tenshin Okakura in his famous book *The Ideals of the East* are representative: “One rural area is not sustained by its natural geography alone. It is tied together with the human elements of custom and association” and is “the world of commerce, and the world of craftspeople and peddlers, village markets and fairs”. He highly regards Asian rural society and the lifestyles of the people, saying, “The simple life of Asia need fear no shaming from that sharp contrast with Europe in which steam and electricity have placed it to-day” (Okakura, 1903, p. 236). Today, assertions about harmony with nature and a harmonious society are rising from an Asia that has single-mindedly rushed forward on the current of liberal modernization.

Fourth considers “that which is Asian” in the sense of “relativized identity”. Originally, identity was strongly bound to values, religion and ethnicity, and signified a self-existence that was conscious of clear differences with others. However, as we have seen, the very foundation for building identity in each country of Asia is more vague and rich with flexibility compared with that in Europe. *Ethnos* can also be seen as being formed from unearthing the past while being triggered by an outside impact. In this sense, when differing foundations and structures are created, there is a high likelihood that identity itself will change, or will stand on the past that exists in parallel. The transformation of Taiwanese identity from the period of Japanese colonial governance through the Kuomintang (KMT) era of Chiang Kai-Shek to today can be seen as exemplary.

It is in the above mode of understanding that there lies a key to understanding the “resilience of Asia”, often cited in international relations, as well as the “ASEAN Way”, a method of coming to agreement in which ambiguity remains. While constantly maintaining this kind of “all-

encompassingness” and flexibility, stratified networks (relationships) and stratified identities as factors that materially propel events and conditions and cause them to be functional, as well as harmony and balance that function to subtly steer and orient progress, are at play.

4.2 The GIARI model: Asian integration studies as an approach towards the fusion of relationships and static–dynamic structures

Before entering the main line of argument here, another separate issue must be discussed. This is to respond to the simple question: why regional integration studies? Generally, political science is a field that determines the causal relationships of particular political phenomena, and aims to reveal the mechanisms by which the phenomena occur. Economics largely studies the economic activities of an entire society and investigates how limited resources are used to produce and distribute value. Sociology is for elucidating the mechanisms (causal relationships) related to the causes and conditions of social phenomena through the approach of relational analysis.

In this context, regional integration studies can be defined as a field that studies a particular region and reveals the conditions and causal relationships relating to regional integration. However, what makes regional integration studies markedly different from other fields is that it is based on area studies, which aims to analyse the realities of a region and, as mentioned previously, is an interdisciplinary pursuit that elucidates the characteristics of a target region while including all kinds of academic disciplines including political science, economics, sociology and cultural anthropology, and additionally it incorporates the goal or action vector that is integration.

When considering Asian regional integration studies on this premise, first, there is “Asia as it is” and “Asia as it should be”. For example, irenology has been developed as an academic field that builds peace as an institution with the values of peace as a cornerstone. Much in the same way, Asian regional integration studies can be considered to be an academic field having a mission to demonstrate the necessity for Asian regional integration, and to pursue the possibilities and suggest processes for achieving that goal. Among the two statements at the beginning of this paragraph, what we are questioning are the realities and goals related to regional integration. In this sense, it is necessary to keep in mind political scientist T.J. Pempel’s (2005, p. 16) idea of first distinguishing between “regionalization” and “regionalism”, and to consider relationships based on that.

Regionalization is the de facto movement of regional integration. Specifically, it is the movement of people, goods, capital, technology and

information that develops dynamically within a region, or, alternately, the movement of cooperation and collaboration across borders in response to problems caused by the dynamic movement of the economy and society, such as worsening environmental pollution, infectious diseases, the social stratum of impoverished people and large-scale natural disasters. But at the same time, regionalism, as the formal movement of integration that accompanies institutionalization, is also progressing, such as with the East Asia Summit (EAS), the East Asian Community (EAC), the ASEAN Community and the Shanghai Cooperation Organization (SCO).

The tasks of Asian regional integration studies are: (1) to explain the conditions of and factors relating to the various fields in which regionalization is progressing; (2) to analyse the attempts at regionalism within various fields and the Asian region as well as to analyse their characteristics, issues and background; and (3) while making connections between regionalization and regionalism in Asia, to redefine their dynamic relationship as characteristics of Asian regional integration. If task (3) can be made systematic and convincing, Asian regional integration studies can exhibit meaningful originality as an academic field.

Therefore, the following stages between regionalization and regionalism were defined: (1) in response to various issues/problems that occur, “a mentality of sharing those problems and solving them together” or in other words a fraternal mindset of “*being in it together*” and “being under the same roof” arises; (2) the impacts of problem solving result in benefits that can be shared across national borders (the regional interest) and connections (*relationships*) between people; and (3) a movement towards making the problem-solving mechanisms and structures into something sustained and stable or, in other words, the building of institutions that have *harmony*, is created. Of course, when looking at these stages as an actual process, they do not necessarily proceed in the given order 1 → 2 → 3. There are cases where these move simultaneously in parallel, or stage 2 can precede stage 1. This treatment is merely an abstraction of the process.

Stage 1 can be understood to be primarily regionalization, stage 2 to be a mixture of regionalization and regionalism, and stage 3 to be the movement of regionalism. Furthermore, the words in italics can each be replaced with a term from social science – “being in it together” with identity, “relationships” with networks and “harmony” with sustainability – resulting in regional integration studies being a systematic theory that is congruent with the context of Asia. To put it the opposite way, replacing identity, networks and sustainability respectively with “being in it together”, “relationships” and “harmony” is itself applying an Asian filter. When considering Asian regional integration through such a filter, what comes to mind is a structure or an overall picture of an Asian Commu-

nity (AC) or an Asian Union (AU), which will likely be formed in the future and which will evidently be different from that of the European Union (EU).

With the discussion thus far, it becomes necessary to ask another important question. Namely, why is Asian regional integration necessary? First, as a necessary prerequisite to understanding the situation, it should be noted that although there are various elements of friction and hostility in Asia that occasionally exhibit severe aspects, fundamentally close and layered interdependent relationships are spreading and deepening. This is exemplified by the expression “*de facto* integration” which has been previously mentioned a number of times. However, as it does not proceed based on systematic and strategic intentions, *de facto* integration is often not accompanied by efficient decisions or actions. For example, in the global financial crisis triggered by the 2008 Lehman Shock, Asia would have been able to respond more efficiently if there had been mechanisms or institutions operational in Asia as a whole. A single country is too weak to respond to financial capitalism, which is global in nature. As long as there are no mechanisms or institutions of some sort that transcend borders to at least the regional level, there is ultimately no choice but to take action centred around countries that are the strongest at that time. However, this can easily bring about some sort of power game in the region.

An examination of the recent process of promoting the development of the Greater Mekong Subregion (GMS) leads straight to such a realization. Originally, the initiatives of Japan, which supported the Asian Development Bank, were the most significant in the GMS in terms of planning and funding. However, after the collapse of the Japanese bubble economy in the mid-1990s, Japan’s involvement in Southeast Asia gradually ebbed, and in its place the influence of China rose in leaps and bounds. Partway through the building of the “North–South Corridor” linking Kunming and Bangkok, China became actively involved. Along with the “East–West Corridor”, which was built using Japanese Official Development Assistance (ODA) funds, the completion of this example of road infrastructure has accelerated the economic integration of China and Indochinese countries. Instead of a power game between Japan and China in the area, when considering how to direct the impoverished economies of the region towards growth and how to achieve stability and prosperity for those who live there, mechanisms and institutions towards those ends become necessary. It cannot necessarily be said that China’s ulterior motives or the involvement of Japan, which is on guard against such motives, have had such ideas as departure points.

To summarize, it should be emphasized that: (1) the real situation of interdependence and mutual cooperation deepening and broadening in

Asia necessitates systematic and continuous mechanisms for handling problems; and (2) that the necessity for Asian regional integration is being questioned from an Asian regional strategic viewpoint, or in other words, from the viewpoint of Asia actively organizing itself. Of course, joint effort also has a great significance with regard to resolving the deeply rooted mutual mistrust and hostility within the Asian region that arose from the historical context, and with regard to building relationships of mutual trust. Actually, these are all inherently incorporated into the process of regional integration.

4.3 The aim of Asian integration: Sustainability (harmony)

Asian regional integration studies is an academic field that has integration as an orientation, and requires a target towards which that orientation points. Generally, the actions of regional integration across borders aim to build larger cooperative institutional structures that prevail over the framework of the nation-state, as seen in European integration in the form of the creation of the EU – which ultimately stemmed from relinquishing national sovereignty. However, Asian regional integration does not necessarily act towards such a clear institutional framework that prevails over the state. Of course, the building of institutions is, nonetheless, one of the aims.

The Asian currency crisis of 1997 was a major wake-up call to the weak economic systems of Asian countries resulting from global financial manipulation. Furthermore, the Lehman Shock of 2008 and related events led to an important turning point for considering how Asian countries themselves should go about cooperating to build response mechanisms against outside attacks on economic development. Discussions over regional integration on an Asia-wide scale have become active, such as the start of re-exploring an Asian Monetary Fund (AMF) which had been proposed by Japan in 1997, and the resurfacing of the concept of an EAC on an economic level through the institutionalization of ASEAN+3 (APT) and the EAS. However, the debate over building institutions experienced extreme highs and lows, particularly following the deep hostilities over Japanese and Chinese territory and territorial waters in the East China Sea in the autumn of 2010, and the discussion about a community has died down, at least between Japan and China. Even so, as seen with the China–Japan–South Korea Trilateral Summit of May 2011, it is evident that various cooperative relationships are progressing, and that the building of institutions is moving forward.

At the same time, what we are noticing is not so much concrete institutionalization that is attempting to establish Asian regional integration as a goal but more the practice of what is *de facto*, as well as the very sort of

condition formed through its repeated reworking.⁹ On this point, deserving of attention is the idea of sustainable development (sustainability) that Asia actively worked towards from the 1980s through the 1990s. This idea was advanced amid the tides of globalization that gave rise to the trajectory of Asian growth, and the countries of Asia began unintentionally to engage in it. For example, there is the case of Thailand. As is well known, Thailand in the 1990s actively promoted economic liberalization as the true product of globalization, and was the epitome of rapid growth within ASEAN. However, this trajectory simultaneously expanded the inequality between rich and poor as well as between regions, and severe social discrepancies were formed. To look at these movements in a simplified way, the poverty rate in 1996 was 11.4 per cent, and the number of poor people was 6.8 million. After the 1997 Asian currency crisis, in the year 2000 these figures had risen to 14.2 per cent and 8.9 million people respectively, and it is said that there were more people in chronic than in temporary poverty.

In these circumstances, the revival of so-called “Buddhist economics” has come to be seen as important.¹⁰ In Thailand today, there is an intensifying movement towards reflecting on the nature of past development centred on economic growth, and instead putting Thai culture and ideology – namely the Buddhist idea of the “middle way” and “being satisfied with small wants”, or in other words an “economy of modest wants” – at the root of development, and attempting to rebuild economic policy from the national level down to the level of the foundations. This was originally proposed by Thai King Bhumibol in 1974. A commentary on an economy of modest wants, or a Buddhist theory of development along the lines of the explanation given by Masato Noda, follows in the next section (Noda, 2009, pp. 57–63).

The Buddhist theory of development involves a spontaneous practice of mind and matter wherein society or individuals awaken to their traditional nature and lifestyle; and in order to coexist with nature as well as other societies and individuals they aim for liberation from suffering, use wisdom and compassion to bring their own latent abilities to full bloom and express their humanity. This is called “the economics of the middle way”. Its fundamental characteristics are: (1) to know correct quantities and restraint; (2) to emphasize balance and equilibrium; and (3) not to harm the self or others. The goal is the condition where the three elements of people, society and nature relate to each other, and where there is harmony and mutual assistance.

As part of this basic vision, there was: (1) a human/social development strategy; (2) a strategy for strengthening the community and society; (3) a strategy for rationalizing economic structure; (4) a strategy for increasing biodiversity, natural resource rules and the quality of the environment;

and (5) a strategy for strengthening good governance for the administration of the nation. Triggered by the 1997 economic crisis, the national economic/social development plans can truly be said to have undergone a tremendous paradigm shift from development centred on economic growth to one centred on human development and an economy of modest wants.

In China as well, which is heightening its economic presence through strategies based on a doctrine of growth, there are those who are calling for a rethink about the doctrine of growth itself. The Hu Jintao–Wen Jiabao administration that succeeded the Jiang Zemin regime in 2002 has been pursuing sustained economic growth and, at the same time, instead of a policy of an exclusive commitment to growth, it has gradually come to emphasize a policy of putting energy into correcting social injustice and inequality in the so-called People First Policy. This stance was theoretically systematized in the new slogan of “building a harmonious socialist society” upheld at the Fourth Plenary Session of the Sixteenth Central Committee of the Communist Party of China in September 2004. This slogan used the traditional term for “harmony” and in parallel implemented a roadmap for economic growth and attempts to eliminate social imbalance, inequality and injustice, aiming for balanced, sustainable growth. This could be called the Chinese version of sustainability.

At the Third Session of the Tenth National People’s Congress of China in March 2005, Premier Wen Jiabao asserted that there would be efforts put into “building a peaceful society that put energy into fairness and justice, stable order, and reconciling man and nature”. Specifically, the Chinese term for harmony refers particularly to harmony in the development of urban and rural areas, regional development, development of the economy and society, the relationship between man and nature, domestic development and opening up to the outside world. This attitude aims to resolve the various contradictions created by rapid growth, such as the widening of the wealth gap, corruption and environmental problems, and signifies a turnaround from the conventional idea of economic development above all else. The achievement of a harmonious society is the greatest task for the building of an “overall well-off society” (the Chinese term translated as “well-off” is another traditional term indicating the state of having a degree of affluence) and is the goal of its implementation.

In Japan as well, which experienced the collapse of the bubble economy in the mid-1990s and thereafter stumbled through the “lost decade” and “lost two decades”, increasingly there are those who reflect on the prioritization of growth above all else, and there are active calls for a more environmentally friendly economy or a recycling, energy-conserving economy. The conventional paradigm of economic growth through “power, oil and automobiles” is gradually converting to a paradigm of economic

growth through “carbon reduction, renewable energy and resource recycling”. The revitalization of troubled rural economies and the activation of industry are also increasingly being carried out under this paradigm.¹¹ Of course, this trend is not necessarily unique to Asia; however, as touched on earlier, there is no doubt that the characteristics “of that which is Asian” were an important undercurrent for this trend to arise. In this sense, even while proceeding in a trial-and-error fashion, the movement of cooperation/integration in the Asian region is aiming towards achieving sustainable development and a harmonious society.

4.4 The framework for the actors of integration: Networks (relationships)

Although it was mentioned earlier, the process of European integration should be noted in a simple manner here for comparison. The first step was the founding of the Council of Europe in May 1949, but the real beginning came in April 1951, when the European Coal and Steel Community (ECSC), which jointly managed coal and steel production, was formed by France, West Germany, Italy and the Benelux countries. Then, in March 1957, the European Economic Community (EEC) and the European Atomic Energy Community (EAEC) were founded, and European regional integration gained momentum. However, these were certainly not examples of supranational regional integration, and movements through the 1960s were based on inter-governmentalism in the sense of “regional integration comprising various states”. Then in 1967, the ECSC, EEC and EAEC merged to form the EC; a customs union was completed the following year and results in the form of economic integration steadily piled up. In 1970, the United Kingdom, Ireland and Denmark became members, but at that time as well, the direction towards supranationalism was disavowed. In the 1980s, integration made great strides through cooperative initiatives of the leaders of France and West Germany. In 1985, the White Paper on the completion of the internal market was adopted and, in 1986, the Single European Act, which included European Political Cooperation, was adopted. Furthermore, after the end of the Cold War, the Maastricht Treaty was signed in 1991 and came into effect in 1993, forming today’s European Union (EU).

From surveying the sequence of events above, it is possible to understand it as a process of there being a number of core countries that aimed towards European integration, new tasks being set forth one after another through a functionalist approach centred around these countries, and gradual, cooperative institution-building being implemented to achieve these tasks, expanding both qualitatively and quantitatively. By contrast, in Asia, regional cooperation has not taken place with the building of

institutions as a central element. To put it succinctly, regional cooperation in Asia has been implemented through the formation of networks for solving each issue/problem that has arisen.

Fundamentally, information transmission and communication nets are called networks, but with people and organizations, a network is also the state in which there are connections and pathways through which information, goods and capital can flow. Important requirements for building these networks are: (1) the presence of relationships of mutual trust; (2) the view that mutual benefit can be created and is expected; and (3) that structures of mutual support are formed. Similarities in building networks based on human relationships and various communities have certainly existed in Asia from olden days to the present day. The network of ethnic Chinese is exemplary. Its characteristics will be explained, relying on the research of Masaki Mori of Kyūshū University, who undertook a focused analysis of the Singapore Chinese Chamber of Commerce and Industry (SCCCI), which is currently the largest Chinese commercial network in Singapore.

According to Mori (2004), the effective bridging functions of the network, the progress of business talks and the strengthening of the network enable the dynamic economic development of ethnic Chinese businesses. The network has two bridging functions. The first bridge uses a broad network to link member ethnic Chinese businesses and ethnic Chinese commercial/industrial trade associations with the government, social organizations and commercial/industrial groups. The second bridge sets up the building of a network between ethnic Chinese businesses by the SCCCI itself engaging in activities, including providing information, holding seminars and conducting business meetings.

Conducting face-to-face business discussions and connecting them to operations can be noted as being vital in the ethnic Chinese commercial network. Important factors that cause relationships to function during those meetings are: (1) common language and culture/customs; (2) the granting of credibility through ethnic Chinese commercial/industrial trade associations and ethnic Chinese commerce; (3) the level of trust of ethnic Chinese enterprises and businesses; and (4) equal stakes in a business pursuit. When all these factors are assembled, the relationship strengthens into a strong personal relationship between ethnic Chinese enterprises based on a relationship of trust. Ultimately, when credibility is established through a business meeting and both parties have equal stakes, the ethnic Chinese commercial network crosses the border between ethnic Chinese businesses, building a strong inter-organizational relationship (Ibid.). It can be understood that a common language and culture/customs, a strong relationship of trust and equal stakes are important conditions.

According to a number of survey reports and research papers on social problem solving in the countries of Southeast Asia, intermediary organizations linking the state with the society were still undeveloped until the 1990s. However, from the 1990s, especially after the important turning point of the Asian currency crisis of 1997, they have claimed that new intermediate organizations were formed for solving problems in each region and new actors arose in the form of the citizenry and students, and these are yielding results in problem solving while creating a joint network to respond to issues.¹² Furthermore, in the new agricultural reform PRO-IAD/1 project as well, which emphasizes rural environmental conservation, it is noted that “the abilities of grassroots organizations and other intermediaries between the country and the people are important” (Noda, 2009, p. 69), particularly emphasizing the role of new farmer networks, farmer organizations and intermediate organizations such as NGOs. We have come to consider that consciously taking advantage of the various conditions of network-building and building networks on a variety of levels in a multilayered manner is an important GIARI strategy. This point will be revisited in the conclusion.

4.5 The cohesive force for the actors of integration: Identity (“community spirit” and “being in it together”)

In the past, the Asianists of each country, including Japan, used a variety of expressions to speak of Asia as a common identity. However, although these did intersect in being anti-Western, the essence of each did not go beyond the realm of personal, subjective feelings. Consequently, when Japan, for example, was asserting “great East Asian co-prosperity”, this was taken by Korea, China and the Southeast Asian countries as being the imposition of “a Japanese Asian identity”. Of course, if China were to use the permeation of sinocentrism to its surroundings as an Asian identity, the surrounding countries would likely react similarly. Basically, there has not been any common Asian identity to date.

So is it meaningless even to discuss this problem? I do not believe that is the case. First, as discussed up to this point, although it cannot be called an identity yet, the presence of “that which is Asian” can be confirmed. Second, identity itself has been created among the various countries and regions of Asia, and despite variations in degree national identity and ethnic identity are not ironclad and absolute. To put it the opposite way, identity expands and contracts within a person or a region, and in certain cases multiple identities can coexist in a multilayered fashion. Third, today, when scientific information and technology is developing rapidly and various cross-border communication networks are arising, a new foundation for identity-formation has been created.

If the daily life and culture of the people of the Asian region become closely related, traditional ideologies and cultures mingle and become shared, and an Asian world and identity is created, then one can see the possibility of the creation of a new “us” mentality that is not a Chinese mentality nor a Japanese mentality. The biggest key here is whether or not it is possible to consider the space that is Asia as a frame for a shared cultural foundation. When looking at various concrete trends, the response is an unwavering “yes”.

First, as previously mentioned a number of times, there is a substantial movement – particularly on the economic level – of people, capital and goods within Asia, as seen in de facto Asian regional integration, and the rapid rise in regional cooperation and interdependent relationships is astonishing. Furthermore, these deepening human connections (networks) in Asia are giving rise to common benefits and alliances. Politically speaking, there are many hostilities and contradictions between Japan, China and South Korea, as well as between China and ASEAN, and there is certainly no shortage of mistrust. Nonetheless, through relationships of cooperation and interdependence, the important changes mentioned above have started, at least at a civilian level.

Additionally, an unprecedented, new Asian world in the fields of culture and information is being formed, which is notable. As a result of the remarkable economic growth of Japan, followed by the Newly Industrializing Economies (NIEs) in the 1980s, and ASEAN and China in the 1990s, a rather similar urban lifestyle has arisen in various areas including daily life, consumption patterns, fashion, education and hobbies. On this point, Takashi Shiraishi notes that “among them, a market is being formed that should be called a ‘common cultural sphere’” (Shiraishi, 2004, pp. 11–30).

It is true that in present-day Asia, Japanese manga comics, anime cartoons and video games, South Korean television dramas which spread in the so-called “Korean wave” and television dramas and movies from China, Hong Kong and Taiwan have all become well loved, and exchanges within the Asian region are becoming more active. Tamotsu Aoki, who has been actively making statements regarding Asian cultural exchanges, notes:

Japanese anime cartoons and manga comics have been welcomed in each country, and the “Korean wave” has fans internationally. The Japanese actor Ken Takakura has participated in films made by the Chinese director Zhang Yimou, and the Chinese actress Zhang Ziyi has appeared in a film by Japanese director Seijun Suzuki. Perhaps this is the first time in the history of the region that such a multi-directional cultural exchange has been seen. (*Asahi Shimbun*, 9 December 2005).

Tōru Kurata considers it important that in Asia, particularly in East Asia, due to geographical propinquity, a similarity in outward appearance of the people and cultural proximity, there are foundations which make it easy to have a sense of affinity (Kurata, 2006, p. 12). On this point, the following remarks by a young man in Hong Kong are interesting, where he states: “I want to wear good clothes, eat good food, and have good things. Japan matches my desires perfectly ... Japanese people have a similar build, and the environment is similar too. I feel like I could reach it if I try. That feeling is so alluring to people in Hong Kong” (Hoshino, 2000, pp. 437–438). Furthermore, with a number of commonalities, such as in the food culture of using chopsticks and eating rice and noodles, as well as in languages, it is not only Japanese people who feel a sense of affinity when visiting East Asia.

Communication using the internet through blogs, email and homepages has become very easy to do, and exchanges across borders are ballooning. Of course, this trend is not limited to the Asian region; however, as a result of the proximity, similarity and affinity mentioned above, Internet exchanges within Asia, particularly between young people, have become a major trend exceeding expectations. It is not exceptional for information from Japanese youths to immediately become topical in South Korea, Taiwan and China. Relationships end up forming online before institutionalization. De facto relationships that are truly different from traditional discussions of identity are being formed.

Based on the creation of a new foundation as mentioned above, when considering a combination of the characteristics noted so far as “that which is Asian” – relativized identity and the multilayered nature of identity – with the idea that “identity is created” emphasized by Benedict Anderson, viewing the possibility of creating a new East Asian identity is certainly not a quixotic discussion

5 Conclusion: A view of Asian integration considered from the GIARI model

5.1 The basic thought process of the GIARI model

How should Asian integration be considered and approached? Our task was to form a set theoretical and realistic response to this question. It is true that there are currently numerous institutional frameworks that seem as though they connect to Asian integration, and these are arising one after another. ASEAN is at a central position among these, and based on it there are the ARF, APT (Japan, China and South Korea), EAS and respective FTAs between ASEAN and China, Japan and South

Korea, and there are also the SCO and the Shangri-La Dialogue for security and APEC – and so there is truly no lack of diversity. However, these are not converging on a collective orientation nor are they moving towards a unified mechanism. Behind this is the variety of realities of Asia, and the diverse ways of thinking about institutions can be seen.

As mentioned earlier, our strategy was first one of upholding the creation of sustainability (a harmonious world) as the goal of regional integration. The concrete meaning of the state of being sustainable and harmonious is unclear. Moreover, those circumstances likely differ by country, and there are many ways of working towards that goal. Consequently, it is fundamentally necessary to search for what state each country considers to be sustainable as a domestic task, and what kinds of efforts will lead towards its manifestation. For example, as touched on earlier, through the rapid progress of economic growth in China, disparities are widening between coastal and inland areas, urban and rural areas and the rich and the poor, and environmental pollution, the destruction of ecosystems and corruption are growing worse. Furthermore, the long-term implementation of the Chinese one-child policy is predicted to lead to an aging society in the not-too-distant future. However, the social welfare system is extremely limited. Even if it involves somewhat reducing the speed of economic growth, China should engage in making a solid social welfare system, restoring natural ecosystems and correcting the inequitable profit-sharing structure. This is what harmony involves.

On the other hand, Cambodia, India, Laos and Viet Nam remain at a low economic level, and promoting a growth strategy is inevitable. Still, social destabilization also spikes at the beginning of sudden change. Perhaps an economic strategy incorporating sustainable intentions should be developed in these countries from the very start. Furthermore, in countries like Japan that have nearly reached their ceiling of GDP growth, it is instead important to put energy into harmony with nature and the revival of social communities while maintaining a real economic standard. To that end, what is important is to cooperate with and support these concrete endeavours as tasks for Asian regional society as a whole. It is urgent to create structures for these purposes. We consciously propose network-building as its organizational theory. If we consider the problems that Asia is facing and those that particularly require cooperation by projects, at the moment the building of three types of network is necessary.

The first to be considered are networks for problem-solving cooperation. The primary examples in Asia today are: (1) mechanisms for collaborating on solving social problems; (2) mechanisms for collaborating on environmental conservation; and (3) mechanisms for collaborating on en-

ergy conservation. These are already being tackled by the World Bank and various UN agencies, and certain mechanisms are in place. However, Asia needs to become more actively involved. In example one, the “Grameen Bank network” – proposed by Nobel Peace Prize laureate Muhammad Yunus to overcome poverty through a spontaneous approach – converted the goal of business from the maximization of profit to the pursuit of social poverty reduction and affluence. With the spread of microfinance and social business this is now becoming a movement that has spread beyond its origins in Bangladesh. Additionally, partnerships and network-building of people in government, experts and people in the private sphere are strongly needed in the fields of large-scale natural disasters, infectious diseases and maintaining the human rights of the socially vulnerable.

In example two, the efforts of Asia, in which there is both remarkable economic growth and rapidly progressing air pollution, are being closely watched. The expansion of forest resources is indispensable for air pollution prevention and water quality protection. In response to these kinds of issue, the role of cooperation between government organizations and experts, as well as that of private groups that are active in environmental conservation, is important. In example three, the strengthening of cooperation of governmental and expert organizations is the core of technological cooperation for energy conservation. But at the same time, low-profile activities and the cooperation of private networks play an important role in education for economical energy use and the spread of alternative energy sources.

The second category of network involves those for producing joint benefit. These are primarily: (1) economic development; (2) growth and the enhancement of the social and natural environment; and (3) mutual benefit in security issues. In network (1), there are many concrete and prominent movements for the building of frameworks for producing joint benefit in an economic sense, and not much explanation is required. To briefly touch on this, they are: (A) the spread of profit-sharing due to the rapid rise of multinational corporations in the Asian region; (B) the arrival at a stage where, although there are disparities in degree of progress, EPAs and FTAs are being currently being established in Asia and in greater Asia; and (C) the creation of a common currency in Asia for producing joint economic benefit is being pursued.

In network (2) the common benefit for Asia has been the achievement of both sustained economic growth and the enhancement of the social and natural environment. To that end, important tasks that have arisen include the development and use of a Clean Development Mechanism (CDM), the joint development of new energy and the building of a common energy storage system. Also, efforts regarding global warming are

currently transcending borders, and this is becoming a project that is being tackled in neighbouring Asian countries, resulting in the creation of joint benefits. In network (3), conventional forms of security such as self defence and alliances are currently central, but what is likely to be called for is the creation of a collaborative security framework that encompasses the Asian region, covering both hard and soft security.

Actors join together and work in concert, and through that an “us mentality” and a feeling of “being in it together” are shared. One direction for Asian regional integration is in working together in this way, resulting in various achievements, amid which cohesive forces become stronger and a harmonious society is realized. While pursuing the regional interest and conceptualizing institutions that encompass Asia as a whole, the institutions necessary to vindicate them are built. Through these institutions, the “us mentality” solidifies further, and a harmonious society is sought.

The third type of network is for producing lifestyle/cultural identity. It is true that with both problem-solving and joint benefit-producing networks, mutual understanding and trust deepen through collaborative work, and relationships grow closer. However, an “us mentality” does not really grow deeper through this kind of collaborative work. Lifestyle and culture are closely connected with communal spirit. It is easy to note that there is a traditional ideology/culture common to Asia, but more than that, although mentioned earlier, what should be emphasized here is that the movement of people, the movement of information and cultural exchanges between the countries of Asia are currently becoming more prevalent than ever before, and the people in each country, particularly the young, are becoming able to understand the situations in other countries and the feelings and mindsets of others. Amid this, shared culture, thought and Asian daily customs are being reconfirmed, and there is a stronger propensity for accepting the culture of another country as a part of one’s own.

To sum up, based on the above: if “networks of mutual aid” are established through processes encompassing the first part, and “networks of shared benefit” through the activities of the second part, while “networks of shared lifestyle and culture” flourish through the attempts and exchanges of the third part, then we will be able to view Asian regional integration within this multilayered combination.

5.2 The basic mindset of the GIARI method

GIARI provides a mindset (model) for conceptualizing Asian regional integration, and simultaneously offers a method for achieving the cultivation of talent required for its realization. In other words, this is the nur-

turing of human resources who will be able to promote Asian integration through solving various problems that are erupting in the Asian region, who can contribute to the manifestation of a regional interest that transcends national interests and who have comprehensive and high-level expertise. Through GIARI, there is the goal of a new composite, unified study that considers multilayered and composite aspects between fields while aiming for a methodological fusion of political science, economics and sociology. A new educational curriculum (the GIARI method) is being conceptualized as the theoretical application of this objective. In other words, this syllabus has been systematized in a 3×3 matrix that includes three fields (P: political integration; E: economic integration; SC: social/cultural integration) and three key concepts (I: identity; S: sustainability; N: networks) promoting the curriculum for cultivating talent. Theoretical research and cultivation of talent that focus on multilayered and composite qualities represents a unique concept, and forms the cornerstone for opening up the future of Asian regional integration.

Examples of specialized courses:

- (1) International relations and security theory in East Asia (P–N)
- (2) Asia-Pacific economic theory (E–S/N)
- (3) Asia and globalization of culture (SC–I)
- (4) Governance in China and Asia (P–N/I)
- (5) Sustainable development and cooperation for international development (E/S–S)
- (6) Educational development and international cooperation in developing countries (SC–S/N)
- (7) East Asian regionalism studies (P/E–I/S)
- (8) Human resources and labour problems (E/SC–S/N)
- (9) Theory of international human rights and human security (P/SC–S)

Looking at the Figure 5.1, the 3×3 matrix of the three key concepts and the three fields forms a cube. The left face is the research surface, reflecting the results of research activities under GIARI. The right face is the surface for the cultivation of talent, allocated to educational curricula in each field that are primarily connected with Asian regional integration. Of course, the shading of each cell indicates how much research relating to Asian regional integration, or to what extent educational activities have been conducted, in the field intersected by each concept. If Asian regional integration studies, towards which GIARI aspires, is achieved, then every cell in the research surface would become dark, but the current situation involves various shadings depending on the field.

By looking at this diagram, students in our care can become clearly aware of research topics and fields that will become necessary in the future. It also provides research guidelines for students aspiring to become researchers, analysts and policymakers. For example, for a student seeking

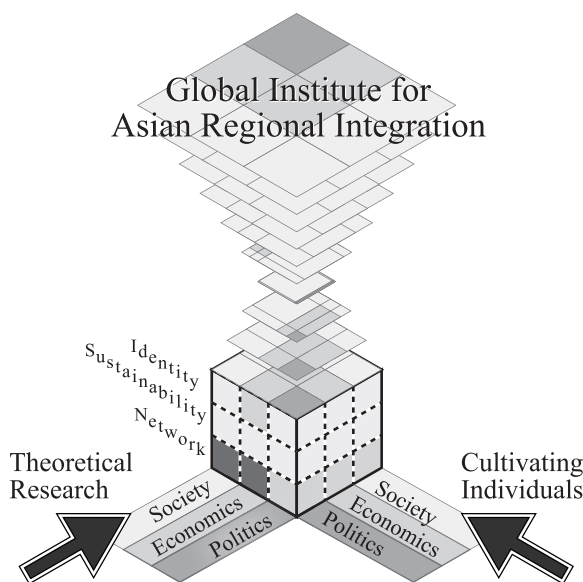


Figure 5.1 The GIARI method

to study “economics and sustainability”, it would be meaningful to take classes in “sustainable development and cooperation for international development” and “Asia-Pacific economic theory”, and by acquiring that knowledge it would be possible for the student to efficiently conduct research in a desired direction.

Also, students would be able to approach problems in a multidisciplinary manner. A student who wishes to study issues of the sort that straddle the fields of politics and society, such as human rights problems and human security, could create their own independent topics through enrolling in “theory of international human rights and human security” and “international relations and security theory in East Asia”, which are approaches through the topics of networks or identity. In this way, the research results of the head of GIARI’s activities correspond to the cell of the same category on the talent surface (the “ $E \times I$ ” on the research surface corresponds to “ $E \times I$ ” on the surface of cultivation of talent). By being aware of the linkages between research and courses, it is possible to systematize structures that allow research results to be dynamically reflected in lectures.

Of course, this kind of educational curriculum, aimed at regional integration, is still at an experimental stage and in the future something more

refined and systematized must be sought. However, the reader can understand the GIARI method as a basic framework. While properly corroborating new trends in Asia, these are organized in the direction of regional integration. This is the most important task for opening up the way for the next generation.

Notes

1. For a discussion of spontaneous order, see Amako (2011).
2. “GIARI” stands for the Global Centre of Excellence (COE) programme “Global Institute for Asian Regional Integration”. This book is one of the results of the programme. See preface.
3. The author’s idea of an “analytic approach of fundamental static–dynamic structures” was inspired by his own experience living in China in the latter half of the 1980s, and also by Shimizu (1939), which can be called a classic of pre-WWII Japanese sinology, and Muramatsu (1949). The phrase “static–dynamic structure” refers to Muramatsu’s work, which says: “The extremely stagnant static economy of China and the remarkably changing dynamic government and society are depicted as a single whole.” The phrase is written by taking the Japanese word for “system” or “structure”, and replacing the Japanese character meaning “body” with a homophone meaning “condition” or “state”. In this chapter, “static–dynamic structure” is used to mean “the organic and comprehensive analytic structure of that which is static and dynamic”.
4. The author has in the past proposed a theory of fundamental structures as a major approach for understanding political dynamics in modern China: see Amako (1992), Introduction and Chapter 1. As an academic term that is very similar to “fundamental structure”, there is the concept of “fundamental culture”. This is a term used in studying folklore, and was particularly emphasized by Hans Naumann at the beginning of the twentieth century. This attempted to interpret the culture of one national group as a two-layered structure of “fundamental culture” and “high culture”. In contrast to high culture, which was the product of the high-level creation of value, fundamental culture was sustained by so-called pre-rational thought, and is its embodiment. It is a simple everyday, collective, typological culture, and is considered to be rich with tradition (Naumann, 1981). The author’s “fundamental structure” can be considered to be a bundle/combination of a number of important change-resistant characteristics formed through the interaction not only of culture but of many factors, including natural geography, population ecology, history and traditional thought over many generations or an even longer period of time. Therefore, although there is the commonality of using the two-layered approaches of a “high-level layer” and a “fundamental layer”, there are large differences in the contents and aims of the analytic approaches.
5. For example, see Wittfogel (1991).
6. Regarding Hinduism, see Biardeau (2010).
7. Samsara is defined as “the beginningless cycle of birth, DEATH, and REBIRTH and a process characterized by mental and physical DUḤKHA (SUFFERING)” (Cuevas, 2004, pp. 738–739).
8. Ministry of Agriculture, Forestry and Fisheries, Policy Research Institute, Research Program *Tōnan Ajianiokeru Sonraku Soshiki to Kinyū Soshiki* (2001–2003 Report).
9. In this sense, Nakamura (2008) is truly the result of scholars who study Europe, and it has an “otherness” compared to ideas that are Asian from the ground up.

10. The expansion on an “economy of modest wants” below relies on Noda (2009).
11. For example, see Fukuoka (2008) and Sawa (2009).
12. Funatsu (2008); Nagai and Funatsu (2010).

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Part II

Issues in Asian regional integration

6

Globalization and regional economic integration in East Asia

Shujiro Urata

1 Introduction

In the recent global economy, globalization and regionalization (regional integration) are proceeding simultaneously. People, goods and capital crossing borders are actively moving on a global scale, and economic globalization is advancing rapidly. Economic globalization has not only increased the efficiency of resource allocation but by promoting technological progress has greatly contributed to the growth of the global economy. In fact, the global economy has seen marked growth since the latter half of the 1980s, which was a time when globalization progressed swiftly. The developing nations of East Asia, such as China and the countries of the Association of Southeast Asian Nations (ASEAN), achieved high levels of growth by taking advantage of the business opportunities provided by globalization.¹

In the global economy, the rapid advancement of globalization has resulted in closer economic relationships between the countries of the world, while regional economic integration made progress through closer economic ties in particular regions. Oft-cited examples of regions in which regional integration has progressed include Europe, North America and East Asia. Broadly speaking, there are two factors that promote regional integration. One is the expansion and increased activity of economic enterprises. When an economy opens up as a result of the liberalization of trade and investment policy in a particular region or country, business opportunities increase, and in an attempt to seize those opportunities

Regional integration in East Asia: Theoretical and historical perspectives, Amako, Matsuoka and Horiuchi (eds), United Nations University Press, 2013, ISBN 978-92-808-1222-0

people, goods and capital become concentrated in the region (market-driven regional integration). The benefits generated by the concentration of economic activities are called “economies of agglomeration”. Specific examples include the smooth execution of economic activities such as production and distribution resulting from companies that do business with each other being located near one another. In particular, in industries that use many components, such as machine industries, the nearby positioning of parts suppliers is an important element for achieving efficient production.

The other factor that promotes regional integration is the establishment of institutions that give preferential treatment to countries within the region with regard to trade, such as free trade agreements (FTAs).² The establishment of regional institutions leads to economic activity being concentrated in a region, resulting in regional integration being promoted (institution-driven regional integration). The regional integration of the European Union (EU) has strong institution-driven characteristics. The movement of institutional regional integration in Europe began soon after World War II. The six countries of France, Italy, West Germany and the three Benelux countries (Belgium, Luxembourg and the Netherlands) acceded to the European Coal and Steel Community (ECSC) in 1952, followed by the inception of the European Atomic Energy Community (Euratom) and the European Economic Community (EEC) in 1958. The EEC was a customs union, and primarily contained provisions for the elimination of intra-regional tariffs on manufactured goods, the establishment of common extra-regional tariffs and the implementation of a common agricultural policy. The EEC was founded from the start as a customs union and was launched as a framework involving a higher degree of integration than FTAs only concerned with the elimination of intra-regional tariffs that are currently being formed in East Asia and in other regions. In 1967, the EEC merged with the ECSC and Euratom to form the European Community (EC); and in 1993, a single market was formed that allowed the free movement of labour and capital. Thereafter, the expansion of member countries and the introduction of a common currency in a subset of the countries took place, deepening the substance of integration.

In North America, regional integration has gradually gone from being market-driven to being increasingly institution-driven. Based on the groundwork laid by the Canada–United States FTA that came into effect in 1991, with the addition of Mexico in 1994, the North American FTA (NAFTA) was launched. Prior to 1991, there was an institution for free trade in the Canada–United States Automotive Products Agreement; however this was the exception, and regional integration proceeded in a market-driven manner. In the 1990s, NAFTA came into being; there-

after, in 1994, the concept of a Free Trade Area of the Americas (FTAA) that would encompass North and South America arose. This concept involved a free trade region having 34 countries in the Americas (the countries of North and South America excluding Cuba) as members. Negotiations commenced but have been broken off since 2003 due to differences in opinion between the central players, the United States and Brazil.

There will be a detailed discussion of regional integration in East Asia in the next section; however, in broad terms it was market-driven in the twentieth century and institution-driven elements have been appearing in the twenty-first century. This is because until entering the twenty-first century, the ASEAN Free Trade Area (AFTA), which was founded in 1992 comprising the ASEAN countries, was the only major regional trade institution in the region.

This chapter analyses the actual state and background of globalization and regionalization (regional integration) in East Asia based on the perspective presented above. The analysis focuses in particular on the reciprocal relationship between globalization and regional integration. Section 2 below contains an overview of globalization and section 3 clarifies the characteristics of the economies of the East Asian countries. Sections 4 and 5 consider the factors that lie in the background to, and in the development of, market-driven regionalization and institution-driven regionalization, respectively, in East Asian regional integration. Finally, section 6 discusses the future prospects and issues of globalization and regionalization centred on East Asia.

2 The progress of globalization

Globalization is the phenomenon of economies unifying on a global level, but its progress can specifically be understood as the active movement across borders of the elements of economic activity, such as people, goods and capital. The progress of globalization can be considered in terms of prices and volumes. Since differences in prices between countries should decrease if people, goods and capital come to actively cross borders, the progress of globalization can be comprehended through an international comparison of the prices of people, goods and capital. However, it is not easy to accurately grasp the differences between countries regarding these elements. On the other hand, the governments of many countries produce statistics on the volume of international movement of people, goods and capital, and so it is easier to understand the progress of globalization in terms of volumes. Therefore, this section discusses the progress of globalization in recent years from such a perspective.

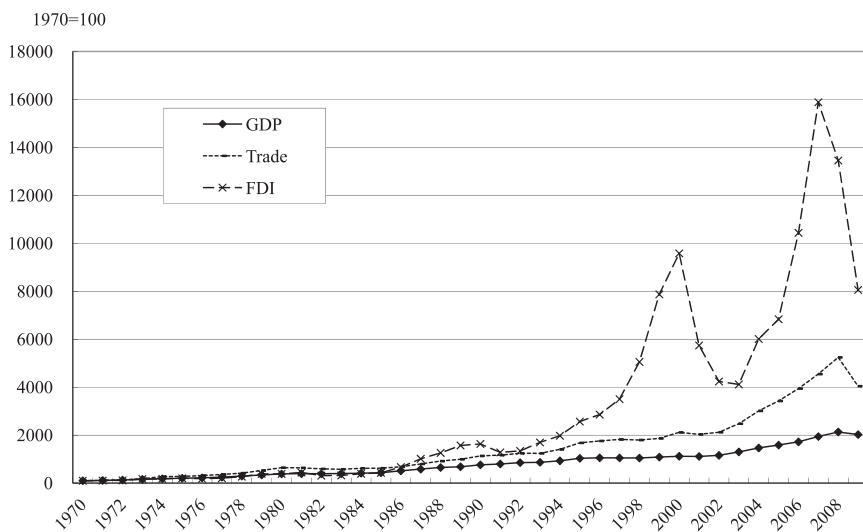


Figure 6.1 Progress of globalization: Global GDP, trade and foreign direct investment

Sources: World Bank, *World Development Indicators*, available at <http://databank.worldbank.org/ddp/home.do> (accessed 7 July 2011); UNCTAD, *UNCTADstat*, available at <http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx> (accessed 7 July 2011).

Figure 6.1 depicts figures for global GDP, trade and direct investment measured in current US dollars indexed to 100 in 1970.³ Here, trade reflects the international movement of goods while, contrastingly, direct investment reflects the international movement of capital. According to these figures, global GDP increased by roughly 20 times in the 39 years from 1970 to 2009, but trade and direct investment grew by 40 times and 80 times respectively. This observation that international economic activity (trade and direct investment) expanded more rapidly than GDP indicates the progress of globalization. However, regarding international economic activity, it should be noted that while trade grew consistently, direct investment was characterized by wide fluctuations.

The rapid expansion of trade and direct investment compared to GDP in the global economy can also be noted in Figure 6.2 where the trade to GDP and direct investment to GDP ratios are shown. The trade to GDP ratio was around 10 per cent at the beginning of the 1970s, but after a big jump in the mid-1970s hovered around 15 per cent until the early 1990s. In the 1990s, it began to rise and thereafter maintained an upward trend, nearly reaching 26 per cent in 2008. Afterwards, due to the effects of the global financial crisis, the ratio sank to 22 per cent in 2009. Incidentally, a

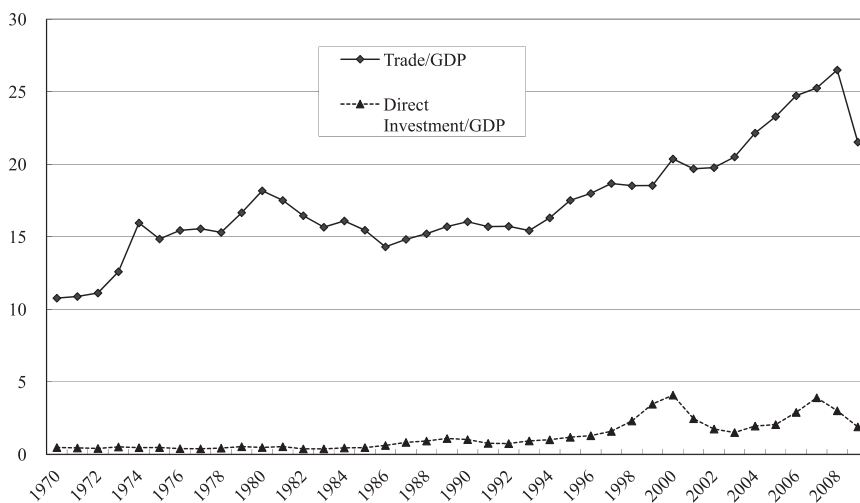


Figure 6.2 Changes in importance of trade and direct investment in the world economy (%)

Sources: World Bank, *World Development Indicators*, available at <http://databank.worldbank.org/ddp/home.do> (accessed 7 July 2011); UNCTAD, *UNCTADstat*, available at <http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx> (accessed 7 July 2011).

rise in oil prices was a major part of the marked rise in this ratio in the early 1970s and around 1980.

The direct investment to GDP ratio began to rise significantly starting in the latter half of the 1980s. This ratio remained below 0.5 per cent until the latter half of the 1980s, but from that point began to rise and even reached 4 per cent in 2000. It sank thereafter, but began to rise again in 2004, peaking in 2007. Since then the ratio has fallen.

As mentioned above, direct investment fluctuated more greatly than trade did. Amid the international economic activities of recent years, the great expansion in direct investment is garnering attention, but when looking at the flow from year to year it can be understood to be at quite a low level compared with international trade. Nevertheless, since it is common for foreign subsidiaries of multinational corporations founded through direct investment to be involved in trade, a close relationship is recognized between direct investment and trade. The importance of direct investment in international economic activities can be thought of as being greater than that indicated by the ratio of direct investment to GDP.

Regarding the globalization of capital, although changes in direct investment were noted above, capital (funding) takes a variety of forms not

limited to direct investment, such as investment in securities and bank financing. Nevertheless, compared to direct investment there are many uncompiled portions in the statistics on other forms of funding, and in general the state of global funding is understood through estimates. For example, according to Crafts (2000), the stock of total foreign assets relative to global GDP was 6.4 per cent in 1960 but has expanded greatly since 1980 to 17.7 per cent in 1980 and 56.8 per cent in 1995. Just as with the observations regarding direct investment mentioned above, these figures indicate that globalization in the financial sector has made rapid progress in recent years.

Although there is a dearth of reliable information regarding the movement of people, according to the World Bank, the figure for global migrants was 70 million in 1960, had more than doubled 30 years later in 1990 to 155 million and reached 2,135.5 million by 2010.⁴ The ratio of immigrants to the world population was 2.64 per cent in 1960 but had risen to 2.95 per cent in 1990 and 3.13 per cent in 2010. Immigration represents the long-term movement of populations, but the movement of people in globalization can often be thought to refer to more short-term movements of people. When comprehending globalization by keeping an eye on these kinds of movements of people, it is desirable to investigate the trends for short- and mid-to-long-term movements across borders of business people. However, because it is difficult to obtain this kind of data, the globalization of people is considered through the movement across borders of tourists. According to the World Bank, the number of incoming tourists in the world was 540 million in 1995 but jumped to 690 million in 2000 and 890 million in 2009.⁵ These observations indicate that the globalization of people is progressing.

Among the factors that are propelling globalization, institutional liberalization and technological progress that decreases transaction costs are particularly important. Institutional factors that facilitate trade include decreases in tariff and non-tariff barriers. In 1948, the General Agreement on Tariffs and Trade (GATT) was founded, and thereafter multilateral trade negotiations were promoted under GATT. In 1995, GATT developed into its successor, the World Trade Organization (WTO), but even by that point, eight rounds of multilateral trade negotiations had taken place and the average tariff rate of developed countries had been greatly reduced (Figure 6.3). Non-tariff barriers such as import quotas and voluntary export restraints also greatly decreased from the 1960s through the 1990s, but in the twenty-first century, the misuse of non-tariff measures recognized by the WTO, such as antidumping duties and safeguards, is becoming prominent.⁶ Meanwhile, the developing countries had not been furthering trade liberalization at GATT multilateral trade negotiations but when faced with the financial crisis began unilater-

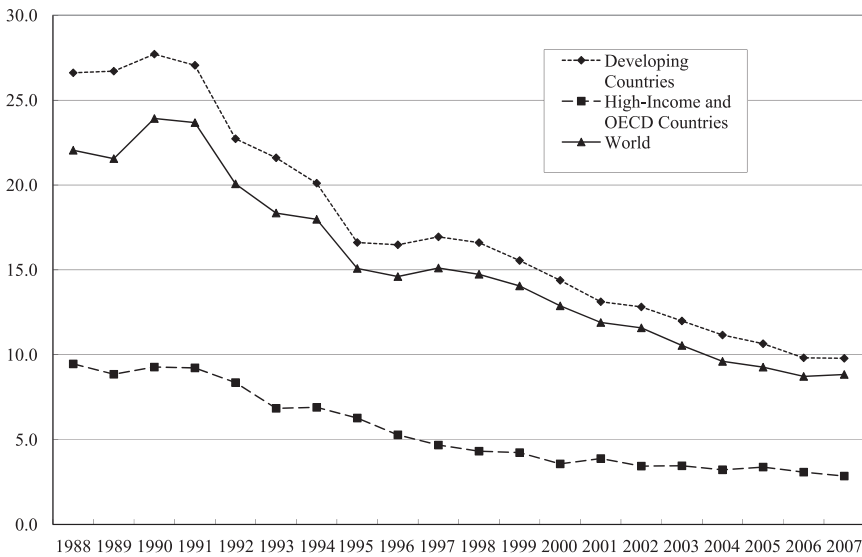


Figure 6.3 Average world tariff rates (%)

Source: World Bank, *World Bank database* on tariff rates.

ally to promote trade liberalization as a result of conditions on borrowing funds from the World Bank and the International Monetary Fund (IMF). The rapid progress in trade liberalization among developing countries since the 1980s is depicted in Figure 6.3. In particular, the pace of liberalization is striking among the developing countries of Asia, including China and India, aside from the Newly Industrialized Economies (NIEs).⁷

A decrease in transportation and communication costs, resulting from technological progress and regulatory reforms, has also contributed to the expansion in trade and movement of people. In 1990, US dollars, air transportation revenue per passenger mile was 30 cents in 1950; a figure which decreased to 11 cents by 1990.⁸ The decrease in communication costs was even more pronounced. In 2000 US dollars, the cost of a three-minute telephone call from New York to London was \$60.42 in 1960 but had decreased to \$6.32 in 1980 and \$0.40 in 2000.⁹ Also, it goes without saying that communication costs have plummeted through the spread of the Internet.

Liberalization and deregulation in the financial sector and the decrease in communication costs greatly contributed to the movement of capital across borders. Liberalization and deregulation of the financial sector rapidly progressed in advanced countries but not to the same extent in developing countries.¹⁰

3 The East Asian economy and globalization

When analysing regional economic integration in East Asia, it is beneficial to have an understanding of the economic characteristics of the countries of East Asia. In this section, the economic characteristics of the East Asian countries are clarified and the position of these countries in the world economy is discussed.

3.1 *Highly diverse East Asian economies*

Diversity is one characteristic of the economies of East Asian countries. Table 6.1 presents the basic economic indicators of population, GDP, per capita GDP and economic growth rate. These figures indicate that countries of differing temperament are present in East Asia. In terms of population, China is the largest with 1.3 billion people while Brunei is the smallest with 400,000. In fact, China has the largest population in the world, having 3,300 times more people than Brunei does. Aside from China, two other countries in the region with over 100 million people are

Table 6.1 Basic economic indicators of East Asian countries (2009)

	Population (millions)	GDP (billions of dollars)	GDP per capita (dollars)	GDP growth rate (%: 1990–2009)
Japan	127.6	5,069.0	39,738.1	0.85
China	1,331.5	4,985.5	3,744.4	10.45
South Korea	48.7	832.5	17,078.2	5.04
Brunei	0.4	na	na	2.22
Cambodia	14.8	10.4	705.7	7.58
Indonesia	230.0	540.3	2,349.4	4.64
Laos	6.3	5.9	939.7	6.46
Malaysia	27.5	193.1	7,029.8	5.77
Myanmar	50.0	na	na	na
The Philippines	92.0	161.2	1,752.5	3.68
Singapore	5.0	182.2	36,537.0	6.33
Thailand	67.8	263.8	3,892.5	4.22
Viet Nam	87.3	97.2	1,113.4	7.45
ASEAN	581.0	1,454.1	2,502.8	4.94
East Asia	2,088.8	12,341.1	5,908.3	3.15
World	6,775.2	58,259.8	8,598.9	2.63

Note: For GDP growth, Brunei's data is for 1990–2007 and Cambodia's data is for 1993–2009.

Source: Calculated from World Bank, *World Development Indicators*, available at <http://databank.worldbank.org/ddp/home.do> (accessed 7 July 2011).

Indonesia (230 million) and Japan (130 million), while other countries with fewer than 10 million people aside from Brunei are Laos (6 million) and Singapore (5 million). As these figures indicate, there are large variations in population among East Asian countries.

In terms of GDP, which indicates the scale of economic activity within a country, there are also wide disparities. Table 6.1 indicates the numbers from 2009 and, according to these, Japan has the largest economy in the region. The second-largest economy is that of China, with a GDP that is just slightly below that of Japan.¹¹ In the world, Japan and China have the second and third largest economies after the United States. The smallest economy is that of Laos with 1/850th the GDP of Japan. After Japan and China, the next largest economy is that of South Korea, followed by Indonesia and Thailand. These observations indicate that Japan, China and South Korea together account for an overwhelmingly dominant portion of East Asia from an economic perspective compared with ASEAN countries. Specifically, the total GDP of Japan, China and Korea is eight times the total GDP of ASEAN. Incidentally, the population of Japan, China and Korea is just shy of three times that of ASEAN.

In terms of per-capita GDP as well, there are large differences among the countries of East Asia. Japan and Singapore both have per-capita GDPs that exceed US\$35,000, while those of Cambodia and Laos do not even reach US\$1,000. There is a 56-fold difference between the largest per-capita GDP, which is in Japan, and the smallest, which is in Cambodia. It is common for per-capita GDP to be used as an indicator for levels of economic development, and East Asia has high-income and low-income countries. Since the presence of disparities in development can give rise to economic and social friction, erasing such disparities is important for achieving stable economic growth in the East Asian region. On the other hand, there are also “merits” to the presence of countries at different stages of development. As discussed later in section 4.1, there is a regional production network for manufacturing products in East Asia, where various components are produced in a number of countries which are then brought together in one country to be assembled, and this network is the driving force behind high levels of growth. This regional production network takes advantage of such things as differences in wages and quality of labour between the countries of East Asia.

In contrast to Japan’s extremely low economic growth rate, China is leaving a stunning record. The other countries show figures that are between those of Japan and China. Since Japan has already achieved a high-order developmental stage, it is not easy to achieve a high rate of growth. However, a large reason for the low growth since the 1990s was the inappropriate policy response to the collapse of the Japanese bubble

economy in the early 1990s. On the other hand, the long-term maintenance of China's policy of economic reform of the late 1970s has led to a high level of growth. ASEAN countries have also demonstrated higher figures than the global and East Asian averages, from which it can be understood that they are achieving steady growth. In particular, Cambodia and Viet Nam have maintained a high level of growth.

3.2 Globalization and the East Asian economy

In section 3.2, the progress of globalization along with the growth of the world economy in recent years was confirmed through discussing trends in GDP, trade and direct investment. In this section, the position of East Asia in a globalizing world economy is observed. Figure 6.4 shows East Asia's share of world GDP, imports/exports and outward/inward direct investment. East Asia's share of world GDP rose rapidly from 15 per cent to 25 per cent from 1980 through 1995. It decreased thereafter and has been continuing at around 20 per cent. This rise and fall was greatly affected by changes in Japan's GDP and the foreign exchange value of the US dollar. Through the experience of the bubble economy and a skyrocketing yen, Japan's GDP calculated in US dollars ballooned. This led to the jump in East Asia's share of world GDP from 1980 to 1995. After the yen peaked against the dollar in 1995, its value dropped and also as a

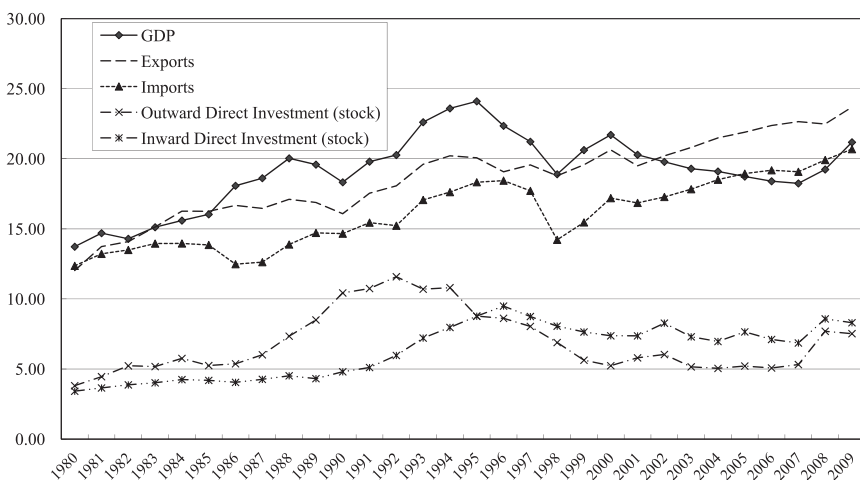


Figure 6.4 Position of East Asia in the world economy (%)

Sources: World Bank, *World Development Indicators*, available at <http://databank.worldbank.org/ddp/home.do> (accessed 7 July 2011); UNCTAD, *UNCTADstat*, available at <http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx> (accessed 7 July 2011).

result of a stagnating economy, Japan's share of world GDP dropped significantly. The drop in East Asia's share resulting from Japan's faltering GDP was halted by the high level of growth of China's GDP and the gradual rise in value of the Chinese yuan against the dollar.

In terms of trade, East Asia's world share is generally rising despite yearly fluctuations. In particular, a nearly consistent upward trend can be seen in exports. When eliminating the period of decrease resulting from the Asian currency crisis in the late 1990s, imports have moved upwards. Comparing East Asia's share of global GDP, exports and imports, the share of GDP was greater than that of exports and imports until the early 2000s, but the share of exports surpassed that of GDP in 2003, and the share of imports did the same in 2006. This indicates that trade makes up a greater portion of the economies of the countries of East Asia compared with those of other countries of the world, suggesting that economic growth in the countries of East Asia has been driven by trade (particularly exports).

East Asia's share of direct investment in the world is less than its share of GDP or trade. Also, in terms of trends, despite rising in the first half of the 1990s, it has decreased since the latter half of the 1990s, and the share has not changed since entering the twenty-first century. Although East Asia's share of direct investment in the world is small, keeping in mind that direct investment in East Asia is strongly trade-oriented, the backdrop of East Asia's high share of world trade suggests that investment is making a contribution.

Let us take a closer look at East Asian trade and direct investment (Table 6.2). First, it can be seen that East Asia's trade and direct investment expanded greatly between 1990 and 2009. Exports and imports respectively grew 5.3 times and 5.0 times, and outward and inward direct investment respectively expanded by 6.6 times and 14.7 times.¹² The growth in exports/imports and inward direct investment was greater than the world average but that of outward direct investment was less. Next, trends in trade and direct investment in individual countries will be discussed. Although there is variation among the countries of East Asia in trend lines for both trade and direct investment, let us examine trade. The growth in China's trade is remarkably high, while the growth in Japan's trade is extremely low. Between 1990 and 2009, China's exports and imports grew by 19.4 and 18.9 times respectively, while those of Japan merely grew by 2.0 and 2.3 times. In 1990, in terms of both exports and imports, Japan was the overwhelmingly dominant country in East Asia; however, the situation changed over a span of 19 years. In 2009, China became the largest country in terms of both exports and imports, and China's exports and imports achieved a level 2.1 and 1.8 times respectively greater than those of Japan.

Table 6.2 Trade and foreign direct investment of East Asian countries

	Exports (billions of dollars)			Imports (billions of dollars)			Outward direct investment (stock) (billions of dollars)			Inward direct investment (stock) (billions of dollars)		
	1990	2009	2009/1990	1990	2009	2009/1990	1990	2009	2009/1990	1990	2009	2009/1990
Japan	287.6	580.7	2.0	235.4	552	2.3	201.4	740.9	3.7	9.9	200.1	20.3
China	62.1	1,201.50	19.4	53.3	1,005.70	18.9	4.5	229.6	51.5	20.7	473.1	22.9
South Korea	65.0	363.5	5.6	69.8	323.1	4.6	2.3	115.6	50.2	5.2	110.8	21.4
Brunei	2.2	6.9	3.1	1.0	2.5	2.5	0.0	0.7		0.0	10.7	322.2
Cambodia	0.1	4.2	48.8	0.2	6.2	37.8	0.0	0.3		0.0	5.2	136.9
Indonesia	25.7	119.5	4.7	21.8	91.7	4.2	0.1	30.2	351.0	8.7	72.8	8.3
Laos	0.1	0.9	11.9	0.2	1.3	6.8	0.0	0.0		0.0	1.6	124.6
Malaysia	29.5	157.4	5.3	29.3	123.8	4.2	0.8	75.6	100.4	10.3	74.6	7.2
Myanmar	0.3	6.7	20.6	0.3	4.3	16	0.0	0.0		0.3	5.9	20.9
The Philippines	8.1	38.4	4.7	13.0	45.9	3.5	0.4	6.1	15.0	4.5	23.6	5.2
Singapore	52.7	269.8	5.1	60.8	245.8	4.0	7.8	213.1	27.3	30.5	343.6	11.3
Thailand	23.1	152.5	6.6	33.0	133.8	4.0	0.4	16.3	39.0	8.2	99.0	12.0
Viet Nam	2.4	57.1	23.8	2.8	69.9	25.4	0.0	0.0		1.6	52.8	32.0
ASEAN	144.1	813.5	5.6	162.3	725.3	4.5	9.5	342.4	36.1	64.3	689.7	10.7
East Asia	558.8	2,959.30	5.3	520.9	2,606.0	5.0	217.7	1,428.5	6.6	100.0	1,473.7	14.7
World	3,475.0	12,492.2	3.6	3,552.7	12,595.5	3.5	2,086.8	18,982.1	9.1	2,081.8	17,743.4	8.5

	Exports to GDP ratio (%)		Imports to GDP ratio (%)		Outward direct investment (stock) to GDP ratio (%)		Inward direct investment (stock) to GDP ratio (%)	
	1990	2009	1990	2009	1990	2009	1990	2009
Japan	9.4	11.5	7.7	10.9	6.6	14.6	0.3	3.9
China	17.4	24.1	14.9	20.2	1.2	4.6	5.8	9.5
South Korea	24.6	43.7	26.5	38.8	0.9	13.9	2.0	13.3
Brunei	62.9	na	28.4	na	0.0	na	0.9	na
Cambodia	na	40.2	na	59.3	na	2.9	na	49.5
Indonesia	22.4	22.1	19.1	17.0	0.1	5.6	7.6	13.5
Laos	9.1	15.8	21.4	21.2	0.0	0.3	1.4	26.3
Malaysia	66.9	81.5	66.5	64.1	1.7	39.2	23.4	38.7
Myanmar	na	na	na	na	na	na	na	na
The Philippines	18.3	23.8	29.4	28.5	0.9	3.8	10.2	14.6
Singapore	143.1	148.1	165.0	134.9	21.2	116.9	82.7	188.6
Thailand	27.0	57.8	38.7	50.7	0.5	6.2	9.7	37.5
Viet Nam	37.1	58.8	42.5	72.0	0.0	0.0	25.5	54.4
ASEAN	42.9	55.9	48.3	49.9	2.8	23.5	19.1	47.4
East Asia	13.9	24.0	13.0	21.1	5.4	11.6	2.5	11.9
World	15.9	21.4	16.2	21.6	9.5	32.6	9.5	30.5

Source: Calculated from World Bank, *World Development Indicators*, available at <http://databank.worldbank.org/ddp/home.do> (accessed 7 July 2011).

Although small on an absolute scale, the exports and imports of Cambodia and Viet Nam have skyrocketed even more than those of China. Myanmar is also greatly expanding in exports and imports. Aside from China and Japan, the countries in East Asia with at least \$100 billion in exports and imports in 2009 were Malaysia, Singapore, South Korea and Thailand. The large value of Singapore's trade is due to its role as an intermediate base and port.

The above discussion was a look at trend lines for trade of East Asian countries and in many of them exports grew more than imports. As a result, there are many countries in recent years that export more than they import. In these countries, a greater connection with the world through trade has led to an increase in foreign-exchange earnings. The acquisition of foreign exchange contributes to economic growth by enabling the import of machinery, raw materials and technology that play an important role in economic expansion. The developing countries of East Asia have, excepting the period of the Asian currency crisis, been achieving a high level of growth; and one important factor that enabled this growth has been the astonishing expansion in exports. On the other hand, much of the expansion of East Asian exports is due to the globalization of the world economy.

It is possible to analyse the change in importance of trade in economic activity through the relationship between trade and GDP (Table 6.2). It can be seen that the importance of trade relative to GDP increased in East Asia as a whole. From 1990 to 2009, the share of exports and imports in the GDP of East Asia expanded from 13.9 per cent and 13.0 per cent to 24.0 per cent and 21.1 per cent, respectively. Although the share of GDP in terms of exports grew in every East Asian country aside from Indonesia, the share of imports decreased in more than a few countries. The large drop in import demand from a stagnating economy resulting from the global financial crisis that arose in 2008 can be cited as a reason for this. Looking at 2009, the share of both exports and imports in Japan's GDP was low. Meanwhile, as a result of being an intermediate base and port, Singapore's exports and imports both exceed 100 per cent of GDP. Various reasons for the Japanese economy's low reliance on trade (trade's share of GDP) include: a self-sufficient production/consumption pattern having been established due to the large size of the domestic market; the fact that Japan's neighbours do not produce products that match the tastes of Japanese people due to having a lower level of income than that of Japan; and the fact that Japan's market is not open as a result of tariff and non-tariff barriers.

Regarding direct investment in East Asia, although inward direct investment expanded rapidly in the region from 1990 to 2009 compared with global inward direct investment, outward direct investment did not expand in the way that global outward direct investment did. Inward

direct investment was at a low level in 1990 and from then until 2009 it grew by at least one hundred times in Brunei, Cambodia and Laos. It also grew by around 20 times from 1990 to 2009 in Japan, China and South Korea. The numbers from 2009 indicate a large value of inward direct investment in China, Japan and Singapore. Outward direct investment increased by a high value of at least one hundred times in Indonesia and Singapore. China and South Korea's numbers were also high at a 50-fold increase. Although reasons for these high levels of outward direct investment growth do include the low levels in 1990, nevertheless the increase in investment is surprising. The countries with large outward direct investment in 2009 were China, Japan, Singapore and South Korea. A prerequisite for outward direct investment is having funds, management knowhow and technology, and so it is difficult for the newer members of ASEAN to engage in.

Comparing direct investment to GDP, outward and inward direct investment both expanded from 1990 to 2009 in East Asia. Looking at the numbers from 2009, there are many countries in ASEAN that show high figures. Singapore and Malaysia show high figures for outward direct investment, and Singapore, Viet Nam, Cambodia, Malaysia, Thailand and Laos show high figures for inward direct investment. It is notable that the ratio of inward direct investment to GDP in Japan compared with that of other countries is quite low. It can be thought that with a low level of growth the Japanese market lacks appeal, and in certain fields strict regulations are suppressing inward direct investment.

4 Market-driven regional integration

Above, the globalization of East Asian countries and the world economy was discussed with a focus on trade and direct investment. In this section, the actual state of regional economic integration in East Asia is analysed with a focus on trade. Direct investment is not discussed in detail due to limitations of space, but it should be noted that the important actors of trade in East Asia are the multinational corporations that are headquartered in Japan, South Korea and Western countries. The relationship between direct investment and trade is extremely close as trade through subsidiaries operating in East Asian countries and founded by multinational corporations through direct investment is active.

4.1 Changing trade patterns of East Asia: The emergence of a regional production network

A number of characteristic patterns can be observed in East Asian trade. One is a rise in intra-regional dependence, which can be interpreted as

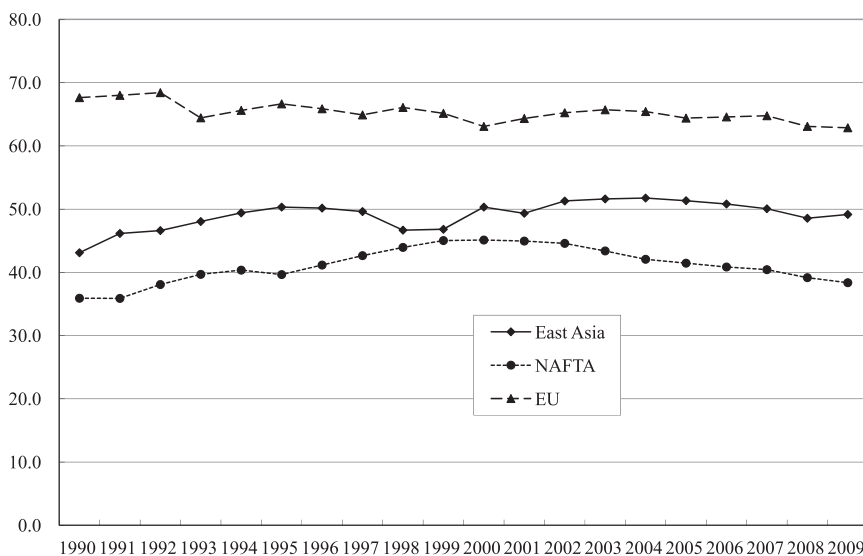


Figure 6.5 Intra-regional dependence on trade (%)

Source: Research Institute of Economy, Trade and Industry (RIETI), *RIETI-TID Database*, available at <http://www.rieti.go.jp/jp/projects/rieti-tid/index.html> (accessed 10 July 2011).

regionalization. Figure 6.5 indicates the intra-regional dependence in trade of East Asia, the EU and North America.¹³ Here, intra-regional dependence is the fraction of a region's trade with the world that is within the region. The intra-regional dependence in East Asian trade was 43.1 per cent in 1990 but surpassed 50 per cent in 1995. It decreased due to the effects of the Asian currency crisis in the late 1990s, but it rose again and has been around the 50 per cent level since entering the 2000s. Intra-regional dependence in the EU was around 65 per cent in the period from 1990 to 2009, higher than that of East Asia. Meanwhile, intra-regional dependence in NAFTA jumped from 36 per cent to 45 per cent from 1990 to 2000 but fell thereafter and was 38 per cent in 2009. The primary reason for the decrease in intra-regional dependence in NAFTA was the expansion of trade with East Asia.

Dividing intra-regional dependence on trade into exports and imports yields an interesting pattern. According to the 2009 statistics, the intra-regional dependence in exports and imports in East Asia was 46.8 per cent and 51.7 per cent, respectively. Thus, imports can be understood to have a higher intra-regional dependence than exports. As examined in more detail later, these numbers indicate that in East Asia finished products are assembled from components provisioned from within the East Asian region, and assembled products are exported to countries in other

regions such as NAFTA and the EU. In contrast to East Asia, intra-regional dependence in NAFTA and EU is higher in exports than in imports.¹⁴ In other words, in both these regions, components are imported from outside the region, assembled into finished products within the region and the assembled products are exported inter-regionally.

The second characteristic is that the import/export component ratio changed greatly from 1990 to 2009 (Table 6.3). The most striking change was that the share of electrical machinery in both exports and imports rose greatly. In 2009, electrical machinery had the greatest share of total exports and total imports, at 22.9 per cent and 19.3 per cent, respectively. The large fraction of East Asian trade that is in electrical machinery is understandable from the fact that the share of electrical machinery in world trade is 11.3 per cent, which is markedly less than the share in East Asia. In contrast to the rising share of electrical machinery, the share in textiles fell greatly for both exports and imports. In general, it is thought that comparative advantage for a product for which the export share increases was strengthened, and if that is the case it is expected that its share of imports would decrease. However, as mentioned above, there are cases where the share of exports and imports both change in the same direction for a given product. This indicates that trade is active in the same industry (intra-industry trade), and in the cases of electrical machinery and textiles signifies that there is trade in components and raw materials as well as in finished products within the same industry.

Table 6.3 indicates the product composition not only of trade with the world but also of East Asian intra-regional trade. Here as well, it can be noted that the share of electrical machinery expanded greatly from 1990 to 2009. The share of 29.0 per cent for electrical machinery in 2009 was quite a bit higher than the share in exports/imports with the world. These observations suggest that intra-industry trade of electrical machinery within the East Asian region is active.

Table 6.3 also contains intra-regional trade ratios by product. According to this table, electrical machinery has a high intra-regional ratio of 77.7 per cent for imports versus a lower value of 59.2 per cent for exports. A similar pattern is seen with textiles, household electrical appliances and toys/sundries. It is indicated that for these products components and raw materials are supplied intra-regionally and assembled into finished products, and much of the assembled product is exported outside the region. By contrast, products with a low intra-regional dependence for imports include food products, paper pulp, oil/coal products, ceramic/stone products, steel, non-ferrous metal products and other products that use natural resources. The backdrop to this pattern is the paucity of natural resources in East Asia. The rise in intra-regional dependence was

Table 6.3 Product composition and intra-regional trade ratio of East Asia (%)

	Product composition								Intra-regional trade in East Asia				Intra-regional trade ratio			
	With the world				Imports				Exports				Exports			
	Exports		Imports		Exports		Imports		Exports		Imports		Exports		Imports	
	1990	2009	1990	2009	1990	2009	1990	2009	1990	2009	1990	2009	1990	2009	1990	2009
Food products	4.1	2.8	8.6	5.0	6.0	3.1	60.8	51.2	60.8	51.2	30.7	32.5	60.8	51.2	30.7	32.5
Textiles	11.4	7.4	7.8	3.5	12.3	5.3	45.2	33.6	45.2	33.6	70.0	79.1	45.2	33.6	70.0	79.1
Paper pulp	7.7	5.7	8.0	4.9	8.3	4.1	44.9	33.4	44.9	33.4	46.2	43.1	44.9	33.4	46.2	43.1
Chemical products	6.0	9.5	9.7	11.1	7.8	11.5	54.1	56.4	54.1	56.4	35.6	53.5	54.1	56.4	35.6	53.5
Oil/coal products	5.2	5.6	14.3	19.0	10.8	8.8	86.1	74.4	86.1	74.4	33.5	24.1	86.1	74.4	33.5	24.1
Ceramic/stone products	1.5	1.5	2.4	1.6	1.7	1.3	48.0	40.3	48.0	40.3	32.7	42.4	48.0	40.3	32.7	42.4
Steel, non-ferrous metal products	6.2	8.0	11.1	12.5	8.6	9.6	58.3	56.5	58.3	56.5	34.6	40.0	58.3	56.5	34.6	40.0
General machinery	14.6	15.0	11.6	11.6	12.0	13.3	34.3	41.3	34.3	41.3	45.9	59.1	34.3	41.3	45.9	59.1
Electrical machinery	15.8	22.9	12.0	19.3	15.9	29.0	42.1	59.2	42.1	59.2	59.2	77.7	42.1	59.2	59.2	77.7
Household electrical appliances	6.8	4.9	2.7	1.6	5.0	2.9	30.7	27.1	30.7	27.1	81.5	90.0	30.7	27.1	81.5	90.0
Transportation equipment	11.7	7.1	5.9	4.1	4.8	3.3	17.3	21.4	17.3	21.4	36.4	41.3	17.3	21.4	36.4	41.3
Precision instruments and machinery	1.7	3.2	1.3	3.1	1.2	4.4	28.7	64.9	28.7	64.9	42.2	73.2	28.7	64.9	42.2	73.2
Toys/sundries	7.2	6.2	4.6	2.8	5.6	3.4	32.3	26.0	32.3	26.0	54.0	64.1	32.3	26.0	54.0	64.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	41.8	46.8	41.8	46.8	44.5	51.7

Note: The intra-regional trade ratio is defined as the ratio of exports to, or imports from, East Asian countries in trade (exports and imports) with the world.

Source: Calculated from RIETI, *RIETI-TID Database*, available at <http://www.rieti.go.jp/jp/projects/rieti-tid/index.html> (accessed 10 July 2011).

emphasized above, but the high reliance on countries outside the region for natural resources must be noted. This point is important when considering trade policies in East Asia.

The third characteristic of trade in East Asia is the large fraction of trade in components. In 2009, trade in components was 16.2 per cent of world trade, but the fraction of trade in components of exports from East Asia to the world and imports from the world to East Asia were 24.4 per cent and 22.9 per cent, respectively.¹⁵ The fraction of total trade that was in components was an extremely high 32 per cent for East Asian intra-regional trade, and it can be understood that components are being actively traded among the countries of East Asia.¹⁶

Let us bring to light the characteristics of trade patterns in East Asia with a focus on electrical machinery, of which the trade in components is active. Table 6.4 indicates the fraction of trade in components of trade in electrical machinery (components and finished products) by trade partner country/region for the trade of East Asian countries. It can be understood that 79.5 per cent of the trade in electrical machinery in the East Asian region is in components. This is a significantly higher value than that of the world average of 61 per cent; however, the proportion of trade in components differs greatly among the countries of East Asia. Exports from Japan, the NIEs and ASEAN have a high percentage of components. Specifically, in Japan, the NIEs and ASEAN, the fraction of exports to East Asia that is components is 81.6 per cent, 88.6 per cent and 87.5 per cent, respectively. The fraction of exports from these countries to NAFTA and the EU-27 that is components is less than that of exports to East Asia. In other words, the fraction of finished products is higher in exports from these countries to NAFTA and the EU-27. The fraction of electrical machinery exports from China to the East Asian region that is components is 59.4 per cent (that of finished products is 40.6 per cent), and considering that the ratios of Japan, the NIEs and ASEAN are all at least 80 per cent, it can be understood that this fraction of components is low and that of finished products is high. Furthermore, finished products make up an extremely large fraction of electrical machinery exports from China to NAFTA and the EU-27.

The numbers in Table 6.4 indicate that trade is being conducted in the form of components produced in Japan, the NIEs and the ASEAN countries being exported to China, where finished products are assembled using those components, and finally the finished products are exported to Western countries. This trade pattern is called “triangular trade” and it is also possible to observe the pattern of triangular trade from the numbers in Table 6.5. While a high number of around 30 per cent of electrical machinery component exports from Japan, the NIEs and ASEAN countries is headed for China, over 50 per cent of the finished product exports

Table 6.4 Ratio of components trade in trade of electrical machinery (2009) (%)

	Importer							
	Japan	China	NIEs	ASEAN	East Asia	NAFTA	EU-27	World
Exporter	Japan	80.5	82.0	82.9	81.6	56.9	60.1	73.4
	China	51.9	62.2	56.0	59.4	27.4	39.1	43.9
	NIEs	81.9	92.0	87.2	88.6	45.9	50.0	74.3
	ASEAN	74.1	91.5	84.1	87.5	62.5	70.8	81.3
	East Asia	66.9	77.8	78.7	79.5	41.7	49.2	65.0
	NAFTA	64.8	73.6	82.2	74.6	48.4	47.5	56.0
	EU-27	50.4	61.7	77.5	64.4	42.1	55.7	53.9
	World	65.3	76.9	78.5	77.6	44.6	53.1	61.0

Note: Ratio of components trade in total trade (components and finished products).

Source: Calculated from RIETI, *RIETI-TID database*, available at <http://www.rieti.go.jp/projects/rieti-tid/index.html> (accessed 10 July 2011).

Table 6.5 Import and export partners of East Asian countries: Electrical machinery (2009) (%)

	Exports					Imports				
	Japan	China	NIEs	ASEAN	East Asia	Japan	China	NIEs	ASEAN	East Asia
Components										
Japan		7.8	6.9	5.5	5.5		20.7	14.6	13.6	15.1
China	30.9		31.0	24.7	21.9	26.0		28.5	11.3	15.3
NIEs	26.0	39.5	22.4	25.5	28.0	29.4	33.9	20.5	22.7	25.9
ASEAN	17.2	11.2	17.6	21.8	17.1	21.1	24.7	21.4	25.8	23.5
East Asia	74.1	58.4	77.9	77.5	72.4	76.5	79.4	85.1	73.4	79.7
NAFTA	11.8	14.1	9.9	9.9	11.2	15.5	8.3	6.8	14.3	9.9
EU-27	10.7	19.0	9.0	9.0	11.7	6.0	9.1	4.3	10.3	7.4
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Finished Products										
Japan		5.7	4.4	8.3	5.0		22.2	10.7	10.2	11.8
China	20.6		11.4	11.7	6.2	45.2		57.6	32.5	36.0
NIEs	15.8	18.8	5.6	10.3	14.8	12.2	19.2	6.0	12.1	11.5
ASEAN	9.7	6.9	7.4	17.9	8.6	13.9	12	6.7	17.8	11.7
East Asia	46.0	31.3	28.9	48.2	34.7	71.3	53.3	80.9	72.5	70.9
NAFTA	24.6	29.3	33.6	25.8	29.1	15.8	14.8	8.1	11.3	11.6
EU-27	19.6	23.2	25.9	16.1	22.5	11.0	28.0	8.9	10.9	14.2
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Calculated from RIETI, *RIETI-TID database*, available at <http://www.rieti.go.jp/jp/projects/rieti-tid/index.html> (accessed 10 July 2011).

from China are destined for Western countries. The observations above indicate that regional integration in East Asian trade is due to increasing activity in trade in components, and since reliance on Western countries is high with respect to exports of finished products, regional integration regarding finished products is not at such a high level.

In the backdrop to triangular trade is the presence of a regional production network that was built from a fragmentation strategy adopted by multinational corporations. A fragmentation strategy divides production steps for products that use many components, such as machines, (fragmented) into production steps for each component. Each step is conducted in the country or region where it can be most efficiently performed. For example, one method for making television sets is where the liquid crystal display is produced in Japan, semiconductors are made in South Korea and the frame is made in Thailand. These components are then assembled in China. It is common for this procedure to be performed by multinational corporations that have many overseas subsidiaries, but there are cases where this is centred around overseas subsidiaries as well as cases where this occurs through deals with other corporations. Components are actively traded in the regional production network and it functions as though all of East Asia is a single factory.

The expansion of triangular trade has brought a high level of growth to the countries of East Asia, but if we recognize that the expansion of triangular trade was enabled by increased demand in Western countries for the products produced by East Asia, it can be understood that the simultaneous progress of regionalization and globalization are factors that led to this high level of growth.

4.2 Liberalization of trade and investment policy contributing to the formation of the regional production network

In the previous section, it was confirmed that the formation of the regional production network in East Asia expanded trade in components within the East Asian region and promoted regional integration. The formation and smooth operation of the regional production network was made possible by a variety of factors which can be broadly classified into two groups: internal and external factors. Below, external factors are briefly discussed and then internal factors are examined in detail.¹⁷

Among external factors, worldwide deregulation and liberalization of trade and investment are important. The deregulation, privatization and liberalization promoted in the United Kingdom in the 1970s contributed to economic activation, and so from the 1980s on these policies spread to other advanced countries such as the United States. Deregulation, pri-

vization and liberalization in advanced countries did promote exports from East Asia by building an open business environment and at the same time activated direct investment to East Asia. Multilateral trade negotiations under GATT and liberalization under the WTO, which began in 1995 as the successor to GATT, contributed greatly to the liberalization of trade policy among advanced countries. In particular, the expansion of trade in electronic appliances was greatly aided by the Information Technology Agreement (ITA), which stipulated the abolition of tariffs for such products and came into effect under the WTO in 1997. However, at this time, the opposition between WTO member countries, of which the opposition between advanced and developing countries and the increase in the number of members are representative, sharpened; and the Doha round, which is a multilateral trade negotiation begun in 2001, has not made progress. As trade liberalization at the global level has been interrupted under these circumstances, as discussed below, liberalization through FTAs between countries with similar thinking about liberalization is progressing. Also, it must be noted that the drop in the costs of communication and transportation needed for trade and direct investment, caused by technological progress in the fields of communication and transportation triggered by deregulation, and other factors have greatly contributed to the expansion in trade and investment.

Of domestic factors, the most important ones are the liberalization of trade and direct investment policies. Additionally, a macroeconomic environment that maintains relatively stable price levels, the presence of an abundant labour force with a high degree of education and receiving low wages, and a relatively developed infrastructure brought about an expansion in exports and direct investment inflows and led to the formation of the regional production network.

In the 1980s and 1990s, the countries of East Asia set out on a course of deregulation of economic activity and the liberalization of trade and direct investment as part of comprehensive structural adjustment policies. This policy reversal was based on accepting conditions to obtain economic support, primarily from the World Bank and the IMF, but there is also the fact that the countries of East Asia came to recognize the economic growth-promoting effects of liberalization and deregulation. The liberalization of trade and direct investment policy shifted the incentive from import substitution production to export production and raised the appeal of these countries to foreign investors, which led to an expansion in trade and direct investment inflows.

Since the early 1980s, the countries of East Asia have liberalized import policies and reduced tariff and non-tariff barriers (Table 6.6). Hong Kong and Singapore, which had essentially adopted a liberal trade policy

Table 6.6 Trade liberalization in selected East Asian countries (%)

		Primary products		Manufactured products		All products	
		Unweighted averages	Import-weighted averages	Unweighted averages	Import-weighted averages	Unweighted averages	Import-weighted averages
China	1992	35.1	14.1	40.6	35.6	40.4	32.1
	2007	9.0	3.0	8.9	6.3	8.9	5.1
Indonesia	1989	18.2	5.9	19.2	15.1	19.2	13.0
	2007	6.6	2.5	5.8	4.4	5.9	3.9
South Korea	1988	19.3	8.3	18.6	17.0	18.6	14.0
	2007	20.8	11.5	6.6	4.8	8.5	8.0
Malaysia	1988	10.9	4.6	14.9	10.8	14.5	9.7
	2007	2.8	2.3	6.5	3.4	5.9	3.1
The Philippines	1988	29.9	18.5	27.9	23.4	28.3	22.4
	2007	6.0	5.2	4.8	2.7	5.0	3.6
Singapore	1989	0.2	2.5	0.4	0.6	0.4	1.1
	2007	0.2	0.0	0.0	0.0	0.0	0.0
Thailand	1989	30.0	24.3	39.0	35.0	38.5	33.0
	2006	13.6	2.1	10.4	5.8	10.8	4.6

Source: Calculated from World Bank, *World Development Indicators* 2005 and 2009.

for a long period of time, are the exceptions. Since the 1990s, countries that greatly lowered tariffs include China, the Philippines and Thailand. In these countries, the average tariff rates which had been at 30–40 per cent were lowered to around 10 per cent.¹⁸ Also, although the drop in tariffs was not as great as in these countries, Indonesia, South Korea and Malaysia lowered their average tariff rates from the 10–20 per cent range to single digits.

In addition to trade liberalization achieved through reducing rates of tariff and non-tariff barriers, a number of policies that the countries of East Asia adopted resulted in similar effects to that of the liberalization of trade and exports. One is the tariff rebate system which refunds tariffs paid on intermediate goods imported for the production of export goods. This system effectively has the same effect as free trade to producers of export products. Another policy was the creation of export processing zones (EPZs) and free trade zones (FTZs), through which exporters and producers of export products can obtain the benefit of free trade for imported input goods. Many EPZs gave various incentives, such as income tax exemptions for foreign corporations, in order to attract strongly export-oriented direct investment. After the success of Taiwan and South Korea in the 1960s and 1970s, many countries in East Asia created EPZs and FTZs in the 1980s and 1990s. Also, it must not escape our notice that trade liberalization promoted the inflow of direct investment aimed at exports.

As a result of the countries of East Asia beginning to recognize the effect that direct investment inflows had on promoting economic growth, policies for direct investment inflows began to be liberalized in the mid-1980s and continued to be liberalized thereafter. Although it is difficult to quantify to what extent direct investment policies were limited, it is obvious that the countries of East Asia have been liberalizing their policies towards direct investment inflows since the mid-1980s. Regulations on direct investment take various forms, including regulations on market access and performance requirements. Many of the countries of East Asia relaxed the regulation of market access by reducing the sectors and industries for which there were access prohibitions, thereby loosening restrictions on capital contributions by foreign corporations. Among these countries, Indonesia, South Korea, Malaysia, the Philippines and Thailand engaged in the significant liberalization of direct investment policies in order to lure foreign investors. Furthermore, many of the countries that recognized the important contribution of direct investment to economic growth introduced incentives such as tax exemptions for attracting direct investment. In the countries of East Asia, intense competition to attract direct investment unfolded through measures such as the reduction of barriers and the provision of incentives.

The liberalization of trade and investment policy in East Asia activated trade and investment in the region and enabled a high level of growth. However, there still remain barriers to trade and investment, and further liberalization is needed to maintain and accelerate growth through an expansion of trade and investment. Also, the improvement of human resource development and institutions for increasing efficiency in areas such as customs clearance duties and the improvement of transportation infrastructure such as roads and ports are necessary for expanding trade and investment.

5 The increasingly active movement of regionalization in terms of institutions

The first major regional framework in the area of the economy in East Asian countries was the Asia-Pacific Economic Cooperation (APEC) meeting, which was founded in 1989.¹⁹ However, since APEC includes countries such as the United States and Canada, which are located in North America, it is not an East Asian regional framework. The regionalization of institutions in East Asia began in earnest after the Asian currency crisis. As a response to the Asian currency crisis, the countries of East Asia expected financial support from outside the region but did not obtain the support that was hoped for. As a result, the need for cooperation within the region was keenly felt. Therefore, in order to prevent a reoccurrence of the crisis, the Chiang Mai Initiative was formed in 2000 wherein foreign currency would be mutually furnished when needed within ASEAN+3 (APT) (Japan, China and South Korea). Within the framework of APT, cooperation is proceeding in a variety of fields including not only monetary cooperation in the form of the Chiang Mai Initiative but also concerning the environment and energy. In this section, the current state of regionalization in terms of institutions in East Asia is discussed by focusing on FTAs entered into regionally for trade.²⁰

5.1 The increase in bilateral/multilateral FTAs

Starting in the latter half of the 1980s, the movement towards forming regional economic integration, which is regionalization in terms of institutions, became active among the regions of the world. In Europe, the movement towards regional economic integration in institutions, which started in the 1950s, accelerated: the European single market was formed in 1992, in which goods, services, labour and capital could move freely, and in 1999, the single currency of the euro was introduced. Through forming FTAs starting in the mid-1980s, the United States furthered institutional regional economic integration. Among the FTAs to which the

Table 6.7 Major FTAs involving East Asian economies (as of October 2010)

Bangkok Treaty (1976)	Thailand–Australia (2005)	Malaysia–Pakistan (2007)
AFTA (1992)		Japan–The Philippines (2008)
Singapore–New Zealand (2001)	Thailand–New Zealand (2005)	Japan–ASEAN (2008)
Japan–Singapore (2002)	Singapore–India (2005)	Japan–Indonesia (2008)
Singapore–Australia (2003)	Korea–Singapore (2006)	Japan–Brunei (2008)
Singapore–EFTA (2003)	Japan–Malaysia (2006)	China–New Zealand (2008)
Singapore–United States (2004)	South Korea–EFTA (2006)	Taiwan–Nicaragua (2008)
South Korea–Chile (2004)	China–Chile (2006)	Singapore–Peru (2009)
China–Hong Kong (2004)	South Korea–ASEAN (2006)	China–Singapore (2009)
China–Macao (2004)	Singapore–Panama (2006)	Japan–Switzerland (2009)
Taiwan–Panama (2004)		Japan–Viet Nam (2009)
Singapore–Jordan (2004)	Japan–Chile (2007)	India–ASEAN (2010)
Japan–Mexico (2005)	Japan–Thailand (2007)	ASEAN–Australia–New Zealand (2010)
China–ASEAN (2005)	China–Pakistan (2007)	China–Peru (2010)

Source: Respective government sources.

United States is a party, NAFTA, which was founded with Canada and Mexico in 1994, is the largest in economic scale.

Compared with other regions of the world, until the end of the 1990s, East Asia was inactive in pursuing institutional regional economic integration in the form of FTAs. In fact, until the FTA between Japan and Singapore was enacted in 2002, the ASEAN Free Trade Area (AFTA) comprised of ASEAN countries was the only major FTA (Table 6.7).²¹ ASEAN was founded in 1967 with political objectives but became increasingly active as an economic framework after the end of the East–West Cold War in 1989. AFTA was created by the ASEAN members of that time (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand), and came into effect in 1992. Thereafter, Viet Nam, Myanmar, Laos and Cambodia, which had joined ASEAN, were added to AFTA. Through AFTA tariffs were reduced in stages, and for the six original member countries from the time of founding, tariffs on trade among the member nations (intra-regional tariffs) were abolished for all products aside from those which were considered exceptions to liberalization in 2010. For the four newer member countries, elimination of intra-regional tariffs is planned for 2015. Within ASEAN, not only is there the FTA regarding goods in the framework of AFTA, there is also an FTA on trade in services (AFAS) and an agreement regarding investment (AIA).²² With the completion of these agreements, the founding of an ASEAN economic community wherein people, goods and capital can freely move in the ASEAN region is aimed for by 2015.²³

In the twenty-first century, ASEAN has actively signed FTAs. Since creating an FTA with China in 2005, five ASEAN+1 FTAs were launched by 2010 with South Korea, Japan, Australia/New Zealand and India; ASEAN is like a hub of FTAs in East Asia. Although there is a strong tendency for these FTAs to have been brought to ASEAN by the other party rather than ASEAN working towards them, the fact that partner countries were able to be made aware of the political and economic importance of ASEAN indicates the high diplomatic abilities of ASEAN. Currently, ASEAN is conducting FTA negotiations with the EU.

Within ASEAN, there are countries that are independently furthering FTAs with countries outside ASEAN, the most active of which is Singapore. At the time of writing, Singapore had entered into 18 FTAs, including those with Japan and the United States (Table 6.8).²⁴ If FTAs that are currently being negotiated or those that have been proposed are also included, that number rises to 35. Among other ASEAN countries, Thailand and Malaysia have many FTA relationships. Compared with these ASEAN member countries, the newer members of Cambodia, Laos,

Table 6.8 FTA status of East Asian countries

	Proposed	Framework agreement signed/under negotiation	Under negotiation	Signed but not yet in effect	Signed and in effect	Total
Japan	7	0	3	1	11	22
China	8	2	3	1	11	25
South Korea	12	2	5	3	6	28
Taiwan	1	1	1	0	5	8
Hong Kong	1	1	0	0	2	4
Brunei	4	1	1	0	8	14
Cambodia	2	0	1	0	6	9
Indonesia	6	1	2	1	7	17
Laos	2	0	1	0	8	11
Malaysia	3	2	6	2	9	22
Myanmar	2	1	1	0	6	10
The Philippines	4	0	1	0	7	12
Singapore	4	1	9	3	18	35
Thailand	6	4	3	0	11	24
Viet Nam	4	1	2	0	7	14
India	9	4	8	1	11	33
Australia	4	2	7	0	8	21
New Zealand	4	1	4	0	9	18

Source: Asian Development Bank, available at <http://aric.adb.org/10.php> (accessed 8 July 2011).

Myanmar and Viet Nam (CLMV) are moving more slowly towards FTAs. The background to this includes circumstances in which their trade liberalization lags behind the original ASEAN members, and that it is not easy to participate in FTAs that demand trade liberalization.

Compared with ASEAN countries in Southeast Asia, the Northeast Asian countries/regions of China, Japan, South Korea and Taiwan were not active in FTA negotiations. In fact, these countries were in the minority of WTO members that were not party to regional economic integration in the form of FTAs or customs unions until the twenty-first century began. However, since the dawn of the twenty-first century, China, Japan and South Korea have all actively developed an FTA policy. China has 11 FTAs, including those with ASEAN, Hong Kong, Macao and Taiwan, and is negotiating or discussing FTAs with many other countries. Japan has 11 FTAs with original AFTA members such as Singapore, Malaysia and Thailand, as well as with ASEAN, India, Mexico and Chile. It is also in the midst of negotiating with Australia, the Gulf Cooperation Council (GCC), South Korea and others. South Korea has fewer FTAs than Japan or China but is proceeding with FTAs with large trading partners such as ASEAN, the United States and the EU.

There are many reasons behind the rapid rise of FTAs in East Asia in recent years. First, with the rapid increase in FTAs in other regions of the world, the countries of East Asia also became aware of the importance of forming FTAs in order to maintain or expand their export opportunities. In fact, the number of FTAs reported to GATT/WTO by 2000 rose to 116.²⁵ These kinds of market-seeking FTAs by countries in East Asia are, generally speaking, defensive in nature, and a prime example of this is the FTA between Japan and Mexico. The situation was that Japanese corporations were at a disadvantage in the Mexican market compared with those from the United States and the EU. After the United States and the EU enacted FTAs with Mexico, corporations from both countries enjoyed tariff-free access to the Mexican market. Japanese corporations put pressure on the Japanese government to eliminate this disadvantageous situation through FTA negotiations. On the other hand, Japan was more active in FTAs with East Asia. As seen in the previous section, although the liberalization of trade and investment developed greatly among the developing countries of East Asia such as in ASEAN, barriers continued to remain and so FTAs were chosen as a means to reduce those barriers. One reason that FTAs were chosen in order to reduce or eliminate barriers to trade was that the multilateral trade negotiations under the WTO were making little progress.

Second, interest in FTAs rose in East Asia because countries that believed that it was important to promote structural reforms in order to achieve economic growth attempted to use FTAs as a means to influence

forces that opposed these structural reforms. The strategy of using external pressure to promote domestic reforms has been commonly used since early times. As mentioned above, FTAs came to be used as a strategy to that end amid the situation of trade liberalization under the WTO making no progress.

A third reason for increasing interest in FTAs was competition between rivals among East Asian countries. The motivation for competition was not only the acquisition of export markets but also the motivation in international politics of acquiring a regional leadership role. Among East Asian countries, the competition between China and Japan stands out. Aiming to be the “leader” of the region, China and Japan are zealous in strengthening their relationships with the countries of East Asia centred around ASEAN. An example of the competition between Japan and China was when both countries pressed for an FTA with ASEAN. Aside from Hong Kong and Macao, China’s first FTA partner country/region was ASEAN, which was selected for its economic and political importance. Meanwhile, Japan, which had a late start on an FTA with ASEAN, proposed an EPA with ASEAN on the next day (5 November 2002) following China and ASEAN’s agreement to start FTA negotiations. Aside from Japan and China, ASEAN and South Korea consider FTAs to be a means to maintain or expand their influence in East Asia.

5.2 The possibility of an FTA that encompasses all of East Asia

The concept of an FTA that encompasses all the countries of East Asia has also surfaced. At the APT summit meeting in 1998, it was decided to found the East Asia Vision group to study goals for long-term economic cooperation. This group submitted a policy proposal including the formation of an East Asian FTA (EAFTA) to its leaders in 2002. In 2005, a research group of private-sector experts was formed to examine the possibility of achieving an EAFTA, and after completing a first and second phase compiled a 2009 proposal that intergovernmental discussions should begin. Thereafter, a working group centred around the Chinese government was formed that is now taking up important themes for the creation of an FTA at the regional level that includes rules of origin; discussions between governments is proceeding.²⁶

Japan proposed the idea of a Comprehensive Economic Partnership for East Asia (CEPEA) in 2006 as an economic partnership agreement to include an FTA with the member countries of ASEAN+3+3 (APT, India, Australia and New Zealand). ASEAN+3+3 (ASEAN+6) also comprises the members of the East Asian Summit meeting that launched in 2005. Considering the mentality of opposition between Japan and China, and keeping in mind that China was the country that took the initiative in

discussing the EAFTA, it can be understood that the backdrop to the CEPEA concept was Japan's strategy to play a leadership role in creating regional institutions in East Asia. A group of private-sector researchers to study the feasibility of the CEPEA was started in 2007, and it passed through a first and second phase, proposing in 2009 that discussions between governments should begin. From this recommendation, as with the EAFTA, the government extracted important themes for achieving a CEPEA, including the rules of origin, and is furthering discussion under a working group.

The activities and research surrounding the EAFTA and CEPEA are moving in parallel. It is clear that China and Japan are respectively taking the leadership role in each organisation, but ASEAN countries, which do not want to deepen the opposition by aligning with one or other, are participating in both activities with equal weight. Amid these circumstances, ASEAN countries are strengthening their voice in both frameworks and have come to engage actively in order to take the lead in regional integration in East Asia. Japan and China are both participating in EAFTA and CEPEA activities for the reason that there is a common understanding that maintaining favourable relations between the two countries is important for the promotion of regional integration in East Asia. In fact, through EAFTA and CEPEA activities it can be considered that the hostile attitudes of Japan and China are decreasing.

One goal for founding the EAFTA and the CEPEA is to increase the level of economic activity by forming an integrated market in East Asia. At present, as mentioned above, five FTAs have been established with ASEAN as a hub with China, South Korea, Japan, India and Australia/New Zealand, but there is no FTA between China and South Korea, Japan and China, or Japan and South Korea, and so an East Asian single market has not been founded. If a single market like that of Europe were created in East Asia as well, the elements that carry out an important role in economic activity, such as people, goods and capital, would come to move actively, and economic growth and prosperity could be expected. More specifically, the expansion and smoother utilization of the regional production network that extends through East Asia would become possible as a result of forming a free and open single market. If economic growth resulted in a rise in the incomes of people who live in East Asia, the demand for goods produced in East Asia would grow, and a favourable result could be expected with respect to the problem of an imbalance of current accounts that is deepening between East Asia and the United States.

There is the view that an EAFTA or CEPEA that encompasses the East Asian countries can be founded by combining the existing ASEAN+1 FTAs. Theoretically this is not incorrect, but the contents of the ASEAN+1

FTAs are quite different for each FTA and so in reality it is not quite that easy. Furthermore, it is the delay in moving towards creating FTAs among the three countries of Japan, China and Korea that is hindering the founding of the EAFTA and CEPEA. Negotiations for a Japan–South Korea FTA began in 2003 but were broken off in 2004 without coming to an agreement regarding the framework for negotiations. Japan wants to avoid market opening for its agricultural and fishery industries and South Korea fears a negative effect on small and medium enterprises resulting from market opening in the area of manufactured products; between these countries opposing opinions over market opening are a barrier. Japan's industrial sector is extremely forward-looking regarding a Japan–China FTA, but Japanese agriculture fears damage from market opening and is firm in its stance of opposition. Factors that make a Japan–South Korea and a Japan–China FTA difficult not only include the economic factors mentioned above but also include problems of history and politics. A research group on the feasibility of a China–South Korea FTA has ended and there is the view that negotiations will start soon. Amid these circumstances, a joint research group of industry, government and academia was founded in 2010 by Japanese, Chinese and South Korean leaders to consider the feasibility of a trilateral FTA. It produced a report in December 2011, indicating that the trilateral FTA would bring benefits to all three countries. It recommended that governments decide on how to proceed with a possible trilateral FTA and to announce, as appropriate, the course of action, such as a timeframe and/or a roadmap guiding the negotiations.

A prominent characteristic of FTAs in East Asia is the comprehensiveness of their contents. The EAFTA and the CEPEA both include trade facilitation, liberalization and facilitation of direct investment and economic cooperation in addition to trade liberalization. Among these, the importance of economic cooperation is particularly emphasized. This is because, as seen in section 3, since there are large disparities in stages of development among the countries of East Asia, there is an understanding that a reduction of developmental gaps is an important task for sustained development and growth in East Asia as a whole.

Amid this stage of FTA concepts at a regional level being considered in East Asia, in 2006 the United States proposed a Free Trade Area of the Asia-Pacific (FTAAP) with APEC members as signatories. One major reason for the US proposal was securing and maintaining US access to East Asian markets. At the APEC summit meeting that was held in Yokohama in 2010, the FTAAP was considered a primary means for regional economic integration in the Asia-Pacific, and the EAFTA, the CEPEA and the Trans-Pacific Strategic Economic Partnership (TPP) were considered the path to realizing the FTAAP. The TPP is an FTA that was founded in 2006 by Singapore, New Zealand, Chile and Brunei,

and is an FTA with a high degree of liberalization where tariffs on all products are eliminated as a basic principle.²⁷ The TPP attracted attention when the United States showed interest in 2008. President Obama, who took office in 2009, promised to expand exports in order to increase employment and he showed interest in the TPP as an opportunity to expand exports to a growing Asia. Since 2010, the United States has been participating in the expanded TPP negotiations alongside Australia, Peru, Viet Nam and Malaysia. Japanese Prime Minister Naoto Kan expressed a strong interest in participating in the TPP at the 2010 Yokohama APEC meeting, but he met with strong political pressure from those involved in agriculture who oppose the liberalization of agricultural products, and the debate over participation in the TPP negotiations was put off until June 2011. Thereafter, the Great East Japan Earthquake struck, and since there were not sufficient preparations for participating in TPP negotiations, the decision to participate was delayed once again.

Will the TPP serve as a stepping stone for promoting regional integration in East Asia, or will it be a stumbling block? At this stage, both points of view exist and there is no conclusive opinion. Currently, the TPP is being negotiated among nine APEC members, and if the number of parties to the negotiations increases, there is the possibility that this will connect to integration of the Asia-Pacific region. In that case, one important issue is the level of trade liberalization. The TPP fundamentally does not provide exceptions to trade liberalization, but unless this proposal is relaxed it will be difficult for many East Asian countries to participate and as a result it will not lead to integration of the Asia-Pacific region. Although this is the current state of affairs, there would be countries that did or did not participate in the TPP among the countries of East Asia. Consequently, rather than economic integration in the region, it could lead to division. In order to avoid this scenario, the EAFTA and the CEPEA must be furthered.

6 East Asian regional integration amid the progress of globalization

The countries of East Asia achieved a high level of growth by effectively taking advantage of business opportunities granted by globalization. Specifically, by expanding exports to the regions of the world centred on Western countries and by accepting direct investment from those countries, production was expanded, production efficiency was increased and a high level of economic growth was achieved. On the other hand, the regionalization of economic activities made strides in East Asia. Specifically, a production network was formed with direct investment by multinational corporations centred around the machine industry as an

intermediary, and the production and trade of components and materials rapidly expanded within the East Asian region. As a result, *de facto* economic integration progressed and greatly contributed to economic growth. The liberalization of trade and investment policies at a global level significantly contributed to the promotion of globalization and regionalization.

In 1995, the WTO was founded as the successor organization to GATT, but after that trade liberalization at a global level has been deadlocked. Behind this lie differences in how to think about trade liberalization between advanced and rapidly rising emerging countries. While trade liberalization makes little progress at a global level, FTAs that further mutual trade liberalization have come to be actively concluded between countries that have similar views on the subject. East Asia had been behind other regions of the world when it came to concluding FTAs, but from the start of the twenty-first century it quickly came to promote them. However, so far, only bilateral or multilateral FTAs have been established, and despite the existence of the concept of an FTA that covers all of East Asia the latter has not reached the point of actual negotiations.

Trade liberalization at a global level is effective for promoting world economic growth, but with the situation of negotiations under the WTO being difficult, it is desirable that FTAs encompassing as many countries as possible be formed and expanded to the whole world. From this viewpoint, the optimal policy at this point would be a furthering of the EAFTA and the CEPEA in East Asia, having many countries participate in the TPP in the Asia-Pacific region and connecting this to the FTAAP. In order to carry out these policies, it would be necessary for governments to provide temporary income compensation to people who would suffer from unemployment or other problems as a result of trade liberalization, as well as education and training so that they could engage in productive work. If these appropriate policies are prepared, it only remains for politicians with favourable visions for the future of the East Asian and world economies to exert their leadership abilities.

Notes

1. In this chapter, when unspecified, East Asia refers to Japan, China, South Korea and the 10 ASEAN member countries.
2. FTAs are trade systems that eliminate barriers to trade between signatory countries, and along with customs unions, which in addition to eliminating barriers to trade also impose common tariffs on imports from non-signatory countries, are recognized as regional economic integration by the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO). For details, see Urata et al. (2007).

3. Here, direct investment is considered as a flow. There are two methods of considering direct investment: as a flow that indicates the value of investments made in a set period of time (often one year), and as a stock that indicates the cumulative value of investments at a point in time. Since GDP and trade are considered as flows, we use direct investment on a flow basis.
4. World Bank (2011), *World Development Indicators*, available at <http://databank.worldbank.org/ddp/home.do> (accessed 7 July 2011).
5. Ibid.
6. See Crafts (2000, Table 2.4)
7. Referring to Hong Kong, Singapore, South Korea and Taiwan.
8. Masson (2001, Table 1)
9. Masson (2001, Table 2)
10. IMF (2007, Figure 4.2)
11. In 2010, China's GDP exceeded that of Japan.
12. As direct investment has large fluctuations year by year, it is common to use the value as a stock (balance) when observing the state at a point in time.
13. In this section, East Asia includes Hong Kong and Taiwan. North America includes Canada, Mexico and the United States, and the EU includes 27 countries (EU-27). The analysis of trade in this section uses the trade database (RIETI-TID2010) developed by the Research Institute of Economy, Trade and Industry (RIETI).
14. Specifically, the intra-regional dependence of exports and imports in NAFTA is 45.8 per cent and 33.0 per cent respectively, and in the EU is 66.0 per cent and 60.0 per cent respectively.
15. Calculated from the RIETI, RIETI-TID database.
16. Also, even looking at the figures of the International Input/Output Tables which consider the flow of goods between industries internationally, it can be understood that the importance in production within the East Asian region of components traded internationally is extremely high. On this point, there is a detailed analysis in WTO (2011).
17. Regarding trade and direct investment in East Asia, see Urata (2005).
18. Here the average tariff rates are being compared, but in reality there are many cases where an extremely high tariff is imposed on a particular product, and caution is necessary regarding variations in tariff rates by products that are obscured in the average tariff rates.
19. Regarding the current state and issues of APEC, see Yamazawa (2012).
20. Regarding institutional regionalization in East Asia, see Urata (2004) for example.
21. The Japan–Singapore FTA is officially an Economic Partnership Agreement (EPA), and is a framework not only of trade liberalization but also includes comprehensive contents regarding investment liberalization and the facilitation of trade and investment. However, since FTAs concluded in recent years include comprehensive contents, in reality there is no real difference between an FTA and an EPA.
22. AFAS was founded in 1995 and AIA in 1998. In 2009, AIA developed into ACIA, which contains more comprehensive contents.
23. Chia (2011) conducts a detailed analysis of ASEAN integration.
24. See the ADB database: <http://aric.adb.org/10.php>.
25. See Ishikawa (2002).
26. Regarding trends for FTAs in East Asia, see Ministry of Economy, Trade and Industry (2011).
27. Incidentally, in the FTAs that Japan has created, the level of liberalization that indicates the fraction of all products that are liberalized is no greater than 90 per cent, and is lower than that of FTAs established by other advanced countries. See Urata and Ando (2011).

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7

Energy and environmental institutions in East Asia

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1 Introduction

In recent years, East Asian countries have realized rapid economic development and East Asia itself is becoming one of the centres of the global economy. However, “telescoping of the industrialization process”, which enabled this rapid economic development in East Asia, has also brought about serious problems that threaten the sustainability of that development, and these problems are typical of the energy and environmental fields.

As a result of the sharp increase in oil consumption that is associated with economic growth, the amount of crude oil being imported to the East Asia region has reached an exceptionally high level, and East Asia’s dependence on the Middle East has notably increased. The supply of energy to East Asia faces risks from the political and military instability of the Middle East and the vulnerability of its long sea lanes, forcing East Asian consumers to pay an “Asia premium” that prices crude oil bound for Asia approximately one to one and a half dollars higher per barrel. Furthermore, the increase in oil demand in East Asia is straining the supply and demand of crude oil on a global scale, increasing the price of energy resources and thereby escalating the competition for crude oil. This competition is intertwined with territorial disputes and risks provoking regional conflicts. Some are concerned that East Asian countries that have yet to experience an oil crisis would rely on spot markets in crude oil in case of radical shortages or breakdowns in the oil supply and cause

the price of crude oil to soar. Meanwhile, East Asian economies have grown rapidly without the formation of a commensurable environmental management capacity, resulting in serious environmental issues such as acid rain, yellow sand, marine pollution and greenhouse gas emissions that transcend national borders. Thus, a unified pursuit of the “3Es” (economic growth, environmental protection and energy security) has become a critical issue for East Asia in particular. Regional cooperation is effective in and indispensable to overcoming these issues, as there are limits to the individual efforts of each country.

In comparisons of the energy and environmental fields there is a strong tendency to view the energy field as ill-suited for multilateral cooperation. Energy resources are economic goods that are unevenly distributed across the globe, and the stakes in the competition for these goods are obvious. As a result, the nature of energy problems, which are typified by exhaustible energy resources such as oil and natural gases, is formulated as a zero-sum game. Nevertheless, the experience of two oil crises, the development of the international energy market and the development of interdependency between countries have made the international community strongly aware of the necessity for multilateral cooperation in order to preserve a stable and efficient supply of resources. This means that non-zero-sum areas are expanding even in international relations over energy resources.

Meanwhile, regional cooperation over the environment can be formulated as a “mutual assistance” non-zero-sum game. The damage caused by environmental problems and the benefits gained from their prevention include non-economic aspects, making it necessary to treat them as issues with social costs. Global environmental issues include those that affect the entire globe as well as those that are shared between regions, and a variety of regional cooperative efforts in this field are progressing on both bilateral and multilateral levels. However, environmental measures require commensurable costs from each country and, outside of Japan and South Korea, there is little motivation in East Asia to pay those costs. There is a strong perception in the region that environmental measures will shackle industrial progress, and development is still prioritized from the stance of administration legitimacy and security. In addition, there are many countries with a low awareness of environmental issues at the citizen and municipality levels. On top of that, even environmental issues have a zero-sum game side to them. Measures for switching to low-sulphur heavy oil and coal as part of air pollution control have turned into a competition for quality energy resources. Even with restrictions on CO₂ emissions as a countermeasure against global warming, a pattern has evolved in which developed countries are vying among themselves or with emerging nations for the resource of CO₂ disposal locations.

Regional cooperation institutions in the fields of energy and the environment have recently begun to be formed in East Asia as well. However, factors in this region, such as the strength of each country's commitment to national sovereignty and non-intervention in internal affairs, developmentalism, distrust between countries and striking discrepancies in political systems and stages of economic development have strongly influenced the traits of these regional institutions and the shape that cooperation has taken. This chapter aims to examine whether or not current regional institutions are effective in encouraging cooperation between countries to overcome the abovementioned issues, as well as to describe the issues present in these efforts and future challenges. We will first outline and evaluate the current state of regional institutions in the energy and environmental fields. Then we will indicate factors that have brought about their present state and finally discuss the challenges in increasing the effectiveness of regional institutions.

2 Overview of regional institutions

2.1 Energy field

Regional cooperation in East Asia in the energy field has mainly been carried out in the form of bilateral government-to-government policy dialogue or through multilateral regional institutions (Takeishi, 2007, pp. 236–240). The Association of Southeast Asian Nations (ASEAN) led the way in multilateral cooperation. Multilateral cooperation in East Asia began at Asia-Pacific Economic Cooperation (APEC) with the end of the Cold War, and since 2000 has been conducted through ASEAN+3 (APT) and the East Asia Summit (EAS). Additionally, as a framework for even deeper cooperation, there are efforts being made towards joint resource development in the contested waters of the South China Sea and the East China Sea. Regional institutions are outlined below.

The ASEAN Council on Petroleum (ASCOPE) was established in 1975 following the first oil crisis with the aim of cooperation in the development and use of oil, and in the following year cooperation in energy production and the mutual lending of oil during emergencies were stipulated in the Declaration of the ASEAN Concord. In 1986, the ASEAN Energy Cooperation Agreement, which describes cooperative areas, such as resource development, energy conservation, environmental measures, technology and personnel training and information exchange, and the ASEAN Petroleum Security Agreement (APSA), which prescribes an emergency oil sharing scheme, came into force. From the 1980s onwards,

energy infrastructure development projects were initiated to connect ASEAN countries. The Heads of ASEAN Power Utilities/Authorities (HAPUA), which was established by the power industries in ASEAN countries, began working towards building the ASEAN Power Grid (APG), and in 1988 ASCOPE began surveying for construction of the Trans-ASEAN Gas Pipeline (TAGP). The ASEAN Vision 2020 was adopted in 1997 and established six areas as targets for cooperation: (1) construction of the TAGP; (2) construction of the APG; (3) coal; (4) improvements in energy efficiency and energy conservation; (5) renewable energy; and (6) regional energy policies and planning. The ASEAN Energy Centre was established as an organization for information supply and policy adjustment regarding energy, and decision-making takes place in Ministers on Energy Meetings and Senior Officials Meetings at ASEAN.

In the year after its creation in 1989, APEC established the Energy Working Group (EWG), which shoulders the planning and implementation of energy policies. Additionally, professional committees and task forces concerning the following five areas were established under the EWG: (1) clean fossil energy; (2) energy efficiency and conservation; (3) energy data and analysis; (4) new and renewable energy technologies; and (5) biofuels. In addition, the Asia Pacific Energy Research Centre was established as a survey and research organization, and the EWG Business Network was established as an organization for guidance and cooperation in the business world. Also, Energy Ministerial Meetings have been held at APEC since 1996.

At APEC, 14 non-binding energy policy principles were established as principles for energy cooperation. An important pillar of those principles is taking an approach that focuses on markets, together with the harmonized development of the 3Es of economic growth, energy security and environmental protection. In other words, these principles encourage a frame of mind for pursuing an open energy market and, in that process, solving issues that surround energy security and the environment through the encouragement of reasonable energy consumption, infrastructure investment and technology transfer (APEC Energy Working Group, 2008, pp. 3–5). This is an idea that is consistent with the principles of APEC itself.

In 2001, an Energy Security Initiative (ESI) stipulating areas for short- and long-term energy cooperation was agreed upon. Immediate short-term efforts include participation in the Joint Oil Data Initiative that, in cooperation with the International Energy Agency (IEA) and other international organizations, compiles monthly global statistics on the oil markets. Also included are responses to oil supply emergencies (sharing of real-time emergency information and exploring partnerships in rela-

tion to oil stockpiling) and cooperation concerning improvements to sea lane security. Long-term challenges include the following areas: (1) the use of alternative energy to oil such as natural gas, nuclear power, coal and renewable energy; (2) improvements in energy efficiency and the use of environmentally friendly energy; and (3) the promotion of investment in energy infrastructure and the removal of factors that act as barriers to investment. In recent years, focus has been placed on the promotion of energy conservation and the use of clean energy. At the APEC summit in 2007, the goal of “a reduction in energy intensity of at least 25% by 2030 (using 2005 levels as a basis)” was agreed upon (APEC, 2007), leading to the introduction of a voluntary Energy Peer Review Mechanism, in which each APEC economy individually sets goals and formulates action plans and reviews progress.

At the 2001 APT summit meeting, Japan proposed energy cooperation; and the Hiranuma Initiative, which set out the promotion of cooperation in five areas, was agreed upon at the Ministers on Energy Meeting in Osaka in 2002. The five areas are: (1) the formation of an emergency network; (2) the promotion of oil stockpiling; (3) joint research on Asian oil markets; (4) the stimulation of natural gas development; and (5) the stimulation of energy conservation and new energy uses. Ministers on Energy Meetings have been held since 2003 and concrete measures have been deliberated in the forums for these five areas.

Concrete progress is expected from the energy cooperation efforts of APT concerning oil stockpiling. Outside of Japan and South Korea, oil stockpiling facilities are hardly being built in East Asian countries. At the Fifth Meeting of Energy Ministers in 2008, the APT countries agreed on the formation of a road map for constructing oil stockpiling systems on the basis of a step-by-step approach which would: (1) be voluntary and non-binding; (2) have mutual benefits; (3) have mutual respect and respect for bilateral and regional cooperation; and (4) take a long-term perspective. The APT Oil Stockpiling Road Map (OSRM) Working Group was established under the Oil Stockpiling Forum, which initiated the implementation of feasibility studies towards oil stockpiling maintenance in ASEAN countries and the collection of yearly progress conditions. In the future, matters such as the joint release of oil reserves in emergencies will be at the forefront.

The Cebu Declaration on East Asian Energy Security was adopted by the EAS in 2007. While cooperative areas and principles in the declaration overlap with those of APEC and APT, the three areas of energy conservation, biofuels and energy market integration were selected in March 2008 to be the focus of cooperation through the formation of the EAS Energy Cooperation Task Force. The Cebu Declaration states that each

country shall voluntarily formulate energy conservation goals and action plans in order to develop plans for formulating and implementing an energy efficiency road map. Through the EAS, the Economic Research Institute for ASEAN and East Asia (ERIA) was founded and has been conducting surveys and analyses and providing policy recommendations in both economics and the energy field.

The above institutions are fundamentally in agreement with one another with regard to their cooperative areas and standards. In addition, these institutions are also similar in that they are all informal institutions that respect the autonomy of each country, are founded on non-binding approaches based on the initiative of each country and decisions are made by unanimous vote using ministerial meetings across countries as the policy-making body. A large portion of their concrete measures includes the collection of data, surveys and research, and the consolidation and sharing of information and expertise from forums. In addition, more advanced cooperation at ASEAN is visible in the construction of intra-regional energy infrastructure networks and the conclusion of agreements pertaining to emergency petroleum sharing.

At the same time, joint resource development in the South China Sea and the East China Sea is being conducted through a cooperation system that has different attributes from the institutions mentioned above. This is a system that was realized by understanding the shared awareness of risks brought about by competition for resources.

China, Viet Nam, the Philippines, Malaysia, Brunei and Taiwan have all claimed sovereignty of the Spratly Islands in the South China Sea; however, in 2002, China and ASEAN signed the Declaration on the Conduct of Parties in the South China Sea, which aims for a peaceful resolution to conflicting claims to the islands. China and the Philippines signed an agreement in 2004 on joint exploration for oil resources in the South China Sea, and in 2005, oil companies in China, the Philippines and Viet Nam signed the Tripartite Agreement for Joint Marine Seismic Undertaking in the Agreement Area in the South China Sea and completed primary surveys. After that, each country attempted to increase its control of the project and secondary surveys were never attempted. However, in October of 2010, China and ASEAN agreed to the formulation of guidelines for increasing the effectiveness of the Declaration on the Conduct of Parties in the South China Sea, and negotiations have been held since the end of that same year. ASEAN is further seeking to formulate Standards of Conduct that would give legal binding authority to the declaration.

Japan and China have frequently opposed one another over the boundaries of exclusive economic zones in the South China Sea. In 2003, the two countries became engrossed in a bitter dispute when China began

developing gas fields near the boundary claimed by Japan; but the two countries reached an agreement on the issue in 2008 stating that: (1) Japanese corporations will have capital participation in the development of the Shirakaba gas fields (known as the *Chunxiao* gas fields in Chinese) begun by China in accordance with Chinese laws; and (2) a separate joint development zone will be established to the south of Asunaro (known as *Longjing* in Chinese), from where joint development will proceed. There was strong disapproval of this agreement in China however, which prevented the progression of concrete discussions. Finally, director general-level talks were begun in May 2010, and negotiations were held towards a treaty conclusion regarding joint development; but those negotiations broke down as a result of the “Senkaku boat collision incident” that transpired in September of the same year. With China plunging ahead with independent development of the Shirakaba gas fields, the 2008 agreement has lost its binding authority, and the two countries face more difficult circumstances than in the South China Sea.

2.2 *Environmental cooperation*

The environmental field has a large number of participating agents and issues which has resulted in a larger variety of regional institutions compared to the energy field. These can be divided into three categories: (1) frameworks for ministerial-level policy dialogue to discuss environmental problems generally in regional institutions such as APT and the EAS; (2) executive partnership institutions for each specific issue that is primarily a network for the section-chief level of governments; and (3) cooperation institutions led by community-based organizations, research organizations, NGOs, private enterprises and industry organizations. As seen here, a characteristic of this field is the joint existence of “environmental institutions as partial/supplementation institutions of political institutions aspiring towards regional integration and regional communities” such as (1) and “environmental expert institutions” such as (2) and (3) (Matsuoka, 2011, p. 18).

As for frameworks for ministerial-level policy dialogue, the website of the Japanese Ministry of the Environment lists the following seven areas in which the Japanese government is involved (Ministry of the Environment, 2011): (1) EAS Environment Ministers Meetings; (2) APT Environment Ministers Meetings; (3) Tripartite Environment Ministers Meetings (TEMM); (4) Japan–ASEAN Environmental Policy Dialogue; (5) Japan–China Environmental Policy Dialogue; (6) Japan–South Korea Environmental Policy Dialogue; and (7) Japan–Mongolia Environmental Policy Dialogue. The first meetings took place in 1994 for Japan–China and Japan–South Korea, in 1999 for Japan–China–South Korea, in 2002

for APT, in 2007 for Japan–Mongolia and in 2008 for EAS and Japan–ASEAN; the trend being that bilateral institutions, in particular between Japan and China and Japan and South Korea, were formed first and multilateral institutions developed thereafter.

Executive partnership institutions for specific issues are referred to by the Japanese Ministry of the Environment as “regional cooperation mechanisms”; the Ministry has placed eight items (of which one has already been concluded) in this category (Ministry of the Environment, 2011): (1) Environmentally Sustainable Transportation (EST) Regional Forum in Asia (since 2005); (2) Asian Network for Prevention of Illegal Transboundary Movement of Hazardous Wastes (since 2004); (3) North-east Asian Conference on Environmental Cooperation (since 1992); (4) Partnership for the East Asia–Australasian Flyway (EAAF) (since 2006) (its forerunner, the Asia–Pacific Migratory Waterbird Conservation Strategy, lasted from 1996 to 2006); (5) Acid Deposition Monitoring Network in East Asia (EANET) (entered full-scale operations in 2001); (6) North-west Pacific Action Plan (NOWPAP) (plan adopted in 1994); (7) North-East Asian Subregional Programme for Environmental Cooperation (NEASPEC) (since 1993); and, (8) Environment Congress for Asia and the Pacific (ECO ASIA) (from 1991 to conclusion). As seen here, some of these institutions preceded the institutions for intergovernmental dialogue mentioned earlier, and some that were even formed soon after the end of the Cold War.

Below, we will discuss EANET, NOWPAP and TEMM, and outline the characteristics of each institution. If one were to classify these three institutions, EANET and NOWPAP would fall under (2) (executive partnership institutions for each specific issue) and TEMM would fall under (1) (frameworks for ministerial-level policy dialogue) but also incorporate some elements of (2).

EANET is an environmental network established for the purposes of forming a common understanding in East Asia regarding the state of acid rain problems, providing information beneficial to decision-making on the prevention of acid rain and promoting cooperation between participating countries. EANET also implements measures such as acid rain monitoring and data collection, issuing reports, promoting activities for accuracy assurance and accuracy control, and conducting technical support and training programmes. The current 13 participating countries are Cambodia, China, Indonesia, Japan, Laos, Malaysia, Mongolia, Myanmar, the Philippines, Russia, South Korea, Thailand and Viet Nam (EANET, 2011). The concept for EANET began around 1993 at the Japanese Ministry of the Environment, and was followed up with experts’ meetings from 1993 and intergovernmental meetings from 1998. After completing a trial operation from 1998 to 2000, EANET began full-scale operation in

2001. An intergovernmental meeting is held annually as the decision-making body. There is also a scientific advisory board formed by experts from each country. Additionally, a network centre was established as an agency for implementing specific measures, such as data collection and technical support.

NOWPAP is one of the 13 Regional Seas Programmes promoted by UNEP for the conservation of ocean habitats; its members are China, Japan, Russia, South Korea and North Korea (the last participating as an observer). NOWPAP aims to tackle the environmental issue of deteriorating ocean and coastal habitats around the world through sustainable management and use of ocean and coastal habitats (NOWPAP, 2011). The plans for NOWPAP were adopted at the First Intergovernmental Meeting in 1994, and Regional Activity Centres covering four areas were established in 1999 at the Fourth Intergovernmental Meeting. The centres are: the Special Monitoring and Coastal Environmental Assessment Regional Activity Centre (Toyama, Japan); the Data and Information Network Regional Activity Centre (Beijing, China); the Marine Environmental Emergency Preparedness and Response Regional Activity Centre (Daejeon, South Korea); and the Pollution Monitoring Regional Activity Centre (Vladivostok, Russia). At the Sixth Intergovernmental Meeting in 2000, the joint installation of Regional Coordinating Units in Toyama, Japan and Busan, South Korea was agreed upon.

TEMM has been held every year since 1999 on a rotating basis between China, Japan and South Korea. During the second meeting in 2000, the following five areas were agreed upon as priority cooperative areas: (1) improving community attitudes towards the environment; (2) preventing freshwater (lake) pollution; (3) preventing land-based marine pollution; (4) cooperating in the environmental industry field; and (5) restoring ecosystems in north-west China. In the eleventh meeting in 2009, the Tripartite Joint Action Plan on Environmental Cooperation was agreed upon, which began the second period of cooperation. In the Joint Action Plan, the following 10 areas were declared priority cooperative areas for the period from 2009 to 2014: (1) environmental education, environmental awareness and public participation; (2) climate change (the co-benefits approach, low-carbon societies and green growth); (3) conservation of biodiversity; (4) yellow sand; (5) pollution control (atmospheric, water and marine habitats); (6) environmentally friendly societies, the “3Rs” (reduce, reuse, recycle) and recycling-based societies; (7) trans-boundary movement of waste from electrical and electronic equipments (E-waste); (8) adequate management of chemical agents; (9) environmental governance of Northeast Asia; and (10) environmental industries and environmental technologies. A distinguishing feature of TEMM is the fact that concrete projects are carried out alongside ministerial level

meetings. There are currently seven projects underway: (1) the TEMM website; (2) joint environmental training and the expansion of environmental education networks; (3) round-table conferences in the environment industry; (4) seminars on the “3R”s; (5) joint research on yellow sand; (6) policy dialogue on the quality control of chemical agents; and (7) chemical research into photochemical oxidants (TEMM, 2010).

The formation of regional institutions in East Asia in the environmental field has been pushed forward mainly since the 1990s. The details of cooperation centre around preliminary/foundation steps of environmental policy such as environmental monitoring, information exchange, training and joint research. However, TEMM does not go so far as to integrate policies that would impose pollution reduction obligations on each nation. Another distinguishing feature is that TEMM is an informal institution that has not been made into an international treaty. As we have already seen, this type of feature is shared with energy institutions in the region.

3 Evaluating the current state of regional institutions

3.1 The energy field

(1) The limits of non-binding institutions

For the government of each country, energy issues are serious matters that directly affect domestic industries and the livelihoods of its citizens. Owing to this importance, energy policy has fundamentally fallen within the sovereignty of each country and is decided and implemented autonomously. Of course, in this manner, the benefit to one’s own country and citizens is always prioritized over the benefits that would be shared throughout the region. This tendency is particularly strong in East Asia, where countries place a strong emphasis on sovereignty and where supra-national mechanisms such as those in Europe do not exist. In these circumstances, East Asian regional institutions are required to lead member countries to cooperate in overcoming issues common throughout the region without having any binding force. As a consequence, in the pursuit of concrete efforts, reasonable policies that will benefit the entire region, and the benefits to each country as a result of these policies, must be first clearly defined by survey and research institutes. The foundation of such efforts has been the method of using potential benefits as a base in order to move the policies of each country in a uniform direction and build a consensus in the ministerial-level meetings between countries. As a result, regional cooperation has centred around institutions such as ASEAN,

APEC, APT and the EAS, in which decision-making is performed at the head of state and ministerial level, and where survey and research institutes have been established within each institution.

Such non-binding efforts could be effective in areas which are unrelated to sovereignty issues or political and security issues, and in which the costs to each country, in particular for developing countries, are small and the merits are large. The field of energy conservation has shown the most progress among the cooperative areas; such undertakings have mostly been in areas that do not require large costs, such as setting efficiency standards and labelling. This type of cooperation in energy conservation is also being carried out through bilateral partnerships and global multilateral institutions.

In addition, one could argue that activities such as peer review by institutions on energy conservation and road maps for oil stockpiling and energy conservation are attempts to maintain a certain level of effectiveness under an informal institution. Furthermore, meetings and joint declarations at the head of state and ministerial levels accumulate one after another, and the standards and political direction of regional cooperation have been shaped in accordance with global ones. Since progress itself in these activities has had the effect of increasing mutual interdependence over energy and expanding non-zero-sum areas, that progress is anticipated to increase the effectiveness of institutions in the medium to long term.

Nonetheless, regional cooperation in the energy field is still lacking in substantial results. Institutions with weak binding authority are limited by the desire of each country to ensure its own interests. The deep-rooted distrust between East Asian countries only serves to amplify this problem. In particular, regional cooperation efforts concerning sovereignty issues and political and security issues have been avoided. On top of this, for cooperation efforts requiring large investment costs such as infrastructure construction, the benefits and risks to one's own country are also being severely called into question.

Difficult tasks are often either left out of the scope of cooperation efforts, or the weakness of the binding authority of the institution prevents them from being implemented even if they are agreed upon, and they become nothing more than a verbal promise. The strength of the desire of Japan, China and Russia to place the supply of crude oil under their own control is amplified by mistrust between the countries, and has caused deep conflict between Japan and China over the Eastern Siberia-Pacific Ocean oil pipeline (ESPO). At ASEAN, construction of the APG has progressed in a manner capable of making the most of economies of scale; however, construction of the TAGP has been heavily delayed. One reason that has been cited for this is the attempt by Singapore to

put most of its efforts into LNG imports in order to reduce its energy dependence on Malaysia (Nicolas, 2009, p. 23). Even APSA, which prescribes cooperation in the intra-regional supply of oil during emergencies, is considered in practice to have been non-functional. Revisions to APSA were concluded in 2009, in which it was rebuilt as a commerce-based agreement with a weaker binding authority. However, since the intra-regional self-sufficiency rate for oil was already decreasing, there were doubts as to its effectiveness. Even within ASEAN, in which more advanced cooperation measures have been agreed on in the energy field, there are many measures that in reality turned into the same kind of verbal promise.

(2) Liberalization of intra-regional energy markets

One of the major pillars of energy cooperation efforts in East Asia is the liberalization of intra-regional energy markets. This was positioned as a central principle of energy cooperation at APEC and was emphasized by APT and the EAS as well. Measures proposed in order to promote liberalization include the removal of barriers to trade and investment in oil and natural gas, the liberalization of energy markets in East Asian countries and the elimination of energy subsidies. These measures were intended to stimulate activities such as infrastructure investment and technology transfer, competitive price formation and supply and demand adjustments reflecting supply and demand conditions, and reasonable energy consumption.

However, these measures potentially imposed costs on industry and affected the livelihoods of citizens in each country in the short term. In ASEAN, the liberalization of energy markets is one of the themes of cooperation, and projects for the privatization and liberalization of the electricity and gas sectors are being undertaken in cooperation with the IEA. However, many of the energy-related industries in ASEAN are controlled by monopolistic state-owned enterprises, and since energy subsidies are being maintained for the sake of domestic industries and citizens, the liberalization of the energy market is facing strong resistance. As a result, ASEAN countries in reality have some resistance to liberalization.

Activities promoting this kind of liberalization are being pursued in East Asia in a manner respecting the autonomy of each country. For example, efforts at the EAS are being made to adopt methods in which the benefits of liberalization for each country are clearly stated, while at the same time barriers in each country to the liberalization of intra-regional energy markets are specified, and in this way the removal of barriers in different countries is encouraged (Shi and Kimura, 2010).

In contrast to this, efforts carrying legal binding authority are being pursued in Europe. As a result of the EU directive in the 1990s, liberali-

zation of the power and natural gas markets was put into motion, and the liberalization of energy-related industries and the promotion of energy conservation and renewable energy were prescribed by the Energy Policy for Europe that was agreed upon in 2007. Among a series of policies, the one that acted as a vital inspiration for the unification of energy markets in East Asia was the Energy Charter Treaty (ECT) concluded by the initiative of Europe. The ECT is a multilateral treaty on energy that was concluded in 1994 with the participation of European nations, former republics of the Soviet Union, Japan, Australia and others. This treaty set forth legally binding rules for the liberalization and transit security of trade in energy resources and products, the liberalization of investment, settlement procedures for disputes between investors and countries accepting investments, and other areas. South Korea, China and ASEAN also participated in the same treaty as observers.

East Asian countries have already entered into a multitude of bilateral investment protection agreements. In the future, it will be necessary to consider forming comprehensive energy cooperation institutions with legal binding authority in East Asia, using the ECT as an example or in a format expanding the ECT itself into East Asian regions. At the First EAS Energy Ministers Meeting, Japan proposed using the ECT as a guide when moving forward the integration of energy markets in East Asia. This would encourage energy-related investments that require extensive capital, and would be effective in improving the intra-regional self-sufficiency ratio for energy and securing a stable supply. However, these efforts face many difficulties in a region in which, unlike in Europe, a strong sense of national sovereignty and significant differences in political systems and stages of economic development exist.

3.2 The environmental field: A comparison of LRTAP and EANET

As discussed earlier, in the environment field frameworks for policy dialogue discussing environmental problems in general and cooperation institutions for each specific issue exist side by side. As it stands now, the latter type is playing a more substantial role in environmental affairs. In order to consider issues surrounding the effectiveness of the latter type of institution, this section compares EANET and the Convention on Long-range Transboundary Air Pollution (LRTAP), which was formed and developed by European and North American countries. LRTAP is not an institution limited to a specific region, but its ratifying countries so far have been restricted solely to European and North American countries, so LRTAP can be treated as a regional environmental institution. LRTAP and EANET are both regional environmental institutions for

handling transboundary atmospheric pollution; however, there are marked differences between the two with respect to such areas as the process leading to their formation and their characteristics, and there are also large differences in the results produced by each institution and their effectiveness towards solving issues. By comparing both institutions, it is possible to speculate about the role of regional environmental institutions and the shape of environmental institutions needed in East Asia.

The Helsinki Protocol, designed in 1985 under LRTAP, mandated a 30 per cent reduction in SO₂ emissions by 1993 (based on 1980 levels), and the 1994 Oslo Protocol mandated a further cut to SO₂ emissions. The result was that the amount of SO₂ emissions in Europe actually shrank by almost 80 per cent in the period from 1990 to 2008. This level far exceeds the reduction targets mandated by both the Helsinki and Oslo Protocols. In addition, protocols set regulations on other pollutants including NO_x, volatile organic compounds (VOCs), heavy metals, low-level ozone and persistent organic pollutants (POPs). All of the ratifying countries as a whole have reached pollutant reductions exceeding target levels. Owing to these results, LRTAP is considered the most successful regional environmental cooperation regime. In contrast, EANET is a loose environmental network, directed at problem solving which does not aim for restrictions on environmental conduct that are accompanied by legal binding authority, such as with LRTAP. Although there have been movements for developing EANET into a more formal treaty, it still functions only as a network and there is no concrete course for its future development. It is difficult simply to discuss the results of this institution, but EANET has undeniably been lacking in any appetite for problem solving.

As was mentioned above, significant differences have arisen between LRTAP and EANET in their environmental outcomes since their inception. Matsuoka (2011) examines these differences by dividing the development of environmental institutions into three stages. If an institution such as LRTAP with legal binding authority is considered to be at the third stage of development (the formation of policy collaboration and environmental regimes), EANET is still at the first stage (the formation of regional environmental cooperation) and not yet close to the second stage (the formation of social capacity for environmental management in the region). As a result, EANET has yet to reach a stage where it can conduct multilateral horizontal environmental cooperation similar to LRTAP.

It is necessary to note that aspects of LRTAP and EANET as institutions differ greatly. LRTAP is an international treaty with legal binding authority which imposes explicit obligations on its ratifying countries in the regulation of pollution emissions. It is, therefore, indispensable that each country sufficiently discuss treaty ratification when joining the

framework of the institution, and adjustments and revisions to national laws may be required in accordance with need. In contrast, EANET is a framework focusing on the construction of networks that monitor the state of pollutant emissions. EANET does not regulate the environmental actions of its participating countries and there are virtually no obligations accompanying participation. Because it is such a loose network, barriers for entry to EANET are low for many countries, and this characteristic is considered to be one of the reasons why EANET has assembled 13 participating countries in a relatively short period of time.

EANET, like other issue-specific cooperation institutions, is a section chief level network of countries, and even if it is suited for executive partnerships, its driving power for raising cooperation to the next stage of development is limited. In the first place, there are many cases in which the ministries in charge of the environment lack authority and administrative or financial resources in their countries. Furthermore, according to Chung (1999), since East Asia environmental institutions do not collaborate on environmental policies such as pollution reduction, their direct goals, finances and offices for running these institutions are limited, and their results in solving regional environmental issues have been called into question.

Since LRTAP and EANET differ greatly in goals, characteristics and circumstances leading to their inception, it might be quite difficult in the current state of affairs to develop EANET into a regional environmental treaty with legal binding authority such as LRTAP. However, it is important that, regardless of the kind of regional environmental issues, countries with vested interests share their awareness of problems. An important step for this is building a monitoring system and sharing information, and in that respect EANET is not at all insignificant. In addition, as the economic gap between countries is shrinking with the growth of the regional economy, the development of regional environmental institutions in there will be further facilitated.

4 Concerning the driving force in regional cooperation

4.1 Exposing common risks

As has been reviewed so far, regional institutions in East Asia in the field of energy and the environment have become informal institutions that respect the autonomy of countries and have weak binding authority. The decisions they have made are common “effort targets”, so to speak, and do not have the binding authority that would directly restrict the policies or actions of member countries. Policies being carried out centre around

the sharing of information and knowledge obtained through surveys and research, leaving East Asia stuck at a rudimentary level of cooperation. In order to better understand the challenges to cooperation, this chapter will examine factors that act as a motivating force in the formation of institutions and the advancement of cooperation.

One of the factors that stimulated the formation of regional institutions in the fields of energy and the environment was, more than anything, the fact that the deep risks in both fields were becoming increasingly apparent and countries began recognizing the need for regional cooperation. The first oil crisis in 1974 spurred the formation of the IEA, which led to the establishment of ASCOPE and the enactment of the ASPA at ASEAN. However, the formation of institutions did not gain momentum until the end of the 1980s. During this period, the Cold War structure that had divided East Asia was beginning to dissolve, while in the East Asian countries themselves, dependency on the Middle East and a decrease in the intra-regional self-sufficiency rate of the region as a result of rapid rises in demand for oil were becoming noticeable and vulnerabilities in the stable supply of oil increased remarkably. At the same time, these risks were being shared regionally as a result of the economically interdependent development of the region through the expansion of trade and direct investment. Threats to the energy supply from the sustained hike in crude oil prices from 2000 on became a common issue for East Asian countries and acted as a strong impetus for the enactment of the ESI in APEC and energy cooperation at APT and the EAS.

Additionally, common risks involved in the competition for resources acted as a motivating force for stronger cooperation. This is shown in the fact that cooperation efforts concerning shared resource development in the East China Sea and the South China Sea are being conducted assiduously despite facing difficulties. Sharing of risk awareness brought about by the conflict between Germany and France over energy resources led to the establishment of the European Coal and Steel Community, the implications of which are significant considering that it led to the current integration of Europe.

In the environmental field, many regional institutions in East Asia were formed from the end of the 1980s onwards, including their preliminary phase periods. The UN Conference on the Human Environment in 1972 acted as the momentum for the initiation of the UNEP Regional Sea Programme in 1974, which became the basis for NOWPAP. An action plan for areas of the Mediterranean Sea was adopted in 1976, but NOWPAP, which focuses on regions of the North Pacific Ocean, was not adopted until 1994. This difference suggests that regional institution formation in East Asia in the environmental field needed to wait for the rapid economic growth of East Asian countries that began in the latter

half of the 1980s and the subsequent increasing visibility of pollution and environmental issues.

The formation of global standards concerning energy and the environment caused countries to recognize the sort of shared risks mentioned above and directions for their solution, and had the effect of spurring regional cooperation. In addition, global institutions embodying these standards contributed to the formation of regional institutions and their activities. The institutions in the field of energy discussed earlier are cooperating and coordinating with the IEA, which is an energy institution comprised of OECD nations. Even in Japan, the formation of energy institutions in East Asia was referred to as the “construction of an Asian IEA” (Tanabe, 2004, p. 238). The cooperative areas and standards of these energy cooperation institutions mentioned earlier essentially overlap with those of the IEA. Such circumstances prompted regional cooperation in terms of the environment, and there also existed, as with the energy field, the presence of global institutions and an increasing global interest in global environmental issues that found its momentum at the UN Conference on Environment and Development (the Earth Summit) in 1992. The formation of NOWPAP was prompted by the UNEP Regional Sea Programme, and EANET was formed as a model of LRTAP in Europe.

4.2 Issues surrounding regional cooperation and leadership

(1) The energy field with a focus on China

The motivating forces mentioned above were at work in the formation of regional institutions; however, factors also existed in East Asia that have acted as a barrier to cooperation, such as the strength of national sovereignty, developmentalism and marked differences in political systems and stages of economic development. Under these conditions, the collaboration of political leadership is indispensable in enhancing cooperation. However, it is in this very area that East Asia is having difficulties.

As we have already seen, the mistrust between countries has been a barrier to cooperation even within ASEAN. However, ASEAN, which is formed by politically and economically “small” countries, is strongly motivated towards regional cooperation. It is rational for ASEAN to act as a unified agent in the handling of emergencies concerning the supply of oil, to encourage the use of economies of scale in energy infrastructure maintenance and to further financial and technological support from outside the region, such as from Japan, the United States, the EU and the IEA. In the midst of setting goals to realize regional integration early on and to realize an “ASEAN community” by 2020, energy cooperation was positioned as an important integration area and was promoted by strong

political leadership. Energy cooperation at the regional level became important even for supporting newly affiliated CLMV nations.

In Northeast Asia, which includes major nations such as China and Japan, issues brought about by mistrust between countries are even deeper. In particular, China has little motivation to attempt the realization of energy security through regional cooperation and the liberalization of trade and investment, and tends to attach more importance to a strategy of bilateral ties (Horiuchi, 2007, pp. 290–294). China has a strong sense of urgency to secure resources that is prompted by the rapid expansion of its demand for oil. At the same time, China believes that the international crude oil market is controlled by multinational corporations based in the United States and elsewhere, and with regard to the safety of sea lanes imagines the possibility of being blocked from the Taiwan Strait by the United States in the event of an emergency. For even Japan, which is its major partner in regional cooperation, China has a deep-rooted mistrust of various political issues.

China's resource strategy poses a threat to other countries and has escalated competition for resources. Japan, in particular, while aspiring to regional cooperation, has been pressed by the threat of China's resource strategy and has strengthened its stance to pursue its own resource strategy. At the Energy Security Seminar in 2002, which discussed energy cooperation in APT, the Northeast Asian Natural Gas Pipeline Network, initiated by Japan's Study Group for a Wide-Area Natural Gas Pipeline, was presented along with the TAGP and APG of ASEAN. This was an initiative for an international gas pipeline connecting Eastern Siberia and Eastern Russia with Japan, China, North and South Korea and Mongolia. However, this project was not formerly taken up after being proposed, and the development of oil and gas fields in Northeast Asia and the installation of a pipeline were put into motion exclusively by means of bilateral partnerships between Russia and consuming countries aiming to secure resources for themselves. The conflict between Japan and China over the development of the East Siberian oil fields and the construction of ESPO was born out of this state of affairs.

(2) The environmental field: The partnership between Japan, China and South Korea

Unlike energy cooperation that has been led by ASEAN, environmental cooperation has been facilitated mostly by a partnership between Japan, China and South Korea. China, which is an emission source for pollution such as yellow sand and acid rain, and Japan and South Korea, which are directly affected by those pollutants while at the same time possessing the technology, knowledge and funds for countermeasures against such pollutants, have achieved mutual benefits as a result of their partnership.

The sides sustaining damage, in particular, are strongly motivated towards solving problems, making it easy to form such partnerships. At the same time, security issues and issues over competition do not arise as easily in the environmental field as they do in the energy one so there are fewer barriers to cooperation. Environmental and energy conservation issues were positioned as top priority issues in China's Eleventh Five-Year Plan, as the Chinese government has also become active in its efforts towards international cooperation. Japan-China Energy Conservation Forums, in which both the public and private sectors of Japan and China participate, have been held on a massive scale since 2006, where joint efforts between the two countries have been actively pursued, such as agreements to cooperate in a number of concrete projects. Conversely, Japan's partnership with ASEAN, with which such a direct victim-perpetrator relationship is less evident, have lagged behind.

Nonetheless, the partnership between Japan, China and South Korea has not always functioned effectively in further deepening cooperation. Even in terms of leadership, the differences between LRTAP and EANET are significant. At LRTAP, when forming the first frameworks, the main actors who demonstrated leadership at the time were the Northern European countries that had been victims of transboundary pollution. By contrast, the main polluting countries, including West Germany, the United Kingdom and the United States, were reluctant to set concrete goals for emission reductions. However, upon entering the 1980s, West Germany made a dramatic change in policy to actively pursue countermeasures against acid rain issues, and played a central role in the so-called "30 per cent Club", which unilaterally voiced a 30 per cent reduction in SO₂ emissions. The fact that a major polluting nation such as West Germany began to make significant efforts was a major turning point in terms of the formation of institutions. Such leadership could be considered as one of the major motivating forces harmonizing the interests of each country, and made treaties possible.

In the case of EANET, leadership in the formation of the institution was demonstrated by Japan. EANET began as an initiative of the Japanese Ministry of the Environment around 1993, and the Japanese government played a consistent leading role in its formation until it began full-scale operation in 2001, following four experts' meetings and a two and a half year experimental period. However, in recent years, China and South Korea have started to play a more significant role in the institution, resulting in a three-way standoff in terms of leadership. As a result, effective leadership of EANET has taken a step backwards.

In East Asia, effective leadership is an even more important condition than in Europe. European and North American countries participating in LRTAP are relatively similar both politically and economically. By

contrast, East Asian countries are extremely diverse in their economic development and political systems. As indicated by Young (1991) and Kanie (2004), as the number of participating countries increases, a wide variety of national interests will become tied into the consensus-forming process in an institution. This will require the presence of a country or region that can effectively lead the coordination of consensus-building and the convergence of ideas. Because consensus formation is a complicated process in East Asia due to the latter's diversity, the presence of effective leadership is quite important. Facilitating cooperation and partnerships between Japan, China and South Korea will be key issues in the further development of environmental cooperation in East Asia.

5 Conclusion: Future challenges

In order to increase cooperation in East Asian environmental and energy institutions, which are informal and have weak binding authority, political leadership is extremely important. It is particularly important for Japan to demonstrate leadership with even more strategic consistency than in the past.

Japan, which experienced the grave environmental pollution that accompanies rapid economic growth earlier than in other East Asian countries, and felt the strong effects of two oil crises, has amassed advanced technology and knowledge in the fields of energy and the environment. In addition to these capabilities, Japan is extremely susceptible to the risks mentioned in section 4.1, and moreover is the country that most requires regional cooperation in overcoming those risks. Japan has always been dependent on Middle Eastern oil countries and long sea lanes for the supply of crude oil, but the increase in demand for oil in East Asia has further increased risks to Japan's supply of crude oil. At the same time, as a result of Japan increasing its direct investment in East Asian countries since the mid-1980s, energy issues in these countries have become a major concern for Japan. Furthermore, Japan is also directly harmed by pollution in the form of yellow sand and acid rain from China, which is the source of the most serious environmental issues in East Asia. As a result, Japan has taken a leading role in the formation of East Asian institutions in the energy and environmental fields.

In addition, Japan has also strongly embodied the standards of global cooperation institutions. Japan has been the only East Asia country to be a member of the IEA since its founding, and not only led the ratification of the Kyoto Protocol but was also the only East Asian country there to assume CO₂ reduction obligations. As a result of the leadership of Japan, the formation of energy and environmental institutions in the East Asia

region also expanded global standards into East Asia. However, Japan's strategies in these fields were not always consistent. In particular with environmental policies, the Japanese government's strategy showed differences in its focus and determination with each administration and a consistent strategy has yet to be developed. This issue is deeply connected to the instability in the Japanese government in recent years. Japan should work out a clear and consistent policy, realizing that it has strong interests in the regional cooperation of East Asia and is a country that possesses the ability to bring about such cooperation.

Meanwhile, East Asian countries outside of Japan are increasing their ability and consciousness towards becoming leaders in regional energy and environmental partnerships. In particular, South Korea, which signed with the IEA in 2002, has become an important agent in energy and environmental cooperation, and the Japanese and South Korean governments are working closely together in these fields. The achievement of steady economic development and the progression of the globalization and democratization of domestic industries has had the effect of increasing susceptibility to the risks in the energy and environmental fields that are common to the region. Along with this, interest in policies and standards formed by regional institutions for tackling these risks is expected to grow even further in East Asian countries.

We would also like to touch upon the horizontal and vertical partnerships between institutions as important factors in strengthening regional institutions. According to Keohane, the "nesting" of international institutions and linkages among issues can facilitate collaboration between countries. This is because it is possible to solve a larger number of issues at a lower cost and exchange more benefits regarding various issue areas among different countries (Keohane, 1984, pp. 90–92). For example, it has been pointed out that, concerning measures taken by the EAS aimed at the integration of intraregional energy markets, the profits and costs to each country differ with each measure. Therefore, pursuing measures in a uniform manner will balance out the costs to each country and further facilitate collaboration (Shi and Kimura, 2010, p. 33).

With regard to horizontal partnerships between institutions, it is necessary to consider institutional partnerships in the energy and environmental fields. Given that environmental problems often occur during the extraction of energy resources as well as after their use, it is natural that both the energy and environmental fields are strongly related. Actually, as has been shown in this chapter, both fields have been taken up as integral parts in the concerns of the 3Es, and energy cooperation efforts invariably include elements of environmental measures. Given this, it is necessary to partner the various environmental cooperation institutions that are currently acting separately with energy cooperation institutions.

Additionally, an approach that stresses markets alongside energy and the environment would be effective in overcoming the problems of a non-zero-sum game. Even for institutional regulation aimed at the integration of regional markets, it would be possible to move forward more effectively by partnering both types of institution. In addition, considering vertical partnerships, it is possible to enhance the strength of the standards held by global institutions in the region by strengthening the partnerships with these global institutions. For example, by encouraging countries in the East Asian region to implement global environmental treaties, the accommodation of the treaties would become a priority in the policies of the various countries and would increase regional cooperation.

In the case of the environmental field, frameworks for policy dialogue handling environmental problems in general and cooperation institutions for specific individual issues coexist; however, strengthening the vertical link between these two types of institution is also an important issue. As mentioned earlier, the latter type of institution is conducting more substantial activities, and political leadership is required in order to further those cooperation activities. In order to secure such leadership, partnerships between the issue-specific cooperation institutions and institutions such as APT and the EAS that can encourage political decisions between national leaders are vital.

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8

The rise and fall of the debate over East Asian multilateral regional security cooperation

Chikako Kawakatsu Ueki

1 Introduction

1.1 What gave rise to arguments for regional multilateral security cooperation?

Over the years, arguments have often been heard pointing to the need for a multilateral security framework in East Asia. Proponents of such arguments go on to say that the lack of such a framework is a latent destabilizing factor for the region. Until a few years ago, there was much opposition to these ideas, but of late arguments for a multilateral security framework seem to have gained considerable support in Japan, the United States and even in China.

What accounts for the change? When and why did these arguments occur? In this chapter, the factors that triggered the argument that a multilateral security framework is necessary in East Asia are considered. The impact of globalization will be considered as one of the causes. Such impacts are often discussed in the economic and cultural fields, but could globalization also influence security cooperation? Other factors that are addressed include the perceived decline of US engagement in regional security and concerns over the rise of China.

This chapter is organized into seven sections. In subsection 1.2 that follows, I will offer an overview of the arguments for the need for multilateral security cooperation in the East Asian region. Sections 2 to 5 offer

an introduction to the sequence of events referencing this subject and the contents of the arguments in Japan, South Korea, China and the United States. Section 6 discusses causes for the emergence of these arguments. Section 7 serves as the conclusion.

1.2 An overview of the argument for East Asian regional security cooperation

To date, there have been two major waves in the argument for multilateral security cooperation in East Asia. The first wave was around 1992–1993, soon after the end of the Cold War. The other wave arose beginning with the year 2000, especially strong around 2010. The arguments for a multilateral security framework during the Cold War were aimed at opposing US bilateral alliances, and were countered by Japan and the United States. In contrast, the arguments that appeared around 1992–1993 aimed to build a multilateral security framework in the Asian region and to promote intra-regional dialogue. This argument arose both in Japan and Southeast Asian countries and led to the founding of the ASEAN Regional Forum (ARF) in 1994.

2 Events and arguments in Japan

2.1 The Cold War era

Japan's security policy during the Cold War focused primarily on maintaining security and sustaining economic prosperity. A possible expansion of the Soviet Union and other communist countries into Asia was perceived as a threat. The US–Japan alliance was the cornerstone for guaranteeing security. Japan's defence spending increased by as much as 20 per cent a year during the rapid economic growth in the 1960s. Nevertheless, it was considered to be insufficient for Japan alone to defend itself against the Soviet Union. Maintaining the alliance with the United States and increasing its credibility was important for Japan's security and foreign policy.

During this period, the argument for multilateral security remained quiescent. In 1969, the Soviet Union proposed Brezhnev's concept of collective security. Its aim was thought to be to drive a wedge between US bilateral alliances, and so the response of pro-US Asian countries, including Japan, was frosty. In the latter half of the 1980s, Gorbachev's concept of security, in the form of the Conference on Security and Cooperation in Europe (CSCE) was proposed, but again Japan expressed its opposition.

2.2 *After the Cold War: The 1990s*

(1) *The Nakayama proposal*

After the Cold War, in the 1990s, Japan actively promoted multilateral cooperation in the Asian region. In September 1990, a meeting of the foreign ministers of 15 countries in the Asia-Pacific region was held in response to a proposal by Japanese Foreign Minister Nakayama.¹ Later, at the ASEAN–Post Ministerial Conference (PMC) in July 1991, Nakayama proposed to start using the forum of the PMC for political dialogue.

During this period, what prompted Japan's promotion of multilateral security dialogue seems to have been the concerns of various countries over an increase in Japan's political power. In the 1991 edition of the *Diplomatic Bluebook*, the following explanation was given as the reason for the Nakayama Proposal:

As Japan's political role expands in the Asia–Pacific region, apprehension and concern are emerging in some circles of this region that Japan's expanded role might also permeate into the military field. Under this circumstance, it is important for both Japan and the region that the real objective of Japan's foreign policy is candidly explained. (Ministry of Foreign Affairs, 1991)

It is true that during this period concerns about Japan's economic power and its potential military capabilities were voiced in several countries. Japan was said to be the real winner of the Cold War, when the Soviet Union was in the midst of collapse and the US economy was stagnating with trade and fiscal deficits. In the United States, there was “Japan bashing” and arguments appeared that identified Japan as a threat.²

(2) *The Higuchi report*

“The Modality of the Security and Defense Capability of Japan: The Outlook for the Twenty-First Century”, also known as the Higuchi Report, presented by the Advisory Group on Defense Issues in August 1994, placed the promotion of multilateral security cooperation at the forefront (Advisory Group on Defense Issues, 1994).³ It upheld multilateral security cooperation to be the first of three pillars for Japanese security, and from the order in which they were presented, it was inferred that Japan placed more importance on multilateral regional security cooperation than it did on the US–Japan alliance.⁴

The report led to the United States voicing concerns and precipitated the subsequent redefinition of the US–Japan alliance. The United States was apprehensive over Japan drifting away from the United States and

proceeding on its own path that emphasized a regional security framework. The redefinition process began around 1994, and the US–Japan Joint Declaration on Security was presented in April of 1996. In the following year, the Guidelines for US–Japan Defense Cooperation were revised, contributing to the upgrade of the alliance.⁵ From around this time, the US–Japan alliance took centre stage in Japan’s security debate and arguments for multilateral regional security cooperation declined.

2.3 After 2000

(1) The downplaying of regional cooperation in the 2004 National Defense Program Guidelines (NDPG)

From the latter half of the 1990s, the tendency to emphasize the US–Japan alliance became more pronounced, and in concert with this the argument for multilateral security died down. This was also reflected in the National Defense Program Guidelines, Fiscal Year 2005 (2004 NDPG) revised in 2004.⁶

The Council on Security and Defense Capabilities released a report called “Japan’s Visions for Future Security and Defense Capabilities” in October 2004 which provided the basis for the 2004 NDPG. The report upheld three pillars of security, but they did not include regional multilateral cooperation. What was cited were independent defence efforts, US–Japan cooperation and cooperation with the international community. Although efforts to establish international institutions focused on confidence-building were mentioned as part of cooperation with the international community, the treatment was brief and cooperation with NGOs was given a higher priority. Also, ARF was only mentioned as an example. Instead, regional security was noted as having a role as a regional public good under the umbrella of the US–Japan alliance. This report emphasized the importance of this alliance more than the 1994 report did, and by contrast de-emphasized multilateral regional cooperation.

Multilateral regional cooperation was understood merely as a part of cooperation with the international community in the 2004 NDPG. The region was not specified, nor was the area in which security was to be sought, nor were partners for cooperation listed. The three aspects of security were the defence efforts of Japan itself, the US–Japan alliance and cooperation with the international community (Security Council of Japan Decision, Cabinet Decision, 2004). Cooperation in the region was not included in this list. The NDPG did not identify East Asia as a region where security had to be maintained or a region where Japan should seek security cooperation.

(2) New 2010 defence guidelines

The NDPG that were revised in 2010 once again emphasized the importance of regional cooperation (Security Council of Japan Decision, Cabinet Decision, 2010). The new NDPG were based on two council reports released in 2009 and 2010, respectively: “The Council on Security and Defense Capability Report” and “Japan’s Visions for Future Security and Defense Capabilities in the New Era: Toward a Peace-Creating Nation”.⁷ Both reports emphasized the importance of regional cooperation.⁸

The 2010 NDPG cite the further stabilization of the security environment of the Asia-Pacific region as the second of the three goals of Japanese security. This was the first time that the NDPG identified regional stability as an objective for Japan’s security. It declared that regional stability and the improvement of the global security environment would prevent threats from arising, and that it would sustain and strengthen a free and open international order. In terms of cooperation in the Asia-Pacific region, the 2010 NDPG go on to state that: “a security network needs to be created by combining bilateral and multilateral security cooperation in a multi-layered manner” (Ibid., p. 8), and that coupled with the US–Japan alliance this would enable the stabilization of the regional security environment. The official Japanese text says such a network is *fukaketsu* (indispensable). Until then, the word “indispensable” had not been used in relation to multilateral cooperation in the Asia-Pacific, and this can be considered as a significant change.⁹ Frameworks such as the ARF and the expanded ASEAN Defence Ministers Meeting (ADMM Plus) were cited as specific examples of multilateral security cooperation.

With regard to the security environment surrounding Japan, the NDPG indicated an understanding that the power balance was changing and that US influence was in decline. This view first appeared in the 2009 council report and was also indicated in the 2010 version. A decline in the capabilities and influence of the United States seems to have led to the promotion of multilateral security cooperation in the Asia-Pacific region. The United States had contributed to the security of the region for decades. Japan was now seeking for ways to offset the negative impact of the US decline.

Also, the 2010 NDPG noted the globalization of security problems: “there is now a growing risk that the impact of unrest or a security problem in a single country will immediately spread worldwide”. Based on this, the NDPG uphold the goal of improving the global security environment and explicitly state that cooperation with the international community will be engaged with.

3 Events and arguments in South Korea

In South Korea, the argument over establishing a multilateral regional security cooperation framework has arisen a number of times. During the Cold War, it often arose with anti-communist goals, and from the latter part of the Cold War to the post-Cold War period, it often appeared as a result of the influence of the state of US–South Korean relations. In other words, when trust towards the credibility of the US commitment decreased and fears of being abandoned increased, alternatives to the US–ROK alliance were sought. One alternative was multilateral regional cooperation. Below, the arguments in South Korea for multilateral cooperation in each era are introduced.

3.1 The Cold War era

After World War II, during the administration of Syngman Rhee, the Republic of Korea began to conceptualize regional security cooperation. Rhee had the idea of founding an anti-communist security alliance regime called the Pacific Union which would be similar to the North Atlantic Treaty Organization (NATO), and from 1949 to 1950 made overtures to China and the Philippines. However, this concept was derailed by the Korean War in 1950 and the subsequent US-promoted regional security policy centred around bilateral alliances such as the US–ROK alliance and the US–Japan alliance.

It was during the administration of Park Chung-hee that South Korea once again set out towards regional security cooperation. The Asia and Pacific Council (ASPAC) met a total of seven times from 1966 to 1972, led by South Korea. This concept was also supported by the United States but was derailed when the United States and Japan began moving towards the normalization of relations with China.

3.2 The end of the Cold War and after: The 1990s

(1) The “Consultative Conference for Peace in Northeast Asia” of Roh Tae-woo’s administration

South Korean President Roh Tae-woo proposed a “Consultative Conference for Peace in Northeast Asia” in a speech at the United Nations General Assembly in October 1988. This differed from previous concepts that were anti-communist in aim, and had the goal of providing a forum for multilateral dialogue in Northeast Asia in the wake of the easing of tensions between the United States and the Soviet Union.

President Roh again gave a speech at the General Assembly on 22 September 1992. The speech was titled, “For a Peaceful and Prosperous 21st Century”, and it emphasized the importance of dialogue and co-operation.

The Consultative Conference for Peace in Northeast Asia was the first framework for multilateral regional security cooperation advocated by South Korea, but its primary objective was improving relations with the Soviet Union. Japan and the Soviet Union had a forward-looking position regarding this concept, but the United States and China were reluctant and North Korea was opposed. As a result it was not established as a cooperative framework.

(2) *Kim Dae-jung’s administration and ASEAN+3 (APT)*

In the 1990s, South Korea came to participate in the regional cooperative frameworks based on ASEAN. The Kim Young-sam administration sent ministers to the ARF, which was launched in 1994, and participated in the Asia–Europe Meeting (ASEM) in 1996. The 1997 currency crisis triggered further interest in East Asia from the Asia-Pacific region. South Korea considered the currency crisis to be the most significant national crisis after the Korean War (Lee, 2008), and it sought to reduce South Korea’s dependence on the United States and to strengthen relations with the region.

The Kim Dae-jung administration that began in 1998 came to consider APT to be the base of multilateral regional cooperation. President Kim in particular considered East Asia to be a “community”. However, South Korea’s security policy in many areas was conceptualized around the United States, and so there was strong domestic opposition to building a regional security cooperation framework based on APT, to which the United States was not a party.

One security achievement of the Kim Dae-jung administration (1998–2003) was the realization of North–South dialogue with North Korea in June of 2000. The same was true of the following administration of Roh Moo-hyun (2003–2008), and during this period South Korea aimed for coexistence with its greatest security threat: North Korea. This was the so-called “Sunshine Policy”. Also, there was a strong will between South and North Korea to solve the problems of the peninsula, as solving the unification problem autonomously “among our people” was proclaimed in a joint declaration from the leaders of the two countries. The Roh administration upheld a Northeast Asian Cooperation Initiative. This administration was dissatisfied with countries outside the peninsula taking the lead in solving its problems; and this caused friction with the United States, despite being allies.

(3) *The Lee Myung-bak administration, Japan and the United States*

The Lee Myung-bak administration (2008–) proceeded with a security policy centred on alliance relationships, aiming to repair relations with the United States and promoting defence cooperation with Japan. The main thrust has been strengthening the US–ROK alliance, but other co-operative relationships beyond the Korean Peninsula have also been progressing. One example of this is the deployment of forces in counter-piracy missions off the coast of Somalia. The Lee administration has been more active in engaging in global issues: for example, hosting the G20 summit meeting of major economies in 2010 and the Nuclear Security Summit in 2012.

In addition to building a “strategic cooperative partnership” with China and Russia, South Korea has been building a “mature partnership” with Japan, and has been promoting “cooperative, networked diplomacy”. Even so, it has not displayed a particularly active stance towards multilateral security cooperation in the Asian region.

4 Events and arguments in China

4.1 Expectations for a multipolar world after the Cold War

During the Cold War, arguments for multilateral security cooperation were virtually unheard of in China. China called for autonomous, independent diplomacy that did not involve China entering into any alliances with other countries. China’s fundamental position was to conduct diplomacy independent of other countries and so it was common for China’s negotiations to be bilateral. From the mid-1980s, China became aware of itself as a country in the Asia-Pacific region, and in 1986 participated in the Pacific Economic Cooperation Council (PECC). However, it was not until the Cold War ended that the argument for multilateral cooperation arose in the areas of security and diplomacy. China expected that a multipolarized world would arise after the Cold War, and discussions over a multipolar world were seen at the beginning of the 1990s.¹⁰ The reason for this was the view that the influence of the United States would wane due to the loss of the common interest of countering the Soviet Union, and relations between the United States and its allies and friends would therefore deteriorate.

In the early 1990s, China’s understanding of international affairs swayed between multipolar and unipolar views of the world. In 1992, it indicated that within international affairs there existed “one superpower

and several powers". Then in 1996, China announced its perception that predicted the lengthening of the period of one superpower and many powers (Chen, 1992; Yan, 1996). On the other hand, in 1995 it had presented an understanding that multipolarization was accelerating.¹¹ However, the United States made clear its strategy of remaining in East Asia, promoting frequent policies holding firm to its alliance with Japan. As a result, China gradually recognized that the world was not moving in a multipolar direction.

China's expectations for a multipolar world were not necessarily connected to multilateral cooperation in Asia, however. After the Cold War, China was hoping for a multipolar world and not one of US hegemony. The poles included the United States, Europe, Japan and China. While Japan and China were expected to assume two poles in Asia, multilateral regional cooperation was not considered as a part of this construct. Later, however, one of the causes of China's increasing interest in multilateral regional cooperation was the development of a US unipolar world.

4.2 The "New Security Concept"

China proposed a "New Security Concept" at the ARF foreign ministers' meeting in July 1996. It was first elucidated in an official public document in the Sino-Russian Joint Statement of 1997, and in 1999 Chinese President Jiang Zemin spoke of it in his own speech at the UN Conference on Disarmament. A position paper on the New Security Concept was once again submitted at the ARF foreign ministers' meeting in 2002. The places and methods where the concept was announced suggest that China chose fora not led by the United States.¹² This seems to indicate China's resistance to US primacy.

The new security concept was a broad one that included traditional security but also non-traditional issues of economic security, science and technology, and the environment. The concept is based on common interest and emphasizes cooperation towards mutual benefit. Methods for cooperation cited include relatively strongly binding multilateral security mechanisms, multilateral security dialogues, bilateral security talks aiming to foster trust and security dialogue at the non-governmental level by academics and specialists. The concept seems to be based on a recognition that transnational problems have increased as a result of economic interdependence and an increased traffic of people and goods. In other words, it was a reaction to the impact of globalization. The new security concept also criticized Cold War mentality and power politics.¹³ The criticism of power politics was often used against the United States. An example is the Beijing Declaration of China and Russia that was signed when President Putin visited China in July of 2000. This can be seen as

another example of resistance to the US-led international security order.

4.3 The Shanghai Cooperation Organization and the ARF

China, although it attends ARF meetings, has remained relatively inactive. Instead, the multilateral security cooperation that China has most actively promoted is the Shanghai Cooperation Organization (SCO). SCO is not itself an East Asian regional cooperation mechanism and so is outside the scope of this chapter, but its functions will be introduced in order to contrast it with China's East Asian regional security cooperation.

SCO was launched in June 2001 in Shanghai, and its members are the six countries of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Its former incarnation was the Shanghai Five, which met in 1996, also in Shanghai, comprising the same countries listed above except for Uzbekistan. It is considered as a cooperative organization that is engaged against non-traditional threats such as international terrorism, but on the other hand it has a strong military flavour, exemplified by the "Peace Mission 2007", which was a joint military exercise of the six members. These were the largest-scale exercises by the Chinese People's Liberation Army held outside China. China sent about 1,600 troops, eight JH-7A bombers, 24 Mi-17 multirole helicopters and 200 combat vehicles. Around 2,000 troops, eight Su-25 fighters and 12 Mi-24 attack helicopters participated from Russia (National Institute for Defense Studies, 2008, p. 146).

China has been a member of ARF since its inception, but in response to US and Japanese attempts to further institutionalize ARF as a regional security framework, China opposed the creation of a concrete timeline. Also, China opposed the discussion of individual issues such as territorial problems (Leifer, 1996).

4.4 The Six-Party Talks

China played an active role in holding the Six-Party Talks that began in 2003. The goal of the talks was to resolve North Korea's nuclear arms development problems. The talks were for discussing a specific problem and were therefore of a different nature from the multilateral regional frameworks introduced so far. However, they provide a good example of China's activeness in multilateral talks. This is clear when compared to China's attitude during the 1994 North Korean nuclear crisis. In 1994, China was reluctant to put pressure on North Korea and was extremely cautious about walking in step with the United States. China refused to

participate in three-party talks between the United States, China and North Korea, and even when cooperating with the United States behind the scenes, China avoided taking centre stage. At the United Nations, China consistently opposed sanctions resolutions against North Korea (National Institute for Defense Studies, 2004, p. 90). In contrast, at the time of the 2002 crisis, China immediately announced a policy of supporting the denuclearization of the Korean Peninsula, and President Jiang Zemin personally informed President Bush of this during his visit to the United States. In addition to participating in the Three-Party Talks in April 2003, China engaged in shuttle diplomacy ahead of the Six-Party Talks in August and acted as the host. There are also experts who consider that China's efforts at the Six-Party Talks are an example of putting the new security concept into practice (Sasaki, 2005; Xu, 2004).

4.5 Caution over multilateral regional security

From around 2010, China started to show signs of caution about multilateral security in the Asian region. Ever since US Secretary of State Clinton declared at the ARF ministers' meeting in July 2010 that freedom of navigation in the South China Sea was in the national interest of the United States, Southeast Asian countries have seemed more confident about discussing territorial problems in the South China Sea at multilateral talks. In response, China has opposed discussing territorial issues multilaterally, and has emphasized that these problems should be handled bilaterally.

5 Events and arguments in the United States

5.1 The maintenance of a "hub-and-spokes" system

Security in East Asia was supported by the bilateral alliances of the United States during the Cold War. With the United States as the central axle, alliances formed radiating spokes in the so-called "hub-and-spokes" system. As seen thus far, after the end of the Cold War, the argument over multilateral regional security became popular in other countries, but this was not the case in the United States. After the Cold War, the debate that took place in there was over bilateral alliances versus isolationism or maintaining the unipolar structure. The debate over multilateral security was secondary.¹⁴ Soon after the end of the Cold War, a possible reduction of the US military forward presence in East Asia was discussed.¹⁵ The downward trend was halted by the 1995 Security Strategy for the East Asia-Pacific Region (the so-called "Nye Report"), and from then on the

United States actively set out to maintain and strengthen its bilateral alliances.¹⁶

The Nye Report was based on the understanding that the Asia-Pacific region was important and announced that the United States would continue to be involved there. It clearly stated that the 100,000 forward deployed troops would be maintained, and emphasized that bilateral alliances continued to be important after the Cold War. The report also discussed multilateral security in the Asia-Pacific region and indicated support for ARF. It also proposed creating another forum for multilateral dialogue in Northeast Asia, reflecting the Clinton administration's position of coordinating with other countries and was the first mention of multilateral security as an strategy for Asia. It considered multilateral security dialogue to be a part of a multilayered security apparatus. Leading up to this report, President Clinton also suggested, in a speech in Seoul in July 1993, the notion that a number of new security frameworks needed to be created in the Asia-Pacific region, and stated that these would serve the function of "overlapping plates of armor" (White House, Office of the Press Secretary, 1993). However, in the Nye Report, multilateral security was considered to be less important than bilateral alliances, that bilateral commitments remained inviolable and their importance had not diminished and should not be weakened. According to Nye, multilateral security would complement bilateral alliances and not weaken or replace them (Nye, 1995).

To explain why interest in multilateral security had increased, the Nye Report cited the uncertainties created by the end of the Cold War and concerns aroused by the US withdrawal from its bases in the Philippines. The intention was, seemingly, to relieve any worries by countries in the Asian region that the United States would disengage from the area. At the same time, US concerns over whether or not bilateral alliances that were created during the Cold War could be sustained can be inferred. The debate over isolationism gradually waned through the 1990s, and support increased for strategies maintaining the unipolar structure (Huntington, 1993). Bilateral alliances came to be considered as important tools for the United States' primacy strategy.

5.2 Responses to transnational threats

The emergence of transnational threats that straddled borders came to be recognized in the United States starting in the mid-1990s. In the "Bottom-Up Review" report released in 1993 as a post-Cold War defence strategy, the word "transnational" does not appear. However, it does surface in the 1995 National Security Strategy (White House, 1995) in reference to one of four global dangers in the Department of Defense strategy

of the same year.¹⁷ However, the main thrust of the security strategy of the time was providing against the new threats appearing amid an uncertain post-Cold War global situation. Mention of transnational threats continued in subsequent government reports, but during the mid-1990s, threats from international terrorism were not yet clearly understood. The interests of US security after 1997 focused on global peer competitors, with much attention focused on China's rise.¹⁸

During that period, the US government worked to strengthen alliances in the East Asian region. The Japan–US Declaration on Security was announced in April 1996 (Japanese Ministry of Foreign Affairs, 1996), and the US–Japan Guidelines were revised in September 1997 (Japanese Ministry of Foreign Affairs, 1997).¹⁹ The joint declaration upheld “stability in the Asia-Pacific Region” as a goal for the US–Japan security relationship and expanded the geographical scope of the alliance beyond the “Far East”.²⁰ Under the new guidelines, the Japan Self Defense Forces could provide logistical support to the US military, not only when defending Japan but also in response to “perilous situations in areas surrounding Japan.”²¹ On the other hand, transnational threats such as terrorism were recognized as security problems but were not given much attention.

This situation changed dramatically as a result of the 9/11 attacks in 2001. The US government implemented military operations against the international terrorist organization Al-Qaeda and deployed its military to various countries including Afghanistan. Although the United States became strongly aware of the terrorist threat and the impact on international security of failed states that could become hotbeds of terrorism, this did not lead to an argument for multilateral security in Asia.

5.3 Unilateralism and the war in Iraq

(1) Unilateralism

The neo-conservatives who were influential in the Bush administration promoted a strategy of primacy to maintain a unipolar world. This was one of the reasons why the argument for multilateral security in Asia did not become widespread in the United States. In a multilateral organization, the freedom of US actions could be constrained. As a result, there is a certain level of resistance to international organizations and multilateral frameworks within the United States. In 2003, before the war against Iraq, the United States did not obtain a clear mandate from the United Nations Security Council (UNSC). The United States continued the fight against terrorism, not only through existing alliances but through a new “coalition of the willing”.

The international community criticized unilateral US actions. As a result of the prolonged wars in Iraq and Afghanistan, the United States came to recognize the importance of coordination with other countries. In the 2006 Quadrennial Defense Review (QDR), the importance of international cooperation was emphasized; however, at the same time, a unilateral stance continued to be seen in its strategy towards Asia-Pacific. Aiming to ensure that only the United States holds the power to determine regional security, the United States sought to dissuade other countries from seeking regional dominance.²² In this strategy, there is little emphasis on multilateral security cooperation.

(2) The 2008 presidential election and multilateralism

An argument for multilateral security in Asia became popular in the United States around the 2008 presidential election. During the election campaign, Democratic presidential candidates Senator Obama (now the president) and Senator Clinton (now the secretary of state) and the Republican candidate Senator McCain all argued in favour of a multilateral security framework in Asia.²³

Senator Clinton criticized the unilateralism of the Bush administration, and placed greater importance on multilateralism. Regarding Asia, she noted the positive role that China had played with respect to North Korea's nuclear arms development problem, and advocated the founding of a multilateral security framework in Northeast Asia based on the Six-Party Talks. She recognized that the Sino-US relationship would be the most important bilateral relationship of the twenty-first century and wanted to pursue a cooperative relationship. She proposed a policy of coordinating with China even while opposing it in cases that could harm the US national interest, and indicated an inclination towards deepening cooperation with China within a multilateral mechanism.

By contrast, Senator McCain proposed creating a new "League of Democracies". He considered strengthening ties with democratic countries in the Asia-Pacific region to be central, and advocated stronger relationships with Japan, South Korea and Australia. He noted that democracies were actually common in the Asia-Pacific region, and announced that he would actively participate in regional frameworks led by ASEAN. He also indicated that he would resist regional frameworks promoted by China that exclude the United States (McCain, 2007).

President Obama has stated from the time he was a candidate that multilateral security in the Asia-Pacific region would be centred on ASEAN. After his inauguration, he began his first visit to Asia in Tokyo, and at a speech in the city he declared that the United States was a country in the Asia-Pacific region, and that he would be involved in the region

as the first Pacific president. He stated unequivocally that he would actively participate in multilateral frameworks:

In addition to our bilateral relations, we also believe that the growth of multilateral organizations can advance the security and prosperity of this region. I know that the United States has been disengaged from these organizations in recent years. So let me be clear: those days have passed. (White House, Office of the Press Secretary, 2009a).

5.4 The Obama administration and multilateralism

(1) Involvement in ARF

Regarding the Obama administration's actual East Asian security policy, its stance of actively participating in multilateral organizations stood out compared with that of the Bush administration. The 2010 Quadrennial Defense Review (QDR) called for the promotion of regional security in various forms and the development of multilateral organizations for the security of the Asia-Pacific region (US Department of Defense, 2010, p. 59).

In fact, the United States held the first US–ASEAN Summit Meeting in Singapore in November 2009, and in a joint statement the promotion of cooperation for regional security was confirmed (White House, Office of the Press Secretary, 2009a). The Obama administration has often used multilateral fora to discuss regional security issues. For example, Secretary of State Clinton said at the ARF ministers' conference in July 2010 that freedom of navigation in the South China Sea was in the national interest of the United States. This statement regarding the problems of the South China Sea was seen as sending a warning to China, and was received as indicating a more active US engagement in regional problems. Similarly, in the joint communiqué of the Second US–ASEAN Summit Meeting held in New York in September 2010, the importance of regional peace and stability, safety of the seas and freedom of navigation was confirmed (White House, Office of the Press Secretary, 2010).

In the military sphere, regional security has been furthered in the direction of expanding existing bilateral alliances: for example, by allowing other countries to participate in bilateral military exercises with Thailand, and having South Korea participate in US–Japanese military exercises. At the same time, military bilateral relationships with the countries of East Asia have been deepened. For instance, the defence relationship with Singapore was strengthened based on the Strategic Framework Agreement and state-of-the-art littoral combat ships (LCSs) were deployed to Singapore.²⁴

(2) Increased defence burden and multilateralism

There are a number of reasons for the emergence of the debate over multilateralism in the United States. The first concerns the cost of unilateralism. Unilateralism was showered with criticism by the international community. This resulted in the perception that US influence had decreased. Additionally, it was simply not possible to maintain US national interests through unilateralism. In order to respond to transnational threats such as international terrorism, international cooperation would be necessary. This understanding of the situation was already evident in the 2006 QDR.

The second reason is the increase in the US defence budget and the worsening of the fiscal situation. The cost of two wars in Afghanistan and Iraq has been weighing heavily on the United States. Since 11 September 2001, the cost to the United States of the wars in Afghanistan and Iraq had risen by March 2011 to about \$1.25 trillion (Belasco, 2011).²⁵ The defence budget of the United States alone has generally been about the same as that of the rest of the world combined, but in 2006 its defence budget even exceeded 50 per cent of that of the world. As a result, the US government has been seeking to reduce it. Also, there is the view that it might be better to refrain from intervening in wars that are not directly related to the United States national interest.

6 Discussion

6.1 The effects of globalization

What explains the increased reference to multilateral security cooperation in Asia? First, let us consider the impact of globalization as a factor.

(1) Globalization and security

In general, globalization refers to the global-scale phenomenon that arises through movements of people, goods, capital and information across national borders. In the area of security, the impacts of globalization have been noted (Cha, 2000; Keohane and Nye, 2000). Three impacts can be considered. The first is the security problems brought about by failed and rogue states. Problems that conventionally were limited to being domestic within one country have come to have an impact that extends globally. The second impact is the problem of the proliferation of weapons of mass destruction which has arisen as a result of globalization,

whereby technology relating to the production of weapons of mass destruction can be easily acquired (Falkenrath, 1998).²⁶ The third impact is the threat of non-state actors such as terrorist groups, who can cross borders to form networks and run their activities on a global scale. Also, there is the situation where global demand for certain resources, such as timber, diamonds and narcotics, is funding the activities of some non-state actors (United Nations, 1999).

As a result of globalization, the number of threatening actors and the geographical range of threats diversified (Cha, 2000). In consequence, the security environment has become more complicated and opaque than it was during the Cold War era. It is increasingly difficult to maintain security effectively. Multilateral cooperation is necessary as security problems become increasingly difficult to solve unilaterally.

(2) Globalization and the argument for Asian regional cooperation

Globalization seems to have a strong influence on security, but is it the cause that triggered the argument for regional cooperation? Let us examine this from the time when globalization emerged and in consideration of the arguments observed thus far.

In terms of timing, although the argument for multilateral security was seen to increase in the mid-1990s and after 2000 as mentioned above, the argument in the mid-1990s was in response to the fluctuating post-Cold War situation. The impacts of globalization were not particularly visible. Since 2000, the need to respond to transnational problems has come to be recognized in Japan, China and the United States. The impacts of globalization were seen. However, in the case of Japan, we can see no connection to regional multilateral cooperation until around 2009. If it did exist, it was only in the context of dealing with transnational threats via international cooperation through the United Nations. In the United States, global and transnational threats were recognized from a relatively early stage. Although such threats were felt strongly after 9/11 in particular, this did not lead to the argument for multilateral security in Asia. It was only from 2008 onwards that the debate for multilateral cooperation in Asia became active.

What about the contents of the debate? Let us consider the three impacts mentioned above. The first – the impact of failed states – has been frequently debated in the United States in terms of its influence on international security. In Japan, the impact of failed states on international security was noted in the 2009 report of the Council on Security and Defense Capabilities. It raised a concern for the necessity of international cooperation, but we cannot determine a direct influence on the argument for multilateral security in East Asia. In each country there is, however,

the recognition that it is necessary to cooperate regionally regarding transnational problems. Such an argument is particularly noticeable in the area of non-traditional security. In China, the debate over the new security concept considers that the promotion of cooperation is one way to solve transnational threats. In this sense, there is a connection with globalization. However, although the SCO has a strong inclination in this direction, it cannot be said that its effect on multilateral cooperation in the East Asian region is very clear. South Korea was never very active in East Asian multilateral regional security cooperation and a relationship with globalization cannot be established.

As for the second problem – the proliferation of weapons of mass destruction (WMD) – the problem of North Korea's nuclear development is relevant to East Asia. To the United States, the problem of nuclear proliferation to regions outside Asia, such as the Middle East, was more serious than the problem of North Korean nuclear arms. On this point, globalization of the WMD problem had a strong impact on the United States, which had a different position from that of Japan, South Korea or China. The North Korean nuclear development problem was considered important in Japan, South Korea and China, but this was not necessarily understood in the context of globalization. Also, fears of the problem of nuclear proliferation to other regions are low.

The third problem – the threat of non-state actors such as international terrorism – is recognized as having an impact on the security environment of the world as whole. In particular, this has been an important issue for the security policy of the United States since 2001, and cooperation with other countries was primarily for the “fight against terror”. However, the problem of terrorism cannot be said to have led to the argument for multilateral regional security cooperation. What influence there has been is indirect – in that an apparatus to complement or strengthen bilateral alliances became necessary as a result of the United States bearing the burden of fighting in Afghanistan and Iraq.

6.2 Causes other than globalization

Although the impact of globalization on multilateral security in East Asia does exist, its direct influence is limited. In this subsection, other causes for the rise of the arguments are discussed.

(1) Fear of abandonment

The argument over multilateral security in Japan and South Korea arose soon after the Cold War and again around 2008. What was common to the discourse of both periods was concern over declining US defence

commitments. After the Cold War, this concern arose following plans to reduce US forward deployment and the collapse of the common threat from the Soviet Union. The argument around 2008 was triggered by a decline in the relative power of the United States. South Korea's military deployment to the anti-piracy operations off the coast of Somalia was thought to be aimed at restoring relations with the United States.

In the case of Japan, there were concerns over US abandonment in the first half of the 1990s (Funabashi, 1997). The argument for multilateral security did arise as a result, but during this period there were worries that multilateral security would be misunderstood by the United States as an opposing concept to the US–Japan alliance. Since 2008, the argument has been based less on worries about potentially being abandoned by the United States and more on concerns that with the relative decline of the United States a situation might arise in which the United States would not be able to sufficiently commit to the region. There was also the concern that the United States was tied up by security problems outside the Asian region, such as in the Middle East, and thus would not be able to be involved in Asia. However, the argument was not the conventional one, where multilateral security would replace bilateral alliances, but rather it was that a regional network would be formed in parallel to the bilateral alliances or built on top of their foundation. As the United States itself admitted its relative decline in power (US Department of Defense, 2006), it seemingly became easier for a similar argument to be made in Japan: this was the idea of complementing the relative decline of US power with a multilateral security framework.

(2) Regional competition

The element of competition between countries can also be seen as a reason for the argument for multilateral security becoming popular. Japan, the United States and China each advanced an argument for a multilateral security framework that would further its own interests. Also, each country participated in various conferences with each other so as not to fall behind in the argument for a regional security framework.

The main points of opposition in the debate relate to the fundamental principles and the make-up of member countries. The United States is aiming for a framework rooted in liberalism and democracy, and is advocating region-building based on international law and norms. In line with this, the United States opposes limiting the member countries to APT. In addition to its own participation, it envisages the accession of democracies such as Australia, New Zealand and India. Japan's thinking is close to that of the United States. Previously, a concept of regional architecture without the United States was often seen, but in recent arguments, as seen in the NDPG, the most popular framework is the one based on the

bilateral alliances of the United States: namely, with the democracies of Japan, South Korea and Australia.

In contrast, China is opposed to liberalism and democracy becoming the fundamental principles of the region. If the region were to cohere under a framework with a foundation of liberalism as represented by the United States, it is highly likely that the influence of the United States would be sustained, and China's constrained. China is advocating the APT framework, within which the United States and Australia would be excluded. Also, this would be a framework in which it would be easy to adhere to the principle of non-interference in the domestic affairs of other countries, as upheld by ASEAN.

The debate over the participating members of the East Asia Summit (EAS) is a case in point that suggests that competition is behind the differing architectures for the region. China pushed for the APT countries to be the members of the first EAS held in 2005. The United States opposed this. With US influence, Japan began to argue for the inclusion of India and Australia. As a result, the EAS was held with an expanded membership. Also, Sino-US competition can be seen in the problems surrounding the South China Sea. In 2010, China was reported to have stated that the South China Sea was a core interest to China. In response, as mentioned earlier, in July 2010 the United States stated that freedom of navigation in the South China Sea was in the US national interest. Furthermore, aspects of competition can be seen in the assertion that international law and norms including the UN Convention on the Law of the Sea should be adhered to.²⁷

From 2001 until around 2008, when the United States was acting unilaterally, China was actively involved in the argument for multilateral cooperation. China's proposal for a new security concept was also put forward around this time. Conversely, since 2009, when the United States began to display more active engagement in multilateral regional fora, China's enthusiasm for multilateral security seems to have waned. Particularly since 2010, when the United States began to make the problem of freedom of navigation in the South China Sea a matter for multilateral discussion, China has strengthened its assertion that it should be debated bilaterally. It has opposed handling the South China Sea problems at multilateral fora.

7 Conclusion

The impact of globalization on the debate over a regional security framework in Asia is indirect rather than direct. Also, it is difficult to conclude that it is the most important cause. The impact of globalization is best

manifested in an increase in awareness that international cooperation is necessary to solve transnational security problems that are difficult to solve individually. In the same context, arguments for regional cooperation have arisen. However, the problem of transnational threats has resulted in an argument for global rather than regional cooperation. For example, in response to the problem of piracy that arose alongside the governance failure in Somalia, the international community debated the need for anti-piracy countermeasures. This led to international cooperation whereby the United States together with Japan, China and South Korea dispatched personnel to the seas off Somalia as anti-piracy measures. It is possible for this type of extra-regional cooperative activity to promote regional cooperation. The emergence of transnational threats, however, did not immediately lead to the argument for regional cooperation.

Another indirect impact is that the United States has focused on “war on terror” since 2001. It has been involved in regions outside East Asia, such as the Middle East. As a result, concern has arisen that the United States will not commit sufficiently in the Asian region. Japan and South Korea, which are allies of the United States, recognized the need to increase regional cooperation to counter the possible decline of US commitment in East Asia. The two countries have indicated a policy of strengthening ties as members of alliances. At the same time, attempts are being made to improve the regional security environment through cooperation with countries such as China.

The trends in US power and regional commitment have a more direct impact than globalization and can be cited as a cause of the argument for regional security. The debate over multilateral security in Japan and South Korea occurred when US involvement decreased, or was perceived to decrease, although the United States has taken a more active role in multilateral security in East Asia under the Obama administration. What is causing this change is the recognition that US influence has been decreasing as a result of its unilateral behaviour. It seems that the United States intends to avert this decrease by declaring an intention to be engaged in the Asian region and by participating in regional multilateral frameworks. In 2012, the United States announced in its new defence strategic guidance its plans to rebalance to Asia (US Department of Defense, 2012).

To add one final point; although the argument for multilateral security in East Asia appears to be caused by mechanisms such as power competition and enhancement of the national interest, those that are actively promoting multilateralism represent liberal elements in each country. Individuals and groups who believe that it is possible to restrain non-cooperative behaviour through incorporation into regional institutions are advocating the arguments in favour of multilateral regional security.

If security cooperation on a global scale succeeds, the argument for regional cooperation can be expected to proceed further.

Notes

1. This meeting was held in New York, and was jointly hosted by the Indonesian foreign minister. The foreign ministers of 15 countries (Japan, Indonesia, Malaysia, the Philippines, Singapore, Thailand, South Korea, China, Mongolia, Viet Nam, Laos, the United States, Canada, Australia and the Soviet Union) attended. Topics of discussion included the Gulf Crisis, the Cambodian problem and the situation in the Korean Peninsula (Ministry of Foreign Affairs, 1991).
2. For example: Fallows (1989).
3. This advisory group took the lead in reconsidering the post-Cold War National Defense Plan Outline and was founded as an advisory group to Prime Minister Morihiro Hosokawa. After changes in administration, it submitted its report to Prime Minister Tomiichi Murayama.
4. Akio Watanabe, who is considered to have been one of the authors of the report of the advisory group, subsequently stated that although multilateral security was first in terms of the order in which it was stated, the highest in terms of priority was the US–Japan Alliance (Watanabe, 2003).
5. The Japan–US Security Consultative Committee completed the new Guidelines for US–Japan Defence Cooperation on 23 September 1997.
6. This was called the 2004 outline since it was revised in 2004 (Security Council of Japan Resolution, 2004).
7. The Council on Security and Defense Capabilities was founded as an advisory committee to Prime Minister Taro Asō, and the Council on Security and Defense Capabilities in the New Era was founded as an advisory committee after the change in administration under Prime Minister Yukio Hatoyama (Council on Security and Defense Capabilities, 2009; Council on Security and Defense Capabilities in the New Era, 2010).
8. The importance of regional security cooperation was also indicated in the security recommendation of the Tokyo Foundation that was released in 2008 as a forerunner to the two council reports mentioned above (Tokyo Foundation, 2008).
9. The “Provisional Translation” by the Ministry of Defense does not capture the original Japanese emphasis and reads, “a security network needs to be created” (Security Council of Japan Resolution, 2010).
10. For example, Huang and Wang (1990). Regarding China’s understanding of international affairs during this period, see Takagi (1998).
11. Fang He analysed this as “by around 2010, a new world structure would be formed, and the post-Cold War transition period would terminate”. See He (1995) and Takagi (1998).
12. Regarding the New Security Concept, see the following: People’s Republic of China State Council Information Office (1998); Takagi (2003); and Finkelstein (2004).
13. According to papers submitted at the ARF ministers’ meeting in 2002 (China’s Foreign Ministry, 2002).
14. Regarding the debate over unilateralism, for example, see Krauthammer (1990; 1991). Also, the draft of the 1992 “Defense Planning Guidance” attempted to maintain the unipolar structure. However, in 1992, the strategy of unipolar maintenance did not gain support and the draft was revised.
15. For example, “A Strategic Framework for Asia” presented in 1990 proposed a plan involving reducing the roughly 135,000 troops deployed in the Asia-Pacific region by

- around 15,000 within one to three years, and further reducing the number within the next 10 years (US Department of Defense, 1990).
16. US Department of Defense (1995). “Nye” refers to Joseph Nye, then the Assistant Secretary of Defense (International Security Affairs).
 17. The four dangers were: regional destabilization, proliferation of weapons of mass destruction, transnational dangers and dangers to democracy. Examples cited for transnational dangers included drug trafficking and terrorism (Shalikashvili, 1995).
 18. The first mention of global peer competitors appearing in an official US document was the 1997 Quadrennial Defense Review Report. In it, China and Russia were considered peer competitors of the United States (US Department of Defense, 1997).
 19. This policy was approved by the Japan–US Security Consultative Committee (the so-called two-plus-two).
 20. Although the “Far East” is not a concept with a strict geographical area, looking at government statements, it can be considered to indicate a narrower area than the Asia-Pacific region. According to government statements, the Far East is “roughly the region from the Philippines northward, including Japan and its surroundings, and includes regions under the control of South Korea and the Republic of China” (House of Representatives, 1960, p. 9). Regarding a definition of the Far East and the revision of the US–Japan guidelines, there are details in Fukuda (2006, pp. 143–172).
 21. “Perilous situations in areas surrounding Japan” is also not a geographical concept but is defined as, “situations having an important effect on the peace and safety of Japan in the surrounding region, including situations that have the risk of becoming a direct armed attack on Japan if left alone”. Therefore, depending on the situation, it could refer not only to the region surrounding Japan but also to the Asia-Pacific region or even the whole world. The Anti-Terrorism Special Measures Law uses the same approach: “Act on Measures to Ensure the Peace and Stability of Japan in Perilous Situations in Areas Surrounding Japan” (Act No. 60 of 28 May 1998; final revision: Act No. 80 of 8 June 2007).
 22. The original reads as follows: “It [the United States] will also seek to ensure that no foreign power can dictate the terms of regional or global security. It will attempt to dissuade any military competitor from developing disruptive or other capabilities that could enable regional hegemony or hostile action against the United States or other friendly countries” (US Department of Defense, 2011, p. 30).
 23. During the 2000 presidential election, policy towards China was an important point of disagreement, but the debate was over whether to contain China or to engage with it, and both of these approaches are centred around a unilateral US policy or bilateral alliances. There was little debate over multilateral security frameworks.
 24. The deployment of the LCSs to Singapore was made clear in a speech by Secretary of Defense Gates at the Shangri-La Dialogue (Gates, 2011).
 25. Of this figure, \$800.6 billion was used for Iraq and \$444 billion was used for Afghanistan. When factoring in the cost of domestic terrorism-prevention policies aside from Afghanistan and Iraq, the total anti-terrorism expenditures grew to \$1.286 trillion.
 26. In addition to globalization, reasons for the proliferation of weapons of mass destruction include the dispersion of scientists and technologies from the former Soviet Union resulting from the end of the Cold War.
 27. The US assertion was made by Secretary of State Clinton when participating in the ARF held in Hanoi in July 2010. It took the form of checking China by promoting rule-based actions, but on the other hand, the United States has not ratified the UN Convention on the Law of the Sea; the argument was criticized as being unconvincing and it is said that the primary goal of the statement was likely to send a warning shot to China (Clinton, 2010).

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9

Regional integration and cooperation in higher education in Asia

Kazuo Kuroda

1 Definitions of globalization, internationalization and regionalization

Due to explosive growth in the international movement of people, rapid strides in information and communications technologies, the advancement of international economic integration, the evolution of the market economy and the creation of a knowledge-based economy, even education, which heretofore was mostly discussed within the traditional framework of individual nation-states, is faced with international and global transformation.

In the twenty-first century, internationalization and globalization are keywords in education, particularly in higher education, and are now central in discussions on education held in educational institutions, national administrative agencies and the international community. At the second World Conference on Higher Education held by UNESCO in July 2009, recognition was given to the importance of joint investment by the international community in higher education as a public good, and of building multilevel quality assurance management systems. An unexpected result in recent years of the globalization of higher education has been the advancement of regionalization, but policy discussion on the direction of regionalization still lacks a coherent understanding of its relation with regional integration and regional cooperation. In this chapter, I will first attempt to define and relate the concepts of globalization, internationalization, regionalization, regional integration and regional cooperation as

they relate to higher education; later, I will survey, focusing on Asia, the progress of regionalization in higher education in different parts of the world. Finally, I will furnish and discuss several viewpoints to offer a more thorough theoretical understanding of globalization in higher education.

The internationalization and globalization of higher education have recently been topics of manifold discussions. As part of this dialogue, Scott (2000) has argued for distinguishing between internationalization as the expansion of cross-border activity in higher education premised on a national framework, and globalization as the worldwide development of higher education not premised on borders or national frameworks. Wende (2003) has argued for defining internationalization as traditional international activities in higher education, such as exchanges of students and faculty, academic cooperation and international education and cooperation between universities. On the other hand, globalization is defined as changes in higher education against a background of innovative developments, such as transnational education or the formation of a cross-border higher education competitive market. However, the definitions most frequently used in the latest research on international higher education are those presented by Knight, who defines globalization as “the flow of people, culture, ideas, values, knowledge, technology, and economy across borders resulting in a more interconnected and interdependent world” (Knight, 2008, p. 4); and defines internationalization in higher education as “a process of integrating an international, intercultural or global dimension into the purpose, function, and delivery of post-secondary education” (Ibid., pp. 213–214). In other words, for Knight, globalization is the transformation of a *de facto* advancing social economy, and internationalization is the response from government and higher education institutions.

Because there has been no progress in better defining regionalization, at least not in international higher education research, the concept has been used with reference to regions to mean both globalization and internationalization as described above. That is to say, regionalization was used to refer to the evolution of regional socioeconomic interdependence (including a *de facto* advancing higher education), but at the same time the response to this advancing regionalization in Europe and Asia of higher education institutions was itself seen as a structural part of regionalization. If we are to use this terminology to better effect, we must call the former “*de facto* regionalization”, and the latter regionalization as the process of integrating regional aspects into higher education; that is, a regionalization which can be “weighted towards the region one identifies with”. Regional cooperation, regional integration and construction of a regional framework in higher education can best be looked on as responses included in the latter definition of regionalization.

2 Variegated forms of internationalization in higher education

There exist various forms of both the internationalization of higher education in response to the globalization described above and internationalization weighted towards a region in response to regionalization. Education has been an object of the World Trade Organization's (WTO) free trade negotiations on traded services, which it classifies into four modes (see Tsukahara, 2008). The first mode is "cross-border supply", which in higher education corresponds to the provision of international distance education, which has expanded rapidly in recent years thanks to advances in information and communications technologies and the facilitation of education through the Internet. The second mode is "consumption abroad", which corresponds to study abroad, the most traditional international form of higher education. According to recent UNESCO statistics, three million students are studying abroad in the world today, a number forecast to greatly increase (UNESCO Institute for Statistics, 2010). The third mode is "commercial presence", which refers to educational activity abroad through the establishment of branch campuses and partnerships with local higher education institutions. This area has also expanded significantly, as seen for example in the forays of British and Australian universities into Asia and the Middle East through branch campuses and transnational education programmes offered through local partner schools in China. The fourth mode is the "presence of a natural person", and refers to, for example, university faculty members going abroad to teach. The WTO's classification from a service trade perspective may capture the internationalization of a dynamically developing higher education market, and it may be useful in providing a contrast with the internationalization of other sectors, but it does not lend itself to capturing the aspects of higher education internationalization which develop and stay within a country's borders.

From just such a perspective, Knight (2008) classifies the internationalization of higher education as "internationalization at home" and "internationalization abroad". Besides internationalization abroad already mentioned, important structural elements of higher education internationalization as internationalization at home include the internationalization of education programmes and research that deal with international topics and promote foreign language education and area studies, and the internationalization of the environment and processes of teaching and learning that actively take advantage of foreign faculty, students from abroad and international teaching materials. In addition, the following classification of cross-border education is used in a variety of international higher education research areas: (1) *people* studying and training

abroad; (2) cooperative education *programmes* with foreign universities such as double degrees and twinning programmes; (3) *providers* (universities) developing campuses overseas and establishing overseas offices; and (4) *projects* such as curriculum development and international joint research. However, this classification has various problems, such as not clearly distinguishing between projects and programmes.

In their analysis of three actors and nine categories, Kuroda et al. (2010) distinguished by actor the following forms of internationalization: (1) university-organized internationalization, such as internationalization of the curriculum and educational environment, international agreements between universities and international joint degree programmes and international distance education; (2) faculty internationalization, such as sending faculty overseas, employing foreigners and faculty with international experience and conducting joint international research; and (3) student internationalization, such as sending enrolled students for short- and long-term study abroad and accepting students with international experience, such as international students and returnees to Japan.

There are many aspects of internationalization of higher education. The task of analysing in detail the ways that the internationalization of higher education is adapting to globalization and regionalization will henceforth be important in international higher education research, but limitations in terms of data means that there is still overall little empirical research. In the following, we will look at the regionalization of higher education, focusing on trends and responses of governments and international intergovernmental organizations to this kind of higher education globalization.

3 Global development of regionalization in higher education

In the field of higher education, how are regionalization, regional cooperation and regional integration advancing globally, and in what direction are they moving? I will first illustrate the global development of regionalization in higher education, then juxtapose it with regional integration in Asia, which is the main subject of this chapter.

First, it is clear that the area most advanced in regional integration in higher education is Europe. The Erasmus Programme and the Bologna Process can safely be called global experiments that have been of great importance for the regionalization and internationalization of higher education throughout the world. However different the processes of regionalization and internationalization in higher education have been in other regions, trends in Europe have had not only a static and passive influence of a positive model to be followed or a negative model of what to avoid

but have also wielded a dynamic and active influence on outside regions thanks to the bold approach shown by programmes such as Erasmus Mundus.

Europe is arguably the place of origin of modern higher education; and the university, the international institution which inherited the European intellectual tradition via the lingua franca of Latin, existed even before the formation of nation-states. The formation of nation-states from the late nineteenth century transformed universities into national entities, but since the late twentieth century, the universities of Europe have endeavoured to once again become European entities. Thus, constructing the “European Higher Education Area” as outlined in the 1999 Bologna Declaration (see details below), can be better understood historically as “reconstruction”.

Originally, the European Community (EC) was founded only for the purpose of economic cooperation, and higher education was not a subject of discussion. At that time, only economic issues such as vocational training or education and employment were of interest, and it was not until the 1970s that interest was sparked to encourage the international mobility of higher education students within the region (Teichler and Maiworm, 1997).

Launched in 1987, Erasmus (the European Community Action Scheme for the Mobility of University Students) has promoted the regional exchange of faculty as well as students, and has achieved a dramatic increase in the number of international programmes at universities and joint cooperation programmes with other universities in the region. As part of these changes, the European Credit Transfer System (ECTS) was introduced in 1989. The goals of the Erasmus Programme include: (1) increasing the regional competitiveness of European higher education in the global market; (2) promoting the exchange of citizens of the EC and forming a consciousness of a “People’s Europe”; and (3) nurturing talent capable of contributing to regional cooperation in the socioeconomic field. Each of these objectives has achieved considerable success (Ibid., 1997).

The Bologna Declaration was signed in 1999 after discussions in Bologna, Italy by education ministers from 29 European countries. It presented a grand vision going far beyond the framework of the Erasmus Programme, seeking to form a European Higher Education Area through the unification of standards for academic programmes and degrees. Like the Erasmus Programme, this was intended to promote mobility and cooperation between universities in Europe and to make studying abroad in Europe more attractive for students from outside the region. The Bologna Declaration aimed at cooperation between governments and university institutions (in 40 countries at present) in order to harmonize

higher education systems in the region. Concretely, among the proposed and implemented projects are the creation of a comparable degree system based on bachelor's and master's degrees, the establishment of a credit system and the use of ECTS cooperation to promote mobility in the region and assure quality in higher education and the promotion of "European-ness" in higher education. Major players in the European region include higher education interest groups such as the European University Association (EUA), the European Association of Institutions in Higher Education (EURASHE), the European Student Union (ESIB) and the European Association for Quality Assurance (ENQA). There are also organizations concerned with regional integration on the whole, such as the Council of Europe and the European Commission (Supachai and Nopraenue, 2008). Both government agencies and individual universities have been forced to adapt, with considerable systemic changes, and the formation of a European Higher Education Area has been a significantly large development.

The internationalization movement in European higher education aims for regionalization, which, interestingly, has had a big impact on other regions as well. In Latin America and the Caribbean, a European and Latin American higher education "Common Space" was agreed in Rio de Janeiro immediately following the Bologna Declaration of 1999. In Africa, the African Union (AU) collaborated with the Association of African Universities (AAU) and with support of the European Union (EU) established the "Nyerere Programme" to promote higher education regional exchanges. This could be called the African version of the Erasmus Programme. While these cases are linked to regional integration trends in each respective region, there has certainly been a great influence from Europe.

In Asia, there are many studies that found rapidly growing intra-regional student mobility and the "Asianization of Asia" is being realized in the field of higher education (see Kuroda, 2007; and Sugimura and Kuroda, 2009). Following this ongoing *de facto* regionalization of higher education, Asian governments and higher educational institutions have tried to establish a multilayered structure of higher educational cooperation in the region. The following sections illustrate the historical process by examining policy documents and regional events.

4 Regional development of higher education in Southeast Asia

Distinctive forms of regional integration are unfolding in Asia, and next we will survey the situation in Southeast Asia, where a pioneering experiment in regionalization is being carried out in higher education.

The Association of Southeast Asian Nations (ASEAN) was formed in 1967, and although its goals have changed with history they are primarily: (1) promoting economic growth and socio-cultural development in the region; (2) ensuring political and economic stability in the region; and (3) cooperating on sundry regional issues. Initially, the organization was centred around foreign ministries, but in recent years it has become a regional international organization, aspiring to regional cooperation over a wide range of political, economic, social and cultural issues and thereby to regional integration and the realization of an “ASEAN community”. ASEAN operates by action plans in each of which education has a place. At the first ASEAN Informal Summit in 1996 (Jakarta), the drafting of “ASEAN Vision 2020” was agreed to and was adopted the following year at the second Informal ASEAN Summit (Kuala Lumpur), where South-east Asia set the goal of becoming an ASEAN community. ASEAN Vision 2020 was intended to show a way for regional cooperation which encompassed fields as varied as politics, culture and economic development, and also pointed out the need for international cooperation in the region in order to cultivate human resources to ensure dynamic regional development. In addition, at the sixth Formal ASEAN Summit in 1998 (Hanoi), the “promotion of human resources development” was one of the 10 goals of the Hanoi Action Plan (1999–2004) adopted in the aforementioned ASEAN Vision 2020. At the ninth ASEAN Summit (Bali), the Declaration of ASEAN Concord II was agreed upon which states the goal of building the ASEAN community on the three pillars of political and security cooperation, economic cooperation, and socio-cultural cooperation; here, education was recognized as a part of socio-cultural cooperation.

At the tenth ASEAN Summit in 2004 (Vientiane), in order to translate the above Concord into reality, the Vientiane Action Programme was adopted which dealt with the theme “Towards shared prosperity and destiny in an integrated, peaceful and caring ASEAN Community”. In particular, in order to realize a socio-cultural community, the goal was put forward of “nurturing human, cultural and natural resources of the region for sustained development in a harmonious and people-centred ASEAN”, and included as strategic thrusts “facilitating access to education” and “managing the social impact of economic integration through human resource development”.

The first intergovernmental meeting of education ministers focusing on education within the ASEAN framework was held in Manila in 1977. At that time, education issues discussed at ASEAN ran the gamut of vocational education, teacher education, examination systems, management information systems for education, special education and a vision for an ASEAN university. The education ministers’ meetings within the framework of ASEAN were limited because of the parallel development

of vigorous activities by the Southeast Asian Ministers of Education (SEAMEO), which had been in existence since 1965. However, since ASEAN Vision 2020 was formulated in the late 1990s, policy-level discussions on education and ASEAN's engagement in the field of education have once again gained momentum. In recent years, fomenting an ASEAN identity and a sense of an ASEAN socio-cultural community and quality of education for national development were the main topics under discussion at the first ASEAN Education Ministers' Meeting, held jointly with the 41st SEAMEO Conference in Singapore in 2006. At the second ASEAN Education Ministers' Meeting held in Bali in 2007 (held in conjunction with the 42nd SEAMEO Council Conference), topics discussed included the use in education of the ASEAN Charter, the importance of education in the formation of "ASEAN citizens" and the fostering of an ASEAN identity, the promotion of "ASEANness" among students by strengthening the ASEAN university network through the cooperation of ASEAN and SEAMEO, and cooperation between East Asia Summit (EAS) member countries.

In 2008, the third ASEAN Education Ministers' Meeting was held in Kuala Lumpur in conjunction with the 43rd SEAMEO Council Conference. Educational cooperation was discussed with the aim of improving the competitiveness of ASEAN and promoting an ASEAN awareness and identity beyond the socio-cultural community. The ASEAN Charter, agreed to in 2008 and ratified by all member countries in 2009, included a statement on the necessity of educational cooperation for "the empowerment of the peoples of ASEAN and for the strengthening of the ASEAN Community". As such, education was accorded a place in each of the ASEAN Plans of Action and, in particular, activity in the field of higher education has been recognized as an important task for the building of a socio-cultural community. Although the framework of ASEAN Education Ministers' meetings has also become more active in recent years, actual activities are primarily delegated to the ASEAN University Network (AUN), established in 1995 by ASEAN, and the SEAMEO Regional Institute for Higher Education and Development (SEAMEO RIHED). For example, at the above-noted ASEAN Education Ministers' meeting in 2008, it was agreed to develop the role of AUN with close cooperation from SEAMEO and, in particular, from SEAMEO RIHED. In recent years, both AUN and SEAMEO RIHED have been concerned with the promotion of regional education exchange, quality assurance and the harmonization of higher education in Southeast Asia, and have engaged in various projects (Supachai and Nopraenue, 2008).

SEAMEO RIHED, whose parent organization was a research institute established in 1959 by UNESCO and the International Association of

Universities with the financial support of the Ford Foundation, was officially designated a specialized agency of SEAMEO in 1992. The purpose of SEAMEO RIHED lies in increasing the efficiency and effectiveness of higher education in member countries, and its diverse activities include technical cooperation, international conferences, training and policy research. In recent years, it has been particularly engaged in activities to develop a standard and framework for quality assurance in higher education; it has strengthened support to countries such as Cambodia, Myanmar and Laos which have weak quality assurance systems, and has made efforts to create a quality assurance framework throughout the entire Southeast Asia region. From 2007 to 2008, with assistance from the Japan Foundation and the Australian government, international conferences for the creation of a Common Space of ASEAN higher education were held where proposals for creating an ASEAN higher education quality assurance framework and increasing student mobility were made to SEAMEO. In 2008, a round table on ASEAN higher education quality assurance was held in Kuala Lumpur, where the Kuala Lumpur Declaration was adopted. This touts the necessity of cooperation on quality assurance in order to promote higher education harmonization in Southeast Asia, and a resolution was passed to establish an ASEAN Quality Assurance Network.

Established as an official organ of ASEAN in 1995, AUN is a network of universities representing ASEAN countries. At its establishment, there were 11 member universities but the number has since risen to 21. While student and faculty exchanges, joint research between member universities and the promotion of ASEAN research and education are its main activities, AUN recently has made efforts in higher education quality assurance, actively constructing AUN–Quality Assurance – a quality assurance framework in member universities – and thus working for the harmonization of higher education systems in member universities. Specifically, frequent workshops were held by quality assurance personnel appointed by each university, and in 2006 a manual was developed for the implementation of quality assurance guidelines agreed in 2004. On the basis of these, mutual evaluations were carried out and the implementation of higher education quality assurance by AUN was initiated. What makes the activities of AUN so different from the activities of SEAMEO RIHED and ASEAN is that AUN is a network of so-called elite universities. While this draws criticism from other universities in the region, the region is accumulating practical experience in functioning regional cooperation and exchange amid the diversity of higher education in Southeast Asia. For example, as a subnetwork of AUN, the ASEAN University Network/Southeast Asia Engineering Education Development Network (AUN/Seed-Net) has functioned quite well. AUN/Seed-Net was estab-

lished in 2001 as a network of representative engineering universities in ASEAN with cooperation of the Japanese International Cooperation Agency (JICA), and has been very active in pursuing its goals of human resources development in the region and strengthening higher education institutions in member countries in the field of engineering. Phase one has already produced positive results: more than 130 PhD students have graduated, more than 300 master's degree holders have been trained in the region and 168 international collaborative research projects have been started at member universities using the network, even as it is being constructed (see Sugimura and Kuroda, 2009).

5 Regional development of higher education in the Asia-Pacific Region

Asia-Pacific frameworks have undergone a relatively lengthy regional development in the field of higher education. Among these, there are four representative frameworks: namely, Asia-Pacific Economic Cooperation (APEC), University Mobility in Asia and the Pacific (UMAP), the Association of Pacific Rim Universities (APRU) and the Asia-Pacific Quality Network (APQN).

APEC, founded in 1989, currently has 21 participating countries and regions, and is expressly organized to promote regional economic cooperation. Education ministers have met intermittently since 1992 and have created the HRD (human resource development) working group/education network to oversee the field of education. APEC has worked for cooperation between member countries in fields closely connected with the economy, such as science and mathematics education, career education, technical education, language education and information technology education, but it has not actively addressed the field of higher education. UMAP was founded in the same year as APEC but has no formal relationship with it, and amid the momentum of regional Asia-Pacific cooperation within APEC has achieved a membership of 31 countries, including non-APEC members, and has developed university exchanges between regional universities. UMAP was also known as the Asian Erasmus Programme thanks to what were at the time pioneering efforts in Asia: in a region which had no system of credit transfer at all, UMAP could boast certain achievements, such as developing the UMAP credit transfer scheme comparable to the pioneering European Credit Transfer System (ECTS), and the setting up of a UMAP scholarship programme for the promotion of student exchange. However, due to the inclusion of Taiwan, China does not participate in the UMAP framework.

The Asia-Pacific equivalent to AUN in Southeast Asia is probably APRU. While not the same as the APEC framework, APRU is a consortium of 42 research universities from 16 countries of the Asia-Pacific region. Its office is located in the National University of Singapore, and its members from Japan are the University of Tokyo, Kyoto University, Osaka University, Waseda University, Keio University and Tohoku University. Its activities include various efforts to promote teaching and research exchange with the cooperation of various actors, from university administrators (such as university presidents and vice presidents) to teachers and students.

In the field of quality assurance in higher education in the Asia-Pacific region, the recent activities of APQN, formed in 2003, have been remarkable. At present, 59 higher education evaluative agencies from 53 target regions and countries, including South and Central Asian countries, participate in APQN. Participants from Japan include the National Institution for Academic Degrees and University Evaluation, the Japan University Accreditation Association and the Japan Accreditation Board for Engineering Education. Initially, its activities were limited to information sharing among evaluation agencies, but in 2006 it showed vigorous expansion by publishing "Toolkit: Regulating the Quality of Cross-border Education" to complement the "Guidelines for Quality Provision in Cross-border Higher Education" published earlier by OECD and UNESCO. In the same year, at an Asia-Pacific regional education ministers' meeting in Brisbane, Australia, the Brisbane Communiqué was announced. Strongly influenced by the Bologna Process in Europe, it pointed out the importance of higher education quality assurance in the Asia-Pacific region and the importance of creating frameworks and qualification certification systems to that end. The activities of APQN accelerated in a single breath. In 2008, APQN held an international conference on quality assurance in Chiba, Japan which resulted in the "Chiba Principles" report on initiatives for quality assurance in higher education in the greater Asia-Pacific region. This document has become a basis for quality assurance in higher education in the Asia-Pacific region.

Thus, unlike in Southeast Asian frameworks, interconnectedness is sparse in Asia-Pacific frameworks, and compared with the creation in Southeast Asia of a higher education framework linked with regional integration, i.e., the formation of an ASEAN community in recent years, the frameworks are looser. Although the organizations include names such as Asia-Pacific and Pacific Rim, they are diverse and have not been able to configure or converge into a single region in terms of higher education (see Sugimura and Kuroda, 2009).

6 New challenges: ASEAN+3, the East Asia Summit and the China–Japan–South Korea trilateral summit

As described above, two regions in Asia have developed differing higher education frameworks. Southeast Asia's structure reflects ASEAN's promotion of regional integration. The Asia-Pacific region, on the other hand, gradually developed regional exchange and cooperation amid uncertain regional membership. However, since the 2000s, the ASEAN+3 (APT) and the EAS frameworks have developed as fora for political regional cooperation, and we are starting to see higher education move in step with these advancements.

APT membership comprises the 10 ASEAN countries plus China, Japan and South Korea (CJK). APT began as a regional forum when CJK leaders took part in the ASEAN summit meetings at the end of 1997 during the Asian currency crisis of the same year. Normally, scholarly dialogue and exchange programmes in the region would be discussed, and though network building between think tanks and youth exchanges were a topic of debate, it was not until 2005 that the Kuala Lumpur Declaration on the APT Summit declared the following:

6) We will enhance people-to-people exchange aimed at developing a “we” feeling. 7) We will encourage the sharing of ideas through greater interaction between students, academicians, researchers, artists, media, and youths among countries in East Asia. 8) We will conduct regular exchange of intellectuals, members of think tanks, religious personalities and scholars, which will benefit East Asia and the world through deeper knowledge and understanding so as to fight intolerance and improve understanding among cultures and civilisations. (APT, 2005)

Thereafter, this text has become a cornerstone in the development of higher education exchange of students and researchers, and in cooperation in East Asia. Furthermore, the Second Joint Statement on East Asia Cooperation, adopted in 2007, stated that:

We reaffirm that the APT Process would remain as the main vehicle towards the long-term goal of building an East Asian community, with ASEAN as the driving force ... [and that] ... in socio-cultural and development cooperation, we agreed to work towards increasing efforts in education collaboration, deepening mutual understanding and forging a sense of an East Asian identity and consciousness, people-to-people exchanges. (APT, 2007)

At the APT Summit in 2009, Thailand and Japan proposed holding a new conference on cooperation in the field of higher education and, in 2010,

Thailand invited policymakers and leading regional university officials to the first APT Officials' Meeting on higher education.

In 2005, Australia, New Zealand and India were added to the ASEAN and APT base to launch the EAS. At the second meeting, in Cebu, the Philippines, the Chairman's Statement included the following:

We agreed to strengthen regional educational cooperation, noting that we could tap the region's centres of excellence in education for this purpose. Noting proposals to renew our historical ties, we welcomed initiatives such as the revival of the Nalanda University in India, to improve regional understanding and the appreciation of one another's heritage and history. (EAS, 2007)

Also, a Joint Press Statement on the Revival of Nalanda University was issued at the fourth EAS held in Cha-am Hua Hin, Thailand, which included the following:

6) They supported the establishment of the Nalanda University as a non-state, non-profit, secular, and self governing international institution with a continental focus that will bring together the brightest and the most dedicated students from all countries of Asia – irrespective of gender, caste, creed, disability, ethnicity or social-economic background – to enable them to acquire liberal and human education and to give them the means needed for pursuit of intellectual, philosophical, historical and spiritual studies and thus achieve qualities of tolerance and accommodation. 7) They encouraged the networking and collaboration between the Nalanda University and existing centres of excellence in the EAS participating countries to build a community of learning where students, scholars, researchers and academicians can work together symbolizing the spirituality that unites all mankind (EAS, 2009).

During the discussion on higher education at the EAS, the initiative to revive Nalanda University in India took front stage. However, Australia, which has close relationships with East Asian countries in the field of higher education, citing the Chairman's Statement in Cebu, took various proactive measures, such as presenting to the ASEAN Secretariat an investigative report for the promotion of educational cooperation within the framework of the EAS. In the Chairman's Statement of the fifth EAS held in Hanoi, Viet Nam in 2010, education was positioned as one of five priority areas for EAS cooperation, along with finance, energy, disaster prevention and avian flu. In July 2011, Bali, Indonesia, was host to what would become the first EAS Education Ministers' meeting, where it was agreed to hold meetings once every two years, and to formulate educational cooperation action plans within the framework of the EAS. It seems that the EAS, too, is slowly increasing its presence as a regional forum on education.

In East Asia, the China–Japan–South Korea framework has also become significant. Previously, the leaders from the three countries held trilateral meetings in the forum of APT which was outside the territory of the three countries. The first China–Japan–South Korea trilateral summit of 2008 was held in the city of Fukuoka, Japan, and it has been continued annually. During the first meeting, there were few discussions or results related to education, but at the second meeting, Japanese Prime Minister Hatoyama proposed to establish a council and hold international meetings to promote high-quality exchanges between universities which later led to the vision of Campus Asia, a programme of higher education cooperation between the three countries. In the second meeting, held in Beijing, the Joint Statement on the Tenth Anniversary of Trilateral Cooperation among the People’s Republic of China, Japan and the Republic of Korea (ROK) was issued which included the following statement:

We will continue to conduct exchanges among all sectors of the three countries, particularly friendly youth exchanges and exchanges among universities. We will consider establishing a long-term mechanism for youth and media exchanges, encourage academic institutions and local authorities, and promote closer trilateral cooperation in areas such as disaster management, healthcare, tourism, human resources, education and sports. We will carry forward the spirit of peace and friendship and promote affinity among our three peoples while respecting each culture so as to enhance popular support for the stable, healthy and friendly development of the trilateral relations. (Japan–China–ROK Trilateral Cooperation, 2009)

At the third summit held on Jeju Island, South Korea, in 2010, an accelerated realization of Campus Asia was agreed to, with a future plan of extension to ASEAN. Accordingly, a pilot project has been under implementation since 2011. Also at the third summit, the Japan–China–ROK Trilateral Cooperation VISION 2020 was published, which included the following:

We will contribute to strengthening the competitiveness of universities and nurturing qualified human resources through exchange programmes such as credit recognition and joint degrees. To this end, we confirm that the China–Japan–South Korea Committee on Promoting Exchange and Cooperation among Universities will be convened continuously. We will also promote cooperation among quality assurance agencies in China, Japan and South Korea, and jointly prepare a guideline in order to enhance exchange among universities. Also, we will consider a concrete policy package to facilitate the exchange of prospective students. Meanwhile, to further promote trilateral educational cooperation, we will make full use of meetings to facilitate the establishment of a ministerial meeting mechanism. Moreover, we will promote the exchange of teachers among the three countries. (Japan–China–ROK Trilateral Cooperation, 2010)

7 Perspectives: Contemplating a new higher education framework in East Asia

As seen above, there were originally two types of framework in East Asia, centred in Southeast Asia and the Asia-Pacific region; but recently, higher education frameworks have been created based on the EAS, APT and China–Japan–South Korea. Taking into account the circumstances that students from China account for the vast majority of international students studying in ASEAN higher education institutions, that Southeast Asian higher education can be said without exaggeration to have been internationalized due to the rapid increase of students from China and that Japanese and ASEAN universities have been closely associated in accomplishments such as agreements between universities, installations overseas and faculty exchange, it can probably be said that higher education is advancing in a reasonable direction within the APT framework. The problem is not just with ASEAN. Between China, Japan and South Korea, *de facto* student exchange and cooperation between universities is making progress like nowhere else in the world. For each of the three countries, the other two are the largest and second-largest source of international students. In such a situation, it is only natural that policy consultation between the three countries catches up and that there is likely to be sufficient demand for the construction of a regional framework in Northeast Asia. Just as the East Asian Community concept was previously discussed in the ASEAN-based frameworks of APT and the EAS, China–Japan–South Korea could plausibly use ASEAN frameworks (SEAMEO and AUN), which have led regional framework policy in Asia (including higher education), as a basis to become involved; this could plausibly be an Asian framework.

According to Baldwin (2006) and Yamamoto (2007), regional integration in East Asia is not a “hub-and-spoke system” in which large countries and large markets are the central players and integration expands to envelop peripheral countries and markets but rather a “reverse hub-and-spoke system” in which the economically weaker ASEAN involves economically stronger China and Japan through free trade agreements (FTAs) and other forms of economic cooperation. A similar form of regional expansion is thought desirable in higher education regional frameworks, too; however, given recent progress in the China–Japan–South Korea summits and the development of the Campus Asia vision, it is plausible that frameworks created separately in Southeast Asia and Northeast Asia could eventually be joined in APT.

Meanwhile, considering the presence of India, Australia and New Zealand (which do not belong to APT but are members of the EAS), especially the latter two countries, a new framework to functionally capture

the internationalization of regional higher education seems compelling. One issue is what to do with the influential United States, with its long history of educational exchange with Asia. The vast scale of the higher education sector in the United States may pose challenges to the cohesion of a regional framework. On the other hand, the integration into this new framework of Latin American APEC member countries, such as Mexico, Chile and Peru, which at present have not made enough progress in higher education exchanges and cooperation with Asia, is not promising. Although UMAP started in the framework of cooperation in the Asia-Pacific region, it has since become a coherent framework covering the nations of East Asia, Southeast Asia and Oceania in addition to its current member countries. The non-membership of China, however, with its elephantine presence in higher education in the region, appears to significantly diminish the capacity of UMAP. When considering regional integration and regional cooperation in Asia, conflict between Asia-Pacific-ism represented by APEC and East Asian-ism represented by APT may become an issue depending on the position and response of the United States, and similar problems may arise even in higher education. Still, does not the current situation in Asia suggest the possibility of a “Third Way”: namely, a multilayered regional framework?

8 A theoretical understanding of regionalization in higher education in Asia

Tracing modern higher education in Asia from its historical origins, we recognize that Western higher education is the model after which education systems have been built in many countries. Although higher education institutions existed in many Asian countries before modern times, modern higher education was severed in its formation from traditional systems of academic study and knowledge transmission. This is because Western colonizers’ higher education systems and teaching of language were forced into the foundations of modern higher education in colonized countries. But in the process of upgrading to a modern higher education system, even countries like Japan, Thailand and China, which were able to maintain *prima facie* independence from colonial rule, opted of their own accord to actively introduce the Western higher education model. Even after independence from colonial rule, while higher education systems in Asia adapted to some extent to local circumstances they have preserved their Western quality. During the Cold War, differences in political systems had a significant impact on higher education and academics in Asia, and in the post-Cold War era, amid trends of market pre-eminence and internationalization, the US higher education system has

retained its influence as a model because it is considered to be globally competitive. In view of this situation, Altbach proposed a centre-periphery theory to describe the international knowledge system and higher education systems from the standpoint of subordination theory and neo-colonialism (Altbach and Selbaratnam, 1989; Altbach, 1998; Altbach and Umakoshi, 2004). Altbach's argument has been recognized as the dominant theoretical perspective in the discipline called International Higher Education.

Regardless of whether or not this holds for higher education in Asia historically, I do not think that "peripheral" Asia is subordinate to the Western "centre" at present. In a global context, higher education in Western countries still does have a certain influence, but as higher education in Asia dynamically undergoes qualitative and quantitative transformation, the structural relation between Western and non-Western higher education systems cannot convincingly be described as centre-periphery.

Umakoshi (2004), noting the limitations of the centre-periphery theory as an approach to deciphering the present state of higher education in Asia, has found a certain utility in Cummings's "East Asian approach" or the "J-model". Cummings explains the core of a human resource development strategy common throughout Asia which he named the J-model in "Human resource development: The J-model", which is included as the final chapter in *The Challenge of Eastern Asian Education: Implications for America* (Cummings and Altbach, 1997). The four elements of the J-model are as follows:

- (1) The state coordinates education and research with a firm emphasis both on indigenous value transmission and the mastery of foreign technology.
- (2) High priority is placed on universal primary education, while state investment at the secondary and tertiary level is limited primarily to critical areas such as engineering and the sciences.
- (3) Individual students, their families and the private sector are expected to provide critical backup for the education provided by the state.
- (4) The Asian state in seeking to coordinate not only the development but also the utilization of human resources involves itself in manpower planning and job placement and increasingly in the coordination of science and technology. (Cummings, 1997, pp. 275–276)

Umakoshi claims that the J-model, or Japanese Model, has impacted educational development in East Asian countries such as South Korea, Taiwan, Thailand, Singapore, Malaysia and Indonesia more than in the United States, as the book's subtitle *Implications for America* suggests, and has become the education model supporting human resource development across East Asia. While maintaining that there is no great difference between the argument of the East Asia "miracle" – which sees the

cause of East Asian economic success as due to the role of strong government, and the “flying geese model” in which the Japanese economic development model has propagated to other East Asian countries in a flying geese formation – Umakoshi presents the hypothesis that, as a perspective for interpreting the historical development of higher education in Asia, Cumming’s assertion may be useful for focusing on the complementary relationship between the state and private sectors noted especially in point (3) of the above citation.

It follows from applying Umakoshi’s discussion that the role of these new regional higher education frameworks in Asia should be to continue to strengthen and develop the continuity and associations already achieved in higher education in Asia as well as the close connection with economic development. To do so, it will be important for the frameworks and alliances to be open to outside regions. The Asian economy is supported by the openness of outside regions (specifically the consumption of North America), and just as it was when the Asian economy was achieving its initial development, the questions now for higher education in Asia will be how and whether to continue to connect with higher education outside of the region. Seeing regional higher education frameworks merely as models of resistance to extra-regional forces will only encourage global higher education to split into separate blocs and will not contribute to its development. While diverse, higher education in Asia has reached respectable levels in both education and research and must aim at building cooperative relationships outside of the region in addition to harmonizing within the region. While moving in this direction, useful reference can be made to the EU and European higher education which promote extra-regional collaboration in higher education through the Erasmus Mundus, and cooperate with Asia through the Asia–Europe Meeting (ASEM) and with the AU to advance the Nyerere plan.

9 A vision of a higher education framework in Asia as seen from regional integration theory

A variety of theoretical explanations have attempted to describe regional integration and regionalization. These explanations have been made on the basis of two opposing hypotheses. According to neorealism, regionalism is group formation by the countries of a region to deal with a challenge from outside of the region. Social constructivism analyses regionalism based on ideas, profit and identity, and holds that the construction of a region is strongly influenced by socio-economic factors.

Both explanations are convincing to a certain extent, but applied to the discussion on harmonization and regional exchange in higher education in Asia it can be seen that debate about an Asian higher education area

is certainly not about post hoc recognition or facilitation of the advancing regional interdependency in higher education. Somewhat more convincing is the view that Asian development in higher education is being stimulated by US and European higher education: the United States has established a fixed advantage over other regions due to worldwide higher education trends influenced by neo-liberalism and the supremacy of the English language due to globalization; and higher education in Europe has improved its competitiveness outside of the region by forming a regional higher education area through the Bologna Process and the Erasmus Programme.

The construction of a regional framework for higher education in Asia can best be understood both for its role in aspects of education, such as facilitating and promoting the *de facto* growing interdependence of exchange and cooperation in Asian regional higher education, and also for its role in political and economic trends such as ASEAN integration, the formation of an East Asian Community and the conclusion of multilateral regional FTAs. A view from the standpoint of social constructivism or neofunctionalism – which holds that the development of functional cooperation results in regional integration and becomes a foundation for peace – is that building a regional framework of higher education in Asia and promoting socio-economic integration is also laying a foundation for political integration of the region (Haas, 1958).

Meanwhile, for Deutsch et al. (1957), the question of whether human values are integrated is an important factor in defining a region. He advocates a pluralistic (fusionistic) security community in which deepening functional cooperation contributes to regional integration by causing human values to converge. But in ASEAN at present, the integration of people's values and political systems cannot be discerned. A new view put forth by Acharya (2001) is enjoying wide academic acceptance as a pluralistic security community theory. According to this view, regardless of repeated assurances and agreements at international negotiation fora for respect of sovereignty, non-aggression and the peaceful settlement of disputes, peace is maintained by the agreement and integration not of values themselves but by the normative portions of relationships within a framework (this can be called the "ASEAN Way"). Care must be exercised in applying lightly a theoretical framework of regional integration to the discussion of regional frameworks in the field of higher education.

Deutsch's views on European integration and Acharya's views on ASEAN suggest to me that we should strive for a form of harmonization that is adapted, not to Europe's highly homogeneous and standardized higher education of the Bologna Process but rather to higher education in insuperably diverse and disparate Asia: a harmonization of higher education that does not call for drastic change within the diverse higher education systems of the region but rather one that tightly joins points of

connection between them. Visually speaking, the former is “melting pot harmonization” and the latter is “mosaic harmonization”. In other words, the choice is between a harmonization that aims at a one-size-fits-all standard, or a harmonization which seeks many points of connection, as in a mosaic. This harmonization will explore points of connection in higher education in diverse Asia.

Professor Supachai Yavaprabhas, the founder and first secretary-general of AUN and later director of SEAMEO RIHED, who has worked for many years towards building a higher education framework in South-east Asia, often emphasizes the need for cooperation at multiple levels of frameworks which have become gradually connected with one another, and it may be in such an approach, a mosaic harmonization which explores points of connection, that we can watch for a breakthrough.

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Part III

Historicizing Asian regional integration

10

Between civilization and anti-civilization: The ideology and activism of early Asianists

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1 Introduction

This chapter is an attempt to critically review the recent scholarly project for Asian regional integration from an historical perspective. More concretely, this chapter attempts to answer two questions. The first is a chronological question: how different is the current project of Asian regional integration from previous similar projects such as pan-Asianism in the pre-war period? The second is a spatial question: what are the specificities of regional integration in Asia in comparison with other areas such as European integration? We cannot understand contemporary issues without knowing their historical backgrounds. More importantly, an awareness of the changing realities of the contemporary world can lead us to shed new light on old problems. In the following discussion, I shall attempt to characterize the contemporary project of Asian regional integration in terms of the development of global capitalism. I shall also attempt to reinterpret the thoughts and behaviour of pre-war Japanese pan-Asianists as reactions against the development of global capitalism. By critically reviewing the possibilities and limitations of traditional Asianism as a critique of global capitalism, I shall attempt to construct an epistemological framework through which we can problematize current Asian regional integration more productively.

Various researchers have debated the issues of continuities and discontinuities between contemporary Asian regional integration and prewar Japanese pan-Asianism. For example, Hau and Shiraishi (2009) argue

Regional integration in East Asia: Theoretical and historical perspectives, Amako, Matsuoka and Horiuchi (eds), United Nations University Press, 2013, ISBN 978-92-808-1222-0

that there is a vast difference between earlier Asianisms and the contemporary project of Asian integration. In this context, it is instructive to remember that Hozumi Ozaki, a Marxist scholar who was executed in 1944, criticized the ideology of pan-Asianism for its lack of an “objective foundation” (Ozaki, 1977). Hau and Shiraishi’s promotion of Asian integration is based on their conviction that Asian nations have now acquired an objective foundation for their integration. According to them, such a foundation can be found in the commonality of the experiences of economic growth which occurred in Japan in the 1950s; in South Korea, Taiwan, Singapore, Thailand, Malaysia and Indonesia in the 1960s and 1970s; and in mainland China from the 1980s. Hau and Shiraishi argue that “Asia is not the Asia of the past” and that “The Asia we know today is, however, the Asia of economic ‘wealth and development’, and political ‘democratization’, a symbol of pride” (Hau and Shiraishi, 2009, pp. 174–175.). Therefore, they conclude, any attempt to link contemporary Asian regional integration and pre-war Japanese pan-Asianism “misses the point” (Ibid., p. 168).

I agree with Hau and Shiraishi in that contemporary Asia is placed in a fundamentally new situation which should be problematized in terms of the development of global capitalism. However, I also claim that this situation requires us to review the tradition of Japanese Asianism from a new perspective and not simply to forget it. The claim that Asian nations share the experience of economic growth indicates that those nations share not only its benefits but also its costs. Among Asian people who have been experiencing rapid economic growth, the maladies of capitalist development, such as the disintegration of traditional communities, the growing discrepancies between rich and poor and spreading environmental pollution, have emerged as common and pressing issues. The objective foundation for integration should be also explored in their common resistance against policies targeting hyper economic growth. I argue as follows: anti-capitalism was an integral part of traditional Asianism in Japan. The thoughts and behaviour of pan-Asianists exemplified how a critical consciousness against rapid capitalization had been translated into a desire for a particular, special integration of Asia. In this regard, I claim that a critical reinterpretation of traditional Asianism offers us an important perspective with which to re-evaluate the historical specificities of contemporary Asian regional integration.

In 1885, Yukichi Fukuzawa, an Enlightenment scholar, wrote an (in)famous article titled “Good-bye Asia” (*Datsu-A Ron*). In this article, he contrasted Japan, which had voluntarily accepted Western civilization, with China and Korea who attempted to resist it by keeping their own traditions. He concluded that Japan should “leave the ranks of Asian nations and cast their lot with civilized nations of the West” (Fukuzawa,

1997). If we follow Fukuzawa's rhetoric, contemporary Asian regional integration could be illustrated as the community of Asian nations "leaving the ranks of Asian nations" (*Datsu-A no Kyodotai*). In this paradoxical way, traditional Asianism is connected to contemporary Asian regional integration.

The term "Asian regional integration" presupposes the existence of regional integration in other areas. More concretely, Asian regional integration has been compared with the process of regional integration in Europe that resulted in the establishment of the European Union (EU) in 1993. Through these comparisons, researchers have attempted to evaluate the specificities, possibilities and limitations of Asian regional integration as deviations from the European model (Endo, 2008). However, in this chapter, I shall attempt to illuminate the universal aspect of Asian integration by historicizing both traditional pan-Asianism and contemporary Asian regional integration in the development of global capitalism. I argue that the development and transformation of regionalism in Asia should be interpreted as a function of the development of global capitalism. Through this epistemological framework, I claim that a historical analysis of regionalism in Asia could offer useful insights for currently ongoing regional integration projects in different areas, including in Europe, where the integration of heterogeneous cultures, histories and economic standards came to be an urgent issue as the expansion of the EU has developed.

2 Conceptual transformation of Asianism in post-war Japan

It was Yoshimi Takeuchi, arguably the leading post-war scholar of Asianism, who attested to the difficulty of defining Asianism in his monumental article "An Overview on Asianism" (*Ajiashugi no Tenbō*). He claims that "The Asianism I postulate is not something that can be objectively specified, rather an inclination that provides some substantive content" (Takeuchi, 1963, p. 12). Drawing on the *Asia Rekishi Jiten* [Encyclopedia of Asian History] definition of "Greater Asianism", Takeuchi claims that the minimum common denominator of this inclination is expressed as:

... the assertion that all Asian peoples should band together under Japan's leadership to resist the encroachment of the major Western powers ... Although Asianism is ... an ideology with a number of distinct idiosyncratic tendencies attached to it, it cannot be examined divorced from this assertion. However, no matter how much it is underestimated there is still an undeniable commonality to the solidarity shared between Asian countries (regardless of whether or not invasion is taken as a means). This is the most constricted definition of Asianist attributes. (Takeuchi, 1963, p. 14)

The struggle to define Asianism was reiterated by Masataka Matsuura in his 2010 publication, *Why Did The Greater East Asia War Happen?*, which was an attempt to open up new ground in the theorization of Asianism. Matsuura, a contemporary scholar of Asianism, claims that while we must accept the fact that Asianism can be seen simply as a vague type of communal feeling or atmosphere, the following three indices can be offered. The first is a desire to drive out or eliminate Western imperialism's (usually represented by the United Kingdom but also inclusive of Russia) political and economic invasion of "Asia's bountiful seas and hinterland". The second is a cooperative gesture with China and Korea concerning Asian economic and racial/ethnic problems. The third index, while professing Asian egalitarianism, actually posits imperial Japan at the head while consolidating/reinforcing Western superiority (Matsuura, 2010, p. 33).

A closer examination of both analytical approaches, which represent traditional and contemporary approaches to Asianism, reveals divergences in their understanding of Asianism. First of all, the historical periods of analysis deviate from one another. When compiling the "Asianism" anthology, Takeuchi cites Tenshin Okakura, Tōkichi Tarui, Tōten Miyazaki, Yoshimasa Yamada, Mitsuru Tōyama, Kokkō Sōma, Ryūhei Uchida, Shūmei Ōkawa, Hotsumi Ozaki, Kōji Izuka, Tadashi Ishimoda and Yoshie Hotta. While this may appear to be an exhaustive study of thinkers from the Meiji era to the post-war period, Takeuchi's primary interest lies in the Meiji era. In particular, Takeuchi devotes much of this analysis to the (political) environment of the 1880s, citing the "Dark Ocean Society's" (*Genyōsha*) conversion from a supporter of democracy (*minkenron*) to an advocate of a strong nation (*kokkenron*). He pays particular attention to the following: Kentarō Ōi's involvement in the "Osaka Incident" (*Ōsaka Jiken*), the publication of Tōkichi Tarui's "In Support of the Japan–Korea Federation" (*Daitō Gappōron*), Yukichi Fukuzawa's *Goodbye Asia* and Chōmin Nakae's "A Discourse by Three Drunkards on Government" (*Sansui Jinkei-ron Mondō*). Compared with his keen interest in Meiji affairs, texts and thinkers, Takeuchi's assessment of the Shōwa era's "Greater East Asia Co-Prosperity Sphere" is gloomy. Takeuchi asserts that "The Greater East Asia Co-Prosperity Sphere was a pseudo-ideology that suppressed all other ideologies including Asianism. This [Co-Prosperity Sphere] ideology was neither productive nor 'thought', it came to nothing" (Takeuchi, 1963, p. 14).

In his analysis of Takeuchi's Asianism and its productive process, Matsuura calls attention to the transformation of so-called traditional Asianism that had persisted since the *Bakumatsu* (late Tokugawa) era into the pan-Asianism of the 1930s. Matsuura breaks down the pre-war Japanese Asianism into three constitutive categories. The first category is the type of Asianist idealism founded upon liberal ideals as seen in Tanzan Ishi-

bashi. The second category is a type of Asian business alliance premised on a unified China under Chiang Kai-shek and exemplified by Aiichirō Fujiyama; and the third is the pan-Asianism representative of the “Greater Asia Association” (*Dai-Ajia Kyōkai*) (Matsuura, 2010, pp. 846–849). Matsuura clarifies the third category: “As the leader of Asia, imperial Japan not only embraces the internal colonies or colonies of the Ainu, Taiwanese and Korean people, but also creates the puppet state of Manchukuo and retains a great deal of economic and political interests in China” (Ibid., pp. 848–849). Matsuura concludes that as the international world order evolved in the 1930s, pan-Asianism gradually attained hegemonic status as the colonized diasporas of overseas Chinese, Indian, Taiwanese and Korean people were incorporated into the Japanese empire, thus supporting a vast political and economic body constituted by the movement of capital, commerce, natural resources and labour, and held together by the accelerated proliferation and development of a vast ideological network.

At first glance, it appears that Matsuura’s politico-economic analysis of Asianism and Takeuchi’s philosophical analysis of Asianism are mutually complementary in terms of their historical serialization, but a closer examination reveals a methodological gap that is difficult to bridge. Put simply, their divergence is located in whether or not it is possible to utilize Asianism as an important category in a critique of capitalism. On the one hand, the many thinkers that Takeuchi cites in his work offer a rich critique of capitalism even though Takeuchi does not specifically mention any relationship between Asianism and capitalism. Takeuchi did consider Asianism as a crucial analytical element in the critique of Western civilization and, as Western civilization’s driving force, capitalism would necessarily be included in any critique thereof. On the other hand, Matsuura holds that capitalism was the important medium for the spread of Asianism. This manifests itself in his evaluation that the type of liberalist epitomized by business tycoon Aiichirō Fujiyama and politician Tanzan Ishibashi is characterized as an important Asianist. Matsuura’s research on Asianism does not contain the same anti-capitalist sentiment as Takeuchi’s. Rather, Matsuura presupposed capitalism as a given. In the 50 years from Takeuchi to Matsuura, the critique of capitalism has evaporated in the research on Asianism.

3 Continuity and discontinuity in Asianism

As Asian regional integration has been receiving a considerable amount of attention in the mass media of late, issues relating to both its current manifestation and pre-war Japanese Asianism have been garnering debate

among academics. Caroline Hau and Takashi Shiraishi's article "*Ajia Shugi' no Jyubaku wo Koete: Higashi Ajia Kyōdōtai Saikō*" [Beyond the spell of "Asianism": Reconsidering the East Asian Community] is one of many but is typical of current discontinuity theses. Hau and Shiraishi claim that there is a vast difference between "earlier Asianisms and the contemporary East Asian Community (EAC) project", stating that previous attempts to link them "misses the point" of current Asianist projects (Hau and Shiraishi, 2009, pp. 168–169). For Hau and Shiraishi, contemporary EAC proposals and the pre-war Japanese Greater East Asia Co-Prosperity Sphere platform should be differentiated on two points.

First, the organizational structures the projects promote are incompatible. Hau and Shiraishi agree with Kim Dae-jung's 1999 proposal that the contemporary EAC should be developed on, and inclusive of, the already effective ASEAN community. To consider this type of proposal as somewhat analogous with the pre-war Japan-centric Asianist Greater East Asia Co-Prosperity Sphere is too perilously Japan-centric in its outlook (Ibid., p. 169). The second point is that they arise from fundamentally divergent historical contexts. Hau and Shiraishi perspicaciously affirm the claim that pre-war Japanese Asianism was invariably embedded within the Asia/Europe binary, and the "pre-war Asianist critique of the Eurocentric world order came to an end with the Second World War" (Ibid., p. 174). In contrast, the contemporary East Asian regional system has been shaped by post-war US economic, geopolitical and military hegemony but has developed into a more regional political project as a result of the 1997–1998 Asian financial crisis and concomitant desire to counterbalance global capitalist-market-induced debacles. Hau and Shiraishi, in recognizing the above-mentioned divergences, argue that:

Asia is not the Asia of the past . . . Until around the time when Takeuchi wrote of "Japan's Asianism" (1963), Asia was still a site of economic "poverty" and political "autocracy/dictatorship", a symbol of humiliation and shame. The Asia we know today is, however, the Asia of economic "wealth and development", and political "democratization", a symbol of pride. (Ibid., pp. 174–175)

Hau and Shiraishi argue that this historical shift concerning the perception and position of Asia necessitates a reassessment of the very concept and meaning of Asia itself. "If the hitherto naturalized binary of 'European modernity' and 'Asia' is no longer cogent, it is correspondingly unnecessary for Asia to take Europe as its other . . . thereby leaving the coherent unity of Asia destabilized" (Ibid., p. 175). In that case, what meaning does Asia possess? Hau and Shiraishi contend that "Asia should be posited alongside Europe, the Middle East, Latin America and so on as a regional system, and should be thought of as a region that histori-

cally emerges, develops, matures and disappears" (Ibid., p. 175). Asia, along with various other regional networks, is *already* a part of the global capitalist system. Therefore, to consider Asia divorced from an understanding of the workings of global capital neglects the historical shift that has rendered Asia no longer a privileged site of Eurocentric critique but rather is a naturalized constituent of the global capitalist machine worthy of analysis as such. In the conceptual reformulation Hau and Shiraishi put forth, the Asia that was merely either peripheral or external to the capitalist system has today become substantially integrated into it to the point where it is possible to historically regard it as a central node of global capitalism.

In line with Hau and Shiraishi, I too believe that the fundamental change in perception and capacity that Asia is experiencing today is of far-reaching significance. Yet, at the same time, I insist that simply by recognizing this historical shift does not necessarily shed all meaning and significance from the ideological elements of previous Asianist projects. There are certainly ample grounds for the type of irritation felt by Hau and Shiraishi at the supposedly anachronistic exploration of contemporary remnants of pre-war Japanese Asianism, despite the realities of Asia's current position as a centre of global capitalism. However, what is equally noteworthy is that the poverty and autocracy/dictatorship image that Asia once held has not been entirely eliminated by the forces of global capital. Rather, the continual reproduction of poverty and autocracy/dictatorship in regions throughout the world (of course, including Asia) is a global reality we cannot ignore. As long as poverty and autocracy/dictatorship are reproduced from within global capitalism, the ghosts of earlier Asianisms will continue to haunt us. The ghosts of earlier Asianisms are not simply anachronistic visions within the minds of researchers and historians but are imbued within the reality of contemporary global capitalism.

Antonio Negri and Michael Hardt's "Empire" offers an insightful analysis of the impact of capitalist development on various geographic spaces such as Asia. It is well known that Negri and Hardt characterize the contemporary global capitalist order as an empire which has "a decentred and deterritorializing apparatus of rule that progressively incorporates the entire global realm within its open, expanding frontiers" (Negri and Hardt, 2000, p. xii). They argue that the globalizing progression of the capitalist economy and the complete penetration of capitalism into all corners of the globe has relegated the hitherto salient distinction between the first and the third worlds to insignificance. However, this is not to say that the first and third worlds have themselves ceased to exist. What has manifested in its place is the situation in which "we continually find the First World in the Third, the Third in the First" (Ibid., p. xiii). In light of

Negri and Hardt's insights, there emerge theoretical limitations to Hau and Shiraishi's critique of supposed anachronistic Asianisms. That is, to view Asia as simply a geographical region in which economic poverty and political autocracy/dictatorship have disappeared is misleading; instead, a critical focus should be orientated to an examination of Asia as a metaphor for a global historic force, bringing about "economic wealth and development" and "political democratization" as well as "economic poverty" and "political autocracy/dictatorship" simultaneously.

4 Retheorizing "Asia as Method"

From this perspective, Yoshimi Takeuchi's article entitled "Asia as Method" has a prophetic significance. Here, Takeuchi attempts a radical deconstruction of Asianism in anticipation of the vast transformation of Asian societies. "Asia as Method" was originally a presentation made at Tokyo's International Christian University in 1960. Takeuchi explains the significance of Asia as "method" as follows:

[The] Orient must re-embrace the West, it must change the West itself in order to realize the latter's outstanding cultural values on a greater scale. Such a rollback of culture or values would create universality. The Orient must change the West in order to further elevate those universal values that the West itself produced . . . When this rollback takes place, we must have our own cultural values. And yet perhaps these values do not already exist, in substantive form. Rather I suspect that they are possible as method, that is to say, as the process of the subject's self-formation. This I have called 'Asia as method' (Takeuchi, 2005, p. 165).

That is, Takeuchi interrogates the concepts of the West and the East, not as dimensions of a concrete geographical region but as dimensions of culture and value. In other words, in "Asia as Method" Takeuchi is declaring a break from the traditional dualistic framework, centring his analysis on the forms and possibilities of opposition to the West from within the geographical spatiality known as Asia.

It is widely known that Takeuchi understood Europe to be one type of self-expansionist system. "In order for Europe to be Europe, it was forced to invade the Orient. This was Europe's inevitable destiny, which accompanied its self-liberation" (Takeuchi, 2005, p. 55). From a contemporary perspective, what Takeuchi was problematizing as a European invasion of Asia can be interpreted as a process of the subsumption of Asia into global capitalism through Western imperialism. Takeuchi did not consider this process to be an ephemeral or singular historical phenomenon but a continuously replicating process. "Originally, Europe contained

some non-European elements. The emergence of Europe is facilitated by the exclusion of the non-European, and that process is not a one-time phenomena but continually ongoing" (Takeuchi, 1981, p. 177). Marx, it is widely known, termed primitive accumulation the process by which formal subsumption into the capitalist system creates the proletariat. To put it another way, whereas Takeuchi's Marxist and modernization theorist contemporaries had considered primitive accumulation chronologically to be one stage of this historical development, Takeuchi understood it as the subsumption of Asia into the system of global capitalism from a comparative spatial perspective. As a result, Takeuchi discovered the mechanism by which Europe expanded, describing it as the infinite dynamic of appropriation and the exclusion of non-European elements. In a similar fashion, Negri and Hardt, by emphasizing the repetition of "differentiation" and "reterritorialization", theorized the expansion of capitalism as a continually occurring primitive accumulation.

While Takeuchi conceptualizes Europe as a metaphor for capitalism driven by an intrinsic expansionist dynamic, he problematized Asia as the "sum total of non-Europe" designated as a dynamic of resistance: "To put it the other way around, in order for Asia to come into existence all European elements must be removed from Asia. This is, of course, a reaction to the expansion of Europe by invasion; thus nothing will emerge unless it is removed from the process of resistance" (Takeuchi, 1981, p. 177). That is to say, Takeuchi's insight as offered in "Asia as Method" is a reinterpretation of European imperialism's invasion, while the historical experience of resisting that by Asia is seen as a continually replicating dynamic between the subsumption of Asia into capitalism and its resistance thereof. By way of this reinterpretation, Takeuchi attempts to situate Asianism's ideological meaning once again as central to the shift in the globalizing world economy.

Takeuchi's theory of Asianism pronounced as such illustrates both the significance of, and limits to, the aforementioned Hau and Shiraishi's theory of Asianism. Hau and Shiraishi claim that the essence of the contemporary East Asia Community's ideology (*shisō-sei*) is no longer a type of resistance to capitalism of the previous era: rather it is the politics of economic growth (*seisansei no seiji*) that incessantly pursues the acceleration and proliferation of capitalism:

In East Asia, the reorientation of the national political consensus from issues concerning resource redistribution (i.e., class-based, regional, ethnic and religious conflicts) to purely economic development (the "politics of productivity" or the "politics of economic growth") occurred in Japan in the 1950s; South Korea, Taiwan, Singapore, Thailand, Malaysia and Indonesia in the 1960/70s and mainland China from the 1980s. (Hau and Shiraishi, 2009, p. 177)

Certainly, the politics of economic growth has led to the common Asian experience of accelerated capitalist development, commonly referred to as the “economic miracle”. However, at the same time, the post-war Asian experience of capitalist development has also resulted in the common Asian experience of the perils of that very capitalist hyper economic growth. Consequently, in regions where the politics of economic growth has been naturalized, resistance to the perils of economic growth must also be naturalized across Asia as a common experience. The EAC’s ideology is not to be found in the common experience of politics of economic growth; instead, it should be found in the common experience of resisting the negative effects of economic growth.

It goes without saying that a researcher’s own ideological proclivities are key in determining whether to designate the historical relationship between Asia and the capitalist system as characterized by subsumption or resistance. The assertion by Hau and Shiraishi that demands a politics of economic growth from the EAC’s ideology can result in the affirmation of the subsumption of the Asian region into the capitalist world system. Conversely, Takeuchi’s “Asia as Method” attempts to carry out its intentions by reforming the capitalist system from the inside. Indeed, the lines between traditional symbols of Europe and Asian difference, such as wealth and poverty, development and stagnancy, have been well and truly blurred. Yet, inside Asia there is a new Europe being created as a mechanism of capitalism, such that the lines between wealth and poverty, development and stagnancy are continually being redrawn within both Asia and Europe. Takeuchi’s incisive critique of capitalism as the historical mission of Asia is not that the subsumption of Asia into the capitalist system has rendered all resistance impotent but rather as capitalism diffuses and proliferates into all corners of the Earth, there emerges a new universal significance to resisting that very proliferation.

5 Asianism and imperialism

To posit Asia as a site of resistance against capitalism is certainly not to celebrate the ideology and activism of Japanese pre-war Asianists as pioneers of a resistance movement against global capitalism. Rather, I intend to assess in what register and in what sense their ideology and activism could be thought of as resistance against capitalism. Furthermore, I shall also attempt to critically examine the consequences of that resistance to capitalism in the particular society in question. From this perspective, in order to consider the entangled relationship of imperialism and Asianism, the American comparative political scientist David Abernethy’s investigation into the dynamics of imperialism offers a

number of incisive observations. In his *The Dynamics of Global Domination* (2000), Abernethy states that a “multisectoral power dynamic” is the unique nature of European imperialism from 1415 to 1980. According to Abernethy, a multisectoral power dynamic emerges from within the collaborative operations of government officials, metropolitan industries and missionaries working as independent agents for European imperial expansion. “Governments, profit-oriented companies, and missionary bodies had their distinct reasons for reaching out. Each had the capacity to do so on its own” (Abernethy, 2000, p. 225). The activism of these three agents, governments, companies and missionaries, exerts considerable influence on a colonial society even when it does not make a conscious effort to collaborate. That is, in the trajectory of the colonial conquest of a particular society, for example, the intrusion of merchants and missionaries into the local society will more often than not result in hitherto non-existent conflicts. Therefore, after local resistance to outside intrusion has somewhat subsided, the metropolitan military and governmental officials also begin to advance in earnest; and so by the time colonial rule finally eventuates there has been a substantial amount of what could be called “accumulated influence”. The merchants and missionaries are still, at this originary moment, operating outside the colonial government’s jurisdiction but at the same time working to continually expand the frontier even further. It is not until later, then, that the metropolitan military and government officials follow suit, effectively expanding and fortifying not only the empire’s sphere of influence but also colonial rule. The collaborative relationship that operates at the level of the subconscious between government officials, merchants and missionaries, resulting in European imperial expansionism is a power dynamic is what Abernethy terms a “triple assault” (Ibid., p. 225).

Abernethy’s analysis of European imperial expansion offers historians interested in Japanese modern imperialism a rather captivating puzzle. As Japanese imperialism began to gain momentum with the outbreak of the First Sino-Japanese War of 1894–1895, there was certainly a sense that this belligerent expansionism was imbued with a desire not to fall behind European imperialism. However, employing Abernethy’s framework to consider the Japanese mode of imperial belligerency, a telling deficiency is unquestionably discernible: that is the absence of the missionary as an imperial agent. Unlike Western powers and Korea, in Japan the influence of Christianity has been consistently negligible and as such any consideration of Christianity as a linchpin for colonial expansion can therefore be ruled out. Even to closely scrutinize the connection between Japanese imperial expansion and any type of religious missionary work would recognize the influence as limited at best. For example, the pseudo-religious ideology of state *Shinto* of prewar Japan situated the emperor

as the core of an ethnicity consisting of a quasi-consanguine group. The resultant racialized identity construction was therefore void of universal expansionist value. The significant influence on colonial Taiwan and Korea by Japan's pre-war state *Shinto* via the "imperial subjectification" (*kōminka*) policy from the late 1930s is indeed undeniable. Yet, the efficacy of Japanese imperial state *Shinto* was restricted to an assimilation programme focused on an already predetermined population within a fixed geographical boundary; it had neither the potency nor cogency to expand beyond that fixed boundary (Kon'no, 2008).

This is also typical of various other Japanese religions. While there certainly were Japanese religious groups actively conducting overseas missionary work in line with Japanese imperial expansion, both the extant Buddhist sects and the New Religions (*shin-shūkyō*) such as *Tenrikyō* and *Ōmoto-kyō* were limited by strict governmental supervision (So, 2006). Therefore, the Japanese religious groups could not be characterized in a similar fashion to European imperial expansion under which the colonial military and officials would follow missionaries. A key to understanding the expansion of modern Japan is the manner in which the colonial military and government officials went forth and prepared a sphere of influence where religious groups could then run their activities. Thus, the significance of Japanese religious activities to Japanese imperial expansion could be considered to be negligible.

Consequently, rather than the triple assault seen in the European model, Japanese expansionism seemed to operate through the "double assault" of state and industry. Was there, however, on a par with the missionaries of Western imperialism, a third-party agent operating under its own independent political and economic ethical platform to further expansion? In answering this question, a possible candidate could be the *tairiku rōnin*, a group dedicated to an ideological Asianism. They were independent of both the government and the *zaibatsu*, in most cases actually paving the way for both by actively pushing into Korea, China and other parts of Asia. Often their activities would go well beyond the boundaries of Japan's official sphere of influence and far into the depths of the hosting society. They had both their own ideology and activism and, according to their writings, they severely chastised the authorities and the *zaibatsu* from time to time. However, in most cases their activities in the host society would cause great upheaval, in the end actually making it easier for the Japanese military and officials to intervene and expand their reach. That said, the *tairiku rōnin* embody the so-called third agent of Japanese imperialism, possessing an Asianist doctrine that propelled their missionary work in Asia.

Researchers of Asianism have attempted to evaluate each individual Asianist ideology by using the proximity of said Asianism to official

governmental actors as a yardstick. In hitherto published research on Asianism, the more removed each individual Asianist was from official governmental actors, the tendency was to conclude that the particular Asianism was less committed to imperialist expansion. However, Abernethy's insights suggest an interpretation of Asianism's anti-governmental nature itself as a characteristic that could have actually rendered Japanese imperialist expansionism more flexible and powerful as a result. An historical analysis of Asianism's emergence reveals a paradox in that, despite its original desire to resist capitalist development, it ironically made it easier for imperial expansion in other parts of Asia. With an appreciation of this ironic shift in Asianism's historic development, we can develop an appropriate epistemic framework through which we can examine the implications of more recent manifestations of resistance to the politics of economic growth in Asia today.

6 The historical and spatial topology of Asianism

Most researchers agree that Asianists' ideological foundations are located in the historical and revolutionary political milieu from the Meiji Restoration to the "Freedom and People's Rights Movement" (*jiyū-minken undō*). Shigemaru Sugiyama (1864–1935) is regarded as a typical Asianist of this era, as the following example illustrates. According to Sugiyama, the third generation of "men on spirit" emerged on the historical stage amid the chaos and confusion of the Meiji Restoration. Sugiyama claims that the first generation were imperial loyalists who never got to see the Restoration's realization but actively pursued its causes in the late Tokugawa era. The second generation, therefore, are those samurai (*fuhei-shizoku*) who stood alongside Takamori Saigō and vehemently criticized the post-Restoration society but were ultimately suppressed in the "Satsuma Rebellion" in their last ditch attempt to redo the Restoration. Sugiyama, based on this historical interpretation, defines his own generation as "the children of the second generation, who are furious grandchildren" (Tōyama et al., 2008, pp. 179–180).

What characterizes the political orientation of these third-generation Asianists is a deep-rooted hostility towards the already powerful Meiji oligarchy and their civilization and enlightenment (*bunmei kaika*) campaign. For example, the head of the "Black Dragon Society" (*kokuryūkai*) Ryōhei Uchida (1874–1937), who played a pivotal role in the annexation of Korea, states:

Before the Meiji Restoration, the majority of us elder *Shishi* (political activists) came from the lower echelons of society and went through hardships that put

our own lives on the line. Thanks to the painstaking and life-threatening efforts of these men, we were able to achieve the restoration of imperial rule (*taisei-hōkan*). The Meiji government was entrusted with the responsibility of administering politics after the restoration to imperial rule. However, they quickly reverted to the Tokugawa bakufu's old ways, manipulating politics for their own profits and refusing to employ the most capable individuals, simply protecting their own interests. Furthermore, they have a cosy relationship with the large conglomerates (*zaibatsu*) and eagerly import the products of Euro-American civilization. They are a clear example of corruption and depravity in this world. They teach children that money is the most important thing; oh how the world has become a difficult place to live in! As a result, the people's hearts and minds have been severely damaged; there are now so many traitors with their mantra of "reason". Despite the severity of this situation, they don't feel shameful at all. They just criticize the Japanese people for being bad tempered, claiming we are a problem, and then appear satisfied after criticizing us. It is precisely this which illustrates the true bureaucratic character of the Meiji oligarchy (*hanbatsu*). (Ibid., p. 245)

As Uchida clearly states, it was precisely the deep resentment towards the Meiji oligarchy and *zaibatsu* that promoted the "almighty dollar egoism" (*ogon-bannō no riko-shugi*) that proved to be the grounds on which as Asianists they developed their ideology and activism.

There is no doubt that the Asianism of Uchida's generation was orientated by their opposition to the development of bureaucratism and capitalism in Japan. Their ideal society is well recorded in the many incisive essays of Kyōji Watanabe on the thought of Takamori Saigō, Ikki Kita and Tōten Miyazaki. He claims that what these Asianists have in common is what he terms "Japanese communitarianism" (Watanabe, 1985, p. 139). According to Watanabe, Japanese communitarianism did not take society to be something that could bring together vastly disparate individuals; rather it was a type of "ethical community" that is an ideology or attitude understood as a socially grounded organic body through which life was shared (Ibid., p. 144). Therefore, the archetype of Japanese communitarianism is to be found in the utopic visions of the lower samurai and peasantry liberated by the Meiji Restoration. This utopic social imagery was uncompromisingly set in opposition to the individualism and utilitarianism born of modern bourgeois democracy, manifesting itself as a suppressed communitarianism, at times orientated as reactionary while at others directed at socialist revolution (Ibid., pp. 137–144).

As Watanabe asserts, the origins of Asianism in Japan can be found in images of an ideal society featuring the everyday lives of people of the lower feudal classes. Yet, what would motivate this movement to express itself and its ideology through the spatiality of Asia? Chōmin Nakae's "A Discourse by Three Drunkards on Government" is often taken as a con-

temporary attempt to critique Japan's expansionism into Asia. It is widely acknowledged that the three main characters, Mr Gentleman (*Yōgaku Shinshi*), Mr Champion (*Gōketsu-kun*) and Master Nankai (*Nankai Sen-sei*) are actually Nakae's own alter egos, and the dialogue among them records a discussion on the politics of the day. Mr Champion attacks Mr Gentleman's argument for demilitarization from a position that promotes the Japanese invasion of Asia, and Master Nankai mediates their discussion.

This text is revealing in its depiction of Mr Champion's complex personality as an Asianist activist. First, Mr Champion explains the reason why ideologies supporting and opposing the civilization and enlightenment campaign always surface side by side in the context of late-developing Japan:

Any nation deciding to climb the path of civilization behind other nations must completely change its earlier culture, character, customs, and feelings. It is thus natural that two opposing groups will emerge within its population: the lovers of nostalgia and the lovers of novelty. For the nostalgic, all the new culture, character, customs, and feelings seem shallow and exaggerated. They think that their eyes are soiled by looking at the new things and their ears dirtied with the new sounds. They feel dizzy and nauseated by any mention of the new. (Nakae, 1984, p. 103)

Furthermore, after Mr Champion raises the question as to which of these two elements is necessary for Japan, he proclaims that his very own allegiance, the "love for nostalgia" group, as the very one that is unnecessary. Mr Gentleman asks, "If we must remove one of the two, which one should we eliminate?" Mr Champion replies, "The nostalgic element. The element of novelty is like living flesh, and the nostalgic element is like a cancer" (Nakae, 1984, p. 113). Mr Champion is therefore well aware that his very own "nostalgic faction" is not only useless but also at times harmful to the future of a new civilization and enlightened Japan. This form of self-deprecating move on his part offers Mr Champion, and those in similar circumstances who have been left behind the times, the opportunity to strengthen their ontological attachment to what has been designated as the external or peripheral spatiality referred to as Asia.

If we are to assume the origins of Japanese Asianism are to be found in the radical consciousness of commoners railing against the type of civilization and enlightenment fashioned by bureaucratism and capitalism, then, as Japan makes preparations to form itself as a modern state, the spatiality of their own movement within Japan also inevitably gets restricted. Therefore, as the civilization and enlightenment project builds up steam, Mr Champion and his parties cannot help searching for their

opportunity to play an active part in the spatiality of Asia that was considered not yet to have been polluted by toxic civilization. These Asianists are fiercely hostile towards the Meiji oligarchy government and the *zaibatsu*, and as such spill over into Asia as a site removed from capitalism. Ironically, however, these Asianists then fulfil the role of the so-called imperial pioneers, resulting in the establishment of imperial rule by the state and economic actors that follow them.

7 The consequences of Asianist theories of civilization

The difference between the historical forces driving European and Japanese imperial development has been a major concern for those examining comparative colonialisms/imperialisms. For example, Mark Peattie (1996) posits Japanese imperialism and colonialism as a “unique example”, maintaining that “of all the modern colonial empires, only Japan was guided by such a strategic ideology, while at the same time incorporating scrupulous deliberation and a consensus of wide-ranging perspectives amongst the officialdom in Tokyo” (p. 26). Peattie claims that this is a result of years of national isolation (*sakoku*) and a strong sense of vulnerability in that Japan itself only barely avoids being a target of colonial domination by Western powers.

However, to position the lens of analysis away from the somewhat limited context of officialdom in Tokyo by examining the relationship between modern Japan and East Asia in light of the multiple aforementioned agents reveals the multisectoral power dynamic discussed in Abernethy’s European expansionist example – which is also relevant to the Japanese case. Unlike Abernethy’s investigation, which took more than five hundred years, from 1415 to 1980, as its period of analysis, the Japanese imperial project lasted not even 90 years, from 1868 to 1945. Whereas European imperial expansion was promoted by the interplay between the pre-existing stable institutions of government, industry and missionaries; in the case of Japan, as a consequence of such a temporal contraction, the many colonial actors had to forge their specific roles and duties from the very experience of imperial expansion itself. It is well known that Yoshimi Takeuchi locates the origin of Japanese expansionism in the modern state formation process itself:

Does expansionism emerge from a pioneer ideology (*yūhi no shisō*) driven through state-formation, or is it an element of state-formation itself? On this one point I am unable to decide. In any case, what I can say is that modern state-formation and expansionism are indivisible, and therefore not a matter of being good or bad. (Takeuchi, 1963, p. 21)

In accounting for the indivisibility of modern state-formation and expansionism, a consideration of the supposed universal nature of bourgeois democratic ideology as the foundation of modern nation-state formation is necessary. Yukichi Fukuzawa's superb metaphor describes the people living under the Tokugawa era feudal class system (*mibun-sei*):

The millions of Japanese at the time were closed up inside millions of individual boxes. They were separated from one another by walls with little room to move around. The four-level class structure of samurai, farmers, artisans, and merchants froze human relationships along prescribed lines (Fukuzawa, 2009, p. 209).

One aspect of the Meiji Restoration and subsequent reforms was the attempt to eradicate social status and geographical boundaries, creating citizen-subjects who were not only equal to one another but also responsible for the establishment and maintenance of the modern nation-state. The integral role that bourgeois democratic ideals of universal human rights (*tenpu jinken*) and freedom and equality (*jiyū byōdō*) played in this process of creating citizen-subjects must also be recognized.

Regardless of time and place, since these bourgeois democratic ideals were taken to be universally applicable truths, those specific human and geographic relationships that enmeshed each concrete individual into the fabric of the Tokugawa social order were now to be eliminated to make way for the creation of equal yet abstract social interdependence. However, these bourgeois democratic ideals did not know the confines of national boundaries. Constructing the nation-state in the name of a universalizing civilization meant that the very drive to construct such a nation-state would inevitably go beyond predetermined national boundaries – overflowing and hence interfering in the politics of a neighbouring country. To borrow Chōmin's plot, the expansion of the Japanese empire onto the Asian mainland was pioneered not only by Mr Champion's "love for nostalgia" group but also by Mr Gentlemen's "lovers of novelty" group.

The 1885 "Osaka Incident" orchestrated by Kentarō Ōi can be taken as a typical example of Japan's advance into Asia by the likes of so-called Mr Gentlemen. This incident was an attempt by the leftist Liberal Party (*Jiyūtō*) leader Kentarō Ōi to trigger a coup d'état in Korea, but as information of the plot leaked out before its execution it only resulted in 139 arrests. Despite its inevitable failure, a group of former Liberal Party radicals and Meiji democratic activists (*sōshi*) attempted to travel to the Korean Peninsula to support Kim Ok-gyun's reformist Independence Party (in Japanese: *Dokuritsu-tō*; and in Korean: *Tongnip-dang*) in establishing a constitutional state in Korea. From the historiographical vantage point

of the post-war period, the motives of the Osaka Incident ringleaders were often interpreted as an attempt to make headway in bringing about Japanese domestic reforms that faced deadlock by way of enacting political change in Korea. This historical event was also often critically evaluated as a forerunner to Japanese militarism's subsequent annexation of Korea and invasion of Asia (Hirano, 1965, pp. 154–155).

What is often omitted from an analysis of this incident is the fact that Kentarō Ōi was a legal expert who was well acquainted with French thought and had been baptized as a Christian. What becomes clear from Ōi's own defence argument at the Osaka Incident trial is how his devout belief in a universalized civilization and religious devotion to its realization led to its expansion beyond the national borders of Japan and into Korea. Ōi himself repeatedly rejected the charges brought against him by claiming that the strategic ideology of enacting political change in Korea was a tool for galvanizing reform in Japan's domestic affairs. In terms of Ōi's own convictions, his seemingly religious devotion to the universal values of freedom and equality cannot be overstated: "The Eastern religion and a society founded upon 'freedom and equality' cannot coexist. Therefore, in order for us to transform this Eastern society into one based on 'freedom and equality', we must also reform this Eastern religion" (Hirano, 1968, p. 154). When accounting for his intentions to interfere in Korean politics, the Christian Ōi likens it to Western missionary activities: "Our ideology is based on universal brotherhood, therefore [our attempt to interfere in Korean politics is] no different from [Western] Christians who come to the East, have pity on us heretic Asians [and] devote themselves to teaching us a true religion" (Ibid., p. 169). Interestingly, Ōi's promotion of Japanese intervention in Korea is justified not in terms of Japanese superiority; rather, his critique of Japan is equally condemnatory. "At the time of the Meiji Restoration, we Japanese undertook significant reforms, but the social reforms are still insufficient. Therefore, it would be specious to be satisfied with the current situation" (Ibid., p. 156); and, "Our original intention was not simply to reform only the political realm. That is, we do not like the state of today's religions as they are incompatible with the aforementioned ideology of 'freedom and equality'" (Ibid., p. 152). In addition to the creation of equal citizen-subjects, the universal ideal of bourgeois democratic freedom and equality played a crucial role in eradicating this type of feudalistic morals that "often unnecessarily distinguish between people who are essentially the same, undeservingly discriminating between master and servant, higher and lower classes, and force them to live in wretched servitude" (Ibid., p. 154). However, the act of recognizing this universality effectively nullifies the national border between Japan and

Korea, and becomes the driving force behind the promotion of direct political intervention in a neighbouring country. "The [Korean] Independence Party and our Liberal Party have the same ideological foundation. What we believe is that if they can come to power in Korea, it will benefit all Korean people ... It is certainly not an act of charity" (Ibid., p. 152).

While Ōi's discourse on civilization focuses on freedom and equality as a universal political ideology, Yukichi Fukuzawa's theory of civilization garners critical attention in its attempt to explicate the comparatively material dimensions of global transportation as the foundation of a universalized ideal. For example, in the opening to his 1885 thesis, "Good-bye Asia", Fukuzawa explains the contemporary fervour for Western civilization and the origins of its power as follows:

Transportation has become so convenient these days that once the wind of Western civilization blows to the East, every blade of grass and every tree in the East follow what the Western wind brings. Ancient Westerners and present-day Westerners are from the same stock and are not much different from one another. The ancient ones moved slowly, but their contemporary counterparts move vivaciously at a fast pace. This is possible because present-day Westerners take advantage of the means of transportation available to them. For those of us who live in the Orient, unless we want to prevent the coming of Western civilization with a firm resolve, it is best that we cast our lot with them. If one observes carefully what is going on in today's world, one knows the futility of trying to prevent the onslaught of Western civilization. Why not float with them in the same ocean of civilization, sail the same waves, and enjoy the fruits and endeavours of civilization? The movement of a civilization is like the spread of measles. (Fukuzawa, 1997, p. 351)

Fukuzawa likens civilization to measles, positing them as systems that both infect and expand as they transform individuals. In *An Outline of a Theory of Civilization*, Fukuzawa claims: "The only requirement of civilization is that one use one's natural endowments of body and mind to the fullest extent" (2009, p. 24). Despite their diverse cultural backgrounds and sense of values, the people who are infected by civilization are therefore metamorphosed into always replaceable and expendable subjects who are destined to "use [their] natural endowments of body and mind to the fullest extent". In the incipient spatiality opened up by global transportation, these people will continually infect all those others they meet along the way, leading to an inexhaustibly expansionist system consisting of infected people.

Towards the latter half of "Good-bye Asia", Fukuzawa describes the circumstances in Korea and China as follows: "Simply at a time when the

spread of civilization and enlightenment (*bunmei kaika*) has a force akin to that of measles, China and Korea violate the natural law of its spread. They forcibly try to avoid it by shutting off air from their rooms” (Fukuzawa, 1997, p. 352). He concludes the thesis by polemically asserting: “What must we do today? We do not have time to wait for the enlightenment of our neighbours so that we can work together toward the development of Asia. It is better for us to leave the ranks of Asian nations and cast our lot with civilized nations of the West” (Ibid., p. 353). Fukuzawa was certainly aware of the concerted efforts of China and Korea to maintain their isolation policy. For Fukuzawa, the appellation Asia has already gone beyond a mere geographical region, it has become a metaphor for a civilizational boundary characterized by capitalist expansion. It is in the metaphorical sense that he calls China and Korea “bad friends in East Asia” (*Ajia-tōhō no akuyū*). Thus, “Good-bye Asia” is a declaration of quiet acquiescence to the subsumption of his own country into the capitalist world order.

8 Conclusion

Fukuzawa’s “Good-bye Asia” has until now been heavily criticized as a typical expression of Japanese Orientalism by those with a sentimental attachment to the solidarity between Japan and Asia (Koyasu, 2003). However, his commitment to leaving Asia has been favourably interpreted by some commentators as a realistic response to the international world order at the time (Takeuchi, 1963). Yet when looking back from a twenty-first-century perspective, Fukuzawa’s most perspicacious insight is his prediction that Japan, Korea and China will inevitably be “infected” by Western civilization; that is, the recognition of the Asian region’s unavoidable subsumption into the capitalist system.

The subsumption of the Asian region into the capitalist system opened up the experiential possibility for the people living in the Asian region to “float [together] on the same ocean, sail the same waves, and enjoy the fruits and endeavours of civilization” (Fukuzawa, 1997, p. 351). It was an appreciation of the possibility of that shared experience on which Asianists could have developed their own ideological foundation. However, in the context of modern Japan, the Asianists who aspired to enjoy the fruits and endeavours of civilization with other Asian people must have had experienced a sincere sense of failure and despair.

Hotsumi Ozaki’s *The Objective Foundation of the East Asian Community* clearly exhibits the limitations of pre-war Japanese Asianist ideology. Ozaki recognized the significance of “Discourses on the East Asian Community” (*Tōa Kyōdōtai Ron*) in that “the growing productivity of East

Asia is tied to the necessity of breaking away from the [contemporary] semi-colonized condition, along with assisting and contributing to the welfare of those who are attempting national liberation" (Ozaki, 1977, p. 315) Yet, at the same time, despite Ozaki's sense of duty to protect the East Asian continent from the Great Powers' imperial designs, Japan's imperialist expansion in Asia represents an indistinguishable version of Euro-American imperialism. Thus, Ozaki criticized the so-called EAC for its lack of objective foundation (Ozaki, 1977, p. 316).

But why did the subsumption of the Asian region into the capitalist system not bring about a common experience for the people living there? That is to a large extent due to the fact that many regions of Asia were subsumed into the global capitalist system through the Japanese imperial project. As Heita Kawakatsu asserts, "the commercial treaties signed with Europe and America facilitated the growth of intra-Asian trade, and the still dormant 'intra-Asian competition' finally surfaced" (Kawakatsu, 1994, pp. 28–29). Japanese imperialism progressed alongside the emerging intra-Asian competition but managed to secure for itself a hegemonic standing. Therefore, whereas the global capitalist system had always been a clear boundary between Asia and Europe, the newly drawn line between Japan and neighbouring regions facilitated the differential subsumption of the entire region into that system.

The objective foundation was distinguished by the subsumption of Asia into capitalism by two imperialisms: Western imperialism and Japanese imperialism. Furthermore, with the subsumption of Asia into the Japanese imperial project, the Asianist impulse to resist Western imperialism was rendered impotent as long as they remained faithfully committed to the subsumption of Asia into capitalism through Japanese imperialism. Rather than resulting in a sense of Asian regional solidarity, it merely intensified the antagonism between Japanese imperialism and the Korean, Taiwanese and Chinese national movements that opposed it.

The recent development of global capitalism has brought about a situation in which people living in the Asian region are floating together on the same ocean and sailing the same waves. However, whether or not they can enjoy the fruits and endeavours of civilization together depends on how they can develop a present-day project for Asian regional integration.

Note

1. Translated from Japanese by Joel Matthews. Unless otherwise acknowledged, all translations in this chapter are the translator's own.

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11

Japan and pan-Asianism: Lost opportunities

*Seiko Mimaki*¹

1 Introduction

Certainly it was not until after World War II (WWII) that Asian regional integration became visible, but the *idea* has a long history. This chapter aims at expanding the scope of the history of Asian regional integration by focusing on the history of pan-Asianism. In the pre-WWII period, Asian people were seriously divided because of Western colonial rule, yet they dreamed of pan-Asian unity against the West and developed various forms of pan-Asianism. This chapter focuses on how the Japanese government responded to Asian people's aspirations for pan-Asian unity. During the Meiji and Taisho era (1868–1926), Japan was the only non-white great power that could speak on behalf of subjugated Asian people at international conferences. Thus, many Asian people regarded Japan as a leader of pan-Asian unity against the West. Yet, as this chapter shows, Japan completely shut the door on the possibility. Japanese policymakers firmly believed that the only realism for Japan was to follow the examples of Western imperialist nations and gain equal admission to the club of Western powers. For them, pan-Asian unity was nothing but naive idealism. Such realist diplomacy achieved short-term success but gradually came to an impasse. Finally, this chapter reconsiders whether modern Japan's realist diplomacy truly deserves the label of realism or not.

It is well known that on 28 February 1924, Chinese Kuomintang leader Sun Yat-sen stopped in Kobe, Japan on his way from Guangdong to Beijing, and gave a speech titled “Pan-Asianism”. In this speech, Sun Yat-sen

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depicted the great hopes of Asian countries towards Japan of that period which, despite being a non-white state in the non-European world, had achieved rapid modernization to stand as an equal of Western powers. Sun Yat-sen also spoke of the process of those hopes changing towards disappointment and disillusionment as a result of Japan itself becoming Westernized:

Thirty years ago, when Japan abolished the unequal treaties and became an independent country, the peoples and states that are close to Japan were greatly affected, but these events were not able to impress the peoples of Asia overall to such a great degree. However, 10 years later, there was the Russo-Japanese War, which resulted in Japan defeating Russia, and the Japanese defeating the Russians. This was the first victory of an Asian people over Europeans in the past several hundred years. This triumph by Japan affected all of Asia, and the peoples of Asia as a whole were all ecstatic, and came to have great hopes. (Sun Yat-sen, 1989, pp. 363–364)

When this speech was later published in the Chinese press, Sun Yat-sen added the following remarks:

Ladies and gentlemen, the Japanese people already are, on one hand, incorporating the Western culture of Might, while on the other hand have the essence of the Asian culture of Right. Whether Japan, in the road ahead of global culture, will become “the loyal hawk of Occidental Might”, or the paladin of Oriental Right, is resting on the detailed consideration and careful selection of the Japanese people (Ibid., p. 375).²

The path that Japan chose thereafter was neither of the two. In the 1930s, Japan became isolated not only from Asian countries but also from Western ones through aggressive, invasive policies beyond the imperialism pursued thus far as “the loyal hawk of Occidental Might”.

Sun Yat-sen’s speech is representative of the irony of pre-war Japan and Asian solidarity. During the Meiji and Taishō periods (1868–1926), when the countries of Asia had hopes for solidarity with Japan, Japan continued to turn its back on them under the slogan of *Datsua Nyūō* (“Out of Asia, Into Europe”). The Japanese government, which firmly believed that imperialistic cooperation with Western countries was the only realistic policy for Japan to survive, carefully avoided discussing Japan’s duty as a country of Asia due to apprehension over triggering the wariness of Western nations. Eschewing advocating Japan’s mission as an Asian country, they worked domestically towards the modernization of Japan and externally towards an expansion in power and national interest within a framework of cooperation with Western imperial powers. Their diplomacy had a strong tendency towards specific problem solving

in the existing order (Iriye, 1966). The countries of Asia deepened their disillusionment with Japan, which became increasingly imperialist in imitation of Western powers.

It was not until the late 1930s that the Japanese government officially advocated pan-Asianism. Increasingly isolated from international society by its invasion of China, the Japanese government aggressively proclaimed pan-Asianism in an attempt to amend the worsening relationship between Japan and neighbouring countries. However, Japan's idea of pan-Asianism never aimed at the liberation of Asian countries. For Japan, it was a self-evident truth that pan-Asian unity should be led by Japan. Even if Japan's advocacy for pan-Asian unity were sincere, it still could not gain the wide support of Asian countries, which already recognized that Japan was nothing but an imperialist power just like Western countries. Japan's search for pan-Asian unity in the late 1930s was no more than an illusion, not only because it concealed Japan's imperialistic ambition but because Asian countries had already lost hope of solidarity with Japan.

The aggressive and expansionist pan-Asianism which the Japanese government sought in the late 1930s was partly a consequence of its long-term neglect of pan-Asianist ideas. Though the Japanese government in the Meiji and Taishō periods never focused on pan-Asianism as a political agenda, there were a considerable number of pan-Asianists outside the government, especially among political activists and the military. They emphasized Japan's mission in Asia, which the Japanese government had unjustly abandoned, and aggressively advocated pan-Asianism. While the Meiji and Taishō governments refrained from carrying out excessively expansionist policies to avoid arousing Western countries' suspicion, pan-Asianists lacked such consideration towards the West and single-mindedly pushed for pan-Asianism, which naturally gained an expansionist tone. In the 1930s, as the possibilities for cooperation with Western countries gradually diminished, the aggressive and expansionist pan-Asianism became a dominant ideology.

Considering the tragic consequences of the realist diplomacy of Meiji and Taishō Japan, which stubbornly dismissed solidarity with "weak" Asian countries as mere idealism, it should be reasonable to ask whether Meiji and Taishō Japan's diplomacy was realistic in a literal sense or not. This chapter analyses the short- and long-term consequences of the realist diplomacy of Meiji and Taishō Japan in trying to answer this question. During this period, Japan was the great hope for the people of non-Western countries which had long been subjugated by Western powers. Japan was an important player that could speak as the voice of Asia and the voice of people of colour on the international stage. Japan won the Russo-Japanese War (1904–1905), and demanded the inclusion of a racial

equality clause in the Covenant of the League of Nations at the Paris Peace Conference (1919). Japan's rise as a great power encouraged not only the countries of Asia but all people of colour who had suffered under the imperialism and racism of Caucasian powers.

However, from the point of view of the Japanese government, the victory in the Russo-Japanese war and the proposal of the racial equality clause were not a challenge to the dominant position of the West. To the Japanese government, these were nothing but a request for recognition of Japan as a civilized nation equal to Western powers. In the Russo-Japanese war, the Japanese government hoped to prove that Japan, which geographically belonged to "backwards" Asia, had achieved a civilization equivalent to that of Western powers through its modernization efforts. The racial equality clause also was not a request for general equality between white and non-white peoples. It was no more than a request for equality between the West and Japan, which despite being a non-white state had achieved a high level of "civilization". The Japanese government in the Meiji and Taishō periods considered the execution of imperialist policies in collaboration with Western countries to be the sole realism for Japan's survival, and continued to reject Asianism as naive idealism.

The ultimate aim of this chapter is to evaluate the realist diplomacy of the Meiji and Taishō periods. It can be said that Japan's diplomacy achieved short-term success in light of the fact that it alone maintained complete independence in East Asia, which had undergone the "Western Impact" in the nineteenth century. However, truly as a result of that experience of success, the Japanese government was caught up in this realism and became unable to escape from the notion that solidarity with weaker Asian countries was mere idealism. This can be considered to have been the root cause as to why Japan's diplomacy did not lead anywhere amid the proclaimed shift to the "new diplomacy" after World War I (WWI).

It is true that the nineteenth-century international system surrounding Japan clearly had a Western-centric structure, not only in terms of power but also in terms of international laws and norms. In this context, even if the choice of Asian solidarity arose as the ethical option, it did not arise as a serious policy choice. However, prompted by WWI, national self-determination was proposed as a universal principle of international politics. Of course, this kind of change in norms was not directly reflected in the realities of international politics. However, the change in norms did encourage people in subjugated regions of the non-European world and spurred them to independence/liberation movements. These movements as a whole formed a fundamental challenge to the Western-centric structure of international politics, and caused a long-term structural shift in

international society. This signified the undermining of the premise of the realist diplomacy of Japan, which had taken great pains to adapt to the Western-centric structure of international politics.

When Japan was first encountered by the world in the nineteenth century, the choice of Asian solidarity was prevented by the structure of Western-centred international society. Yet, it is also true that Japan itself shut the door on Asian solidarity which should have been in existence at that time. After WWI, the world gradually departed from the imperialistic “old diplomacy” and entered an era of “new diplomacy”, where non-Western countries were treated as independent actors rather than as passive objects of imperialism. Nevertheless, Japan could not find a new foreign policy to replace the conventional realism and gradually fell into a utopianism that was disengaged from the realities of international politics.

2 Japan and the Western-centric world

The world that faced Japan, which was opened to the world in 1854 as a result of negotiations with US Navy Commodore Matthew C. Perry, was a world in which Europe dominated the rest of the globe, not only in terms of material power, such as military, economic and technological power but also discursive power. Western-centrism permeated even the realm of international law, where only European countries were recognized as complete subjects of international law.

The international laws that we enjoy today have their origin in Europe and gradually expanded through the world (Tabata, 1966, pp. 66–77). Until the eighteenth century, it was commonly recognized in Europe that European Christian nations were the sole subjects of international law. In the nineteenth century, however, European powers advanced out of Europe in order to acquire colonies and expand their markets, and entered into treaty-based relationships with Asian countries. First, in 1842, China, which was defeated in the First Opium War, was opened up by the United Kingdom, with which it signed the Treaty of Nanking. Next, Japan entered into the Convention of Kanagawa (Japan–United States Treaty of Amity and Friendship) in 1854 as a result of negotiations with Commodore Perry, who had arrived leading the warships. Similar treaties of peace and amity were also signed with the United Kingdom, Russia and the Netherlands. By the Treaty of Paris, which was signed in 1856 after the Crimean War, Turkey was admitted “to participate in the advantages of the public law and concert of Europe”.

With the progress of treaty relationships between European and Asian countries, European scholars of international law began to debate

whether international law was unique to Europe and thus could be applied exclusively to European Christian countries, or whether it was applicable to Asian countries such as Turkey, China and Japan, and if it was applicable, how it would be applied. What was emphasized as the benchmark for the application of international law in non-European regions was the degree of “civilization”. In other words, even a non-Christian country in the non-Occidental world could be a member of international society if it achieved a civilization equivalent to that of a European Christian country (Hirose, 1977; Fujita, 1987).

However, the recognition of non-Occidental countries as equivalent subjects of international law if they acquired a civilization equivalent to that of European countries was an issue that was in principle only. The reality of the order of international law of the period was characterized by a hierarchy with Western civilized countries at the apex. This hierarchical structure was most succinctly expressed by J. Lorimer, Professor of Public Law at the University of Edinburgh. He divided humanity into three groups: (1) the “civilized” peoples who are granted complete political recognition; (2) the “barbarous” peoples who are granted partial political recognition; and (3) the “savage” peoples who are only granted recognition as human beings. Group one corresponds to the Occidental countries; group two corresponds to Asian countries that had escaped colonization by Europe such as Turkey, Persia, China, Siam, and Japan; group three corresponds to all other peoples of the world. Lorimer considered that essentially only the first group of European countries were full subjects of international law (Lorimer, 1883, p. 101).

As a “barbarous country” in Lorimer’s second category, Japan came to be included in the hierarchical order of international law with the Occidental countries at the apex. In 1858, Japan entered into commerce with the four countries with which it had treaties of amity and friendship, but these treaties were unequal ones that included extraterritoriality and the resignation of tariff autonomy.

3 The realist diplomacy of the Meiji government (1868–1912): Short-term success

The first urgent task for the leaders of the new Meiji government and leading intellectuals was to figure out how to survive in a Western-centric world. There were basically two paths. One was *Datsua Nyūō*: to accept the division of the civilized West and the uncivilized others as reality and to seek to elevate Japan’s current status to a civilized one that was equivalent to that of Western countries. The other path was that of Asian solidarity against the West. Its advocates insisted that the division

of the civilized West and the uncivilized other was entirely arbitrary; it was Western countries that should be labelled as uncivilized in light of their merciless invasions and colonial dominance of non-European countries.

The Meiji government chose the former path. They aimed at being recognized as a civilized country by Western powers through their extensive efforts at westernization. Domestically, they tried to introduce Western systems and ideas into almost every aspect of national life. Internationally, they tried to faithfully follow the civilized Western rule of diplomacy. Of course, even some members of the Meiji government questioned Japan's uncritical imitation of Western countries and insisted on Japan's own mission towards Asia. For example, Takamori Saigō criticized Toshimichi Ōkubo who was a strong advocate for a Western model of modernization, insisting that Japan should not follow the same path as Western countries but develop an independent diplomacy towards Asia. Saigō had to leave the Meiji government after his defeat over the *Seikanron* debate (a debate on the invasion of Korea) in 1873, and thereafter pan-Asianistic diplomacy virtually disappeared from the Meiji government's political agenda. Yet, the idea of pan-Asianism itself did not die with Saigō's defeat. Outside the government, there were many private pan-Asianistic associations to advance the solidarity of Asian countries against the West. Even in the government, especially in military departments, there were a considerable number of people who sympathized with the claim for pan-Asianism (Matsuura, 2010, pp. 94–103).

However, even those who insisted that Japan should follow and imitate Western countries never totally overlooked the uncivilized aspects of Western countries. In his famous book, *An Outline of a Theory of Civilization* (1875), Yukichi Fukuzawa, an influential intellectual of the early Meiji era, insisted that even though Western countries were not fully civilized, Japan nonetheless should pursue Western-style modernization. Fukuzawa endorsed the Western-centric world view, which divided the world into civilized, barbarous and savage, though he used milder words such as “semi-developed” in place of “barbarous”:

When we are talking about civilization in the world today, the nations of Europe and the United States of America are the most highly civilized, while the Asian countries, such as Turkey, China and Japan, may be called semi-developed countries, and Africa and Australia are to be counted as still primitive lands. These designations are common currency all over the world. While the citizens of the nations of the West are the only ones to boast of civilization, the citizens of the nations of the semi-developed and primitive lands submit to being designated as such. They rest content with being branded semi-developed or primitive, and there is not one who would take pride in his own country or consider it on a par with nations of the West. (Fukuzawa, 2008, p. 17)

Yet, Fukuzawa was never a blind follower of Western civilization. Rather, he had a clear awareness of the primitive aspects of Western countries. Here, he emphasizes that Japan should not be satisfied with achieving the level of civilization attained by the West:

although we call the nations of the West civilized, they can correctly be honored with this designation only in modern history. And many of them, if we were to be more precise, would fall well short of this designation. For example, there is no greater calamity in the world than war, and yet the nations of the West are always at war . . . Even worse, international diplomacy [of the Western nations] is really based on the art of deception . . . civilization is an open-ended process. We cannot be satisfied with the present level of attainment of the West. (Ibid. p. 19)

Fukuzawa was a realist, though. Certainly, Japan's ultimate goal should be to achieve a higher civilization than Western civilization. Yet, he realistically admitted that it would take "thousands of years" to achieve this ultimate object. Finally, he endorsed Western civilization as Japan's goal, saying "in all countries of the world, be they primitive or semi-developed, those who are to give thought to their country's progress in civilization must necessarily take European civilization as the criterion in making arguments" (Ibid., p. 20).

Although the Meiji government recognized that Western countries were nothing except barbarous towards non-Western countries, it still decided to follow them, even including their barbarous behaviours. The Iwakura Mission, which was dispatched to observe Western developed countries from 1871 through 1873, greatly contributed to the intensification of this realistic cognizance of international affairs. The members of the mission included many people who were to become the core of the Meiji government, such as Toshimichi Ōkubo, Takayoshi Kido and Hirobumi Itō, in addition to Tomomi Iwakura as the ambassador plenipotentiary. Their experience is thought to have greatly influenced the formation of the government's foreign perceptions thereafter. In the mission's report, the following statement that Chancellor of Germany Otto von Bismarck made at a banquet was presented as being "significant":

From the very beginning, the so-called international law, which was supposed to protect the rights of all nations, afforded us no security at all. In cases involving a dispute, a great power would invoke international law and stand its ground if it stood to benefit, but if it stood to lose it would simply change tack and use military force, so that it never limited itself to defence alone. Small nations like ours, however, would assiduously abide by the letter of the law and universal principles, not daring to transgress them so that, faced with ridicule and contempt from the greater powers, we invariably failed to protect our right to autonomy, no matter how hard we tried. (Kume, 2002, pp. 321–322)

In an essay written after his return to Japan in 1875, Iwakura displayed his conviction that:

in relations with foreign countries, international law exists to realize peace and fellowship. [It is thought that] international law is self-evident justice, its logic is flawless and it extends impartially and broadly across the nations. Therefore, can even countries that are poor with a weak military and unstable government depend on international law and have no need to worry? This is certainly not the case. Although it is not declared in international law, it is by might that the rights of the state are protected. (Tada, 1995, p. 233)

This is not to say that the Meiji government undervalued international law but that it worked carefully to respect it. The Meiji government did not find merit in international law as a norm but saw value in it as a tool for achieving the national policy of *Datsua Nyūō*. At the turn of the twentieth century, Japan experienced the Sino-Japanese War (1894–1895) and the Russo-Japanese War (1904–1905), where first-rate scholars of international law, such as Ariga Nagao and Takahashi Sakuye, served in the military. Utilizing their professional knowledge of international law, these scholars tried to prove to the rest of the world how Japan waged a civilized war in close adherence to international law, and how it was a civilized country having the ability to abide by international law (Nozawa, 2000, pp. 62–64; Matsushita, 2004).

Bankoku Senji Kōhō [International law of war], written by Ariga when he was in charge of lectures at the Army War College, emphasized that Japan, as a country that had incorporated a European-style constitutional government, was required to follow the spirit of Christian charity even during war, and therefore to wage a civilized war that refrained from excessive cruelty (Ariga, 1894). When serving in the military during the Sino-Japanese War, Ariga wrote *La Guerre Sino-Japonaise Au Point de Vue du Droit International* [The Sino-Japanese War from the point of view of international law] in French, whose goal was “to communicate to European scholars of international law the detailed facts of the Japanese army complying with the provisions of civilized warfare in the Sino-Japanese War despite the fact that the enemy, Qing China, ignored the rules of warfare” (Ariga, 1896, p. 1). Ariga similarly presented *La Guerre Russo-Japonaise Au Point de Vue Continental et le Droit International* in French on the Russo-Japanese War whose aim was to authenticate to the whole world the “civilized” character of the war Japan pursued as a “civilized” country (Ariga, 1911, p. 1). Takahashi Sakuye also wrote *Cases on International Law During the Chino-Japanese War*, emphasizing just how “lawful” a war Japan was waging in contrast to Qing China’s “barbarous” style of warfare (Takahashi, 1899, pp. 1–7).

It is true that the civilized warfare trumpeted by these scholars of international war was no mere sophistry. In the Russo-Japanese War, Japan worked towards waging a humanitarian war against Russia as, for example, by enacting domestic laws for implementing provisions regarding prisoners of war in the Hague Land Warfare Conventions (Kita, 2004). However, Japan's attempt to adhere to international law was only with respect to Western powers. Such civilized and humanitarian behaviour based on international law did not extend to its relations with China and Korea. The fact that Japan showed a contrasting face to the West and Asia in applying international law pointedly shows Japan's realistic view of international law in which it was not respected as norm but was merely seen as a policy tool (Tanaka, 1987).

Based on a pessimistic view of international law that it was not a norm for protecting the weak but rather a tool utilized for the interests of the strong, Meiji Japan pushed domestically for a policy of *fukoku kyouhei* (rich nation, strong army) and externally for an expansion of national interest and power. Such realist diplomacy achieved success, at least in the short term. Even Lorimer, the scholar of international law who boasted that the only "civilized" countries that could be granted complete political recognition were European, suggested that if Japan continued its current rate of progress for another 20 years, it would be necessary to consider granting it complete political recognition (Lorimer, 1883, pp. 102–103). Just as he predicted, Japan eliminated extraterritoriality immediately before the Sino-Japanese War, and recovered its tariff autonomy in 1911 as a result of a heightened international status from victory in the Russo-Japanese War.

4 An impediment to realist diplomacy: The race barrier

However, Japan and Europe were not only separated by differences in the degree of civilization. There was also the difference between the "white" and "yellow" races – a more fundamental difference that could not be erased. Japan, which was single-mindedly working towards becoming a modernized and strengthened country, received not only plaudits as a civilized country from the European nations but also attracted criticism from Western society as the "yellow peril". This was an expression of Western anxiety towards the possible rise of the so-called yellow races. They were afraid that the yellow races, who had long been oppressed by the whites, would unite – under the guidance of Japan, which had achieved a high-level civilization – in an attempt to cast off white domination. Japan's acquisition of the Liaodong Peninsula as a result of winning the Sino-Japanese War was opposed by Russia, France and Germany

who, through a joint intervention, forced Japan to return the peninsula to Qing China in 1895. These events left a deep impression on German Kaiser Wilhelm II, who wrote a letter to Russian Tsar Nicholas II in which he appealed for the necessity for the European nations to jointly oppose the “yellow peril” in the future (Hirakawa, 1971).

The backdrop to the idea of the “yellow peril” was the racism that had rapidly begun suffusing through Western society at that time. In the latter half of the nineteenth century when Japan entered international society, authoritative-sounding racist books were published one after another in the West, and during this period the idea of the existence of a racial hierarchy with the white race at the pinnacle spread widely among Westerners.

The year 1853, when Perry arrived in Japan with his battleships, was also the year when Gobineau's *An Essay on the Inequality of the Human Races*, which was considered a classic of race theory, was published in France; and in 1899, the British-born German author Houston Stewart Chamberlain wrote *Die Grundlagen des neunzehnten Jahrhunderts* [The foundations of the nineteenth century], which is considered to have influenced Nazi ideology. The racial ideology that rapidly took root in Western society from the latter half of the nineteenth to the twentieth century usually led to a confirmation of white supremacy, but it also led to vigilance towards the yellow peoples who had the potential to threaten the superior position of the white race (Gollwitzer, 1999; Hashikawa, 2000). Japan, which achieved rapid modernization and rose as a great power at that time, became a main target of the “yellow peril” anti-Japanese propaganda of Western countries.

The rise of the idea of the “yellow peril” in Western society thrust a new obstacle into Japan's path towards *Datsua Nyūdō*. It became necessary for Japan to make the case to Western countries that Japan's efforts to become civilized were solely in order to join the imperialist club of Western powers and were not intended to challenge Western dominance. Furthermore, fear of the “yellow peril” reflected a feeling that Asia, which previously had a weak stature due to a lack of solidarity, would unite centred around the one country able to resist the white nations. Therefore, it became necessary for Japan to emphasize that apart from skin colour it had little in common with other Asian countries, and that there was no possibility of any solidarity between them.

Japan had to face these troubles during the Russo-Japanese War. Fearing that the war would inflame “terror against the yellows” that “even now lay hidden in the thoughts of Western people”, the Japanese government dispatched Kenchō Suematsu to Europe and Kentarō Kaneko to the United States in order to counteract “yellow peril” anti-Japanese propaganda (Ministry of Foreign Affairs, 1960, pp. 668–670, 672–674).

Using every opportunity, Suematsu and Kaneko worked hard to publicize just how much Japan was civilized even in war, and just how absurd it was to consider Japan a “yellow peril” (Matsumura, 1980, 1987).

On every possible occasion, Kaneko strongly repudiated the opinion that linked the Russo-Japanese War with the “yellow peril”, emphasizing that the Russo-Japanese War was not a conflict between a yellow nation and a white nation, or between a non-Christian nation and a Christian nation. According to him, the Russo-Japanese war was a fight between civilization and barbarism, that is, a fight between Japan, which had worked towards learning the ways of Western civilization since the opening of the country, and Russia, which still preserved an outdated political and social structure. When Kaneko gave a talk at Harvard University titled “The Situation in the Far East” in April 1904, he declared:

We are fighting this battle with no purpose of menacing Europe and American with any “yellow peril”. Nor are we fighting for either race interests or religious interests. We are fighting to preserve the national existence of Japan ... Japan simply seeks in the present war to maintain the peace of Asia and conserve the influence of Anglo-American civilization in the East. (Kaneko, 1904, p. 25)

Suematsu, who was sent to Europe, also worked enthusiastically to repudiate the “yellow peril” through vigorous activity in writing and giving speeches. In a speech entitled “An Anglo-Japanese View of the Far Eastern Question”, given in London in May 1904, Suematsu stressed, “The difference of race ... seems to me not very important – not certainly of a kind to preclude the maintenance of friendly relations, so long as other assimilation[sic] could be thoroughly effected” (Suematsu, 1905b, p. 8). In a speech titled “Chinese Expansion Historically Reviewed”, given in January 1905 at a meeting of the Central Asian Society in London, he denied any possibility of Japan becoming an “organizer of the pan-Asiatic Peril” pointing out that: “The characteristics, notions, and feelings of the Japanese and Chinese are so different that there is no possibility of their complete amalgamation in one common cause, and what is true with regard to the Chinese holds even more true with regard to other Asiatic peoples” (Suematsu, 1905a, p. 29). Finally he declared that:

Japan has already cast in her lot with the Occident, and in the eyes of many Asiatics it is to be remembered the Japanese are no less *Yang-Kwai* (foreign devils) than the Occidentals ... The charge of organizing a pan-Asiatic League which is now and then brought against Japan, if taken seriously, would only be to subject her to utterly unjust persecution, quite unworthy of the civilized nations of the world. (Ibid., p. 31)

The vigorous efforts of Kaneko and Suematsu to combat anti-Japanese “yellow peril” propaganda during the Russo-Japanese War symbolized Japan’s difficulties in acquiring truly equal status with white powers in a world in which racial inequality was a prevailing discourse. Hirobumi Itō, who backed Suematsu and Kaneko, met with Shinpei Gotō at Itsukushima Island (Miyajima) in 1907, and is said to have stated, “What is the so-called pan-Asianism? Those who make such assertions are ignorant of the realities of international politics. It is because of these careless people that the Europeans misunderstand Japan and are clamouring about the ‘yellow peril’” (Tsurumi, 1965, p. 961). Itō’s statement clearly demonstrates just how taboo Asianist assertions were to Japanese policymakers of the time, who firmly believed that the only way for Japan to survive was through cooperation with Western powers.

The victory of Japan, as an Asian nation of people of colour, over Russia encouraged those oppressed by white powers and stimulated colonial liberation movements. In the non-European world, the tendency to view Japan’s victory as the victory of a people of colour spread widely, and in China the movement to regain sovereign rights from great powers became active.³ However to Japan, which, fearing being ostracized by Western powers as the “yellow peril”, had earnestly advertised that there were no kinds of common interests or values between Japan and the barbarous or savage peoples, the jubilation of the Asian countries was decidedly uncomfortable. On this subject, Aritomo Yamagata, an influential military leader, made the following candid statement in a written opinion in 1907:

Japan’s great victory in battle against Russia aroused the hearts of the people of Qing China, and the view that coloured people are never inferior to the white people has spread. As a result, the movement to abolish the prerogatives of imperial countries has grown much more active in Qing China. However, Japan’s victory in the battle against the European Power [Russia] does not at all prove that the coloured people are superior to the whites. Japan’s victory over Russia demonstrated that a nation of coloured people also can, if it learns the great civilization of Europe well and make it its own, achieve victory over a white nation that has not kept pace with European civilization. Nevertheless, many injudicious and ignorant coloured people do not understand this plain truth, and seem to simply think, “We and the Japanese people are similarly coloured people. On this occasion, the Japanese people fought with white people, who are the strongest in the world, and achieved a great victory. This means that we coloured people no longer need to tacitly consent to the white people’s domination.” This kind of thought has spread through Asia and Africa, where Japan is being worshipped and is even being seen as their leader. (Yamagata, 1966, pp. 304–305)

After the Russo-Japanese War, the Japanese government strengthened its imperialist cooperation with Western powers, seemingly dispelling the hopes of oppressed people, and even strengthened its posture of suppressing the independence movements of Asian peoples. For example, in accordance with a request from the United Kingdom, the Japanese government intensified its crackdown on the Indian independence movement in Japan, and ratified the Taft–Katsura Agreement with the United States in which mutual recognition was given to the American rule of the Philippines and Japan’s rule of Korea. Furthermore, the Franco-Japanese Agreement was signed in 1907, confirming Japan’s control of Korea and special interests in Manchuria in return for recognizing French control of Indochina and strengthening control over the Vietnamese independence movement in Japan. This series of actions taken by Japan disillusioned the leaders of the independence movements who initially were jubilant at Japan’s victory in the Russo-Japanese War, seeing it as a victory of people of colour (Yamamuro, 2005, pp. 202–204).

However, even after the Russo-Japanese War, Japan continued to face “yellow peril” propaganda attacks. The ostracizing of Japanese immigrants to the United States and the British dominions became prevalent, and Japan was constantly made to feel the racism of the West (Daniels, 1962). Particularly in the United States, the growing movement towards excluding Japanese immigrants resulted in the segregation of Japanese students in San Francisco in October 1906 and developed into a diplomatic row between the two countries. The Japanese government feared that the immigration problem would threaten US-Japanese cooperation, and searched for an amicable resolution in the form of self-regulation of immigration. Furthermore, the Japanese government insisted that the target of exclusion was not *all* Japanese people but was limited to “lower-level” immigrants who were not suitable as representatives of Japan. By the logic of segregating the “uncivilized” immigrants from the civilized majority, the Japanese government retained the idea that Japan was becoming incorporated into Western society. According to a report of the Japanese government in 1908, if contact between the people of Japan and the United States were to be limited to the upper or middle echelons of society, and if the enlightenment of the “uncivilized” immigrants of the region could be advanced, then it should be possible to see a “fundamental resolution” to the so-called immigration problem in the near future (Ministry of Foreign Affairs, 1972, p. 241).

Despite the Japanese government’s efforts to regulate the number of immigrants to the United States, the anti-Japanese movement intensified, and in 1913 the California Alien Land Law was enacted, prohibiting land ownership by “aliens” including Japanese immigrants. The enactment of a

blatantly racist law cast serious doubt on the fundamental premise of the *Datsua Nyūō* policy that Japan could be recognized as an equal partner by Western countries if it successfully achieved the same level of civilization. It was therefore difficult for many Japanese to accept that no matter how much Japan achieved “civilization”, they would continue to be discriminated against by the West just because they had a different skin colour. The following assertions by Kazutami Ukita, chief editor of *Taiyō* magazine, clearly show how difficult it was for Japanese people of the time to admit that Western racism was such a deep-rooted problem that would not be easily solved:

Even if different in race, people with equivalent levels of culture are able to understand each other, have sympathy for each other, and come into conformity with each other . . . Japan has conformed to Western civilization for the past 50 years, and therein lies the success of Japan today . . . If the lifestyles of the Japanese and American people become gradually alike, if both have the same constitutional government even with minor differences, if both can share a worship in the spirit of the universe beyond their differences in religion, and if both achieve the same level of civilization, then the problem of exclusion of Japanese immigrants will likely die a natural death. (*Taiyō*, 1 June 1913)

According to Ukita, the problem of the exclusion of Japanese immigrants was never a problem caused by racism. It was exclusively due to the Japanese side, and therefore could only be solved by Japan's efforts, such as by the westernization of their lifestyle and the education of Japanese immigrants. However, Ukita's optimistic hopes towards a solution were completely betrayed. In 1924, the US Congress enacted an immigration law which completely prohibited immigration from Japan. On 1 July, when this law came into effect, anti-United States protest rallies were held across Japan. Furthermore, some anti-United States advocates openly justified Japan's expansion towards Asia, saying that Japan was “shut out” by the white people. Sohō Tokutomi of the *Kokumin Shimbun* newspaper declared in the edition of that day: “July 1st is the memorial day when Japan's foreign policy draws a great arc from east to west, the day that we cut our ties with the United States and join hands with our Asian brothers” (*Kokumin Shimbun*, 1 July 1924).

However, this type of expansionist pan-Asianism was never acceptable to the “Asian brothers”. In his lecture on the “Three Principles of the People” in 1924, Sun Yat-sen emphasized, “If another great war happens in the future, it should not be a racial war between the white men and the yellow men. A yellow man who respects justice would choose an alliance with a white man who respects justice, rather than an alliance with a yellow who neglects justice” (Sun Yat-sen, 1985, p. 31). Before WWI, Sun Yat-sen had advocated a yellow race alliance against the white race, but

after the war he developed the idea of interracial unity in which people bonded together through the shared cause of justice (Guan Wei, 2000, pp. 49–50). While Sun Yat-sen finally overcame emotional anti-white feelings, the Japanese people increasingly advocated a yellow-race alliance against the whites, assuming that it would be easy for the yellows to unite because of a common opposition to white racism.

5 Realist diplomacy at an impasse: After World War I

Japan's diplomacy during the Meiji and Taishō period was generally characterized by a realist tendency which was mainly concerned with expanding power and national interests within existing international situations. The Japanese government never openly criticized the Western-centric character of international society, let alone sought an alternative order where non-Europeans would be treated as equals. They dismissed solidarity with Asian countries as idealism and even openly rejected it so as to avoid concerns from Western countries about the “yellow peril”. Considering the realities of the nineteenth century in which Western white nations had established absolute primacy in every realm including military and economic power as well as discursive power in international law and norms, this choice made by the Japanese government can be considered to have been politically rational, even if it was not morally acceptable.

However, after WWI, Japan's realist diplomacy gradually lost its validity and came to an impasse. US President Woodrow Wilson harshly criticized European-style imperialistic diplomacy as the root cause of the Great War, and advocated the necessity of “new diplomacy” for future world peace. One of the important principles of “new diplomacy” was self-determination for oppressed people under tyranny. Though the Allied countries never intended to apply this principle to their own colonies, they had at least superficially to agree to this principle in return for US support during the war. That meant that imperialism and colonialism were repudiated at the level of international norms. Of course, this kind of change in norms was not immediately reflected in the realities of international politics. At the Paris Peace Conference in 1919, the principle of self-determination was applied only to the territories of the defeated European countries. The colonies of the victors, though they were given more liberal names such as “mandates” and “dominions”, practically speaking remained as they were (Duus, 1992). But on the other hand, the change in international norms spurred people of subjugated regions in the non-European world to independence/liberation movements, and was the beginning of a long-term and fundamental change in international

politics (Manela, 2007). Japanese policymakers, nevertheless, did not fully realize the implications of these movements and the possibilities for a long-term change to international society. Takashi Hara, prime minister from 1918 to 1921, held the following pessimistic view about China, even after WWI:

At the international conferences, we should show optimism on China's future becoming soon a civilized country that is rich and has a strong army. In fact, however, we should be reminded that these statements are a mere façade ... According to my observation, China is not likely to become a rich and strong country in the next few decades. We may continue to pay polite lip service to China at the international stage, but in making a real decision on China we should not have optimistic hope for its future, which should continue to be divided and weak. (Hara, 1951, pp. 240–241)

According to Hara's prediction, post-WWI international politics would still be characterized by "the worldwide dominance of Anglo-American power" (Hara, 1950, p. 250), which would not be essentially different from before the war. Thus, for him the success of Japan's future diplomacy would depend on maintaining cooperation with the United Kingdom and the United States. Hara showed the following optimistic view that in East Asia Japan could be a dominant actor together with the United Kingdom and the United States:

Whether Japan will take an Anglo-centric policy or a US-centric policy would be an important question for the both countries, and by taking advantage of its unique position, Japan could increase its presence in international politics. The cooperation with Anglo-American power would continue to be the central pillar of Japan's diplomacy, and so it is absolutely important to take considerable measures for keeping the cooperation between the three great powers after WWI. (Hara, 1950, p. 250)

Although never openly denying the new diplomacy, Japan's diplomacy at the Paris Peace Conference was fundamentally based on the principles of the old diplomacy. While being one of the "Big Five" at the Paris Peace Conference, Japan was almost solely concerned with the defence of its imperialistic interests and paid little attention towards building a new post-war world. Japan's old diplomatic posture was generally despised by the other participants as that of a "silent partner".

Reflecting on the poor reputation that Japan had earned in Paris, the Japanese government certainly tried to make their diplomatic posture look like something "new" at the Washington Naval Conference (1921–1922) (Mitani, 1967; Asada, 1984). Yet this change was rather superficial

as the Japanese government never intended to abandon its vital imperialistic interests in China. It signed the Nine-Power Treaty and promised to respect China's territorial integrity and open door policy with the understanding that these were only abstract principles and did not have any real influence on Japan's policy towards China. Despite its new appearance, Japan's old diplomacy continued fundamentally unaltered after the Washington Naval Conference (Hattori, 2001).

Certainly the Japanese government, whose diplomacy in Paris and Washington was mostly concerned with imperialistic matters, was not entirely unconscious of the tide of new diplomacy. This was pointedly represented by Japan's Racial Equality Proposal at the Paris Peace Conference. In the League of Nations Commission, the Japanese delegates proposed to add a racial equality clause in the covenant that stated:

The equality of nations being a basic principle of the League of Nations, the High Contracting Parties agree to accord as soon as possible to all alien nationals of states, members of the League, equal and just treatment in every respect making no distinction, either in law or in fact, on account of their race or nationality. (Ministry of Foreign Affairs, 1971, p. 446)

The racial equality clause proposed by Japan stirred international sympathy. Though the Chinese people were furious with Japan's takeover of Germany's interests in China's Shandong, they still showed sympathy with Japan's racial equality proposal. The Chinese delegates received numerous letters in support of Japan's proposal from all over the world, especially from those who suffered from racial discrimination in white countries (Lake and Reynolds, 2008, p. 305). Among African-Americans, who had long been subjected to white racism, there even arose the view of Japan as "the greatest hope for the coloured people" (Kearney, 1994, pp. 118–121; Ōnishi, 2007, pp. 194–202). Certainly this clause *appeared* to be an objection to a white-dominated international society, but in reality Japan did not have any intention of challenging the existing racial hierarchy. The Japanese government's instructions to the plenipotentiaries were that, "as much as circumstances permit, take appropriate measures in order to eliminate the disadvantage to Japan that may arise due to racial prejudice" (Ministry of Foreign Affairs, 1969, pp. 677–678). As this statement clearly shows, by proposing the racial equality clause Japan merely demanded special treatment for Japan as the only non-white nation which had successfully achieved the same level of "civilization" as Western countries and had risen to be one of the Big Five after the Great War. The racial equality proposal, despite its superficial anti-Western tone, was totally consistent with the policy of *Datsua Nyūō* that had been followed since the opening of Japan.

Ultimately, the racial equality clause ended in failure due to the strong opposition of white nations, specifically Australia, which was promoting a White Australia Policy and excluding non-white immigrants at that time. However, it should be emphasized that the clause itself had fatal limitations. Japan never spoke for the victims of racism, only for itself, and there was also a lack of self-reflection regarding Japan's own discriminatory attitudes towards Koreans and Chinese. Some liberal intellectuals, such as Tanzan Ishibashi and Sakuzō Yoshino, pointed out that Japan should first abolish its own discriminatory policies and practices towards Koreans and Chinese, and then it would be entitled to advocate the principle of racial equality (Ishibashi, 1971 [1919], pp. 68–70; Yoshino, 1996 [1919], pp. 26–31). Their self-reflective views, however, never gained wide support.

The most fervent supporters of the clause were African-Americans, who were relatively far from Japan, in contrast to neighbouring Asian countries suffering under Japanese oppression who did not give it enthusiastic support.⁴ As noted by Yasuaki Ōnuma, the clause was doubly an “unreachable ideal”: facing not only the deeply rooted racism of the whites but also Japan's own lack of sincerity towards racial equality (Ōnuma, 1989).

6 Conclusion: Was Asian solidarity mere idealism?

Japan's diplomacy during the Meiji and Taishō era had a strong realist tendency, which was almost solely concerned with “what is” rather than with “what ought to be” in international politics. This realist diplomacy functioned effectively in the process of Japan's rapid adaptation to Western-centric international society. On the other hand, this success had many anxiety-inducing elements. At the turn of the twentieth century, Western racism towards Japan surfaced in the form of the “yellow peril” attacks and the exclusion of Japanese immigrants. These phenomena shook the basic premise of Japan's diplomacy – that if their power and interests were successfully coordinated, Japan could peacefully coexist with white powers regardless of differences of skin colour.

In the face of Western racism, Japan felt continual unease as to whether it was truly recognized as equivalent to Western countries. Under the banner of *Datsua Nyūō*, Japan pursued Western-style imperialism and made the path of *Datsua* (Out of Asia) irreversible. On the other hand, since it could never be completely certain that it had achieved *Nyūō* (Into Europe), it remained a country dangling between Asia and Europe.

After WWI, Japan's realist diplomacy gradually came to an impasse. Of course, WWI never did result in an immediate and drastic change of

the Western-dominated world. Neighbouring China was still divided and Asian countries were still weak. At the Washington Naval Conference in 1921–1922, French plenipotentiary Briand asked, “What do you mean by ‘China’?” (Ministry of Foreign Affairs, 1976, p. 56). As Briand’s sardonic statement shows, the pessimistic view that China still did not have the appearance of an independent state and could not achieve unification in the near future was widely shared by Japan and other participant states at the conference. The Nine-Power Treaty signed at the conference, while confirming in an abstract way the principles of China’s territorial integrity and open door policy, did not explain with any precision how the imperialistic interests of the great powers would be restored to China.

Soon thereafter, however, East Asia witnessed drastic political changes far beyond what had been imagined by the conference participants. China, which was disappointed by the results of the conference, radicalized its demands for regaining its complete sovereign rights. Faced with China’s rising demands, the United States and the United Kingdom, the two central players at the Washington Naval Conference, recognized that the multilateral agreements signed at the conference had become rapidly outdated and began responding to China’s requests unilaterally. By contrast, Japan maintained the agreement signed at the conference, insisting that unilateral concessions to China would violate the cooperation among the great powers that had been nurtured at the conference. Kijūrō Shidehara, who served twice as foreign minister during the 1920s, criticized China for demanding the immediate and complete recovery of its sovereign rights, and the United States and the United Kingdom for unhesitatingly yielding to China’s demands. Shidehara adhered to the programme created at the conference’s end. It is true that Shidehara’s stubborn diplomatic stance was backed by the strong belief that China’s recovery of sovereign rights should be promoted in a manner harmonious with international order and stability, and the programme created at the Washington Naval Conference was the best way to carry out China’s orderly unification (Nishida, 2002). Yet, it is also true that Shidehara was unduly concerned with maintaining the existing international order as it was in the 1920s and was indifferent to the need to achieve a more equitable international order.

Although it was Japan who was the most enthusiastic about honouring the Washington treaties, it was also Japan who dealt the fatal blow that led to their final collapse. In September 1931, the Kantō Army, dissatisfied with the Japanese government’s inability to take effective measures to suppress China’s heightened requests for immediate recovery of its complete sovereignty, instigated the “Mukden Incident”, overtly trampling over the principles of China’s territorial integrity and the open door policy that had been agreed in the Nine-Power Treaty.

Then, how can we evaluate the realist diplomacy of Meiji and Taishō Japan, which dismissed solidarity with weak Asian countries as mere idealism and devoted itself to imperialistic cooperation with Western countries? Certainly, in the middle of the nineteenth century when Japan was almost forcibly thrown into international society, Asian countries were too weak to be partners in solidarity. After WWI, countries such as China gradually built up power and increased their presence at the international table, but even China was still divided and its future unification could not be easily predicted. During this period, the choice of Asian solidarity was not something that could be derived from a simple observation of “what is” in international politics or from the calculation of short-term interests. A rich imagination and sympathy towards the future of Asia was absolutely necessary.

In his last visit to Japan in November 1924, Sun Yat-sen had a meeting with Japanese newspaper reporters in Nagasaki and asked them not to be disappointed when seeing the chaos in China, saying: “Japan’s Meiji restoration is the first step of the Chinese revolution. The Chinese revolution is the second step of the Meiji restoration. The Chinese revolution and the Meiji restoration have the same orientation” (Sun Yat-sen, 1989, p. 360).

He hoped that the Japanese people would understand China’s current plight in light of their own past struggles for national unification. However, Japan, which had single-mindedly pursued a realist diplomacy and lost any creative imagination regarding “what ought to be” in international politics, never noticed the significance of Sun Yat-sen’s final message to Japan, and the opportunity for pan-Asian unity was ultimately lost.

Notes

1. All translations are the author’s unless otherwise specified.
2. In Sun Yat-sen’s curtailment of criticism of Japanese imperialism in his Kobe speech, Takashi Saga (2007) sees his vacillation between a sentiment of aspiration towards a Sino-Japanese partnership for achieving Chinese revolution and a critical attitude towards Japan’s increasing imperialism.
3. However, there is room for discussion as to what kind of influence the Russo-Japanese War actually had on the subjugated areas of the world. For a long time, researchers emphasized that the Russo-Japanese War had “global historical significance”: that is, the victory of Japan as a “non-Christian” country of “coloured people” encouraged non-Europeans and promoted colonial liberation movements. However, during the year 2004–2005, the centennial of the Russo-Japanese War, a body of new research was undertaken regarding this war. It was then pointed out that the global historical significance of the war was not necessarily backed up empirically. Shin Kawashima notes its global historical significance also can be regarded as *ex-post facto* in order for Japan to affirm the “Greater East Asia Co-Prosperity Sphere” in the 1940s. From a contemporary point of view, many aspects remain that need empirical investigation (Kawashima, 2006).

4. Of course, the leaders of black liberation movements were not unaware of Japan's imperialistic aspects. While expressing hopes for Japan as the only player on the international stage which could raise the issue of racial equality, they denounced Japan's suppression of neighbouring countries in Asia, and sometimes doubted whether Japan's appeal for racial equality was sincere (Ōnishi, 2007, pp. 201–202).

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12

Southeast Asia in the post-war period: The origins and crossroads of Bandung, non-alignment and ASEAN

Sachiko Hirakawa

1 Introduction

ASEAN was formed in 1967 with five member countries, but currently all countries in the Southeast Asian region participate in ASEAN, regardless of differences in political and economic systems, ethnicity, religion and culture.¹ In recent years, the approach known as the “ASEAN Way” requires more compliance with universal norms, but greater value should be placed on the fact that various countries linked by geographical proximity have coexisted in a peaceful manner. The objective of ASEAN, “to strengthen the foundation for a prosperous and peaceful community of Southeast Asian nations”, which was stated in the Declaration at its establishment in 1967 (ASEAN, 1967), has been accomplished.

This passage can be said to be a remarkably aspirational philosophy, considering the general tendency of Southeast Asian countries to emphasize developmental dictatorship and nationalism. It is true that in the 1960s there were also movements towards regional economic integration in Latin America, Africa and the Middle East that were inspired by the development of the European Economic Community. However, the international community had a indifferent attitude towards regional cooperation in Southeast Asia. For instance, the executive secretary of the UN Economic Commission for Asia and the Far East (ECAFE), observing that the only thing that the countries of the ECAFE region had in common was an emerging spirit of extreme nationalism, reported that there

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were no foundations for regional cooperation (Middle East Research Institute of Japan, 1967, p. 86).

How did then the original ASEAN member countries, contrary to expectations, develop the supreme idea of a “community of nations” at such an early stage?⁷ In order to understand the gap between external evaluations of the extreme nationalism of Southeast Asia and the internal idea of a community of nations, it is necessary to examine the spirit of the times surrounding Southeast Asia in the post-war period and to clarify the developments that led to this idea.

This chapter provides a broad overview of the solidarity, including behaviour at international conferences, that was unfurled in the Southeast Asian arena during the approximately 20 years of the post-war period. In other words it will be exploring the roots of Southeast Asian regionalism. Topics discussed include the Asian Relations Conference (1947), the Asian Socialist Conference (1953), the Bandung Conference (1955), the Association of Southeast Asia (ASA) (1961) and the Greater Malayan Federation (Maphilindo) (1963). These movements towards solidarity and cooperation were organized and formed for different purposes and objectives, based on the ideas of the nations and leaders that initiated them. Although it may be difficult to find a linear and direct continuity, as the main constituents and objectives partially overlap it can be inferred that the various movements influenced one another and formed the foundation for regionalism in a multilayered way. Therefore, this chapter will attempt to redefine the history of post-war Southeast Asia from the perspective of regionalism and regional integration.

2 Post-war independence and the revival of Asian bonds

The first large-scale regional conference in post-war Asia was the Asian Relations Conference held in New Delhi, India, in March 1947. This was prompted by a request from the Asian delegation that participated in the United Nations Conference on International Organization that was held in San Francisco in 1945. These delegates were concerned that the United Nations would become a “white men’s club” like the former League of Nations. They were therefore acutely aware of the need to consolidate Asian voices and came up with the idea of an “Asian Conference”. Among those voices was the Indian delegate Vijaya Lakshmi Pandit, the sister of independence leader Jawaharlal Nehru, who conveyed the request for a conference to her brother.

In an article published in the *National Herald* in 1940, Nehru had presented his view that the era of small countries was at an end and that an “Eastern Federation” was a desirable group for the future. Such a group

must contain India, China, Burma, Ceylon, Nepal, Afghanistan, Malaya, Siam and Iran (Zachariah, 2004, p. 159). He asserted that this configuration would benefit not only Asian countries but the entire world. Regarding the requested conference, Nehru consulted two leaders with whom he had already interacted and knew that they had similar views. One was Aung San of Burma. Aung San stated that “Asia is Marching” at the opening address of the Anti-Fascist People’s Freedom League (AFPFL) Conference in January 1946, and expressed the need for Asian countries to gather together and collectively build a new regional order. He argued that this should not be like Japan’s Greater East Asia Co-Prosperity Sphere, or be an Asian version of the Monroe Doctrine, but rather an Asiatic branch of a world family organization (Silverstein, 1992, p. 101). The other person Nehru contacted was Sukarno of Indonesia. In 1928, Sukarno wrote a paper entitled “Indonesianism and Pan-Asianism”, in which he empathized with the ideas of Sun Yat-sen, Kemal Pasha and Gandhi, and expressed the need for Asia to unite in solidarity towards independence (Goto and Yamazaki, 2001, pp. 43–45).

After obtaining the consent of Aung San and Sukarno, Nehru advanced the preparations for the conference, but as India had not yet officially gained independence the operation of the conference was entrusted to the Indian Council of World Affairs rather than the Indian government, and the conference was positioned as an international academic conference sponsored by NGOs. It was decided to invite the best members from all participating countries in order to exchange opinions regarding common problems that Asia was facing (Okuno, 1984, pp. 93–95).

The Asian Relations Conference took place in New Delhi in March–April 1947. In his inaugural address, Nehru appealed for the revival of the Asian historical and cultural bonds that had existed before the colonial period. He stated that although the old imperialism was fading away, this conference was not intended to be a show of pan-Asianism directed against Europe and the United States. According to Nehru, the notable consequence of about two hundred years of European domination was the isolation from one another of the Asian countries. He stated that thousands of memories were revived after the wall surrounding the Asian peoples had fallen down. Nehru claimed that the conference was significant as an expression of the deeper urges of the mind and spirit of Asia which had persisted in spite of their isolation, and it was India that could serve to join Asia together both geographically and historically (Asian Relations Organization, 1948, pp. 22–23). The conference then divided into five discussion sessions: (1) national movements for freedom; (2) race issues and immigration; (3) transition from a colonial to a national economy; (4) cultural issues; and (5) the status of women and the women’s movement.

The proceedings of the first session portray the participants' perceptions of the state of self-determination and the regional situation then extant. The Indonesian delegate stated that their independence movement was a result of Japan's victory over Russia, as well as inspired by the Russian and Chinese revolutions. He also stated that World War II awakened further interest in the Asian freedom movement, and that the slogan "Asia for Asiatics", although initiated by Japan for its own motives, gave inspiration to further movements in some Southeast countries (Ibid., p. 80).

The delegates from Burma, Indonesia and Malaya requested that no Asian country accept direct or indirect aid from colonial powers. In addition, the Malayan delegate proposed the formation of an "Asian neutral bloc". He explained that a neutral bloc would prevent external powers from repressing independence movements under the cover of aid, or from actively using Asian territory, human and economic resources and military bases in the event of a global war (Ibid., p. 87).

At this time, the Malaysian delegates were mainly members of the left-wing Malay National Party. This party was critical of the privileges of Malays and the Sultan system and aimed to cooperate with non-Malays and envisaged Malayan integration as a member of the Republic of Indonesia. However, this position did not gain widespread support from the Malay people, who were mainly farmers, and was also ignored by the British government in Malaya independence negotiations (Hara, 2002, p. 204).

The country that was constantly in the spotlight during the conference was Indonesia, which was experiencing continued armed conflict in its fight for liberation against the Dutch colonial power, even after the declaration of independence in August 1945. The Indonesian delegates' words were always greeted with loud applause, and when interim Prime Minister Sutan Sjahrir appeared at the closing ceremony, a crowd of over 20,000 people enthusiastically cheered for Indonesia.

At the Asian Relations Conference, it was decided not to pass any resolutions except to establish a permanent institution. For conference administrators it was important first to build "relationships" in a literal sense by exchanging opinions and interacting with one another. The experience gained led to the Conference on Indonesia that was held in New Delhi from January 1949. This was a demonstration of Asian collective support and empathy towards Indonesia, which was continuing its struggle for independence from the Netherlands. Sjahrir, who had received unanimous applause at the closing ceremony of the 1947 conference, less than six months later barely managed to escape from the country with the help of Indian supporters after the invasion by Dutch forces. Sjahrir first headed to Rangoon where, by coincidence, he arrived two days after

the assassination of Aung San and was received by U Nu. It is not hard to imagine the two Asian leaders meeting to strengthen their solidarity in front of a portrait of the late Aung San. After that, Sjahrir headed to India to visit Nehru (Anwar, 2010, p. 103). In the following year, a ceasefire agreement was signed by the Dutch and Indonesian forces; however, the Dutch launched a second offensive and Sukarno and other leaders were arrested.

The UN Security Council's response to these developments was rather slow, and other Western powers did not appear to criticize the Dutch action. Worried about the situation, U Nu began thinking about holding an emergency conference of the newly independent Asian states, and that a resolution be issued. U Nu could not tolerate the suffering of Indonesia, a fellow Asian nation. In addition, like many Asian leaders, he was increasingly distrustful of the United Nations, which was supposed to be responsible for establishing a new post-war order.

Complying with U Nu's wishes, Nehru officially sent letters of invitation to 20 governments, this time from the standpoint of the Indian government. Letters of invitation were also sent outside Asia, to Egypt and Ethiopia. Participants qualified to attend this conference were limited to the governments of independent countries; Malaysia, for example, was not requested to attend. In fact, this was the first intergovernmental international conference held in Asia after the war to issue a resolution. The conference expressed Nehru and U Nu's strong intent to demonstrate the equal status of Asian countries in the global community in the post-war period.

Three resolutions were adopted at this conference, showing other nations for the first time that independent Asian countries were taking a united stand (Jansen, 1966, pp. 408–411). The first resolution was on Indonesia, recommending the following to the UN Security Council: the immediate release of all political prisoners and the withdrawal of Dutch troops; and the complete transfer of sovereignty from the Netherlands to Indonesia after the establishment of an interim government and a parliamentary election. The written resolution treated the Indonesian issue as a "threat to the peace of Southeast Asia", and argued that the acts of the Netherlands towards Indonesia were regarded as a "breach of the peace" and an "act of aggression" under Article 39 of the UN Constitution.

The second and third resolutions are much shorter compared to the first resolution and are related to Asian-African solidarity. The second resolution stated that governments of countries participating in the conference should maintain diplomatic contacts regarding the Indonesian issue and hold discussions both within and outside the United Nations, regardless of whether or not they were UN member-states. Meanwhile,

the third resolution called for discussions to be held to establish institutions for promoting cooperation within the UN framework. Separate from the Indonesia problem, it attempted to create a means for continuously enhancing the influence and presence of Asia and Africa within the United Nations.

As a result of the conference, in December 1950, an Asia–Africa (AA) group was formed in the United Nations. India, which had become a non-permanent member of the UN Security Council, served as the facilitator, and 12 countries held a meeting and agreed to take group action within the United Nations. Thus, Asian countries produced high-level results at the 1949 conference, the bonds established at the previous Asian Relations Conference having served as the basis for these results. In this way, the Asian solidarity movement in the early post-war period was systemized through the initiatives of Nehru, and the unifying force was strengthened with a focus on actions supporting Indonesia which was fighting against the Netherlands. The resolutions at the conference of independent countries in 1949 led to Asian-African solidarity that went beyond Asia and led to activities on the stage of the United Nations. Considering that the Asian Relations Conference originally started as a request from Asian delegates at a UN-related conference, it can be said that Nehru's response was more than sufficient.

From the standpoint of countries in the Southeast Asian region, India, which also had colonial experience, was a natural leader after Japan's departure. Burma was once ruled as a part of India under British rule; therefore the Burmese were literally their fellow countrymen. It is true that the UN Charter stipulates equality of sovereignty for all member states first and foremost. However, the emerging nation-states, which were always in a passive and weak position relative to the power politics of imperialism, had a strong sense of mistrust and suspicion. These nations attempted to realize their principles by proactively participating in making a new international order.

Nehru, who served as both foreign and prime minister, also searched for a path to independence or self-reliance in his foreign policy. From the time of his inauguration speech as prime minister of the Indian interim government in September 1946, he expressed his basic ideas as follows: "We propose, as far as possible, to keep away from the power politics of groups, aligned against one another, which have led in the past to world wars and which may again lead to disasters on an even vaster scale, as this is what led to world wars in the past" (Zachariah, 2004, p. 156). Nehru believed that becoming a member of a bloc meant losing the freedom to make autonomous decisions and take actions regarding particular international problems, and this would go against sovereignty and national interest.

When the People's Republic of China (PRC) was established in 1949 and a Cold War power bloc was apparently being formed in Asia, the non-aligned diplomacy of Nehru gained a certain sympathy from Burma, Indonesia and other young nations. And, as mentioned below, it played a certain role as a regional bulwark against the wave of Cold War politics reaching Asia.

3 Socialism and Asia

For Southeast Asia, which was under the colonial rule of Europe and the United States, socialism or communism was an attractive political ideology and methodology that had led directly to national independence since the end of World War I. In addition, a liberal change was also seen in the public opinion of colonial powers after World War II. In particular, in the United Kingdom, as the socialist Labour Party became the ruling party after the war, the British colonial policy switched to a policy of granting early independence.

In 1947, the British Labour Party called upon social democratic parties of Western Europe to form the Committee of the International Socialist Conference (COMISCO) to counter the Communist Information Bureau (Cominform) and criticize Soviet communism which was spreading throughout post-war Europe. In June 1951, when a global Cold War situation became apparent, COMISCO was reorganized into the "Socialist International". Sixteen countries participated in the initial conference that was held in Frankfurt, and the armed peace theory that supports NATO from an anti-communist standpoint was expressed anew. The conference agenda mainly concerned Western European issues, and despite the name "International", the participants were no longer concerned with Asian colonial problems and self-determination.

Mosaburo Suzuki of the left-wing Japan Socialist Party, who was one of the few Asians to officially participate in the conference, strongly felt a gap between the socialism of Western Europe and that of Asia. On his way back from Frankfurt he visited India and while there proposed holding a separate Asian socialist party conference (Social Democratic Party Japan Policy Council, 1952). The socialist parties of India, Burma and Indonesia agreed to this idea and started preparations to hold an Asian socialist conference. The country that exercised a particularly strong initiative at this time was Burma, which acknowledged itself to be Southeast Asia's first socialist country and clearly advocated a neutralist policy. In a speech in 1952, U Nu raised the following four points as being the foundations of a policy of strict neutrality: (1) to approach all conditions with the principle of being fair and just; (2) to have friendly

relationships with as many countries as possible; (3) to receive aid with no political obligations as long as it did not infringe upon the sovereignty of Burma; and (4) to provide as much aid as possible to nations that sought Burma's aid (The Middle East Research Institute of Japan, 1960, pp. 165–166).

Following Burma's initiative, a preliminary conference among Burmese, Indian and Indonesian socialists, with Japanese left-wing socialists as observers, was held in Rangoon in March 1952. In his speech, U Kyaw Nyein, general-secretary of the Burma Socialist Party stated that:

The Socialist Parties of Asia have been feeling a need to form a more organized and cohesive front to solve huge problems that can be solved only on [sic] Asian level [and] it is for the Asian socialist parties to head a third camp ... to offer an alternative to capitalist Democracy and totalitarian Communism, namely in the form of Democratic socialism. (British Foreign Office, 1952)

The Asian Socialist Conference was held in Rangoon in January 1953 with 14 countries and three organizations participating.² At the start of the conference, Chairman U Ba Swe raised the following major issues that Asia was in urgent need of resolving. The first was the threat of another Great World War, due to the tension between the Cominform bloc led by the Soviet Union and the Western bloc led by the United States. The second problem was the freedom of colonial countries which were still under foreign control. Closely connected with the independence struggle of colonies was the question of national revolution in various countries. Last, he listed the lagging development of Asian countries. With regard to this, U Ba Swe gave his personal view that Asian countries had relied too heavily on certain industrialized, metropolitan powers instead of relying on themselves. He said: "We should re-orientate our outlook a little by finding out how far Asian countries can help each other" (Asian Socialist Conference, 1953, pp. 8–9). What he suggested was not only political solidarity but the perspective of encouraging autonomous economic cooperation in Asia.

The conference was divided into three committees: committee A discussed the principles and objectives of socialist parties, Asia and world peace, and the permanent institutions of the Asian Socialist Conference; committee B discussed agrarian policies for Asia and the economic development of Asian countries; and committee C discussed freedom movements in colonies and common Asian problems.

In committee A, J.P. Narayan, head of the Indian delegation, gave a speech arguing that Asian socialists were placed differently from those in the West as most Asian countries were predominantly agricultural communities. He added:

This aspect of Asian social and economic life is bound to affect and modify the basic principles and applications of socialism ... In Asia, agricultural workers form the bulk of the population, and the main driving force toward socialism will therefore be the peasants, thus indicating a different picture from that in the Western countries. (Asian Socialist Conference, 1953, p. 41)

Furthermore, he pointed out that economic approaches had not always been successful while many other influences, such as religious, communal and sectarian ones, sometimes hindered socialism. He emphasized that Asian socialist parties must support and be at the forefront in the struggle for national freedom, concluding with the declaration that Asian socialists must link up with African socialists fighting against imperialism (*Ibid.*, p. 42).

In response to this, Egypt stated that Asian socialists should aid the independence movement as a step towards global socialism. Lebanon insisted that the fact that the understanding of socialism differed between Asia and Western Europe should be clearly stipulated in any statement they were to draft. Conversely, Israel claimed that the declaration statement should be broad-based, simple and as short as possible. The Malayan Labour Party pointed out that the growth of socialism in Asia depended upon the cooperation of socialism between metropolitan and colonial countries (*Ibid.*, p. 43).

Former British Prime Minister Clement R. Attlee, who attended the conference as a fraternal delegate of the Socialist International, emphasized that socialism in Europe arose out of certain conditions and had followed certain historical events. According to him, when Asian socialists considered socialism in respect of Asia they should take into account the historical setting of Asian countries. He added:

... for such Asian countries as were free it was easy to achieve transition to democratic socialism, while in some other countries which were not yet free the immediate abolition of the rule of the colonial power might mean merely going back to feudalism or to some other forms of autocracy because, sometimes, in socialist movements a mistaken nationalist assertion is likely to enter as socialist aspiration. (*Ibid.*, p. 43)

Finally, he cautioned against Asian estrangement from Europe, saying that socialism should be approached not through a narrow view but through a liberal view which takes into account political and economic development (*Ibid.*, p. 44).

In the "Asia and world peace" session, the left-wing Japanese delegation explained their theory of the "third force" and "neutrality". In response to this, Egypt emphasized that there were two phases to an Asian peace policy. The first was peace but before peace was freedom. Malaysia also argued that their first interest was colonial freedom, adding that a

specific policy in which the socialists of metropolitan areas and colonies could mutually cooperate would significantly contribute to world peace (Ibid., p. 48).

The participants in this committee did not easily reach an agreement and the final declaration merely stated that “world peace was being threatened by the three main factors of colonialism, economic disequilibrium and the policies of the sphere of influence”. Controversial terms such as “the third force” were carefully avoided and the term “neutrality” was explained as a non-ideological position (Ibid., pp. 95–97).

The discussions at the Asian Socialist Conference suggest that the world had entered a period where there were two different assertions regarding anti-colonialism and opposition to the Cold War. Countries that had already gained independence were willing to have diplomatic discussions concerning the third force or neutrality. However, at the same time, by offering an independent resolution on Malaysia and other colonies, Asia still needed to keep up an awareness of the situation that many populations were still under colonial rule. There were also fiercely conflicting perspectives on what kind of collective stance could be taken by Asia against the global situation at the time. These perspectives were attempting to answer the fundamental question of “What is Asia?” The Asia that was defined at the conference was an Asia in a moral sense, which opposed colonialism and the power politics of the Cold War. It can be said that the achievements of the conference were: (1) to confirm the need to stop the old international politics from again spreading from Europe and the United States to the new independent space known as Asia and (2) to realize the socialist ideal there. In order to make the conference a success, the host country Burma refrained from making its own assertions and focused on serving as a moderator.

The conference decided to establish the permanent organization of the Asian Socialist Conference in Rangoon, but since then it has not been able to undertake any major initiatives. This may be due to the fact that the socialist parties of the Asian countries have stagnated in the long term. However, it was probably because there were large political and economic differences among the Asian countries and only a minimal ideological unity could be achieved. These marginal efforts were even dissipated by the Bandung Conference, which will be described in the next section.

4 Revival of China and India: From the Bandung Conference to the non-aligned movement

In 1954, the year after the Asian Socialist Conference, the Southeast Asian region was swept by a greater sense of crisis. In the international

community, the Indochina wars were expanding in the context of Cold War logic by external powers rather than Asian logic of national freedom or self-determination. The Southeast Asian regional order was being maintained through external influences such as the Geneva Conference and the formation of the Southeast Asian Treaty Organization (SEATO). The first conference of the Colombo Group (India, Indonesia, Burma, Ceylon and Pakistan), which were later the host countries of the Bandung Conference, was held to protest against the Geneva Conference that was held from April 1954. These countries felt that the attitude of Western powers in handling Korean and Vietnamese issues without consulting with Asian countries was unreasonable and outdated. This deep sense of crisis can be inferred from the fact that it was John Kotelawala of Ceylon, who was said to be pro-Britain, pro-Western Europe and anti-communist, proposed this conference.

At the Colombo Conference in May 1954, the five leaders agreed jointly to promote a self-governing and proactive regional policy. Among them, the concerns of India, Burma and Indonesia were particularly influential as can be seen by the fact that the UN seat of the People's Republic of China (PRC) was mentioned in the policy statement in addition to the Indochina ceasefire, the hydrogen bomb ban and respect for self-determination, independence and sovereignty. This was a specific example of Asia's unique approach in seeking an independent diplomacy. It even meant going beyond the United Nations, in that the joint communiqué stated that the representation of the PRC would "help to promote stability in Asia, ease world tension and assist in bringing about a more realistic approach to problems concerning the world, particularly in the Far East" (Jansen, 1966, pp. 412–418; Urano, 1976, p. 7–8)

During the conference Indonesia was particularly active. For Sukarno, who said he had been thinking about an Asian-African international conference for 30 years, the Colombo Conference was a perfect opportunity to propose his dream. One month before the Colombo Conference, he ordered Prime Minister Ali Sastroamidjojo to hold a preparatory meeting for the proposals, and gathered diplomats from the Asian, African and Pacific regions to discuss conference details. Even Nehru and U Nu felt uneasy about holding an Asian-African conference amid such upheaval caused by the Cold War, but as Sastroamidjojo was able to persuade them and obtain memorandums of cooperation, a further preparatory meeting among the Colombo powers was arranged in Bogor, Indonesia, in December 1954.

This led to the first official Asian-African Conference being held in Bandung, a summer resort in the Indonesian highlands, in April 1955. Letters of invitation were sent to 25 countries and all except for the Central African Federation confirmed their participation. A historical building from the Dutch and Japanese colonial period was renovated as the

conference hall and the street was renamed Asia Africa Street. The image of the “Bandung Walk”, where the leaders of the various countries walked to the assembly hall from their hotel, was shown worldwide.

One accomplishment of the Bandung Conference worthy of special mention was that the great Asian nations of India, China and Japan, despite their differing political positions, all participated together for the first time. In particular, China, which was “contained” by the United States, played an active role in the conference. As mentioned before, this was foreshadowed by the Colombo Conference. The regional leader nations of India, Burma and Indonesia insisted on talking about China, which anti-communist SEATO members such as Ceylon and Pakistan were reluctant to discuss. For these three “leader” countries, from the perspective of self-determination, the PRC, which had been established in 1949, was a nation necessarily to be recognized. For them, China was an Asian comrade who had carried out a national revolution. At the preparatory meeting in Bogor, U Nu insisted to John Kotelawala of Ceylon, who was hesitant about inviting China, that Burma would not attend the conference unless “New China” was invited.

In addition, India’s policy towards China had a large impact. In October 1950, Nehru gave some advice to a counsellor who was going to be posted to China. According to Nehru, both China and India were great old nations that had just recovered after breaking away from foreign domination, but while India was a peaceful non-aligned nation, China was a militant communist nation. China tended to be very suspicious because it was isolated from the outside world, but India should try to rid China of its suspicions. When both China and India were great nations in the past, the culture and public benefits of both nations spread throughout Asia, and the two nations did not directly clash with one another. If India and China could build a friendly relationship, this would prevent great powers from dominating Asia and world peace would be stabilized. China and India, two countries with differing social, political and economic systems, should establish an exemplary relationship of cooperation based on equality, mutual benefit, sovereignty and mutual respect for territorial integrity (Okakura, 1999, pp. 138–139).

Nehru’s policy towards China was not simply one of idealism but probably had an aspect of “containment of China through friendship” by bringing China out into the global community in order to create an environment in which China would find it difficult to adopt hostile policies against India (Hirose, 1986). However, Nehru’s instructions reveal an enthusiasm for restoring a self-sustaining order to Asia by viewing the India–China relationship from a long-term historical perspective before the colonial period. This perspective is also revealed in Nehru’s speech about reviving the bonds that Asia had in the past at the Asian Relations

Conference. For Nehru, the presence of both China and India was indispensable for the image of Asian revival, and a peaceful relationship between the two countries was the symbol for regional peace.

There was some friction in the early stages of the India–China relationship, but after China shifted to a flexible, peace-seeking track under Zhou Enlai, Nehru’s policy towards China yielded results in India–China negotiations from the end of 1953. Nehru’s thoughts were crystallized in the “Five Principles of Peaceful Coexistence” (mutual respect for territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in each other’s internal affairs, equality and mutual benefit, and peaceful coexistence) which were jointly declared by Nehru and Zhou Enlai in 1954.

Of the five principles, “peaceful coexistence” stands out as it is a concept that is not in the UN Charter. Peaceful coexistence is usually understood as part of Soviet diplomatic policy which originated in the British-Soviet relations of the 1920s, and has a particular theoretical interpretation among socialist nations that inherited Lenin’s theory. However, if the same term is transmitted from the India–China relationship, a different interpretation that takes into consideration the historical context and Asian cultural elements would also be possible. This may also be linked with the image held by Tenshin Okakura, who once declared that “Asia is one”. He stated that the Himalayan division only accentuated the duality of, on the one hand the Chinese civilization with its communalism from Confucius, as opposed to the Indian civilization with its individualism from the Vedas. But not even the Himalayas can interrupt the universal spread of love, which is the common thought-inheritance of every Asiatic race (Okakura, 2009).

This view also suggests a mentality that affirms the peaceful coexistence within a nation or between different nations through tolerance, non-animosity and mercy towards differing religions and races. For instance, there is an ancient Indian saying, “there is only one mind, but the wise man recognizes it in many ways”, and Indian political leaders often quote Ashoka the Great and Akbar the Great as advocates of peaceful coexistence between different religious societies (Okakura, 1999, p. 58).

This attitude also relates to the “unity in diversity” principle that Sukarno advocated in June 1945 in a long speech to the investigation committee for independence. The original Javanese *bhinneka tunggal ika* was used by a poet in the Majapahit era in the fourteenth and fifteenth century, but is now the national motto of Indonesia. In his speech at the Bandung Conference, Sukarno emphasized the differences of history, politics, economics, culture, religion and skin colour of the participating countries, while also asserting that solidarity is possible as a result of colonial experiences and the spirit of aspiring for peace. He consequently

declared that world peace and prosperity could not be realized without such Asian-African solidarity.

For Southeast Asian nations, the Five Principles of Peaceful Coexistence represented the revival of an international relationship between great neighbouring powers and were a symbol of overcoming the colonial period. The fact that India and China, the traditional Asian powers, produced a diplomatic principle that differed from the United States–Soviet Union Cold War logic served as a foundation that enabled other Asian countries with diverse backgrounds and characteristics to participate in the Bandung Conference.

Indonesia carefully coordinated the declaration of the “Ten Principles of Peace” at the Bandung Conference by actively adopting local knowledge and culture as a *modus operandi*. For example, *musjawarah* is a process of conducting as much discussion and consultation as possible when issuing a declaration, resolution or appeal. In addition, for decisions, *mufakat* was employed, which aims for consensus or a unanimous rather than a majority decision. Such a process prevents the creation of losers and winners, prevents hostility between the majority and minority or the walkout or division of groups that are unsatisfied with a decision and enables a group to stay together. Today, these procedures are generally known as the “ASEAN Way”. However, it can be said that the Asian Relations Conference and the Asian Socialist Conference also adopted similar processes and attitudes, in that neither sought for dramatic resolutions but prioritized the harmony of the group and the saving of each country’s face.

The Ten Principles of Peace presented at the Bandung Conference seemingly crystallized the achievements of the series of conferences held by Asian countries in the post-war period. However, a solidarity style that advocates post-war universal principles, while mainly based on anti-colonialism does not allow eligibility for participation to be separated by regions. It was therefore not a movement that could emerge as Asian regionalism. The leading elements of this movement were always united with Africa and spread globally in search of other partners. This evolved into the “Non-Aligned Movement” or the Asia–Africa movement.

The concept of non-alignment that was launched from Asian soil spread globally from around the time when President Josip Broz Tito of Yugoslavia visited India, Burma and Egypt in 1954. In 1956, a year after the Bandung Conference, the three leaders, Tito, Nehru and Egyptian President Nasser met on the Brijuni Islands of Yugoslavia, highly praising the Bandung principles as a model that should influence all aspects of international relationships. At the UN General Assembly in 1960, they were joined by Sukarno and Ghana President Kwame Nkrumah for a summit of five leaders in order to put into practice joint action in the

United Nations. In 1961, the first Conference of Heads of State or Government of Non-Aligned Countries was held in Belgrade. In this way, the ideas and activities of Nehru and Sukarno developed by moving away from Asia.

5 Leaving China and India and the convergence of Southeast Asian regionalism

The Non-Aligned Movement was a source of pride for Southeast Asia as its birthplace. However, this fact did not provide any actual benefits. It merely acted as a launchpad for a new regionalism limited to Southeast Asia. The nation that took the initiative was the Federation of Malaya, which had finally gained independence in 1957. The first prime minister, Tunku Abdul Rahman, had promised from before independence that Malaya's diplomatic policies would be "free from all influence" and be "based on the spirit of Bandung and Geneva" and in fact, "independence" and "non-alignment" were officially adopted as slogans for diplomatic policy after independence (Boyce, 1968, p. 37).

This means that Malaya did, in a sense, succeed and respect the spiritual trends of Southeast Asia. However, it was difficult for Rahman, who had led the nation to independence without revolution or conflict after long-term negotiations with the United Kingdom, to fall in step with the leaders of India, Burma and Indonesia, who had advocated the political ideals of solidarity among emerging nations to the world from early on in the post-war period. The processes and timing of independence were too different.

Rahman, who was of royal blood, was sympathetic to the Asian freedom and independence movements but was also a hard-core anti-communist. Furthermore, his personal pro-Western and particularly pro-British tendencies influenced his foreign policy (Jeshurun, 2007, pp. 23–25). Rahman, who was foreign minister as well as prime minister, chose a moderate foreign policy of forming an alliance with the United Kingdom without joining SEATO. As a result, a divide was created between Malaya and the group of non-aligned countries, and Rahman's first diplomatic challenge was to secure amicable relations with neighbouring non-aligned countries.

Rahman did not like the concept of Asian-African solidarity. To him, it appeared that the small and weak Southeast Asian countries were "too much inclined to dance to the tunes of bigger nations" (Tarling, 2006, p. 96). He thought that in order to keep Malaya and neighbouring Southeast Asian countries from external power politics it was important first to create solidarity within the Southeast Asian region, and believed that

this would be beneficial. Rahman gradually expressed the need for conferences and approaches that would enable the outside world to view Southeast Asia as one unit or distinctive region. The United Kingdom anticipated that it would be “commendable” and in its best interests for Malaya rather than non-aligned countries or US allies to take the initiative in the Southeast Asian region in the post-war period (Tarling, 2006, p. 101).

By the end of 1958, Rahman had formulated an idea for a regional cooperation framework that was unofficially called SEAFET (Southeast Asian Friendship and Economic Treaty). This would free Southeast Asian countries from the economic control of extra-territorial powers by promoting domestic development through regional economic and cultural cooperation, and could also suppress communism. This required the establishment of a multilateral treaty organization comprising pro-Western and non-aligned countries (Yamakage, 1991, pp. 26–27).

The first country to actively respond to Rahman was the Philippines. At around the same time, the new Filipino president Carlos P. Garcia was planning an anti-communist bloc of indigenous Southeast Asian countries as a foreign policy strategy, and had announced a regional cooperation framework in the areas of politics, anti-communism and economics with treaties and a secretariat. The Philippines had pursued a US-dependent diplomacy ever since its independence but at this time was trying to develop an independent diplomacy in consideration of the anti-United States sentiment in the country. The Philippines was the first country to launch an independence movement in Southeast Asia at the end of the twentieth century and had become an independent republic, albeit for a short period of time, and also had a traditional pan-Asianist drive. However, Garcia’s ideas were firmly based on regional cooperation, with a clear anti-communist ideology.

In January 1959, Rahman and Garcia exchanged views, and while acknowledging differences in their attitudes towards membership they agreed that economic and cultural cooperation in Southeast Asia was necessary. In October of the same year, Rahman sent letters to the Philippines, Indonesia, Burma, South Viet Nam, Cambodia, Laos and Thailand calling for a preparatory meeting to establish a regional cooperation framework. Although North Viet Nam was excluded, the fact that letters were sent to non-aligned and socialist countries in addition to US-allied countries shows that the motive of cooperation prioritized geographical conditions over political status. In his letters, Rahman describes his perspective on Southeast Asia as follows:

For historical reasons, the cultural and economic development of most countries of Southeast Asia has been principally influenced in the present century

by the relations which they have had with other countries outside Southeast Asia. As a consequence, the growth of any consciousness, or of a common heritage in the great cultural achievements and possibilities of this part of Asia has been arrested. Through force of habit and historical circumstances, we have too often looked for help and inspiration outwards instead of inwards depending on our own resources and effort. (Boyce, 1968, p. 235)

Rahman focused on Southeast Asia, not just in terms of independence from Western colonialism but also as a subregion of Asia. In other words, he was trying to isolate Southeast Asia from China and India, which were the central players at the Bandung Conference. This stance was also related to the national integration process of Malaya, which had many residents of Chinese and Indian descent. Malaya's policy of alienating itself from China reflected its domestic problems regarding the Malayan Communist Party and the nationality of ethnic Chinese. Regionalism and multilateralism that would imply being in the company of China was inconvenient for Malaya, so Rahman preferred a Southeast Asian regionalism which would exclude China.

The reactions of Southeast Asian countries to Rahman's proposal were generally indifferent and negative. Burma was rapidly losing its status as a regional leader due to domestic political turmoil but valued its relationship with China and clearly rejected the proposal, firmly maintaining its strict neutralist status. It was also unlikely for Laos and Cambodia to join the framework as they continued to suffer from political instability. However, there was no doubt that Rahman would have been satisfied as long as Indonesia, which was geographically, economically, ethnically and culturally close to Malaya, agreed to participate. But Sukarno's reply was also negative.

Sukarno, who had hosted the Bandung Conference and was now a well-known leader of emerging Asian-African countries and the Non-Aligned Movement, had a great deal of pride and it was probably difficult for him to take part in an initiative by Malaya, which was a newcomer in the region. Although Sukarno was outstanding in the external diplomatic arena, his country was still struggling with ongoing conflicts with the Netherlands regarding the liberation of West Irian. In addition, domestic political turmoil continued and economic development had not advanced. Malaya understood that under such circumstances Sukarno was becoming more and more jealous and hostile towards Malaya.

In the end, the only countries that responded to Rahman's call in showing a willingness to participate were South Viet Nam, the Philippines and Thailand. Among these countries, Thailand was the most enthusiastic about a regional cooperation framework for Southeast Asia. Thailand, which had continued an anti-communist, pro-US military policy after the

war, also showed traditional diplomatic pride after barely protecting its independence from imperial powers during the colonial period. Foreign Minister Thanat Khoman was the leading figure in this regard. Upon learning of Rahman and Garcia's framework, from early on he consistently took a proactive interest in the realization of a regional framework, including presenting a counterproposal for the South East Asia Community Organization (SEACOR). This idea involved obtaining political cooperation since economic and cultural efforts alone were unrealistic, while minimizing the administrative body, conducting informal meetings and keeping proceedings private (Gordon, 1966, pp. 168–169; Tarling, 2006, p. 10). Such a secretive style was rather alien to the Philippines and Malaya, which followed the more open diplomatic style of the United Kingdom and the United States.

Thailand, the Philippines and Malaya decided to advance the regional cooperation framework without waiting for the non-aligned countries to join, and discussed the establishment of an organization to replace SEAFET. They also decided to change the framework's name so as to not be associated with SEATO. In addition, in order to reliably pursue the promotion of economic and cultural cooperation, they decided to exclude the politically troublesome South Viet Nam from membership. Adopting the Thanat Khoman proposal, they also decided the new organization would not have treaties and merely cooperate on particular issues that members informally agreed upon.

The official establishment of the Association of Southeast Asia (ASA) was declared in Bangkok in July 1961. Its objectives were summarized as: (1) establishing effective machinery for cooperation in economic, social, cultural, scientific and administrative fields; (2) providing educational, technological and administrative training facilities; (3) exchanging information in the areas of economics, culture, education and science; (4) providing collaborative machinery in the utilization of natural resources, the development of agriculture, industry, trade, transportation and communication facilities; and (5) conducting joint research on problems of international commercial distribution. In addition, ASA agreed to jointly promote Southeast Asian studies (Boyce, 1968, pp. 235–236).

Specific joint projects included opening a direct train service and extension of microwave communication, trilateral diplomacy, visa waiver agreements for official and general passports, conferences for educators and exchanges of scholars and students. The ASA approach focused on practical aspects of socioeconomic development without touching on political matters. The organization attempted cooperation through projects that were relatively easy to implement. The domestic politics of the countries comprising ASA – Thailand, Malaya and the Philippines – were rela-

tively stable under moderate leaders and their administrative agencies were also well developed.

However, the problem of participation by non-aligned neutral nations within the region remained a challenge for ASA. The key to resolving this problem was the participation of Indonesia. It appeared to be difficult to convince Sukarno, who was the leader of the Non-Aligned Movement and increasingly hostile towards Malaya, to enter into Southeast Asian regionalism. Rather surprisingly this happened sooner than expected, driven by territorial disputes concerning two Southeast Asian islands.

In 1961, Rahman suddenly declared the formation of "Malaysia" encompassing British Sabah and Sarawak. In response, the Indonesian government insisted that local residents' wishes be consulted, while the Philippine government claimed territorial rights to Sabah, sparking a fierce dispute between the three countries. In 1963, Indonesia publicly announced a "confrontation" policy against Malaya and denounced the latter's formation as mere neo-colonialism and neo-imperialism. However, at the same time, as the conflict was escalating, the Philippine President Diosdado Macapagal proposed the formation of a Confederation of Malaya, and called a conference to resolve the conflict. There, Indonesia, Malaya and the Philippines agreed the formation of the Greater Malayan Confederation, or Maphilindo.

How were the three countries able to agree upon the concept of a regional association amid their confrontation? This is because they were easily able to assent to the view that countries with the same racial origin should not be in conflict with one another. In other words, it is because they successfully found shared norms and identities. The Malay race was a prime factor. The Manila Accord, a consensus document of the three governments, states that the three nations agreed to intensify their joint and individual efforts:

Recognizing that it is in the common interest of their countries to maintain fraternal relations and to strengthen cooperation among their peoples who are bound together by ties of race and culture . . . The grouping of the nations of Malay origin working together in closest harmony but without surrendering any portion of their sovereignty. This calls for the establishment of the necessary common organs (Boyce, 1968, pp. 70–71)

Significantly, Indonesia, which had expressed scepticism about economic and cultural cooperation under Rahman's initiative, now became a party to Southeast Asian regionalism. Sukarno was able to accept ethnic solidarity for peace. Viewing Southeast Asia from the perspective of a long-term colonial history, the foundation of Malaysia can be interpreted

as approaching the final removal of British rule in the region. In other words, the territorial dispute between the three countries was a conflict that sounded the end of the colonial period. In the past, the conflict would have been between the United Kingdom, the Netherlands and Spain (or the United States); yet now, the conflict returned to being between the native leaders of the respective independent nations. Therefore, the Manila Declaration, the Maphilindo formation document drawn up by the three leaders, begins by mentioning this “historic significance”. It states that the three leaders were “Conscious of the historic significance of their coming together for the first time as leaders of sovereign States that have emerged after long struggles from colonial status to independence” (Boyce, 1968, p. 73). In this grand context, Indonesia found a good reason to join the loose association of Southeast Asian archipelago nations.

The Manila Declaration generally incorporated contents favourable to Indonesia. The first item was a reaffirmation of adherence to the principles of equal rights and national self-determination that were expressed at the United Nations and at the Bandung Conference. The second item was that fraternal relations and enhanced cooperation in the areas of economy, society and culture were a common interest in order to promote regional economic development and social improvement. The third was to work together in the fight against colonialism and imperialism and to eradicate any vestiges of these. Next was the intention to cooperate as an emerging regional force to build a new world based on the freedom of nations, social justice and lasting peace. Finally it declared the implementation of “*Musyawah* Maphilindo”, which means frequent and regular discussions at all levels.

All the experiences of post-war Southeast Asia, from the Asian Relations Conference to the ASA regarding regional solidarity and cooperation, were compressed into the Maphilindo Declaration. While the contents did not touch upon the resolution of the territorial dispute, the spirit and concept of regional cooperation successfully took shape. In the end, the regional framework of Maphilindo, in which ideas and ideals preceded action, was not useful in resolving the territorial issue and did not function successfully. The ideals of regional ties or a common identity were too immature and weak compared to the real politics involving a growing awareness of sovereignty in Southeast Asia.

The change in Indonesia’s confrontation policy was ultimately caused by the administrative transition from Sukarno to Suharto after the coup attempt by military officers on 30 September 1965. Accusing the Indonesian communist party (Partai Komunis Indonesia – PKI) of the abortive coup resulting in the murder of six generals, Suharto terminated the previously amicable relationship with the PRC. Then, for the first time, the

foreign policies of Malaysia and Indonesia accorded in terms of an anti-PRC stance. The Suharto administration, through Foreign Minister Adam Malik, changed Indonesia's foreign policy, shifting its stance from non-alignment with pro-socialists into a pro-capitalist or pro-West one. This meant that Indonesia stopped any ideological provocation regarding the imperialism question, making its confrontation policy against Malaysia unnecessary and out of date. Instead, Suharto began to reform his country into an authoritative political structure, emphasizing economic development in his "New Order" project launched in 1967. Indonesia was now ready to join the Southeast Asian regionalism that Malaysia had initiated.

At this time, it was Thanat Khoman who quickly took a substantial initiative. As Thailand was not involved in the conflict, he successfully attempted to retrieve the situation by dissolving the inactive ASA and Maphilindo and consolidating them into a new organization. This mediation was practicable because by then Southeast Asia already possessed documents regarding regional principles and frameworks that could act as the basis for a new organization. In addition, the separation and subsequent independence of Singapore from Malaysia in 1965 also served as the perfect reason for a reformation of the regional organization.

When ASEAN was founded in 1967, Malaysia and Indonesia had not officially concluded restoration of diplomatic relations. However, ASEAN was able to include the difficult bilateral relationship within a multilateral framework that was based on regional principles. This contradictory process was embedded in a passage of the Bangkok Declaration that stated it was important, "to strengthen the foundation for a prosperous and peaceful community of Southeast Asian nations". In fact, the "community of nations" is a concept that appears for the first time and was not found in ASA or Maphilindo foundation documents (Yamakage, 1991, p. 224). This term had the power of hiding the inconsistencies in international relations in the Southeast Asian region. It provided a procedure for prioritizing the cohesiveness of the entire region, even if it meant postponing difficult bilateral issues until later.

6 Conclusion

In the sentence preceding its principles, the Bangkok Declaration states that Southeast Asian countries were "convinced of the need to strengthen further the existing bonds of regional solidarity and cooperation" (ASEAN, 1967). This chapter has been an attempt to review these "bonds". From a long-term historical perspective, Southeast Asian nations had to concern themselves with so many "others" before reaching Southeast Asian regionalism. These various others included colonial powers, imperialist

powers, Western powers and the United Nations, the United States and the Soviet Union, which were the East–West Cold War powers, and China and India, which were traditional regional powers. In addition, the scope of regional solidarity was not uniform, expanding and contracting to Asia, Asia–Africa and then Southeast Asia.

Looking at the post-war era, from 1947 to 1950, regional solidarity was mainly initiated by India, with the hope of reviving independent relationships between Asian nations that existed prior to the colonial period. The sense of solidarity among emerging Asian nations was intensified by uniting together to support Indonesia, as it continued its armed conflict against Dutch forces.

In the first half of the 1950s, freedom and peace for the emerging Asian countries were hindered due to the repercussions of the Cold War. Amid changes in the global environment a sense of Asian solidarity intensified as nations attempted to deter external powers from re-entering the region. In addition to India, Burma and Indonesia took various initiatives, specifically strengthening their unity by joining together to show their recognition of the PRC.

The Bandung Conference, which showed solidarity centred on the regions, was held in the middle of the Cold War, facilitated by the principle of “peaceful coexistence” jointly advocated by India and China. It gave a spiritual basis to Asian nations. From a Southeast Asian perspective, the coming together of China and India indicated a re-emergence of the traditional and independent Asia. However, this arrival point also marked the crossroads of Asian regionalism.

Following the success of the Bandung Conference, India and Indonesia continued their attempts to create an international order, while extending the scope of their interests to include the global Non-Aligned Movement. Meanwhile, separating themselves from China and India, a new regionalism restricted to Southeast Asia was emerging under a Malayan initiative. The pro-US Thailand and the Philippines were comfortable with the new regionalism. It aimed to cherish Southeast Asian awareness and advance economic and practical cooperation with neighbouring small and medium-sized countries. It should be noted that ASA was not envisaged as an anti-communist organization but tried to call upon as many nations in Southeast Asia as possible to participate. The nature of this regionalism, which emphasized geographical connections rather than political status, was also a reflection of the Bandung spirit, and ASA succeeded in this effort. This is regarded as an historical path dependence that led to today’s expanded ASEAN.

In the transition of Southeast Asia’s regional frameworks from ASA to Maphilindo and finally to ASEAN, the individual ideas and styles of Malaya, Thailand, the Philippines and Indonesia became fused together.

Most importantly, a regionalism seeking practical socio-economic cooperation, which was launched by Malaya, was first able to start functioning as a Southeast Asian framework only after accepting the political beliefs that had been proclaimed by Indonesia. At this point, the 20 difficult years of the post-war period, during which political leaders such as Nehru, U Nu and Sukarno fought for their Asian comrades and united together to challenge the new international order, came to an end.

Notes

1. The original member countries were Indonesia, Malaysia, the Philippines, Singapore and Thailand. Brunei joined in 1984, Viet Nam in 1995, Laos and Myanmar in 1997 and Cambodia in 1999, resulting in 10 member countries. East Timor, which gained its independence in 2002, is also hoping to join.
2. The Burma Socialist Party, the Egyptian Socialist Party, the Praja Socialist Party of India, the Israel (Mapai) Socialist Party, the right-wing Japan Socialist Party, the left-wing Japan Socialist Party, the Lebanese Progressive Socialist Party, the Pan-Malayan Labour Party, the East Pakistan Socialist Party and the West Pakistan Socialist Party dispatched official delegates.

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13

From Asia–Africa and Asia-Pacific to Asia: China’s multilateral cooperation in Asia

Rumi Aoyama¹

1 Introduction

Since the 1980s, Asia has increasingly been garnering attention as the region that is achieving the fastest economic growth in the world. Currently, a multilayered and multichannelled network centred on ASEAN is being built in the Asian region. China’s interest in multilateral diplomacy had been low, aside from the United Nations where China is a permanent member of the Security Council. A major reason for this has been China’s status of “being betwixt and between” – a developing country and simultaneously a major regional player (Takahara, 2003, p. 60). Traditionally, the core task of China’s diplomacy has been power politics between powerful nations.

In the latter half of the 1990s, particularly starting with the Asian currency crisis, China began to be actively engaged in multilateral cooperation. According to Ryōsei Kokubun (1995), China went from being an onlooker (until the 1980s) to being a participant (from the 1980s until the Tiananmen Square incident), and then to being a promoter (from 1992 onwards). At present, multilateral diplomacy is an important part of China’s diplomacy and multilateralism is blossoming. Whether or not this multilateralism, that began to emerge through multilateral cooperation, will take hold as a fundamental principle of China’s diplomacy is important for assessing whether China will play a constructive role in international society. Hongying Wang suggests that multilateralism is no more than a strategic ploy for the Chinese government and, depending on what

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may arise, there is the distinct possibility that a change could take place in the current stance of multilateral coordination (Wang, 2000, p. 486).

In order to understand China's attitude towards multilateral cooperation, it is necessary to consider not only current policies but also to survey historical trends. Since the 1960s, there have been a number of periods during which the prevailing views have shifted towards Asian regional integration. To date, various regional organizations have been founded, such as the Association of Southeast Asian Nations (ASEAN), the Pacific Basin Economic Council (PBEC), the Pacific Economic Cooperation Council (PECC) and Asia-Pacific Economic Cooperation (APEC). This chapter undertakes a historical consideration of China's awareness of and policies towards these regional organizations in Asia.

This chapter will consider China's policies towards Asia beginning with the founding of the People's Republic of China in the 1950s until the mid-1990s when China came to actively promote Asian regional integration. The primary object is to discuss two issues: how the region of Asia is included in China's foreign policy; and what have been China's perceptions of international and regional organizations and what policy changes have these entailed.

2 From the founding of the nation to reform and openness: From a hostile view to tacit approval

Upon its founding, China considered the recovery and protection of national economic sovereignty to be extremely important, and took a dismissive attitude towards multilateral economic institutions. After World War II (WWII), it was as though the world system was being divided as a result of a confrontation of ideologies. International bodies such as the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD) and the General Agreement on Tariffs and Trade (GATT) were the holy trinity of organizations that formed the post-war international economic regime of the capitalist bloc. China, which had adopted a basic stance of leaning towards the Soviet Union, was naturally critical of the Western international economic system. At the same time, however, China refused to participate in the Council for Mutual Economic Assistance (COMECON), which was an international body that represented the socialist economic system. In other words, at the initial period of its founding, China rejected becoming a part of either the Western or the Eastern economic system.

In August 1951, the United States–Philippines Mutual Defense Treaty was signed, and in the following month the Australia, New Zealand, United States Security Treaty (ANZUS) and the United States–Japan Se-

curity Treaty were also completed. In addition, the Southeast Asia Treaty Organization (SEATO) was founded in September 1954. In order to break through this encircling net of the United States, starting around 1954 China revised its previous attitude towards non-aligned countries. Its objective now was to foster pro-Chinese relations with friendly countries in regions surrounding China and prevent them from contributing to the Cold War (Fan, 2008, p. 40).

China upheld the “Five Principles of Peaceful Coexistence” and worked towards improving relations with surrounding countries, but a variety of problems were convolutedly intertwined with these countries: border disputes, the overseas Chinese problem, the problem of lingering Kuomintang (KMT) influence and relations between the Chinese Communist Party and the communist parties of other countries. At the Bandung Conference, China put forth a policy of not recognizing dual citizenship. Spurred by the armed conflict between China and Burma (Myanmar) at Huang Guo Yuan that arose on 21 November 1955, China set out to demarcate its borders with neighbouring countries and to purge the remaining KMT forces. The Chinese Communist Party, which had won the support of the Chinese people for its position at the forefront of anti-imperialism, considered that the border treaties that China had enacted with imperialist countries to be unequal and consistently asserted their abolition. On the other hand, China also supported national liberation movements in emerging countries that had inherited various “unequal treaties” from suzerain states, upholding this as a diplomatic slogan. Faced with this policy contradiction, the decision of the Chinese government was to retain the unequal treaties and to support national independence (Aoyama, 2011a).

Following the Geneva and Bandung Conferences and by resolving issues that China had with neighbouring countries, the international communist community’s principle of “revolution” receded (Chen, 2010). For a period after the Bandung Conference tensions with Thailand eased, and by 1964 border agreements were enacted with six neighbouring countries. The movement towards the easing of tensions with these neighbouring countries that developed in the latter half of the 1950s was founded on the solidarity of the Eastern bloc, including that between China and the Soviet Union and solidarity between Asian and African countries. However, as a result of deteriorating Sino-Soviet relations, China became opposed to both the US and the Soviet blocs. This foreign strategy of being anti-American and anti-Soviet was transformed into a revolutionary diplomacy that supported communist movements worldwide, with Asia, Africa and Latin America as the main battlefields.

In September 1963, Mao Zedong unveiled his “theory of the two intermediate zones” at a working conference of the China Communist Party

Central Committee (CCPCC),² and strengthened the stance of supporting Asia and Africa of the “first intermediate zone”, which were considered anti-Soviet and anti-US. As a result, China further clarified the integration between socialist revolution and conflicts of national liberation which had been advocated in the 1950s, and thereafter a tendency towards supporting conflicts of national liberation progressively strengthened (Kasahara, 1975, pp. 5, 10–11). At this point, communist forces in pro-US countries such as Thailand and the Philippines began to receive support from China. The anti-government insurgents of the Thai Communist Party received considerable aid from China, including the training of personnel and provision of arms. This support expanded to 23 countries and regions of the world by 1965, including Laos, Bhutan, Malaysia, the Philippines and Thailand (Chen and Yang, 2009, p. 476). In the latter half of the 1960s, armed conflicts involving the communist parties in the Southeast Asian countries became more intense, but of course this was not unrelated to the changes in Chinese policy (Hara, 2009, pp. 198–200).

The shadow of revolutionary diplomacy was also cast upon relations with Burma, which had maintained friendly relations with China up until this period. In April 1962, through Burma’s own socialist plans of the Ne Win administration, foreign capital and large corporations were nationalized and overseas Chinese in Burma suffered major losses. Nevertheless, China placed importance on friendly relations with the country and not only ignored the damage to overseas Chinese but, in cooperation with the Burmese government, halted bank transfer operations from overseas Chinese to banks in China (Fan, 2010, p. 85). However, amid the progressive rise of the revolutionary diplomacy aspect of China’s foreign stance, President Liu Shaoqi visited Burma in April 1964. At that time, although China’s first official comments on Burma’s style of socialism did not criticize the socialist experiment, China internally took the view that Burma was effectively following the path of capitalism (Fan, 2010, p. 85). In the latter half of 1964, China proclaimed its support for the Communist Party of Burma, both domestically and abroad through the People’s Daily and international radio stations. In response, the Burmese government took strong countermeasures, including closing the two Chinese consulates. Then in 1967, the Chinese embassy in Burma was attacked. In the tide of regionalism in Asia in the latter half of the 1960s, this was truly a time when China stood in strict opposition to both the United States and the Soviet Union. China was strongly aware of US and Soviet containment policies, and of course opposed regional anti-communist organizations such as ASEAN.

In June 1966, the Asian and Pacific Council (ASPAC), which was actively backed by South Korea, was founded. In response to this anti-communist alliance, the Chinese government associated it with the Viet

Nam War and the Korean problem, and claimed it was a “new invasive union” favoured by the United States for expanding an invasive war in Asia. Also in 1966, Japan hosted the Ministerial Conference on Economic Development in Southeast Asia in Tokyo, and under Japan’s leadership the Asian Development Bank (ADB) was founded. China had been strongly wary of the Satō administration from the moment it came to power (Aoyama, 2011b), and it severely criticized ASPAC and the ADB as being “anti-Chinese Asian groupings” that were strongly political and were aimed at containing China and expanding in Southeast Asia.

On 8 August 1967, ASEAN was founded at the height of the Viet Nam War as an anti-communist union comprising Indonesia, Malaysia, the Philippines, Singapore and Thailand. China considered ASEAN to be the “twin organization” to SEATO, opposing it as a new organization launched by the United States in order ‘to contain China. After the Sino-US rapprochement, which began in 1969, China’s interaction with the international community and its policies towards surrounding countries changed. Following China’s return to the United Nations in 1971, it followed a system of “selective participation” in important UN agencies, and although it came in contact with Western economic organizations, it did not go so far as to participate in them. In September 1973, Chinese Foreign Minister Ji Pengfei sent a telegram to the IMF and the World Bank requesting the expulsion of the KMT government (Jacobson and Oksenberg, 1990, p. 63), but thereafter, despite the fact that the World Bank requested China’s participation, China refused. Concurrent with these developments, China considered participating in GATT, which it had criticized as a “rich person’s club”. When Taiwan withdrew from GATT on 16 November 1971, Zhou Enlai instructed the Ministry of Foreign Trade and the Ministry of Foreign Affairs to evaluate participation in GATT. At the end of November, although the ministries issued a report stating that from a long-term point of view participating would be more advantageous to China than not (Li, 2008, p. 336), ultimately the Chinese policymakers decided to “delay participation for a while”.

The Sino-US rapprochement was also an opportunity for improving relations between China and its neighbouring countries. China resumed diplomatic relations with Malaysia in May 1974, with the Philippines in June 1975 and with Thailand in July 1975. China’s view of ASEAN as an enemy disappeared; however, China’s anti-hegemonic foreign policy strongly defined its relations with the countries of Asia. When visiting Thailand, Malaysia and Singapore in November 1978, Deng Xiaoping strongly asserted that “Viet Nam’s participation in ASEAN would lead to an expansion of Soviet influence propelling Asian collective security strategy, and would bring about the destabilization of Southeast Asia” (Liao, 2010, p. 41).

As described above, up until the period of reform and openness China considered that the recovery and protection of different kinds of sovereignty, such as political, economic and cultural sovereignty, to be of supreme importance, and refused to participate in the international order of either the Eastern or the Western bloc. On the other hand, China's foreign policy during this period was strongly ideological, and China attempted to act as a leader for international communism. Following the Geneva and Bandung Conferences, the principle of revolution was temporarily diminished, although at the start of the 1950s there had been a division of roles between China and the Soviet Union whereby China took responsibility for the tide of international communism in Asia. Also, starting in the mid-1960s, China developed a foreign policy centred on global revolution. This view of revolutionary history gave rise to different "collectives" of globalization and regionalization.

3 Towards total participation: From 1978 to the end of the Cold War

Starting in 1978, China, which had begun a policy of reform and openness, shifted from selective participation in important international organizations to total participation. Also, during this time, the major advanced Western countries were aware of the need to engage China in the existing international order, and invited China to accept principles, norms and rules at an institutionalized level.

China's participation in the Western-led international order in the 1980s had two characteristics. The first was that China gave more importance to participation in international organizations, especially the United Nations, in comparison to participation in regional organizations. In 1980, China not only became an official member of the World Bank and the IMF but also began active participation in multilateral security organizations such as disarmament conferences.

The second characteristic was that in the 1980s a "North-South perspective" drove China's participation in the international order. China took full advantage of its position as a developing country and through its participation in international organizations was more easily able to raise the capital necessary for reform and openness. In fact, China applied for economic assistance from the United Nations Development Programme (UNDP) in 1978, and between 1979 and 1990 acquired \$217 million, covering roughly 400 projects (Feeney, 1998, pp. 240–241). Also, from 1981 to 1996, China received aid for 173 projects from the World Bank and successfully borrowed a total of \$25.5 billion (Ibid., p. 245).

This North–South perspective was also reflected in China's participation in regional organizations in the 1980s. Lu Zibo, who represented China at the annual general assembly of the Economic and Social Commission for Asia and the Pacific (ESCAP) that was held in Bangkok in 1978, stated that: "China promotes friendly relations with the countries of the Asia-Pacific region, and strongly desires an expansion of economic and cultural exchanges" (*Daily Yomiuri*, 9 March 1978), making it clear that China was prepared to participate in future ESCAP activities. Afterwards, at the general assembly of ESCAP held in April 1984, Vice Foreign Minister Qian Qichen described China as a developing country and requested stronger North–South economic and technological exchanges and cooperation, and an expansion of aid from advanced to developing countries.

In this way, during the 1980s China promoted multilateral cooperation with the aim of acquiring capital, technology and know-how from advanced countries. China's participation in multilateral organizations was deeply connected with the process of reform and openness that was advancing domestically. Each step towards greater openness was accompanied with a change in its perceptions.

The three years from 1979 to 1981 were extremely important for China's programme of reform and openness. China departed from its insistence on economic sovereignty, abandoned seclusionist policies, setting a course towards a policy of reform and openness, but had no idea of how to go about managing a market economy. Therefore, in order to obtain advice regarding the implementation of policies in the four special economic zones created in Guangdong and Fujian provinces in 1980, five foreign economic advisors were invited, including Saburō Ōkita and Masao Kōsaka from Japan and Lee Kuan Yew from Singapore (Gu, 2009, p. 332). China also recognized that participation in the World Bank would be required in order to obtain loans of foreign capital.

In 1980, Japanese Prime Minister Masayoshi Ōhira announced the "Pacific Basin Community Concept". Officially, after Ōhira's concept was announced, it was comprehensively studied within China and a research report was compiled. China did not make a response, but amid continuing tensions with the Soviet Union, internally it was actually given a positive evaluation as an anti-Soviet strategy. Regarding the promotion of the concept, the report contained the statement that, "from the point of view of a global strategic structure of resisting and defending against the hegemonism of the Soviet Union, it has positive significance" (Takagi, 2001, pp. 78–79).

After an omnidirectional foreign policy was launched in 1982, a number of awareness shifts occurred that enabled and legitimized reform and openness. First, there was the awareness shift from a theory of

unavoidable war to a theory of avoidable war. China, which had Marxism and Leninism as a prism through which to perceive the international situation, had believed that “imperialist war was inevitable”. Even at the meeting of the Central Military Commission in December of 1977, most senior Chinese leaders thought that “the time period until a US-Soviet war, particularly until a Soviet war against China, may be at least five years but may also be only two to three years”. But starting in 1983, particularly from 1984, the theory of avoidable war became mainstream. In early 1986, Deng Xiaoping raised the issue of the “two adjustments”, and the Central Military Commission also indicated a recognition that they had entered a period of peace (Huan, 1994, pp. 1315–1343). By abandoning the Marxism–Leninism prism, regional cooperation transcending ideology became possible.

Second, moving in parallel to the process of reform and openness, Deng Xiaoping worked out a theory of “one country, two systems”. The Sino-British Joint Declaration regarding the handover of Hong Kong was produced in September 1984. This attempt to search for the possibility of “one country, two systems” was a large step, leading to the simultaneous membership of China, Hong Kong and Taiwan in a number of international organizations. This will be discussed below.

Third, criticism of dependency theory also took place during this period. Although the first use of the phrase “new international economic order” was in the “Economic Declaration” of the Summit Conference of Non-Aligned Countries, which took place in Algeria in September 1973, the “Panel Discussions on Theoretical Problems of the New International Economic Order” were held in Beijing from 22–26 August 1983. At these panel discussions, the subject of debate was the idea of North–South interdependence, and there was criticism of the dependency theory that had been widely accepted in China up until that point (Takahashi, 1990, p. 31). According to dependency theory, advanced countries and developing countries are in a dominated, dependent relationship under the capitalist system: the advanced countries take advantage of the developing countries, while the developing countries are made dependent on the economies of the advanced countries – resulting in economic stagnation in the developing countries. It goes without saying that criticism of such a theory enabled economic cooperation with Western advanced countries.

In 1984, the Chinese government decided to further deepen reform and openness. From 22 January to 16 February 1984, Deng Xiaoping inspected Guangzhou, Shenzhen, Zhuhai, Xiamen and Shanghai. Although these visits came amid unfolding debate over “whether reform and openness should be brought further (tightening or loosening)”, on 14 February, during the inspections, Deng Xiaoping immediately set forth a policy for increasing the number of open cities. On 26 March, Gu Mu and Hu

Qili hosted a coastal city symposium, and over 40 leaders from the Party Central Committee, the State Council and the Central Military Commission participated, in addition to leaders of coastal cities (Li, 2008, p. 160). This meeting lasted for 12 days, and a roadmap for economic development through the introduction of foreign capital and advanced technology was confirmed. Afterwards, on 4 May, the opening of 14 coastal cities including Shanghai, Tianjin and Guangzhou was officially decreed.

Coincidentally, starting in 1984, when the decision was made to further deepen reform and openness, interest in the Asia-Pacific region continued to increase in China. With the active encouragement of Indonesia, the problem of cooperation in the Pacific region was on the agenda at the ASEAN expanded foreign ministers' meeting. The Chinese government placed particular importance on this event, and named 1984 as the year when the Asia-Pacific region would welcome a new transformation. As a result of this governmental view, cooperation in the Asia-Pacific region came to be widely debated domestically as well.

Huan Xiang, who was a famous policy strategist in the 1980s, affiliated with the China Institute of International Studies, strongly asserted that China should actively participate in Asia-Pacific regional cooperation and play a large role (Liu, 1988, p. 23). At the 41st ESCAP meeting held in Bangkok in March 1985, China declared that it would "actively support and participate in regional economic cooperation as a member of the Asia-Pacific region". In addition, there were academics who argued that economic cooperation in the Asia-Pacific region was becoming a major trend of the times because the US was placing importance on the Asia-Pacific region and the Soviet Union was sounding out participation in PECC.

Amid these circumstances, China officially applied for GATT membership in July 1986.³ To begin with, China had dispatched its first representative to a GATT meeting in August of 1980 and was already participating as an observer in November of 1982. In December 1982, the five bodies of the Ministry of Foreign Economic Relations and Trade, the Ministry of Foreign Affairs, the State Economic Commission, the Ministry of Finance and the General Administration of Customs produced a joint proposal for quickly realizing GATT participation, which was approved on 25 December (Li, 2008, p. 333). In August 1983, a GATT delegation comprised of the Ministry of Foreign Economic Relations and Trade, the Ministry of Foreign Affairs and the General Administration of Customs visited Hungary and Yugoslavia, which were moving forward with market economy reforms, and Pakistan, a developing country. After the delegation produced the opinion that China should also participate in GATT, the Chinese government officially decided on a policy to resume participation. Subsequently, how to handle Taiwan and Hong Kong in

international trade organizations such as GATT was debated within China, and a provisional conclusion was reached by the time of the official petition in 1986. In light of this, China and the United Kingdom agreed on 11 March 1986 that Hong Kong would remain in GATT under the name “Hong Kong, China” after its handover back to China.⁴ In the same month, China joined the Asian Development Bank (ADB), marking the first occasion in which China and Taiwan were members of an international financial institution at substantially the same time. Although Taiwan’s name was changed to “Taipei, China”, it was able to remain as a founding member of the ADB (Takeuchi, 2008). In 1986, China participated in the PECC conference for the first time alongside Taiwan (called “Chinese Taipei”).

Nonetheless, behind China’s more flexible stance – compared to its previous responses to Taiwan and Hong Kong when participating in international trade organizations under the concept of “one country, two systems” – was the aim of acquiring the capital and technology necessary for reform and openness. Along with joining the PECC, when Huan Xiang, who was the first chairman of the China National Committee for Pacific Economic Cooperation (CNCPEC), which started in 1986, visited Japan in 1988, he stated that: “China, which is promoting reform and openness, needs to introduce the advanced technology and experience of other countries. If the discussions at the PECC can lead to a surge of business and investment by Western corporations in China, it would also be a positive result for an open foreign policy” (*Asahi Shimbun*, 24 May 1988). China’s intentions can be understood from such statements.

A policy was adopted in 1988 to further deepen reform and openness as part of a set of policies concerning China’s Asia-Pacific economic cooperation. In March 1988, the State Council held a working meeting on the opening up of coastal areas. The opened region was expanded to the Shandong Peninsula to the north of the Yangtze, the Liaodong Peninsula and the area around the Bohai Sea among others; and with that, virtually China’s entire coastal region was opened to the outside. This policy had the aim of encouraging China’s participation in the “flying geese pattern” economic model of the Asia-Pacific region and of causing labour-intensive industries to shift to China (Gu, 2009, pp. 417–418). In other words, it was a strategy for using the advantages of the coastal region, which had abundant and high-quality labour resources, by expanding the state of having “both heads out” (importing raw materials and exporting products) in the coastal zones and entering into the international economic cycle system through the lead of these regions (Gao, 1989, pp. 51–52).

In the latter half of the 1980s, countries in the Western Pacific region became markedly more interdependent, and due to the rise of the Newly Industrializing Economies (NIEs) of South Korea, Taiwan, Hong Kong

and Singapore, investment and trade within ASEAN countries rose rapidly. Zhao Wendou, head of the Tokyo branch office of the World Economic Herald, explains the relationship between the coastal development strategy and the flying geese pattern of development in the following terms: the flow of capital and goods at the time formed a cycle whereby Japanese capital, intermediate goods, technology and equipment first flowed to NIE countries and then to ASEAN. Products were manufactured in these regions and a portion of the finished products were exported back to Japan. A growth pattern of production using Japanese capital, technology and equipment resulting in exports to Japan would be created in the coastal regions of China which became a part of the East Asian international division of labour network headed by Japan (*Nicchū Keizai Kyōkai*, 1989, pp. 23–24). Tian Jiyun, who was the deputy minister in charge of the economy at that time, said: “Thailand, Indonesia, Malaysia and Viet Nam are China’s competitors” (interview records of the delegation to China from the Japan–China Economic Association and State Council Vice Minister Tian Jiyun).

4 Towards total cooperation: After the Tiananmen Square incident

The Tiananmen Square incident had a large effect on China’s foreign strategy. The incident invited Chinese isolation from the international community, but it was also an opportunity for China’s Asian regional diplomacy to take shape. After Deng Xiaoping’s southern tour, the decision was made to introduce a socialist market economy in China in 1992, and so opening up took its next step. Premier Li Peng’s report on government activities at the Fifth Session of the Seventh National People’s Congress held in February 1992 includes opening interior and border districts and minority ethnicity districts and promoting border trade. And so reform and opening up shifted from the coastal regions to the “frontiers”.

At the same time, the central government as well as regional governments in the frontier regions became important actors in economic cooperation in the Asia-Pacific region. In the next section, the activities of the central government and the movements of regional governments are considered, based on the domestic changes mentioned above.

4.1 *Towards total cooperation in economy and security*

Following the Tiananmen Square incident, China, which came to be aware of the severity of the international environment that surrounded it, recognized once again the importance of its neighbours and centred its

diplomacy around improving relations with nearby countries. In 1990, China normalized relations with Mongolia in May, Indonesia in August and Singapore in October. In the following year it normalized relations with Brunei in September and Viet Nam in November, and went on to establish relations with South Korea in 1992. While promoting improved relations with neighbouring countries, Foreign Minister Qian Qichen participated in the ASEAN ministerial meeting in 1991 and China was able to be a member of APEC at the same time as Taiwan and Hong Kong. In the following year, China began a relationship of dialogue with ASEAN,⁵ and introduced a “socialist market economy” to promote reform and openness in a single swoop.

The movement towards actively improving relations with surrounding countries starting immediately after the Tiananmen Square incident was closely related to China’s awareness of the economic circumstances of the Asia-Pacific region. An editorial published in the *People’s Daily* of 31 January 1990 indicated the future outlook regarding the economic situation of the region: (1) in the future, the Asia-Pacific region would achieve economic growth higher than that of other regions in the world; (2) although an economic bloc such as the European Community would not be formed in the Asia-Pacific region in the near future, economic cooperation would become much more closely knit; (3) along with the United States, Japan would likely play an important role in the economic development of the Asia-Pacific region; and (4) in the future, trade obstacles in the Asia-Pacific region would increasingly be eliminated, financial markets would be opened and the division of labour and cooperation of industry in the region would proceed further (*People’s Daily*, 31 January 1990).

Based on this outlook, after the Tiananmen Square incident in 1989, China did not adjust its trajectory of economic cooperation in the Asia-Pacific region which had been promoted from the latter half of the 1980s. The simultaneous membership of China, Hong Kong and Taiwan (“Chinese Taipei”) in APEC is worthy of special note. APEC was launched in November 1989 in response to a proposal from Australia. Soon after it began, there appeared opposing opinions as to whether or not China was to be accepted among the member countries. Indonesia declared it to be premature, while Australia and Japan indicated that Chinese participation would be desirable. Amid these circumstances, as early as January 1990, Zou Jiahua, Chairman of the State Planning Commission, announced China’s desire to participate and requested cooperation from the Japanese government. In response, Japan actively encouraged Chinese participation in APEC, and in July 1990, on a round of visits in Southeast Asia, Japanese Foreign Minister Tarō Nakayama made the plea that China’s isolation should be avoided.

These efforts paid off, and the membership of China, Taiwan and Hong Kong was officially decided at the Third APEC General Ministerial Meeting held in Seoul, South Korea in November 1991. In August of the same year, Foreign Minister Qian Qichen stated that he "would like to solve the problem at once" regarding the accession of China, Taiwan and Hong Kong, mentioning various conditions: for example, that Hong Kong and Taiwan would not be treated as countries; and that a difference would be provided in terms of the level of participating ministers between China and Hong Kong and Taiwan. China, which had been insistent that China should become a member before Taiwan, indicated a policy of accepting accession that effectively was simultaneous to that of Taiwan in the "time lag accession method" of 23 November 1991. Thus, China, Taiwan, and Hong Kong achieved simultaneous accession at the Third APEC Ministerial Conference.

From China's point of view, PECC was ultimately not an official organization, while APEC was an organization that had governments as actors. As a result, China initially requested that Taiwan just have observer status in APEC. The fact that China ultimately decided to accept simultaneous accession with Taiwan indicates the importance of APEC membership for China. Through APEC membership, there was the calculation that China would be in an advantageous position regarding the Taiwan problem. From 28 September to 31 October 1989, the ASEAN economic delegation of the Chinese Academy of Social Sciences visited ASEAN. In the report that this delegation compiled it was claimed that ASEAN countries basically opposed China's membership in APEC, and that the Taiwan problem was an obstacle for improving relations between China and ASEAN countries. This was because the total amount of trade between ASEAN and Taiwan was greater than that with China, and Taiwan's investment was increasing yearly (*Zhongguo Shehui Kexueyuan* [Chinese Academy of Social Sciences], 1990, pp. 10–11). In fact, from the end of the Cold War Taiwan had been attempting to use its economic achievements as a lever to establish certain political relations with ASEAN countries (Satō, 2000, p. 258). Certainly, China had a strong sense of crisis with respect to the relationship between Taiwan and ASEAN during this period, and when the Philippines, an ASEAN country, established official relations with Taiwan as a result of Taiwan's "cheque-book diplomacy", the sense of crisis in China was exacerbated.⁶ Under these circumstances, from China's point of view, not only could economic relations between China and ASEAN be strengthened through APEC membership, but China would also gain the right to speak about the Taiwan problem at the APEC forum.

By participating in APEC, China also found a means towards mending relations with Western countries that had cooled due to the Tiananmen

Square incident. Furthermore, APEC membership provided the opening moves towards GATT membership. In APEC, which was launched amid an increasing trend of creating global economic blocs, such as the European Union (EU) and the North American Free Trade Agreement (NAFTA), it was agreed that members would promote a new round of multilateral trade negotiations (the Uruguay Round) of GATT, premised on open regional cooperation. Soon after the Third APEC Conference ended, US Secretary of State Baker proposed the APEC method for Chinese and Taiwanese accession to GATT.

During the same period as the matter of APEC accession was proceeding, Malaysian Prime Minister Mahathir, who visited China in December 1990, proposed the concept of an East Asian bloc to Chinese Premier Li Peng, and soon afterwards, proposed an East Asian Economic Group (EAEG) to East Asian countries including ASEAN and Japan (Yamakage, 2003, p. 21).⁷ Of course, as it had been excluded, the United States strongly opposed the EAEG proposal. The Japanese government also made no moves towards the EAEG idea, which was diametrically opposed to APEC principles. Senior officials of the Ministry of International Trade and Industry flew to Malaysia to restrain the movement for an Asian economic bloc. Meanwhile, China's response to Mahathir's EAEG concept was extremely cautious. On 27 December 1990, although Premier Li Peng agreed that China would "generally support it", he expressed the opinion that, "the countries of the Asia-Pacific region have different levels of development, and it is not possible to apply the same model that is being used in other regions" (*People's Daily*, 27 December 1990).

Domestically in China, there were academics who objected to the exclusivity and closed nature of the EAEG concept. For example, Ji Chongwei of the Development Research Centre of the State Council stressed that the economic power of the United States was an advantage for the economic development of China, and that promoting economic cooperation around the Asia-Pacific region would be an advantage to China's gaining most favoured nation status (*People's Daily*, 14 November 1991).

To begin with, China's economic development strategy and its grasp of the international situation contained support for open regionalism. The economic development strategy created in the latter half of the 1980s set its sights on an Asia-Pacific economic zone that included capital and technology from the United States as a developed country. To China, which had a North-South perspective, and for which the granting of most favoured nation status was a constant problem due to the human rights diplomacy of the Clinton administration, openness, non-discrimination and equality were more important than anything else. The five principles of cooperation in the Asia-Pacific region proposed by Liu Huaqiu at the 48th ESCAP meeting in April 1992 also reflected this.⁸ Foreign Minister

Qian Qichen also noted that it was particularly important for advanced countries to reduce barriers and obstacles to trade, investment and technology transfers, and at an APEC ministerial conference he emphasized the importance of adhering to openness and strengthening multilateral cooperative institutions.

In the first half of the 1990s, China's perception of the international situation was that "the world is moving towards multiple poles" and it welcomed a Sino-US balance of power in the Asia-Pacific region. At the time, Du Gong, President of the China Institute of International Studies, an important governmental think tank, noted that "the West-West contradiction [the contradiction between advanced nations] is one of the basic contradictions in the world today", and in a newspaper editorial he argued that, "the United States, Japan and Europe are becoming three important pillars" (*People's Daily*, 18 December 1991). China paid attention to the fact that, "Although there is an aspect of Japan that is in common with the Western countries in terms of democratic values and social system, Japan's assertions also have facets that are different", and had high expectations for Japan. Amid this sequence of events, Chinese President Yang Shangkun stated that, "Japan's choice of the peaceful path for 40 years after the war has been beneficial to the peace of Asia and the world, and I welcome a further role for Japan" (*People's Daily*, 10 January 1992). Also, while remaining wary that the United States would use APEC as a foothold to create a US-led economic order in the Asia-Pacific region, from a realist point of view China welcomed the balance of power between the United States and Japan in APEC (Ravenhill, 2001, p. 112). From the Chinese diplomatic slogans that were issued at the beginning of the 1990s, the following seemed to be upheld: "Face the world, stand in the Asia-Pacific, and improve the surrounding environment."

Keeping an eye on US-Japanese friction, China pinned its hopes on Japan to offset the influence of the United States, and positively evaluated Japan's leading role in regional integration through the first half of the 1990s. The Clinton administration, which began in January 1993, clarified its stance of placing importance on the Asia-Pacific region. Shi Min, the Vice-Director of the Asia-Pacific Division of the Chinese Academy of Social Sciences, noted that the US intention was to secure the prominence of the United States in Asia. Shi further noted that, "officially, Japan and the United States declare that they are partners, but in the long term, a leadership struggle in the Asian region is unavoidable". His outlook was that, "it must be recognized that Japan has played a large role in the development of East Asia, and in the future, it will not just be Japan standing in front pulling, but China will stand in the back and push" (*Nikkei Shimbun*, 17 November 1993). This double-headed

locomotive concept, which is a departure from the flying geese formation concept, vividly expressed China's thoughts at the time.

Economic cooperation continued, and China's stance of cooperation in the area of security also came to be seen. At the ASEAN foreign ministers' meeting in July 1993, there were calls for China to participate in the Treaty of Amity and Cooperation in Southeast Asia. China quickly announced that "China would gladly participate in regional security dialogue with ASEAN". China declared that although it agreed with the treaty in spirit, it would not join as China was not in Southeast Asia. Nevertheless, at the ASEAN foreign ministers' meeting in July 1994, China quickly announced its participation in the ASEAN Regional Forum (ARF), founded as a multilateral forum for security dialogue. This could be called a shift in China's traditional foreign policy of attempting to solve security problems in the Asia-Pacific region through bilateral relationships. At the ARF meetings, although China may have participated sceptically, defensively and reluctantly until 1995 (Johnson and Evans, 1999, p. 258), China was not disruptive (Gill, 2002, p. 219).

Many academics cite the principle of non-interference in the domestic affairs of other countries as a factor that brought about China's change in attitude towards multilateral security frameworks in Asia, and many note the commonalities between the ASEAN Way and China's foreign policy. Also, the prediction that, "unlike in Europe, a regional security institution will likely not be formed in Asia as it had been in Europe" (Zhan, 1993, p. 2) was another factor behind China's participation. In addition to these factors, China's change in its perception of sovereignty in the field of security that arose at the beginning of the 1990s also had a large impact in terms of changing China's stance regarding multilateral security cooperation. China first participated in a South China Sea workshop in July 1991, and with regard to territorial disputes came to regard this method of "peaceful dispute resolution" highly. (Kameyama, 2007). In the wake of this flow of events, at the ASEAN foreign ministers' conference in February of 1992, China presented an assertion for joint development that shelved the South China Sea problems.

4.2 Subregional cooperation of local governments

The Chinese government was also active in Asia-Pacific economic cooperation and security cooperation in the Asian region after the Tiananmen Square incident. However, in the early 1990s, a majority of academics considered economic cooperation in the Asia-Pacific as a long-term goal and perceived it as being only loose economic integration. In contrast to economic cooperation in the Asia-Pacific region, subregional cooperation attracted attention as the most realistic option as well as being a form of

cooperation that could develop quickly. Although many forms of sub-regional cooperation were debated, representative concepts included a "Northeast Asian economic zone", a "greater China economic zone", a "Southern China economic zone" (centred on Guangdong, Fujian, Taiwan and Hong Kong), an "East Asian economic zone", an "ASEAN economic zone" and a "Yellow Sea economic zone" (centred on the Bohai Sea, the Western coastline of the Korean Peninsula, the Japanese island of Kyushu and Shimonoseki).

Along with the introduction of a socialist market economy in 1992, inland frontier areas and ethnic minority districts gradually came to be opened up. This concept, called "the strategy of opening up the border districts" consisted of three open-border districts: the "Northeast opened district" comprising Heilongjiang, Jilin and Liaoning provinces; the "Western frontier opened district" centring around the Xinjiang Uyghur Autonomous Region; and the "Southwest frontier opened district" centring around Yunnan and Guangxi provinces (Ma, 1992, p. 20). By opening these frontiers, China's border trade boomed (Hattori, 1994, pp. 343–382).

The Xinjiang Uyghur Autonomous Region holds the key to the development of the northwest. For this region, stability and development have constantly been the two largest policy issues. Until the beginning of the 1990s, the consistent policy priority was stability. In June 1992, the State Council gave the instruction to open the Xinjiang Uyghur Autonomous Region, extending accommodating policies to the four cities of Urumqi, Yining, Bole and Tacheng, and opening Kuitun and Shihezi. As a result, three economic/technological development districts (Urumqi, Kuitun and Shihezi) and three border economic cooperation districts (Yining, Bole and Tacheng) were formed, totalling six open regions. In September 1992, the first Urumqi Foreign Economic Relations and Trade Fair was held. On the other hand, since the 1980s, unrest among the Uyghurs, who demanded separation and independence in Xinjiang, gradually increased, and particularly as a result of the fall of the former Soviet Union, the East Turkestan Movement became more active in Central Asia. Amid this, Wang Lequan, who became the party secretary of the Xinjiang Uyghur Autonomous Region in 1995, embarked on a total policy of "stability first". As a result, the opening of the northwest, which started in 1992, was unsuccessful.

At the beginning of the 1990s, China's greatest success with subregional cooperation was the development of the Greater Mekong Subregion (GMS), in which Yunnan province, which borders Myanmar, Laos and Viet Nam, played a central role. In 1992, the GMS concept began splendidly under the leadership of the ADB, but the Chinese government of the time only saw the GMS as a means for raising the economic level of

Yunnan province through the introduction of international capital, and did not participate actively (Ba, 2003, pp. 633–635; Kuik, 2005, p. 103). As a result, only a low-ranking official from the People's Bank of China was sent to the first GMS economic ministers' meeting held in 1992. On the other hand, Yunnan province, as the party in question, considered the GMS to be a major opportunity and so displayed an active stance by participating in it and making proposals.

At the beginning of the 1990s, the most promising district was the northeast opened district. In October 1991, the UNDP announced the Tumen River Area Development Programme. The beginning of the 1990s, when this plan arose, was a period when the six countries of China, Mongolia, North Korea, South Korea, Russia and Japan were moving towards an easing of tensions.⁹ The Tumen River Area Development Programme had been being discussed within China since around 1989, and thereafter it was proposed by China to the other countries. On 13 April 1992, the State Council officially approved participation in this programme, and the relevant central government ministries and agencies as well as Jilin province, which was the location in question, actively promoted the development plan.

From 1992, China's efforts, which were particularly strong in the Tumen River Area Development, had an effect, and a number of agreements were signed between China and North Korea, and between China and Russia, regarding the development of the Tumen River. Also, in addition to Russia and North Korea, there were also discussions over Tumen River regional cooperation with Mongolia. While this was going on, an incident that shook Northeast Asian economic cooperation to the roots occurred in the Korean Peninsula. In March 1993, North Korea withdrew from the Nuclear Non-Proliferation Treaty (NPT), and further announced its withdrawal from the International Atomic Energy Agency (IAEA) in June 1994. After the meetings between US and North Korean officials that followed, this nuclear crisis ended with the signing of the Agreed Framework between the United States and North Korea in October 1994. The Tumen River Area Development Programme, having once been derailed, thereafter regained momentum towards reactivation, but as a result of the North Korean nuclear problem it ultimately did not develop very far.

5 Conclusion

China's policies towards the Asian region until the mid-1990s can be divided into three main periods. During the period from the founding of

the People's Republic of China until reform and openness began, China's view of international organizations and Asian regional organizations that were created in the 1960s shifted from hostility to tacit approval. From 1978 to the end of the Cold War, the policy of selective participation that had prevailed until that point was revised, and China began to be actively involved in international and regional organizations. From the end of the Cold War to the mid-1990s, China entered into a policy of cooperation with international and regional organizations, not only in the area of the economy but also in security and, depending on the geographical area, not only was the central government an active promoter of regional cooperation but local governments were as well.

From hostility to tacit approval, from participation to cooperation and from being a free rider to a promoter, China's awareness and role it played underwent a large transformation with regard to multilateral cooperation in Asia. Until the 1990s, there were no policies regarding the Asian region in China, and China's view of Asia was that of "Asia-Africa" (from the 1950s through the 1970s), and "Asia-Pacific" (from the 1980s to the mid-1990s). Furthermore, with the redefinition of the United States-Japan security treaty, to China, Asia (the periphery) ceased being the "Asia-Pacific" and became "Asia" (Aoyama, 2011c).

As noted by Guoguang Wu, China's multilateralism after reform and openness was not linear and self-consistent but changed depending on the region and policy issues (Wu, 2008, p. 267). China was most enthusiastic about multilateral cooperation in the area of the economy and was active in attempting to participate in and promote such cooperation. The aim of the policy of opening the coastal regions that was worked out in 1986 was to join the "flying geese" economic model in the Asia-Pacific region. This has an important significance: namely, from the end of the 1980s, China's economic development strategy had already come to have linkages with international economic cooperation. Also, the series of events – from the petition to resume GATT membership in 1986, to joining APEC in 1991 and joining the WTO in 2001 – signified that China had already accepted international norms and was basically behaving in accordance with international rules.

Compared with these examples of multilateralism in the area of the economy, China started later in moving towards multilateral security cooperation; and in many cases could be seen to be adhering to the rhetoric of non-interference in domestic politics. The question of how multilateralism in the area of security will take hold in China's diplomatic principles is important and should be watched closely.

Since the late 1990s, China's robust multilateral efforts have caught many by surprise. China took the initiative to establish the Shanghai Five

(now the Shanghai Cooperation Organization (SCO)) in 1996 and is now sharing leadership of the Six-Party Talks with the United States. However, as discussed in this chapter, all these changes in China's stance towards multilateral cooperation took place only gradually and were greatly influenced by many factors. First, power politics and China's relationship with powerful countries strongly defined China's perceptions and policies towards the tide of regional cooperation sweeping through Asia. Under the "anti-US, anti-Soviet" foreign policy of the 1960s, China viewed ASEAN as an enemy. Under the "pro-US, anti-Soviet" foreign policy of the 1970s, China came to ignore ASEAN but strongly opposed Viet Nam's accession to ASEAN as the latter was seen as part of the Soviet bloc. In the 1980s, one of the reasons why Ōhira's concept was favourably evaluated was its advantage as an anti-Soviet strategy. In the beginning of the 1990s, in the backdrop to China's welcoming of the framework of the Asia-Pacific region, was the strategic idea that a balance of power between the United States and Japan in the region was desirable.

Second, economic benefits were a strong motivator for China's participation in international organizations. After the reform and openness policy was introduced, which made economic development a top priority, decisions to deepen reform and openness were inextricably linked to participating in international organizations and deepening international cooperation. China's moves included the aforementioned policy of opening coastal regions and participating in the "flying geese" economic model, the introduction of the socialist market economy and total participation in Asia-Pacific regional organizations. They also included moves that followed towards developing its western regions, the SCO and the proposal of signing a free trade agreement (FTA) with ASEAN. These clearly represent the relationship between a domestic development strategy and multilateralism.

Third, China's policy of multilateral coordination was also intimately linked with its views about sovereignty. Multilateralism often requires handing over national sovereignty and so the level of sensitivity towards sovereignty can be considered an important indicator for thoroughly understanding the trajectory of China's multilateralism.

As a place of power struggles between powerful countries, as a place for important economic cooperation and as the most important fortress for security, the Asian region holds major significance for China and has been an important policy target region. As the regional peace and stability of Asia have been heavily influenced by China's internationalism and multilateralism, efforts to allow multilateralism to take root in China's diplomatic principles will be needed even more in the future by China itself and from other relevant countries.

Notes

1. Unless otherwise stated, all translations in this chapter are the author's own.
2. The theory of two intermediate zones between the Soviet Union and the United States referred to a first intermediate zone in Asia, Africa and Latin America, and a second intermediate zone in Western capitalist countries.
3. China's petition in 1986 was a request to return to the status of a GATT member country.
4. On 11 January 1991, Macao became a member of GATT following the same method as Hong Kong, and in 1992, China and Taiwan both became GATT observers. Taiwan acceded to the WTO in January 2002.
5. In 1996, China became a Dialogue Partner of ASEAN.
6. Salvador Laurel, the then Philippine vice president, visited Taiwan during a holiday and met with Taiwanese President Li Denghui.
7. The EAEG concept attempted to promote trade and investment in the East Asian region, and consisted of 11 countries and regions centred around the six ASEAN countries, as well as Japan, South Korea and China.
8. These five principles were: (1) mutual respect; (2) equal mutual benefit; (3) mutual openness; (4) joint prosperity; and (5) consensus.
9. When the Tumen River Area Development Programme first began, the four countries of China, North Korea, South Korea and Mongolia were official participant members, and Russia and Japan took part as observers.

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