

Asian Regionalism: Not so New, Not so Effective

Mark Beeson

Keywords: East Asia, regionalism, multilateral institutions, ASEAN, rise of China

DOI: 10.5509/2019923515

When Paul Bowles wrote his influential article on the “new regionalism” in 1997, it looked like a thesis whose time had come.¹ Bowles was writing not that long after the end of the Cold War, when many of the supposedly immutable “structural” certainties and features of the old order had disappeared and new patterns of international politics seemed to be emerging. Even more tellingly, perhaps, political economy of a sort to which Bowles has subsequently been a prominent contributor was newly ascendant as both a scholarly endeavour and as the central goal of policy makers the world over.² As Bill Clinton memorably observed, it’s the economy, stupid. Little wonder that the states of Southeast Asia and the more expansive Asia-Pacific were exploring innovative ways of capitalizing on a new era in which economic imperatives and opportunities were paramount. Bowles’ article was one of the first to highlight this rapidly evolving policy reality.

How times change, though. Prescient as Bowles’ analysis was, what is striking in retrospect is the relatively limited impact of the new regionalism, the shifting policy agendas of some of the region’s most important actors, and the dramatic change in the fortunes of some of the Asia-Pacific’s great powers in the intervening twenty years or so. These changes are interconnected; revisiting them tells us much about the prospects for regionalism in Asia and beyond. The most consequential of these changes, which I explore in more detail below, is the rise of China and the relative decline of Japan. In Bowles’ original article China barely merits a mention

MARK BEESON is professor of international politics at the University of Western Australia. Before joining UWA, he taught at Murdoch, Griffith, Queensland, York (UK) and Birmingham, where he was also head of department. He is the founding editor of *Critical Studies of the Asia Pacific*. His latest book is *Rethinking Global Governance* (Palgrave, 2019). Email: mark.beeson@uwa.edu.au

¹ Paul Bowles, “ASEAN, AFTA and the ‘New Regionalism,’” *Pacific Affairs* 70, no. 2 (1997): 219–244.

² Andrew Gamble, “The New Political Economy,” *Political Studies* 43, no. 3 (1995): 516–530.

Copyright (c) Pacific Affairs. All rights reserved.
Delivered by Ingenta to IP: 5.10.31.151 on: Mon, 02 Dec 2024 08:42:21

and is just part of a supporting cast of regional would-be industrializing economies: Japan still seemed to be the lead goose driving the region's overall economic development.³ The other striking feature of regional development then and now is just how much old-fashioned geopolitics has returned to the forefront of regional relations.⁴ Thinking about the causes and implications of some of these changes helps to explain why some of the expectations of the new regionalism remain unfulfilled.

Regional Political Economy

The primary focus of Bowles' original article was economic, especially development, integration, and trade. Given that the region's remarkable economic transformation was—and to a significant extent, still is—the principal reason for so much scholarly interest in East Asia (as opposed to the Asia-Pacific), a preoccupation with political economy was entirely understandable and welcome. In some ways, it is surprising that there had not been more examinations of the East Asian experience until then, especially ones that took the links between politics and economics seriously.⁵ However, it is worth remembering that this article appeared before the idea and, to a lesser extent, the reality of the “Asian miracle” was brought low by the region's very own financial crisis. Ironically it was mobile capital from outside the region that was partly responsible for creating the preconditions for the “Asian” crisis.⁶

Hindsight is a wonderful thing, of course, and looking back it is clear that the general preoccupation with highly desirable foreign direct investment (FDI) of a sort that is central to Bowles' paper caused many analysts to overlook the potential dangers as well as the opportunities of “globalization,” or the general integration of complex economic forces and processes across national borders. In this regard, Southeast Asia was both notionally poised to take advantage of heightened economic integration in the 1990s, as well as being especially exposed to the whims of the “international investment

³ Mitchell Bernard and John Ravenhill, “Beyond Product Cycles and Flying Geese: Regionalization, Hierarchy, and the Industrialization of East Asia,” *World Politics* 47 (1995): 179–210; Walter Hatch and Kozo Yamamura, *Asia in Japan's Embrace: Building a Regional Production Alliance* (Cambridge: Cambridge University Press, 1996).

⁴ R.D. Kaplan, *Asia's Cauldron: The South China Sea and the End of a Stable Pacific* (New York: Random House, 2014).

⁵ Having said that, there were some seminal contributions, which alerted us to the region's distinctive political economy. See, for example, Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industry Policy 1925–1975* (Stanford: Stanford University Press, 1982); Alice H. Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (New York: Oxford University Press, 1989); Robert Wade, *Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization* (Princeton, NJ: Princeton University Press, 1990).

⁶ Jeffrey A. Winters, “The Financial Crisis in Southeast Asia,” in *Politics and Markets in the Wake of the Asian Crisis*, eds. Richard Robison et al. (London: Routledge, 2000): 34–52.

community.” The region’s economies learned painful and salutary lessons about the dangers of relying on highly mobile finance capital and borrowing in foreign currencies. Even relatively well-run economies could be undone by shifts in the external economic environment over which they had limited control.⁷ In retrospect it is also striking that not only have the economic fortunes of the principal ASEAN states recovered,⁸ but that they are once again major targets for foreign direct investment (FDI).⁹

Having said that, it is important to recognize that the Southeast Asian region’s entire postcolonial development experience has been overlaid by the search for security, be it strategic *or* economic. The very formation of the Association of Southeast Asian Nations (ASEAN) was a reflection of this reality, as the region’s newly independent, strategically vulnerable, and economically marginal states banded together in the pursuit of security and political presence.¹⁰ It is highly debatable whether much progress has been made on either front in the intervening half century. To be sure ASEAN is a much invoked and acknowledged part of the burgeoning literature on comparative regionalism,¹¹ but its principal claim to fame has arguably been its longevity rather than its achievements. Other authors—including Richard Stubbs—take a more positive view, and ASEAN’s relative status, performance, and prospects remain surprisingly contentious as a result.¹²

To be sure, a number of analyses point to the fact that that FDI has, indeed, continued to expand since the formation of the ASEAN Free Trade Area (AFTA), and in this context ASEAN’s regional initiatives look to have succeeded.¹³ No doubt such signalling devices have had *some* impact on the investment decisions of the controllers of footloose capital, but the big question is just how much. Much of the economic success that the Southeast Asian economies have enjoyed has come from being in the right place at the right time: their location adjacent to Northeast Asia—the most dynamic economic region on the planet, as first Japan and latterly China took off—meant they could hardly have been unaffected. The surprise, perhaps, is that

⁷ Robert Wade and Frank Veneroso, “The Asian Crisis: The High Debt Model Versus the Wall Street-Treasury-IMF Complex,” *New Left Review* 228, Mar/Apr (1998): 3–23.

⁸ M. Beeson, “Southeast Asia’s post-crisis recovery: So far, so good,” in *Unexpected Outcomes: How Emerging Markets Survived the Global Financial Crisis*, eds. C. Wise, L. Armijo, and S.N. Katada (Washington: Brookings Press, 2015): 102–122.

⁹ S. Roughneen, “Southeast Asia bucks trend of sinking global foreign investment,” *Nikkei Asian Review*, 4 February 2019.

¹⁰ Mark Beeson, “Southeast Asia and the Politics of Vulnerability,” *Third World Quarterly* 23, no. 3 (2002): 549–564.

¹¹ See, for example, Tanja A. Borzel and Thomas Risse, eds., *The Oxford Handbook of Comparative Regionalism* (Oxford: Oxford University Press, 2016).

¹² In addition to Stubbs’ contribution to this collection, see R. Stubbs, “ASEAN sceptics versus ASEAN proponents: evaluating regional institutions,” *The Pacific Review* (forthcoming): 1–28.

¹³ Mondher Cherif and Christian Dreger, “Do Regional Trade Agreements Stimulate FDI? Evidence for the Agadir, Mercosur and AFTA Regions,” *Review of Development Economics* 22, no. 3 (2018): 1263–1277.

they have not managed to do rather better than they have. It is striking that the emergence of “Factory Asia” has come about largely as a consequence of the investment decisions of multinational corporations, rather than the far-sighted and influential collective actions of the Southeast Asian states. Indeed, Southeast Asia’s economic development remains largely dependent on and subordinate to the actions and preferences of its larger Northeast Asian neighbours.¹⁴ Political economy matters in just the way Bowles argued, but it is increasingly overlaid with geopolitical considerations that continue to determine the course of development for the Southeast Asian laggards.

The consequences of such dependency were evident when it was Japan rather than China that sat atop the region’s evolving production hierarchy, a reality that explains its prominence in Bowles’ analysis. Now, however, China has replaced Japan as both the world’s second largest economy and by far the East Asian region’s most consequential economic and *strategic* actor.¹⁵ This is a profoundly important difference from the picture Bowles painted in the 1990s, and he can be forgiven for not foreseeing quite how much China’s rise would overturn the old order. Who did? It has become a cliché to highlight the speed and scale of China’s rise, but it is remarkable and unprecedented nevertheless. Equally importantly, China is not prepared to play the sort of subordinate strategic role that Japan has done since the Second World War,¹⁶ something that explains the relative absence of geopolitical concerns in Bowles’ original article. Now, by contrast, such considerations are inescapable and especially consequential for Southeast Asia.

The Return of Geopolitics

The seemingly transformational impact of the Cold War’s abrupt and unexpected ending may help to explain the attention given to economic development in the 1990s, but it is surprising, nevertheless. After all, it can be plausibly argued that the entire history of East Asia’s “miraculous” development cannot be understood without taking the geopolitical calculations and policies of the United States into account.¹⁷ In both Europe and to a lesser extent Asia, the newly hegemonic United States attempted to create a successful capitalist international order, from which states on the right side of history could benefit. Ironically enough, American policies were

¹⁴ Richard Baldwin and Javier Lopez-Gonzalez, “Supply-Chain Trade: A Portrait of Global Patterns and Several Testable Hypotheses,” *The World Economy* 38, no. 11 (2014): 1682–1721; Greg Felker, “The Political Economy of Southeast Asia,” in *Contemporary Southeast Asia: The Politics of Change, Contestation, and Adaptation*, eds. Mark Beeson and Alice Ba (Basingstoke: Palgrave, 2018): 70–90.

¹⁵ Scott L. Kastner, “Buying Influence? Assessing the Political Effects of China’s International Trade,” *Journal of Conflict Resolution* 60, no. 6 (2016): 980–1007.

¹⁶ Kenneth B. Pyle, *Japan Rising: The Resurgence of Japanese Power and Purpose* (New York: Public Affairs, 2007).

¹⁷ Richard Stubbs, *Rethinking Asia’s Economic Miracle* (Basingstoke: Palgrave, 2005).

all too successful as highly competitive economies were created in former foes Germany and Japan. The paradoxical impact of American policy continues to redound to this day, as a resurgent China benefits from the open international order that the United States largely created. It is precisely this reality and the perception that it is somehow unfair that is so central to the current economic dispute between China and the US.¹⁸

Bowles was correct, and among the first, in arguing that what he called the new regionalism was “intimately linked to the current phase of capitalism.” This basic insight still holds true, although the current phase of “multiple regionalism” reflects more than simple economic determinacy and paramouncy. On the contrary, the proliferation of regional initiatives is driven in part by a more encompassing view of the nature of foreign policy and security. It is worth remembering that former US defence secretary Ash Carter described the original Trans Pacific Partnership (TPP) as being “as important as another aircraft carrier.”¹⁹ Unsurprisingly, China has been keen to promote the Regional Comprehensive Economic Partnership (RCEP), which excludes the US, in the aftermath of the Trump administration’s withdrawal from the TPP. Whether the RCEP or the reconfigured Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which also excludes the US, can revitalize regional trade remains to be seen, but China’s economic importance to East Asia in particular looks to have been furthered at America’s expense.

Such an outcome may further destabilize the established international order which seemed secure when Bowles wrote his original article. Although many observers have rightly drawn attention to the more “comprehensive” conceptualization of security among East Asian states,²⁰ an historically informed geopolitical perspective reminds us that the United States also took a more broad-based view of such issues at the height of the Cold War. The most consequential expression of regionalism—the European Union (EU)—was, after all, first and foremost an expression of the desire to shore up regional economies and strategic allies in the face of the very credible threat and developmental alternative posed by the Soviet Union and its allies.²¹

China may not have been an especially important part of this geopolitical jigsaw at that particular moment in history, but it is now. The current plethora of frequently competing regional initiatives in the broadly conceived Asia-

¹⁸ James Anderlini, “Donald Trump Is Right: China Must Play by the Rules,” *Financial Times*, 25 April 2018.

¹⁹ P. Parameswaran, “TPP as Important as Another Aircraft Carrier: US Defense Secretary,” *The Diplomat*, 8 April 2015.

²⁰ Muthiah Alagappa, “Asian Practice of Security: Key Features and Explanations,” in *Asian Security Practice: Material and Ideational Influences*, ed. M. Alagappa (Stanford: Stanford University Press, 1998), 611–676; Mark Beeson, “Security in Asia What’s Different, What’s Not?” *Journal of Asian Security and International Affairs* 1, no. 1 (2014): 1–23.

²¹ Victor D. Cha, *Powerplay: The Origins of the American Alliance System* (Princeton: Princeton University Press, 2016).

Pacific region is a reflection of the very different policy agendas and ambitions states have about what the membership and extent of regional institutions should be. In this context, it is noteworthy that the more narrowly conceived, and thus potentially more effective, Southeast Asian initiatives such as AFTA and ASEAN have been no guarantee of effectiveness or success. On the contrary, it is possible to argue that not only have Southeast Asian sponsored initiatives all been disappointing, but so have the wider regional initiatives that followed in their wake: all subsequent regional initiatives have felt compelled to emulate the so-called “ASEAN Way” of regional diplomacy to keep the sensitive Southeast Asians onside.²² Again, Bowles was entirely correct to highlight the importance of “ASEAN centrality” in this regard, but he may have under-estimated its potentially debilitating consequences.

Two issues illustrate the unhelpful consequences of the ASEAN Way. First, as noted, other institutions such as the Asia Pacific Economic Cooperation (APEC) organization and—more consequentially, perhaps—the ASEAN Regional Forum (ARF) have all succumbed to the politics of the lowest common denominator: the need for achieving face-saving consensus and the aversion to binding commitments, means that no regional organization in East Asia has been able to achieve much of substance. A number of them, such as APEC, have laboured under the additional burden of unresolved identity crises: their all-encompassing memberships and uncertain rationales and goals have added to an underlying existential uncertainty that has undermined their always modest prospects for success. Given the existence of a number of competing regional and global trade bodies (not least the World Trade Organization), this is no great loss, perhaps—except for the waste of limited diplomatic resources in an overburdened Southeast Asian region. In the ARF’s case, however, organizational shortcomings are potentially tragic: it is the only body of its sort with the notional capacity to address nearly all of the region’s growing list of security problems.²³

This second failing of the ASEAN model is nowhere more visible than within the grouping itself, which has spectacularly failed to come to terms with the rise of China as a strategic actor. In this case Bowles may have been right to suggest that the new regionalism was connected to the development of global capitalism, but not quite in the way he envisaged. Even twenty-odd years ago, few people foresaw quite what an impact “communist” China would have on the global capitalist economy, of course. But it is precisely the ability of China’s policy elite to navigate a successful course of integration into the global economy that has transformed both an increasingly

²² Mark Beeson, “East Asia’s Institutional Inadequacies and Great Power Rivalry in the South China Sea,” in *Us-China Competition and the South China Sea Disputes*, eds. Huiyun Feng and Kai He (London: Routledge, 2018), 134–150.

²³ David Martin Jones, Michael Lawrence Rowan Smith, and Nicholas Khoo, *Asian Security and the Rise of China: International Relations in an Age of Volatility* (Cheltenham: Edward Elgar Publishing, 2013).

interconnected regional economy and the PRC's place within it. The economic prospects of all of the region's economies, including Japan, are dependent on China to greater or lesser degrees, which gives the People's Republic a great deal of geoeconomic influence over its neighbours, which it has skilfully exploited in Southeast Asia in particular.²⁴

The New Regional Order

It is not just China's surprising economic importance, however, that distinguishes this era from the one Bowles described when Japan was still the dominant influence. Unlike Japan, China is not inhibited by its strategic relationship with the United States. On the contrary, the intensifying geopolitical rivalry between the US and China is having a major impact on intra-regional relations and the very construction of regional identities themselves. One of the reasons that multiple regionalism has become such a distinctive feature of the "Asian region" is because the extent of, and membership in, the region itself remains in doubt. China's support for the ASEAN Plus Three grouping, which also includes South Korea and Japan, emanates from its potential to become a vehicle for the export of Chinese policy preferences²⁵—or it did, at least. Recently, competing initiatives such as the East Asia Summit, which includes extra-regional powers such as the US and India, provides a form of balancing against possible Chinese domination.²⁶

Unsurprisingly, none of these rival regional institutions has actually amounted to much as a result,²⁷ which helps to explain the proliferation of bilateral, and minilateral trade agreements across the region—however it is defined.²⁸ Significantly, China has been at the forefront of such initiatives, striking deals with the ASEAN grouping and more recently championing the RCEP, an ambitious, broadly based vision that notably includes American allies such as Australia and Japan, but not the United States itself.²⁹ Whatever ambivalence the likes of Australia and Japan may feel about their principal

²⁴ Aaron L. Friedberg, "Globalisation and Chinese Grand Strategy," *Survival* 60, no. 1 (2018): 7–40.

²⁵ Terada Terada, "ASEAN Plus Three: Becoming More Like a Normal Regionalism?" in *The Routledge Handbook of Asian Regionalism*, eds. Mark Beeson and Richard Stubbs (London: Routledge, 2012), 364–375.

²⁶ Mark Beeson and Fujian Li, *China's Regional Relations: Evolving Foreign Policy Dynamics* (Boulder: Lynne Rienner, 2014).

²⁷ David M. Jones and Michael L.R. Smith, "Making Process, Not Progress: ASEAN and the Evolving East Asian Regional Order," *International Security* 32, no. 1 (2007): 148–184; John Ravenhill, "East Asian Regionalism: Much Ado About Nothing?" *Review of International Studies* 35, no. S1 (2009): 215–235.

²⁸ Mireya Solís and Jeffrey D. Wilson, "From APEC to Mega-regionals: The Evolution of the Asia-Pacific Trade Architecture," *Pacific Review* 30, no. 6 (2017): 923–937.

²⁹ Jeffrey D. Wilson, "Mega-Regional Trade Deals in the Asia-Pacific: Choosing between the TPP and RCEP?" *Journal of Contemporary Asia* 45, no. 2 (2015): 345–353.

strategic partner's absence in such groupings, it has clearly been subordinated to the recognition that China's economic importance compels a degree of compliance with its wishes. The efficacy of the PRC's growing geoeconomic leverage could have no clearer demonstration.³⁰ China's skilful policy of divide and rule has effectively bought the support, if not fealty, of the likes of Cambodia and Laos, and effectively nullified Southeast Asian opposition to its expansive territorial ambitions in the process.³¹

This is not to say that there has not been growing pushback against Chinese ambitions, even amongst the Southeast Asian states. In the aftermath of unexpected domestic regime change, Malaysia is proving surprisingly resistant to Chinese influence³²—or it did for a while, at least.³³ More predictably and consequentially, the United States and a number of its allies are attempting to create a new strategic order in response to the China challenge. In yet another possible variant of regional identity and logic—from which the compromised, strategically insignificant Southeast Asians are notably excluded—the unpredictable administration led by Donald Trump appears to have settled on the “Indo-Pacific” as its preferred way of thinking about complex geopolitical realities and relationships to its west. In this vision, the so-called quad states of the US, Australia, Japan, and—the others hope—India will provide a strategic bulwark against the rise of China as the region's principal indigenous security actor.³⁴

Whatever one may think about the possible efficacy of the emerging security architecture in a region that still resists easy definition, it is striking that old-fashioned strategic concerns remain so central. This would be noteworthy under any circumstances, but it is especially galling for the Southeast Asians: not only are they unable to focus collectively and fully on economic issues, but their claim to have been central to maintaining the “long peace of Asia” looks rather implausible, too.³⁵ In reality, the ASEAN states have been and remain hostage to the actions and preferences of the great powers: if China and the US decide to have a trade war, or even a war of the more traditional, military variety, there is precious little the ASEAN states, or anyone else for that matter, can do about it.

³⁰ William J. Norris, *Chinese Economic Statecraft: Commercial Actors, Grand Strategy, and State Control* (Ithaca: Cornell University Press, 2016).

³¹ Mark Beeson, “Can ASEAN Cope with China?” *Journal of Current Southeast Asian Affairs* 35, no. 1 (2015): 5–28.

³² Hannah Beech, “‘We Cannot Afford This’: Malaysia Pushes Back on China's Big Projects,” *New York Times*, 20 August 2018.

³³ Malaysia's wily leader, Mahathir Mohamad, seems to be exploiting the region's rapidly evolving geopolitical context to win a better deal from China, but one which will further entrench the PRC's influence. See S. Nambiar, “What next for Mahathir's pivot to China?” *Nikkei Asian Review*, 6 June 2019.

³⁴ Troy Lee-Brown, “Asia's Security Triangles: Maritime Minilateralism in the Indo-Pacific,” *East Asia* 35, no. 2 (2018): 163–176.

³⁵ See Timo Kivimäki, *The Long Peace of East Asia* (Farnham: Ashgate, 2014).

Concluding Remarks

One of the most surprising conclusions that emerges from a retrospective view of the new regionalism, therefore, is just how much it looks like some of the older iterations. Economic development and the creation of a facilitating institutional architecture to encourage it certainly remain priorities, but they continue to occur within a challenging geopolitical context. Expectations about the primacy of economic issues and the relative decline of strategic questions have not proved accurate. On the contrary, it is equally striking how many of the region's security problems remain unresolved, or have actually intensified. Whether it is the Korean Peninsula, the fate of Taiwan, or China's territorial claims in the South China Sea, there is much to be concerned about.³⁶ When we add the most erratic, unpredictable and unreliable American administration in recent history into the mix, the idea that we can consider economic regionalism in relative isolation from larger geopolitical questions looks rather fanciful.

None of this is meant as a criticism of Bowles' original article, which stands up remarkably well given some of the unprecedented and essentially unforeseeable changes that have swept the region and the world over recent years. The big question now, though, is whether *any* form of regionalism can have a salutary impact on economic issues, let alone geopolitical ones, when the very foundations of the old order appear to be eroding before our eyes. This is especially the case given the problems that currently afflict the EU and its consequent potential as a role model.³⁷ Bowles can't really be blamed for failing to foresee the relative decline of American power or the unprecedentedly rapid re-emergence of China; not many did. No matter how we choose to define the region, though, it is plain that we will all have to reckon with a wider array of political, economic, and strategic dynamics than we did in the 1990s if we want to try and make sense of an inherently unpredictable international order.

University of Western Australia, Crawley, Australia, June 2019

³⁶ Robert D. Kaplan, *Asia's Cauldron: The South China Sea and the End of a Stable Pacific* (New York: Random House, 2014).

³⁷ Mark Beeson and Diane Stone, "The European Union Model's Influence in Asia after the Global Financial Crisis," *European Journal of East Asian Studies* 12 (2013): 167–190.