FROM CONFLICT TO COLLABORATION: INSTITUTION-BUILDING IN EAST ASIA

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There is so much written about China these days that we sometimes forget that there is a good deal more to East Asia than one massive country. Shaun Narine’s article takes us through the fascinating and important story of the building of regional institutions in East Asia, centering on the birth in 1967 of ASEAN – the Association of Southeast Asian Nations – and its development over the past four decades. It is a story of Southeast Asian countries collaborating to promote security and increasing prosperity for their peoples while jealously guarding their sovereign independence. ASEAN has grown from the original five to a membership of ten countries, and has been the principal organization within which China, Japan and South Korea, are developing their relationships with the countries of Southeast Asia.


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INTRODUCTION

Over the past forty years East Asia has been fertile ground for the building of regional institutions in a process that has accelerated during the last decade. Today, the region is home to an alphabet-soup of inter-state political and economic arrangements, and appears to be pursuing ever greater levels of regional organization. What is driving these developments? How far may it go in the direction of greater integration of these countries? What are its implications for the structure of the global political, economic and security systems? And finally, how should Canada respond to these developments in order to remain an active and meaningful player in the region?

Asia is an indispensable part of the world’s economic and political power structure. The rise of China and India as economic powers and the strains they are placing on non-renewable resources are critical examples of the way in which Asia, by its sheer economic weight, is redefining the global order. China’s influence on the world stage is being felt well beyond Asia, most notably in Africa and Latin America, and it like India and other so-called ‘emerging powers’ is acting to shape existing multilateral institutions to further its national goals. Asian states hold more than $3 trillion in foreign reserves (most of this in US dollars) and major Asian states hold more than $1 trillion of US debt. These realities are just a few of the indicators underlining the symbiotic relationship that has evolved between Asia and the rest of the world. In light of these developments, it is important to understand the shape and purposes of institutionalization in East Asia, a region where history continues to be shaped by a mish-mash of contradictory and complementary forces, all operating at once. Economic considerations push Asian countries toward regional integration even as other economic realities lead them to compete with each other economically and in other ways. Political and military rivalries argue against closer cooperation between Asian states even

1 In this article Southeast Asia refers to the original 5 members of ASEAN - Indonesia, Malaysia, the Philippines, Singapore and Thailand - as well as those who subsequently joined the Association – Brunei, Vietnam, Laos, Myanmar and Cambodia. References to East Asia include China, Japan and South Korea.
as these rival states benefit from stronger and deeper economic ties. The institutional development that has occurred in Asia over the past decade reflects the complex interplay of these competing forces.

The following discussion examines a few of the most important institutions in the East Asian region. Asia is of course much larger than East Asia, but it is really only in East Asia that institutionalization has progressed rapidly. The focus of the following discussion is on the ASEAN, which is the linchpin regional organization. Most of the other regional organizations are offshoots of ASEAN or are linked to its structure. The other institutions to be considered are the ASEAN Plus Three (APT), the East Asian Community (EAC), and the East Asian Summit (EAS), as well as one institution outside the ASEAN family, the Asia Pacific Economic Cooperation forum (APEC).

East Asian states are building closer relations among themselves and constructing regional institutions to facilitate those linkages. The process has at times seemed halting and uncertain, but has advanced considerably over the past 40 plus years and helped to create a stable, prosperous region. East Asia will not be forming the equivalent of a European Union at any time in the foreseeable future. Too much still divides the region. But a far more coherent East Asia – perhaps one capable of acting as a unified whole, under certain circumstances - is gradually taking shape in a region that has been wracked by conflicts. The Chinese civil war ended in 1949; the Korean War ran from 1950 to 1953; war in Vietnam, in its French and then American stages, continued from 1946 until 1975; Cambodia and Laos were destabilized by the Vietnam conflict, and Cambodia was the scene of genocide in the 1970s; Myanmar has been under dictatorial rule since 1962; Indonesia’s political upheaval in the late 1960s resulted in at least 500,000 deaths. And insurgency was a problem in much of Southeast Asia during these years and remains a concern even today. It has been no small accomplishment that against this background of disputes and violence a far more coherent and peaceful East Asia has emerged.
AN OVERVIEW OF THE ASIA PACIFIC: SETTING THE HISTORICAL CONTEXT

Many observers of international politics assume that Asian institutionalism is heading – and is meant to head – towards the same end goals as the European Union. In fact, this is not the case. Most Asians do not aspire to create their own version of the EU, and even those who do see this as a goal so far in the future that it has no bearing on current events. Asian institutionalism is meant to strengthen the sovereign abilities and authority of Asian states, better enabling them to manage the forces of globalization and allowing them to hold on to their independence while advancing the economic well-being of their citizens. This Asian approach is rooted in the diversity and history of the region.

East Asia is home to hundreds of distinct ethnic groups, dozens of languages, three major religions (four, if India is included), many different political systems, and a considerable range of economic development. Dealing with internal diversity means that almost every Asian state is concerned with creating and solidifying the political, social and economic structures necessary to sustain itself as a viable state. Most of Asia is still deeply involved in state-building, a process successfully undertaken in most of Europe over centuries. If the European Community was created to “save” the nation-state in Europe, as Adam Milward argues, there was, at least, a pre-existing nation-state to save. This is not the case in most of Asia. Asians have long had organized distinctive and complex political communities, but the geographical nation-state is a new phenomenon. Even among countries that are relatively ethnically homogeneous, uncertainty about the legitimacy and stability of the government creates concerns about the fragility of the existing nation-state. Asians form regional institutions if doing so will, ultimately, enhance their state’s capacity. But they are reluctant to cede significant authority to such organizations.

East Asians’ determination to maintain and protect their state sovereignty is rooted in, and reinforced by, their historical experience. Most of Asia was heavily influenced by the cultures of China and India, though direct domination by those great civilizations was relatively limited. European colonialism beginning in the 15th
century, however, initiated a period during which East Asia was controlled and subjugated by external powers. This experience has imbued most Asian states with an acute sensitivity to their vulnerability in a world dominated by predatory powers. And this sensitivity extends to Asian powers. In the years leading up to and including World War II, much of North and Southeast Asia was controlled by imperial Japan. Cognizant of this history, they will not support organizations formed and dominated by the major regional powers. At the same time, Asia’s institutional development is limited by suspicions and competition between these regional powers.

With all of the excitement about China, it is easy to forget that Japan is still the largest economy in Asia. Despite their extensive and mutually beneficial economic relations, Japan and China remain wary of each other. Most Asian states feel that Japan has failed to accept responsibility adequately for its conduct towards its neighbours during the first half of the 20th century. These feelings are especially acute in China. The nature of Japanese nationalism has made it difficult for any Japanese government to offer an unequivocal apology to its neighbours for Japanese imperialism. The unresolved historical issues between China and Japan fan the flames of intense nationalism on both sides. The experience of Japanese colonialism also continues to colour Japan’s relations with the two Koreas. Most Southeast Asian states remain wary of Japanese power. Until Japan can resolve East Asian anger towards its historical behaviour, these countries will remain, in differing degrees, suspicious of its power. They may see a Japan free of the constraining effect of the US as a potential threat. But, ironically, Japan’s ability to lead Asia is also suspect if it cannot show that it is capable of resisting American influence and acting independently.

Southeast Asian states also view China with some suspicion, particularly because China supported communist insurgencies across the region from the 1950s to the 1970s. While benefitting from China’s involvement in their economies, they worry about competing with China’s economy in the world market and are leery of the possibility that China will use its growing power to dominate the region. China has tried to allay these fears through various political and economic
gestures, making efforts to be sensitive to the interests and perspectives of its smaller neighbours. While China has been a driving force behind Asian institutionalism, it has been careful to defer to ASEAN. Through skilful diplomacy and displaying considerable political acumen, China has been remarkably successful in rehabilitating its image in the larger region.

So long as China and Japan are unable to agree on a common vision for Asia, the efficacy of regional institutions will be limited. Even if they could agree, it is unlikely that smaller Asian states would accede to joining organizations dominated by the big powers. Again, the desire to remain sovereign entities is a paramount concern across the region. Despite these limitations, regional organizations, notably ASEAN, have played an important role in creating and maintaining the relative peace and stability of the region. Trade and investment between the East Asia states continues to increase, creating ever stronger ties of interdependence and a greater demand for effective regional structures to manage potential problems.

Southeast Asian states generally accept and encourage American involvement in the region, and see the US as performing a necessary role as an outside guarantor of regional security (though this perception has been shaken by the US “war on terror” and its designation of Southeast Asia as a ‘second front’ in that war). The willingness of the US to perform this role obviates the need for Japan to guarantee its own regional security interests, thereby keeping Japanese power in check. However, many East Asians are uncertain about the American commitment to the Asia Pacific, worry that the US seems to pay little attention to Asia, and are aware that American interests and those of the region are not always in accord. Moreover, changing US strategic interests are leading some Asian leaders to question the continuing utility of the American security presence. For example, the US has regularly encouraged Japan to re-arm and take a more active regional military role. The US assumes that it can rely upon Japan to support US regional security priorities and, so far, it has had little reason to doubt Japan’s loyalty. China is uncertain about the US ability to control Japan and deeply concerned about a US-Japan alliance that might be directed at containing China’s power.
BUILDING THE INSTITUTIONS: SECURITY AND STABILITY

ASEAN, the foundation stone of institutionalism in the Asia Pacific, was created by five Southeast Asian countries in response to intra-regional conflict and a deep concern about communism. From 1963-1966, Indonesia, led by President Sukarno, refused to accept the legitimacy of the newly-created state of Malaysia and initiated low-level aggression against Malaysia and Singapore, which had been part of Malaysia before being ejected in 1965. The Philippines was also drawn into the conflict, due to a territorial dispute with Malaysia. Sukarno was overthrown in 1966 by the Indonesian military, led by General Suharto. The new government proceeded to destroy the Communist Party of Indonesia, which it suspected of plotting a coup d’état. Hundreds of thousands of Indonesians were killed in the violence that followed.

In August of 1967, representatives of Indonesia, Malaysia, the Philippines, Singapore and Thailand met in Bangkok and established the Association of Southeast Asian Nations. They recognized their shared need to avoid conflict with each other in a region wracked by communist insurgencies, and more broadly to develop an ethos of cooperating on common objectives.

The principles set out in the Bangkok Declaration of August 8, 1967, the founding document of ASEAN, have guided its evolution through the subsequent four decades. The Declaration states that: “…the countries of SouthEast Asia…are determined to ensure their stability and security from external interference in any form or manifestation in order to ensure their national identities in accordance with the ideals and aspirations of their peoples”. The Declaration then sets out seven ‘aims and purposes of the Association’. The first speaks of accelerating “the economic growth, social progress and cultural development of the region through joint endeavors…” and the second of promoting “regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter”.

What stands out in these and other parts of the Declaration is the commitment of these countries to work together for common
objectives, while doing this ‘in order to preserve their national identities’. Those last words are strikingly different from the whole tenor of the Treaty of Rome, which was much less tentative, set out specific targets for collaborative decision in a long list of areas, and without using the words certainly implied a path towards ‘a more perfect union’. Whatever the future of the European Union may be, ASEAN started on a different path that is still central to its character. ASEAN has smoothed regional relations by committing member states to the principle of non-interference in each other’s affairs, even as they pursued economic and political development.

Ostensibly, ASEAN aspired to facilitate economic and social and other contacts between its members, but in its early years the organization accomplished little in these areas. Its real purpose was political, with a concentration on regional security, a preoccupation that has remained central to ASEAN’s concerns.

In the late 1960s and early 1970s, the security environment changed rapidly. The United States and Britain withdrew their forces from Southeast Asia or radically reduced their commitments to their regional allies. Communist insurgencies gained further momentum. In the face of this strategic uncertainty ASEAN adopted in 1971 a Declaration calling for Southeast Asia to be a “Zone of Peace, Freedom and Neutrality” (ZOPFAN).

In 1975, the Vietnam War ended and Vietnam reunified under a communist government. The five members of ASEAN, concerned for obvious reasons about the threat of a resurgent communist power in the region, met in Bali in 1976. A sign of the importance of this conference was that it was the first ASEAN meeting attended by the heads of state. Two foundational documents were issued: the Declaration of ASEAN Concord and the Treaty of Amity and Cooperation (TAC). The Declaration obligated the ASEAN states to strengthen their economic ties. The TAC committed its signatories to the peaceful settlement of disputes and non-interference in each other’s domestic affairs. Implicitly, the TAC was addressed to Vietnam and articulated ASEAN’s position on the expected norms of regional conduct.
In 1978, Vietnam invaded Cambodia (Kampuchea), violating the principle of non-intervention. ASEAN condemned the invasion, and from 1979 to 1991, played a leading role in organizing international opposition to the invasion. Because of this activism, ASEAN became well-known and respected in the international community, acquiring the reputation as the most successful indigenously-created organization in the developing world.

Perhaps the most striking evidence of the success of ASEAN as a security pact is that Vietnam is now a member, having joined the Association in 1995. (Myanmar and Laos joined in 1997 and Cambodia in 1999).

In the post-Cold War era, ASEAN has found itself, once again, responding to external events that have forced its evolution. The end of the Cold War and the loss of the unifying threat of communism had caused other Pacific states (including Canada) to call for a Pacific-wide security organization to smooth regional tensions. In 1994, the ASEAN Regional Forum (ARF) was created to answer these calls. The ARF kept ASEAN at the centre of regional institutionalism, setting the agenda for the organization. The ARF was envisioned primarily as an instrument to build trust and encourage communication between its disparate members. Over the long term, the ARF is supposed to advance through three stages of development: from the promotion of confidence-building measures to the development of preventive diplomacy, to the development of conflict-resolution mechanisms when dealing with regional security issues. The ARF is still very much in the first stage. It conducts ‘intersessional’ activities – largely networking and relationship-building exercises among officials from its member states in areas such as peacekeeping, search and rescue operations, disaster relief, maritime security, and counterterrorism. Today, there are 26 participants in the ARF and it is the most extensive security-oriented organization in the region. However, the ARF cannot, as yet, directly address many of the most critical regional security issues, such as North Korea’s nuclear program or concerns regarding China’s relations with Taiwan.
REGIONAL ECONOMIC RELATIONS
Since the 1970s East Asia has moved from a situation of conflict and insurgency to one of relative stability and security. This transformation has been an essential precondition for the region’s economic success, and ASEAN has played an important, if indeterminate, role in making this a reality.

A fundamental part of the story of Asia over the past four decades has been its many “economic miracles”. The rise of Japan, South Korea and Taiwan in the 1960s and 70s was followed by explosive economic growth across large parts of Southeast Asia in the 1980s. Since the 1990s, the story has been about the emergence of China as an economic powerhouse and its impact, both regionally and globally. In the past, Asian economic activity was directed towards the wealthy markets of the West. Asia remains closely connected to the global marketplace, but China’s development has fuelled regional growth and has done much to create an intra-Asian economy.

Economic interaction and integration within Asia has been pushed by private actors rather than government actions. Government policies have prodded regional interaction, sometimes inadvertently so. For example, the 1985 Plaza Accord between the US, Japan and other major states, revalued the Japanese yen in order to address the large trade deficit between the US and Japan. Japanese business responded to the sudden increase in the value of the yen and new restrictions on Japanese exports to the US by investing heavily in the economies of Southeast Asia, sparking Southeast Asia’s economic miracle. But specific government economic initiatives have been largely unsuccessful. Governments have provided political stability and then, for the most part, private actors have run with the economic ball. This fact has led many analysts to argue that economic agreements between Asian states are largely ineffectual and unnecessary. This has not prevented the proliferation of such arrangements, but the purposes they have served have been more political than economic.

The Asia Pacific Economic Cooperation (APEC) forum was
instituted in 1989. It was designed to create a coherent economic bloc among the states of the Asia Pacific Rim - Asian countries plus the US, Canada, Australia and New Zealand. With negotiations in the GATT stalled at the time, APEC proposed to create a liberal free trade zone that would be an example to the rest of the world. At least, this was the understanding of the Western members of APEC. The Asian members had different ideas. To them, APEC was not meant to be a legally binding structure. Instead, it should focus on developing contacts between member states and finding ways to facilitate development aid from the richer members to the poorer. To the Asians, APEC was a success simply because it held regular meetings and opened up channels of communication across the Pacific.

The differences in expectations soon became apparent. The “Western” states of APEC had expected to forge binding economic agreements that would lead to obvious economic gains. When this did not happen, they became very frustrated with the organization. In 1997, the regime stumbled and fell over the issue of the liberalization of Japanese agriculture. Western states were faced with the reality that APEC was not significantly advancing regional trade. At around the same time, the Asian economic crisis – discussed below - undermined the appeal of East Asia as an economic partner and destination. After the 2001 terrorist attacks on the US, the Americans regained an interest in APEC, hoping to use it as yet another weapon in their never-ending “war on terror”. While other states were happy to discuss terrorism within APEC, they soon soured on the Americans’ “all-terrorism, all the time” agenda. APEC has remained largely ineffective. Asians have allowed APEC to wane as they have concentrated on creating more exclusive institutions.

The ASEAN Free Trade Area (AFTA) was initiated in 1992. This was in part an Asian reaction to the emergence of regional trade groups elsewhere – in Europe, North America and Latin America – and also a response to APEC, as ASEAN members wished to ensure that APEC did not undermine their unity and ASEAN’s standing as the pre-eminent regional institution.

AFTA was meant to help ASEAN businesses prepare for competition in the larger APEC and global economic environment by
encouraging them to invest in other ASEAN states. AFTA has succeeded in eliminating or significantly reducing most intra-ASEAN tariffs since its inception, but non-tariff barriers remain a problem. There is little indication that AFTA itself has significantly affected intra-ASEAN trade. In 2006, intra-ASEAN trade was around 24% of ASEAN’s overall foreign trade. However, this figure has stayed within a few percentage points for ASEAN’s entire history. Moreover, most ASEAN businesses do not take advantage of the AFTA trading regime. Less than 5% of intra-ASEAN trade is covered by AFTA’s preferential treatment. Private actors either do not know about AFTA or consider its measures cumbersome or unnecessary.

However this does not mean that little has been happening. Members of ASEAN have greatly liberalized their trading arrangements, both unilaterally and in the context of global negotiations in the GATT/WTO. Moreover, by the middle of 2007, ASEAN members were engaged in negotiating, implementing or studying nearly 60 FTAs with other countries or regional organizations. In these initiatives, ASEAN countries are led by Singapore, which is part of 15 bilateral or multilateral FTAs and is currently negotiating 8 more. In 2002, China proposed the creation of an ASEAN-China FTA, to come into effect in 2010. Even without a FTA, ASEAN-China trade exceeded $200 billion in 2007, 3 years earlier than expected. Economic integration is taking place in Asia, but it is happening outside of the context of regional institutions.

Most of the major global powers, including Canada, have established special relationships with ASEAN. Beginning in 1972, ASEAN established Dialogue Partnerships with a number of international organizations and select states. The first dialogue partner was the European Community (1972), followed by Australia (1974), New Zealand (1975), Canada, the US and Japan (1977), South Korea (1991), China, India and Russia (1996). The early dialogue relationships were initiated by ASEAN, which understood that the technological and economic development of its members required the assistance of the developed world. To the dialogue partners, ASEAN’s members were strategically important and looked promising as emerging markets and investment opportunities. ASEAN met with its
dialogue partners individually and collectively after each annual ASEAN Ministerial Meeting. As the ASEAN economies blossomed through the 1980s and 1990s, the dialogue relationships also matured and intensified. Strategic issues became of greater importance and ASEAN’s role in the proceedings became that of an equal.

In 1997, the Asian economic crisis devastated much of East Asia, and stimulated far-reaching changes in Asian political and economic relations. The exact causes of the crisis remain the subject of debate. What is clear is that as the crisis played out, a number of significant shifts in regional political alignments occurred. The United States, which many East Asian states regarded as their major protector and economic ally, proved unwilling to do anything substantial to manage the crisis. Even worse, the US apparently took advantage of the crisis to force weakened Asian states (notably South Korea) to adopt economic reforms that favoured American interests and created opportunities for American business in the crippled region. The US blocked Japan’s efforts to create a regional fund to help the local states manage the crisis on their own.

The US used the IMF to manage the crisis, but East Asians soon came to the conclusion that the IMF was actually mishandling the problem by forcing them to adopt policies that made a difficult situation much worse. Asians were deeply angered by the apparent triumphalism of Western leaders and commentators in the face of Asian economic collapse. These commentators claimed that the cause of the crisis lay in the inherent inferiority and corruption of Asian economic management and development strategies, when contrasted with the superior practices of Anglo-American capitalism. Most Asians rejected this analysis believing, in fact, that it was the decision of Asian governments to follow the directives of Western economic actors that led to the crisis. Moreover, many Asians came to believe that the world economic system which they had bought into was inherently unstable and that the major Western powers were not interested in addressing that instability. (The recent financial meltdown in the United States, which was due primarily to poor
government regulation, adds further weight to this position).

Even as the American star began to fall in the region, China’s began to rise. When the crisis began, China (and South Korea) helped the US block Japan’s efforts to establish an Asian Monetary Fund (AMF) to address the economic upheaval. China wanted to prevent any increase in Japan’s influence. However, as the crisis unfolded and regional currencies began to collapse, China decided to leave the value of its currency unchanged, thereby preventing a competitive currency devaluation that would have proven devastating to the regional economies. Asian states saw China’s action as the mark of a true regional leader. China also provided financial support to its crisis-stricken neighbours. These actions were in stark contrast to the United States’ inaction and apparent willingness to exploit the situation.

The Asian economic crisis was a pivotal event. Whether justified or not, the crisis taught many Asian states that the US was an unreliable ally and even a predatory state which undervalued its Asian partners. The crisis weakened Japan’s regional position by demonstrating that it could or would do little to help local states, even those that were, supposedly, its economic protégées. But the crisis also opened China’s eyes to the possibilities of multilateralism and - without exaggerating the point - made Asian states more open to the possibility of Chinese leadership. In part, the explosion of East Asian institutionalism has been driven by Asian states’ desire to create a regional capacity to manage future economic upheaval. The experience of the crisis and the reaction of the Western world have convinced many Asians that they have a shared interest in managing their own affairs. East Asia remains committed to the idea of a global economy and it will not close itself off to the world. But the regional states are determined to do what they can to avoid being at the mercy of an unstable global economic system. Institutionalism has also been driven by China’s discovery of the benefits of multilateralism and its belief that it can reform its regional image and, eventually, exercise regional leadership through institutional structures that it has nurtured and supported.
The US remains the dominant power in Asia and regional states continue to encourage American engagement by allying themselves with the US as a hedge against China. However, ‘hedging’ is not ‘containing’. If the US attempted to aggressively contain China, it would find little support in most of Asia and it would undermine many of its alliances. Asian states are increasingly comfortable with China playing an important regional role.

INSTITUTIONAL DEVELOPMENT SINCE THE ECONOMIC CRISIS

Since the end of the crisis, many new organizations and agreements have been formed in the Asia Pacific. This discussion will focus on two of the most important, ASEAN plus Three (APT) and the East Asian Summit (EAS).

The most important development in regional institutionalism since the crisis (and maybe even the end of the Cold War) has been the emergence of the ASEAN Plus Three, whose membership includes the ten ASEAN states and the three great powers of Northeast Asia - China, Japan and South Korea. The APT first met in 1996, originally as a forum for the Asian countries to meet and coordinate their positions before a joint meeting with the European Union. But it was the meeting of the APT during the 1997 economic crisis that provided the regional states with an opportunity to discuss their difficulties and since then the APT has rapidly become the premier vehicle of institutional growth in East Asia.

Driven by Chinese leadership and initiatives, the APT is the sponsor of some of the most innovative and potentially important financial reforms in the region. The Chiang Mai Initiative (CMI) is a series of currency swap agreements between APT states, first instituted in 2000 and still evolving, that is meant to provide critical foreign currency to states in times of crisis. In total, more than $85 billion now falls under the auspices of the CMI. Critics point out that the funds available to the CMI, and the various restrictions placed upon those monies, mean that it would not be effective in stopping another financial crisis. However, what may be more important is that the initiative is a first step towards Asians managing their own affairs.
in a volatile world economy. It may prove to be a failed step, it may be limited in what it can achieve, but it is a step in a different and independent direction.

The Asian Bond Market Initiative (ABMI) is another nascent financial arrangement, led by Japan’s Ministry of Finance and the Asian Development Bank, taking shape under APT auspices. In 2003, central bankers from eleven Asian states announced the creation of an Asian Bond Fund of $1 billion. The ABMI is meant to create a market for regional government bonds in Asia, giving local investors lucrative financial instruments and keeping prodigious Asian savings invested in East Asia, rather than in the West. Long-term goals of the ABMI include reducing dependence on the US dollar, reducing excessive reliance on bank borrowing, and making more credit instruments available to smaller businesses.

China’s prominent role within the APT stands out as its most obvious effort at shaping the regional agenda. But China is trying to exert influence from within structures determined by other actors. It is trying to show regional states that it can be a team player and that it can follow regional rules. Through the APT, China is socializing itself to Asia. The APT is also the site of competition between China and its rivals – particularly Japan – for regional power. Over time, the APT may alleviate some of these tensions.

A further institutional development is the East Asian Summit (EAS). In 2002, the “East Asian Vision Group” (EAVG), a group of experts convened by the APT, issued a report recommending ways to foster cooperation and integration in East Asia. The report recommended (among other things) that the APT gradually evolve into an “East Asian Summit”. The long-term objective of this summit would be to create a more closely economically integrated region, based on stable political institutions. Moving far more rapidly than expected, the APT states inaugurated the EAS in 2005.

The EAS consists of the ASEAN plus Three plus three – Australia, New Zealand and India. There was considerable controversy within the APT on whether or not to include these three states. Japan supported their inclusion, in part because it wanted more democracies and allies of Washington (i.e., Australia) in a regional
grouping. India was asked to participate in order to balance China. To join the EAS, new members had to meet three conditions; have substantial relations with ASEAN, be full dialogue partners, and agree to sign the ASEAN TAC. The creation of the EAS as a separate entity means that it exists in addition to the APT, rather than being the product of an evolutionary process from the APT. The upshot of these maneuvers has meant that China has made it clear that it intends to do little business through the EAS and will continue to focus its energies on the APT.

ASEAN’s standing among its members and in the larger international community was damaged by a series of events in the 1990s and early 2000s. The organization was unable to prevent these events or manage them once they started. These included the Asian economic crisis, the conflict in East Timor in 1999, and continuing environmental disasters caused by fires in Indonesia in 1997 and later. ASEAN’s apparent impotence in the face of these major crises caused many, including its own members, to question the organization’s purpose and efficacy. ASEAN’s inability to encourage substantial political reform in Myanmar has seriously eroded the organization’s prestige and credibility with its Western partners.

In response to these setbacks ASEAN met in Bali in 2003 and put forward an ambitious vision to create an ‘ASEAN Community’ by 2015. This AC would consist of and be the umbrella for three other ‘Communities’ - for Security, Economic, and Socio-Cultural matters. The ASEAN Charter, the constitutional document of this new community, was accepted by the ASEAN first ministers in November 2007 and must now be ratified by the member states, which would give SEAN for the first time a legal personality.

Perhaps most significantly, the Charter lists among its purposes the goals of strengthening democracy, promoting good governance and protecting human rights and fundamental freedoms within ASEAN. If ASEAN actively pursues these goals, it will need to abandon its principle of non-interference, another value that the Charter – in an apparent contradiction - is supposed to promote. The Charter has already run into problems. Critics point out that it does not give ASEAN the ability to sanction its members for violations of
Charter goals. The human rights body established by the Charter has no enforcement capability. And the government of the Philippines has already warned that the Philippines’ Senate may not ratify the Charter if Myanmar does not undergo genuine democratic reform. Yet, the political compromises that have already developed around the Charter are essential if ASEAN is to survive. Indeed, efforts to make the Charter more than an aspirational document would be a certain disaster for ASEAN.

ASEAN’s bedrock principle of non-intervention in the affairs of member states also seems to be preventing the organization from evolving in a way that will enable it to deal effectively with the challenges of globalization. The ASEAN Charter, and the efforts to formalize ASEAN represented by the Charter, reflect this growing tension within the organization. Yet, the principle of non-intervention must be maintained. Many ASEAN states remain struggling states, functioning at different levels of political and economic development. If ASEAN started to cast judgment on the internal affairs of its members, it would soon fall apart under the internal pressures. If the organization began to seriously enforce human rights and democratic norms, it would rapidly disintegrate.

AN ASSESSMENT OF ASEAN IN 2008
The gap between ASEAN’s apparent aspirations and what it can realistically achieve raises the question of how to interpret Asian institutional development. If ASEAN’s stated institutional goals are so difficult to attain, the skeptical observer may ask, why is it making grand pronouncements? Why is it setting itself up for failure? This question is the subject of considerable scholarly debate and there are several plausible explanations for this behaviour. Some scholars argue that ASEAN is the foundation of a deliberate process of socialization in the Asia Pacific region. Thus, it sets norms and promotes values which gain substance over time. It is also possible that the ASEAN states recognize the importance of maintaining the institution by setting goals for the future: its leaders are comfortable with moving forward incrementally.
It may be true that global economic and political pressures require ASEAN to reform so that it can better address a more complex, interconnected world. But what is required by international reality is not, by itself, enough to create the conditions on the ground that are the necessary prerequisites to ASEAN becoming a stronger, more formal organization. The process of building functional states in the Asia Pacific will proceed at its own pace, in response to a multitude of forces.

Today, a large part of what keeps ASEAN relevant to its members and reassures them of the need for the organization is the fact that only ASEAN is politically acceptable to the great powers of the region. ASEAN was founded and is run by the weaker states of the Asia Pacific. That makes the structures created around it the ideal meeting ground for powerful states such as China, Japan and South Korea. These more powerful states cannot form East Asian organizations of their own and are left to compete for the support of the ASEAN states.

China has been particularly supportive of ASEAN’s efforts to remain at the heart of Asian institutionalism. This is part of China’s effort to curry favour among the ASEAN states. But China also strongly agrees with the norms promoted by ASEAN’s foundational documents, especially the principle of non-intervention. China’s commitment to these norms allows it to alleviate regional fears about the rise of Chinese power while also promoting the values of the traditional Westphalian system to which China subscribes. China’s support for non-intervention is one of the reasons that reform of this principle within ASEAN is unlikely.

China’s attention to ASEAN forces Japan to play the same game. Historically, Japan has been fundamentally important to the economic development of Southeast Asia and has provided the developmental model for Northeast Asia. However, it has not been active in building regional institutions. There are several reasons for this, including Japan’s reluctance to challenge American power, Asian resistance to Japanese influence, and Japan’s reliance on ‘network power’ to achieve its goals. China’s new influence has required Japan to court ASEAN much more assiduously. After China proposed the ASEAN-
China FTA (ACFTA) to ASEAN, Japan was prompted to make a similar offer (though domestic political considerations, particularly around agriculture, greatly limit what Japan can actually offer to ASEAN).

The relationship of the US to ASEAN is more complex still. The US has acknowledged ASEAN’s importance while being careful not to accord the organization too much authority. The US reinforces its own regional authority and influence by putting great weight on the bilateral security treaties that it has created as part of the “San Francisco System”. The SFS is a “hub and spokes” model of regional security, with the US at the centre of a network of military relationships. This ensures that the US remains the preeminent guarantor of regional peace and stability. The US has refused to sign on to the TAC or explicitly accept the norms of regional interaction set by ASEAN. The Americans wish to retain their own freedom of action and will not commit to rules that might restrict their use of military power. This means that the role that the US can play in regional institution-building is limited. (In 1954, the US created the Southeast Asian Treaty Organization (SEATO) but this was moribund almost from the beginning, included only the Philippines and Thailand as Southeast Asian states, and was disbanded in 1977.)

Thus, ASEAN’s institutional importance grows as the region’s major powers compete for influence. This situation illustrates the truth that leaders need followers and, in the Asia Pacific, the small states of ASEAN are the potential followers at stake. This reality gives ASEAN a political and structural influence greatly out of proportion to the objective political, economic and military power of its members. But the real limitations of ASEAN also underline the real limitations of institutionalism in East Asia. The states of the region are creating institutions that facilitate cooperative behaviour, but they are not abandoning their self-interests. They are recognizing the great advantages of pursuing their self-interests together. This allows for a great deal of regional cooperation without necessarily requiring strong and binding regional institutions.
ASEAN holds hundreds of meetings every year, bringing together officials from across the region to discuss the development of regional policies on a comprehensive range of issues. Even so, ASEAN’s record of implementation is spotty. Many of its interactions are directed at building relationships between officials which may smooth relations over important issues in the future as opposed to directly addressing issues of contention in the present. The ASEAN Secretariat remains weak, understaffed, overworked and underfunded – an indication of the extent to which its members wish to ensure that ASEAN remains subservient to their national interests.

For now and into the foreseeable future, East Asian institutions will be focused on building relations within Asia itself. The concerns of individual states will continue to feature prominently in any decisions made by regional organizations. This reality should not be understood as a weakness. East Asia has gone, in a very short time, from being a violent and unstable region to one of considerable economic and political importance. This process has been driven by economic and political self-interest, but it has been significantly assisted and facilitated by regional institutions. This is no small accomplishment, and the efforts in Asia to work towards greater collective coordination will continue.

**CONCLUDING REMARKS: ASIAN INSTITUTIONALISM AND CANADA**

ASEAN and its various institutional extensions have played an important role in smoothing over the political relations between their member states. This politically stable environment has helped to facilitate the economic development that is at the heart of Asia’s growing international presence. But Asian institutions do not have the power or authority to speak for their members. ASEAN and its offshoots are very much the instruments of their constituent parts. Efforts are now underway, particularly in the economic realm, to make ASEAN a more structured institution. The talk of building an “ASEAN Community” or an “East Asian Summit” reflects these concerns. The rise of the APT and its various offshoots indicates the
most significant efforts that Asian states are taking to shape their regional environment through collective action and plan for the coordination of efforts if faced with future economic uncertainty. But, at least right now, there is no reason to think that these new, reformed institutions will be any more authoritative than the old. Asian institutionalism is still a work in progress, particularly now as the involvement of the region’s great powers forces further organizational evolution.

Canada should remain engaged with Asian institutions, while recognizing their limitations. Canada has a meaningful seat at the institutional table. It is a long-standing ASEAN dialogue partner and a member of the ARF. ASEAN’s importance as the mediator of intra-Asian relations will probably continue to grow. From this perspective, Canada has assured access to the Asia Pacific as this region continues to weigh more heavily on the global scale. However, Canada must also pursue good relations with the regional states on an individual basis, paying particular attention to states such as China and Japan.

At present, the Canadian government has, seemingly, gone out of its way to antagonize and alienate the government of China. Exactly why Canada has been so neglectful of the largest country in the world is not clear. At the same time, there is no coherent Canadian policy on Asia. This is despite the fact that Canada, more than any other Western state, has the real potential to become an “Asian” state over the next several decades. Most Canadian immigration originates in Asia, and this trend is unlikely to change. Indeed, Canada’s burgeoning Asian population is an enormous untapped resource that could help open economic, political and social doors for Canada in the larger region.