

# East Asian Regionalism and the End of the Asia-Pacific: After American Hegemony

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The economic crisis that currently grips the world will have many consequences, not least for the US. A decade ago during the East Asian crisis, the US lectured East Asian elites on the shortcomings of 'crony capitalism' and close business relationships. Such claims look bizarrely anachronistic as the US government finds itself having to nationalise or bail-out large chunks of the domestic economy brought low by an inadequately regulated, predatory, but politically-influential financial sector. It is not just that the material significance of the US economy will be diminished as a consequence of this crisis, however, so will its ideational influence and authority. The Washington consensus centered on the dismantling of state regulation and the unfettered working of the market, had few admirers in East Asia even before the current crisis; [1] the current turmoil will further diminish its appeal and make alternatives more attractive. This diminution of the US's overall ideological and economic importance compounded by its failed wars in Iraq and Afghanistan, is likely to undermine its influence in East Asia and its standing as both a regional and a global power. One consequence of this process may be to strengthen the attractiveness of exclusively East Asian regional

organisations—especially if China's economic development continues to cement its place at the centre of an increasingly integrated regional economy. I suggest that the US's hegemonic influence over East Asia is consequently likely to decline and so is the significance of the 'Asia-Pacific' region of which it is notionally a central part.



The Washington Consensus

The paper is organised in the following way. First, I briefly outline the nature of hegemony, before linking it to some of the theoretical implications and insights that emerge from the Asia-Pacific/East Asian case in particular and the growing literature on comparative regionalism more generally. The central claim here is that 'East Asia' is – potentially, at least – more capable of fulfilling some of the key qualities of what Hettne and Soderbaum call 'regionness' ,

which seem to be essential prerequisites for the development of effective regional organisations and the necessary sense of identity and common purpose that underpins it. [2] Paradoxically, American hegemony—at least as exercised by the administration of George W. Bush— actually helped to redefine regional identities and concretise hitherto latent and unlikely regional relations. This possibility is explored in detail in the second part of this essay which examines the contrasting experiences of regionalism in East Asian and Asia-Pacific contexts, making the point that the more expansive Asia-Pacific concept has always been characterised by potentially irreconcilable contradictions and tensions. Significantly, however, ‘East Asia’ may prove a more effective mechanism for confronting contemporary challenges and, when seen in a longer historical perspective, a more authentic expression of a traditional regional order that American power may have inadvertently helped to reconstitute.

### **American Hegemony and East Asian Regionalism**

There are a number of different ways of conceptualising hegemony. While all agree hegemony is about dominance in the international system, there are very different views about what this means and how it is achieved.[3] For realists, hegemony is about material resources, principally military. In the endless quest for power that realists believe characterises the international system, hegemonic competition is cyclical and inevitable, as rising powers supplant enfeebled ones in a Darwinian struggle for survival. [4] If this was all there was to hegemony, the US ought to be in an unassailable position for the foreseeable future given its military and

technological superiority. And yet, not only can the US not impose its will in Iraq and Afghanistan, but there is plainly more to contemporary dominance than sheer brute force. This is an especially important consideration given the bloody recent history of the East Asian region and the US’s direct military involvement in it: if any region ought to be acutely attuned to a predominantly strategic calculus it is East Asia. While much of East Asia does remain preoccupied with ‘traditional’ notions of security, even here America’s strategic presence is, as we shall see, no longer as decisive as it once was.

Hegemony has an important ideational or ideological component that is realised discursively, and which can be a crucial determinant of a hegemony’s power to achieve its goals peacefully.[5] Despite their very different views about the impact of hegemony, there is a surprising amount of agreement between liberal theorists and those ‘neo-Gramscians’ who draw their inspiration from a radical, Marxist tradition about the importance of ideas and institutions in entrenching hegemonic rule. Both stress the normative and ideational component of hegemonic rule, although they differ markedly on its overall impact. For liberals like John Ikenberry, American dominance has been effective and – until recently, at least – largely unchallenged, because it offered real advantages to subordinate powers which benefited from key collective goods like a relatively stable, liberal economic system and access to lucrative US markets.[6] Critical scholars like Robert Cox, have also emphasised the importance of pay-offs for subordinates, although these have been largely confined to members of the local ruling classes, rather than nations as a whole.[7]

Both the liberal and critical perspectives highlight the potential strengths *and* weaknesses of American power: the establishment of the Bretton Woods institutions under US auspices in the aftermath of World War II plainly did entrench American power and offer potential advantages to allies as Ikenberry suggests. However, it is precisely this aspect of American power that is being undermined by its recent shift to more unilateral and/or bilateral policies, and encouraging a greater interest in regional mechanisms and strategies that could exclude the US as a consequence. This leads to an important insight developed by critical theorists: the operation and impact of hegemony is something that transcends national boundaries, and is not solely a consequence of state behaviour. Although nation-states generally and the US in particular remain the most important actors in the international system, particular sets of ideas, practices and power relations have taken on a distinctly trans-national form.[8]

This is where East Asia's nascent pursuit of regional cooperation that excludes the US becomes especially significant and interesting: while critical theorists are right to stress the importance of trans-national forces and the declining significance of strictly national political and economic structures, they have generally neglected the potential importance of regional strategies for maintaining different, non-hegemonic approaches to questions of political, economic and even strategic management and cooperation. Paradoxically, the attempted application of the most traditional forms of American military power in the 'war on terror', or through direct bilateral leverage in the economic sphere, is actually undermining its more institutionally embedded, normatively based authority and influence, and encouraging

the development of alternative, regionally-based modes of organisation. [9] Before considering how such impulses have been realised in East Asia, it is worth briefly spelling out the regional dynamics have been understood, and why an East Asian, rather than an Asia-Pacific form of regionalism is emerging.

## Regionalism

A number of factors have underpinned the 'new' regionalism that has become an increasingly prominent part of the international system since the 1980s: regional cooperation is more feasible in a less ideologically divided post-Cold War world; regional institutionalisation is part of a more generalised pattern of decentralisation in the international system; and it is one way of responding to the competitive economic pressures associated with 'globalisation'. The development of regional processes has two quite distinctive components that merit emphasis as they help to differentiate the extent and style of regional cooperation and integration in different parts of the world. A basic distinction needs to be made 'between economic regionalism as a *conscious policy* of states or sub-state regions to coordinate activities and arrangements in a greater region, and economic regionalization as the *outcome* of such policies or of 'natural' economic forces'. [10]

Andrew Hurrell has suggested a number of dimensions of regional processes that are useful in trying to assess East Asia's prospects and the contradictory impact of American power. In addition to the basic distinction between regionalism and regionalisation, Hurrell suggests that 'regional awareness', or the 'shared perception of belonging to a particular community,' is an important measure of

regional development. Significantly, he argues that regional awareness can rest on common 'internal' cultural foundations and history, or 'it can be defined against some external "other"'. [11] Although Hurrell suggests that this external other is likely to be a security threat, this does not exclude the possibility that a sense of regional identity may be consolidated by the actions of powerful external actors like the U.S. or the international financial institutions (IFIs) over which it exerts a significant influence. At the very least, it serves to remind us that the definitions of security are socially constructed and East Asian perspectives are distinctive and encompass a wider array of 'threats' than simply military ones. [12]

The other major measures of regional development Hurrell identifies – interstate cooperation and regional cohesion – are thus far not well developed in East Asia. The reasons for this are not hard to discern: in Southeast Asia in particular, the relatively recent decolonisation process, the challenges of nation-building and economic development, and concerns about the maintenance of *internal* security, have all conspired to make regional political elites especially sensitive about threats to their jealously guarded independence and sovereignty. In this regard, it is revealing that the most important and successful example of regional institution-building in the developing world – the Association of Southeast Asian Nations (ASEAN) – has been characterised by a distinctive 'ASEAN way' of managing regional affairs. [13] Consensus, voluntarism, and non-interference in the affairs of other members of ASEAN have been the hallmarks of the organisation as a consequence. Critics have emphasised the potentially self-serving and ineffective nature of ASEAN's *modus operandi*: not only has it insulated authoritarian rulers

from outside criticisms and 'interference', but ASEAN itself has little capacity to develop or enforce policy on a regional basis.[14] Nevertheless, when seen in a longer historical perspective the ultimate significance of ASEAN may have been its capacity to 'indigenise' and give political expression to what had hitherto been a fairly arbitrary geographical space.

For all its frequently invoked shortcomings ASEAN has provided a sense of identity and common purpose for Southeast Asia. Significantly, this sense of regional identity is being expanded to include Northeast Asia, as the wider East Asian region becomes a more important and institutionalised part of regional relations. [15] The precise form and extent of regional definition will be intimately associated with the specific extant forms of regional governance and intra-regional relations, patterns of relationships that are themselves expression of historically contingent circumstances. East Asia's historically close business-government relations, and the distinctive attitude to security that distinguishes much of the region, may simply be impossible to accommodate in a wider trans-Pacific grouping. Seen in this context, an organisation like APEC was arguably fatally flawed at the outset, and faced the potentially impossible task of reconciling very different perceptions about the purpose and style of intra-regional institutions. In such circumstances, a more narrowly conceived East Asian alternative with a less intrusive and legalistic format may be more attractive.

It is important to emphasise that US foreign policy is actually encouraging the development of regionally-based regimes as one part of a complex array of uni-, bi- and multilateral initiatives. [16] The crucial change here has

been in the nature of American policy. During the Cold War the U.S. was prepared to tolerate a variety of social, political and economic practices of which it did not necessarily approve - if this was the price of ensuring the consolidation of successful capitalist allies across the region. It was in this environment that many of the countries of East Asia were able to begin the state-led, export-oriented development processes that culminated in the extensive penetration of North American markets. The ending of the Cold War has freed the US from any overarching geopolitical constraints and made it less tolerant of alternative modes of political and economic organisation and more willing to directly intervene in order to change them. [17]

Nevertheless, for most of the post-World War II period, much of East Asia benefited economically from the overarching multilateral, open economic order that emerged under U.S. hegemony. In the strategic sphere, however, the picture has always been more complex and for many less benign, despite the fact that a number of countries in the capitalist camp actually benefited economically from American involvement in the wars in Korea and Vietnam.[18] The most significant consequence of the Cold War period generally, and the U.S.'s strategic orientation to East Asia in particular, was that American policy effectively divided the region along ideological lines and established a 'hub and spokes' series of bilateral alliances that made closer ties and cooperation within the region more problematic. [19] In other words, as far as East Asia was concerned, there was an in-built bias toward bilateralism, major constraints on multilateral processes, and formidable potential obstacles to any sort of regional integration. Consequently, America's strategic engagement with East Asia generally and the

continuing importance of its bilateral alliances across the region has led to widespread scepticism about the prospects for greater East Asian security cooperation. And yet the ending of the Cold War has, at the very least, raised important questions about the basic rationale for a continuing major American military presence in the region. Older patterns of intra-regional relations that pre-date American involvement are beginning to reassert themselves in ways that further undermine the idea of a more inclusive Asia-Pacific region.

To assess the prospects for an alternative form of East Asian regionalism and the potential impact American power may have in encouraging or inhibiting it, we need to distinguish between the regional initiatives in the economic and strategic spheres. While this definition is to some extent artificial, it has the merit of simplifying a complex set of issues and highlighting the key dynamics influencing regional development in East Asia.

## Economic and Strategic Regionalism in East Asia

The story of East Asian economic regionalization is complex and frequently contradictory. However, it is important to recognise that the course of regional economic integration in the post-war period has been profoundly influenced by American policy: support for Japan as the lynchpin of a successful capitalist regional order not only assured Japan's spectacular economic renaissance,[20] but the subsequent expansion of Japanese multinational corporations across Southeast Asia in particular has also had the effect of knitting the region together through complex production networks.[21] It is important to re-emphasise that the unique



dynamics of the post-war geopolitical context meant the highly distinctive and, of late, much reviled patterns of economic organisation and political practise that are so characteristic of much East Asian capitalism were tolerated because of Cold War rivalries. Whatever criticisms are currently levelled at the 'developmental states' of the region that emulated Japan, there is no doubt that they underpinned substantial long-term economic development throughout the pro-American parts of the region.[22] Moreover, the East Asian economies and the associated social and political formations that emerged in this context were not just different from the idealised 'Western' model so enthusiastically championed by organisations like the ill-fated APEC, but they also had a good deal in common with each other. In other words, there were some potential commonalities and sources of identification that might provide the basis for a nascent sense of regional identity.

The defining event in the recent history of East Asian regionalism, of course, has been the economic crisis that began in 1997. For the purposes of this discussion what is significant about the crisis is not the dynamics of the crisis itself, about which much has been written, [23] but the political response of the region. In this regard, it is evident that a number of things became apparent to East Asian leaders and a number of perceptions were commonly shared on a regional basis. First, it was widely recognised that the region as a whole was potentially vulnerable to externally generated systemic shocks over which East Asians had little control. Whether 'crony capitalists' or foreign speculators were more to blame for the crisis was in many ways less important than the implications of their intersection: East Asian political practices and economic structures were

exposed to the potentially devastating judgements of money market managers and ratings agencies from outside the region, raising fundamental doubts about the sustainability of East Asian capitalism in an integrated international economy.

The second consequence of the crisis was a widespread feeling of resentment about the highly intrusive policy interventions of the IFIs. [24] This is especially significant given the high profile role played by the U.S. in crisis management, either directly or through the auspices of the IFIs. The crisis presented the U.S. - operating through the auspices of the IMF - with a unique opportunity to forcibly impose the sort of neo-liberal reforms it had advocated for so long, but which had generally been studiously ignored throughout most of the region. [25] Even more significantly as far as APEC was concerned was its own relative invisibility and impotence throughout the crisis, and the fact that the U.S. chose to utilise the IMF rather than APEC to push its reform agenda. [26]

Thus, the most important long-term consequence of both the financial crisis and of the U.S.'s perceived role in its subsequent management may have been to encourage a more narrowly conceived form of East Asian regionalism that intentionally excludes 'outsiders' and which is effectively a repudiation of the 'Asia-Pacific' idea. As Paul Bowles observes, 'the contours of post-financial crisis regionalism are, by state design, aimed at restoring to Asia a greater degree of political power and autonomy *vis-à-vis* the rest of the world, and the US and the international financial institutions it controls, in particular'. [27] This sort of exclusively East Asian grouping had been proposed by Malaysia's Mahathir less than a

decade before, but it had been effectively vetoed by American opposition and Japanese pusillanimity. Recently, however, it has re-emerged in the form of ASEAN+3 and become the centrepiece of regional cooperative efforts and the embodiment of a regional consensus on the need for such an exclusive 'Asians only' entity.[28] Not only do a number of observers claim that there are sufficient historical, strategic, political and economic practices in common to generate a common sense of regional identity,[29] but some of the supposedly insurmountable internal obstacles to regional cooperation appear less formidable than once thought. True, Japan and China remain regional leadership rivals, but they are increasingly interdependent economically as a consequence of China's growing economic importance in the region. Moreover, the rivalry is actually encouraging a proliferation of trade agreements and negotiations with other regional players that is helping to consolidate a new East Asian regional order, one that increasingly excludes outsiders and leaves APEC and its 'Asia-Pacific' identity looking increasingly redundant. In this regard, it was highly significant and symbolic of the emerging new order that the US was not invited to the East Asian Summit that will help to determine the region's future institutional architecture and the possible development of an East Asian Community. [30]



**China, Japan, Korea Summit in Kyushu, Dec 13, 2008. Prime Minister Aso Taro and Wen Jiabao of Japan and China.**

Two aspects of these developments are worth highlighting. First, American foreign policy - both its promotion of trade groupings in North and South America, and its growing enthusiasm for bilateralism - have encouraged similar responses in East Asia. When combined with the failure of APEC and the WTO to promote multilateral trade agreements, the attraction of both bilateral preferential trade deals, and the development of a specifically East Asian organisation to facilitate intra-regional economic and political cooperation becomes more apparent. The other point to make is that, despite all the attention given to the proliferation of trade deals in the region, and to East Asia's growing intra-regional trade, it has been monetary, rather than trade cooperation where most progress has been made in developing regional cooperation.[31] This is unsurprising, however, given the impact of the economic crisis of 1997 on the region, the role played by mobile financial capital, and the adverse impact of American policy in creating the precipitating conditions for the crisis itself. [32]

It is significant that 'monetary regionalism', a process that might provide the backbone of any

closer economic ties and cooperation between Northeast and Southeast Asia, has been driven by Japan – a country with the capacity to underwrite such an initiative if a number of political and ‘technical’ obstacles to greater coordination of monetary policies can be overcome.[33] Perhaps the most significant aspect of this putative process is that Japan, normally the deferential client of its American protector, has asserted itself on its own behalf and as a champion of ‘Asia’. As Katada points out, both Japan’s proposal for an Asian Monetary Fund (which was initially squashed by the U.S.), and its attempts to boost the use of the yen in the region are designed to improve Japan’s position at the expense of the U.S. and insulate the region from external predations:

..Japanese policy makers...became more interested in taking a leadership role to define and strengthen regional monetary cooperation in reaction to the way the United States and the IMF handled the Asian financial crisis ...The idea behind these monetary initiatives is to reduce or balance Asian countries' current heavy reliance on the US dollar. Both of these initiatives appear as a large step towards the institutionalization of Asian economic regionalization in a pure "Asian" form rather than an "Asia-Pacific" one (which would include the major presence of the United States). [34]

The most significant attempt to consolidate this process thus far has been the ‘Chiang Mai Initiative’ (CMI) of May 2005, which agreed to establish a set of currency swap arrangements between participating countries in the region, as an insurance mechanism for distressed economies in future crises. [35] The long-term significance of this development is unclear at this stage but a couple of points are worth making. First, the CMI occurred as an off-shoot of the ASEAN+3 grouping and potentially consolidates and gives practical expression to an East Asian identity. Sceptics have been quick to point out that there has been ‘considerable talk but little action’ in developing these mechanisms.[36] But, as T J Pempel points out, given the depth of historical animosity that exists between Japan, Korea, and China, the fact that they have participated in ‘relatively intimate and institutionalised regional organisations may portend enhanced potential for cooperation among the powers of Northeast Asia’.[37] The second point to make is that, as Jennifer Amyx observes:

Despite the seemingly insurmountable problems presently impeding the transformation of the CMI into something that might be regarded as an Asian monetary fund, the simple *process* of negotiating and concluding the bilateral swap agreements has had a major impact on the ability of countries in the region to fend off future speculative attacks by giving rise to dense networks of communication between central bankers and finance



ministers in the region – networks that did not exist at the time of the Asian financial crisis. [emphasis in original] [38]

The picture that emerges in the economic domain is, therefore, complex and evolving, but one with a clear integrative dynamic at both a political and economic level. While the tangible consequences of ASEAN+3 and the CMI may be limited as yet, the very fact that they are occurring at all should not be underestimated. After all, who would have imagined fifty years ago that Germany and France would become the central pillars of the European Union, or that something as unpropitious-sounding as the European Coal and Steel Community might be its springboard? Crucially, of course, the US played a decisive, geopolitically-motivated role in actively encouraging such an outcome – unlike American foreign policy in post-war Asia. [39] What we appear to be witnessing at present is a return to something akin to the logic of Cold War era in which the US is self-consciously linking economic and strategic outcomes. In this case, the U.S. has made the prospect of bilateral trade deals and continuing access to critically important American markets contingent on support for its wider strategic objectives in the ‘war on terror’. [40] An examination of the patterns of American engagement with the region suggests that such a move, while far from unprecedented, is likely to have unpredictable but generally negative implications for the idea of an Asia-Pacific region.



ASEAN+3

## Regionalism and security

No region was more affected by the Cold War than East Asia. True, Europe may have been the epicentre of the super-power stand-off for much of the Cold War period, but this did not erupt into major conflict as it did in Asia. Like Europe, though, the super-power rivalry in East Asia created ideological divisions that effectively split the region into pro-and anti-American camps. This potential for intra-regional cleavage was reinforced by American strategic policy. The ‘hub and spoke’ security architecture that the U.S. constructed in much of East Asia was predicated on a series of bilateral relationships that made the establishment of intra-regional relations within East Asia inherently problematic. Indeed, it is important to recognise that the U.S.’s preference for bilateral security relations was not simply a functional consequence of the divided and unstable nature of the East Asian region, as some have argued, [41] but a key element of its overall grand strategy. In other words, as Michael Mastanduno points out,

since the United States does not want to encourage a

balancing coalition against its dominant position, it is not clear that it has a strategic interest in the full resolution of differences between, say, Japan and China or Russia and China. Some level of tension among these states reinforces their individual need for a special relationship with the United States. [42]

Against an established backdrop of American strategic involvement in the region that is expressly designed to keep East Asia divided and its security orientation firmly oriented toward Washington, the prospects for a more exclusive, East Asian mechanism with which to manage regional security concerns might seem bleak. And yet an examination of the historical record and the impact of the U.S. 'war on terror' suggests that the prospects for a more exclusive regional order are not as remote or unprecedented as some observers believe. Even in Northeast Asia, which has the most entrenched divisions and historical animosities, the increasing interest in and push toward regional cooperation is in the view of one seasoned observer, 'a realistic response to the rise of US unipolarity'. [43]

And yet, the conventional wisdom has it that a region that contains two great powers like China and Japan which are competing for regional leadership, which have fought a major war in living memory, and which have enduring misgivings about each other as a consequence, is hardly a recipe for regional cooperation and harmony. When combined with a modest record of achievement in, and capacity for, managing regional security issues independently of extra-

regional powers, East Asia, it is suggested, looks 'ripe for rivalry'. [44] However, an increasing number of observers are questioning whether Asia's future will inevitably replicate nineteenth century Europe's past, and whether the region is necessarily as unstable and prone to conflict as such realist analyses imply. [45]

While there is great scepticism about the capacity of both the ASEAN, and the security organisation it spawned – the ASEAN Regional Forum (ARF) – to manage effectively a number of pressing issues, [46] a focus on substantive 'outcomes' may miss more subtle processes of socialisation and identification that are steadily transforming perceptions within, and of, the region. Although ASEAN may have originally emerged as a defensive response to the actions of extra-regional powers during the Cold War, its very endurance has given political expression and an increasing sense of identity to what was hitherto a rather arbitrary geographical space. It is also worth noting that there has been no direct conflict between ASEAN members since its inception – an achievement for which ASEAN can take some credit. [47]



**ASEAN Regional Forum leaders meet in 2008**

The ARF is to security what APEC was intended to be for economics: a multilateral vehicle to manage 'Asia-Pacific' concerns. [48] Like APEC, the ARF has a membership that includes the original ASEAN nations, their Northeast Asian neighbours, China, Japan, and South Korea, as well as the U.S., Russia, and Australia. Like APEC, it should be well placed to manage regional security issues, as it includes the key regional players involved in potential flashpoints. But like APEC, the ARF is divided between those countries such as China and most of the ASEAN nations which prefer consultation and non-binding discussion, and the 'Anglo-Americans' who favour problem solving and practical confidence building measures. Given that the original subtext of the ARF was to develop a mechanism that might socialise China into 'good' behaviour and make it an institutionally constrained, stable and predictable member of the regional community, there is a certain irony in the fact that China may ultimately become a source of regional stability and security that is exclusively East Asian. At a time when both APEC and ARF norms are considered by some to be 'dysfunctional' and in need of replacement,[49] it is not impossible that East Asians will look to develop their own norms and practices that accommodate regional realities like the rise of China.

This prospect is not as unlikely as it once was. Despite some initial misgivings, China has been rapidly incorporated into an array of multilateral institutions at both the regional and global levels, and its political elites do, indeed, appear to be undergoing an extensive socialisation process of precisely the sort many in both Southeast Asia and the U.S. desired. [50] Yet despite – perhaps, because of – the increasing sophistication of Chinese foreign policy, this is

likely to consolidate an East Asian, rather than an Asia-Pacific identity. China's assiduous wooing of its ASEAN neighbours, combined with its growing strategic and economic importance in East Asia, are giving China a centrality in regional affairs that may ultimately restore an order that prevailed for hundreds if not thousands of years. As David Kang has persuasively argued, 'When China has been strong and stable, order has been preserved. East Asian regional relations have historically been hierarchic, more peaceful, and more stable than those in the West'. [51] It is highly significant that, as David Shambaugh points out, 'most nations in the region now see China as a good neighbour, a constructive partner, a careful listener, and a non-threatening regional power'; consequently, 'the structure of power and the nature of the regional system are being fundamentally altered'. [52] In other words, not only is there no inevitability about the form that international relations may take in East Asia, contrary to what much realist scholarship might have us believe, but it is entirely possible a different, regional order centred on Chinese rather than American power may re-emerge. This is especially the case as China's growing economic importance to the region, and its own increasing interdependence with and reliance on the rest of the region, makes it potentially a centre of regional stability and growth, rather than destabilising insecurity. [53]

The key regional obstacle to China assuming this role is Japan. Japan's own regional leadership ambitions, combined with an increasingly close security relationship with the US under the Koizumi government, [54] seem to preclude regional cooperation. Indeed, when combined with Koizumi's apparent indifference to regional sensitivities about Japan's war-time record, the prospects for greater East Asian

cohesion and autonomy look rather dim. However, there are long-term underlying national and regional dynamics that may undermine the US's position and force an accommodation with China. On the one hand, it is clear that there is significant popular concern in Japan itself about America's role – something highlighted by continuing tensions over the troop deployments in Okinawa, deep divisions over US pressures to deploy SDF in the Middle East war zone, and the popularity of nationalist political figures. On the other, the sheer magnitude of the economic links and the expanding personal interactions they necessitate between China and Japan may be compelling a rapprochement between two powers that simply cannot live without each other [55] – despite the nationalistic bluster on both sides. In this context it is significant that bilateral relations have improved significantly since Koizumi's departure from office, with China and Japan agreeing in principle to jointly develop disputed potential oil and gas deposits in the East China Sea. [56]

Elsewhere in the region American policy generally and the 'war on terror' in particular have eroded popular support for the U.S. even more dramatically.[57] That enthusiasm for the U.S. in Islamic Indonesia might plummet as a consequence of the U.S.'s increasingly unilateral, for-us-or-against-us policy stance in the 'war on terror' is perhaps predictable enough. What is more surprising is that the U.S.'s frequently heavy-handed, uncompromising approach, when combined with a frequently unsophisticated understanding of, or apparent disregard for, Southeast Asia's particular difficulties, may actually have encouraged further opposition to its policies. Moreover, there is a good deal of scepticism about American policy in the region, even

amongst supporters of the war on terror, as US policy appears to be equally preoccupied with countering Chinese influence in Southeast Asia – a concern that is not widely shared in the region.[58]

The other issue that may be effectively creating a divide, or at least a growing sense of difference, between the East Asian and North America sides of the Asia-Pacific is the growing realisation that, while the hub and spokes architecture that the U.S. continues to dominate may further American grand strategy, it is not necessarily helpful in resolving specific East Asian problems or promoting greater regional cooperation. As Muthiah Alagappa points out, it is striking that 'the development of international society has made the greatest progress in a subregion - Southeast Asia - after American disengagement and has made much less progress in a subregion - Northeast Asia - where the United States has continued to be engaged most heavily'. [59] Not only has Southeast Asia been able to foster a sense of regional identity in the absence of direct American engagement - with no obvious loss of security or stability - but American policy has made little progress in resolving the East Asian region's most intractable and dangerous confrontation on the Korean peninsula. Indeed, Alagappa argues that American troop deployments across Northeast Asia may actually be making the resolution of stand-offs in North Korea, and between Taiwan and China, more difficult to resolve. Like Kang, Alagappa concludes that 'the consequences of American disengagement- may not be as disastrous as posited'. [60]

Such a possibility is still quite unimaginable for many policymakers and commentators around the region. Yet it is becoming increasingly less controversial to suggest that China's rise will

inevitably draw Southeast and Northeast Asia into 'a single East Asia regional security dynamic'. [61] If the 'Korean problem' can be resolved satisfactorily, if the status quo prevails in relation to Taiwan, if Japan and the rest of the region remain comfortable with the inevitability of a more powerful China and do not seek to 'balance' its ascendancy in the manner much Western scholarship predicts – all clearly big 'ifs' – then it is not obvious what justification or support there would be for continued American troop deployments across the region, or even a security architecture that continues to revolve around Washington rather than Beijing. In such circumstances the Asia-Pacific would become the emptiest of signifiers, and the US would be deprived of a potentially important institutionalised link to the countries of East Asia.

Confirmation that the idea of an Asia-Pacific region as either a source of identity or as the basis for regional, institutionalised cooperation may be past its use by date can be found in the rapid move toward greater regional cooperation along East Asia lines. The emergence of ASEAN+3 is clearly the most potentially important initiative in this context, and it is significant that its development has actually been accelerated by American foreign policy. [62] Moreover, there are potentially enough historical, political and economic commonalities across the region to provide the basis for a sense of common purpose and identity, [63] in a way that APEC plainly has not. More fundamentally, perhaps, in the all too likely event that ASEAN+3 fails replicate the European experience and develop close, highly institutionalised relationships, this does not improve the prospects for 'Asia-Pacific' based institutions or the inclusion of the US as an institutionalised part of East Asia. While sceptics

may be right to draw attention to the leadership problems faced by both Japan and China, the comparatively modest levels of economic integration in East Asia, and the continuing importance of the United States strategically and economically, when seen in a longer time frame it is the degree of change that has already occurred that is striking. Given the formidable obstacles East Asian cooperation faces, the fact that *any* progress has been made is remarkable, noteworthy, and of potentially greatest long-term significance.

## Concluding remarks

The intrusive, heavy-handed and unilateral style of the Bush administration made life difficult for even the staunchest of allies, and made the creation of regional mechanisms to off-set American power more attractive; this was 'balancing' of a sort, but its greatest long-term significance may prove to be that it is happening through regionally based institutions, rather than individual states. Paradoxically, therefore, the legacy of the Bush administration may be that U.S. foreign policy effectively undermined the multilateral, trans-national basis of American power by encouraging the creation of regionally based groupings with which to represent and protect local interests. Significantly, some of the most important recent initiatives deliberately excluded the US as part of the emerging East Asian institutional architecture. But this does not mean that multilateralism is necessarily in overall decline. On the contrary, the international system will continue to be distinguished by high-profile, multilateral regimes and institutions – like the WTO – that operate at the most encompassing of international levels, but they look likely to be increasingly supplemented, if not opposed by, regionally based institutions and organisations.



Two recent developments are likely to determine the future of both the US's relationship with East Asia and the course of institutional development within the region; indeed, they are likely to determine how the region is actually defined. These developments are, of course, the recent election of Barack Obama and the economic crisis that had its origins in the US. At first blush we might expect that the election of Obama might repair some of the damage inflicted by the Bush regime [64]—indeed, it is hard to imagine how the Obama administration could be less effective than its predecessor. It is even possible that the new administration could inject new life into moribund organisations like APEC. After all, APEC ought to be well placed to provide a bridge between the key actors on the unfolding crisis and economic management is supposed to be its *raison d'être*. To judge by APEC's historical record, however, it is unlikely to rise to the challenge without an unprecedented injection of enthusiasm on the US's part.

But there is an even more fundamental reason for wondering whether even the Obama administration can—in the short term, at least—restore the US's standing in East Asia. One of the great ironies of the present situation is that the US—after many years of lecturing East Asian elites about the supposed shortcomings of 'crony capitalism' and state intervention—now finds itself at the epicentre of a global economic crisis. At the very least, the legitimacy and moral authority of the 'Washington consensus' looks to be fatally damaged. Not only is the US's ideological influence likely to be diminished, but so, too, is its material importance to the region. East Asia was already becoming less economically dependent on the US; [65] the current crisis is likely to accelerate this process. It is not

unreasonable to assume that the US's influence over, and importance to, East Asia will continue to decline as a consequence of recent events. [66]

It is, however, far from clear whether China will be able to play the sort of economic role that the US has done, much less act as a unifying political or ideological force in the region. China has already been badly affected by the crisis and the portents are not good. [67] Whether it can even maintain domestic stability is uncertain at this stage. If China's developmental project is derailed by the current crisis then this may well have negative consequences for any sort of regional initiatives, so there is little that can be usefully said about such a potentially cataclysmic event. If China's development continues, though, it is difficult to imagine a regional economic or political configuration without China at its centre. China's enhanced economic importance will consequently make East Asian forms of political cooperation more compelling—even for the likes of Japan. All other things being equal, therefore, if East Asia continues to collectively develop with China at its centre, it is difficult to see how this won't encourage a consolidation of East Asian institutions. Whether they will be capable of dealing with the intimidating range of problems the region faces is quite another question.

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*This is a revised, expanded and updated version of an article that appeared in Geopolitics. Posted at Japan Focus on January 10, 2009.*

*Recommended Citation: Mark Beeson, "East Asian Regionalism and the End of the Asia-Pacific: After American Hegemony" The Asia-Pacific Journal, Vol. 2-2-09, January 10, 2009.*

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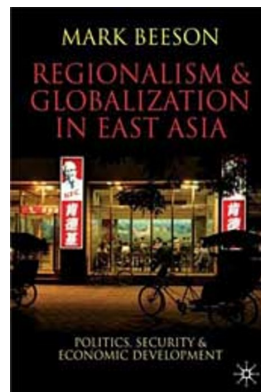
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