

## **“East Asian Regionalism in a New Global Context: Balancing Representation and Effectiveness”**

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I begin with my title and my intention: My title is “East Asian Regionalism in a New Global Context.” My intention is to take up, however cursorily, the three elements in this title in reverse order: the present global situation, the nature and uses of regionalism, and an assessment East Asian regionalism in these contexts.

I will then consider the question implied by my subtitle: In evaluating and improving regionalism in East Asia, what balance should be struck between representation and effectiveness—between the number of participants and their ability to get good things done? In light of the novel role that has been assigned to the Group of Twenty (G20) in the new global context we now face, I will use this grouping as an entrée into these key dimensions of regional organization. As for the “new global context,” by that I mean the American financial crisis of 2007 that turned into a global economic crisis in 2008 and is now challenging policymakers throughout the world.

It is foolhardy to reach conclusions about a storm before it has passed. Nevertheless, it seems likely that several things are true about this crisis as it relates to regionalism and East Asia.

### **What should be said about the present global crisis?**

First, globalization is not a one-way street. Tom Friedman is wrong; the world is not flat. If the internet has made political borders porous, the present crisis could foster economic nationalism and thus thicken them again. Nayan Chanda is also wrong. Just because globalization began in precolonial Asia—Cheng Ho, the Silk Road, and all that—does not mean that Asia will be always and increasingly globalized.<sup>1</sup>

The World Bank expects world trade to shrink by at least five percent this year. The World Trade Organization’s guess, a decline of three percent, is only slight less pessimistic. Whatever the correct estimate may be, no one can still plausibly argue that globalization is irreversible.

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<sup>1</sup> Cf. Thomas Friedman, *The World is Flat: A Brief History of the Twenty-first Century* (New York: Farrar, Straus and Giroux, 2007), and Nayan Chanda, *Bound Together: How Traders, Preachers, Adventurers, and Warriors Shaped Globalization* (New Haven, CT: Yale University Press, 2007).

Second, although globalization may be ebbing, the proposition that the two sides of the Pacific Ocean are decoupled has been exploded as a myth. When the US sneezed in 2007, East Asia caught the cold that is now raging around the world. Mahathir was wrong. Notwithstanding the large and magnetic economies of China and Japan, East Asia cannot do without the West.

Third, as was true of the fallout from the Asian Financial Crisis, this crisis will affect different countries differently. Indonesia has a large internal market. The Indonesian economy has benefited from falling oil prices. Two days ago in Jakarta I saw a light-hearted bumper sticker that read: “WHAT RECESSION?” Meanwhile the GDP of tiny, extroverted Singapore, long touted as the most globalized economy on earth, continues to plunge. (Compare this with the recent *Newsweek* cover headline you may have seen: WE ARE ALL SOCIALISTS NOW.<sup>2</sup> No, we’re not.)

The fallout from the current crisis will also be, to varying extents and in different ways from place to place, political. It is unlikely that five years from now we will be able to look back on this crisis and say that no government fell or was reshuffled because of it.

Fourth, apocalyptic thinking will be simultaneously fashionable and hyperbolic. Last week the dean of the Russian foreign ministry’s school for future diplomats predicted that because of the economic crisis President Barack Obama will order martial law but the US will nevertheless collapse next year and split into six different countries.<sup>3</sup>

Fifth, insofar as the Obama administration maintains its initially multilateralist vocation, solutions to the economic crisis will become less difficult than they might have been under Bush. (It is both striking and encouraging that the first-ever visit of an American secretary of state to the headquarters of the Association of Southeast Asian Nations was made by Hillary Clinton in Jakarta last month.)

### **What does this crisis mean for East Asian regionalism?**

First, as I have already implied, it means that governments that are lucky enough to have large domestic markets to prime as replacements for lost overseas demand will be domestically preoccupied. Some of these governments may be tempted to cross the line between stimulating domestic markets and protecting them.

Second, the crisis implies the likely activation of regional frameworks that could play a role in alleviating the effects of the crisis in East Asia. Cases in point include the Chiang Mai Initiative, ASEAN Plus Three, and the economic buffers these networks have put in place.

It also means that the meetings of the Asia Pacific Economic Cooperation (APEC) forum coming up in mid-November 2009 will be used to coordinate remedial steps and packages that are trans-Pacific in nature and thus will not simply leave East Asians to their own East Asian devices. President Obama’s presence in Singapore—barring the unforeseen, he should be there—will be manifest evidence of Washington’s desire not to

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<sup>2</sup> *Newsweek*, 16 February 2009.

<sup>3</sup> “Russian: U.S. Will Split Apart by 2011,” *USA Today*, accessed 13 May 2009.

let a putative East Asian Community turn inward, but to locate East Asian cooperation within a larger, trans-oceanic frame.

Third, the crisis will deprive both national governments and regional organizations of the wherewithal to pursue costly regional initiatives whose benefits to individual states are indirect, or long-run, or both. Environmental initiatives in particular may suffer for this reason.

Fourth, as individual governments are tempted to pursue policies that might beggar their neighbors, by discriminating in favor of domestic firms and against unfettered immigration, and conceivably even by devaluing their currencies, inter-state tensions may at least modestly slow progress toward regional integration.

Fifth and obviously, but worth emphasizing, the East Asian effects of the crisis will depend on its severity and duration and on how it interacts with distinctively local conditions.

### **How should one approach regionalism as a project?**

East Asian regionalism should and will have a role to play in helping the world exit this crisis. But that constructive role can only be performed if the ongoing critique and reinvention of regionalism—the sifting, tasting, and tweaking of the alphabet soup whose acronyms include the APC (Australia’s proposed Asia Pacific Community), APEC, APT (ASEAN Plus Three), the ARF (ASEAN Regional Forum), ASEAN, the CMI (Chiang Mai Initiative), and the EAS (East Asia Summit) among others—is geared to three criteria in this order of importance:

The search for a **solution** must come first. Then one must determine what concrete **contribution** each participating state or organization will make. And only then should one be thinking in terms of mere **representation**, by which I mean the inclusion of this or that country not because of its ability to help provide a solution, nor because of its ability to make a contribution toward that solution, but only for the sake of being inclusive.

The trade-off here is between effectiveness and representation. The future of Asian Pacific regionalism lies in the ability to develop arrangements, networks, and organizations that are effective—meaning that they should be just representative enough to ensure basic legitimacy but not so representative as to undermine effectiveness and ensure stagnation let alone paralysis.

ASEAN is a good example of the trade-off between effectiveness and representation. The enlargement of ASEAN to include all ten Southeast Asian countries certainly served representation. But expansion for the sole sake of geographic inclusion undermined the organization’s effectiveness by reducing what it could accomplish to what the least willing and able member was willing to contribute (or, on human rights, to tolerate).

In contrast, the Chiang Mai Initiative and ASEAN Plus Three have done fairly well in meeting my criteria. The countries that belong to the multiple working groups and networks engendered by these entities have been chosen mainly because they can actually generate solutions, contribute to them, and be expected to abide by them, at least

compared with countries whose inclusion could only have been justified on representational grounds. In and of itself, of course, even a relatively effective form of regionalism is an insufficient response to a crisis that is global in scope.

### **What can the Group of Twenty (G20) tell us about organizing regionalism?**

Often overlooked in the contrast between regionalism and globalism is a potentially important form of cooperation that is in geographic terms neither regional nor global. In this sort of multilateralism, a small and selected number of countries that could be located anywhere are invited to sit around a table and address specific problems. Those present are presumed to act with the authority not to compel but at least to influence the larger world, including the many countries that are not represented at the table.

Consider, in this organizationally innovative context, the second G20 summit scheduled to convene in London on 2 April 2009. Originally limited to finance ministers and central bank governors, this arrangement was upgraded in 2008, in response to the global economic crisis, to include a meeting of the heads of state or government of the nineteen member countries plus a representative of the European Union.

What distinguishes this G20 first is what it is not. It is not the G7 or the G8. Its size is more than double theirs. But it is also not as large as many regional organizations, including APEC and the ARF. Nor is it global in composition, being nowhere near the size of the IMF, the WTO, or the UN.

This G20 does, nevertheless, encompass what are (with a few anomalies) the world's largest economies. Thus, among ASEAN countries, only Indonesia is represented in the G20. The assumption is that the largest economies will be able to contribute most to an actual solution to the crisis.

In that context, Indonesia should not be satisfied merely to be invited to London. The government in Jakarta will need to justify its inclusion by demonstrating its ability to help ameliorate the global crisis. To that end Indonesian authorities will need to consult with their ASEAN colleagues and come up with ideas, priorities, and proposals that President Susilo Bambang Yudhoyono can contribute to the mix of remedies to be considered in London.

Effectiveness and representation are not mutually exclusive. Consider this quote from the G20's website, relevant portions of which I have bolded:

The G-20 was established in 1999 and reflects the diverse interests of the **systemically significant** industrial and emerging-market economies. ... It has a high degree of **representativeness** and legitimacy on account of its geographical composition (members are drawn from all continents) and its large share of global population (two-thirds) and world GNP (around 90 per cent). The G-20's broad **representation** of countries at different stages of development gives its consensus outcomes **greater impact** than those of the G-7. ...

[Nevertheless,] in a forum such as the G-20, it is particularly important for the number of countries involved to be **restricted and fixed** to ensure the **effectiveness** and continuity of its activity. There are **no formal criteria** for G-20 membership and the composition of the group has remained unchanged since it was established. In view of the objectives of the G-20, it was considered important that countries and regions of **systemic significance** for the international financial system be included. Aspects such as geographical **balance** and population **representation** also played a major part.<sup>4</sup>

### **Is it time to rebalance, toward effectiveness, how we think about regionalism?**

At first glance, it would seem that the G20 wishes to have its cake and eat it too: to present itself as magnanimously combining **both** effectiveness and representation. Yet these quotes also imply tensions between these two criteria. Note that effectiveness (as opposed to mere impact) is associated with restricted membership based on operational significance in the global economy. Representation, in contrast, is seen to involve geography, demography, and balance—that is, inclusion.

Nor is the G20 neutral between these two different standards—effectiveness and representation. The fixed and unchanging composition of the Group precludes expansion, preventing further gains in representation that might amount to losses of effectiveness. The G20's frozen composition (frozen for now at least) also maximizes continuity over time, which also facilitates effectiveness insofar as turnover might encourage irresponsibility on the part of new entrants who would have to be socialized into the Group's assumptions and purposes. At the same time, the risk of groupthink is mitigated by the political diversity of G20 countries and the electoral alternation of administrations in those that are democratic.

Is it wise for the G20, by its own acknowledgment, to lack formal criteria for membership? The absence of such benchmarks might seem to expose the Group to the charge of being an arbitrarily elitist club that makes up its own rules as it goes along. Yet the lack of explicitly stated requirements that its members must have met in order to belong also forestalls the charge of hypocrisy against the organization for not having applied them consistently. And that advantage benefits effectiveness over representation—by favoring the subjective and debatable but policy-consequential criterion of “systemic significance” over an objective and therefore less controversial but also less policy-influential yardstick such as demographic size.

This is not to exaggerate the effectiveness of the G20 in responding to the global economic crisis. (A judgment on that score cannot yet be made.) Nor is it to deny the representational aspect of recruitment to the Group, namely, its emphasis on economically large countries. (Financially experienced and expert authorities in Singapore, for instance, could argue that if effectiveness really were the guiding criterion for G20 membership, they and not their Indonesian counterparts would comprise the Group's one Southeast Asian delegation.) My purpose is rather to highlight and defend

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<sup>4</sup> “About G20: FAQ,” G-20 United Kingdom 2009, [https://www.g20.org/about\\_faq.aspx](https://www.g20.org/about_faq.aspx), answers 3 and 5.

the importance of effectiveness in assessing, shaping, and innovating regionalism in East Asia.

### **Is it time for empirical work on optimal representation for regional effectiveness in East Asia?**

Intriguing in this context is the Asia Pacific Community proposed by Australia. Although its likely membership is still fluid, the APC would appear in most accounts to be limited to perhaps eight countries. In this respect it would resemble a regional equivalent of the global G7 or G8, that is, with its membership restricted to only “systemically significant” governments that could substantially affect the security or insecurity of Asia. If an APC really does take shape, it will likely do so in part due to impatience over the ASEAN Regional Forum. The case for an APC would thus rest on a critique of the ARF—that the Forum’s larger membership has made it more representative but less effective than an APC would be.

Again, my point is not to endorse the accuracy of this causal argument from representation to failure. It is to urge a careful, empirical, and unbiased evaluation of the reasons why the ARF has not been able to move beyond mere confidence building to engage in preventive diplomacy let alone to go still farther and achieve the Forum’s ultimate goal of conflict resolution. Indeed, I find it amazing that the existing and endlessly discussed “regional architecture” in Asia still has not been exposed to a rigorous evaluation of its success or failure.

Nor am I denying a positive correlation between representation and effectiveness. How likely is a government to carry out the decisions of an organization of which it is not a member? Is it not reasonable to believe that representation generates the very legitimacy without which effectiveness is not possible?

Yet these questions are hardly as rhetorical as they seem. Pending systematic evaluative research, the most plausible hypothesis in my view is that, other things being equal, representation has a curvilinear relationship to effectiveness. Up to a certain optimal ratio of members to non-members, representation can enhance effectiveness by increasing an organization’s legitimacy and the concomitant willingness of relevant actors to implement or abide by its decisions. Increasing that ratio beyond this optimum, however, can reduce effectiveness by making it harder to reach and implement high-quality decisions—or, at some level of inclusiveness, to make any nontrivial decision at all. At some point, diversity can induce deadlock, and once that occurs, whatever legitimacy was originally gained by expanding the membership can be lost through the organization’s failure to perform. (I include in that failure the inability of ASEAN to change the behavior of its most egregious and embarrassing Burmese member.)

Perhaps I underestimate the importance of identity over problem-solving as a rationale for regionalism in East Asia. Even Canberra felt obliged to render its contribution to the alphabet soup as an Asia Pacific *Community*. But representation alone is insufficient to create a regional identity. Nor, in conclusion, should the creation of a regional identity take precedence over the solution of problems that continue to limit the life chances of regionalism’s ultimate constituency—the billions of people who live their lives in Asia.