

# The United States between Europe and Asia Globalization, Regionalization, and Hegemonic Policy

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*Document Version*  
Final published version

*Publication date:*  
1996

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*Citation for published version (APA):*  
Ougaard, M. (1996). *The United States between Europe and Asia: Globalization, Regionalization, and Hegemonic Policy*. Institut for Interkulturel Kommunikation og Ledelse, IKL. Copenhagen Business School. Working Paper / Intercultural Communication and Management No. 17

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## **THE UNITED STATES BETWEEN EUROPE AND ASIA: GLOBALIZATION, REGIONALIZATION, AND HEGEMONIC POLICY**

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### 1. Introduction

"America needs to act not from the belief that we are and can remain dominant, but from an understanding of how we can be effective in circumstances in which we no longer are."<sup>1</sup>

This is the concluding remark in a 1992 book on the challenges faced by American foreign policy in "the next security system", marked by the end of the cold war, a changed distribution of economic power between the U.S., Japan and Europe, and by new modes of economic competition in an increasingly internationalized and globalized world economy.

The words used in the quote to capture the essence of the present situation from an American policy perspective reveal an implicit theoretical question. The challenge is to maintain effectiveness when no longer being dominant while the terms hegemony and leadership, key concepts in virtually all major theoretical discussions of America's global role over the last decades, are not used in the final remark. The notions are not absent from the authors' thinking, though. In the preceding paragraphs they state that hegemony has changed and "American leadership is no longer a matter of necessity, but of political choice", in contradiction of the "Bound to lead" argument forwarded by Joseph Nye a few years earlier.<sup>2</sup> Thus two questions are intertwined: one concerning the position and role of the U.S. in the present international system, the other concerning the concepts of hegemony and leadership and their relevance for the analysis and understanding of this problem.

The purpose of this paper is to carry this discussion one bit further by relating a discussion of the concept of hegemony to recent American foreign policies in areas of great significance for the evolution of the international political economy, namely the regional liberalization and integration projects in Europe and the Pacific Basin within the overall framework of the evolution of the global and multilateral trade regime in GATT/WTO.

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<sup>1</sup>) Borrus, Sandholtz, Weber & Zysman, "Epilogue" in Sandholtz et.al. The Highest Stakes. The Economic Foundations of the Next Security System, New York: Oxford University Press 1992.

<sup>2</sup>) Nye, Bound to Lead, New York: Basic Books 1990.

## 2. Concepts of hegemony

The literature on hegemony abounds in definitions that emphasize different aspects of the problem, and indeed also point to different problems although a common denominator for all usages of the term is some kind of a position of power.<sup>3</sup> For present purposes it is useful to distinguish between two different discourses in which the notion has been used and developed. One deals with the relations between nation states; here of course we find discussions of American and British hegemony. The other has its roots in analyses of domestic relations of power and especially in Gramscian notions of ideological power. This understanding of hegemony has been carried into the international realm in discussions of hegemony that do not point to relations between states, but rather to relations between global social forces, emphasizing at the same time ideological aspects of international relations of power.<sup>4</sup> Although I find this approach highly relevant, and not incompatible with the former, I will not discuss it further in this paper, since it would complicate matters considerably.

In the first broad strand of discussion, where hegemony refers to the position of a nation-state, major dimensions that have been associated with the concept are i) hegemony as a position of power, the possession of a preponderance of power resources, ii) a hegemonic role as the maintainer of overall systemic stability and leader in the creation and maintenance of collective goods and international regimes, iii) a more specific variety of this, namely a liberal hegemon's role in securing a liberal international economic order, and finally iv) a hegemon as a power with stronger ability to influence outcomes than anybody else, being able to use this for its own good or for the common good, a usage that enables the distinction between good - altruistic - and bad - egoistic- hegemonic policies. Associated with this is the distinction between hegemony based on coercion and hegemony based on consent, some writers reserving the term to latter kind, thus pointing to a specific overlap with the Gramsci-inspired usages of the term. These dimensions are not all mutually exclusive, and are combined in various ways by different writers.

In the light of the shift from leadership as necessity to leadership as choice suggested by Borrus et.al. it is worth pointing out that except from the first dimension, if isolated, there is in all these understandings an element of policy choice. Power is not only a static situation of possessing resources, but also a dynamic ability to affect outcomes in political practise. In this sense hegemony has never referred only to a given situation, but also to a pattern of hegemonic policies geared to use this position to affect outcomes, and to maintain the position itself. Indeed - the twin aspects of being able and willing to lead, the latter pointing to the

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<sup>3</sup>) For a full discussion and references see Ougaard, "Dimensions of hegemony" in Cooperation and Conflict XXIII, 1988 197-214.

<sup>4</sup>) The main proponent of this approach is Robert W. Cox in Production, Power and World Order. Social Forces in the Making of History, New York: Columbia University Press 1987.

element of policy choice - has been present in most usages of the concept since Kindleberger's introduction of the theory of hegemonic stability.

What also is present, although often only implicitly, is a notion of the pattern of interests underlying the position of hegemony. The concept of hegemony to be used here makes this dimension explicit and hinges on i) a smaller or greater preponderance of capabilities and ii) a constellation of interests marked by shared and common basic interests and conflicting secondary ones. In other words, hegemony is defined as a position of power within a group of nations that can be seen as an alliance, whether it is formally organized as such or not. In this understanding the hegemon's overall role can be defined doubly as one of leadership in securing the shared interest while simultaneously catering to its own interests in cases of conflict within the framework of the alliance. In consequence, the concept of hegemony to be used here points to the role and position of the U.S. within the group of industrialized market economies.<sup>5</sup>

### 3. Hegemony and regionalization

The issue to discuss is hegemonic response to and participation in regional integration efforts. The term regional integration is used in a wide sense, covering the formation of free trade areas and stronger forms of economic integration, as well as more encompassing varieties of political integration, including closer cooperation in defence and security matters. The European unification project is, of course, the strongest contemporary example of regional integration. In the perspective of the concept of hegemony employed here an important distinction must be made between regional projects in which the hegemonic power participates, in this paper called inclusive regionalization, and regional projects without hegemonic participation, called exclusive regionalization.

In relation to exclusive regionalization, the basic fact is that it presents a dual perspective for the hegemon, namely that of stronger allies on one hand and stronger competitors and potential rivals on the other. Consequently, the logical response to this kind of regionalization is quite simply to gain the benefits of stronger allies while avoiding the risks presented by the emergence of powerful competitors and rivals. The safest strategy is to oppose regionalization efforts, but if this is not possible, the policy must be to strive to shape them in accordance with the underlying shared interests, and to oppose aspects of the regionalization effort that would endanger these or endanger the position of the hegemon itself.

Inclusive integration projects, on the other hand, especially in trade matters, can be seen as retreats from the hegemon's global leadership role since they imply a reduced emphasis on the maintenance of a multilateral open trading system. On the other hand, the standard justifications of regional liberalization, that they are acceptable in so far as they contribute to global liberalization, and that they can provide political

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<sup>5</sup>) The exact membership of this group is not to be discussed here. A reasonable operational criterion is OECD-membership, but some of the NICs should be included as well. The exclusion of a large part of the third world does not mean that the concept of hegemony is irrelevant for them, it rather is a consequence of the fact that the rich industrialized world has a shared position vis-a-vis the third world. Hegemony in the present usage denotes the role of the US within this bloc, not the relations between the bloc and the rest of the world.

leverage against the formation of competing regional blocs, are relevant here. And since the hegemon is a participant, the risk that this kind of regionalization jeopardizes the hegemon's own economic interests is non-existent or at least much smaller than in the case of exclusive regionalization. In sum inclusive regionalization is an aberration from a globalist strategy, but it is much preferable to exclusive regionalization, and can even be used as leverage against it, provided it is shaped in accordance with the overall multilateral strategy.

The question now is the extent to which U.S. policies towards regional integration in Europe and the Pacific Basin fit this logic. Developments in the Americas are not included, although a full account would have to include them, since the U.S. here has been an active initiator of regional integration efforts. The reason for this omission is partly one of space, but mainly that the comparison between Trans-Atlantic and Trans-Pacific relations is of relevance in itself because these are the regions where the U.S. is facing major industrialized market economies. In reviewing these two regional cases it must be remembered that they must be seen against the backdrop of the concurrent protracted diplomatic struggle for the completion of the Uruguay Round, in which the U.S. exercised a clear and eventually largely successful leadership role.

#### 4. U.S. response to European integration<sup>6</sup>

After a period of stagnation the process of European integration gathered momentum from the mid-1980s. Key events were the 1985 decision to create the Single European Market by 1992, and the decision in 1988 to re-initiate the process of integration. This led on to the 1989 Delors-plan for an Economic and Monetary Union, and eventually the signing in early 1992 of the Maastricht Treaty in which a foreign policy and security dimension, embodied in plans for the strengthening of the WEU, was added. These developments present the perspective of a unified European actor emerging on the world scene. This new actor would undoubtedly be a true great power, with the potential for becoming a superpower, comparable in economic, political and military terms to the United States.

It has become evident since then that the process is not a smooth and even one. The dual challenge of integration in depth - fulfilling the Maastricht ambitions - and integration in breadth - adding new members and developing new links with Eastern European countries - while responding to major challenges such as the war in ex-Yugoslavia, has proved a tough assignment. But the basic drive towards further integration, economically and politically, persists, and it is the American response to this process that interests us here.

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<sup>6</sup>) The following draws mainly on my "Dealing with the Community: The Bush Administration's Response to Western European Integration" in Nørgaard, Petersen & Pedersen, The European Community in World Politics, London: Pinter Publishers 1993. For a recent summary of US policy in the first year of the Clinton Administration see Smith & Woolcock, "Learning to Cooperate: The Clinton Administration and the European Union", International Affairs Vol 70, no 3, 1994. The account given herein is fully compatible with my analysis.

The U.S. response has been seen by some observers as one of "strategic indirection"<sup>7</sup> and of "uneven and fragmentary" adaptation to change.<sup>8</sup> This perception of confusion is nourished by the seeming contradiction between American support for some aspects of the integration efforts and determined opposition to other sides of it. But if we take a closer look at the central contents of the American response, a different perspective emerges.

First the well known fact that the U.S. has been a supporter of European integration in words and deed since its beginning should be recalled.

Second, when the new stage in European unification began, the U.S. was not slow to respond. Already in 1989 the Bush Administration called for the development of "new mechanisms of consultation and cooperation",<sup>9</sup> initiating a change in the formal diplomatic relations between the U.S. and the EU. This process culminated in the joint Declaration on US-EC relations in November 1990, which represents a formal diplomatic recognition of the EU as an international player in its own right. In parallel with this elevation of the EC's diplomatic ranking, the U.S. has in public statements strongly endorsed the process of unification. In the words of President Bush: a "strong united Europe is very much in America's interest. A more united Europe offers the United States a more effective partner, prepared for larger responsibilities."<sup>10</sup> In sum, the American response to the overall perspective of a more unified EC has been to declare support in principle, to accept the integration process according to its own speed and dynamics, and to treat the EC as an international actor in its own right, in so far as it acts like one.

Thirdly, after initial skepticism and fears of "Fortress Europe", the U.S. developed a positive but nuanced policy towards the Single Market project. The premises underlying this policy were established through a number of comprehensive studies of the 1992 project and its likely consequences for the U.S. The tenor of these were that the Single Market would in general be good for American businesses, but that it might also lead to the creation of stronger competition in some areas as well as to protectionism and lack of transparency in some fields. Since Europe is a major importer of American goods, the perspective of stronger growth here would help U.S. exports. Furthermore, since many American companies had long had a Europe-wide perspective to their FDI operations here, they were being seen as being better positioned to take advantage of the internal market than many European competitors who until recently had operated within national frameworks.

Accordingly the policy became to endorse the project in principle, while at the same time warning against possible negative consequences for American interests, and to back this by intensified diplomatic efforts to counter such consequences. According to U.S. officials, the policy is to closely monitor developments in the EC and to

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<sup>7</sup>) Deibel, "Bush's Foreign Policy: Mastery and Inaction", Foreign Policy no 84, 1991.

<sup>8</sup>) Smith, "The Devil You Know: The United States and a Changing European Community", International Affairs, 68 (1) 1992.

<sup>9</sup>) Bush speech in Boston, November 1990, as printed in USIA PDQ Index and Text Database, EUR 503, 11/23/90.

<sup>10</sup>) U.S. Department of State Dispatch, 16 December 1991.

present American concerns as early as possible and before the EC adopts firm positions. Among other things, this is reflected in the expansion of the diplomatic staff in Brussels and in increased contacts between Washington-based bureaucrats and the EC Commission. The pattern of American resistance to specific policies set in a larger pattern of support for European integration was also evident in the Uruguay round, where the EC was a major ally in some issues, while at the same time the U.S. maintained a continued strong, and eventually largely successful, pressure on others, like agriculture and Airbus subsidies. This specifically calls attention to the fact that resistance can be determined and persistent when significant American interests are involved.

Fourth, the plans for an Economic and Monetary Union has met with a similarly differentiated U.S. response, although American policy in this area is less developed for the simple reason that it still mainly is responding to intentions and plans, not to established facts. So far the official position has been one of clear and unequivocal support for the project, as indicated by the Bush statement quoted above, combined with an expression of concern that Europe pursues responsible fiscal and monetary policies.

Fifth and finally, a similar pattern is to be seen in defence and security matters, although the element of American opposition has been much more in evidence here. The central issue involved is the nature of the EU "defence identity" and its relations to NATO.

From the outset the U.S. emphasized that a stronger Europe was welcome, and indeed could be seen as a contribution to increased burden-sharing, which for long had been an American desire. But at the same time a persistent American theme was that the "link between the United States and the European Community should become stronger" and that the "substantive overlap between NATO and European institutions must lead to synergy, not friction."<sup>11</sup> A critical point in trans-atlantic relations were reached in early 1991, when the U.S. employed unusually strong diplomatic measures - formal *démarches* to all WEU governments - to oppose German-French proposals for what was seen as possibly entailing a European military force outside of NATO. In a blunt statement U.S. ambassador to NATO, William H. Taft, said that "undermining the alliance's integrated military structure in the uncertain process of developing a European security identity would be the height of folly."<sup>12</sup>

Eventually agreement was reached along the lines of an earlier British proposal for a so-called "double-hatted" Euro-corps, covered by the formula "separable but not separate" that was officially adopted by the NATO-summit in early 1994. The key feature of this formula is that the common European army is to be located firmly within NATO's integrated command structure, and thus susceptible to American veto, but organized in such a way that it can operate independently of the U.S. (This actually is the way in which all national armies of the NATO members have worked

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<sup>11</sup>) Secretary Baker's speech in Berlin, December 1989, US department of State, American Foreign Policy, Current Documents, Washington DC, 1990:305.

<sup>12</sup>) US Mission to NATO, Ambassador William H. Taft, The NATO Role in Europe and the U.S: Role in NATO, presented to the Centre for European Policy Studies, Brussels, 21 May 1992 (emphasis added).

all along.) Time will show whether this is a durable formula or merely the first step towards a genuinely separate European military force. But for the time being an evolution that entails the possible creation of a new independent military power, with the potential for becoming a competitor, has been avoided.

In sum, the main features of American policy has been to endorse European unification; to elevate the EC's diplomatic ranking and to deal with it as an international actor in so far as it behaves like one; to influence EC policy making as effective as possible when American interests are touched; to accept the single market and the prospects of EMU while opposing protectionism and macro-economic policies considered contrary to American interests; and to support the development of a European defence identity while firmly opposing (but not quite successfully) steps towards a separate military structure outside the NATO framework.

### 5. Regionalization in the Pacific Basin

Based on the current intensification of economic and political ties with East Asia it is sometimes said that the U.S. is turning eastwards, away from Europe. Occasionally this idea gains support from official statements, as for instance when Warren Christopher 1993, in a mood of irritation with European criticism of U.S. foreign policy, said that the U.S. for too long had had an "Eurocentric attitude"<sup>13</sup> and that Asia now was much more positive towards the U.S. than Europe. But this image is wrong, at least for two reasons. One is that the U.S. is not turning away from Europe, merely changing its mode of involvement as a response to European developments. The other is that American involvement in East Asia is nothing new. Although historical ties and cultural bonds with Europe are much stronger, the U.S. has been deeply involved in Asian affairs for more than a century. As the Clinton Administration likes to point out, Americans have fought three wars in Asia in this century<sup>14</sup>; it is the only region where the U.S. has possessed a major colony; the region was a major arena in the Cold War; and it contains the vital shipping lanes to the Middle East. For the last decades the region's economic significance as well as America's economic involvement with it has been growing year by year, thus adding to its importance for the U.S. and to the complexity of America's engagement. But it is hardly a new involvement.

However, the combined effects of the end of the Cold War, the rise of the region's economies, and the deepening of economic internationalization mean that a new stage in trans-Pacific relations has been opened. The process of reordering the Pacific and South-East Asian regime structure gained momentum in the late 1980's and has so far reached its culmination in APEC's November 1994 decision to create an Asia-Pacific Free Trade Area by the year 2020.<sup>15</sup> The main aspects of this process are the

<sup>13</sup>) Washington Post 17.10.1993.

<sup>14</sup>) E.g. "Statement by Deputy Secretary Talbott at the Six-plus-Sven Open Session of the ASEAN Post-Ministerial Conference, Bangkok, Thailand, July 26, 1994, U.S. Department of State Dispatch, Vol 5 no 32, 1994, and U.S. President, A National Security Strategy of Engagement and Enlargement, The White House, July 1994.

<sup>15</sup>) Financial Times 16.11.1994.



further evolution of regional cooperation among the nations of South East Asia, and the pursuit of two contending perspectives for more encompassing patterns of cooperation: on one hand an East and South-East Asian regime of economic cooperation that excludes the Eastern Rim of the Pacific and particularly the U.S.; on the other hand the All-Pacific regime that so far - not surprisingly - has been the most successful one.

The evolution of regional cooperation has principally been focussed on ASEAN, which already by 1977 had established a "preferential trade agreement", although of little consequence.<sup>16</sup> But in early 1992 ASEAN reached agreement on a more ambitious goal, namely to establish a free trade area within 15 years.<sup>17</sup> Furthermore, the ASEAN countries have recently given renewed emphasis to the proposal going back to 1971 for a ZOPFAN<sup>18</sup> (Zone of Peace, Freedom and Neutrality) with the goal of ensuring the region's "stability and security from external interference in any form or manifestation".<sup>19</sup>

In addition recent years have seen other kinds of moves towards intensified bilateral and multilateral cooperation among the nations of the region, for instance several proposals to form smaller free trade zones along the lines of the Shenzhen Free Trade Zone (Hong Kong + Guangdong Province of PRC)<sup>20</sup> as well as other types of cooperation in specific matters. In general this process is marked by step by step and issue by issue approaches, and the overall pattern seems to be not so much one of emerging regimes as one of a generally improved atmosphere of dialogue and beginning cooperation.

In the present context the fate of the two rivaling schemes of an inclusive and an exclusive architecture (with and without the eastern rim) of economic cooperation is of greater interest because of the greater potential significance of the outcome and since it sheds important light on U.S. preferences and policies in the area.

Initially it was Japan that took the lead in suggesting a more institutionalized form of trans-pacific cooperation. In 1967 the Japanese Prime Minister suggested a Pacific Free Trade Area and in the same year private business groups formed the Pacific Basin Economic Council.<sup>21</sup> Another private forum: the Pacific Trade and

<sup>16</sup>) Gary R. Saxonhouse "Trading Blocs and East Asia" in De Melo & Panagariya (eds), New Dimensions in Regional Integration, Cambridge. Cambridge University Press 1993, p 411, Hine, "Regionalism and the integration of the World Economy" Journal of Common Market Studies, Vol XXX No 2, and Bollard & Mayes, "Regionalism and the Pacific Rim" , Journal of Common Market Studies, Vol XXX No. 2, 1992.

<sup>17</sup>) Saxonhouse op.cit. p 411.

<sup>18</sup>) "Communique of the 27th ASEAN Ministerial, Bangkok, Thailand, July 22-23, 1994, as printed in U.S. Department of State Dispatch, Vol 5 no 32, 1994.

<sup>19</sup>) Amitav Acharya, "A New Regional Order in South-East Asia: ASEAN in the Post-Cold War Era" Adelphi Papers 279, London: International Institute for Strategic Studies 1993.

<sup>20</sup>) Saxonhouse op.cit. p 411.

<sup>21</sup>) The following account is based on Donald Crone: "Does Hegemony Matter? The Reorganization of the Pacific Political Economy" in World Politics pp 501 - 525, Vol 445 No 4, July 1993.

Development Conference, "essentially an economists forum" met in 1968 for the first time. Again in the 1970s Japan took the lead in suggesting an official Pacific forum, and intense Japanese lobbying led to the first serious consideration by U.S. Congress, and to the first Pacific Economic Cooperation Conference in Canberra (PECC) in September 1980. Participants included government, business and academic representatives, from both sides of the Pacific, but governments were only represented unofficially and the meetings, 9 of which were held through 1992, "remained strictly nongovernmental". Over the years the number of countries represented grew as Brunei, China, Taiwan, Hong Kong entered, while the USSR became an observer in 1986 and Russia a member in 1992.

At first the U.S. was somewhat skeptical and did apparently not support Japanese and Korean proposals for annual summit meeting among the PECC member states. According to Crone, the reason for this was the long established preference for global economic forums - the GATT - and forums in which North-South issues would not become divisive, as for instance the OECD. From the opposite position the ASEAN states were afraid of Northern dominance, and consequently rejected the proposals.

But around 1989 the U.S. attitude began to change as a response to deeper structural changes as well as to initiatives taken in the region. Australia became a strong proponent of an Asia-Pacific forum and tried to get a formative meeting in 1989. This was a response to the European move towards the single market in 1992 and to the moves towards NAFTA. It seems that Australia, supported by Japan, first wanted to create an exclusive Asian bloc, without the U.S., but this met with resistance in some ASEAN-countries. It was in this situation that the U.S. signalled a change in attitude and a willingness to participate in a Pacific regime. Since the proposal for an inclusive forum had been around for some years, it was possible for the U.S. to coopt this as a counter to the moves towards the exclusive alternative. What followed was a sustained diplomatic campaign by the U.S. to get APEC going, and to make it into a regime of some substance. In Crone's words: "apparently, prior U.S. reluctance to so engage in the region was overcome by the prospect of being left out and being the target of such a bloc. The close economic linkages between the U.S. and other Pacific states, combined with the absolute size of the U.S. economy, essentially dictated that U.S. participation could not be denied."<sup>22</sup> With strong diplomatic backing from the U.S., the process gained momentum and has so far resulted in the Bogor decision to establish an Asia-Pacific Free Trade Area mentioned above. It is of course debatable how strong this regime is, and there are valid reasons for doubting the effectiveness of the Bogor decisions. Still, the results so far amount to an alteration of the trans-Pacific political structure that cannot be considered insignificant.

But the competing idea of some form of exclusive Asian and South East Asian economic cooperation did not subside, and in parallel with the events described above it was promoted by forces in the region, principally Malaysia. Thus in 1990 President Mahatir suggested an East Asian Economic Group (EAEG), consisting of Japan, the East Asian NICS, China, and the rest of ASEAN. The precise role of such a group was never set out in detail, but "it was clear at the outset that EAEG was meant to be the East Asian response to emerging trade blocs in Europe and the

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<sup>22</sup>) Crone op.cit. p 520.

Americas."<sup>23</sup> It was strongly opposed by the U.S., and by Australia and New Zealand, who now preferred an inclusive solution.

Nothing came of the Malaysian proposal, but it is worth noting that Malaysia's preference for an exclusive arrangement and its skepticism towards the inclusive one apparently not have subsided. At the Bogor meeting President Mahatir made a point of the non-binding nature of the time-table for the creation of a free trade area,<sup>24</sup> and the proposal for an exclusive group - now also called an East Asiatic Economic Caucus - was still being discussed, and not by Malaysia alone. The idea has now gained backing from China, South Korea, Indonesia, Thailand, the Philippines, Singapore, and Brunei.<sup>25</sup> It even has some support in Japan, and although officially Japan is decidedly against it, this reportedly is a result of strong U.S pressure. One rumour even holds that "Japanese encouragement may have prompted Mahatir to make his proposal in the first place."<sup>26</sup> Recently the Japan Association of Corporate Executives (Keizai Doyukai) issued a statement "declaring that Japan should accept the EAEC plan if it is based on rules of the General Agreement on Trade and Tariffs and the World Trade Organization",<sup>27</sup> indicating that influential business interests are more supportive than the government. In addition, there is clear evidence, even in official statements, that relations to the U.S. is a major consideration behind Japan's reservations toward EAEC. In connection with the Bogor meeting "Tetsuya Endo, Japan's special ambassador for APEC, reiterated Tokyo's reservations toward EAEC. He urged that the proposed forum not undermine unity between APEC's Eastern and Western members. He made clear that the controversy is "very upsetting to Japan".<sup>28</sup>

On the other hand, it probably would be wrong to draw too strong a picture of a widespread desire in the region for an exclusive model of economic cooperation that only is held back by U.S. resistance. When for instance in 1990 the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI), counting all the major economies of the region except China among its members, issued a document called Overcoming the Threat from Western Trade Blocs. A Policy Statement by CACCI<sup>29</sup>, there was no discussion of exclusive regional projects at all. In stead this group voiced strong support for GATT and for multilateralism, and criticized discrimination in general as well as specific American and European practices. In

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<sup>23</sup>) Saxonhouse op.cit. p 411. See also Crone, op.cit. and Bollard & Mayes, "Regionalism and the Pacific Rim" Journal of Common Market Studies, Vol XXX No 2, June 1992, pp 195-209.

<sup>24</sup>) Financial Times 16.11.1994.

<sup>25</sup>) International Herald Tribune, 10.11.1994.

<sup>26</sup>) Saxonhouse op.cit. p 412.

<sup>27</sup>) Nikkei Weekly, 7.11.94.

<sup>28</sup>) ibid.

<sup>29</sup>) Overcoming the Threat from Western Trade Blocs. A Policy Statement by CACCI, Taipei: CACCI 1990.

addition, the economic merits and feasibility of such a proposal are debatable at least.<sup>30</sup>

In sum, there is support for the exclusive model in the region, but it is difficult to fathom from the material considered here how strong it is, and to what extent it is subdued by pressure from the U.S. and elsewhere. Nevertheless, the fact of active U.S. resistance to the idea stands clearly out as does the shift in U.S. policy from reservation to a very active support for an inclusive Asia-Pacific regime.

What also stands out, however, is that so far APEC is held within the larger framework of global multilateralism. Over the years APEC has issued statements about the grave consequences of not concluding the Uruguay round,<sup>31</sup> and the "APEC Leaders' Declaration of Common Resolve" issued at the Bogor Meeting, repeatedly stressed the objective of strengthening the open multilateral trading system. Although the U.S. clearly is not the only APEC nation desiring this, it is indicative of an outcome that is in accordance with overall U.S. interests.

Let us now turn to the question of East Asian regionalism in military and security matters. When the ASEAN countries in 1971 suggested the regional security arrangement ZOPFAN, the U.S. was reluctant to support it. The Cold War was the overriding concern, and the U.S. relied - after SEATO's demise - on its system of bilateral alliances and other bilateral relationships. One reason was ZOPFAN's explicit non-aligned content and southern stance in the North-South confrontation, another was simply that the U.S. saw no need for it.<sup>32</sup> For long the evolution of ZOPFAN was hampered by the three cold wars in the region - U.S.-USSR, USSR-China, and China-Vietnam, as well as by ASEAN-Indochina conflicts. But with the subsiding of these conflicts, and especially the strong rapprochement between ASEAN and Vietnam in recent years, the idea of a regional security arrangements has gained new momentum.<sup>33</sup>

Like in the sphere of economic cooperation, two tracks are discernible - an exclusive regional one and a more encompassing arrangement. At the core of the exclusive track are the ASEAN countries, where already a network of bilateral arrangements, including joint military exercises, binds most of the members together.<sup>34</sup> Based on this one could argue that a "de facto defence community ... based on a spider-web network of defence links undertaken bilaterally by the ASEAN States" is already in place. But, according to Acharya, the links are insufficiently developed, and more importantly, although a genuine military alliance has been proposed, there is a consensus against this in the region<sup>35</sup>, and at the same time

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<sup>30</sup>) Arvind Panagariya, Should East Asia Go Regional? No, No, and Maybe, The World Bank, Policy Research Working Papers, Trade Policy, October 1993.

<sup>31</sup>) Crone op.cit. p 523.

<sup>32</sup>) Acharya op.cit.

<sup>33</sup>) ibid

<sup>34</sup>) Acharya op.cit. table 2 p 70 and Hitchcock "East Asia's New Security Agenda", The Washington Quarterly Vol 17 no 1, 1994.

<sup>35</sup>) Archarya op.cit.

it seems that all countries in the region consider a continued American military presence vital.<sup>36</sup>

Yet the ASEAN countries have not forgotten the ZOPFAN proposal. On the contrary, at the ASEAN ministerial in Bangkok in July 1994 the members "reiterated their determination to continue working towards the early realization of such principles and objectives through the effective implementation of ASEAN's "Programme of Action for ZOPFAN".<sup>37</sup>

Concomitant with ASEAN's internal evolution it has become the center of a wider regional security dialogue. The open and more loosely organized "ASEAN Post-Ministerial Conferences" have turned out to be a suitable forum, and all major players now participate in these. When, after the end of the Cold War, suggestions were made for an evolution of this dialogue into an Asian version of the CSCE (now OSCE), the U.S. first found it unnecessary and dubbed it a "solution in search of a problem".<sup>38</sup> But within few years American policy changed to a much more positive position. The shift was first signalled by Baker in early 1992, and became more pronounced with the Clinton Administration. At the 1994 ASEAN post-ministerial - now dubbed the ASEAN Regional Forum - the U.S. officially endorsed the forum, stating that it can play "a historical role in conveying intentions, easing suspicions, building confidence, and ultimately averting conflicts."<sup>39</sup>

Two things must be noted, however. First that this is a rather loose forum, and the American endorsement contains no intentions to develop it beyond what is basically an arena for useful talks. Second that the American endorsement says nothing about ASEAN's decision to revitalize the more ambitious ZOPFAN proposal, or about the role that stronger regional military cooperation could play internationally, in contrast to the clear and principled comments on Western European defence cooperation, which is considered a positive contribution to burden-sharing - albeit with reservations as described above. The calls for greater burden-sharing has also gone out to East and South-East Asia, especially to Japan, but when it comes to the harder realities of security affairs, the U.S. seems still to rely strictly on its own presence and its existing bilateral arrangements in the region, and to maintain that greater burden-sharing must take place only within this framework.

## 6. Comparison and conclusion

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<sup>36</sup>) Hitchcock op.cit.

<sup>37</sup>) "Communique of the 27th ASEAN Ministerial, Bangkok, Thailand, July 22-23, 1994, as printed in U.S. Department of State Dispatch, Vol 5 no 32, 1994.

<sup>38</sup>) Acharya op.cit. p 60.

<sup>39</sup>) "Building a New Foundation for Peace, Prosperity and Democracy in the Asia-Pacific Region", Statement by Deputy Secretary Talbott at the Six-plus-Seven Open Session of the ASEAN Post-Ministerial Conference, Bangkok, July 26, 1994. U.S. Department of State Dispatch, Vol 5 No 32, 1994.

Several similarities stand out: In the economic sphere U.S. policies towards both regions has been shaped by the overriding goal of concluding the Uruguay Round and defending in principle an open multilateral trading system. (The fact that the U.S. - like virtually all nations - practises selective liberalism is an important qualification but does not invalidate this observation.) In the security and military sphere it has promoted and defended inclusive architectures, and in the case of Europe, actively resisted the creation of a military structure outside the NATO framework, while in the case of South East Asia it has abstained from supporting the ZOPFAN-proposal and the rather vague ideas for a regional military alliance and maintained reliance on bilateral arrangements. At the same time, after some hesitation in the Asia-Pacific region, in both cases the U.S. has supported and participated in the construction of post cold war forums for security dialogue: the CSCE/OSCE in Europe and the more loosely organized "ASEAN Regional Forum in East Asia".

The main difference is that in Europe the U.S. has endorsed and supported the further evolution of an exclusive regional economic integration project, while working to shape it in accordance with global multilateralism, whereas in the Asia-Pacific region it has actively opposed an exclusive project and instead successfully pursued an inclusive one.

It is not difficult to point to historical and structural reasons for this difference. In Europe, integration has deep historical roots and was initiated with U.S. support in an entirely different situation where Cold War necessities and the need to reconstruct the European economy after the Second world war was paramount, while at the same time economic internationalisation had not reached the depth it has as today. The strength and depth of the European integration project would make it impossible for the U.S. to counter it, and at the same time the project will in several ways benefit the U.S.

In East and South East Asia, regional integration is at a much less developed stage; for historical reasons the prospect of an East Asian economic cooperation project faces difficulties due to animosities towards Japan; economies and institutions are more diverse than in Europe, and less developed in most of the countries; and at the same time economic internationalization is at a much more advanced level than in the formative years of the European integration project.

Furthermore, the interdependence asymmetries are significantly different. The U.S. is much stronger vis-a-vis the East Asian nations than towards the EU. The East and South East Asian economies are much more export-dependent than Europe and exports to the U.S. account for a much larger share of regional GDP than is the case in Europe. In 1988 the Asia-Pacific region exported roughly 5.7% of GDP to the U.S., whereas the comparable figure for the EU was 2.3%.<sup>40</sup>

For these reasons, the U.S. is in a much stronger position to influence events in East and South East Asia than it is in Europe. Consequently the overall pattern of U.S. policy is clearly in accordance with the hegemonic logic set out in the theoretical section of this paper: when possible, the U.S. has opposed exclusive regional integration projects, when not it has co-opted them and worked to shape them to fit

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<sup>40</sup>) Stoeckel, Pearce & Banks, Western Trade Blocs. Game Set or Match for Asia-Pacific and the World Economy?, Canberra: Centre for International Economics, 1990.

the larger strategy of global liberalization, and in the military sphere to locate them within an overall security structure that maintains U.S. predominance.

The U.S. support for exclusive regionalism in Europe, and the recourse to inclusive regionalism in the Pacific Basin (and the Americas) thus perhaps should be seen as a tactical retreat from the globalist project, but logically associated with efforts to co-opt, contain, and use the wave of regionalism and "competing liberalisation" within the framework of the larger globalist project. In this interpretation, then, U.S. policy seems to have been fairly successful so far.

The implications for the question of hegemony, finally, is that the U.S. is not strong enough to resist the turn towards regionalism in general, but is strong enough to play the game of regionalism while maintaining globalist momentum, and strong enough to maintain its own role as the key player in the global political economy and in security matters in the process. The U.S. is not creating events, but it is decidedly in a position to shape them according to its own interests more than anybody else. Perhaps this represents a new kind of hegemony, but hegemony it still is.

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