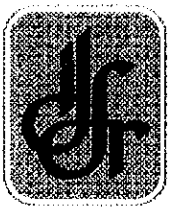

JOURNAL OF DIPLOMACY AND FOREIGN RELATIONS

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2. ***ASEAN Summit Diplomacy: What Profit in Climbing the Mountain?***
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Articles

Malaysia-India Relations: Trends in Security and Economic Developing World 1
K. S. Balakrishnan

ASEAN Summit Diplomacy: What Profit in Climbing the Mountain? 21
Alan S. Colegrove

Repositioning Africa's Economic Groupings in the 21st Century 39
Daniel Omoweh

The Impact of Globalisation: Between a Dehumanising Process and a Sense of Togetherness 62
Michel Dion

Globalisation: How Should Asia Respond? 80
Lee Poh Ping

Globalisation and Regionalisation in International Relations and Foreign Policy: A Critique of Existing Paradigms 86
B.M. Jain

Books in Review

Anxious Nation: Australia and the Rise of Asia 102
William Roff

Turkey's Relations with the West and the Turkic Republics: The Rise and Fall of the 'Turkish Model' 104
Muhammad Ismail Marcinkowski

ASEAN Economic Co-operation: Transition and Transformation 108
Vijaya Kumari

Asia Pacific in the New World Politics 112
Wahabuddin Ra'ees

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MALAYSIA-INDIA RELATIONS: TRENDS IN SECURITY AND ECONOMIC COOPERATION WITHIN THE DEVELOPING WORLD

K. S. Balakrishnan

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INTRODUCTION

Over the past ten years, Malaysia and India have gradually made a significant shift into what has been popularly termed as South-South cooperation. The two had a long history of political, economic, cultural and other social ties that can be traced back some twelve centuries ago. The remnants of these contacts are readily available in the form of artifacts, writings, religious and cultural practices, political institutions and many more. The presence of a significant minority of Indians in Malaysia further enhances these linkages. In many ways, Malaysia and India have common aspirations.

Positioned in Asia with a developing nations with common colonial experiences, the two share common concerns both in terms of foreign policies and security interests. With globalisation, they have realised the importance of cooperating together in the economic sphere. Unlike security cooperation, collaboration in the economic field has been much more promising. It is in this realm, Malaysia sees India's potential. More so when the real challenges ahead are in a globalised economy.

This article will examine the nature of bilateral relations between the two nations in the past decade and into the twenty first century. It seeks to prove that given their positions in the Asian geo-strategic environment, it is of no surprise that convergence of their foreign and security policies is apparent. Defence and security cooperation between Malaysia and India will also be briefly covered. A major portion of the discussion will focus on the nature of the bilateral economic cooperation that is evolving and will define their nexus. It is indeed in this area which the future pattern of bilateral relations looks more promising. Malaysia's policy of smart partnership and India's liberalisation moves tend to go hand-in-hand in driving the dynamics and momentum of this credible example of South-South cooperation. Though the volume of trade is still at a marginal level, the speed with which it has been growing over the last decade warrants a timely investigation into the phenomenon.

THE CONVERGENCE OF FOREIGN POLICIES IN A COMMON GEO-STRATEGIC ENVIRONMENT

Malaysia's security interest in its regional and global environment has not changed much since it obtained independence in 1957. India received independence ten years earlier in 1947. The two had one common experience in their struggle for nationhood. Both strove for the ousting of their British "masters" by peaceful means. Malaysia and India inherited more or less similar political and administrative systems. The executive, legislative and judicial institutions along with the constitution are a legacy of the colonial period. In terms of the composition and structure of the societies, both are good examples of pluralism. India's historical experience of the political and administrative separation of Pakistan and Bangladesh is similar to Malaysia's experience with Singapore, when the latter was 'expelled' from the Malaysian federation in 1965. Historically, both had experienced a brief period of emergency rule. Nation-building and national unity are pertinent issues for these countries given their plurality and the struggle of its various communities to address inequality of various forms.

The above backdrop portrays the realities of the post-war and post-colonial order of developing countries in general, while outlining some specific cases specific in Asia, namely Malaysia and India. The geo-strategic environment of post-WWII Asia was similar to that of Europe, where the configuration of power blocs was manifest through superpower rivalries. Malaysia and some of the ASEAN countries belonged to the pro-western bloc simply because of the worry over the 'domino effect' and communist infiltration. India on the other hand regarded the communist Soviet Union as a friendly country. It was also not in favour of the American dominance. Therefore, India was seen as a Soviet ally though the solidity of that alliance can be debated. More so, when India realised that the USSR was not giving positive notes on the Kashmir question.[1] China's invasion of Ladakh was another event which made India realise that it will not gain much moral support from the Soviet Union.

Nonetheless, for a long time, the negative impression Malaysia and other Southeast Asian nations had of India's friendship with the Soviet Union cautioned policy makers in Kuala Lumpur to play down its relationship with New Delhi. However, Malaysia never faced a major problem with India's foreign policy. It was indeed in the interest of Malaysia to establish its embassy in India in the beginning years of its independence. During the late 60s, particularly under Indira Gandhi's administration, India openly supported Malaysia on the issue of the Sabah claim.[2] India's non-aligned foreign policy during Nehru's administration had also cogently enhanced the positive climate of bilateral relations. And in 1971, India warmly welcomed the Kuala Lumpur declaration of the Zone of Peace, Freedom and Neutrality (ZOPFAN), endorsing the convergence in foreign policies of the two countries. It clearly reflected their sincere desire to avoid the region from the superpower rivalries.

Cold War rivalries between the superpowers and the intention to 'emancipate' the Third World became a clear foreign policy goal within the developing world. The formation of the Non-Aligned Movement in 1955 paved the way for a common foreign policy for both India and Malaysia in addressing the geo-strategic environment. Like Malaysia, India was against the communist expansion too. The basic principles and objectives such as sovereign equality, territorial integrity, non-affiliation with super power blocs, non-interference in internal affairs of states, respect for the right of self determination, the right to choose one's political philosophy, refrain from the threat or use of force and settling disputes using the UN principles are all norms enshrined in NAM[3] which had been adopted as the key principles in the conduct of Malaysia and India's foreign polices. The two realised it is only by upholding those principles could security and peace be guaranteed.

India realised the importance of Southeast Asian nations in pursuing the goals of NAM. With the formation of ASEAN, it was even much easier to pursue those policies. More so when Malaysia, Indonesia and other ASEAN members endorsed NAM. Today, the relevance of NAM is being questioned because there is no super power rivalry in the Asian theatre. However, the foreign policies of Malaysia and India are clearly intact in support of NAM. The two believe that NAM has other important agendas to pursue in the post-Cold War strategic environment. In light of this, NAM's significance is viewed in a broader global context. The importance of restructuring the United Nations, addressing global inequalities in terms of the North-South divide and globalisation have become the crucial issues for leaders and decision makers of the two states. This has paved an important platform for their opportunities for enhancing their cooperation. The important theme for such cooperation and foreign policy goals is known commonly as the South-South cooperation. As a matter of fact, it is the belief in South-South cooperation governs the bilateral economic cooperation. This will be discussed later.

Post-Cold War regional security is another area which both Malaysia and India are currently grappling with. There is shared understanding and

a common concern over the future of regional security in the Asia Pacific environment. The withdrawal of the United States from Southeast Asia in 1993 has been perceived in a variety of ways. While it is seen as an opportunity for eliminating super power rivalry on the one hand, the tendency for this to allow another regional power to fill the vacuum has been a major concern on the other. As for Malaysia, it would not want either China, Japan or India to have such regional ambitions. India has remained a benign power where the ASEAN region in concerned. It has also opened its naval bases in the Andaman and Nicobar islands for ASEAN's view. However, as far as Malaysia is concerned, this is not sufficient because there are other issues that often influence the nature of Malaysia's foreign policy.

India must play a responsible role in the Kashmir dispute with Pakistan. Similarly, India's treatment of its Muslim minority and the security of their places of worship are important issues that can shape Kuala Lumpur's foreign policy and perception towards India. This can be seen in the way Malaysia balances its cordial defence relations with both India and Pakistan. While Malaysia has good defence cooperation with India, it has also ordered missiles from Pakistan during a visit by its Defence Minister in February, 2001.

Malaysia's pragmatic foreign and security policy stance can also be seen in its condemnation of India's nuclear tests in May, 1998. Malaysia disapproves of India's nuclear ambitions. The leadership in Malaysia was disappointed with the showdown of nuclear testing in South Asia given the strong anti-nuclear stance of ASEAN. However, this is no longer an issue. Malaysia continues to view India as a friendly power. India had also enhanced its image by offering ASEAN to sign the organisation's initiative for a Nuclear Weapons Free Zone in Southeast Asia.[4] Russia had also expressed support in a similar way. On the other hand, the United States and China have yet to provide full support for a nuclear free Southeast Asia due to some legal constraints in the treaty and some geo-strategic considerations.

China has become a major concern for both Malaysia and India. Both the latter have territorial disputes with China. Malaysia's problem with China lies in the Spratlys. The expansion of the PLA navy and the Mischeef Reef incident at the doorstep of Philippines have certainly alarmed Malaysia. ASEAN has unanimously agreed to entice China by engaging in dialogues. India has for a long time been grappling with the China threat. The initiation of the ASEAN Regional forum has indeed created the right avenue for both Malaysia and India to address their common security concerns. For Malaysia, its warm political and defence relations with India is vital. India could become an important moderate voice in the regional geo-strategic environment. India's advancement in military and space technology is currently at an admirable level. Enhancing defence and security cooperation is surely a worthy cause for Malaysia. Myanmar's leaning towards China for defence is another concern for other ASEAN states. As far as the Indian Ocean strategy is concern, India is a power to be recognised. In this way, Malaysia and ASEAN in general, will benefit immensely as they supported India's entry into the ARF.

Aside from the ARF, the convergence of foreign policy objectives of the two countries can also be seen in other forums such as the Commonwealth, G-15, G-77 and of course the United Nations. Malaysia's political and security cooperation with India is an important basis for expansion. Today, the lessons of globalisation are pushing political, security and economic cooperation not only in the international forums but also bilaterally. State-to-state cooperation is becoming more crucial not only due to common national interests but also as a result of pressures from the international environment. Therefore, cooperation in strategic areas are naturally on the increase due to the external scenario.

BILATERAL DEFENCE COOPERATION

While Malaysia and India share a common security policy in disapproving foreign dominance in the regional strategic environment, they have also embarked on defence cooperation at the bilateral level. Malaysia is naturally a littoral state of the Indian Ocean. It has, like others, a concern over India's naval expansion in the Indian Ocean. Since India has no intention to be perceived as a threatening power, it has invited regional countries to view its facilities at the Andaman and Nicobar islands. In further promoting such confidence building measures (CBMs), India has encouraged the littoral states to conduct bilateral naval exercises. Malaysia, like other ASEAN countries, has also engaged in regular naval exercises with the Indian navy, on a separate basis, at the bilateral level.[5] Training, serving naval boats and the maintainence of regular exchanges between the two navies are areas in which Malaysia has had naval cooperation with India. In recent years, India's navy has been sending its major naval ships for participation in the bi-ennial Langkawi International Maritime and Aerospace (LIMA) exhibition hosted by Malaysia.

Malaysia's defence cooperation with India took on another level in 1993 when the two signed a Memorandum of Understanding (MOU) on defence cooperation. This has upgraded the level of defence cooperation. Mutual consultation and regular exchange of delegations between the defence officials of both the countries have also increased. It is believed that the MOU has fostered good working relationships at higher professional and political levels between the two defence establishments.[6] Malaysia's purchase of the Russian built MiG-29 aircraft has also paved way for cooperation at the air force level. India has been engaged to train the RMAF (Royal Malaysia Air Force) personnel on maintenance. India has been also supplying parts for the MiG-29 project while giving its best technical support in servicing the aircraft.

The potential for defence cooperation between the two countries is great indeed. Given India's burgeoning defence industry and Malaysia's interest in expanding its own, many areas of cooperation are being identified. At the moment, cooperation at the level of human resource training has already been well established. India has allotted 15 slots annually for Malaysian

trainees under the programme of technical and economic cooperation since the early 90s.[7] By 1997, as many as 55 officers were trained in India under the related military personnel training programme.[8] Malaysia's Armed Forces Staff College (MTAT) is also involved in training and exchange programmes where Indian military officers are allowed to attend courses.

The nature of bilateral defence cooperation is also slowly expanding. There is a need for both the nations to cooperate closely in tracking illegal activities including piracy, toxic dumping, human trafficking and so on. Military to military cooperation is likely to increase as more CBM-type activities are introduced at the regional and national level. The growing strength of India's defence industry is also likely to create an avenue for defence cooperation along the technical and technological lines.[9] This will be further enhanced if Malaysia plans to acquire other Russian weapons such as the Sukhoi aircraft in the years to come. India has already acquired the licence for the production of the MiGs and the Sukhoi.

GLOBALISATION AND ECONOMIC INTERDEPENDENCE BETWEEN MALAYSIA AND INDIA

The 21st century is bringing about a major change in the bilateral relations between Malaysia and India. This significant shift is indeed propelled mainly by economic considerations. In fact economy has become a "constant" in governing the direction of the bilateral relations. There are several reasons for such an argument. Malaysia and India belong to the developing world. They have common interests both in the international economic environment and also in fulfilling their domestic needs. The quest for economic development, growth and modernisation have been a common theme of their national agendas, particularly in a post-colonial set-up. Some of the challenges confronting the two economies are also similar.

One of the main challenges the two nations are grappling with is the impact of globalisation. Globalisation has brought about a major shift in the way these countries view economic cooperation. Capitalism, market, trade liberalisation, technology transfer, investments and many more have become issues of common concern. In this sense, both Malaysia and India view that their cooperation, understanding and common stance will help in ensuring an equitable economic world order. Both nations have identified several platforms to discuss issues that are affecting them. India and Malaysia have more or less a common stand in the World Trade Organisation. They are continuing their struggle to overcome the challenges of globalisation particularly on issues relating to trade liberalisation and protectionism. The two have been quite consistent in raising the interests of developing economies which are often subjected to the demands and influences of the developed economies.

While facing similar challenges in terms of the demands of globalisation in the areas of economic liberalisation, Malaysia for example, has long

realised the importance of cultivating economic and political relations within the realm of the developing world. India had similar aspirations through NAM (Non-Aligned Movement). Though NAM was a product of Cold War politics, its members nonetheless comprise mainly developing economies. In fact, this has paved the way for the initiation of other forums such as the G-77 and G-15. Malaysia and India are both active members in most of the organisations belonging to the developing economies.

The above organizations, particularly the G-15, is currently seen as the most vibrant component of international economic cooperation among the developing world. It was established for the purpose of accelerating economic cooperation and enhancing trade within the developing world. Each bilateral meeting between Kuala Lumpur and New Delhi will, among others, focus on promoting their common interests in enhancing South-South cooperation through trade and investment.

For Malaysia, South-South cooperation is an important dimension of its foreign economic policy. Malaysia has almost for the last two decades diversified its economic resources. It has successfully moved from a commodity based economy into a trading nation. South-South cooperation is seen as vital to Malaysia in ensuring that its Vision 2020 of becoming a developed economy can be realised. It is also crucial to realise Malaysia's foreign policy goals of promoting South-South cooperation. The idea of South-South cooperation is basically to counter and overcome too much dependence on the western economies.

In overcoming the dependence on the west for trade, Malaysia has been focusing on regions such as South Asia, Southeast Asia, Latin America and Northeast Asia for enhancing trade and economic cooperation. The Middle East is also now being viewed in this context. Malaysia and India view each other positively in this direction. For Malaysia, India is an emerging economy in which its vast potential offers various opportunities for both investment and trade. Since the early '90s, India has opened its economy to foreign participation. It has committed to lowering barriers to trade and investment. It is also subscribing strongly to the principles of liberalisation within WTO and other trading regimes. By 1997, India had also adopted policies to improve customs tariffs with a promise to align them with those of ASEAN's.[10]

While looking at the development and trade liberalisation and investment potential in South Asia, Malaysia has quite prudently joined the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). The IOR-ARC regime is basically to promote trade, investment and economic liberalisation. Realising the fact that Malaysia has been active in East Asia on similar endeavours, it had responded positively to the invitation to participate in IOR-ARC. The new initiative which held its First Ministerial Council Meeting on 4 March, 1997 is not just seeking a preferential trading arrangement. It is moving towards the direction of open regionalism like that of ASEAN and APEC.

Malaysia, Indonesia and Singapore are the three ASEAN countries that attended the IOR-ARC. Malaysia's participation in this process reflects a significant shift in its foreign policy because two decades ago it did not view South Asia as a potential region economically. Malaysia's trade with India and others have been quite marginal in the 70s and 80s. But the scenario changed in the 1990s. Malaysia's foreign economic policy is now well-tuned to emerging markets. There are many factors that must be taken into consideration when analysing why Malaysia is keen to participate in a project that is initiated and pushed strongly by India.

The basic reason would of course be the reality of being a littoral state of the Indian Ocean Rim. Nonetheless there are more compelling reasons. India has not been successful with SAARC (South Asian Association for Regional Cooperation) for almost two decades within its own regional environment. While Malaysia being a littoral state of the Indian Ocean, it is also interesting to note the fact that there was a lack of awareness over the potentiality of the intra-Indian Ocean trade. In the 1970s, intra-Indian Ocean trade was at 14.5 per cent. By the mid-90s, the figure went up to 21.3 per cent.[11] Though the growth was not something that can be seen as substantive, India's trade liberalisation policy was much more attractive in the second half of the 1990s. The continued liberalisation has the imperative and potentiality to spur further growth in intra-regional trade. In fact, it is in this direction in which the ASEAN countries are participating i.e. the IOR-ARC initiative. Malaysia is at the forefront of this regional and global level.

Another important feature that stimulates Malaysia to look at India as a significant economy is the market potential. Even the United States is taking this fact quite seriously in its bilateral relations with India. India has some 250 million people belonging to the middle class category. They are also a group that is rapidly expanding. The new generation is very much a consumer-oriented generation. Almost 50 per cent of India's population is now under the age of 20. In addition to that about 40 million Indians belong to families that earn more than US$30,000 a year. The government of India is helping further by reducing important tariffs on consumer goods.[12]

On the whole, the above factors coupled with Malaysia's recent foreign economic policy concepts like "smart partnership" and "prosper-thy-neighbour", are indeed shaping the momentum of the bilateral economic cooperation. Malaysia and India have also common interests in revitalising trade and investment within the South-South framework. Both nations have called for revitalising the various institutions and mechanisms for promoting economic cooperation and trade among developing countries. In this context, Malaysia positively views the economic potential of India. In line with that, it is currently engaging in many investment projects in India. The direction and size of the economic activities between the two are also on the increase. For Malaysia, it is even more encouraging to note that so far the trade surplus is still in its favour.

THE NATURE OF BILATERAL TRADE

Malaysia is without doubt an active trading nation. It has diversified the national economy to that direction so that it is no longer vulnerable to the international prices of commodities it had experienced in the 1970s and early 80s. The Mahathir administration made the major changes in the economy, including the necessary policy shifts to stage Malaysia as one of the most competitive economies in the region. In order to position itself as a viable trading nation, Malaysia has also been positive towards all trade liberalisation policies. It has been a member of APEC (Asia Pacific Economic Cooperation), AFTA (Asean Free Trade Area) and the WTO (World Trade Organisation). Where tariffs are concerned, Malaysia is complying with the rules of having 5 per cent or less to facilitate trade. Malaysia's participation in the IOR-ARC regime along with India will eventually see the harmonisation of trade policy between the two nations in a greater way. India, on the other hand, is now a full dialogue partner of ASEAN.

On this ground, trade between the two countries is one major area in which the level of bilateral economic cooperation can be clearly seen in an extremely positive light. More so, because it was commerce and trade that governed the nature of bilateral relations centuries ago. Indian traders have used Malaya as their trading gate to the East. They gave Malaya a new name, "suvarna bumi" which means the golden land. Today, trade between the two is slowly gaining momentum on an upward trend. This does not mean the trade figures are sizeable in comparison with the size of India. But, the direction in which it is taking place can be viewed in terms of potentiality or future prospects.

The above analysis can be proven true if we look at the trade figures within the recent decade. The 1990s witnessed the doubling of trade between Malaysia and India. Malaysia's trade with India was recorded at RM$1.6 billion in 1991. By 1995, the figure went up to an amount of RM$3.4 billion.[13] The rise in bilateral trade was very encouraging during the first half of the 1990s. However, the following year witnessed a slight deceleration. The bilateral trade for 1996 was only around RM$2.3 billion.[14] This did not jeopardise the momentum already in place during the early years of that decade. Trade figures went up to an encouraging stage by the late 1990s. In 1999 above, bilateral with India amounted to RM$9.75 billion.[15] This is indeed a positive indication of the entire scenario of growth and its future potential in bilateral trade relations.

Malaysia's exports to India were primary commodities such as palm oil, petroleum, sawn timber, tin and rubber. On the other hand, its imports from India comprised vegetables, spices, animal feed, meat, rice, wheat and several other agricultural products. The following table will highlight the figures pertaining to bilateral trade during the period of 1990s.

Table 1: Trade Between Malaysia and India

Year	Total Trade (RM billion)
1991	$1.66
1992	$2.0
1993	$1.6
1994	$2.6
1995	$3.5
1996	$2.3
1999	%9.7

Source:

Department of Statistic Malaysia; New Straits Times, 30 January, 2001 and New Straits Times, 5 May, 1997.

On the whole, trade between the two nations has increased significantly. By the late 90s, bilateral trade had developed positively between the two nations. This was very much different in the 70s and 80s. During that period trade was below RM$0.5 billion. The main reason for that was protectionism in India's economic policy. At that time, India was against open market policy. Import tariffs in India were also very high. Investment policies were not very friendly, and hence discouraged foreign investors. However, where Malaysia is concerned bilateral trade with India is something that can be considered very positive for several reasons. Bilateral trade with India has been enhancing Malaysia's economic interests in many ways. Some of its export sectors have benefited very much by trading with India. For example, Malaysia considers its palm oil sector as an important component of the agricultural commodity export business. India imports a bulk of its edible oil from Malaysia. In fact, 47 per cent of India's import of vegetable oils are from palm oil products. In this sense, Malaysia sees the bulk of its palm oil exports going to India in a constant flow. The commodity enjoyed a tremendous growth of 262 per cent during the period of 1995-1996 as a key component of oil exports to India.[16]

Aside from this, Malaysia is also helping India to develop plantations which offer another opportunity for investment. As India's edible oil consumption is on the increase, it is likely that Malaysia's palm oil will continue to be a crucial product in New Delhi's import list. Along with palm oil, rubber too recorded a growth of 93 per cent in 1994-1995.[17] Nonetheless the value of palm oil exported to India is indeed pivotal to the nature of bilateral trade. India remains the largest importer of palm oil contributing some RM$3.4 billion in recent years.[18] This in fact is a testimony that underline Malaysia's strategic interest in developing the economic dimension of bilateral relations further.

The overall pattern of trade has been very much in favour of Malaysia. Some estimates indicate that trade surpluses are in favour of Malaysia by more than half of the total volume of bilateral trade between the two countries. In fact, Malaysia has very few trading partners where the percentage of bilateral trade is in favour of its interest to such a large extent. Therefore it is important for Malaysia to capitalise on these existing opportunities before other competitors take advantage of the situation.

It is also interesting to note that while Malaysia enjoys a great advantage in palm oil and rubber, India too is seen as a crucial partner in its future imports. This is also seen within the context of agriculture, particularly the livestock sector. The Mad Cow disease in Europe has permeated the world with many negative stories of not only the British beef and dairy products, but beef and dairy products of the entire European Union. Malaysia has recently adopted policies to ban the import and sales of European Union livestock products. The recent developments in Hand, Foot and Mouth (HFM) disease in Europe will further worsen the situation. Malaysia's reliance on imports of food and agricultural products will surely be affected as a result.

As a replacement, Malaysia is looking at India as an important source for supply. Malaysia consumes about 122.5 million kilogrammes of beef annually. The demand is expected to increase annually by 7 per cent. Malaysia's import of beef will rise by 4.2 per cent annually. Local production of meat is less than a quarter of the actual consumption within the country. At the moment, India is the main supplier of meat. According to India's Agricultural and Processed Food Products Export Development Authority, the total import of meat by Malaysia was about 98, 850 tonnes valued at RM$498.45 million. So far 90 per cent of Malaysia's import of frozen meat comes from India. It has a tremendous potential to remain as the top supplier for several reasons. Chief among them is the Islamic factor which involves the production of "halal" meat that meets the Malaysian requirement. India has also in invested world class abattoirs that are complying with all international standards.[19] Given the endemic problem in Europe, Malaysia will rely further on India for fulfilling its local demands. It is also not in a good position to increase local production given other impediments.

INVESTMENTS AND INDUSTRIAL JOINT-VENTURES

Like bilateral trade, investments and industrial joint-ventures are major areas in which economic cooperation between Malaysia and India has expanded in recent years. Since India had opened its economy to the rest of the world in 1991, it has also encouraged foreign investors into the country. ASEAN nations, particularly Malaysia, Thailand and Singapore have been grabbing every opportunity, wherever possible. Malaysia looks at the investment potentials in India in a serious way. Aside from the agricultural sectors, Malaysia's investments in India are in telecommunications, infrastructure, power projects, food processing and tourism.

Malaysia remains the fifth largest investor in India behind the United States, United Kingdom, Thailand and Canada. In 1995, Malaysia's investment was estimated at RM$252.28 million.[20] By the late 1990s, Malaysia's investments in India were recorded at RM$1.715 billion. Between 1988 and 1999, India had developed 179 industrial projects in Malaysia valued at RM$106.5 million.[21] The above figures clearly indicate the comparative advantage Malaysia enjoys in terms of investment, simply because of the income potentials of the nature of projects in which it has invested. Indian investments in Malaysia have been mainly in power generation, transportation relating to the railway sector and construction of bridges. With the launching of Malaysia's Multimedia Super Corridor (MSC), some Indian companies have also been participating as investors. This will hopefully increase the level of future investment from India. India's investment in Malaysia, however, has remained small in comparison with many other countries. India's application for investment here for 1999 was recorded at only RM$69.5 million.[22]

Political visits to improve bilateral investments are on the increase. In recent years, visits of chief ministers of states within the federation of India have been increasing. Within the last two years a few chief ministers of the southern states of India have visited Malaysia. During this period, the Malaysian government has sent its Minister of Works, Minister of Tourism and the Minister of Consumer Affairs on business visits to India. The Minister of Works, Dato Seri Samy Vellu has been visiting India on a regular basis to promote Malaysian participation in various projects in India. This has resulted in Malaysia becoming a leading investor from the ASEAN region.

The nature of Malaysian investment in India can also be viewed on a sectoral basis. As such there are two or three areas in which these investments are quite visible. At the moment, the infrastructure sector is one field where some Malaysian investors are engaging in, and vying for potential projects. In fact, according to the World Bank, India wants to increase infrastructure investment to US$20 billion annually. In 1996, India established its Infrastructure Development Finance Company (IDFC) with an authorized share capital amounting to US$1.3 billion.[23] The World Bank had also sent 'positive vibes' so that potential investors would feel confident.

The late 1990s witnessed a major influx of Malaysian investors in India, particularly those who were looking for a good business venture in infrastructure development projects. Since then, Malaysians have been participating in the construction of highways, roads, telecommunication facilities and port facilities. Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Punjab are states that received strong participation from Malaysian investors. Some of the projects include national highways linking Tada and Nellore in Andra Pradesh; a national highway from Vijayawada to Nadigma in Andra Pradesh; a highway from Chennai Port to Tambaram in Tamil Nadu; a highway linking Chandigarh and Ludhiana in Amritsar and also a bypass at Ludhiana in Punjab; bridges in Punjab; and the construction of Colachel Port in Tamil Nadu.[24] The highway construction projects are

likely to increase further. India has also asked to increase the participation between the two governments in this area so that more joint-ventures can be materialized. Road projects by Malaysian builders are also underway in New Delhi, west Bengal, Bihar and Gujarat. IJM Corporation, Renong and Road Builders (M) Berhad are popular companies that have secured major deals on the highway projects. Road Builders (M) Bhd., for example had secured contracts valued at RM$700 million in1998.[25] The Construction Industry Development Board Inventures is also on the verge of securing RM$690 worth of road projects this year.[26]

India is also experiencing energy shortages. Annual power losses in India now exceed US$2 billion.[27] This is a serious problem that must be addressed soon so that it does not affect industrial growth. Malaysian companies are slowly finding ways to capitalize on India's power shortages given their experience in building independent power plants locally. In 1997, Autoways Holdings Berhad secured a major deal to build a RM400 million power plant in Mangalore, Kartanaka. Since then, efforts to secure more deals have also been intensified. Aside from the power plant projects, India's huge cable manufacturing market is also one area into which Malaysians are venturing. Malaysia's cable company, Leader Universal, has made entry into this field. In recent years Maxis and other telecommunication companies are also securing deals in the Indian market.

Malaysian contractors' participation in India has been generally on the increase. In fact, one could consider Malaysia as a major player in infrastructure developments in India. Its contractors are also competitive. However, doing business in India is not all that easy. There are major impediments that one must overcome before securing tenders or while carrying out projects. It is indeed very important to know the right ways of doing business in India.

Some of the major impediments include political intervention, regulatory problems and bureaucratic 'red tape'. The problem of political intervention can be clearly seen when federal-state relations are not smooth. The tendency for federal leaders to interfere in state approved projects cannot be ruled out. This increases when there is political instability at the state level. These regulatory constraints, if left unchecked, can cripple the interests of investors. The 1995 Enron case is a salient example of this. However, the federal government has in recent years cleared so many barriers for investors. Clear guidelines are also readily available.

Problems relating to 'red tape' or bureaucratic delays can be regarded as part and parcel of doing business in India. India has a very large bureaucracy. While red tape can hinder and delay initiatives, corruption is another problem that goes along this channel. High level of tact and the understanding of the very culture of the Indian bureaucracy is indeed crucial to being able to compete and become a successful investor in India. Generally, Malaysian companies have been thriving despite these challenges. Malaysian investors find the Indian environment quite conducive.[28] The potentials are great indeed.

The Indian government's friendly relations with Malaysia are in line with the spirit of South-South cooperation. This has resulted in the opening up of strategic industries for Malaysia to participate in. For example, India has recently invited Petronas to participate jointly with its national oil company, Indian Oil Corporation in bidding for the 25 blocks of potential crude oil reserves in India. It has also invited Petronas for a joint production in lubricants. In 1997, Petronas and Indian Oil Corporation had also jointly engaged in constructing an LPG plant to supply cooking gas.[29]

India's liberal economic policy is indeed providing more openings. Investment projects are steadily increasing. During the 70s and 80s, joint-ventures and investment projects between the two nations stood below twenty. By the 21st century, there has been a hundred per cent increase in the number of projects. The emergence of the K-economy and the revolution in Information Technology (IT) has indeed opened up other opportunities for cooperation. This is where the nature of bilateral economic relations will be taken to another level.

Investment and technical cooperation in the area of IT is slowly defining the changing nature of economic relations between Malaysia and India. Both the nations have realized the importance of this field in the world of K-economy. India is currently a leader in this revolution. Indians generally believe that India will do to software what Japan did to the automobile industry. Since 1991, the software industry in India has been growing at 50 per cent annually.[30] By 1996, the revenue obtained was estimated at US$2 billion. Chennai, Hyderabad and Bangalore have formed a "Silicon Triangle" for India. India's software industry association, NASSCOM estimates that almost 38 per cent of all internet and e-commerce start-ups in Silicon Valley are owned by Indians.[31]

The success of India's software industry is good news for Malaysia. The MSC in Malaysia is still in a formative stage. The participation of Indian software companies is definitely a booster. The level cooperation in this field also appears encouraging. In 1997, the National Institute of Information Technology (NIIT) was given the MSC status. Indian software engineers and IT trainers are in many institutions in Malaysia like the Multimedia University, UNITAR and others. NIIT is also helping Malaysia to develop its science curriculum for Smart Schools. It is also estimated that half of the foreign workers at MSC are from India.[32] This in itself explains the extent to which Indians are involved in Malaysia's MSC.

The high level of cooperation on technology transfer from India is also an encouraging sign for Malaysia. Like the government, the private sectors in Malaysia are also benefiting in a big way. The visit of the Indian Prime Minister, Atal Bahari Vajipayee saw the signing of a Memorandum of Understanding (MoU) on cooperation in IT. India looks to Malaysia as a gateway to the ASEAN region. The collaboration of these two nations has great potential because each has something to offer in their joint-ventures.

While India has the software capabilities, Malaysia has the hardware advantages to match the market need.[33] Thus the level of bilateral cooperation in IT will likely increase in the years to come.

The private sector is already engaged, in a significant way, in enhancing this cooperation. Companies like Indus Inova has been facilitating technology transfer to Malaysian entrepreneurs through India's National Research Development Cooperation (NRDC).[34] Local companies have also secured an MoU with Pentamedia of India, the third largest computer animation company in the world.[35] Malaysia's private sector has begun to move the nation's into the K-economy culture. Thus this will further boost the business partnership. Recently, Malaysia had encountered problems in securing foreign technology. There are also many complaints that most developed countries do not transfer technology to fulfill the national expectations. In the case of India, however, it has so far fulfilled these expectations. More so, Indian experts are engaged in IT education in many institutions of higher learning in Malaysia.

VISA, LANDING RIGHTS AND TOURISM

The travel related issues between Malaysia and India is one area of the bilateral relations which are rather sensitive. However, recent efforts have brought about some important changes so that people from both sides could travel with less problems. In the past, visa restrictions and landing rights had been slightly hampering the positive nature of the bilateral relations. For Malaysia, it is also a sensitive issue given its own population of Indians which constitute approximately 10 per cent of the entire Malaysian population. Therefore political and policy decisions will have to take into account the sensitivities within its own multi-racial environment. Malaysia is also hampered by problems of overstay by foreigners who come in on social visits or even by those with working permits. Old visa procedures had kept the numbers of people traveling between the two nations to a minimum.

In January 1993, travelers from South Asia, mainly Indians, Pakistanis, Sri Lankans and Bangladeshis had to pay RM$750 as deposits from their sponsors. The regulations at that time was very stringent for both tourists and social visitors from South Asia. Realising the immense potential for tourism in Malaysia, the government decided to do away with the deposits in March of the same year. In addition, the government allowed registered travel agencies with the Malaysian Tourism Board Promotion to be the guarantors or sponsors for those who are genuine tourists.[36] Malaysia's earlier move to impose RM$750 was also retaliated by the Indian High Commission. Initially there was a delay in processing visas. This was eventually resolved. By 1999, Malaysia had relaxed its policies for travelers from India. Those who came in as tourists, investors or businessmen were no longer required to have local sponsors. All they had to do was to show any documents which indicated business chamber memberships, paid-up income tax, credit cards, good bank accounts or frequent trips for business.[37]

On the other hand, Malaysians who are entering India are also subjected to stringent visa procedures. At the moment, they are paying RM$152 for a six-month visa. The processing of visas by the High Commission also takes half a day. This is likely to change in future. India is considering doing away with visa processing in Malaysia. Instead, the government might adopt a system of introducing visa-on-arrival for Malaysians.[38] If such an initiative materializes, travel between the two countries will be much more convenient. Both the governments have realized the importance of developing their tourism industry. To this effect, visa procedures need to be made more flexible.

India has a population close to 1 billion people. Its sizeable middle class is in a position to travel and spend. But their destination of Malaysia for holidays has yet to grow fully. On the contrary, Indians are traveling in larger numbers to Singapore and other destinations in Asia. In 1999, there were only 46,537 Indian visitors to Malaysia. This number was even lower in 1993 when Indian visitors were around 15,358 only.[39] The recent increase was due to the efforts led by the Malaysian Minister of Culture, Arts and Tourism. The Minister has also encouraged India's Bollywood film industry to carry out their filming here in Malaysia. While there is a significant increase in the arrival of Indian travellers, it remains a small portion of the 10 million or so tourists coming to Malaysia annually.

Malaysian visitors to India are around 60,000 in recent years. It was around 34,000 in 1990.[40] Though the figures are not impressive, the doubling of the figure within a decade can be viewed in a positive light. The potential for growth for travelers from both the countries is obviously there. However there are other major impediments that must be settled so that a sizeable growth in tourism can be obtained. Aside from the visa issue mentioned earlier, securing landing rights in India seems to be a problem for Malaysia. Air accessibility between the two nations are somehow limited. In 1996, Malaysia's Transport Minister, Ling Liong Sik visited India to secure a route for Malaysia's national carrier, Malaysian Airline System (MAS) to Bangalore.[41]

Until February 2001, air accessibility from India to Malaysia was only around 19 flights a week.[42] Malaysia's persistent negotiations and dialogue with their Indian counterparts had improved the situation in March, 2001. It secured more landing rights to Mumbai, Bangalore and Hyderabad.[43] These developments have further improved the situation. The ministries that are dealing with tourism have also upgraded their activities so that they can lure more visitors. Active promotions are underway in recent months. It seems both the nations have yet to exploit the full potential in this field. Malaysia's promotion of "Smart Partnership" policies seem to be in a position to further enhance the bilateral cooperation through tourism. For Malaysia, it has other advantages such as major shopping facilities, cheaper 5-star hotels and other related means which can provide tourists more value for their money. While travel facilitation has been a sensitive issue in the past, the two nations have begun to realize the necessity to tap its full potential

while realising the importance of doing away with antiquated procedures. More so the pressures of globalisation demand some major changes in the ways states and people relate. Old sensitivities must be shed if Malaysia and India need to stay competitive in a globalised economy.

SOCIAL AND CULTURAL LINKAGES

The social and cultural linkages between Malaysia and India can be traced back to the history of the two regions, i.e. between South and Southeast Asia. The cultural and religious impact of Indian ancient kingdoms in Southeast Asia (including Malaysia) can also be seen in the rituals of the various ceremonies being held by the communities in the region. The giant artifacts of India's cultural heritage can be found in almost all the Southeast Asian states. The presence of substantive Indian communities in Malaysia and Singapore defines further the old cultural linkages. Malays in Malaysia too enjoy in many ways a cultural familiarity and affinity. The dramatic increase to more than 2 million viewers of Indian movies in Malaysia in recent years is testimony to that. Rituals in ceremonies, language, food and dressing are other areas which suggest a strong nexus between the two societies.

Aside from tourism, there are also other areas which allow the social and cultural contacts between the countries to develop. Education is one area in which a few decades of social cooperation have continued. The field of medical sciences continues to attract hundreds of Malaysians annually. As a matter of fact, almost one third of Malaysian doctors were trained in India. In 1993 alone, there were around 200 Malaysian medical students studying in India.[44] The figure reduced recently due to policies of the Indian government. Since the early 90s, the Indian government started imposing policies to pressure medical colleges to reduce the intake of foreign students. This is to pave the way for its own students to be in a position to secure seats in medical colleges. In 1996, some 85 students from Malaysia faced such policy impositions directly while in college in Bangalore.[45] The Malaysian government intervened and managed to settle the problem.

Realising the challenges ahead, Malaysia decided to encourage joint-ventures and to build more medical colleges at home. It also decided to encourage the medical faculty in India to participate in the joint-ventures projects in Malaysia. Malaysia's Cisco Group signed an MoU with Kasturba Medical College for twinning programmes in 1993.[46] Malaysia now has a few medical colleges which employ Indian educationists. Similarly, twinning programs are also on the increase in the field of engineering, computer science and management. The use of English language and the existence of reputable medical, engineering and management schools in India have induced Malaysia to enhance cooperation in this field. It is also a much cheaper high quality education that is comparable with the rest of the developed world. India's success in the field of IT is likely to further influence and enhance the already existing education cooperation.

Aside from education, the entertainment industry is also on its way towards deeper social and cultural cooperation. The impact of Bollywood on the local entertainment industry is quite apparent in Malaysia. Efforts to bringing in more Indian stars for concerts and other entertainment programmes are being increased. Most programmes have received tremendous support from the public. The number of shows are doubling annually though exact figures are not available. At one time, interest in Indian films was limited to Malaysian Indians. This trend has changed. There is a renewed interest among all ethnic groups in Malaysia.

Malaysia's culture of generosity and sympathy can also be witnessed through the recent efforts to help India immediately after the earthquake in Gujarat. Malaysia had also pledged to provide RM$380,000 to the quake victims.[47] In addition to that, the private sectors and some social organizations had also raised funds for the recent disaster. A 24 member-Special Malaysian Disaster and Rescue Team (SMART) was also sent to undertake relief operations in Bhuj, Gujarat.[48] Aside from the help for the victims, social cooperation has generally been on the increase. This can be witnessed even among the spiritual organizations of the two countries. For years, religious institutions in Malaysia have maintained linkages with India.

CONCLUSION: POLICY TRENDS

An analysis on the bilateral relations will reveal that the nature of cooperation has been intensified within the last decade. It was in the 1990s, both India and Malaysia made concerted efforts toward economic liberalisation. Malaysia participated actively in AFTA and APEC. India opened its economy to the world during the same period, particularly in the early 90s. Economic liberalisation and the pressures from the developed world towards that direction have also influenced developing countries into finding alternatives. South-South cooperation through G-15 has further encouraged bilateral relations between developing countries.

For Malaysia, India and other credible partners like China have become important destinations in the forefront of its foreign policy. Mahathir's active promotion of smart partnerships, 'prosper-thy-neighbour' and the South-South cooperation concepts have not only remained as crucial foreign policy pillars, but most importantly as a strategic means for Malaysia to cope with the impact of the globalisation. Like India, the rest of the developing world is considered pivotal to its national survival. Bilateral cooperation in strategic areas further testify to the strength of the relationship.

In the years to come, Malaysia and India need each other not only for managing their economic security, but also for maneuvering in the international system. The east-west and north-south imbalances are realities of world politics that cannot be eradicated within decades. It demands strong alliances within the developing communities of the world. And the bilateral platform remains the best place to initiate such a gigantic momentum. India has revitalized its own Look East policy. Likewise, Malaysia seems to echo its smart partnership concepts so that a synergy can be created.

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ASEAN SUMMIT DIPLOMACY: WHAT PROFIT IN CLIMBING THE MOUNTAIN?

Alan S. Colegrove

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INTRODUCTION

Summit diplomacy. The label conveys a sense of importance, of great expectations. From the summit of a mountain one can see far and wide. The rarefied air is suitable for only the most experienced practitioners of the art. 'Diplomacy' is filled with denotative meanings - of older ideals such as Metternich and the Concert of Europe, Bismarck and German unification, recent failures such as Wilson and the League of Nations or Chamberlain and Nazi Germany, and successes - qualified or not - of the United Nations and U.S./U.S.S.R. détente. Combined, 'summit diplomacy'. might be the best of the highest and most powerful decision processes in the international arena.

But is it? Summit diplomacy was essentially all there was in the 17th through 19th Centuries - the era of princes, of kings, and traditional diplomats. The citizens of the world had scant say in most countries of those eras. But as the 20th Century dawned, waxed, and waned, the stranglehold of Europe on the rest of the world was broken. Two devastating hot wars and one long cold one processed international relations in a manner unseen since the wars of the Protestant Reformation four centuries earlier. With the dawn of a new millenium, the landscape of international relations has changed.

The question, then: is summit diplomacy an instrumental tool of the new international order, or is it an obsolete holdover, or even an irrelevant concept driven more by domestic political agenda than by international relations.

The argument is not easy to craft. It appears that summits can be very useful in working international relations, both on bilateral and multilateral bases. However, as with all tools, summits have strengths and weaknesses. They also vary in their utility based on a variety of factors, such as the issues addressed, the health of the players in the summit, and the general condition of the international arena during the period of the summit in question. Also, more than many items, summits do not necessarily have immediate results. The success or failure of a summit may be better judged several years after the event. Rather like wine, the ingredients selected may appear promising in any given year, but until the agreements have been implemented and the effects assessed, there is really no way for sure to determine if a vintage summit has been produced, or vinegar. (Though even vinegar can be used to cook!)

This paper will start with a theoretical framework explaining summits. While many sources exist on specific summits, analysis of summits as a social science seems to have begun only in the 1980s. A brief discussion of historical relationships will follow, trying to relate past similar conditions to those of the present. A review of two major summit forums will then be made. The first will be assessments on the G-7 Summit series. But the paper's focus will be on relating some of those assessments on summit activity to the developing Association of Southeast Asian Nations (ASEAN) summit process.

THEORETICAL ASSESSMENTS

In terms of 20th Century diplomacy, summits have been increasingly used since the mid-1970s. The breadth of topics as well as number of forums has led some to wonder if the term was being worn out through overuse.[1] However, the continued use is assured, if only through force of habit. Therefore, the question comes, what are the purposes, realistic goals, and achievable outcomes for summits based on observed data over the recent years.

In broad terms, summits have been postulated for a variety of reasons. Symbolic meetings between major powers, and final stage negotiations on major issues (especially arms control) were among the most important in the Cold War.[2] Other general issues include exchange of information or views, handling specific crises, definition of strategic policy among allies, and even handling of issues in presumably unpublicized side meetings between leaders.

This broad number of issues has made general assessment of summitry difficult. However, the G-7 group of industrialized nations (G-7) has had

an extended and highly documented run of summits, generating some analysis. Using the G-7, Prof. John Kirton of the Univ. of Toronto reviewed summit diplomacy theory in 1989, calling attention to the similarities between the state of the G-7's world to that of the Concert of Europe, starting in 1819. He has called the G-7 an International Concert.[3]

Kirton's analysis turns the G-7 summit series into an International Concert by drawing on four specific elements. Through his analysis, it might also be possible to draw on similar elements to review the effectiveness of other summits, at least as concerts. This should be useful in establishing effective management mechanisms for other groups if the current trend towards increased summit activity continues.

First, there has to have been a decisive shock to the existing international system to kick off a new concert. Drawing analogies, Kirton points out the Concert of Europe was formed in the aftermath of the Napoleonic Wars. The G-7 Concert was formed by the triple shock of the "collapse "of the Bretton Woods financial system, the Arab Oil Embargo and subsequent oil price increases, and major international security events of the US loss in Vietnam and the Indian nuclear test - all of which occurred in the few years of the early 1970s.[4] From this, it can be generalized that summit or concert diplomacy as a recurring event requires some 'shock to the system' to be potentially effective. The shock must be sufficient for the collective summit participants to see the need to meet on a recurring basis to prevent a similarly severe reoccurrence.

The second concert element is the existence of an "effectively equal and collectively predominant interdependent great powers in the system."[5] Important in this element are the terms "equal," "collectively predominant," and "interdependent." Kirton points out that the US was, on its own, often individually predominant. However, taken together, it did not outbalance all other economies of the G-7. Therefore, it was possible for even a relatively minor G-7 country such as Canada or Italy to be a swing player - for or against the US, at any rate. For their interests, these seven countries clearly represented all the above elements in the their system.[6] Extending to general concert summitry, the rules can be that the collected participants must in some manner balance each other, that they be collectively important to the issue or region at hand, and that there be interdependence of some significant magnitude. OPEC could be a quick example where, though not powerful in certain ways, their control, interests, and interrelationships on oil production and prices are clearly vital to all concerned, and thus benefits from summit/ concert style diplomacy amongst the member countries.

The third element required for an International Concert is for an institutionalization of the summit itself. Included in the institutionalization is a system for preparation, conduct, and follow-up - all the while remaining supportive of the primary element, which is the interpersonal interactions of the country leaders themselves (i.e. leaving the 'summit' in 'summit diplomacy.')[7] Institutionalization need not occur at once. Even the G-7 was

not envisioned as a recurring meeting. But once its utility had been established, a series of processes arose to provide the necessary support. These processes have become full time, as befits an annual meeting. This does not necessarily address a separate question, "can one-time summits serve an effective purpose?" Given the increasing range of bilateral and multilateral summits annually, the greater question remains that of making the routine summits productive. For these 'routine' summits, the question of effectiveness year to year would appear to rest to some extent on the mechanisms in place to keep the group focused on the issue at hand.

The final element of concert diplomacy is the ability to provide stability and order to the international system.[8] In other words, the concert works to prevent the shocks that caused its creation in the first place, and has the power to achieve that goal. Therefore, effective summit diplomacy at any level would require the ability of the players to stabilize the status quo of an issue or region, as well as the ability to manage any change in a manner that minimized adverse impacts to the summit participants.

The four elements of effective recurring summit diplomacy then are: 1) an initiating event due to a major system shock; 2) equal and interdependent players; 3) institutionalization; and 4) ability to influence stability and change. These lead Kirton to postulate three criteria for assessing the performance of a diplomatic concert. The first is the degree to which the concert protects its participants from major system shocks. The second is the success of any new international ordering that the concert must produce in response to change requirements. The final measure of effectiveness is the degree to which a concert is able to create specific mechanisms to maximize the welfare of the concert members directly and the overall system in general.[9]

The quantitative measure of these criteria for the G-7 has been researched a bit. A score card reflecting general summit success as well as individual country goal achievement has begun to be created for each summit. This exposes some of the problems with measuring immediate summit decisions against factual outcomes that are necessarily long-term oriented.[10] However, the effort can be made, primarily through a review of policies espoused prior to the summits, and the issues facing the participants as they approached each summit. By reviewing subsequent country data (economic, political, or otherwise,) the summits further back in time can be grouped and analyzed to determine if they were in deed effective in especially the final criteria above - improving the overall welfare of the specific concert as well as associated areas of influence.

ONE CURRENT SUMMIT CONCERT: G-7

The G-7 started as a one-time event to address the major issues affecting the senior NATO countries and Japan in 1975: collapse of fixed exchange rates; rise of the OPEC cartel and oil prices; and US loss in Vietnam and the Indian nuclear tests. However, US President Ford called another summit

the next year to help bolster a flagging reelection campaign, adding Canada to the list. This second successful summit, while not helping Ford get reelected, did confirm the G-7 Summit as an annual affair.[11] Over ten years later, scholars and academicians were finally taking note.

The attempts to critique the record of the G-7 Summits include focuses on overall outcomes, as well as year to year reviews. Kirton, for instance, reviews data and other studies that generally work on three major sectors to judge summit success: "political direction;" "policy coordination;" and "socioeconomic management." He concludes that the first is measured by anecdotal and insider review of the details of each summit. The second is measured by the overall coordination and control of each summit's agenda and introduction of new issues. The final factor is a compendium of goals and data that corresponds roughly to the earlier mentioned points of protection against shocks, ordering of the international system, and improving the system's overall welfare.[12]

Three different levels of success for the G-7 are identified in three distinct periods. The first period, 1975 - 1980, was considered a period of high summit effectiveness. The period was marked by a lack of shocks to the system, high turnover of issues addressed and agreed to by the participants, and consensus in the agreements reached. The second period, 1981 - 1985, was considered a period of low effectiveness. Fewer new issues were added, and many older issues remained year to year. The consensus of the concert was less marked (contributing perhaps to the lack of issue resolutions,) and there were a number of system shocks that hit the G-7 (including the Afghanistan invasion, Third World Debt Crisis of 1982, and the start of the Iraq/Iran war.) The final period, 1986 - 1988 (N.B. 1988 the most recent for Kirton's article) was considered of medium effectiveness. The economies of the G-7 were generally stable, rapprochement with the Soviet Union was underway, and the only major system shock (1987 stock market collapse) had been adequately controlled.[13]

Other assessments of the effectiveness of this same period provide a more generic review. For instance, only approximately one third of agreements promised by the summit leaders were actually delivered. While not a great score in an academic sense, it statistically eliminates a null hypothesis that summits result in no action. The same study found that for the next period (1988 to 1995,) the delivery of promised agreements improved to 43%. This was attributed to more specific (that is, better defined, and therefore more attainable) goals.[14] It is noted that a number of the goals in this period were environmentally oriented, or related to aid to the former Soviet Union - items that, while affecting laws, policy, and money, are more directly controllable than things such as inflation, rates of exchange, and other free market forces.

A number of studies have looked to define why certain periods were highly effective, and others less so. Areas studied have included: GNPs and relative national power changes; rates of GNP growth (actual and relative;) largest member (in this case US) debt ratios; changes in leadership (and

associated losses of group-memory;) and even confluence or division in the overall party structure (conservatives verses liberals) of the leaders - all of these with and without time-lag effects. To date, while many of these prove promising, none fit the entire curve of the effectiveness studies. The most promising work seeks to associate economic data and associated national power with either a pro- or anti-hegemonic drift in summit politics. A 'pro-' meaning proposes that a hegemon accepts restrictions for the greater good of the group, and therefore greater concert effectiveness. 'Anti-' predicts group efforts to thwart hegemonic initiatives, and therefore reduced effectiveness. The problem is certain sets of data during the 1975 - 1988 period supports both theories.[15]

Overall, the G-7 continues to be an important meeting for the participant countries. The effectiveness of the most recent rounds - including issues such as the introduction of the Euro and various EU/US trade disputes - will not likely be known for several years. However, the question of 'if' the summit has an impact is gone; it is merely a question of how to make each summit more efficient to each participant specifically, and the international order in general.

ASSESSMENT OF SUMMIT CONCERT: ASEAN

The G-7 has enough similarities to the Great Powers of the 19th Century to make a comparison with the Concert of Europe obvious even without complex summit theory and statistical data analysis. But can the same attributes of summit and concert diplomacy be used to study other groupings? The ASEAN forum will be used as a sample.

ASEAN has several surface similarities with the G-7. Formed in 1967, ASEAN has been around longer than the G-7. It has always contained (plus/minus) about the same number of countries. The concerns also focus on economic betterment as well as security and other issues affecting the collected grouping. The major differences are wealth, reach, culture, and regime type. ASEAN represented only 4% of World GNP, compared to the G-7's 46% (GNP in purchasing power parity terms.)[16] The concerns of the G-7 were and remain global in terms of investment and resources. ASEAN has been predominately regional in concern. Culturally, the G-7 represents six relatively uniform European-origin countries plus Japan. ASEAN contain countries that officially espouse four of the world's major religions, contain widely diverse languages and cultures, and have at race or religious differences as major internal stability issues in a large percentage of the present members.

Finally, all G-7 countries have had mature democracies throughout their tenure; regime differences have been measured along a conservative to liberal axis of democratic views. ASEAN, on the other hand, consisted even at its formation of two restricted democracies, two military autocracies, and one civilian dictatorship. It now consists of two freer democracies, four restrictive or troubled democracies, a hereditary sultanate, two transitioning Communist-socialist oligarchies, and a military autocracy.[17] These differences noted, ASEAN as a 'concert' will be examined using Kirton's criteria.

The first criterion was a decisive event or series of events leading to the formulation of the concert. The years prior to the formulation of ASEAN included several events that can be so considered. Perhaps the most significant event was the Confrontation initiated by Indonesia against Malaysia in 1963, and not resolved until 1965. The exit of Singapore from Malaysia, also in 1965, would have been an additional shock. The Suharto overthrow of Sukarno occurred also in 1965, resulting in a major realignment of Indonesia away from the PRC. Finally, the region was continuing to reel from the heavy US involvement in Vietnam.[18] In summary, all of these events would be ample shocks to any system. The proposal to form ASEAN as a vehicle of dialog to impact regional security and economic development is certainly one of the elements of a concert.

The second criterion is equal and collectively predominant interdependent powers in the system of the concert. Measured as national power in either economic or military terms, the criterion for the first twenty years has some merit as a regional concert. As finalized soon after establishment in 1967, Indonesia predominated in terms of population, and Singapore was the grouping's dwarf. Malaysia, Thailand, and the Philippines fell on a continuum between these two, however. Much like the US verses the other six in the G-7, Indonesia did not outweigh the rest of the collective group in any measure except population - which, being a poor, scattered archipelago, it was unable to harness to direct benefit. More importantly, however, was a strongly shared cultural bias to require a consensus on any major decision. This cultural requirement served to flatten any major power discrepancies, at least while ASEAN retained its original make-up.

However, since 1984, ASEAN has begun to violate this criterion. Brunei was admitted in 1984, bringing ASEAN to six member countries. However, Brunei is so small as to have virtually no measurable military, and as a sultanate, the nation's GDP is essentially all private. The expansion in the 1990s has further complicated the issue, as shown in Table 1. The GDPs of the available countries in 1999 is so disparate it is hard to graph in an effective visual manner. Since ASEAN runs under a

Table 1: 1999 GDP (Billions USD)

Brunei	n.a.
Cambodia	3
Indonesia	138.5
Laos	1.6
Malaysia	79.8
Philippines	78.9
Myanmar	n.a.
Singapore	95.1
Thailand	134.4
Vietnam	25.6

consensus process, each leader is conceptually allowed an equal vote. While the equal vote concept is in line with concert summits, the allocation of equal consensual rights to vastly different powers is antithetical to what concert diplomacy was in the 1800s, or essentially is today in the G-7. As long as the five major powers of ASEAN exercise an effective power brokerage system behind the scenes, then ASEAN summitry can still be considered in a summit context.

The third criterion is institutionalization of the summit. The first problem that arises is that the summit process did not occur until relatively late. The first summit did not occur until 1976 - nine years after ASEAN's formation. Though a second summit followed immediately, after that there was another long break; summits were not held regularly until 1995, when a series of informal summits were added to fill multi-year gaps between planned summits.[19] However, a permanent ASEAN secretariat was established soon after the 1967 formation of ASEAN.

The fourth and final criterion is the ability to provide stability and order to the international system covered by the concert. This criterion is perhaps the one most open for more major debate. The satisfaction of this criterion requires some measures of effectiveness. The approach to assess the effectiveness of ASEAN summits will be the previously mentioned criteria of Kirton: 1) protects participants from major system shocks; 2) success of any new international ordering that is produced in response to change; and 3) creation of specific mechanisms to maximize the welfare of the concert members directly and the overall system in general.

MEASURES OF ASEAN SUMMITRY EFFECTIVENESS

A number of post-formation shocks have rocked ASEAN and its region. The first was the fall of the nominally democratic South Vietnamese regime to Communist North Vietnam in 1975. The only ASEAN activity of note prior to this event was the proposal of the Zone of Peace, Freedom, and Neutrality (ZOPFAN) in 1971. It might be noted that the ASEAN summits One and Two occurred AFTER the Vietnam shock (1976 and 1977,) and should be seen as responsive in nature. The first summit produced two binding treaties. The Treaty of Amity and Cooperation emphasized noninterference in the internal affairs of neighbors, and the peaceful dispute resolution process. The ASEAN Concord included the requirement to ratify the Amity treaty, as well as the ZOPFAN goal and broad discussions of unified efforts to improve the economy and societies of Southeast Asia.[20]

The next shock to the system was the invasion of Cambodia by Vietnam in late 1978. This event generated some of the most consistent ASEAN joint efforts in international diplomacy since its formulation. However, it did not generate another specific summit. Almost a decade later, the Third ASEAN Summit produced another major declaration, including much of the stated goals from the ASEAN Concord, adding in the desire for resolution

of the Cambodian crisis as well as the intent to make Southeast Asia a Nuclear Weapons Free Zone (SEANWFZ.) The usual words to boost economic ties were beefed up to include future directions for a preferential trade area - this in the middle of the worst economic crisis to that point to have hit the region since World War Two.

After 1987, summits began to be held more frequently, and by adding informal summits in 1996, the summit finally became an annual reality. However, this was not to forestall the severe shock to the system caused by the 1997 Financial Crisis. The Second Informal and Six ASEAN Summits both addressed the issue in a reactionary mode, calling belatedly for improved governance and greater transparency, as well as bemoaning the downsides of globalization.

In short, the summit process for ASEAN has not been effective in forecasting and preventing shocks to the Southeast Asian system. In no case was a major system shock predicted by an ASEAN summit. The measures announced in response were almost always symbolic - the ZOPFAN and SEANFWZ are still dreams not realities, for instance. The only arguable success, regional return to economic growth following the 1997 financial crisis, is hampered by numerous forecasts of impending reversal as well as a widely stated believe that it was a strong US economy that was the single most important element in the regional recovery - not any actions by ASEAN itself.[21]

This leads to the question of whether or not ASEAN was more effective in the measure for change management. During the era of few summits, ASEAN was essentially powerless to affect change. Its first twenty years produced three summits, four major initiatives, and zero change control. However, its subsequent record is actually not bad. The 1987 summit initiated the discussions on a regional trade block has supported the high growth rate for nine years (1988 to 1996.) While it did not save the region from the two financial setbacks, it certainly has contributed to change management. The resultant ASEAN Free Trade Area (AFTA) initiative's signature at the next (1992) summit generated serious engagement from EU representatives and the US. This has led to the Asia-Europe Meeting (ASEM) and the broader APEC grouping - both engaging ASEAN as an equal.

ASEAN Summits should also get credit for setting the goal at the 1992 summit of a 10-country membership in ASEAN. In fact, the Amity Treat was already modified at the 1987 summit to allow for all Southeast Asian countries of willing to sign the Concord and Amity treaties. These foundations led to the inclusion of Vietnam within a few years of the resolution of the Cambodian crisis, and the inclusion of all of Southeast Asia by the end of the decade.[22]

However, ASEAN did not handle all changes well. The secession of East Timor from Indonesia, for instance, was condemned as an option as late as the 1996 Informal Summit, and the subsequent support for the vote

and transition were led by non-ASEAN forces. The decision on regional security remains a draw. Efforts such as ZOPFAN and SEANWFZ remain unfulfilled, as most major nations do not recognize either yet. The ASEAN Regional Forum (ARF) has provided a security-centered talk shop, but this has not significantly reduced tensions in the South China Sea, nor controlled piracy in the region, nor assisted in the admittedly internal Indonesian regime crises and rebellions.[23]

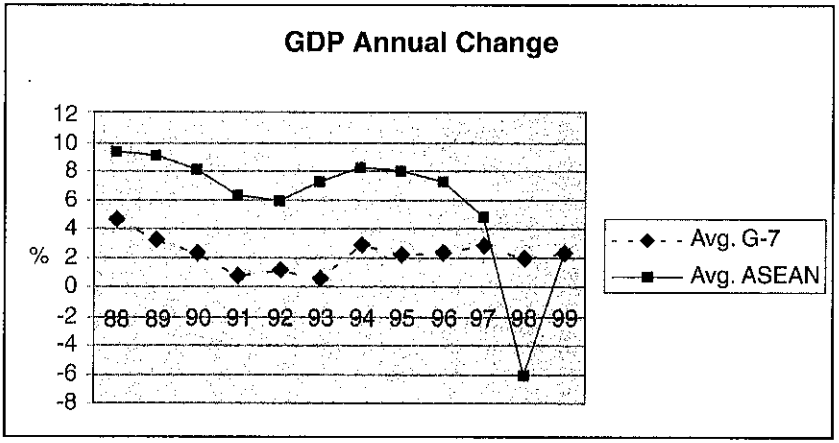
Overall, the change management score seems subjectively better than the shock prevention score. Two of five change issues (ASEAN enlargement and AFTA) have been addressed with success, with the jury still out on a third (ARF.) The failures are the attempts to drive the region to neutrality (ZOPFAN and SEANWFZ initiatives), which is largely beyond the control of ASEAN directly. Only the East Timor issue is a really unqualified failure on ASEAN's part to manage regional change effectively.

The final efficiency measure is whether or not summit activity bettered the welfare of ASEAN specifically, and its area of interest in general. Measures can include changes in the general peace, economic improvements, and general social changes over the period in question. In terms of general peace and security, the first decade of ASEAN saw constant communist insurgencies in all ASEAN member countries, and major wars in two future members. As of now, only three states have a continuing problem with insurrections (Indonesia and Philippines, and Burma.) Burma and Thailand are the only countries to have traded shots across a border recently. There the complications of an active drug trade and the insurrections make it difficult to always determine who is really doing the shooting.[24] None the less, to go from five active insurgencies and two wars, to three insurgencies and no wars is surely an improvement attributable to some extent to the decision to enlarge ASEAN.

Economic data for the first twenty years is largely irrelevant. Thought the first summit (1976) mentions economic cooperation as a common interest, it was not until the third summit (1987) that the interest became a clearly articulated goal. Therefore, economic data comparison will start with 1988 data. As a benchmark, the ASEAN performance will be compared with the G-7's performance. Since the founding ASEAN-5[25] account for 95% of the current ASEAN-10's GNP, and since ASEAN increased from six to ten nations over the period 1995 to 1999, only the data on the original ASEAN-5 will be used for this comparison.

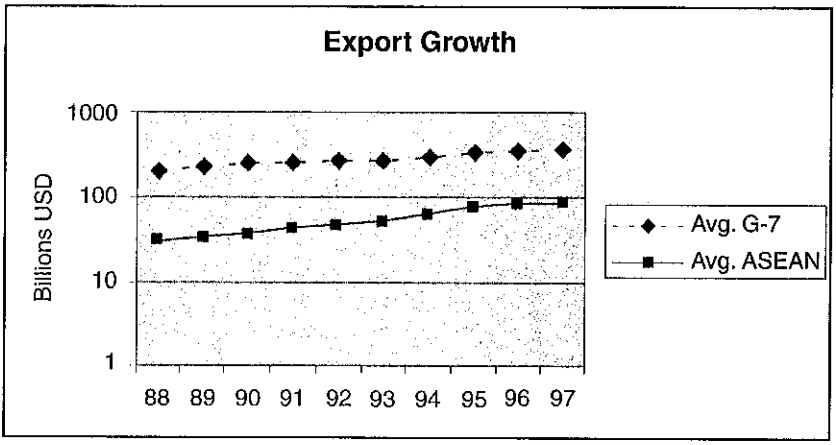
By any of several measures, ASEAN did well over the ten-year period 1988 to 1997. The financial crisis, which hit in the middle of 1997, is measurable in the flattening of several factors. However, the year was still one of positive growth in some of the economies of ASEAN. Figure 1 shows the average GDP change year on year for ASEAN-5 compared to the G-7.[26] It is interesting to note both the higher level of ASEAN growth, and the

Figure 1: Comparison of Annual GDP Change, G-7 & ASEAN



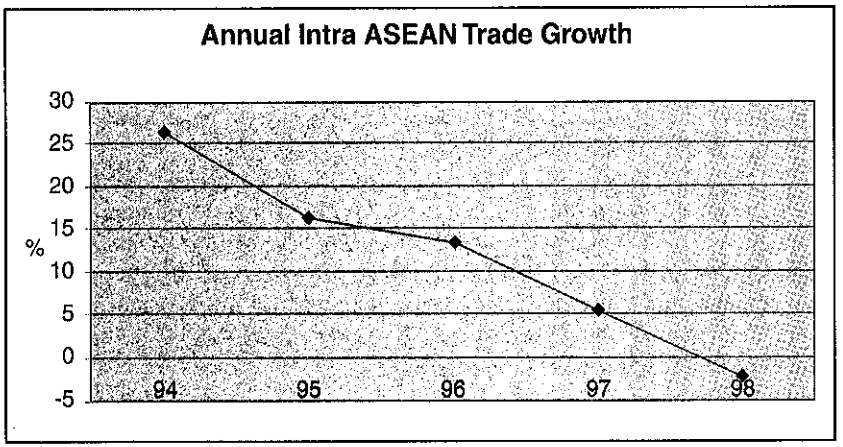
general matching of the shape of the two curves. Only as the financial crisis takes hold is there a pronounced drop in the ASEAN rate (which holds only for 1998 - 1999 and 2000 have been good years for ASEAN.) Another measure of economic grow is increasing exports. Figure 2 shows ASEAN and G-7 data for the same timeframe.[27] Over the decade, G-7 export value increased 80%; ASEAN-5 value increased 194%.

Figure 2: Comparison of Export Growth, G-7 & ASEAN



However, the question can be asked if the ASEAN summits had anything specific to contribute to this success. The mooted preferential trade arrangement in 1987 transformed itself by 1992 into the launch of AFTA. However, intra-ASEAN trade data[28] for 1994 - 1998 shows a constant decline (*see* Figure 3.) Though the 1997 Financial Crisis could be blamed for a reversal in that year or later, that is not the case - trade was already on a downhill run. Since AFTA has been the most significant summit-endorsed economic move, there can be some doubt as to its success.

Figure 3: Intra-ASEAN Trade, Percent Annual Growth



The final criteria, general social wellbeing, is harder to link to the summit activity. All the summits are filled with regional help promises. The most significant outpouring of this help came during and after the Indonesian unrest in 1998. This may have been more to buy off a potential regional disaster than in the category of social help (i.e. it may have been a non-summit move [coordinated or not] that prevented a major regional shock from becoming a regionally catastrophic shock.) Be that as it may, social wellbeing has improved markedly during the ASEAN period, especially for the five longest members. Example data for the period of the early 1980s to the late 1990s shows that young child mortality declined fifty percent - as much as the G-7 for that period (though 'from' and 'to' different levels.) Access to basic services increased significantly for the main ASEAN countries, on average 62% for sanitation and 39% for access to safe water (factors ranged from 25% to 100% improvements.)[29] While linkage to summit activity is probably weak, the least that can be said is that the leadership did not inhibit the improvements in these areas - something that can not be said over this period for regions such as Africa and certain other areas of the collapsing Communist 'Second World.'

Table 2: Summary of Effectiveness of ASEAN Summits

Measure	Effect	No. of Events	Assessment
Shock Prevention	Failed to predict and handle numerous systemic shocks; contribution to Indonesia in 1998 possible exception	5	Near Fail
Change Management	AFTA and Enlargement effective, ARF Still in debate; East Timor and Indonesian Transition ineffective	5	Moderate
Welfare:		3	Overall: Fair
Security	Fewer wars and insurrections		Good Poor to Fair
Economic Growth	Good growth, but who gets the credit? Also, AFTA effectiveness still subject to Future Successes		
Social Improvement	Good progress, but who gets the credit?		Fair
			Fair

Summary:

Table 2 shows a summary of all the criteria. The summits appear to have had at least the some marginally positive effectiveness as measured by Kirton's criteria. While a general failure at preventing shocks (the donations to Indonesia not being a summit activity,) the planning for change achieved success rates as good as that of the G-7. Even if the regional security efforts are judged a failure in the future, ASEAN so far has a 40% success rate for foreseeing and accommodating regional change - about par for the course in international summitry.

Also notable is economic success of the post-third summit period (1988 onwards,) not only in the numbers, but also in the implementation of the AFTA. This significant accomplishment need not suffer much from the setbacks of 1997/98. While some revisionist efforts are underway, most countries are adhering, under group pressure, to some semblance of the original deregulation schedule. The increasing attention given to AFTA by other trade blocs is enough of a positive note to conclude that in this area it has at least accomplished something. The social factors can not be linked to specific summit activities. But since they increased markedly throughout the period, neither can they be used as a detractor to summit progress.

CONCLUSIONS: WHERE TO FROM HERE?

The G-7 / ASEAN Summit series comparison serves to highlight the potential for positive impact by effective summits. Though the G-7 effectiveness has been assessed to vary over time, it is precisely because it has had the time to do its work that it could make an impact. The critical summaries of the G-7 are no longer whether or not it has had a positive impact, but how to make it routinely more effective than in the past. For the ASEAN summit series, it is clearly obvious that ASEAN summits had no impact while it was an occasional and reactive body. The turning point came at the 1987 summit, after which the frequency increased significantly - becoming essentially an annual affair by 1995.

Perhaps the greater question is 'where next, ASEAN summitry?' The G-7 is, for instance, transforming itself into the G-8, buy including Russia in many of its functions. One might ask, "Why?" Or better yet, "Why only Russia?" For instance, China's 1999 GNP is triple Russia's GNP, and though its per capita GNP is one third that of the Russian Federation, at purchasing power parity (PPP) levels, it is only 18% less than Russia's.[30] China has the larger standing army, its share of nuclear weapons and means to deliver it, and its share of domestic regime challenges and opportunities, and it, too, holds veto power on the UN Security Council. Yet there is no talk of the G-9. China remains firmly a member of the G-77. Russian financial support is a plank of most of the recent G-7 summits - but China only gets support to enter the WTO - a bootstrap approach to improvement. Perhaps it is unfair to say that the G-7 maintains an Euro-centric view of the world, but so it seems.

Thus perhaps enters the opportunity for ASEAN summitry. Rightly focused in the past on regional development and security, the ASEAN leaders have the chance through the power of their own-going reforms and growth to impact Southeast Asia - even all of East Asia - by including appropriate themes in their decision processes. If the summits can maintain the focus on improving regional stability, economic viability, and regional unity, then ASEAN will be able to acquire the collective negotiating power that has eluded its individual leaders while abroad.

This is exactly the problem that hinders other developmental organizations. For example, the G-77 appears too unruly to be a useful mechanism for change for the entire developing world. Though various leaders have often gone to G-77 conferences, the 37 year-old organization held its first summit only in April 2000. The summit has had mixed reviews at best.[31] The problem with the 133-member group is an inability to agree on collective decisions.[32]

ASEAN, as a grouping of only ten nations, has the opportunity to work issues important to its development in a unique manner. However, this will

not be without its challenges. The grouping must seek unity in economic efforts. The old ASEAN-5 accounts for 95% of the current ASEAN-10's GNP - a disparity that needs to be evened out. ASEAN itself only accounts for about nine percent of the world population - but only four percent of the world GNP(PPP) (compare G-7 12% and 46% respectively.) However, during the last two decades of the 20th Century, ASEAN grew at almost twice the rate of the G-7.[33] The potential is there, provided ASEAN leadership keeps the focus on proper growth mechanisms.

This is particularly true if ASEAN can work AFTA into an East Asian trade bloc, including at least China. China has been an avid supporter of ASEAN institutions since being invited to participate. It has strong opinions on the security related ARF and its progress, clearly favoring this approach over bilateral exercises with the US that many ASEAN nations are currently doing.[34] It also is very interested in the old East Asian Economic Caucus (EAEC) proposed in 1991 by Malaysia. The recent series of meetings labeled ASEAN+3 (ASEAN and China, Japan, and South Korea) have many of the underpinnings of the old EAEC concept.[35] This group of nations would in deed be a formidable affair. However, even if Japan and Korea remained out due to concerns on the US and/or G-7, the inclusion of China as a major partner would still be a coup for ASEAN.

The declarations, statements, and communiqués during the summits of the 1990s showed a marked increase in sophistication and coordination. The breadth of topics increases significantly in the minutes of each summit, as does the detail in the plans. This demonstrates both increasing breadth of concern by ASEAN leaders, as well as a maturing ASEAN Summit institutional support network. In this manner, ASEAN summitry is beginning to resemble the concert diplomacy that can be attributed to the G-7.

The ASEAN summit will not approach the G-7 summit in terms of ability to impact world events for decades - if ever. The gap in economic performance is just too great to overcome in a matter of decades. However, ASEAN neither has nor needs the world view of the G-7. ASEAN is clearly positioned to handle Southeast Asian issues, if the leaders of the summits are willing to work towards concrete plans of advancement.

Given the unconfrontational manner of societies in Asia, the process is not likely to be a quick one. Perhaps more problematic is the overarching concerns of regime stability that characterize the region.[36] These concerns appear to offset the hypothesized advantage of long-term summit membership that would add stability and focus to the process.[37] Of the leaders of the Third ASEAN Summit in 1987, two still remain in power,[38] and two of the regime types have changed[39] - issues both significantly different than G-7 experience.[40]

The challenge for ASEAN summitry is to work within the regional customs and among the widely different types of regimes to still achieve goals improving the region. Coupled with this is the issue of disparity in the power of the summit participants. A leader-follower mentality is a hard relationship to establish. But it must be if ASEAN summitry is to achieve the potential for impact on its interests within and without its boarders. The population, natural resources, and location of ASEAN give it the same potential as the G-7. The issue remains that of development, and whether the differences between the players will hinder or help that development. ASEAN has had a few successes. This is partly due to a late start to the process. Since the real summit work began in the late 1980s, there has been an improvement in efficiency. The question is, can the leaders sustain that improvement, or will they be pulled apart, looking fearfully both within and without, by sacrificing overall growth to maintain relative power, and by looking towards outside allies in pursuit of economic and security goals at the expense of regional partners.

It is a very open question, indeed.

NOTES

[1] E.g., Barston, R.P.; *Modern Diplomacy*; 2nd edition; Addison Wesley Longman; Edinburgh Gate, U.K.; 1997; pp. 108-109; "Summit Diplomacy In South Asia New Approach Needed;" *http://www.nepalnews.com.np/contents/englishdaily/trn/1999/Dec/Dec20/features.htm;* (downloaded 30 Dec 00) laments lack of effective summits in the end of the 1990s in the South Asian Association for Regional Cooperation; personal discussion with the Senior Political Editor of the Houston Chronicle (who has covered the majority of U.S. Presidential summits over the past two decades) indicates similar feelings in the press corps.

[2] Barston, Ibid.; and Baylis, John, and Steve Smith; *Globalization of World Politics;* Oxford Univ. Press; New York, NY; 1997; pg. 256.

[3] Kirton, John J.; "Contemporary Concert Diplomacy: The Seven-Power Summit and the Management of International Order;" Univ. Of Toronto G-8 Information Center; *http://www.library.utoronto.ca/g7/ scholar/kirton198901/ kconint.htm, kcon1.htm, kcon2.htm, kcon3.htm, kcon4.htm* downloaded 31 December, 2000; copyright reserved, Univ. Of Toronto, Canada; paper originally presented 1989.

[4] Kirton, op. cit.; /kcon1.htm.

[5] Ibid.

[6] Ibid.

[7] Ibid.

[8] Ibid.

[9] Ibid.

[10] Kirton, */kcon2.htm*; and "Explaining Summit Success: Prospects for the Denver Summit Remarks Delivered at the University of Colorado at Denver;" 19 June 1997 *http://www.library.utoronto.ca/g7/annual/daniels1997/document.html*

[11] Peter I. Hajnal, "The G-7 Summit and Its Documents," Government Information in Canada, Vol. 1, No. 3.3. (1995) *(http://www.usask.ca/library/gic/v1n3/hajnal/hajnal.html.)*

[12] Kirton; */kcon2.htm*.

[13] Kirton; */kcon2.htm and /kcon3.htm*; and Hajnal op. cit.

[14] "Explaining Summit Success..." op. cit.

[15] Kitron, */kcon3.htm and /kcon4.htm*.

[16] World Bank; *World Development Report 1999/2000*; Oxford Univ. Press; New York, NY; 2000.

[17] A nice and not entirely dated survey of issues is contained in Muthia Alagappa's *Political Legitimacy in Southeast Asia*; Stanford University Press, Stanford, CA; 1995.

[18] Lyon, Peter; *War and Peace in Southeast Asia*; Oxford Univ. Press; London, UK; 1969; pp. 188ff.

[19] Chronology available from the ASEAN website: *http://www.asean.or.id*, including the link History *(asn_his2.htm)*.

[20] "The Declaration of ASEAN Concord "and "The Treat of Amity and Cooperation," both ASEAN documents, and available, e.g. on the ASEAN website.

[21] E.g. "A Wild And Crazy Ride;" *Asiaweek*; April 28, 2000 VOL. 26 NO. 16.

[22] For documents, see the Manila Declaration, December 1987, and the Framework Agreement on Enhancing Economic Cooperation and the Agreement on the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area, January 1992; both available on the ASEAN website.

[23] See, for instance, Collins, Alan; *Security Dilemmas of Southeast Asia*; MacMillian Press; Hampshire, UK; 2000.

[24] E.g. "The Enemy on the Border;" *Asiaweek*; February 11, 2000 VOL. 26 NO. 5; and *Asia Pacific Security Outlook 2000*; Richard W. Baker & Charles E. Morrison, eds.; Japan Center for International Exchange; Tokyo, Japan; 2000.

[25] Indonesia, Malaysia, Philippines, Singapore, Thailand; GNP based on World Bank, op. cit.

[26] 1988 - 1997 from *International Financial Statistics Yearbook 1998*, International Monetary Fund, 1998; Washington, D.C., US; 1998; data 1995 - 1999 from the World Bank website, *http://www.worldbank.org/data/dataquery.html*, using the *http://devdata.worldbank.org/data-query tool*; 05 and 06 January, 2001.

[27] Ibid., except only from the IMF data.

[28] From the ASEAN website, *http://www.asean.or.id/stat/afta_tv1.htm*.

[29] World Bank 1999/2000; op. cit..

[30] Ibid.

[31] "G-77: Developing Countries Emphasize UN's Role;" UNWire; (c) 2000 by National Journal Group Inc., Washington, DC; *http://www.unfoundation.org/unwire/archives/show_article.cfm?article=9704;* 30 Dec 2000 download.

[32] Barston, op. cit.; pp. 114-116.

[33] From World Bank Data, op. cit.

[34] From a talk on China and Asia-Pacific Security given by the China Institute for Contemporary International Relations to the National University of Malaysia's M.A. in Diplomacy and Strategy Class 2000/01, 21 August 2000.

[35] From a talk on China's foreign policy specific to ASEAN given by the China Academy of Social Sciences to the National University of Malaysia's M.A. in Diplomacy and Strategy Class 2000/01, 21 August 2000.

[36] E.g. Collins, op. cit., and *Asia Pacific Security Outlook 2000*, op. cit..

[37] Kirton, op. cit.; */kcon3.htm*.

[38] Dr. Mahathir of Malaysia and Sultan Haji Hassanal Bolkiah of Brunei.

[39] The military rule of Thailand and the dictatorship in Indonesia have changed.

[40] Liberal to Conservative changes or vice versa are hardly comparable to the aforementioned regime changes.

RETHINKING INTEGRATION IN AFRICA

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INTRODUCTION

What agitates the minds of scholars, policy makers, governments, development agencies and all those concerned with overturning the table of underdevelopment in Africa, is the inability of regional integration schemes across the continent to deliver after over forty years of experimenting with them. Since the turn of the 1990s, the industrialised countries are reinforcing regional economic groupings perhaps in an attempt to cope with the demands of the emergence of the new global order. In the new wave of regionalism blowing across the world, the United States of America, Canada and Latin America are reinventing other strategies for pooling their resources together by re-establishing the American Free Trade Area. The European Union, EU, completed its 'single internal market' in 1995 and agreed with the 12 Mediterranean countries to form the Euromed in the hope of having a Free Trade Area in force by 2010[1]. Also, the EU has used its 'Horizon 2000' under the Lome IV Agreement, to further integrate the Union with selected developing countries from Latin America, Asia and the Mediterranean Sea[2].

The Association of South East Asian Nations, ASEAN, is equally strengthening up by redressing the imbalance in its compensatory mechanism, relocating industries to less developed member-states in the subgroup in a bid to help reposition the Asia-Pacific countries in the new global division of power. All these changes are taking place at a time when integration schemes in Sub-Saharan Africa are either moribund or yet to deliver. Why is integration failing so grossly in Africa? Perhaps, a brief account of the past and present efforts at economic groupings in the continent will help us to understand the status of regional groupings in Africa.

AN OVERVIEW OF PAST AND PRESENT EFFORTS AT ECONOMIC INTEGRATION IN AFRICA

Initial efforts aimed at integrating African economies into the western capitalist system date back to the colonial period. Under European colonialism, finance capital and the state exploited Africa's economy, extracted its abundant natural resources and its huge market potential facilitated the sale of manufactured goods imported from the metropolitan countries. The imperial powers imposed their currencies on Africa; levied taxes, which were collected in the foreign currencies, and monopolized both export and import trade. Roads and railways were constructed ostensibly to ease the evacuation of exports and imports, but not necessarily to develop the colonies. In West Africa, for instance, the British colonial authorities created the West African Currency Board that served Ghana, Nigeria, Sierra Leone and the Gambia. The British Pound Sterling was imposed on the colonies as their only legal tender. France and Belgium also established the CFA franc zones for their colonies in Africa. With the imposition of foreign currencies on the colonies in Africa, commodity currencies like salt and yam hitherto used for exchange were annihilated. Once the African colonial economy was monetized, European finance capital had an unfettered access to its full exploitation.[3]

The European colonial authorities also embarked on integrated transport projects in Africa not so much for the economic development of the colonies, but to ease their exploitation. For instance, to further accumulation, foreign capital needed good network of roads, seaports, and air links in colonial Africa that facilitated the movement of exports, imports and persons between and among the colonies in the continent. In West Africa, the British established the West African Airline to link up Ghana, Nigeria, Sierra Leone and Gambia with its headquarters located in London. The British also set up similar integrated airline for its colonies in East Africa, namely, Kenya, Uganda and Tanzania. France established Air Afrique to connect its colonies in Africa with its head office located in Paris. Because the main objective of the imperial powers was to facilitate the exploitation of Africa, their integrated projects were contradictory instead of being complementary. For instance,

the French colonial authority had, rather than link up Sokoto in Nigeria by road even for the purpose of evacuating its exports from Niger, built a road from Niamey to connect the Contonou seaport in Benin. In terms of the efforts to boost the production of exports in the colonies, the British established the West African Oil Palm Research Institute, WAOPRI. The WAOPRI was aimed at increasing the production palm oil and kernel in Nigeria, Ghana, Sierra Leone and Gambia for export overseas.[4]

At independence, most of the colonial integration projects and the institutions established to implement their agenda collapsed. For instance, Ghana, Sierra Leone, and Gambia pulled out of the WAOPRI, leaving Nigeria as the only member. Thus, the WAOPRI was changed to the Nigerian Institute for Oil Palm Research, NIFOR. Ghana and Nigeria also established their own independent airlines resulting in the demise of the West African Airline. Each member of the West African Currency Board had its own national currency. The *Cedi* became the national currency for Ghana, the Naira for Nigeria, the *Leone* for Sierra Leone, and the *Dalasi* for the Gambia. As a consequence, the British Pound Sterling ceased to be the national currency and legal tender for the former British colonies in West Africa. The CFA franc, tied to the French franc, however, remained the legal tender for the former French colonies in Africa until 1994.

That is not all. African countries created more integration and cooperation schemes. Certain factors propelled African political leaders to do so. First, was the urgent need by African leaders to integrate the relatively small markets of African countries so as to enhance their bargaining position in the larger global market. Second, was the need to firmly establish the gains of political independence together with collective economic development, which, on account of their small sizes, the majority of African states could not achieve alone. Third, was the demonstration by government officials, political elites and policy makers that they are in governance and wanted all vestiges of colonialism severed. Finally, was the relative success of the European Economic Community that African states wanted to emulate.[5] In 1964, the Central African Customs and Economic Union, UDEAC, was formed with the aim of liberalizing and promoting trade among the former French colonies in the region. In East Africa, former British colonies, namely, Kenya, Uganda and Tanzania established the East African Community, EAC, to further integrate their economies and increase trade among them. In West Africa, the Mano River Union, MRU, was created in 1973, consisting of three contiguous countries, Guinea, Liberia and Sierra Leone. The MRU was different from the EAC and UDEAC in the sense that, geographical proximity was more of the overriding factor in creating the Union than common colonial experience since Guinea, a former French colony, joined other two ex-British colonies to form the subgroup. In 1974, the CEAO, linking six Francophone countries in West Africa, was formed. In 1975,

the Economic Community of West African States, ECOWAS, consisting of sixteen countries was created. In terms of geographical and linguistic spread, the ECOWAS remains the largest economic grouping in Africa with member-states of different colonial experiences. In Southern Africa, Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe established the Southern African Development Coordination Conference, SADCC, in 1980. The primary aim of the SADCC is to reduce dependence on, but not only, on South Africa.[6]

The emergence of the new global economic order and power since the turn of 1990s has impacted negatively on economic groupings across the world, forcing them to undergo a rethink. In the new wave of regionalism for instance, the United States of America, Canada and Mexico have revived the defunct North American Free Trade Area, NAFTA. The EEC member-states also formed the European Union. In Africa, some efforts have been made to revise the various integration projects. In 1991, the summit of the Heads of State realized that the treaty establishing ECOWAS needed an urgent overhaul if it is to be relevant in the new order. To review the ECOWAS Treaty, the Committee of Eminent Persons was created with a mandate to look into the institutional crisis, intergovernmental relations, parallel organizations, regional peace and security, financing regional efforts, and industrial underdevelopment, among other problems that ECOWAS is plagued with. The revised ECOWAS Treaty was submitted to the Summit of the Heads of State held in Contonou, Republic of Benin in July 1993. The new ECOWAS Treaty recommended, among others, the recognition of ECOWAS as the sole economic community in the region, the Community to have a supranational status, to establish a common market and a monetary union. Except Cape Verde, Cote d'Ivoire, Gambia, Guinea Bissua and Mauritania, eleven members have ratified the revised ECOWAS Treaty as at the end of 1995.[7]

Since the 1990s, too, African political leaders and governments have made efforts to integrate the continent's economy. The Lagos Plan of Action, LPA, adopted by the Summit of African Heads of State of the Organization of African Unity in 1980, could not be implemented twenty years after. Therefore, at the Summit of African Heads of State in Abuja in 1991, the African Economic Community, AEC, was established to replace the LPA. Known as the Abuja Treaty, it is aimed at liberalizing trade, establishing customs union, creating the Parliament, and ultimately, establishing a common market. Unlike the LPA that had 20 years to realize its goals, which it never did, the objectives of AEC are to be achieved in six stages with the ultimate being the attainment of a Common Market by 2034. To overcome the pitfalls of the LPA, and realize the aims of the AEC, the Abuja Treaty enjoined all member-states to consolidate and harmonize existing sub-regional schemes in Africa. Perhaps, it is in fulfillment of this objective that the 1993 ECOWAS Treaty gave the Community a supranational power. The Preferential Trade Area for Eastern and Southern African States, PTA, also underwent changes. Established in 1981, the PTA was, in 1994, re-named the Common Market

for East and Southern Africa, COMESA. In fact, at the Summit of the African Heads of State held in Lome, Togo in December 1999, the AEC became known as the African Union, a vision that late Ghanaian president, Kwame Nkrumah once had for the development of Africa in the 1960s.[8] So far, I have followed tradition by describing the major past and present efforts at integration in Africa. Why have integration schemes failed to deliver in Africa?

To answer this fundamental question, certain issues have to be clarified. First, African states have embarked on economic integration with a lot of false hopes, without recourse to the history of the continent. This explains in part why the path Africa took to integration schemes is patterned along the relatively successful European Economic Community. It is mistaken to take such path since the economic and social background conditions that existed in Europe in the 1950s, which led to the signing of the Treaty of Rome in 1957, do not exist in Africa. Second, the nature and motive of the real actors, namely, the state and foreign capital that propel integration projects in Africa is not to develop but deepen its underdevelopment. At issue, therefore, is not so much with the failure integration as its nature and process. Finally, is the nature of the state and its mode of capitalism, and the implications for the success or failure of integration in Africa? I now analyze why integration is yet to deliver in Africa in the context of the theoretical discourse in the subject.

SCHOOLS OF THOUGHT ON INTEGRATION

Given the problem associated with the meanings of integration, it is important to first locate the context in which it is used in this paper before the discussion proper. As used here, integration involves the voluntary pooling together of resources for the common purpose of the members in the hope of reinforcing structural interdependence in economic, political, social and technological terms between and among them.

Theoretical discourses on regional integration can be collapsed into two broad schools of thought, namely, the Traditionalist School, and the Dependency Theorist.

The Traditionalist School

The earliest theoretical writings on economic integration had their origins from the theory of comparative advantage in international trade. Jacob Viner[9] and Robert Heller,[10] two of the outstanding scholars in this school, have written much on integration. In fact, scholars, policy makers and practitioners who are concerned with formulating policies aimed at reducing tariff barriers to international trade under integration scheme still make reference to their

works. To both Viner and Heller, economic integration is basically pre-occupied with production effects and realization of more efficient utilization of production resources. Realizing this aim requires the existence of considerable intra-regional trade, large and complimentary economies, and foreign trade's low percentage of the Gross Domestic Product (GDP).[11]

In particular, Viner contended that, a *custom union* must be evaluated as to whether it either creates or diverts trade. 'Trade creation' is consequent upon the removal of all discriminations thereby making it cheaper to buy from within the union thereby improving the welfare of the member-states. 'Trade diversion', on the other hand, results if a member of the union substitutes the purchases of high cost goods from other members of the union for low cost goods that are previously bought from outside. Heller, too, argued that, undisturbed international trade brings 'product price stabilization' thereby encouraging international specialization.[12] The Vinerian and Hellerian analyses were based on the experiences of Western Europe where most of the background conditions existed for the establishment of the EEC. Perhaps, it is in this context that Axline noted that, 'trade diversion is not necessarily bad, but beneficial to the member-states. And that increases in the welfare may follow from the formation of a custom union which results solely in the diversion from lower to high costs of production. This is because Axline conceived of trade diversion as an equivalent of import substitution on a regional scale'.[13]

However, Viner, Heller and Axline failed to recognize Africa's colonial past in recommending the path of the EEC for integration schemes in the continent. For, as former colonies, African countries did not have the background variables that pre-conditioned the take off of the EEC. Yet, with the faulty take-off of ECOWAS, SADC and UDEAC African leaders, scholars and businessmen still expect these economic groupings to perform like the EEC. Not surprisingly, integration schemes in Africa have produced more costs than benefits.

Another major contribution of the traditionalist school was by Bela Ballasa.[14] Ballasa identified five stages that any economic integration project must pass through before it can be said to have attained total economic integration. First, is the free trade area between the participating member-states only, but each member retains its trade restrictions against the non-members. In other words, if external tariffs against outside countries differ among member nations while internal trade is free, the nations are said to have formed a *free trade area*. Second, is the *customs union*, which goes beyond the abolition of tariffs to the equalization of tariffs in trade with non-member countries. All it means is that, nations that levy common external tariff while freeing internal trade are said to have formed a *customs union*. Third, is the *common market*, which is a higher and more complex form of

economic integration in the sense that are no trade barriers and restrictions on the mobility of factors of production. Fourth, is *economic union*, which combines the suppression of restriction of commodity and factor movement with some degree of harmonization of economic policies. Fifth and finally, is total *economic integration*, which is concerned with the unification of monetary, fiscal, social, industrial, technological policies, and the erection of a supranational authority whose decisions are binding on the member-states.

According to Ballassa, the movement from one stage to another is not automatic or compulsory. In essence, it is possible to vary the sequence by putting the latter stages before the former ones. In varying the sequence, for instance, nations may decide to integrate their currencies first before embarking on the integration of their industrial sectors. Following Ballasa's model, the free trade areas, common markets, resource cartels and other groupings are formed in the hope that unity envisaged will empower the integrating member-states to resist exploitation and manipulation by the major economic powers and the transnational corporations. The reality of the African situation is that expectations of the integrating states can hardly be met, leading in part to the collapse of first-generation integration schemes like the East African Community.

There is a new thinking on regionalism in Africa. What is this new regionalism all about? The European Union is one of the greatest advocates of the new wave of regionalism in Africa. Based on the failure of integration schemes in Africa, the EU calls for modest initiatives with focus on realistic and limited objectives of integration. Some of the important aspects the EU considers as capable of making economic integration succeed in Africa, include strong but flexible institutional arrangements, full convertibility of national currencies, the existence of social and economic policies to reduce regional disparities, and the opportunity for subgroups to proceed at different speeds. As part of the strategy to achieve all this, the EU advocates the adoption of the principle of 'subsidiarity'. By this, Africa's regional projects should deal with issues relating directly to population, social and economic problems which are really transnational in nature. It also introduces the concept of 'variable geometry', which encourages economic integration not only to proceed at different speeds for different subgroups, but also, to allow the implementation of the community policies to vary. The EU cites the continued existence of the Belgium-Luxembourg Economic Union and the Benelux within the EU to support its recommendation of the 'variable geometry' for new integration in Africa. Not only that, the origin of the EU is another case in point. From the original major six members, the EU has grown to its present 12. In line with the concept of variable geometry as explained above, the EU, together with the World Bank, IMF and the African Development Bank, launched in September 1993, the Cross-Border Initiative

for 14 countries in Eastern and Southern Africa. In West Africa, the EU has, since 1991, lent its support to the variable geometry by encouraging parallel movement in both ECOWAS and the West African Economic and Monetary Union, UEMOA, which supplanted the CEAO in March 1994. France and the EU are the major donors of funds to the UEMOA largely because it consists of the former French colonies in the sub-region with its headquarters at Burkina Faso.[15]

Unlike the EU, but also drawing inspiration from neo-classical theories of international trade, the Bretton Woods Institutions, namely, the World Bank and the IMF, contend that Africa lacks the necessary pre-conditions for economic integration. That said, the Bank and Fund have advanced an alternative framework for the success of integration projects in Africa. The new framework centers on three main thrusts. These are, the theory of incrementalism by subgroups to regional integration; project-specific approach; and getting the right policy and its mixes for the liberalization of the economies of member-states so as to ease trade, services, and movement of capital. The main thrust of the Bretton Woods Institutions' new thinking on African integration is not only an endorsement of the 'variable geometry' thesis, but also, an integral part of the structural adjustment policy and programmes of the Bank and Fund. The Bank and Fund are of the firm belief that, with the implementation of their structural adjustment programmes in Africa, integration will produce positive cumulative effects favourable for the economic revival of the continent. As part of their structural adjustment project in West Africa, the Bank and Fund, together with France, forced the CEAO members to devalue the CFA franc in 1994.[16] However, one of the unresolved issues with the World/Fund-led integration schemes is whether their adjustment policies and projects will permit integration to foster Africa's efforts at collective self-reliance. I doubt if it will as integration schemes under the aegis of the Bank and the Fund will deepen the Africa's economic underdevelopment and its marginalization in the emerging world order and power. This was already evident in the deepening social, political and economic crises that African adjusted economies are still faced with.

Of all the imperial powers that colonized Africa, France is the only country with a direct policy toward economic integration in Africa. This is rooted in France's determination to maintain very strong links with its former colonies under the franc zone after attaining political independence. France's fear to loose control of the economy of its ex-colonies heightened following the dissolution of the French West African Federation, FWAF, in 1959, an organization that it established in 1895. The UEMOA, created out of FWAF, owes its survival till the time writing, to the steady financial support from France. Like the Bank and Fund, the thrust of the French policy on economic integration in Africa is rooted in the neo-classical theories on international trade. The nature of French capitalism[17] even compounds the crisis already

engendered by France's policy on integration in Africa. French industries, for instance, are not only firmly established in the CFA franc region, but also, demand for reduced protectionism while promoting greater competitiveness for the French companies already operating in the franc zone. This, in part, explains why, together, France, the Bank and Fund are fully in support the UEMOA initiative, which is frustrating the survival of the revised ECOWAS Treaty. Some of the English-speaking members of ECOWAS like Ghana and Nigeria have, on account of the French policy toward integration in Africa including UEMOA, accused France of subverting the survival of integration schemes in West Africa. What is more, under Title IV of the Treaty of Rome, which was inserted as a condition for France to participate in the EEC, the former colonies of France and Belgium were accorded special status. For instance, France was granted its request to continue with most of the economic policies in its ex-colonies after attaining political independence. As a consequence, France is reluctant to support economic integration schemes like the ECOWAS with membership cutting across French, British and Portuguese former colonies. Instead, France's aim is to ensure the survival of its former colonies in the CFA zone as evident in UEMOA. France's bias for subgroups within the franc zone is also evident in its support for the Cissokho initiative[18] and provision of financial support to the collective development and management of sector-specific projects like agricultural and livestock productions. Under the Cissokho initiative, for instance, the French policy is aimed at the progressive integration of the agricultural markets on a product-by-product and sectoral bases in the hope of raising the competitiveness of integration schemes within the franc ambit. To this extent, France is interested in using Mali to improve the regional cereal market, Togo for vegetable oils and oilseeds, Coted'Ivoire for commodity exports, and Senegal for the overall coordination and broad economic policies. All this is to the detriment of the English-speaking countries in ECOWAS and the success of integration in the sub-region and Africa generally.

So far, the forces identified to be working against the effective operation of economic integration in Africa are not totally emanating from the external environment. Others stem from the production and exchange relation within the superstructure and consequently, how efforts by specific interest groups within the social formation change or preserve these relations, which, in turn, impact negatively on integration. In essence, political instability, inability to foster national integration, low volume of intra-regional trade, poor communication facilities, heavy reliance on tariff duties, and industrial backwardness which have militated against integration in Africa are no less than the symptoms of a more fundamental crisis. The need, therefore, arises for another framework that captures the root causes of why integration projects in Africa are either a failure or yet to deliver. The dependency theory will be examined in this context.

Dependency Theorists and Africa's Integration

The orthodox explanations given by classical and neo-classical scholars have proved deficient in explaining has relatively failed to deliver in Africa. The dependency theory attempts to explain this failure in a holistic and refreshing manner, and also, charts alternative path for the recovery of the crisis-ridden integration projects in Africa.

The dependency perspective on economic integration can be collapsed into three but inter-related consists groups. First, is a group of scholars who denies the possibility of capitalist development taking place in Africa and the rest of the periphery irrespective of whether it is at national or regional level. Among the notable proponents of the 'impossibilist' thesis, are Cardoso[19], Samir Amin[20] and Gunder Frank.[21] The 'impossibilist' theory of Cardoso *et al* might prove difficult to sustain given the experiences of Latin American and African countries since they attained political independence. That is not all as while some form of development had taken place since then its nature and the interest served need to be understood. This gave rise to the second category of dependency writers like Peter Evans[22], and Arghiri Emmanuel[23], who are optimistic of the possibility of capitalist development taking place in the Latin America, Africa and Asia at both the national and subgroup levels. Though integration in Latin American and African countries is constrained by the structures of dependence, Evans and Emmanuel contend that 'dependent development' is taking place. But one of the problems of dependent development is that the multiplier effects are reaped by foreign capital leaving the host countries' economies more outward looking than before the subgroups agreed to pool resources together. Finally, is group of scholars who seeks to identify the constraints to capitalist development in the developing countries and find ways for overcoming them in order for the subgroups to succeed. Raul Prebisch[24] is one strong advocate of this group. Lynn Mytelka had, in her study, identified the transnational corporations as the root cause of the failure of the Andean Pact in Latin America[25] and suggested an investment code that would help regulate the nature and pattern of flow of foreign investment into the subgroup if it is succeed.

Together, the dependency writers have criticized the mainstream approach to integration in Africa and the rest of the Third World. To them, the market approach to integration in Africa has, rather than reduce, reinforced the continent's dependence on the North for capital and technology. The free trade ideology is also seen as an alternative means by foreign capital to deepen Africa's exploitation. For instance, Jacob Viner's theory on 'trade creation' and 'trade diversion' has been severely criticized by Amin[26], Robson[27] and Green[28], arguing that he, Viner ignored the unequal distribution of costs and benefits within the subgroup in his postulation. They also contend that, the 'polarization effects' created the 'pole of growth' and 'pole of stagnation' within the subgroup. In essence, rather than promote collective self-reliance

among the integrating countries, Viner's analysis would widen the gap between the rich and poor member-states of the group. To Green, the common market approach lacked a sound theoretical foundation capable of bailing African integration projects out crisis. He cited the collapse of the East African Community, which was based on this approach as a case in point. Green also contended that, the *dirigiste* or development approach to integration, along which most African integration projects were patterned, were marked with disappointment. In the *dirigiste* approach, for instance, members of the subgroup that suffer from trade diversion or polarisation effects quickly lose interest in regional integration. Worse still, the lack of corrective and compensatory mechanisms to settle members bearing the loss of trade diversion in the form of fiscal compensation from revenue generated from customs unions have stifled efforts aimed at collective self-reliance. At the root of the crisis, however, is not so much with the inadequacies of the compensatory and corrective measures as to get foreign capital really involved in actual production in the least developed member-states. So, the neo-classical explanation that, the core or relatively developed member-states' lack political to lead regional integration in this direction is not really a major cause of the failure of regionalism in Africa. Rather, the unsettled question is why was there a political will at the commencement of integration but suddenly disappears soon after? It is, in part, because integration was not really on the agenda of the managers of the African State. In fact, Africa's experience with integration over the years has shown that, the state was and is still not concerned with using integration as a development strategy to enhance the material wellbeing of Africans and reverse the continent's underdevelopment. If for anything, integration helps the custodians of the state to actualize their parochial interests and those of foreign capital. What is more, integration is conceived by those in charge of the state as purely political affairs, leaving the people it ought to benefit alienated. The policies and actions of the member-states at both national and regional levels still show their gross indifference to the collective economic and industrial development of the subgroup. From all appearances, regionalism in Africa is no less than a 'catch phrases' or an *alibi* that the African political leaders use to make it look as if they are genuinely interested in improvement of the material wellbeing of Africans thereby sustaining the political support of the people.

One of the basic problems with the majority of the dependency writers on integration among other development issues in Africa, is to take the condition of dependence of the continent not only as a given, but a starting point for analyzing its economic groupings. In doing so, very little attention is paid to the dynamics of the internal condition thereby not providing deeper and useful insights into the origins and nature of the crisis of African integration schemes. For instance, in identifying the neo-colonial legacies as one of the chief causes of the failure of Africa's integration projects, the nature of the African State, its politics, philosophy of development and mode of surplus extraction are not adequately dealt with. There is the need

therefore, to develop an alternative framework for enhancing the understanding the internal dynamics of the crisis of regionalism in Africa.

So, far, Lynn Mytelka[29], herself an apostle of the dependency school, has presented the most advanced theoretical framework for a deeper understanding of regional groupings in the Third World countries along the dependency perspective. Under this framework, Mytelka classified integration into three broad types and located regional efforts within them, noting their strengths and limitations. According to Mytelka, Type I, similar to a *lassie-faire* integration scheme, is based on neo-classical economic theory with emphasis on free trade areas, common market and customs unions. All is aimed at expanding trade among the participating member-states. While this typology might work for the EEC, the structural disarticulation of the economies of the African countries will help it to reinforce the existing asymmetrical patterns of exchange and polarization, instability and disintegration among the members of the subgroup. The destabilizing effects are so deepening that most of what Ernest Haas refers to as 'background factors' are hardly found. In essence, this model will not permit the success of integration in Africa.

The Type II is called upon to resolve this and other contradictions. It seeks for more benefits from trade expansion and designs mechanisms on how to distribute the gains and costs of integration more equitably among the integrating states. Its re-distributive measures are compensatory and corrective nature, and are aimed at tackling the crisis of polarization among the integrating countries. The compensatory mechanisms, for instance, are designed to compensate the less developed members for insufficient gains or outright losses while corrective measures are intended to bring about fundamental changes such as redressing uneven industrialization. So, too, are the avoidance mechanisms planned to delay the operations of integrative process likely to generate inequitable distribution of goods and benefits among the member-states. This 'Hybrid Type' is actually a laisser-faire system modified to satisfy to a level, the desires of the participating states especially the less developed members. To that extent, this model encourages the establishment of regional development banks and funds, and allocation of industries within the integrating states. Perhaps, the efforts of ECOWAS in establishing the Ecobank, and the proposed Eco Air can be seen in this direction.

But whether these regional bodies will succeed is another issue. For, the problem is not so much with having regional banks as the modalities for their operation. For instance, the African Development Bank could not establish correspondence banks in the core countries of the North until major Euro-American banks acquired shares in the company. It was not mere taking equity positions in the regional bank, but substantively dictating the type of projects that it financed. To be sure, transnational capitalism would not help Africa upturn its table of underdevelopment. This explains

in part why the adoption of hybrid typology might not help integrating African countries to achieve collective self- reliance. Herein lies, in part, its hollowness and futility of its corrective mechanism to resolve the crisis integration in Africa.

Type III, therefore, emerges to handle the fundamental problems of dependence and underdevelopment. This model incorporates all the features of the Types I and II such as the mechanism for redressing the internal problem over distribution of gains and polarization, and measures for dealing decisively with the problems of dependence and underdevelopment rocking regional groupings in Africa. This model identifies direct foreign investment and its main courier, the transnational corporations, as the major problem of integration in Africa. According to Mytelka, the Andean Pact was the only integrative system of this type in the developing countries in the sense of confronting the root cause of dependence among the member-states. As a consequence, the Type III recommends the strict regulation of the flow of Direct Foreign Investments (DFI) particularly technology into the economies of the subgroup if they are to overcome the crisis of dependence and underdevelopment. For instance, the Decision 24 of the Andean Pact of December 1970, otherwise known as the Investment Code, was aimed at achieving this objective.

However, the emphasis on the regulation of the volume and pattern of flow of DFI especially technology into the Andean member-states did not necessarily espouse the adoption of a socialist development strategy. Nor did it seek to change the pattern of exploitation, oppression and domination that characterized the relationship between the Andean Group members and American transnational capital. The inactivity of Decision 24 to deal decisively with dependence was rooted in all this. And this is a major lesson for Africa in the sense that its approach to formulating an investment code should go beyond procedure to first substantially reorganize the state, then the real sector of its economy. The limited attention paid by some of the dependency writers to the nature and role of the African State, its politics and capitalism in the integrative process makes it all the more so.

Therefore, there is the need for a Type IV, which I propose here as an alternative model for repositioning regional integration in Africa in the twenty-first century. In this typology, I reinvent a development strategy that enables the underdeveloped member-states of the subgroups to combat both individually and collectively, imperialist domination and exploitation at the political, economic, social and cultural levels. Central to the processes of political development and capitalist accumulation in the economy, is the state. This model therefore, devises strategies for restructuring the African State and its groups. As part of the strategies, the model re-orients the state away from its parochial conception of development and politics to that which makes the people and their wellbeing the essence of development. Also, in restructuring the state, the procedure should be democratic and

substantive in form. That is, through election and democratization of the polity while guaranteeing social justice, equity and egalitarian society. The new thinking of development under this model equally stresses a bottom-up approach instead of the top-down. It also emphasizes that political and economic integration should first take place at the national level, then and regional. Finally, the Type IV designs integrative industrialization policies and projects as a means of actualizing the collective self-reliance of the integrating countries in Africa.

STRATEGIES FOR REPOSITIONING: 'PIVOTAL COUNTRIES' AND COLLECTIVE INDUSTRIALISATION

The Type IV and ECOWAS

This section develops strategies that will help reposition Africa's integration schemes using the framework of the Type IV model. ECOWAS is taken as a case study for certain reasons. First, formed in 1975 and with 15 member-states composed of 8 French [with Mauritania pulling out in 2000], 5 British and 2 Portuguese, ECOWAS is the largest example of economic integration in Africa. Second, ECOWAS has a population of 193.7million people making it the largest regional market in Africa.[30] Finally, most of the relatively fast growing economies in Sub-Saharan Africa like Nigeria, Ghana, Senegal and Cote d'Ivoire are all members of ECOWAS. With all this, there is prospect for a successful integration if the right political and economic policies and mixes are got right. In particular, I first examine the nature of the crisis facing EWOCAS so as to provide the strategies for overcoming it, paying special attention to the collective industrialization of the sub-region.

Like other regional groupings in Africa, ECOWAS is faced with a fundamental crisis. What is this crisis, its origin, nature and trend? It is the crisis of the state, though it might present itself in the forms of low intra-regional trade, heavy reliance on tariffs for revenue, weak economic base, and technological dependence. What has not been really understood by the majority of scholars in the field of integration in Africa, which I would attempt here, is that, the social, economic and technological problems facing ECOWAS are rooted in the nature of politics and surplus extraction of the states of the member-countries.

The African State is too central to the development process to be ignored in the discourse on economic integration in the continent. As noted, those in charge of the African State have not really had development on their agenda much more talking of its failure. The same is true of integration in Africa. In essence, integration can arguably be said to have not really failed in Africa since it has never really been on the agenda of the state. The

formation of ECOWAS was therefore, no more than a defensive radical posture of the state than a genuine interventionist step to redress the underdevelopment of the sub-region as many would want to believe. I expatiate on this.

To begin with, colonial capitalism bequeathed a monocultural economy to the African State. In any case, it had no reason for doing otherwise since the industrialization of Africa was not of interest to the forces of European colonial capitalism in the continent. Rather, the economic interest of the European colonial authorities compelled Africa to produce either agricultural crops like groundnut, cocoa, coffee and rubber, or minerals such as petroleum, diamond, iron ore and phosphate, which its economy did not consume. As explained earlier, integration and cooperation schemes in the colonial period helped to realize the policy of foreign capital in making Africa to produce what it did not need and consume what it never produced. For instance, the iron ore produced in Mauritania was all exported to France from where part of it was pooled into the steel market of the EEC for sale to steel companies in Europe and the rest of the world, and the remainder made into finished or semi-finished steel products. The irony of the situation was that, Mauritania produced iron ore, yet it had no steel rolling mill. Instead, Mauritania relied on French steel companies for its needs for simple structural steel products like coils and rods that it never produced. Britain did the same in its colonies in West Africa, and that was the trend across Africa in the colonial era. All this continued into the post-colonial period and is even deepening since then.

Furthermore, those entrusted with the management of the state are themselves part of the crisis of ECOWAS in the sense that they are only interested in retaining but not changing the exploitative policies and actions of the colonial state. It is not that the state managers do not understand that expecting ECOWAS to perform like the EEC is a difficult task given the historical experience of the former. Nor are the political leaders unaware that the kind of industrialization that foreign capital would want to promote in the sub-region would, rather than reverse, deepen its underdevelopment. They do, but decided to formulate policies and take actions that have aggravated the inability of ECOWAS to deliver the common goods. For instance, the state's politics of exclusion has undermined its democratization if it has any, thereby further vesting absolute power on itself. The state also conceives of development as its own project, and as a consequence, not only alienates but also even denies the people who are the essence of any development, of possible input into the development process. Its own mode of surplus extraction from the economy is also ridden with crisis, crisis stemming in part from using political power to amass wealth instead of investment. The repressive nature of the state makes it to extract surplus by terror. At times, the state accumulates by outright seizure of public property.

All this constitutes part of the contradictions of the state, which, in turn, inhibit integration in Africa. Let me elaborate on all this with the approach that ECOWAS countries took to industrialization.

In adopting the import substitution industrialization strategy, the ECOWAS member-countries were at the national level, only interested in the importation of the production machines and their spares. They were not concerned with how to develop the local technical capability to produce intermediate and capital goods as a strategy for actualizing real import substitution of hitherto imported goods. Nor was any concern really shown in how to process African industrial raw materials for use in the factories so as to reduce the high import ratio that had characterized production in the factories. As a result, the few assembly plants built in ECOWAS member-countries like Nigeria and Ghana in the 1970s, were wholly dependent on imported completely knocked down parts. What took place therefore, was not import substitution as mistakenly understood by many, but the local reproduction of hitherto imported goods. This trend was continued with when ECOWAS was formed in 1975. It is this context that the deepening technological dependence of ECOWAS members like Nigeria and Ghana on foreign capital can be located.

Other negative consequences of the path that ECOWAS took to industrialization are, low intra-regional trade and insignificant share of ECOWAS trade in world trade. In 1990, for instance, intra-ECOWAS trade was a mere 4 percent. Together, Nigeria and Cote d'Ivoire accounted for 72% of ECOWAS import. Furthermore, ECOWAS share of world trade since its inception in 1975 has never exceeded 4% and its value was as low as $8.35million in 1990[31], and has suffered a precipitous decline since then.

The origin of the low volume of intra-regional trade in ECOWAS and other African integration schemes generally has not been well understood. I contend that it stems from the structure of production in the sub-region. That low level of internal trade is a problem facing ECOWAS is not in dispute. But it will be misleading to expect a high volume of trade between and among ECOWAS countries when they are basically producers of agricultural/mineral export. Worst still, what is taking place in most of the companies operating in the sub-region are no less than 'touch-up' production in the sense that virtually all the inputs are imported. That partly accounts for the sub-sector's contribution of 5 percent to the Gross Domestic Product of the subgroup.[32] Under such condition, it will be unthinkable to expect an increase in the volume of intra-regional trade in ECOWAS. In essence, one of the ways to stem the trend of worsening trade outlook of ECOWAS is to re-examine its approach to industrialization and not to follow the trade liberalization agenda of the World Bank and IMF.

What kind of industrialization should be promoted in ECOWAS under the Type IV model? This question is beyond the scope of this chapter. But all that I would do is to provide the philosophical framework that would

guide the kind of industrialization advocated here leaving the details to be filled out later.

It is not that some form of industrialization has not taken place in ECOWAS since its members attained political independence. In the late 1950s, it became clearer that the nationalist struggles would, sooner than later, lead to the political independence of the majority of West African countries and the rest of Africa. As a result, foreign capital decided to shift emphasis from purely exchange operation to the local reproduction of some hitherto imported consumer, intermediate and capital goods in the colonies. That itself brought about some form of industrialization in the sub-region. However, it was a kind that only enabled foreign capital to consolidate its grip over the large market and raw materials of the region in the post-colonial period, but left it more underdeveloped. For instance, in Nigeria and Ghana, subsidiaries of the Unilever Group like Paterson Zochonis (PZ) imported the semi-finished products in the form of chemicals that required mere touch-up operations at the factories to get soaps, pomade among other cosmetics produced. The same was true for the reproduction of intermediate goods like bolts, nuts, steel coils and rods which were fabricated locally with total reliance on imports for the inputs. In the assembly plants, for instance, the inputs for the production of cars and trucks were sourced from imported completely knocked down parts.

In deciding the alternative path to industrialization for ECOWAS therefore, the import substitution approach foisted on the Africa by foreign capital, I advocate the adoption of the policy of collective self-reliance first among the subgroups, then at the continental level. That approach would also ensure Africa's sustainable development in the emerging world order and power. As for the modalities for achieving this goal, intermediate and capital goods manufacturing companies should be guided by the policy of internal sourcing of raw materials thereby reducing the high import profile of these companies. That way, the heavy industries would have put underway the process of domesticating the technology capacity to produce and intermediate and capital goods as well as their spares, which were imported. I now turn to the specifics of the strategies.

Integrating the Steel Companies of Nigeria and Ghana[33]

In using Nigeria and Ghana as pivotal countries in this discussion, the concept is anchored on the reality of the uneven level development of the member-states of the ECOWAS. It also arises from and the need for Nigeria and Ghana, two relatively more developed countries in the subgroup, to lead other less developed members like Benin, and Togo in their quest for collective self-reliance under the Type IV integrative industrialization strategy. It might also help to rethink the 'fast track' plan adopted at the summit of

the Heads of States of ECOWAS held in Lome, Togo, in 1999. Its ultimate aim is to deal decisively with the root causes of the industrial underdevelopment of the member countries of the ECOWAS thereby repositioning them in the emerging world division of labour and power. The pivotal countries should not be confused with the theory of 'varied geometry' of the European Union as explained earlier. The two concepts might look the same in theory, but the difference between them lies in the strategies for the pivotal countries to deliver the common goods. Whereas the pivotal countries strategy under Type IV is aimed at collective self-reliance, and reversal of the industrial underdevelopment of ECOWAS, the 'varied geometry principle' permits two countries within a subgroup to integrate certain sectors of their economies. This is allowed under the worsening dependence of the members on the metropolitan countries for technology and capital. The fast-track approach is also cast in the mould of the varied geometry. This means the issue at stake is not really with two countries deciding to integrate sectors of their economies, but how they can help redress the underdevelopment of the integrating countries.

On the choice of Nigeria and Ghana for the commencement of integrative industrialization being proposed here, certain crucial factors are considered. First, Nigeria and Ghana are among the relatively fastest growing economies in the ECOWAS. Second, as ex-colonies of Britain, both countries have had long-standing economic, social and cultural ties. In fact, the governments of Nigeria and Ghana are at the forefront of new wave of regionalism in the sub-region. Finally, and perhaps more important, is the structure of the capital goods industries in both countries particularly the iron and steel companies which have great potentials for collective industrialization, but are bedeviled with problems. I dwell briefly on the nature of the problems so as to locate the specificities of the integrative industrialization strategy.

The capital goods industries of Nigeria and Ghana consist mainly of iron and steel companies, maintenance and foundry shops, machine tools, aluminum goods-producing companies, and motor assembly plants. In Nigeria, for instance, there are 30 notable capital goods-producing companies such as the Delta Steel Company, Universal Steel Company, Continental Iron and Steel company, Machine Tool Limited, First Aluminum Company Limited, Kolorkote Nigeria Limited, Pan Peugeot Limited, Steyr Limited, SCOA Motors, and ANAMCO at the time of writing. The products of these companies included steel rods and wires, fabricated crawsher balls, nuts and bolts, lathe machines and their spares, metallic dust bins, reground cam and crank shafts, aluminum roofing sheets and frames for door and windows, and galvanized sheets.

In Ghana, there are about 10 major intermediate and capital goods companies. Some of them are the Volta Aluminum Company, subsidiaries of General Motors, Peugeot and Toyota, and medium-size fabrication engineering outfits. Though these companies are at various levels of development in both countries, the majority of them have been shut due to lack of spares to maintain their production lines.

Generally, the heavy industries in Nigeria and Ghana are fragile and almost wholly import-dependent for their production inputs and the spares. As for Ghana, the country has no integrated steel company and its only steel rolling mill folded up when the state adjusted in 1983 in line with World Bank/IMF-led economic reform. Even in Nigeria where the largest integrated steel plants in Sub-Saharan Africa are located, one is still a project [Ajaokuta Steel Company] and the only functional one [Delta Steel Company] has been shut down indefinitely pending the cessation of the economic crisis that began in the early 1980s. Worse still, the steel rolling companies in Nigeria numbering over 20, were in various stages of disrepair at the end of 2000, with little or no hope of recovery. Yet, Nigeria has proven reserves of 250 million metric tons of iron ore of an average of 58 ferrous content that can be used at Ajaokuta Steel Company, but with the enhancement of its iron qualities to 68 percent for use at DSC. Nigeria also has a reserve of 150 million metric tons of cokable coal that can be blended with 20 percent of the Australian coal. Nigeria has numerous alloying minerals like tungsten for high tensile steel products. Nigeria also has abundant deposit of natural gas that can be used to fire the steel plants. In essence, Nigeria, unlike Ghana, has the potential of becoming a major steel producer and indeed, manufacturer of capital goods in West Africa and Africa given the right political and economic fundamentals.

Therefore, the way out of the crisis plaguing the capital goods industries including the steel sub-sectors of Nigeria and Ghana resides more with rethinking the path these countries took to industrialization than anything else. I deal with this in the context of the integrative industrialization between the countries with emphasis on their steel companies.

I propose three major steps spreading over a period of 12 years for the realization of the integrative industrialization with emphasis on the steel companies of Nigeria and Ghana under the Type IV model.

Step 1 (3years): It begins with a critical rethink of the philosophy of development in the context of a bottom-up approach, and putting industrialization not only on the agenda of the states, but first, achieving collective self-reliance between Nigeria and Ghana, then in other member-states of ECOWAS. To do this, would involve the governments, policy makers, scholars, industrialists and selected representative of the people from both countries. Cognizance should be taken of the pitfalls inherent in the strategies both countries had adopted to industrialize with a view to overcoming the crisis of underdevelopment and dependence facing the capital goods industries including the steel sub-sector. Within this context, sector-specific analysis of the groups of companies constituting the capital goods industries of Nigeria and Ghana will be undertaken, and the nature of their problems noted. This is all the more important in view of the fact that recent meetings between the businessmen from Nigeria and Ghana aimed at fashioning out areas of cooperation and integration have always focused more on trading than production. Without a rethink of the industrialization strategy along the Type IV framework, the recent joint efforts by Nigeria and Ghana to have

common currency, community bank, and common tariff under the proposed fast-track approach would end up deepening the economic crisis in ECOWAS. This is because such efforts would, in the final analysis, meet the parochial interests of the state managers and local/foreign capital.

Step 2 (3 years): The establishment of common tariff policies specific to the importation of intermediate and capital goods particularly steel products in Nigeria and Ghana. Its primary aim is to halt the trend of dumping that characterized the steel markets of both countries thereby enabling the crisis-ridden capital goods industries of both countries to recover. To achieve this goal would require redressing the general re-export policies of Togo and Benin for the steel products and other intermediate and capital goods. That would put underway the process of re-orienting the economies of Togo and Benin from their re-export policies toward the integrative industrialization project of the pivotal countries of Nigeria and Ghana, which will benefit ECOWAS in the long run. The importation of simple steel products like rods and wires, wire meshes, nails, and heavy ones such as flat steel sheets, beams, tees and squares into Nigeria and Ghana should be phased out within the period so as to increase the local content of manufacturing. Nigeria should, within this period, stop importing basic steel raw materials like iron ore and coal, and source its raw materials locally to run the integrated steel plants. Monetary policies of both countries should be harmonized to make the tariff regime effective.

Step 3 (5 years): At this stage, the industrial policies and projects of Nigeria and Ghana should be harmonized, and the institutions for implementing them established. As part of the integrative industrialization policies and projects, specific companies should be identified for integration, noting their capacities to act as a 'pull force' for the collective industrial development of the ECOWAS members. Within this framework, notable capital goods producing companies like the iron and steel industries of both countries should be integrated in accordance with the potentials of the companies in the sub-sector so as to make for specialty in both the up and downstream sectors of iron and steel industry. As part of this strategy, there would be no need to establish integrated steel plant in Ghana as currently being planned. That Ghana does not produce any of the basic steel raw materials like iron ore, coal and alloying minerals makes it all the more so. What should be done in Ghana under this framework instead, would be setting up of three steel rolling mills with a total installed capacity of 300,000 metric tons should be established in Ghana. That steel output would meet the Ghana's *per capita* steel consumption estimated at 30kg. The expanded downstream sector of Ghana's steel industry should be made to depend on Nigeria for its steel needs. In Nigeria, no more than 15 vibrant steel rolling companies with a total output of 2.5million metric tons are needed as opposed its current ailing 25 steel companies producing about 150, 000 metric tons yearly. In addition, Nigeria's integrated steel companies should be reactivated and fitted with production lines for rolling out flat steel sheets, beams,

angles, tees and squares, which, are themselves, capital goods and used for manufacturing cars and other heavy machines. Also, the existing Machine Tool Limited, (MTL) located at Oshogbo, Nigeria, should be revived and sustained by the products of the integrated steel plants. In fulfilling its mandate as a manufacturer of lathe machines and their spares, the MTL should provide basic inputs for two major forge shops that would be set up in Ghana. This will avoid the situation in the past whereby the World Bank, in pursuit of its economic reform agenda in Ghana, procured spares for mechanics and artisans in the country in the 1980s.

Finally, the institutions for implementing the above policies and projects for collective industrialization under Type IV should be democratic both in procedure and substance. As part of this strategy, an Industrial Development Bank should be incorporated to fund the proposed steel rolling mills and other related companies to be created in Nigeria and Ghana. The stakeholders of the bank should be the governments, industrialists, and people of Nigeria and Ghana and other members of ECOWAS. An Iron and Steel Institute should be established with its headquarters in Nigeria to undertake, among other functions, the training of semi and highly skilled personnel with a view to indigenizing steel technology and consolidating fabrication engineering. The proposed Steel Institute should ensure that international standards for making steel products are maintained. Part of the Institute's duty also, should be the monitoring of trade in iron and steel products between Nigeria and Ghana so as to stem the trend of dumping and its negative consequences for the steel companies. Also, the Institute should regulate the growth of the steel sector so that when the steel sector of each country attains maturity it should be able to decide which country in the subgroup qualifies for another regional capital goods producing company. In essence, the proposed Steel Institute would help implement the 'flying geese' concept within the sub-region. As used here, the 'flying geese' concept will permit the even industrial development of the member-states of African economic grouping by allowing a particular industrial sub-sector of an economy to mature, thereafter, it is moved to another country within the region.

CONCLUDING REMARKS

The Type IV framework provides an alternative strategy that will enable Africa's integration projects brace up to the challenges of the emerging world economic order and power. It is all the more so as the choice before Africa in the twenty first century is that, either it begins integrating its economies along the thinking of the Type IV strategy, or it remains more marginalized or fall out of the world map. The success of this typology depends first on the willingness of the governments of ECOWAS countries to implement the rules and projects suggested above. Thus, in recommending this strategy and the various stages for its implementation, I anticipate resistance from those who are already benefiting from the current pattern

of capitalist accumulation at both country and regional levels. I also recognize that those who currently gain from the existing structure of integration in Africa, namely, the state managers, local private capital, and foreign capital will stifle the efforts toward collective self-reliant industrialization. But that is only for a while as the mounting pressure for a change in Africa as evidenced in the wave of constitutional reform, bottom-up approach to development and other pro-democracy forces blowing across the continent shows that, the days of the collaborationits are numbered.

NOTES

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[17] Cited in R.Lavergne and C Daddieh, 'Donors Perspectives' in Lavergne ed. *Regional Integration*... op.cit. Daniel Bach has also written extensively on the regional schemes of the Franchophone.

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THE IMPACT OF GLOBALISATION: BETWEEN A DEHUMANISING PROCESS AND A SENSE OF TOGETHERNESS

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INTRODUCTION

East Asia includes Japan, China, South Korea, Taiwan and the ASEAN countries. Five East Asian countries have been hit hardest by the financial crisis of 1997-1998: Indonesia, Malaysia, Philippines, Thailand and Korea (Asian-5). Until the mid 90's, such countries had sustained a rapid growth, that is, between 5.7% for Malaysia and 8.4% for Thailand (except the Philippines, 1.5%), and higher levels of life quality for the whole population. This is the reason why the World Bank called this growth phenomenon the "Asian miracle" (Word Bank: 1993). Indeed, in 1994-1996, all East Asian economies actually show no signs of significant economic deterioration, with quite high investment rates, low inflation, limited public debt, and they were all orientated towards the increasing of their exports (except Indonesia). In this article, we would like to present a summary of the main causes of the 1997-1998 East Asia financial crises, as an example of the side effects of globalisation. The East Asian crisis should make everybody more aware of the true impact of market globalisation. We will describe here the various aspects of globalization processes, and the ethical (moral) conditions for a Global Community that could help to prevent such tragic social, economic and political crises in the future.

I. THE 1997-1998 FINANCIAL CRISIS IN EAST ASIA: THE DIALECTICS BETWEEN WEAK FUNDAMENTALS and CRONY CAPITALISM

The East Asian crisis meant the end of a development concept, based on financial liberalisation and blind growth. The East Asian crisis is the crisis of a given development model, that which is dependent on huge infusions of foreign capital and guided by the illusion that in order to reach the status of an advanced country, we only have to maximize the access to foreign capital inflows. The IMF has wrongly identified "crony capitalism" as one of the main targets. "Crony capitalism" is generally defined as:

(i) lack of information and transparency of financial institutions, so that economic agents cannot assess the actual situation in given countries;

(ii) the lack of prudential financial regulation and supervision, in a context of financial liberalization, increases vulnerability to speculative attacks (imprudent financial liberalization);

(iii) a government-business relationship permeated with corruption, especially in bank lending transactions;

(iv) the absence of accountability of political and economic authorities;

(v) a long tradition of various implicit or explicit governmental guarantees of bank liabilities to lenders, to private projects, such guarantees implying direct government interventions in favour of the financial debtors.

Such a tradition of explicit government guarantees had thus created a "moral hazard" and led financial institutions in Southeast Asia to higher levels of non-performing loans and over-indebtedness (IMF: 1997). Such guarantees allowed banks to use funds for risky ventures and seem to affirm that the returns on investments (ROI) are insured against adverse shocks. The moral hazard, as being an important factor in over-investment, excessive foreign borrowing, excessive domestic lending and budget deficits, was much more present in Thailand and Korea than in Indonesia. In that strict sense, crony capitalism was much more present in Korea and Thailand than in Indonesia and the Philippines. Insofar as it was known for many years, it is hard to affirm that it has been the decisive factor in the 1997-1998 East Asian financial crisis.

However, we would like to present here a larger concept of "crony capitalism" including the further eight characteristics, that is, the "ethical principles" of crony capitalism:

(1) the belief in foreign borrowing as prerequisite of growth;

(2) the belief in strongest financial sectors as means to prevent depreciation of national currency;

(3) the belief in export growth as the decisive factor in economic growth;

(4) the belief in non-causal relationships between budget deficits/ inflation and economic vulnerability;

(5) the belief of foreign creditors in the contagion effect;

(6) the over-investment as the economic savior in the region;

(7) the fear of protectionist messiahs;

(8) the ultimate power of foreign speculators;

(9) the dependence of the region on Japanese economy.

THE USUAL FACTORS, OR THE DETERIORATION OF FUNDAMENTALS

(A) The Belief In Foreign Borrowing as Prerequisite of Growth: The Accumulation of Substantial Foreign Debt, Private and Short-term

At the end of 1996, all Southeast Asian countries, but above all Indonesia (34 billion $), Korea (68 billion $) and Thailand (46 billion $), have accumulated very high foreign debts, private, short-term, and foreign-currency denominated. In 1996, total obligations to foreign banks for Asian-5 has increased from 210 to 260 billion $. Short-term debts of Indonesia, Thailand and Korea were around 147 billion $ (1996). This phenomenon of an excessive over-borrowing from international capital markets has certainly played an important role in the crisis. The debt service ratio was much higher in Indonesia (33%) than Thailand (13%, 1994; 11.6%, 1995) or Philippines (16%, 1995). The short-term debt (in comparison with the total debt) was much higher in Korea (50.6%, 1995; 51.2%, 1996) and Thailand (72%, 1995; 41%, 1996) than in the other members of Asian-5: Malaysia (21%, 1995; 27.8%, 1996), Indonesia (20.8%, 1995; 25%, 1996), Philippines (13.3%, 1995; 19.3%, 1996).The strongest East Asian countries, as to the financial sector, Hong Kong (43.5%, 1996) and Taiwan (68.4%, 1996) have very high ratios before the 1997 crisis.

In the midst of 1997, short-term debt exceeded foreign exchange reserves, particularly in Thailand, Indonesia and Korea. A high ratio of short-term debt to short-term assets shows the vulnerability of a given country to a future crisis, since foreign creditors could find out that there is not enough foreign exchange available to pay off all short-term creditors in a case of a financial panic. When a large proportion of external liabilities are short-term, a crisis may happen, due to the perception, by the foreign creditors that the country will be unable to roll-over its short-term liabilities. It shows how the 1997 crisis in East Asia was a mixture of a financial panic and real liquidity problems. If we consider the ratio of short-term debt to foreign reserves, we could observe that Korea (203.2%, 1996), Indonesia (176.5%, 1996) and Thailand (99.6%, 1996) had a very high ratio before the 1997 crisis in comparison with the strongest East Asian countries: Hong Kong (22.3%), Taiwan (21.3%) and particularly Singapore (2.6%). If we consider the debt-to GDP ratio for Asian-5, there are quite different conditions in each country: Korea: 14% (1990-1995), China: 14% (1990), 18% (1994), Thailand: 33% (1990-1996), Malaysia: 40%(1993), Indonesia: 68% (1991), 57% (1996), Philippines: 69% (1991), 53% (1995). If we consider the foreign debt-GDP ratio, Asian -5 had the following ranks: Thailand (6.9% of the GDP, 1996), Philippines (6.5%, 1996), Korea (4.4%, 1996), Indonesia (3.3%, 1996) and Malaysia (2.3%, 1996).

Foreign bank lending to Asian-5 was around 261 billions $ in 1996, and at the mid of 1997, around 274 billions $. The private sector "lending boom", that is, the ratio of lending to GDP, was extremely high in the Philippines (151%) and quite important in Thailand (58%) and Malaysia (31%). There was no such a phenomenon in China (7% of the GDP). In Thailand, the lending boom was much larger for finance companies (133%) (especially for the real estate and property sector, mostly financed by borrowing from foreign financial institutions) than for banks (51%). In Indonesia, most foreign lending was to private firms, not to banks. There was an "overlending syndrome", since domestic bank lending was rapidly growing. In Korea, the early 1997 financial crisis was set up by bankruptcies of seven of the top 30 conglomerates *(chaebols)*-mainly, Hanbo Steel, Sammi Steel, Jinro Group and Kia Group-which had borrowed heavily to finance their investment projects, mostly in the manufacturing industry (OECD: 1998). Just before the 1997 crisis, the share of non-performing loans as to the total lending was quite high for China (14%), Philippines (14%), Thailand (13%), Indonesia (13%), Malaysia (10%), but quite low for Korea (8%; where bad loans were concentrated in the manufacturing industry), Singapore (4%), Hong Kong and Taiwan (3-4%).

(B) The Belief In Strongest Financial Sectors As Means To Prevent Depreciation Of National Currency: Overvaluation and depreciation of national currencies

A rapid build-up in bank credit makes banking systems much more frail, and could increase the number of bad loans. During 1990's, Indonesia, Thailand, Malaysia and the Philippines (ASEAN-4) had a "credit boom", that is, a rapid growth of bank and non-bank credit to the private sector that largely exceeds the growth of the real economy. This led ASEAN-4 economies to become more vulnerable when shifting credit conditions, a shift that could have disastrous consequences for property prices and the share of non-performing bank loans. Domestic credit growth was quite high in Southeast Asia, except in Indonesia, where credit growth remained modest. In the Philippines, credit growth was around 49% of GDP (1996), in comparison with an average of 40% from 1993-1996.

The "overvaluation syndrome" was only an issue in the Philippines and Thailand, but not in Indonesia, Malaysia and South Korea. In late 1996 and early 1997 (but much more since July 2, 1997), the Thai Baht was largely depreciated, as evidence grew of the fragility of the real estate sector and the financial institutions. The end of Baht depreciation only occurred at the end of January 1998. However, during that month, the continued falling of the Indonesian currency and the refusal of foreign lenders to roll over short-term debts made domestic borrowers unable to face their foreign debt. As the national currencies depreciated, foreign lenders became anxious about the ability of their customers to reimburse their debts and called in their loans, thus reinforcing the depreciation of such currencies. In October 1997, the Thai currency depreciation (55% to the US dollar) had led to the sharp depreciation of Indonesia's (54%), Malaysia's (34%) and Philippines' (33%) currencies. Korea had suffered of a weaker devaluation (14%), as well as Singapore (11.8%) and Taiwan (12.5%), both sharing a similar export structure (mainly, high-tech commodities). Singaporean and Taiwenese currencies have been depreciated , but much less than the ASEAN-4 countries

(C) The Belief In Export Growth As The Decisive Factor In Economic Growth: Declining Export Growth

Export growth fell from 24.8% (1995) to 7.2% (1996), for Asian-5 (as an average). But the situation in the Philippines was not so sharp than in the other countries (24%, 1995; 14%, 1996; 21%, 1997). In Indonesia, export growth fell from 12% (1995) to 9% (1996), and finally to 7% (1997). In Malaysia, export growth fell from 21% (1995) to 6% (1996), and finally to 1% (1997). In Thailand, export growth

dramatically fell from 20% (1995), to -1% (1996) and finally to 3% (1997). Finally, export growth also fell radically in Korea, from 23% (1995), to 4% (1996), and finally to 5% (1997). The situation was also difficult for the strongest economic tigers in the region: Hong Kong: from 13% (1995) to 4% (1996-1997); Singapore: from 18% (1995) to 5% (1996) and -1% (1997); Taiwan: from 17% (1995) to 4% (1996-1997) (World Bank: 1998: 20).

(D) The Belief In The Non-Causal Relationships Between Budget Deficits/Inflation And Economic Vulnerability: High budget deficits and high domestic inflation

The IMF has wrongly analysed East Asian economies, especially their small public deficits and low inflation, in comparison with the Latin American crisis of the 1980's. Thailand had a deficit around 6% of GDP each year in 1990's, but it was 9% of GDP in 1995-1996. Indonesia's deficit was around 2.5% of GDP in 1985-1989, and 3.5% in 1995-1996. Korea's deficit shifted from 1.5% (1994) to 4.8% of GDP in 1996, thus leading to an increased accumulation of short-term foreign debt. Malaysia's deficit has decreased from 8.6% (1995) to 5.3% (1996). Philippines have a deficit around 5% of GDP since 1994. Thus, Indonesia and South Korea had the smallest deficits. In the region, Hong Kong had budget surpluses of 7% of GDP in 1990-1993, and of 2% in 1994, and finally a deficit of 2% of GDP in 1995-1996. In Singapore, there were large budget surpluses of 10% of GDP in 1990-1993 and of 16% of GDP in 1994-1996. Taiwan had budget surpluses in 1990's but a larger surplus of 4.5% of GDP in 1996. So, among the strongest Asian economic "tigers", that is, Hong Kong, Singapore and Taiwan, only Hong Kong has been subjected, in 1996, to a deficit that is quite similar to that of Indonesia.

The correlation between high budget deficits and the economic vulnerability in the financial and economic crisis does not imply causation. Sometimes, large deficits could be sustainable when growth rates are high; in other cases, even high growth rates may coexist with a vulnerable economy. GDP growth rates in the year preceding a crisis could then be quite high (above 7%), and they could not avoid an actual crisis.

Asian-5 have kept inflation rates below 10% in 1990's, except in Indonesia, where inflation has been out of control. The Philippines had an inflation rate of 20% in 1990-1991 but only of 8% in 1996. Similarly, Hong Kong had an inflation rate of 11% in 1991 and of 6% in 1996. For China, the same scheme applied: an average of 18%

(1993-1995) and 8% 1996), and finally of 3% (1997). So, inflation rates in countries having stronger financial systems were quite similar than those of countries having weaker financial systems in East Asia.

THE UNUSUAL FACTORS, OR THE CONTINGENCY ELEMENTS

(A) Over-investment As The Economic Savior In The Region: Over-investment, or the Addiction to Foreign Direct Investment.

It seems that the whole economic development process in East Asian countries was too rooted on large infusions of foreign capital. Foreign direct investment is by itself quite prone to quick reversals. Historically, massive capital inflows have come from Japan in Southeast Asian countries: around 15 billion $ between 1986-1990. In the five main East Asian economies, capital inflows have been of 150 billion $ (1980-1989) and from 1990-1995, of 320 billion $, but only 211 billion $ between 1994-1996, just before the crisis (IMF: 1997). In Thailand, capital inflows (above all, banking borrowing) consisted in 10.3% of GDP (1990-1996), and 13% in 1995. In 1996, Thailand had net FDI flows of 1.3 billion (2.3 billion $ inflows - 1 billion $ outflows). In Malaysia, capital inflows (mainly foreign direct investment) represented 9% of GDP (1990-1996), and 15% in 1992-1993. In 1996, short-term capital inflows were around 11.3 billion $ in comparison with an inflow of 2.4 billion $ (1995) and an outflow of 8.4 billions $ in 1994. In Indonesia, capital inflows (mainly borrowing by private corporations) were around 4% of GDP (1990-1996). In Korea, 1996 net FDI flows were of 2.1 billion $ outflows (4.4 billion $ outflows - 2.3 billion $ inflows). In ASIAN-5, net private inflows were around 97.1 billion $ (1996) and net private outflows around 11.9 billion $ in 1997. FDI remains similar (6.3 billion $ (1996) and 6.4 billion $ (1997) (World Bank: 1998).

In the early 90's, large foreign capital came from pension funds, mutual funds (from US: 4-5 billion $/year) and other investment institutions, most of them being American. In 1996, net private capital inflows in South Korea, Indonesia, Malaysia, Thailand and Philippines (ASIAN-5) were around 40.5 billion $ (1994) and 93.8 billion $, mostly by private creditors (76.4 billion $, 1996). In 1997, the crisis had created a net outflow of around 12.1 billion $ (a sharp swing of capital flows of around 105 billion $). Such private creditors were attracted by high productivity growth and low labour costs. However, interest rates were quite low in 1997-1998, so that investors tried to find out better returns on their investment (ROI) (Tang and Villafuerte: 1995: 10). That's why we could say that such financial crisis were built on attracting huge and volatile infusions of foreign capital, that is, on foreign "investment boom" or over-investment, especially in real estate

(Wade: 1998). In Thailand, foreign direct investment (FDI) represented 1.1% of GDP, while in Malaysia it was 6.6% of GDP, in the 1990's. Bank and private sector borrowing constituted 7.6% of GDP in Thailand, and 3.6% of GDP in Malaysia. The East Asian crisis has been rooted on the belief (shared by local governments) that economic growth in Asian-5 largely depends on short-term capital flows from abroad. That's the "overinvestment syndrome". East Asian economies were vulnerable to volatile capital flows, due to large short-term capital inflows. Indeed, large number of companies, especially in the manufacturing industry, has been forced to transfer their foreign short-term financing to credits from domestic banks, involving higher rates.

(B) The Fear Of Protectionist Messiahs: The Protectionist Role of the International Monetary Fund (IMF) and the Imprudent Financial Liberalization

The IMF has also played a major role in the crisis, in forcing Asian countries to financial liberalization (which includes no mechanism to slow down the exit of funds) and to opening their financial sector to more foreign participation. Thus, net private capital inflows in Malaysia, Indonesia, Philippines, Thailand and Korea have grown, before the crisis, from 77.4 billion $ (1995) to 93 billion $(1996). Such inflows went directly to stock markets and, more particularly, to real estate. The uncontrolled capital movements (exits of funds) had triggered the East Asian crisis. It seems that the IMF, mainly controlled by US, has introduced trade and investment reforms in East Asia, for protectionist motives. The situation became worse because of IMF reform programmes. Imprudent financial deregulation during 1990's had set up conditions for frail financial markets in such countries (Wade: 1998; McKinnon and Pill: 1996).

The IMF as well as the OECD and many Western governments insisted on the need for Asian governments to undertake radical financial liberalisation, and to remove control on companies' foreign borrowings, and thus to forget bank supervision. Indeed, ceilings on deposit and loan interest rates were increased, and direct credit control was abolished. Cross-border capital movements were released from administrative limitations, and thus such financial market liberalisation in East Asia had opened new opportunities for foreign capital to enter into the Asian-5. Banking supervision was weakened, especially in Thailand, so that domestic banks borrowed heavily from foreign lenders. Quick financial deregulation and domestic liberalisation caused a high rate of non-performing loans held by banks, due to their lack of supervision, so that the crisis could be called a "crisis of deregulation". Domestic financial deregulation without supervision makes the economy quite vulnerable to short-term and reversible capital flows and thus to speculative attacks (Cole and Slade: 1996). It was particularly the case in Indonesian and Korean State-owned banks. Asian countries

having stronger financial sectors like Hong Kong, Taiwan and Singapore have not suffered terribly from the crisis, and their currencies have, to a large extent, not really depreciated in 1997. Much more importantly, there was no lack of market confidence. Such countries had quite a large stock of foreign exchange reserves in comparison with Asian-5. However, the IMF assumption that the financial crisis in East Asia was ultimately due to deep fundamental economic and financial weaknesses was false, since it radically excludes the fact that such a crisis has been influenced deeply by a "self-fulfilling financial panic among foreign creditors". Moreover, bank closures and more supervisory standards do not function as means for increasing market confidence. They clearly sent the message that foreign creditors should demand repayments of their short-term debts. However, we should acknowledge that self-fulfilling financial panic is prone to occur in countries having weak economic fundamentals.

The IMF programs have led to 56 liquidations of finance companies in Thailand. Many of them were bankrupt well before the Baht crisis, that is, when the financial panic increased the burden of their foreign liabilities; 16 bank closures in Indonesia occurred, with the fact that deposits over 5000 $ at the time would not be protected. That is a good condition for increasing the virulence of a financial panic. The objective of IMF was to limit the financial losses accumulated by such financial institutions. Such massive closures in the banking sector had added to the financial panic. The IMF has rightly seen that many financial institutions had to disappear, or to be merged with others; that was clearly the case in Indonesia, where the number of private banks (foreign and joint-venture banks) had shifted from 74 (1988) to 206 (1994). However, its banking closure programme was too severe and quickly realized, so that the good idea had deepened the financial panic, particularly in Thailand and Indonesia. Thus, foreign lenders accelerated their fund withdrawals from the banking system, especially in Indonesia.

(C) The Ultimate Power of Foreign Speculators: The Financial Panic of Speculators

At the beginning of 1997, Western speculators panicked in seeing the real estate glut that had first appeared in Thailand. Capital movements, especially the outflow of funds, were not due to rational/economic analysis of the facts (since fundamental economic and financial conditions were strong enough to sustain debt servicing on a reliable basis) but to some expectations about the behaviour of other short-term creditors, which could be quite irrational. In order to avoid such irrational capital movements, the "Tobin Tax" presupposed a

transactions tax imposed on all cross-border capital flows that were not clearly marked as direct investment. There was a deep need for mechanisms to avoid a free and arbitrary outflow of funds. However, we should be aware of the possibility of a political use or misuse of such capital controls, as well as the temptation to use capital controls to avoid or delay required financial reforms. The herding, irresponsible and over-reactive behaviour of foreign investors, has played a major role in the East Asian crisis and has clearly expressed how a few common economic problems can lead to a financial panic. The financial crisis was a hard reality in Asian-5, except in the Philippines, which had a stronger financial system.

According to IMF, a lack of confidence towards the ability of political authorities to implement the required economic and financial reforms has exerted a major role in the financial panic. Such an analysis is contradicted by the facts themselves and thus the IMF has actually added to the virulence of the financial panic. Relatively speaking, East Asian countries were politically stable, before the crisis, except Indonesia. However, the financial panic was created by the conviction of creditors that short-term debt largely exceeded short-term assets and their "feeling" that there are very few debtors having state guarantees, so that the given loans actually became bad. The IMF has contributed towards the deepening of the financial panic, in forcing immediate closures of financial institutions.

(D) The Dependence of the Region on the Japanese Economy: The Japanese Crisis and the Temporary Withdrawal of Japan from the Region

The long stagnation of the Japanese economy in 1990-1995 (near zero growth), implying an important export slowdown from Asian-5, had established some conditions suitable to the financial crisis in East Asia. Moreover, the 1996 slowdown in the world electronics market has reduced the growth rate of exports in Asian-5. Economic weaknesses in Japan have contributed to the crisis, in establishing a reduced demand for imports from the region. The continued depreciation of the yen from the middle of 1995 and throughout 1997 had imposed poor economic fundamentals in East Asia and had worsened the currency crisis in the region. Due to the financial crises in Japan since the last quarter of 1997, the Japanese investment strategies as to Southeast Asia were not stable. The uncertainty of Japanese future investments in the region could prolong the crisis in East Asia, as long as the yen was depreciated in comparison with the US dollar. Moreover, the East Asian crisis in Asian-5 had exerted a backlash towards Japan and set up a framework of systemic deterioration in East Asia.

(E) The Belief of Foreign Creditors In Contagion Effects: The Contagion Effects

Indeed, East Asian countries have been subjected, due to their trade linkages, to a "contagion effect", leading the financial and economic crisis from Thailand to the Philippines, Indonesia, Malaysia, Taiwan and South Korea. The devaluation of the Thai Baht had led the other national currencies in the region to be devaluated. Indonesia demonstrated the clearest case of contagion in East Asia, leading to financial panic. The contagion effect implies that foreign creditors did not distinguish amongst East Asian countries and assumed that if Thailand fell in an economic and financial crisis, the same situation would probably happen in the other East Asian countries. Foreign creditors assumed that since Thailand's available foreign exchange reserves had fallen far below the short-term debts owed to international banks, this would probably be repeated in the short-run throughout East Asia. Contagion effects also imply that once the Baht started to depreciate in July 1997, the currencies that could be affected were those of countries having fundamentals and export structures similar to those of Thailand. It was clearly the case for the Philippines, Indonesia and Malaysia (contagious devaluations).

II. THE VARIOUS ASPECTS OF GLOBALISATION AND THE NEED FOR A HUMANISING GLOBAL ECONOMY

Globalisation implies five major components. Firstly, the economic aspect of globalisation: trade liberalisation, deregulation, denationalisation of domestic markets, regional economic integration through multilateral trade and free trade agreements (e.g. NAFTA, MERCOSUR, ASEAN, European Union), a growing mobility of capital and a new globalising division of work. The economic growth rate of poor countries is lower than that of developed countries, although trade liberalization tends to increase the average annual income per capita. However, it has not been proved that trade liberalization reduces social inequalities. Rather, States try to attract foreign investors with non-economic variables, such as their national policies (on environmental and labor issues) or the political stability[1]. On the other hand, we could observe the huge economic and political influence of megacorporations (created after their very large transnational mergers and acquisitions). We could also see that such a huge political and economic influence is linked to massive layoffs within such very large business corporations. Even the role and functions of the World Trade Organization should be reviewed in order to ensure that its objectives would remain suitable to humanising globalised markets[2]. Globalisation tends to remain the globalisation of poverty. Globalised markets are not able to reduce unemployment in developed countries or poverty

in developing countries. Globalised markets are imposing lower levels of wages and regulations, while emphasising productivity and competitiveness.

Secondly, the political aspect of globalisation : includes the increasingly-eroded function of States' sovereignty, especially in their public policy processes. Globalisation means that nation states have come to an end. We could observe that social safety nets are disappearing in developed countries. On the other hand, democracy has become universalised as a political regime, while social exclusion is still emphasised throughout the globalisation process, even if it contradicts democratic ideals[3]. Civil society organisations actually focus on cultural traditions and a sense of community, but are still isolated, excluded from decision-making processes within democratic institutions, whether such institutions are national or international.

Thirdly, the social aspect of globalization : as said by Etzioni, globalisation is closely linked to social exclusion[4]. Globalisation is now contributing to the dismantling of social safety nets in more and more developed countries. Governments are now using re-engineering and downsizing processes and strategies that large business corporations have used for themselves, so that social institutions are increasingly being considered as similar to business. Giddens called that phenomenon of being disconnected from our local duties (to insure a competitive place on globalised markets) « detraditionalisation ». Globalisation uproots people from their cultural/religious traditions and sense of belongingness/community which give us the meaning of life and cultural, ethnic or national identity. Thus, globalisation tends to reduce human (and moral) cohesion. Global competitiveness is more and more linked to social desintegration and the dismantling of social safety nets. Globalised markets imply growing inequalities between various regions (and sub-regions) of our world. This is why we have observed growing opposition to globalisation. This is why social dismantling and desintegration has followed from the 1997-1998 East Asian financial crisis. It is a kind of "globalisation backlash"[5]. Civil society organisations are now claiming justice for the poor and the needy. There is a growing solidarity among the poor, so that it has given birth to a « policy of difference » (Young), or a « policy of recognition » (Taylor). But, simultaneously, according to Burtless et al (1998), « globaphobia » is born[6].

Fourthly, the technological (communicational) aspect of globalization: we could say that globalisation is the outcome of an on-going process, rather than a basic goal defined by large regions of our world[7]. Globalisation presupposes a great revolution in telecommunications (Internet, cellular phones, multimedia) leading a global market, or to the « Davos Man »[8]. Fiftly, the cultural aspect

of globalisation : Globalisation is, as Anthony Giddens said, an « in here phenomenon », influencing our personal and national/cultural identity[9]. On one hand, the hegemony of American culture determines the contents of global mass culture, getting rid of cultural differences and working for a cultural homogeneisation around the basic values of American way of life. On the other hand, such a cultural homogeneisation[10] is also due to the fact that economic values (such as efficiency, productivity, competitiveness) have been absolutised, so that the true « ethical values » (such as justice, fairness, respect for each other) have been annihilated, or have become the servants of economic (profitability-centered) values. Fragmentated social identities result from such a process of « amoralisation ». National frontiers have open the way to all cultures, but indeed only those of developed countries are now imposing the « rules of the game ». Pressions for cultural fragmentation and uniformity come from everywhere. Various cultures then try to retain their distinctiveness, to safeguard their sense of belongingness/community and of commitment, in face of dehumanising globalisation processes[11].

III. GLOBAL COOPERATION, OR THE ETHICAL CONDITIONS FOR A GLOBAL COMMUNITY

We need to cooperate to create a more humanised global economy. We then need rules to ensure such an intermarket cooperation. Rules could be either legally- or morally-based[12]. A cross-cultural/inter-religious dialogue is a growing condition for international corporate citizenship. According to Lawrence, Bressand and Ito (1996), openness, diversity and cohesion are the basic conditions to create a global community, as a basis of globalised markets[13]. We will like to submit here three basic values that should be closely linked to such a "global community process":

1. **STRUGGLING FOR COOPERATION** implies openness to the viewpoint of the others, so that we could accept to modify some of our own cultural and religious practices and beliefs;

2. **SEARCHING TO UNDERSTAND** their cultural and religious roots, that is, the anticipation that the other could know something better than us, questioning the validity of our prejudices;

3. **RESPECTING BASIC HUMAN RIGHTS** implies having respect for people with different cultural and religious roots.

There is no sense for corporate citizenship without a deep feeling and conviction that collaboration is strongly required from business

leaders. Corporate citizenship implies a culture of "togetherness", which is grounded on caring-for-the-others. It is expressed through various means of:

(i) Working together (struggling for cooperation),

(ii) Hoping together (searching for understanding), and

(iii) Living together (respecting basic human rights).

i. WORKING TOGETHER: STRUGGLING FOR COOPERATION

Cooperation implies empowerment of the powerless, so that people could control and shape their collective destiny, and exert a major role on global processes. Working together means cooperating towards creating a more harmonious, peaceful world, and thus continuously trying to overcome the "reef barriers of mutual understanding", that is, conflicting interests. To create a better world, there seems to be no other alternative than working together. It is a requirement for the real emergence of a global civil society, since public interest groups actually have various viewpoints and interests to defend: women's rights, labour rights, farmers' interests, etc. Indeed, sharing in decision-making that affects our livelihood is a basic human right. Global governance not only implies popular participation but mainly a strong record of cooperation showing how much political, social and business leaders are ready to accept cultural and religious pluralism and to improve democratic participation mechanisms. Working-together means that we are able, as political, business or social leaders, to face various needs, interests and values, and to change our management style and decision-making process, if necessary, in order to improve the conditions required for collaboration. Corporate citizenship, which has economic, political, administrative and systemic aspects, implies working-together to create a democratic, open and cooperative world. We are creating a context in which people can participate in the life and activities of the community. In other words, we are developing habits of democratic participation, openness and cooperation through action. Corporate citizenship implies global citizenship and global decision-making that are more democratic. It implies the promotion of universal "hypernorms", or globally based norms, such as personal freedom, physical security and welfare, informed consent, political participation, and more generally, the core human rights[14]. Corporate citizenship implies the mastery of dialogue, the capacity to question our own assumptions[15]. It avoids the "mobilization of bias", that is, the fact that we can operate, unconsciously or overtly, to preclude some courses of action from entering into consideration.

Civil society implies many different groups of citizens pursuing various interests, such as labour organizations, professional associations, advocacy groups, charitable organizations, and so forth. Within civil society organizations, citizens are generally concerned

with public policy issues. Civil society serves as "guardians of the democracy" and will criticize democratic institutions in their functioning when important issues are at stake, such as protecting the environment, safeguarding basic human rights, insuring international peace.

ii. HOPING TOGETHER: SEARCHING FOR UNDERSTANDING

Businesses need political courage and vision, both of which are required for a good government. Visionary business leaders show a high level of courage in their decisions, that is, the courage to make hard choices, in considering all affected groups, and they are aware that having a specific vision for a given country also require to look at its effects on the other nations. So, because of globalization, business leaders must show a global vision that has the "power of hope". Hoping together is to share hope that the world can be better managed and harmonized, and to give such a hope in our respective countries. There is a strong social need for hoping together, since disenchantment with politicians and the political process itself are growing everywhere. Higher standards of integrity in public life, as "confidence-building measures", should help to reinforce people's trust in governments. We should invent means and mechanisms to insure a "3R Corporate Citizenship" concept: responsible, responsive, and representative. Corporate citizenship thus means democratic participation as well as a responsible and a responsive exercise of power on matters of public interest. It consists of exercising power in a way that we are always aware of the main social expectations of the common good, in order to actually meet such social expectations.

We should implement an effective global decision-making process, given that corporate citizenship is a multi-dimensional phenomenon, presupposing democratic participation, flexibility and openness between partners. Only in a peaceful society, which always refers to the rule of law and tries to develop mutual respect and love for each other, can we hope for a better world. And that implies a shared vision developed, at least, by business leaders actualizing a high level of corporate citizenship.

iii. LIVING TOGETHER: RESPECTING BASIC HUMAN RIGHTS

The great challenge for corporate citizenship is to find out and deepen the meaning of common values and to develop a sense of common responsibility, within the reality of global diversity (implying at least a cultural and religious pluralism). Common or shared responsibility not only means respecting the basic rights of each other, but above all, that we all have shared duties for the sustainability of our world. We cannot erase our responsibility. We have a common responsibility

for preserving our world, because it is a collective heritage. Corporate citizenship is the process through which various social institutions exercise their rights and duties in accordance with universal values and hypernorms.

Corporate citizenship implies an ethical leadership, which is both visionary and globalising. Ethical leadership is a kind of leadership which overcomes the challenge of assuming our own responsibilities for the predicament of the others, a kind of leadership by which we can create the social, political, economic, cultural and religious conditions required for living-together, a type of leadership which is concerned with solidarity. The organizational self-renewal occurs when a CEO actually exerts an effective and ethical leadership; and when organisational members have the ability to easily adapt themselves to organisational change. There seems to be a set of homeostatic conditions by which, unconsciously or not, an organisational equilibrium is safeguarded through the combination of the ethical leadership of the CEO and the ability of people to adapt to organisational change. This organisation's capacity for self-renewal could be developed in a way that we more and more are able to live together with each other.

Living together means being with others so that our survival and self-actualisation are closely linked to those of the others. Living together implies avoiding a concept of otherness that destroys human community. In international business, it often happens that there is a basic ethical disagreement when cultures considering the same facts disagree on a moral issue. That is the challenge of cross-cultural dialogue and decision-making process between business partners. We must avoid two major pitfalls: ethnocentrism (trying to impose our own culture and ethics), and cultural relativism (being no longer concerned with ethical dilemmas).

CONCLUSION

The market is a mechanism that ignores justice, and thus we must humanise it. Globalised markets, with the impulse of protectionism, have actually globalised poverty. Globalisation, as led by the laissez-faire ideology, directly aims at deregulation and profit maximisation, with very few opportunities for corporate social responsibilities. Anarchic globalisation as it exists now must be re-oriented through international mechanisms, such as mechanisms to reduce the adverse effects of massive capital outflows. We have seen the results of that phenomenon combined with the intervention by Western countries on international organisations, during the recent financial crisis in Southeast Asia. We cannot really be human without being with the others, without having a deep concern for their welfare, in spite of cultural and religious pluralism. We must initiate a deep cross-cultural and inter-religious dialogue about moral issues in the international business. If not, business contacts with foreign partners will become more and more difficult in the 21st century[16]. Corporate citizenship is actualising better means for living

together. That implies political courage to change the world by modifying the way each business corporation searches for its own interests and needs, and more basically the way businesses are seeing each other on the international scene.

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GLOBALISATION: HOW SHOULD ASIA RESPOND?[1]

Lee Poh Ping

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First, let me say that globalisation is not easily defined as it can mean different things to different people. Rather than attempt at arriving at a precise definition, I will view globalistion as a series of processes (some might argue that globalisation has already arrived instead of it being a set of processes) and then single out two of these processes that pose the greatest challenges to Asia.

The first is the process that is going on in the economic arena which is of two kinds. One is financial globalisation, that process by which a country opens up its financial system to international capital penetration. It is a process that had been greatly accelerated in Asia from the early 1990s as a result of many Asian countries listening to the advice of what is often called the Washington consensus. The second is the growing interdependence of trade in the world, not least among Asian countries. Such interdependence has greatly increased in the past two decades or so in Asia. On the one hand it can be seen by the spectacular decision of the Chinese to abandon their primarily autarkic economy to participate in the international economy in 1979. On the other hand, it can be seen by countries such as Asean deepening their integration with the international economy for which they were already a part of. Enhancing this interdependence is the increasing trend in the production system away from a Fordist system of mass production, mass consumption to a post-Fordist system of greater specialisation and flexibility, and faster turnover time. This change allows for production to move easily from one country to another.

A second process is ideological. On one level, it involves the triumph of capitalism and democracy over socialism as signified by the end of the Cold War. This does not mean both capitalism and democracy are immediately applicable everywhere. Nor that there are no attempts at providing alternative

models. But resistance to both has not led to different models that can match the productivity of the market or the presumed universality of the liberal democratic philosophy. At least not yet. On another level, it is the ascendancy beginning from the early 1980s of the Thatcher-Reagan philosophy of freer markets, freer services, and deregulation, a philosophy summed up by a witty mantra of some Reaganites. The function of the state, so goes this mantra, is to "defend the shores, deliver the mail, and get the hell out of the way." Aiding these processes is the information revolution. By shrinking space and time (what marks out the present era of globalisation from that of the interdependence of trade in the past), the information revolution has greatly helped accelerate the economic processes described. It has also made information available even to the most closed regimes, thus making the legitimacy of any regime questionable which does not respond to the people's will. As to Asia,it is saying the obvious that the area that is designated in the map by the term 'Asia' is a geographical expression. It is a vast area containing people of different races, cultures, religions, languages and so on. Rather than arriving at a precise definition of what constitutes Asia , I have chosen it here to mean East and Southeast Asia as this will greatly simplify our discussion. Where it is relevant, particularly in the discussion of the information revolution, I have extended this to include India. How should such an area respond to the processes mentioned?

Take first financial liberalisation. The massive movement of capital in and out of countries can have negative consequences for the Asian countries that do not have the proper regulatory structures to handle such movement. Especially is the case when there are precipitate outflows of huge amounts of capital, for whatever reason, from these countries. This is seen in the recent Asian crisis where the currencies and economies of many Asian countries were devastated as a result of such outflows. Even if one accepts that there were internal reasons such as mismanaged economies, lack of transparency and so on in the affected countries, it is undeniable that the capital outflows were not only a major reason for this devastation but also the trigger that brought it about. From the point of view of the affected Asian country, it is clear that it cannot easily meet this financial crisis by itself as it simply does not have enough reserves to maintain the stability of its currency. This is seen very clearly in the Thai case.

In trying to meet the attack on its currency, the Thais disposed much hard currency to no avail. Similarly, neither do other Southeast Asian countries like Indonesia and Malaysia have enough reserves of their own to individually defend their currencies from falling as a result of capital outflow. The other alternative for the affected countries is to call in the International Monetary Fund (IMF). While the IMF has certain strengths such as in their possession of much capital, in the combined power of the West and Japan to push through things, and so on, it nevertheless tends, by its global character, to have a 'one size fits all' approach. It is not sensitive to social and cultural variations. Moreover by its insistence on conditionalities for its loans, many

of which may not be directly related to repayment activities, it could compromise the sovereignty of the recipient countries. All these have been to some extent shown in the IMF involvement in Southeast Asia during the crisis.

Thus, if a national or a global approach is not a totally satisfactory approach to the solution of financial globalisation, a regional approach maybe called for. And here there is a case for Asia to act collectively, in two ways. The first is the establishment of some kind of a fund that will have sufficient reserves to meet a 1997 financial type crisis. The second is for Asia collectively to bring about a new international financial architecture that will minimise if not altogether get rid of the 1997 type crisis. Or alternatively, Asia can help bring about incremental improvements in the present architecture, such as in increasing the Asian voice in the IMF or World Bank. There are some grounds to believe that Asia is increasingly aware of the need to act together even if the mechanism for such collective action is still being worked out. Many Asians are cognisant of the fact that the financial crisis did not respect national boundaries in Asia. When it hit Thailand, it spread to the rest of Southeast Asia and beyond to South Korea and Hong Kong in East Asia. By a similar token, Asia, particularly Southeast Asia, increasingly is looking for financial assistance not only from the IMF but from East Asia, specifically Japan. In other words, globalisation hits an Asian country first through the Asian region, and by a similar token, the affected Asian country should face the challenge of financial globalisation through regional cooperation. Such regional awareness is now seen in the increasing acceptance of Asians to the idea of an Asian Monetary Fund (AMF).

There is less apprehension, at least in Southeast Asia, of Japanese domination through such a fund. Indeed most Southeast Asians are happy recipients of the Miyazawa plan, seen by some as some kind of an AMF. The problem for Asia, then, is to have it implemented in such a way that it does not cause moral hazards. Perhaps some kind of cooperation with the IMF maybe called for in order to combine the regional sensitivity of the AMF with the clout of the IMF. Such awareness however has yet to be expressed in a joint approach to the reform of the international architecture. While everyone agrees on the need for a stronger Asian input into institutions like the IMF or the World Bank, a well thought out collective Asian strategy to achieve this has yet to be agreed upon. The spreading of the post-Fordist system, facilitated by technological improvement in transportation and communications in addition to the computer revolution, has brought about in the 1980s a spatial reorganisation of production. This has led the West and Japan to move from capital-intensive industries towards technologically-intensive industries, while enabling some developing countries to upgrade their manufacturing industries (first through labour-intensive industries) and achieve a higher position in the global division of labour. Here Asia is not seen as one, unlike Japan, which is a highly technological country. The rest of the countries in Asia are newly industrialising and developing economies.

For the developing Asian countries, the post-Fordist system has decreased their bargaining power with the multinational corporations (MNCs), whether Western or Japanese. The MNCs invest less in the older mass production industries, which involve stock that is not easily movable. Instead, MNCs nowadays invest more in high technology industries such as in electronics where they can move the stock out quickly if conditions are not desirable, from their point of view. This way, they become less hostage to the host countries. The MNCs can increasingly adopt a 'take it or leave it' attitude to the host countries. One does not know what an Asian solution should be to this problem. One can only point to the problems for Asia to handle here. These are (a) whether Asia can work out a joint position to face Western MNCs on this matter; (b) whether Japan can pull Asia along as it moves into this post-Fordist system; and (c) whether China's entry into this new production system will not be at the expense of the other developing Asian countries.

Ideologically, Asia before the end of the Cold War could conceivably opt out of the globalisation process if it proves too negative by adopting a socialist or command economy whereby the state uses the means of production for ideological purposes whatever its impact on economic growth. And instead of participating in the international capitalist economy, Asia could either rely on its own resources (i.e. adopt an autarkic economy) or participate in an international socialist economy. In fact, a considerable part of Asia, such as China, North Korea, Indochina and Myanmar did just that during the Cold War. This is not a serious option for Asia today. There is no longer any international socialist economy with the collapse of communism in Russia and Eastern Europe, and China's decision to participate in the international economy in 1979 is a dramatic indication of the failure of an autarkic economy even in as large a country as China. The problem for Asia is finding a political economic system that combines the growth potential of the Anglo-American model without too much of its negative consequences. For example, the full adoption of a Thatcher-Reagan philosophy, while it may lead to economic growth, could compromise national sovereignty and social stability. In the former case, a completely open economy to foreign economic penetration could lead to the economies of the weaker Asian countries being dominated by interests foreign to these countries. And in the latter case, the marginalisation of a sector of the population, most likely a very large one, that is not strong enough, or lean and fit enough, to compete in an open economy can affect social harmony. That these are not fanciful fears can be seen from the reaction of the Southeast Asian countries that have received IMF loans in the Asian crisis. Riots ensued from the adoption of some of the IMF conditions in Indonesia, and there is an increasing nationalist backlash among the population of Thailand against the opening of their economy to foreign penetration as a result of IMF advice.

Nevertheless, while one should not go as far as Margaret Thatcher in insisting that there is no alternative to her brand of capitalism, it cannot be

denied that the capitalist system or the market economy has proven its productive capacity. The problem for Asia is not the rejection of the market economy but to in fact establish a capitalist system with a 'human face', a system that takes into account socio-cultural and developmental values and yet achieve economic growth. It cannot be said that this is a problem confined to Asia alone. It is in fact worldwide. One can for example detect an aspiration for this from the more serious protestors in places such as Seattle and Prague, and most certainly from the victims of globalisation in America and Europe. But how?

The answer to this must remain one of the most serious challenges for Asia. The Chinese have been experimenting with market reforms calling their system a 'socialist economy with Chinese characteristics' for the past twenty years or so. And they have achieved impressive economic growth with a great measure of social stability. So has Japan before the decade of the 1990s when its economic growth and social stability were the envy of the world, so much so that it became a model for many countries in Asia such as Malaysia and Singapore. It remains to be seen in the Chinese case, that with the advent of the WTO and the onslaught of globalisation it can still achieve high economic growth and maintain social stability.

In the Japanese case, the impact of globalisation, particularly financial globalisation, has decreased the potency of its postwar model, resulting in among other things, its decade long economic stagnancy. Rather than continuing to achieve high growth and maintaining its own socio-cultural values, it maybe forced to choose either.

Regarding the information revolution, I mentioned it as aiding the two processes of globalisation. Yet it is also a process of its own, both in the form of new technologies being developed within it, and the spread of its instruments, such as computers, broadcasting equipment and so on to a wider population. One can argue that there is a certain inevitability in the march of the information revolution, unlike the economic and ideological processes we have considered. Both processes are not inevitable in that countries can adopt political and economic systems, such as autarky and command economies, to stop their march even if it is at a tremendous cost. However, the information revolution has a technological basis to it and stopping it is akin to stopping technology. For example, a country might want to prevent its citizens from viewing foreign channels by making instruments for receiving such in their television sets illegal. It can do so at present because such instruments are large enough to be detected. Technology can however miniaturise such in future as to make its mass detection impossible. Thus short of banning electricity or broadcasting, those who wish to stop the information revolution may prove no more effective than the luddites of the past.

Asia does not have much of a problem in terms of the hardware of the information revolution. Japan, the newly industrialising Asian countries and Asean have a justified reputation for producing computers, their parts and so on of high quality at reasonable prices. The difficulty lies with the software. Almost all the giants of software, such as Microsoft, are American. Japan perhaps has Sony and some other companies involved in animation. But few consider Japan or Asia a match for America in the software area though India has a better record than many Asian countries in the handling of software. Its expertise in this area could and should be tapped by other Asian countries. The problem regarding Asian software and the lack of any place in Asia comparable to Silicon Valley are not so much the lack of talented personnel or money. An important reason is the Asian mindset.

To create a Silicon Valley or to write creative software, one needs creative and independent minds, and a relatively free atmosphere for experimentation, and risk taking. In this connection, the Asian emphasis on conformity and rote learning in their educational systems together with state involvement in so many things tend to be inimical to the creation of Silicon Valleys and software geniuses. Asia needs to change its educational system to encourage creativity and independent thinking, and to encourage risk taking among their population. There is also the problem of the so-called 'digital divide' i.e unequal access of the population, first to the instruments, as mentioned, of the information revolution, and the skills to utilise them. The problem for Asia is both inter-state and intra-state. As to the former, countries like Japan, South Korea and Singapore are streets ahead of a country like Indonesia in access to the implements. And within Asian countries such as Thailand and Malaysia, such implements are reachable to only a smaller (wealthier and educated) percentage of the population. In this respect, the more well endowed countries like for example Japan should take the lead in helping close this divide. In addition, Asian governments, particularly those less well off should make efforts to bridge this gap internally. One inevitable aspect of such efforts is the promotion of the English language as it is a very important language of the information revolution. More than 90 percent, for example, of internet communications is done through the English language. Thus in order not to be not left behind in the information age, Asia needs to tackle the digital divide in addition to developing a mindset conducive to creativity.

NOTES

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GLOBALISATION AND REGIONALISATION IN INTERNATIONAL RELATIONS AND FOREIGN POLICY: A CRITIQUE OF EXISTING PARADIGMS

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INTRODUCTION

A major concern of this article is to construct an argument as to what an extent the process of the globalisation and regionalisation-two major contradictory and complementary trends at the moment-have altered the character, content and contours of existing theories and paradigms in the realm of international relations and foreign policy. How has transnationalism contributed to an "enduring substance", in Brzezinski phraseology, in global politics? Has national political communities re-articulated their concerns, interest and stakes in the process of globalisation in cultural, economic and political fields? Has globalisation circumvented state-centric regimes?

In an endeavour to answer these tricky questions, it is essential to take into account both the realist and normative approaches to the understanding of the current world system, apart from examining the validity of a couple of current dominant paradigms. At the same time, we need to be alert in our attempt at offering any reinterpretation of the processes of globalisation and regionalisation in the contextual parameters of a widely shared "economistic conception" of the world system by international economic theorists, including the strategic and security communities.

In this article, I discuss briefly the nature of globalisation and regionalisation before I attempt to offer a critique of prevailing paradigms. There is a potential of "discursive conception" to support the hypothesis that after all, all international relations theories are politically community-centric while offering explanations in European, Asian, African and North American contexts. A few political pundits explain the phenomenon of international politics in terms of goals, interests and capabilities of each international player. But they do often ignore the anger and anguish of minority and marginalised political communities or groups, located in poor developing nations, over the question of transfer or distribution of resources by the rich and industrialised nations, who claim to represent their civil societies.

The purpose of this article, therefore, is to understand the foundations of international relations theory and foreign policy in the post-Cold War world given the strong currents of globalisation and regionalisation. We can suggest viable options as to how national interests need to be redefined in an information age. Joseph S. Nye of Harvard University, cryptically remarks : "Prudence alone can not determine the national interest in the information age. Better consequences will flow if interests are rationally pursued within prudent limits".[1]

NATURE OF GLOBALISATION

Globalisation theorists differ on a number of issues. They "focus primarily upon the world as a system and devote most of the attention to the global processes that transcend or operate more or less autonomously from individual societies or nations."[2] In support of their argument that globalisation has robbed individuals and societies of their autonomy, Ritzen and Malone have observed that American products such as McDonalds' are fostering of the consumption psychology and has led people to believe that state has ceased to be a "key actor" in the world system. Multinational corporations have occupied a front seat on the international platform. At the same time there are strong signals of resistance to the phenomenon of "Mcdonald-isation" at individual, societal and state levels in different parts of the world, especially

from the developing world. In these areas, there is a widely-held perception that globalisation processes in different sectors of human activities have benefited only the rich.

Though globalisation theories are still in an embryonic stage, they are broadly classified along cultural, economic, political, psychological and strategic and institutional forms.[3] The phenomenon of globalisation is not a new one. It has undergone several phases ever since the global civilisational move through mapping out routes and crossing over territories by warriors and historians, and monks and monarchs, in search of wealth, power and knowledge. This is evident from the geographical mobility of Chinese and Persians across the lands with different missions in mind. The industrial revolution widened the network of human contacts through trade and technology. The revolution in communication and information technology has provided an added momentum to a faster movement of goods, products, technologies, capital, ideas and expertise, and, of course human beings as travelers and tourists. Vincent Wei-cheng Wang has categorised four stages of globalisation. They are: (i) the age of discovery and conquest (1492-1789), in the form of mercantilism and primitive accumulation, symbolized by Columbus' discovery of the Americas; (ii) the age of revolution, capital and empire, (1789-1900), in the form of industrial capitalism, symbolized by the French revolution and England's eighteenth century manufacturing revolution; (iii) the age of extremes, (1900-1970s), in the form of monopoly capitalism, symbolized by the world war I and Russia's Bolshevik revolution, and (iv) the information age, (1970-present), in the form of globalisation (world capitalism) , symbolized by the fall of the Berlin wall and the disintegration of the former Soviet Union.[4]

What is globalisation? What are its essential ingredients? There is no universally acceptable definition of globalisation. Globalization in generic terms means the abolition of geographical barriers or the "death of distance". It means a faster movement of ideas, of technologies, of cultures and economies among nations and individuals. In this process, multinational , transnational and non-governmental organisations have played key roles in articulating the concerns and interests of the world community at large.

Globalisation has generated a lot of heated debate, especially after the end of the Cold War and demise of the Communist Soviet Union. Thomas L. Friedman, *The New York Times* foreign affairs columnist, contends that the "globalisation system has replaced the cold War system".[5] Friedman explains that globalisation has contributed to the emergence of a global market place and the rise of "homogenous" global culture that is essentially "the spread of Americanization on a global scale.[6] According to the 1999 Human Development Report, globalisation means "global markets, global technology, global ideas and global solidarity"[7], enriching the lives of people

everywhere. According to the Report, the new form of globalisation involves new markets, new actors, new rules and norms and new tools of communication.[8] Perhaps, one broadly acceptable definition of globalisation has been offered by Hans-Hendrick Holm and Georg Sorensen. According to them, globalisation refers to "the intensification of economic, political, social, and cultural relations across borders".[9] In view of the above observations, the globalisation process has changed the nature of international relations and foreign policies of members of the international community. As a distinct phenomenon, globalisation is "interregional or intercontinental in scope". It has intensified the "levels of interaction and interconnectedness within and between states and societies".[10] International relations theorists are grappling with the challenges that globalisation pose to nation-states in terms of autonomy, economy, human security and development. They are also observing the effects that globalisation has on the growth of civil society in radical regiments, authoritarian regimes in Latin America and Asia, and on the dynastic rule in the Gulf and Middle East.

As part of the globalisation trend, regionalisation has become a very influential phenomenon of integration among countries of a common region in economic, political, security and cultural terms to protect and promote various common interests.. Growing trends of regionalism were initially a reaction to, and the desire for, economic development on the pattern of the European Economic Community (now the European Union, EU). Lately, regional trade patterns have taken different forms and have proceeded at different paces in different parts of the world. This is evident from increasing "economic protectionism" practised in Western Europe in search of a unified, stable, prosperous Europe at the cost of developing nations. Trade arrangements within the European Union are being feverishly opposed by developing nations who advocate a non-discriminatory trade regime. Notwithstanding that, regionalism has had a powerful impact on the world system in terms of trade , investment, transfer of capital-intensive technology and diplomacy.

CRITIQUE OF MAJOR INTERNATIONAL RELATIONS PARADIGMS

It is appropriate now to present a critique of some of the major international relations paradigms, in order to explain their relevance in understanding the complexity of our world system. The following are some of the important paradigms:

(i) Realist, Bipolar, Multipolar and Unipolar paradigms

(ii) Huntington's clash of civilisations model

(iii) Primacy of economy model

(iv) Cooperative security model- Barry Buzan

(i) Realist, Bipolar, Multipolar and Unipolar Paradigms

The realist paradigm, based on power politics, is still very much relevant in understanding the contours and directions of international relations. The trademark of realism is to place an "emphasis on fear, insecurity and anarchy".[11] Apparently this is reinforced by a bold power projection by the strategic coalition of the United States and Britain against the so-called "rogue states"-Iran, Libya and North Korea. Through the United Nations, the "Anglo-Saxon cousins" are employing the "stick" policy to penalise those nations who threaten American strategic, security and economic interests in the Middle East and the Gulf. The bombing of the Republic of Yugoslavia by NATO forces was an overt show of muscle flexing, totally ignoring UN principles. Without seeking a fresh mandate from the world community, the US-led forces attacked Iraq and Kosovo. Their unwarranted punitive acts were severely criticized by the world community at large, including France, Germany and Russia. On the other hand, establishment policy officials and strategic analysts justified their actions by claiming that they were maintaining international peace and security.

The realist paradigm ignores one very important dimension, that of the integrationist approach to understanding "international pluralism". According to the integrationist theory of international relations (Karl Deutsch), the "pluralistic security community" requires international relations realists to undertake research into the integrationist approach in an international pluralistic terrain. Although this theory has not yet been fully developed, new perspectives are forming as we witness the incremental role of humanitarian intervention, based on integrationist vision. Today, in ethno-religious, ethno-political and ethno-cultural conflicts, most of sufferers are common people, many of them women and children. UN humanitarian intervention has become more clearly visible in Afghanistan, Kosovo, Bosnia-Herzegovina, Sierra Leone, Sri Lanka and India.

Given an abrupt rise in ethno-political conflicts arising from separatist movements, some scholars have posed alternative solutions to the problem of disintegration. For instance, Gidon Gottlieb observes that "most of the national and ethnic conflicts that remain today cannot be settled by changing the boundaries of States to give each national community a State of its own."[12] He fleshes out a non-territorial dimension of nation-state within the political autonomy framework.

Robert Jervis in his article "The Future of World Politics, Will it Resemble the Past?" lucidly argues that social scientists, with a "limited stock of knowledge" as well as the given complex nature of social realities, need to be very cautious in arriving at abrupt

conclusions. He contends that "there are few laws whose validity is uncontested".[13] This aptly applies to the current debate over the nature of world politics-unipolarity versus multipolarity. Different scholars have offered differing interpretations in this regard. It is commonly assumed that the bipolar world has come to an end with the end of the Cold War. It is also largely believed that the world is neither unipolar nor multipolar but it is "poly-centric". In order to extend this academic debate further, let us put it in simple terms that we still find remnants of bipolarism along with signs and signals of both unipolarism and multipolarism. Let us discuss it briefly.

The nature of bipolarity has changed. In the bipolar world, the United States and the Soviet Union during the Cold War were perpetually interlocked in chasing each other, either for maintaining their respective spheres of influence, or defending their client states or reducing military threats to each other through military alliance systems such as NATO (1949), SEATO (1954), CENTO(1955) and the Warsaw Pact (1955). After the demise of the Soviet Union, the "politics of chasing" has ceased to exist primarily in terms of maintaining the "spheres of influence". Kenneth N. Waltz is also of the view that despite the end of bipolarity the latter endures at least in a military sense. How? Russia, for instance, may no longer be in a position to effect change in the structure of international politics economically, technologically and even ideologically, but it can militarily defend itself against any eternal threat given its overwhelming nuclear and missile capabilities. Waltz's view on the altered character of bipolarity has a big promise and potential. Firstly, the implications of bipolarity have changed. This means the nature of the balance of power has changed. The emphasis on military powerism has shifted to economic powerism. Secondly, the containment of "military risk" has been replaced by the "containment of economic risk" following the rise of new centres of economic powers and the mushroom growth of regional economic groupings.[14]

As regards unipolarity, there is a lot of controversy among theorists and policy practitioners. A majority of the western scholars and policy practitioners favour a unipolar world led by the United States for a number of reasons. Firstly, they argue that the post-Cold War world is more unstable and disordered in the face of serious challenges, such as international terrorism, radical fundamentalism, possession of nuclear, chemical and biological weapons, including missile building programmes which are in the hands of "rogue states". This warrants, according to them, an active and interventionist US role for maintaining peace and stability in the world system. This is why they justify NATO intervention in Bosnia, Kosovo and elsewhere. This why they legitimize the air strikes by the United States and Great Britain over Iraq on the issue of the violation of the No-Fly Zone by the latter. Secondly, unipolarists argue that

given the changing nature of power in the proclaimed new world order, the United States will have to garner collective support in military and strategic terms to meet the new challenges emanating from diverse sources.[15] Many western scholars and the establishment officials are of the view that the United States should pursue a vigorous foreign policy for defending its national interests and those of its coalition partners.[16] They reject the view of their counterparts in the west that America stop intervening in the internal matters of other countries. They also reject their views that the US should return to isolationism. Alvin Z. Rubinstein concludes: "Isolationist evangelism is no basis for the United States foreign policy."[17]

The multipolar world is in the process of emerging. Its signs are clearly visible. Its principal advocates are developing nations, apart from vocal supporters such as Russia, China and India. Their main complaint is that the "proclaimed New World Order" is West-centric. The New World Order does not give due place to sovereignty, equality and equity. Multipolarists favour an equal world order opposed to a "hegemonistic" one where great powers engage in "power politics". Their hint is towards the United States and its coalitional partners. Perhaps this is one of main reasons why Russia, China and India do not subscribe to the notion of a unipolar world led by the United States and supported by its "Anglo-Saxon cousins" (see Huntington's Clash of Civilization model, below). It implies a sort of non-equality among legally equal and sovereign states. That is why Third World nations advocate a multi-polar world based on equality and sovereignty. Be that as it may, it is essential to have a comprehensive and creative debate over the various dimensions of the new world order so that we can better grasp the nuances of globalization and regionalisation.

(ii) Huntington's Clash of Civilisations model

World politics has entered a new phase. In Huntington's hypothesis, "the fundamental source of conflict in this new world will not be primarily ideological or primarily economic. The great division among humankind and the dominant source of conflict will be cultural."[18] Huntington's notion of "clash of civilizations" has come up against sharp criticism by peace theorists and activists belonging to the West. Instead, they prefer to focus on how nations could engage each other, and concentrate on a "dialogue among civilizations", rather than a "clash".[19]

Huntington, in another article entitled "America a Lonely Super Power?"[20] justifies the US global leadership to save the world community from total anarchy, but then later cautions America that it should desist from committing an egregious blunder by entertaining the idea of a unipolar world in view of its power limitations.

(iii) Primacy of Economy

Primacy of economy paradigm assigns singular importance to economy, finance, money, trade and investment both within the framework of WTO and regional economic groupings as a guiding force in the new international order. The European Union has a larger economy than the United States and "will act as a single actor on global economic issues to an increasing degree."[21] The pan-Asia caucus (East Asian Economic Caucus) mooted by Malaysia, and the Latin America's formation of Southern Cone Common market are examples of the increasing trend towards expanding the frontiers of free trade to compete with counterpart organisations elsewhere. It does not, however, imply that bilateralism has lost its salience and significance so far as economic and trade ties between states as actors in the international system are concerned.

Realistically enough, the WTO and regional economic groupings have failed to address the real problems or contentious issues between the North and South and to provide a momentum to the meaningful economic interaction and integration between state actors. The SAARC, for instance, has not succeeded in promoting a free trade regime at the regional level, as agreed upon by member nations in several SAARC summits-New Delhi, Male and Colombo in 1995, 1997 and 1998 respectively. Only India and Sri Lanka have taken bold political initiatives at bilateral levels to proceed more comfortably towards free market access to goods and services by entering into bilateral agreements.

The gargantuan challenge that international financial institutions such as the World Bank and the IMF poses to developing countries is how to restructure and revitalize those economies to ensure their financial stability and economic development. The US Congress pushed to set up the international Financial Institution Advisory Council in November in 1998, chaired by Allen H. Meltzer, an economist from Carnegie Melon University, in order to reinvigorate the efficacy of the international financial institutions. The Council recommended that the "proper role of the IMF should be to prevent financial crises and the spread of the crises that occur-the IMF should not tend to finance the structural reforms of the recipient countries' institutions. The Fund should give advice, but it should not tie the advice to assistance".[22]

The shifting paradigm of the post-Cold War global economy in favour of multinational corporations has considerably changed the economic prism of the IFI. The latter is now a determining factor in the allocation of major funds to Third World nations. In fact, the prism reflects the powerful mirror image of private financial institutions and individuals in rich industrialised countries that "supply the largest part of capital flow to the developing world.

The international financial institutions' share is now less than 5 percent of the total".[23] This implies at least two things. Firstly, the increasing influence of private financial institutions as opposed to governmental aid agencies. Secondly, the increasing dependence of developing nations on the capital flows from private financial institutions. The critics of public financial institutions lash out at the in-built defects in their lending system. They argue that developing nations can repay the loans from private financial institutions but fail to repay their mounting debt to multilateral financial institutions like the World Bank and the IMF. It clearly implies that critics do not favour private loans to the developing world. They suggest two alternatives to this murky situation. Firstly, they advocate "risk management" strategies in advance. Secondly, they suggest that private lending institutions make it absolutely clear to poor developing nations that they would not bail them out in an economic crisis. If we recall, the IMF/World Bank undertook the "debt-relief initiative" for the 22 Heavily indebted Poor Countries (HICP).

(iv) Co-operative Security Model-Barry Buzan

Of late, a number of alternative paradigms such as "security community"[24], collective security, co-operative security and securitisation have been offered. As regards co-operative security, the critics argue than it cannot function effectively due to divergent threat perceptions among ruling elites belonging to different nations. Secondly, they say that geopolitical perceptions of the Cold War period are being rapidly replaced by geo-psychological perceptions. It is correct to some extent that psychic responses especially to ethno-religious conflicts/crises have assumed far more significance than ever before. This partly reinforces the premise that psychological incompatibility between decision-makers belonging to opposite poles tends to compound security problems. Thirdly, the securitisation analysts (Buzan, Waver and Wilde) talk of security within the framework of social processes. They perceive the act of securitisation "as a speech act, giving rise to the specific social consequences" (Werner, 1998).

The Copenhagen Group while advocating the importance of securitisation in a fast growing milieu of politicization stresses that unless social problems are properly addressed, a composite security is inconceivable. Without going into details about the securitisation concept,[25] let us examine how co-operative security can be a better substitute to exiting approaches to the nuclear conflict management. What does the notion of co-operative security entail?

Co-operative security is a set of common ideals and goals, which are capable of realising what is desirable by recognising mutual necessity-political, economic, strategic, psychological and

ideological-for survival as a nation and society. If seen in this perspective, co-operative security involves transparency in intentions and motivations, common security perceptions, respect for religious and cultural differences, commitment to democratic values, non-interference in local conflicts and the political will to promote regional peace and stability.

Barry Buzan has introduced the concept of "security complex" to study regional security or what he calls "regional pattern of amity and enmity".[26] According to Barry Buzan, a security complex is "a group of states whose primary security concerns link together sufficiently closely that their national securities can not be considered apart from one another".[27] Before applying this concept in the context of South Asia, let us first enumerate some of the essential conditions, which might be helpful in promoting the model of co-operative security. They include civil society; enlargement and consolidation of democratic structures and institutions; political capacity of the leadership; improvement in the cognitive maps of public policy practitioners; citizen intervention; regional economic integration; reducing the interventionist role of extra-regional forces; primacy to the resolution of outstanding bilateral problems.

To an outsider of region, a catalogue of conditions as mentioned above is likely to turn him pessimistic about the feasibility of the co-operative security model. Can one wait till civil societies take root in the South Asian region? Should one wait till democratic institutions are restored or citizen intervention in state affairs becomes a reality in restraining key decision-makers to take suicidal decisions like the deployment of nuclear weapons and missiles in the region? Of course, one need not wait till all essential conditions are fulfilled. What is required is to work simultaneously towards building the structures of co-operative security and undertaking corrective measures to strengthen institutions, which are integral part of a cohesive national fabric.

Co-operative security is to be understood in a holistic sense. In the context of South Asia, co-operative security means many things. First, it is a joint strategy to address those issues and problems, which have been causing a serious concern to all member states of the region. As said earlier, the small-big power syndrome is one of principal sources of mutual mistrust among the countries of the region. With the self-declarations by India and Pakistan as nuclear weapon states, the climate of suspicion, fear and mistrust among the rest of member states has become more pronounced. To build mutual trust for the setting up of common regional security order, India and Pakistan have onerous responsibility as well as obligation to create confidence among small member states by undertaking concrete steps like signing the CTBT, FMCT and bilateral arms control agreements. Both countries, while adopting transparent

approaches, embark upon the defence-slashing programme instead of beefing up their respective defence expenditure. On strategic and security issues that impinge on the regional peace and stability, India and Pakistan need to take smaller states into confidence. For over 50 years, as we have been witnessing, India and Pakistan have scarcely taken note of the sensibilities of their small neighbours. Nor have they addressed their legitimate security concerns. On the contrary, they have divided the region in a typical fashion by behaving and acting like irresponsible regional actors. With a view to carving out their own spheres of influence within the region, both countries are engaged in drawing their neighbours into their strategic schema.

A STATE SYSTEM?

International relations theorists are divided over the question of state sovereignty in the face of the increasing internationalization (or globalisation) of politics. There are advocates as well as opponents of state systems. Opponents believe that a trend towards a more "integrated global social system" and internationalization "has eaten the abstract concept of sovereignty away. States can longer be thought of as the hard billiard balls of classical international theory."[28] To substantiate their argument they contend that state activities have been sharply constrained due to the diffusion of technology, diffusion of power and increasing economic activities at the global level, making the world inevitably interdependent.[29]

On the other hand , there are scholars who do not subscribe to this view. They attack their critics by arguing that states can not be reduced to serving as "convenient instruments" of the corporate sector. In their view the state system will continue to act as a principal actor legally, socially and politically. They agree that the world has become interdependent. But the moot question is can we ignore state's sovereign character? Kevin P. Clements of International Alert writes that state systems are "absolutely indispensable to the peace building process." This is grounded in the logic that it is states alone that have legitimate authority to deal with counter state actors on crucial matters such as the concluding of treaties, such as for terminating a war and for concluding peace agreements. States also have legitimate authority to accredit diplomats, to exchange protocol and to sign memoranda of understanding (MoUs) and other agreements. The performance of acts can not be transferred or delegated to non-state actors.

Besides that, the role of the state in maintaining law and order has become much more crucial in the face of mounting threats of international terrorism and religious extremism. To combat or curb them, state-to-state collaboration has become inevitably more important, for instance, on the conclusion of extradition treaties.

In view of the extreme positions taken up by both sides, one needs to consider dispassionately that neither state system has lost its relevance nor the globalisation process can afford to do away with nation-state system. Both have to co-exist without undermining the importance of the other. This implies that international theorists have yet to grapple with the difficulty of building a sound and scientific theory while striking a balance between the two opposing poles of sovereignty and autonomy.[30]

PSYCHO-CULTURAL PERSPECTIVE

New typologies of conflicts are on the rise, emanating from the tide of cultural nationalism and ethnic consciousness. One writer has rightly said that this is a kind of "ethnic passion". And when it is a passion, how we can control it. In fact, an unabated rise in ethno-national, politico-religious and cultural passions after the end of the Cold War and the demise of the Soviet Union has created manifold problems.

The people in East European countries belonging to divergent cultural communities and ethnic groups started expressing their deep seated anguish against monolithic structures of state in the hitherto communist regimes. Their demand for political and economic autonomy as well as preservation of their cultural identity has given rise to ethno-cultural conflicts between divergent cultural groups as we witness in Chechnya, Bosnia, Kosovo and Macedonia.

Similarly, the demand for separatism in China's Xin-Xiang province, in Sri Lanka, Algeria, Tibet and India has contributed to ethno-religious strife of the worst kind . Moreover, the resurgence of ethnic consciousness in Rwanda between Hutus and Tutsis has resulted in a horrendous genocide. All the above instances clearly reveal that ethnic nationalism in a quest for separate nationhood has given rise to violence and bloodshed. Is there any feasible paradigm explaining both causes and remedies of ethno-political conflicts? Theoretical studies in this regard are still underway. Nevertheless, there is an increasing proliferation of such studies in the psycho-cultural field.

Proponents and advocates of the psycho-cultural paradigm argue that the root cause of ethno-cultural and ethno-political conflicts is basically psycho-cultural in nature. Minority groups in an effort to maintain their cultural identity do often come into sharp clashes with the majority in the community, attributed mainly to the psychic fear of dominant majority communities. Political elites also find it convenient to exploit their psychology along the symbols of religion, ethnicity, race, caste and creed for their narrow political ends.[31] It gradually fosters the psychology of fear and insecurity among minority and marginalised sections. This cycle continues to inform the cognitive process of masses including ruling elites.

International relations theorists are trying to understand this phenomenon in psychological and cultural terms. Some of them have come out with the formulations that a perceptional change is required in the fixed mindsets of ruling elites and masses, as a first essential condition for reducing the intensity of culture-based conflicts. Citizen intervention is cited as one of the most feasible modes of bringing about positive changes in the psyche of people at large.[32]

OPTIONS

We have limited options in the irreversible globalisation process. Globalisation has come to stay. There is no single model or paradigm in international relations that can explain the complex nature of the emerging world order. Nor is there any uncontested security model that can fit into the interconnected and interdependent world. The world at times looks like a unipolar world given the overwhelming military, technological and economic power of the United States. This is apparent because the US has been flexing its muscles in Iraq, Kosovo, Bosnia and several other parts of the world. At the same time it is patently clear that America does not have unlimited power and influence to get what it desires. Huntington has warned America that it will have to pay a very heavy price if it entertains the belief that a unipolar world can be constructed. Thus, America will have to garner up support from its allies and coalition partners to shape the world order in the globalised politics, economy and culture. This also clearly hints that the world is simultaneously heading towards a multipolarity. The signs of the latter are clearly visible. For instance, Russia, China and India are strongly in favour of a multipolar world in which main attention will be given to sovereignty and equality on the basis of which international relations will be conducted. They are opposed to any kind of hegemonism and power politics. Nor do they like that the United States and its reliable coalition partners should provide global leadership. In brief, both the processes of unipolarity and multipolarity are simultaneously operating in their own ways. No body can perhaps predict the exact nature of the world system. What is important is that different paradigms can be put to a better use to manage conflicts, to create peace conditions and promote security and stability in the international order.

CONCLUDING REMARKS

The current state of globalisation and regionalisation suggests that the international system is unevenly structured. Institutional financial structures both at public and private levels—WTO, World Bank, IMF, and Private Financial Institutions (PFIs)—need to be restructured to ensure human security, sustainable development and non-discriminatory trade regimes. Theories on international trade and finance have not yet produced long

term strategies for a just , fair and balanced global competition in the face of proliferating multinational enterprises. Given this, state-based political decisions and actions in developing world will continue to play a major role in the social sector despite the fact that developing nations under severe pressure from the WTO and developed world urging them to introduce faster economic reforms for foreign investment, free trade regimes and capital flow. The developing world needs to convince the rich North that fetterless capitalism and borderless globalisation must adjust to the hard boiled realities of poor developing nations.

The shift in power structure will continue to influence the international system. A mix of geo-strategic, geo-economic and geo-cultural factors are likely to propel public decision makers to fashion their countries' foreign policies and reinvent new diplomatic strategies accordingly to fit in the potential currents of globalisation and regionalisation. The issues of global governance and environment, global culture and democracy will continue to lure international theorists and policy practitioners into working out new formulations, paradigms and conceptual underpinnings.

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BOOKS IN

REVIEW

THE WHITE AUSTRALIA POLICY: PERCEPTIONS OF ASIA AND ASIANS

William R. Roff

David Walker. ***Anxious Nation: Australia and the Rise of Asia 1850-1939. By David Walker. St Lucia, Queensland: University of Queensland Press, 1999. ISBN 0-7022-3131-2, xiv, 312pp., 28 plates, biblio, index.***

This well-written, evidence-studded and often witty study of Australian perspectives on their near north (the geographic East) during the century prior to the Japanese war is the first of two portended volumes covering the period up to the present by the professor of Australian studies at Deakin University, Victoria. The threat and promise of "the East"—principally India, China, Japan and the Netherlands Indies—imprinted itself at an early stage on the consciousness of the relative handful of settler "white" communities, almost entirely British. The latter had, by the mid-19th century, established themselves around the littoral of the enormous continent they now had few qualms in claiming as exclusively theirs, elbowing aside (slaughtering when necessary) its Aboriginal inhabitants. In so far as others looked likely to contest this claim, they were perceived mainly as existing in the "awakening"—and hugely populous—East. The trajectory taken by resulting perceptions of Asia and Asians, the forms assumed by these perceptions and the arguments surrounding their expression are the subjects of Professor Walker's enquiry.

The author's start date of around 1850 (half a century after first settlement) is supplied by two events of consequence: the turmoil associated with the Sepoy risings in India (the "Indian Mutiny" of contemporary gloss) and the movement of large numbers of immigrant Chinese onto the Australian gold fields. The rising, and its frequently brutal (read "heroic") suppression and consequent unchallenged establishment of British governance of India's millions, occasioned a descriptive and fictional literature that warmed many Australian hearts with its celebration of such Anglo-Saxon and imperial virtues as unflinching courage, iron nerve and moral worth of a kind sufficient

to justify the rule of "higher peoples" over "lower". Alongside this imaginative jingoism, however, with its sub-text of racial purity and the sexual vulnerability of "white" women, there developed a different kind of interest in the religion, literature and artistic life of the "ancient Orient", exemplified, for example, by the admiring writings in the 1890s on India by Alfred Deakin, shortly to become Australia's first federal Prime Minister. Though the 50,000 Chinese on the gold fields by 1859, seen as the advance guard for China's "swarming surplus population", had no similar advocate, there was some recognition, even before the turn of the century, of the possibilities of trade with both China and Japan. In the case of Japan, this was helped by middle-class enchantment with the reported aesthetic delights of Japanese culture.

All this is well set out by Walker, with apt quotation and illustration, depicting the ambivalences—and anxieties—that were to characterise Australian real and imagined relationships with Asia throughout the early decades of the new century. The first, and for long the main concern, occasioning a variety of kinds of responses, was the maintenance of "white Australia", and though Walker's is not a study of the White Australia Policy, which, as he says has been amply documented and discussed elsewhere, examination of the underlying assumptions of both policy and practice is necessarily one of the principal themes of the book. The author's treatment of the issue is on the whole fair, concerned as he is to understand in its own terms the situation, however much self-sought, of a small settler community occupying a fragment of a huge empty land whose nearest neighbours were perceived as not merely culturally alien but anxious to find outlets for their "surplus populations".

The crux of the matter was how (and to some extent, whether) to promote white settlement, and—given the problematic nature of much of the terrain as well as its size—in what numbers. Some argued that, what the continent needed by the end of the 20th century was a population of 200 million. However, there was increasing debate about the viability of human settlement of any sort in the arid centre and about the advisability of British and other European immigrants attempting to populate the tropical north, deemed climatically by many to lead to enervation, and ultimately degeneration. An American authority on population and food supply, Edward East, writing in 1923, described Australians as "living on the rim of a soup plate" with the bowl a barren desert denied regular water, and suggested that settlement could be limited to the numbers present in Spain or even Italy (p.155). Such practical counsels, however, seem to have counted for little against the flourishing genre of "invasion narratives", which depicted an Australia overwhelmed by "the rise of coloured empires" led by such figures as the evil genius Dr Fu Manchu.

The realities of the growing economic interdependence of Australia and Asia, and the opportunities Asian markets offered to Australian businessmen, provided something of a counterpoise to such fears, though the author could perhaps have done more than he has done to examine this and other underlying structural features of the Australia economy. On the political and diplomatic front, too there seems to have been a growing sense among Australian policy makers that they were not alone and could look to larger global developments

to sustain a future based more on partnership than fear. The "emergence" of the United States into the Pacific in the early 20th century in particular is well reflected in the literatures explored by Professor Walker.

This is, then both a lively account of a paradigm-setting period in Australia's history, and essential background reading for those desiring to situate contemporary developments in a more informed context. Professor Walker's sequel seems likely to be of equal interest. It would be useful and perhaps salutary, however, if we could also expect - from someone writing from within "Asia" - an account of how things looked from the other end of the telescope.

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LEAVING THE GAZI'S PATH: TURKEY'S EVAPORATING EASTERN DREAMS

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Bal, Idris. *Turkey's Relations with the West and the Turkic Republics: The Rise and Fall of the Turkish Model. Aldershot and Burlington: Ashgate Publishing Ltd., 2000, ISBN 0-7546-1408-5, 232 pp.*

Peace at home and peace in the world
(Atatürk)

The collapse of the Soviet empire, the (re-) emergence of independent states in Central Asia and the Caucasus, and the geopolitical, strategic and economic future of that region puzzled (and tempted) security experts in the United States and Western Europe. Increasingly, countries with traditional cultural, historical and religious ties to this predominantly Muslim region, such as Turkey and Iran, too, attempted, during the early 1990s to extend their influence in that area. Turkey in particular with her cultural ties with this region, which is inhabited by predominantly Turkic peoples, seemed to be predestined in this regard.

Dr. Idris Bal's work is addressing and recounting the various foreign political motivations (as well as those of major politicians) of the Republic of Turkey and the 'Turkic republics' in Central Asia plus Azerbaijan. His work comprises five chapters and is preceeded by an Introduction. Chapters 1, 2 and 4, as well as the Conclusion are, with regard to both contents and number of pages, the strongest parts of the book. Bal also investigated the various repercussions of certain factors of Turkey's internal politics, such as party politics, the Alevi and the Kurdish issues, on her foreign policy. His elaborations centre around the so-called 'Turkish Model', a term which is seen to symbolise a liberal market-economy, a multi-party political system, allegiance to the West and secularism. Bal points out that this model, which had been promoted in the past by the West and Turkey herself, failed to provide her with a larger international sphere of influence, whether with regard to the 'Turkic' republics or with regard to her acceptance into the European Union, for instance. As a matter of fact, Turkey's strategic significance diminished in the aftermath of the dissolution of the Soviet Union and the Warsaw Pact.

Bal preserves a balance in his general evaluations concerning the, for a Turkish scholar, rather slippery issues of Atatürk, Kemalism, and secularism, as well as with regard to religious or ethnic politics, such as the perplexities arising from the question of how to deal with the Alevi or Kurdish minorities. In this regard, Bal's judgement on the achievement of Atatürk is remarkable. Without falling back into the clumsy cliché of the Gazi's 'caring' role as the 'Father of the Turks', Bal displays a clear historical sense for the overall signficance of Atatürk as a stabilising factor in the context of his country, his time, and, beyond that, in that of Turkey's future. Remarkable are also his quotations of the Gazi (p. 11) which are rather unknown to (and perhaps not expected by) the wider public. Quotes such as "[...] Turks proved that they were strongly attached to democratic ideas [...]", or even more dramatically, "I don't want to die without bringing the regime of personal rule in Turkey to a close", were remarks by Atatürk. These were made at a time when most of the rest of Europe was already ruled by various totalitarian regimes, and was staggering on the verge of a Second World War. Unspeakable acts of barbarism throughout Europe show the Gazi as a republican and humanist rather than a ethnically (or racist) motivated politician, desiring vengeance and compensation for territories lost during the Great War.

In fact, and this too had been emphasised excellently by Bal, it had been Enver Pasha and his pan-turanist Young Turk clique, despised by Atatürk for their shortsightedness, who drove Turkey (as part of the Ottoman Empire) into the disastrous WWI. The utopic desires, and the enthusiasm for a re-emergence of a 'Turkic world from the Balkans to the Pacific Ocean' in a post-Soviet Union era, by Turkish politicians of any colour or political oreintation, remind the reader clearly of the dangers of a racially motivated adventurous foreign (and internal) policy *á la* Enver. Bal in turn (p. 9) stated rightly that "Mustafa Kemal Atatürk was a nationalist, his nationalism

was not based on race, but limited by the boundaries of Turkey and open to all citizens". Atatürk's famous dictum "Ne Mutlu Türküm Diyene" ("Happy is he/she who can call himself/herself a Turk") is to be understood in this very context. Turkish foreign policy towards the 'Turkic republics' in the Caucasus and Central Asia, as promoted during the early 1990s and excellently presented by Bal, was thus a 'leaving of the Gazi's path', which ended in disappointment and which over stretched the capabilities of a country like Turkey.

Atatürk, one of the most outstanding political and military leaders of the 20th century, passed away in 1938, but his policy, which aimed at a strong defence in the face of the Bolshevik and Fascist menaces, also determined his immediate successors to keep his nation out of the horrors of a new war. The latter were experienced by Atatürk and the Turkish people before the foundation of the Republic. A proper evaluation of Atatürk and his work right from the outset, as done by Bal, is therefore also indispensible for a correct judgment of the later changes in Turkey's foreign policy. Atatürk was one of the most misunderstood personalities of the 20th century. Whereas 'fundamentalists' at home and abroad considered him an 'atheist', Western politicians and scholars alike saw in him as the (although benevolent) 'dictator'. Both these views fail to provide an alternative (positive) scenario for Turkey's situation at the end of WWI and during her occupation by four foreign powers before the installation of the Republic. The departure from the basic foundation-principles of the Republic in the form of a rising ethnic fervor and the increasing interference of certain religious circles in Turkey's internal politics since the 1980s (in particular the plight of the Alevis, the country's largest denominational minority) have contributed to over-expectations regarding a supposed international leading role for Turkey in the future.

The special strength of Bal's work is its clarity and 'user-friendliness'. In individual sub-chapters he outlines the political motivations of Turkey vis-á-vis Azerbaijan, Armenia, Russia and (to a less convincing degree) Iran in the Caucasus on the one hand, and with regard to the 'Turkic republics', Russia and Iran in Central Asia on the other. Bal's treatment of Turkey's relations with the West (chapter 4) during the early 1990s on less then 30 pages is rather meager and not free from stereotypisations, and therefore on the whole less convincing. With regard to Turkey's relations with the West, it would also have been desirable to emphasise her role with respect to the various Balkan conflicts since the beginning of the 1990s. In particular, the issue of the existence of considerable Turkish and other Muslim minorities in that region, and the fact that Turkey herself still holds considerable territory in Thrace are points to note.

A further strong point of Bal's book is his outlining of the changes in the attitudes of Turkish politicians vis-á-vis the newly emerging Turkic republics and the general growth of nationalist sentiments among politicians and larger sections of the Turkish public alike.

The bibliography and contents of Bal's work are intended to reflect the state of affairs up to the early 1990s. It is therefore strange that Stanford and Ezel Kural Shaw's *History of the Ottoman Empire and Modern Turkey. Volume 2: Reform, Revolution and Republic. The Rise of Modern Turkey 1808-1975* (Cambridge: Cambridge University Press, 1988, reprint), and above all, Feroz Ahmad's excellent *The Making of Modern Turkey* (London and New York: Routledge, 1994) are both missing in Bal's bibliography (not to mention Niyazi Berkes' standard work *The Development of Secularism in Turkey)*. As stated by himself, Bal submitted his dissertation (i.e. the present book) in 1998 to his university. He could therefore have been expected to update his dissertation prior to sending it to the publisher. In fact, it would be highly interesting for his readers to know what happened to the relations between the Republic of Turkey and the 'Turkic republics' after the early 1990s, i.e. *after* the great disillusionment on both sides. Bal already indicated that Iran had not been able to take advantage of this situation and that Russia attempted a comeback in the region in one or another way. His conclusion does not provide perspectives or possible scenarios regarding the future.

Another problematique to the reader of Bal's otherwise convincing study are the numerous mistakes with regard to English grammar (in particular, the omission or application of the definite or indefinite article, respectively). This easily avoidable feature is quite embarrassing, since it gives hints to the publisher's editorial practice. In fact, it appears, that the author has submitted his draft (i.e. the draft which he presented to the dissertation committee at Manchester University) directly to the publisher, prior to correcting it. Once it reached the publisher, the book might well never have passed through the hands of an editor. A thorough re-edition of the entire work is therefore highly recommended. In this context, it would perhaps also be advisable to furnish it with a somewhat more detailed table of contents, which reflects all the chapters as well as subdivisions of the work, and, above all, with a detailed index.

In conclusion, however, it should be stated that Bal's work, the product of solid and erudite scholarship, is essential reading for those concerned with policy-making and/or research on contemporary Turkish foreign policy (up to the early 1990s). Of particular use is the information it provides of Turkish foreign policy towards Central Asia, the Caucasus region and the European Union, and partly towards the United States and NATO. Its readability makes it also accessible to a wider circle of readers. This is indeed a remarkable achievement for a book, a dissertation after all, of little more than 200 pages.

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THE EFFECT OF POLICY AND INSTITUTIONAL CHANGES ON ASEAN ECONOMIC COOPERATION: FUTURE DIRECTIONS

Vijaya Kumari

ASEAN Secretariat. *ASEAN Economic Cooperation: Transition and Transformation. Singapore: Institute of Southeast Asian Studies, Singapore (ISEAS), 1997. ISBN 981-3055-55-3 254 pp.*

Since the establishment of ASEAN in 1967, thousands of articles and books have been written on ASEAN Economic Cooperation. The publication featured in this review entitled, *ASEAN Economic Cooperation: Transition and Transformation* is, however the very first comprehensive attempt by the ASEAN Secretariat at tracing the policy and institutional changes affecting ASEAN economic cooperation. The volume charts in detail almost three decades of the evolution of policies and mechanisms that have transformed ASEAN from a loose arrangement of five member economies to a formal expanded regional economic entity of ten members, served by a full-time secretariat. Today, ASEAN remains the most successful regional integration scheme among all developing economies.

The dissipation of the political and strategic raison *d'ĕtre* of ASEAN following changes in the international and regional politics has compelled ASEAN to seek new directions. The end of the Cold War, the formation of NAFTA and EU and the impending entry of China into the WTO galvanised ASEAN into paying more attention to economic matters. The Fourth ASEAN Summit held in Singapore in 1992 marked a turning point in ASEAN economic cooperation when the ASEAN Free Trade Area (AFTA) was initiated. The Summit also provided a stronger mandate to the ASEAN Secretariat commensurate with its enhanced role in fostering economic cooperation. Following this declaration, the ASEAN Secretariat was reorganised and strengthened. It is within this context that the Secretariat has carried out a stocktaking exercise of ASEAN's progress in economic cooperation and had published this volume.

The volume has eight chapters, the first five trace the evolution of intra-ASEAN links, while Chapter six identifies ASEAN's external network. The last two Chapters briefly explore future prospects and new areas of ASEAN economic initiatives.

The introductory Chapter briefly examines the varying rationale, composition and instruments for economic cooperation and highlights some of the teething problems in fostering collaborative actions. It traces in detail the progressive improvements in the ASEAN organisational structure for economic cooperation from its inception in 1967. It skillfully avoids a mundane historical account of the numerous cooperative initiatives. Rather it shows how each major internal and external event has led to further refinements in the collaborative mechanisms for economic cooperation, and in the process it exposes some of the shortcomings in the institutional structure for collaboration.

ASEAN's transition is tracked through three distinct phases that have transformed the regional organisation from a loose arrangement with *ad hoc* activities to a sound institutional infrastructure with a more regional focus to collaboration. The first phase, from 1967 to 1976, is described as a loose and decentralised structure with cooperative activities largely determined and driven by national governments. The following phase, from 1976 to 1992, is characterised by heightened activities in numerous areas, with minimal administrative support from a relatively weak ASEAN Secretariat. The third phase, from 1992 onwards, witnessed a drastic transition, with clear economic objectives with the announcement of AFTA and better coordination of activities with the strengthening of the ASEAN Secretariat.

Chapter Two adds to the large pool of literature on the review and assessment of ASEAN economic cooperation. However, its focus is on the post-Fourth ASEAN Summit in 1992, where few independent reviews have been carried out. The Secretariat contends that a fair assessment of ASEAN economic cooperation must necessarily depend on the kind of cooperation being examined. Hence, it concentrates on six key areas and evaluates each of these areas from different perspectives, focusing on their threshold changes. For instance, intra-ASEAN trade is evaluated vis-vis the instruments of cooperation used to promote trade, while ASEAN industrial development is reviewed along the lines of growing competitiveness and complementarities among ASEAN industries. The well-written section carefully summarises the transformation in economic cooperation in these core areas. It traces the progressive improvements in trade cooperation from the cumbersome item-by-item approach adopted in 1976 to across-the-board tariff cuts to the formal commitment and a firm timetable to tariff reductions under the AFTA agreement. The evolution in industrial cooperation from direct government intervention to a more market-oriented approach is likewise

discussed in detail. Less attention is however paid to the remaining four areas. In transport, communications and tourism, the focus is on the manner in which ASEAN is connected. In banking and finance, financial integration is assessed. In food, agriculture and forestry, the original objectives of cooperation are assessed *vis-a-vis* recent changes. Finally, in the minerals and energy sector, the focus is on further enhancement of cooperation.

It is the popular perception amongst ASEAN scholars and observers that ASEAN economic cooperation is less than satisfactory. The ASEAN Secretariat understandably takes a more nuanced view. It attributes the dismal progress in the early years to differing national priorities, poor enthusiasm by government bureaucracies and an over-reliance on government intervention. It further contends that ASEAN's slow start is necessary and vital given divergent national interests and is of the opinion that it has helped to lay a firm foundation for future collaboration. It describes the slow start as "a long transition period of accumulation, both process and substance" that has become the basis for subsequent transformation. ASEAN's greatest achievement is its contribution to the relative peace and stability in the region, without which it argues many of its members would not have been able to focus on economic matters to record such remarkable growth and development.

Chapter Three offers a glimpse on future areas of economic cooperation. The first two decades of dismal performance of economic initiatives have been rationalised by the Secretariat as "mainly symbolic in character as they were part and parcel of the familiarisation context". It maintains that the process of confidence building and enhancing familiarity in the early years were "evolutionary and consistent with the region's culture" and has laid the foundation for meaningful cooperation in the future. Though it acknowledges the critical role played by external factors, it pays less attention to global events that compelled ASEAN to seek closer economic cooperation. Rather, it reasons that ASEAN's internal dynamism rekindled new interest from developing countries and the international economic community as a whole, forcing it to seek a second wave of cooperation modalities that go beyond the traditional areas. It is within this framework that it discusses the new areas of cooperation in standards and quality, investment, intellectual property services, infrastructure development and small and medium enterprise development.

Chapter Four details the development of ASEAN private sectors in regional cooperation. The supplementary role played by the ASEAN-CCI, other private organisations such as in the areas of banking and finance, shipping, tourism, among others, as well as ASEAN Centers to promote specific programmes and projects among member economies is reviewed. It acknowledges that many of these NGOs have evolved on their own, but work closely with the

ASEAN governments, and it views them as potential vehicles for furthering regional economic cooperation.

Chapter Five reviews the role of growth triangles in fostering regional economic integration. Growth triangles are seen to be driven largely by market forces and operate with less institutional formality as compared to the conventional economic arrangements. It briefly traces the development of the three major growth triangles within ASEAN and discusses some of the key problems encountered in integrated development.

Chapter Six traces the transformation of ASEAN's external relations from the early 1970s based on *ad hoc* meetings on specific commodity issues to the institutionalisation of regular dialogue partners. It briefly explains the mechanisms and functions of the dialogue process and identifies the key issues and problems raised with each of its dialogue partners as well as joint projects and programmes.

The remaining Chapters identify key future directions for ASEAN that have important implications for the Secretariat. Intra-ASEAN trade has increased twofold from around 12 per cent in the early 1970s to around 23 per cent in mid-1990s, and is expected to rise further with the implementation of AFTA. With expanding intra-regional trade, a higher level of coordination in macroeconomic policies becomes imperative. The Secretariat hence calls for the early institutionalisation of regular macroeconomic policy consultations. Second, as ASEAN moves towards a single economy driven by trade, the Secretariat sees the need to build the capacity to forge a collective view in such areas as product standards, competition policy, environmental standards and related issues. Third, apart from macroeconomic policy coordination, there is a need for sectoral policy synchronisation through regular dialogues to ensure compatibility and comparability. Finally, on the external front, as ASEAN increasingly becomes a significant player in the global economy, it needs to build a collective voice in international fora. With these developments, the Secretariat anticipates an expanded role for itself in promoting internal policy coordination and harnessing a common regional perspective in international economic issues.

This volume by the ASEAN Secretariat provides an authoritative account of the evolution of policies and institutional mechanisms for ASEAN economic cooperation. The well-document handbook on ASEAN policies and institutions provides comprehensive coverage on the instruments and modalities of joint economic initiatives as well as the dynamics of intra-ASEAN cooperation. None the less, the reader will be disappointed if he or she is looking for a critical review and assessment of ASEAN economic cooperation. There is no doubt that ASEAN has come a long way in terms of regional economic cooperation, but it has a long way to go in terms of achieving intra-regional

economic integration, despite the numerous initiatives meticulously documented in this volume. The key stumbling blocks to closer regional ties are merely glossed over by the Secretariat. Despite its shortcomings, the publication provides an excellent introduction for students interested in the development of ASEAN economic cooperation and serves as a useful reference guide for the more seasoned scholars on ASEAN.

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STABILITY FOR THE ASIA-PACIFIC: THE UNITED STATES TO THE RESCUE?

Wahabuddin "Ra'ees"

James C. Hsiung (Ed.). *Asia Pacific in the New World Politics, (U.S.A.: Lynne Rienner Publishers, 1993), ISBN: 1-55587-355-3, 274 pp.*

The hallmark of the post-Cold War international order is the history of economic blocs. According to academics, there are three constituent elements of the emerging global order. These are: (1) the Pacific Rim, (2) Europe, and (3) the Americas. However, in the post-Cold War era geoeconomics replaced geopolitics as the yardstick of taxonomy of nations into global, regional, and small or national powers. Therefore, given the above facts, the Asia-Pacific region has become as important to the American global status and interests as Europe or the Americas. However, according to James C. Hsiung, the Asia-Pacific region will be unstable in the post-Cold War era. Hence, the United States (US) must remain engaged in Pacific affairs. Though evidence shows the contrary, all the commendable entries in *Asia-Pacific in the New World Politics* edited by Hsiung suggest the above prognosis.

The main theme developed in this book is that the US must remain engaged in Pacific affairs to maintain a balance-of-power and to protect its interests

in the region. All the twelve chapters, in addition to an introduction and a conclusion could be categorised into three broad analytical divisions.

First, the study examines the power shift in the Asia-Pacific. The views collectively predict that the United States and Russia are no longer world-class powers in the region. New centres of power that could say "No" to American initiatives have emerged in the post-Cold War Asia-Pacific region. If America's traditional rival, Russia, no longer poses a threat to the American hegemony in the post-Cold War era, emerging powers such as China and Japan are expected to assume a regional balancing role. In addition, the Cold War client and neutral states also do not see the United States as a decisive regional power. They believe that Tokyo and Beijing, and not Washington, would constitute the centres of economic gravity.

Bernard K. Gordon's "Japan: Searching Once Again" and his "Southeast Asia After the Cold War" and James C. Hsiung's "China in a Postnuclear World" are excellent surveys of the sentiments of the policy-makers in Beijing, Tokyo, and some of the nations of the Pacific rim vis-á-vis the role of the United States in the post-Cold War era. They conclude that major and small powers in the region hold that the United States still needed to police the region. If the US disengaged itself from the Asia-Pacific region, James C. Hsiung concludes, the region could be heading toward a security dilemma and will be unstable during the post-Cold War. Therefore, the studies unanimously argue that, though the hegemonic influence of the United States is eroding, it is still a "structural power" in the region. The United States could be placed at the apex of a hierarchy of power in the region, as it still has the ability to exercise more influence than other powers. Moreover, the security stakes of the United States in the post-Cold War Asia-Pacific region have increased.

The region, in addition to its strategic significance, has also become economically important to American global interests. The studies discussed in this work also argue that in the post-Cold War era, two factors have affected systemic stability in the Asia-Pacific region: First, the region has become a centre of economic gravity. Second, a new configuration of power is taking shape in the region. Both factors could adversely affect and challenge US traditional hegemony in the region. However, despite the rise of China and Japan as regional actors and the decline of American hegemony in the Pacific affairs in the post-Cold War era, the United States is still a "structural power" in the region, in that it still possesses considerable influence and "ability to manipulate the choices, capabilities, alliance opportunities, and pay offs that actors may utilise" in the international affairs of the Asia-Pacific. Therefore, the United States must remain engaged in Pacific affairs more as a benign regional balancer as it will also help protect its interests in the region.

Surprisingly, the authors fail to observe that policy-makers both in Beijing and Tokyo believe that the US strategic presence is essential to prevent the other's strategic rise and influence. In fact, they hold that the US disengagement from the region would lead to systemic instability in the Asia-Pacific region. It is also noteworthy to mention that even though the interests of major powers in the region are conflicting, a Cold War-like international order may not emerge in the region in the post-Cold War era for two reasons: (1) the capabilities of the major powers in the region are relative and contrasting, and (2) economics benefits would overshadow geostrategic considerations in foreign policy formulation towards the region. Also the powers with vested interests in the region have become economically interdependent. While the US will be a preponderant power in the next two decades, all major powers, including the US would adapt accommodative foreign policy options towards the region, therefore, minimising the possibility of conflict in the Asia-Pacific region. Nevertheless, sporadic tensions or war of words among the major powers would continue to exist but may not jeopardise regional stability.

However, the studies predict that Russia and Japan or, Russia and China will provide a counter-balance to American capabilities in the region. Moreover, if a Sino-Russian anti-American alliance also could not be formed due to some reasons then Japan and China will consider performing the regional 'balancing act'. However, the evidence shows that the prospect of Russio-Japanese cooperation due to historical reasons seems remote. The Yeltsin-Jiang December 1999 informal summit in Beijing was viewed in terms of a leap forward in Sino-Russian strategic alliance and this implies that the studies are based on profound research and reliable facts. Russia's then President Boris Yeltsin and China's State President Jiang Zemin on 10th December 1999, reaffirmed their strategic partnership. Some analysts described this move as a reaction to the growing American power in Europe and Asia.

It is interesting to note that the works presented do not view Russia as a future decisive power for sometime and alone may not pose a serious threat to American interests. Ironically, the studies also do not view Russia as a Pacific power despite its strategic presence in the region, which is viewed with greet apprehension by political elites in Tokyo. In addition, there is a silent agreement among the powers with vested interests in the region that Russia should be part of every single economic or security regime that are being shaped in the region. Thus, the studies tend to overlook Russia's relevance to the post-Cold War Asia-Pacific region.

Second, the works presented in this book discuss the strategies and options of American engagement in the region. Numerous options that could assist the United States to remain engaged politically, economically, militarily, or culturally in Pacific affairs are discussed. However, disagreement exists about Washington's future role in the region. While some writers subscribe

to the notion of total US disengagement from the region, Steve Chan and David Denoon correctly argue that the declining influence of the US does not indicate that Washington should withdraw from Pacific affairs altogether. Total US disengagement could create a power vacuum and result in a security dilemma in the region. Hence, American presence is essential to protect regional security and its economic interests as the nations of the world are being organised in a very complex interdependent structure. Therefore, the best option to policy-makers in Washington is to abandon "Kindleberger's hegemonic theory" and adapt the doctrine of "Partisan Mutual Adjustment" as the underlying principle of the American foreign policy in the region. Alternatively called "bigemony" or "shared hegemony", the principle of "Partisan Mutual Adjustment" assumes that the United States and Japan share the responsibility. However, the United States and Japan may only be able to share responsibility in the realm of geopolitics or military affairs. Economically, the two nations are rivals. Hence, the success of the policy of "Partisan Mutual Adjustment" would depend on the normalisation of US-Japan economic relations.

Thirdly, the last three articles in this work focus on the nature of economic integration and security trends in the Asia-Pacific as the region gazes into the twenty first century. Peter C. Y. Chew believes that the integration of the economies of the region will precede the integration of the whole region with the Western economies. However, the process of integration will take time, as the integration will be gradual. Consequently, the economies of the Asia-Pacific and those of the North American Free Trade Agreement (NAFTA) will form an economic bloc vis-á-vis the European Union. For reasons such as this, James C. Hsiung says, the Asia-Pacific region constitutes the core of the American foreign policy agenda and the United States would ensure as it did during the Cold War era to assume leadership in regional affairs.

Hsiung poses a challenge to the intellectual community and reminds us that scholarship in the field of international relations has left a theoretical "cavity" or "emptiness" brought about by the end of the Cold War. He urges the scholars to engage in research, so that they could provide policy recommendations about how the Asia-Pacific would look like in the near future. He merely poses the challenge to the intellectual community and by no means attempts to construct a premise for theory building. Therefore, he correctly urges the scholars to provide solutions and policy recommendations to the policy-makers if we are to bring the region out of the security dilemma that it faces.

Hsiung's work is a welcome contribution to the field of international relations. In addition to painstaking arrangement of works of distinguished scholars, his personal contribution is more than others. However, it is

interesting to note that the works presented in this volume are neither attempts to fill the theoretical vacuum in the discipline of international relations created by the end of the Cold War nor endeavours to describe a specific situation. They postulate possible scenarios and define foreign policy directions of the major powers in the Asia-Pacific region. The studies discuss a new distribution of power ratio in the region. They conclude that new commitments and reactions are expected from powers, big or small, in the region. However, the postulates as such are empirical and based on the factual analysis of patterns of behaviour and foreign policy trends of the major nations as well as the small powers in the region. However, the prognostications about possible scenarios in the region are intellectual speculations based on the existing patterns of behaviour. Therefore, they may not represent the official position of any nation discussed. In addition, Hsiung's work is original and impressive. It discusses issues that have no historical precedence. The chapters in this volume attempt to discuss almost every major issue that affects inter-state relations in the Asia-Pacific in a limited number of pages. Although a commendable effort, the consequence is that the analysis is shallow. Another flaw is that at times proper statistics could have been provided to support the conclusions drawn.

Finally, the studies maintain that the Asia-Pacific is a political concept and not a geographical entity. Therefore, non-Asian nations with potential interests in the region could be considered as part of the Asia-Pacific. By defining the Asia-Pacific as a political entity, the writers in this volume try to court the idea that the United States, though a geographically non-Asian state, is politically an Asian power. The powers in the region, small or big, must not underestimate the American engagement and leadership in the region. This also explains the reasons why all studies collectively examine the foreign policy directions of all nations in the region vis-á-vis American interests and foreign policy options. However, while examining the foreign policies of other nations in relation to US interests, the studies fail to take into consideration the sensitivities of other major powers in the region, particularly those of China and Japan, as the American leadership may not be a welcome idea in Beijing or Tokyo. Despite its shortcomings, this work is an excellent edition of works that provide raw materials to theory building in the realm of international relations and foreign policy and, therefore, is strongly recommended for reading.

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