CHAPTER - IX

CONCLUSION

In the post-Second World War period regionalism has emerged as one of the dominant themes of international relations and come to play a vital role in the web of socio-economic, political and security interests of nations. Indeed, it seems difficult to think of any region of the world which has not tread the road to regionalism or does not have a regional organisation for the fulfilment of certain shared aspirations and needs.

Thus, regional cooperation has been experimented worldwide, albeit with a varying degrees of success. In this context, the EC has the most enviable record. While the unprecedented and unmatchable success of EC has helped it to acquire the reputation of a 'senior' regional organisation and a model of regional cooperation, various regions of the world, more particularly the third world have both successfully and unsuccessfully endeavoured to emulate it. The more striking examples that readily come to mind in this respect are than of LAFTA, OAS, Central American Common Market, the ASEAN, RCD and the more recent SAARC etc.

While the concept of the region continues to remain amorphous because of lack of unanimity among regional theorists as to what precisely constitutes a region, certain
favorable background factors as well as external catalysts seem to provide a powerful incentive for the conditioning, inception and growth of regional movement in international relations in general. The more important among them are: shared historical experience, geographical proximity, relative degree of political, ideological, social and cultural homogeneity, mounting interdependence, an urge for self-preservation, security and furtherance of national interests, failure of the UN to ensure large-scale protection to small states, convergence of perceptions on external environment or external threat and mutual interest in collectively responding to such a threat through mutual defense and reciprocal assistance, to establish, sustain and expand hemispheric influences and so on.

Though regional economic cooperation in the third world appears much more rudimentary and crude in nature and nebulous in content than its European counterpart, the logic of certain historical factors, placing the third world in an economically disadvantageous position vis-a-vis the developed world as well as the present lop-sided international economic order appears to propel them to take resort to regional economic cooperation. Besides, regional economic cooperation in the Third World seems to reflect: an urge to achieve quick economic benefits through mutual cooperation as well as to improve bargaining power vis-a-vis the developed world, an inadequacy of the nation-state...
approach to the rapid economic development because of mounting interdependence of mankind, lack of infrastructure and economies of scale and so on. Viewed thus, an increasing resort by third world countries to economic regionalism may, in essence, be termed as 'developmental regionalism'. Thus, it seems that it is, by and large, the present structure of international economy which pushes the different developing regions of the world towards regional economic cooperation. The third world countries, it may be stated, essentially, perceive regional economic cooperation 'as a trade unionism' - a form of collective defense to circumvent the new economic pressures from the developed world.

What are the bases of regionalism in Southeast Asia? Although Southeast Asia is a region notorious for its diversity and historical animosities, we do find that the region has both centripetal as well as centrifugal forces to regionalism. But it seems that these forces balance each other, leaving behind a blank slate. Therefore, in the absence of favourable background conditions, Southeast Asia does not appear to hold much promise for successful regional cooperation. However, notwithstanding this discouraging scenario, the idea of regionalism is not alien or anathema to Southeast Asian people. On the contrary, the recent history of Southeast Asia has witnessed numerous attempts to translate the idea of regionalism into actual practice. While some of these efforts involved the countries of

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Southeast Asia for 'broader' regional cooperation, others were confined to the region itself. Initiatives in these efforts were taken by the western countries, the former Soviet Union, Japan and India with a view to bring Asian and Southeast Asian countries together at a 'regional' forum. However, it seems that these attempts foundered or at best achieved a modicum degree of success in the face of leadership issues, and also because the post-colonial regimes in Southeast Asia were not prepared to trade one set of hegemonists for another. Such attempts included: The Asian Relations Conference, Conference on Indonesia, SEATO, Bandung Conference - to recapitulate but the prominent few. However, the contribution of these efforts may be viewed in providing some valuable experience to the nascent Southeast Asian countries to tread the road to regionalism.

The first avowed and cognisable step towards regionalism in Southeast Asia was the formation of ASA in 1961, comprising the former Federation of Malaya (Malaysia and Singapore), the Philippines and Thailand. Although its explicit purposes were stated to ensure peace, freedom, social justice and economic well-being of the region, the Association, it appears, had western security linkages. But before ASA could cut much ice in the direction of regional cooperation, its promising start came to a sudden naught in 1963 when the Philippines renewed its century-old claim to Sabah in response to the formation of Malaysia. ASA did
not flourish thereafter, and was finally merged with ASEAN in 1967.

In between ASA and ASEAN, however, another grouping viz., 'Maphilindo' - a loose confederation was planned among Malaysia, the Philippines, and Indonesia in 1963 at a Summit Meeting of the heads of these states. But it proved to be a still-born as the initiation of 'Konfrontasi' by Indonesia brought an end to Maphilindo.

The inception of the ASEAN to promote economic growth, social progress, cultural development and peace and stability in the region was an important landmark and marked the beginning of a new era in the history of regional cooperation in Southeast Asia.

What was the logic of the history and causality of internal and external factors which gave birth and content to ASEAN? ASEAN, it appears, in essence, was a product of regional and international environment marred by big power rivalries and cold war. Reflecting the heritage of ASA, it was launched against a despondent and gloomy backdrop of political uncertainty and a volatile and brittle atmosphere engendered by the worsening military situation in Vietnam. Viewed thus, ASEAN emerged as a political necessity, necessity brought by a realisation that the threat of communist victory in Vietnam becoming a distinct possibility, these countries (given the 'domino-theory') had little option but to throw away their spectacles of narrow
nationalism, schism, mutual distrust and morbid suspicions if they were to circumvent or at least circumscribe the spill-over of communism from Vietnam into their countries. Although the founding fathers of ASEAN, at the time of its inception, exalted the ideals of economic cooperation, there seems no conclusive evidence to suggest that economic cooperation was a key factor in the ASEAN scheme of things as we understand it today. Even if economic considerations were there, they were probably based on the presumption that economic development through regional cooperation would help wean away or at least make less attractive the appeal of communism to the 'have-nots' of Southeast Asia, and thus, take the wind out of communists' sail. It may, therefore, be argued that to begin with ASEAN was, essentially, conceived as a regional mechanism or a bulwark against the rising tide of communism, both internally and externally. The founding fathers, it seems, deliberately chose to stress the aims and purposes of the Association in economic, social, cultural and other innocuous terms, and to soft-pedal the security concern so that the ASEAN might not be construed as an anti-communist alliance - a revival of SEATO.

During the pre-Bali era, ASEAN remained dormant and had a somewhat languid existence. Clearly, during this period, it seems that regional cooperation was an aspiration rather than an operational reality. ASEAN, during this period,
lacked strong 'institutional muscles' and continued to be a sort of foreign ministers' 'club'. Consequently, it made a little headway in the field of economic cooperation. Instead, the member nations preferred to concentrate their time and energy on intangible and non-controversial areas of social and cultural cooperation. Therefore, the main thrust of ASEAN was apparently on 'token' cooperation such as: 'Visit ASEAN Islands', 'ASEAN-Travel Decade', visa abolition, exchange of radio and television programmes, meteorology, exchange of information and so on. The reasons for this lackluster and sluggish progress seem to be the lack of clearly defined goals and priorities and effective institutional structure as well as the existence of bilateral conflicts and divergent economic and political perceptions of the member nations. Also, it appears that serious consideration of economic cooperation was deferred to avoid political disputes over the distribution of costs and benefits. However, the contribution of the pre-Bali era appears to lie in the fact that it provided a forum to the seemingly mismatched members to understand each other, helped to tear down psychological barriers to cooperation, and paved the way for more tangible cooperation in the post-Bali era. In this sense, the pre-Bali period may be regarded as a prelude to the present cooperative ventures of ASEAN.

However, international climate, like weather does change, and often with unexpected rapidity. Southeast Asia,
too, witnessed such an 'anti-climax'. Beginning from the late 1960's to the mid 1970's, certain spectacular and dramatic changes in the regional and international environment occurred which not only had a direct bearing on the politico-security complex of the region, but also put a question-mark on the very survival of ASEAN members as independent states. These were: The British decision for an accelerated withdrawal of its forces from east of Suez, 'Guam Doctrine' of President Nixon, Sino-US rapprochement, growing detente between the former Soviet Union and the US. Besides, certain economic factors viz; protectionist economic policies of the developed world; economic uncertainty in international arena generated by the disarray of international monetary system, the oil crisis of October 1973, stagflation in the industrial economies - all contributed towards a sense of urgency to achieve greater regional resilience among ASEAN members. However, the most important catalyst which brought about dramatic and sudden change in the ASEAN's attitude appears to be the US inglorious withdrawal from Indo-China and the birth of three communist states in Cambodia on April 17, 1975, in Vietnam on April 30, 1975, and in Laos on December 2, 1975. Clearly, the communist victory in Indo-China resulted in the revival of the fear among ASEAN countries that the generation-old 'domino-theory' might now materialize, particularly in view of the fact that the "communist guerrillas" in ASEAN countries would now be able to get both material and
manpower assistance as well as moral boost up from the communist Indo-China. Also, it seems that the unification of Vietnam raised a strong possibility of a militarily strong Vietnam becoming "a twentieth-century Prussia in Southeast Asia". Thus, it appears that all these developments converged together not only to cast a pall of uncertainty over all ASEAN countries, they also had a galvanizing effect on ASEAN. These events gave a sudden jolt to convert ASEAN's hitherto leisurely pace of development into hyper-activity and were strong enough to propel, nay, compel the five heads of government to convene the first ever Summit at Bali in February 1976 and the Second at Kuala Lumpur in August 1977. These Summits constituted a turning point in ASEAN's history because they, for the first time, clearly focused on economic cooperation, and developed a concrete programme for economic cooperation among ASEAN countries. It was only in the aftermath of these Summits that the wheels of ASEAN economic cooperation really began to move.

But what are the concrete results of ASEAN economic cooperation in Southeast Asia? Does ASEAN's image, as frequently argued by critics, really differ from reality? In which direction is ASEAN really moving? Indeed, whatever way one may look at an holistic performance of ASEAN, it appears that although ASEAN has survived the perils of growing up, yet its balance-sheet is not very
impressive. Rather, the performance of ASEAN from 1967 through 1991 tends to suggest that the tangible results of ASEAN economic cooperation so far are few, and it does not seem an easy task to dismiss the severe, even extravagant, criticism against it.

ASEAN economic cooperation has generally proceeded along three lines viz; (i) ASEAN-PTA; (ii) ASEAN Industrial Package Deal Projects, ASEAN Industrial Complementary Scheme, and ASEAN Industrial Joint Ventures; and (iii) ASEAN Economic Cooperation in other areas.

Progress of ASEAN-PTA, which is viewed as the core instrument of trade liberalization and reducing ASEAN's dependence on the developed world as well as catapulting the region further up the development ladder, has been sluggish and lackadaisical. Notwithstanding the measures adopted at the Third ASEAN Summit held in Manila in 1987 to improve upon the existing PTA in the form of reduction in the exclusion lists, phasing in new items from the exclusion list into the ASEAN-PTA, elimination or phasing out of NTB's; ASEAN-PTA has not been very successful in stimulating intra-ASEAN trade. Although the number of items traded under ASEAN-PTA has increased manifold over the years, yet the volume of intra-regional trade in 1991 stood at a meagre 20 per cent of ASEAN's total trade. What is worse, the negligible impact of ASEAN-PTA to accelerate intra-ASEAN trade is evident from the fact that the value of items
traded under ASEAN-PTA amounted to less than 1 per cent of total ASEAN trade. Applauding indeed!

There are variegated structural as well as practical reasons which seem to explain the slow pace of growth of intra-regional trade and also, the failure of ASEAN-PTA to stimulate intra-ASEAN trade. However, the most important appears to be the lack of complementarity of ASEAN economies i.e. ASEAN countries, with the exception of Singapore, produce strikingly similar primary commodities, which require little intra-regional trade. Besides, certain other serious structural defects in ASEAN-PTA retard intra-regional trade. It seems that the prospects for an increased intra-ASEAN trade would largely depend upon the broadening as well as deepening of the list of items traded under ASEAN-PTA or upon abandoning of "item-by-item" approach in favour of "across the border tariff cuts". However, the nature of ASEAN economic structures and the existing pattern of intra-ASEAN trade do not appear to hold much promise for the intra-ASEAN trade liberalization, and there seems hardly any doubt that the direction of trade of ASEAN countries would continue to remain tilted heavily towards the extra-regional developed countries.

ASEAN countries, it seems, do realize an imperative to accelerate intra-ASEAN trade to create economies of scale and achieve economic development. Therefore, at the Fourth ASEAN Summit of 1991, they have agreed to establish ASEAN
Free Trade Area (AFTA) within a time-frame of fifteen years beginning from January 1, 1993. However, it appears that given the uneven levels of economic development and the present wide diversity of economic structures in the ASEAN countries, ASEAN countries would continue to rely on PTA with certain modifications as the core instrument for achieving trade liberalisation. It is so argued also because none of the other ideal models provided by economic theory viz., customs union, common market etc., seems immediately applicable to ASEAN. Thus, it appears unrealistic to expect that ASEAN would develop into an AFTA, customs union or a full-fledged common market in an immediate future.

The progress towards ASEAN industrial projects has, to put it rather extravagantly, been quite modest. Although these projects appeared to be quite rational in terms of location, raw material supply and market potential, yet they have failed to live up to the expectations of the UN Team which recommended them as well as the ASEAN leaders who initiated, adopted and endeavoured to operationalize them. Clearly, majority of these projects have gone into rough weather and their implementation has proved to be much more difficult and cumbersome than originally expected at the time of their launching. By the end of 1990, only two (Aceh and Bintulu Fertilizer Projects) of the five AIPs had really got off the mark and commenced production. While Singapore was in the process of identifying a new AIP, the
Philippines' and Thailand's new projects were in the implementation and preparatory stages respectively. The AICS, on the other hand, though in the implementation stage, too, have failed in their objective of encouraging regional industrialisation as well as accelerating intra-regional trade. Likewise, the track-record of AIJVs is none-too-encouraging. Of the seventeen approved AIJVs, only four have really become operational and commenced production. Thus, there seems a wide gap between rhetoric and reality of ASEAN Industrial projects. In fact, numerous economic, structural and political factors, such as lack of finance and heavy dependence of these projects on funds of extra-regional countries, lack of harmonization of domestic policies, inadequate infrastructure, lack of proper planning, changed economic situation affecting the price and demand of the product, market fragmentation arising from duplication of production within the region, conflict of interests between national and regional projects, and above all, the pre-occupation of member countries with national self-interest and benefits, have been responsible for plaguing an effective and speedy implementation of ASEAN industrial projects. Thus, in view of these enormous difficulties involved in ASEAN industrial cooperation, it seems that unless some radical remedial measures (a few of which have been considered in the present study) are taken, the momentum of these projects would 'wither away' in not too distant a future.
ASEAN's achievements in economic cooperation in other areas, on the other hand, appear to be quite remarkable. It seems that ASEAN has been more successful in the case of smaller and functional activities such as food security reserves, food handling, afforestation, swap arrangement, insurance, emergency petroleum sharing, regionally accepted drivers license, a submarine cable network, tourism etc. The fact that vital national economic interests of ASEAN members are not at stake in undertaking and implementing these projects and schemes, probably, speaks for their monumental success.

Thus, given the modicum results of ASEAN's assiduous efforts, a number of questions arise viz., what after all is ASEAN trying to accomplish? Building a pyramid or mole-hill of regional economic cooperation? Why is there a yawning gap between rhetoric and deeds of ASEAN's performance? What are the outstanding hurdles which have been responsible for the sluggish pace of ASEAN's economic cooperation? In fact, in its efforts towards regional economic cooperation, ASEAN seems to be confronted at least with six fundamental difficulties. The foremost is the different levels of economic development of the member countries. Per capita income in 1989 ranged between US $ 500 in case of Indonesia to US$ 11,681 in case of Brunei. The uneven levels of economic development causes undesirable apprehension, generates mutual suspicion and nagging doubts among the
less-developed ASEAN members that the more developed partners might dominate the region; and has in the past, retarded the pace of economic cooperation. Also, it seems to impinge on the attitude of ASEAN members towards regional economic cooperation. It is, therefore, neither surprising that Indonesia on the one hand and Brunei and Singapore on the other, more often than not represent opposite poles in ASEAN's attitude towards regional economic cooperation nor does it appear appropriate to question the wisdom of a dictum that has emerged, in the context of ASEAN i.e., ASEAN economic cooperation, can move as fast as its slowest member (Indonesia) and go as far as Indonesia allows it to go. Second, ASEAN countries have competitive instead of complementary economies i.e., they produce more or less the same primary commodities and depend on the export of these commodities for their foreign exchange earnings. Thus, while the production of the same primary commodities calls for little intra-regional trade, the export of the identical commodities naturally leads to cut-throat competition among ASEAN countries to explore and attract the same markets outside the region. Therefore, the lack of complementarity in economic structures has not only discouraged intra-ASEAN trade but has also further strengthened extra-regional economic ties of individual countries at the cost of intra-regional bonds. Third, it seems difficult to overlook a hard fact that ASEAN countries are basically 'growth-anxious' and 'credit-hungry' countries and are competing
with each other to woo foreign investments from the same outside sources into their respective countries. Fourth, regional cooperation is usually envisaged, and likely to succeed among countries who share some background factors conducive to regional cooperation i.e., a relative degree of social, ethnic, religious, economic and cultural homogeneity. But ASEAN region conspicuously lacks such homogeneity and is strikingly marked by diversity between member countries in respect of language, ethnicity, religion, social values, psychological dispositions and so on.

This diversity often results in divergent attitudes and hampers an evolution and strengthening of regional ties amongst the people. Fifth, the method of negotiations and arriving at decisions i.e., "musjawarah", or "mufakat" (consensus) also appears to be responsible for the modest achievements of ASEAN. While there seems no harm in taking pride in the principle because of its indigenous roots, it should be borne in mind that the principle of consensus was one of the important contributing factors leading to the failure of the league of Nations. Last, nationalistic tendencies and member nations' strong preoccupation with their respective national interests and obdurate attitudes and unwillingness to compromise their short-term regional interests (as if doing so would be tantamount to surrounding

* Ironically enough, the very notions of 'Southeast Asia' and 'diversity' seem to be intrinsically related. So much so that whenever one thinks of Southeast Asia, one thinks of diversity too. Honest!
a portion of their respective sovereignty), and diversity in their approach towards regional economic cooperation have caused an immense damage to the Association—witness reluctance and vacillation to stimulate intra-regional trade, inexplicable delays in the implementation of ASEAN industrial projects, their bilateral relations and stronger ties with the countries outside the region. Thus, there seems much reason to argue that it is the external pressure or extra-organisational security threat which, off and on, acts as a catalyst or a common denominator to bring ASEAN countries together and injects into ASEAN countries a sense of hyper-activity and hurried urgency for economic cooperation. Indeed, it appears that whenever encountered with such a security threat, ASEAN leaders start dreaming all sorts of nightmares and reiterate their commitment to the Association and its goals in the form of one or the other "historic agreement", but the moment the external threat dissipates, so does ASEAN's motivation for economic cooperation. It is, perhaps, because of such a schizophrenic commitment of its leaders to ASEAN that the Association has been parodied as 'Always Sensational Except 1 After Negotiations' (ASEAN).

However, despite slow pace of ASEAN, economic growth of ASEAN countries from 1967 through 1991 has been quite impressive. During the last decade, per capita income of five ASEAN countries (data on Brunei not available)

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1 FEER, August 13, 1982, p. 66.
registered an increase of about 300 per cent. The average annual growth rate (1965-1989) of real GNP and ASEAN region was 4.3 per cent with Singapore registering the highest and the Philippines the lowest. Given the world economic recession going on since the last decade, it was among the highest rates recorded elsewhere, particularly in the third world countries. Further, ASEAN countries have registered a perceptible rise in the life expectancy (68.3 per cent ASEAN average) and their literacy rate ranges from a staggering 91 per cent in case of the Philippines to 73 per cent in case of Malaysia, with an ASEAN average of 82 per cent. Further, since its inception, more particularly during the last decade, ASEAN countries also seem to have achieved significant structural changes in their economies. The decline in the share of agriculture as percentage of GDP (from 29 per cent in 1965 to 20.6 per cent in 1989) and increase in industrial and manufacturing sector from an average 35.8 per cent to 57.7 per cent during the same period clearly point to their concerted drive to diversify their economic structures from agriculture to industry. Thus, it seems that ASEAN countries have graduated from low income countries to middle income and newly industrialized countries, and therefore, they may no longer be perceived merely as spice islands.

But how and to what extent has ASEAN as an entity contributed to the economic growth of member countries? Has ASEAN successfully served as a forum or mechanism to
help member nations to achieve economic growth. If it is so, ASEAN's experience and strategy, it appears, should be relevant and beneficial to similarly placed countries. But alas! it is not so. There is scant evidence to suggest that economic development of ASEAN countries has resulted because of cooperative endeavours of member countries at a regional level. Rather, a micro-analysis of the working of ASEAN from 1967 to 1991 reveals that the credit for the economic development does not and should not go to ASEAN, but to individual efforts and economic policies of member nations outside the frame-work of ASEAN. Indeed, ASEAN's success in serving as an instrument for rapid economic development seems insignificant. And a natural and an inescapable corollary or inference of this assertion is that there is no positive correlation between economic growth and regional cooperation. But as the saying goes, it is quite easier to make generalisations than to prove them, the generalisation of this assertion is not called for. For example, the EC which was formed in the period ensuing after the Second World War, with a purpose of economic consolidation of member countries through regional economic cooperation, has made a success for itself. It has emerged as a supra-national regional organisation and it can be safely argued that by providing a regional forum for economic cooperation, it has helped member countries to consolidate their economies that had been badly shattered during the Second World War. Indeed, if the EC is used as
the yardstick with which to measure the success or failure or analyse the working of ASEAN, then ASEAN, undoubtedly, seems a failure. While it is neither argued that the comparison of ASEAN with the EC is totally appropriate (because of different set of conditions prevailing in Europe) nor is it suggested that the EC's experience can be translated wholesale into the ASEAN region, ASEAN can, perhaps, learn a few lessons from the experience and strategy of the EC. Among some of the general principles adopted were: the exclusion of dissimilar units, adoption of an evolutionary approach, limited but attainable goals, non-reallocation of economic assets at initial stages and so on. While at this stage, ASEAN can not exclude or throw out dissimilar units out of the Association to achieve homogeneity, it appears that its leaders can surely give a serious consideration to the other relevant principles.

Finally, a question may be asked i.e. what are the prospects for ASEAN's culminating into economic integration, and after a spill-over, into political integration. Predictions in social sciences are apt to be shadowy and when they happen to be economic predictions involving political decisions, they may be even more shadowy and insubstantial. But it may be contended without much fear of contradictions that while ASEAN's continued existence is not in question, the prospects for economic and political integration seem equally bleak. Although ASEAN is no longer
an infant organisation, it has not yet reached even the
stage of Free Trade Area, the first stage in the process of
economic integration. At a hindsight, however, it appears
that economic integration has never been a coveted goal of
ASEAN. And at present, given the heterogeneity of the
region, formal regional integration schemes seem out of
question and in fact, are not even considered in ASEAN
circles. It may be recalled that it was the politico-
security environment marred by the cold war which gave birth
and content to ASEAN. It was only gradually that economic
cooperation gained momentum. But here again the goal was
not to achieve economic integration but satisfy a virtually
insatiable urge for economic benefits, to enhance national
economic gains through regional cooperation, and to increase
collective bargaining power vis-a-vis the developed
countries outside the region to extract maximum economic
benefits.

It is because of this reason that it seems that
regional economic cooperation in Southeast Asia, has proved
a two-edged weapon. On the one hand, a desire for quick
economic advantages and economic development through the
mechanism of regional economic cooperation propels these
countries towards economic regionalism. On the other hand,
pre-occupation with national self-interests, mutual
suspicions, reluctance to sacrifice national interests for
the sake of larger regional integrative goals plague the
prospects for economic integration in the region by cutting

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at its very roots. Viewed thus, economic regionalism in Southeast Asia appears to be a typical manifestation of "high politics", and it is least surprising that ASEAN countries tend to perceive regional economic cooperation from the viewpoints of comparative advantage rather than absolute advantage i.e., regional integration. It may, therefore, be argued that whenever demands would be made for sacrificing national economic interests for the sake of regional economic goals, narrow national economic considerations are likely to creep in to stall the process of integration. This seems an inference of the present study. The students of international relations may pursue the study of third world regional organisations from this perspective.