

The Road to an Asian Community

How Asia's actors are promoting integration—and why we should take note



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Henrik and Michèle Schmiegelow | **Many observers deem it unthinkable that the enormous continent of Asia can grow together the way postwar Europe did. But, as the many authors in this issue of *Internationale Politik—Global Edition* attest, in Asia community-building is well underway as a strategy for the future.**

On the rare occasions that Europeans think about Asia's integration, they seem to suffer from amnesia. Forgetting the impediments, setbacks, and crises that Europe had to overcome in the course of its own integration, they do not see much chance of success for functional integration and community-building in Asia. Rivalries between the great powers are said to be too great, nationalism too sensitive, cultural differences too large, ideological rifts too deep, markets too controlled, monetary cooperation too implausible, and competition for energy sources and raw materials too intense.

What many Europeans forget is that in 1945 few would have held out much hope for something like the Coal and Steel Community, which was established just six years later. And after the founding of the Fifth Republic in 1958, few figured that the French would consent to the United Kingdom entering the European Community (EC). After all, had de Gaulle not resolved to bind Germany to France in the European Economic Community in order to counterbalance the Anglo-Saxon powers? Few recall today that the project of forming a currency union seemed dead after the Werner Plan foundered on French mercantilism in the 1970s.¹ Then it would have been unimaginable that a socialist president of France—fearing German hegemony in Europe after the fall of the Berlin Wall—would become the driving force behind a European currency union.



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1) Henrik and Michèle Schmiegelow, "The New Mercantilism in International Relations: The Case of France's External Monetary Policy," *International Organization*, Vol. 29, No. 2 (1975).

Europe's loss of memory concerning its own experience of successful integration may be understandable in the present political climate. Once again France has a rather mercantilist president expressing dissatisfaction with the European Central Bank. Belgium, a founding member of the European Community as well as host to the "capital" of the European Union, threatens to disintegrate on the basis of language. "New Europe" seems driven by very old instincts of nationalism. No wonder the rest of the world is seen through this prism, too.

But actually the trend is going in the opposite direction in Asia, where functional integration and community-building are understood as a strategy for the future. What had to be initiated in Europe with the political theory of idealism is in Asia the result of political and economic decisions inspired by strategic pragmatism. Seeking the "win-win situations" described in this issue of *Internationale Politik—Global Edition* by both ASEAN's former secretary general Ong Keng Yong and China's former foreign minister Qian Qichen (pages 22-27 and 46-49 respectively), such strategic pragmatism has created impressive results over time.

The economic, sociocultural, and security policy ties of East and South-east Asia described by Asian Development Bank President Haruhiko Kuroda and the president of the Japan Foundation, Kazuo Ogura, (see pages 32-35 and 42-49) is strikingly reminiscent of the functionalist and neofunctionalist strategies of the European Community's founding fathers, albeit in a different sequence. Whoever thinks Asian monetary cooperation is inconceivable should carefully read Kuroda's essay. Building on ASEAN, ASEAN + 3, and the East Asian Summits (EAS), the method of community-building established by the ASEAN states links the political, economic, and ecological objectives expounded by Ong Keng Yong. It does so with an impressively realistic sense of the balance of power among Asia's great powers. The fact that the heads of government of India, Australia, and New Zealand have been invited to the EAS since 2005 demonstrates a pragmatic conceptualization of geographical limits. The network of asymmetrically overlapping regional organizations is developing as dynamically in Asia as in earlier phases of European integration.

Does a lack of shared culture prevent Asia from becoming a community?

Kazuo Ogura's analysis of the historical commonalities of Asian cultures, their displacement by Western modernization in the form of colonialism, and their resurgence now casts doubt on the assertion by Western observers that the very lack of a shared culture prevents Asia from becoming a community. Yusuf Wanandi's idea of an East Asian Community sharing the responsibilities of global governance (see pages 54-57) is a strong indication that the concept of a forward-looking policy that Germany's foreign minister, Frank-Walter Steinmeier, promotes as a way to manage the global challenges of the future (see pages 18-21) will find receptive partners in Asia.

Ong Keng Yong elucidates ASEAN's strategy for Asian community-building, undertaken both for ASEAN itself and for other states in ASEAN's geo-

graphic vicinity from northeastern Asia to India, Australia, and New Zealand. His enumeration of the principles involved in what he terms the “ASEAN way of community-building” can help all of Europe’s contending political realists and idealists when making estimations about Asia’s integration processes.

The European Parallel

Many of the authors in this issue of *Internationale Politik—Global Edition* refer to the European experience when analyzing Asian integration. Ong Keng Yong depicts the discerning use of “low politics” in functional cooperation and “high politics” on strategic issues. This is precisely the differentiation the American creators of neofunctionalist integration theory had recommended to the Europeans for overcoming inevitable crises of trust in the process of building a community.²

A leaner institutional structure need not mean community-building has less potential.

Ong Keng Yong and Qian Qichen underscore the tension between unity and diversity. This sounds like a variation on a European theme, though the differences between development stages and political systems are still much larger in Asia than in Europe. Both authors underscore the necessity of a step-by-step process similar to the “incremental” approach recommended by American integration theorists to European policy makers.

Nonetheless, the ASEAN Charter, which will be signed at the ASEAN summit in Singapore in November 2007, is a document that can be termed a “constitutional framework,” as it is by Ong Keng Yong. It will presumably go into effect before the European reform treaty, which, since the rejection of the European draft constitution, may no longer be called a constitution. Perhaps that is because ASEAN has a much leaner institutional structure than the European Union, doing without a supranational commission of the European type. The ASEAN Charter is content with a standing committee of the permanent representatives of member states in Jakarta, comparable to the European Union’s Committee of Permanent Representatives (COREPER) in Brussels. The secretary general has a mandate to monitor the implementation of ASEAN agreements and decisions.

Does this leaner institutional structure mean that functional integration and community-building in Asia have less potential than the same processes in Europe? This would be a premature conclusion. To be sure, the Asian case exhibits a sequence of economic integration and institution-building strikingly different from the European case. As early as 1997 intraregional trade accounted for 51 percent of total foreign trade conducted by all the states in East and Southeast Asia, surpassing NAFTA’s 45 percent and coming within range of the European Union’s 62 percent. Asia’s integration

2) Ernst B. Haas, “Technocracy, Pluralism and the New Europe,” in Stephen R. Graubard, ed. *A New Europe?* Boston: Beacon Press, 1963, pp. 65–65.

began with a classic functionalist pattern: enterprise-driven flows of trade and capital even across customs boundaries.³ By contrast, Jean Monnet's Europe had to start with neofunctionalist strategy and the erection of supranational institutions before two-thirds of the trade flows posted by European member states finally flowed into the bed prepared by the customs union, the single market, and the currency union. This difference is certainly not a sign of weakness in Asia's pattern of integration.

Asian Financial and Monetary Cooperation

Asia's interest in creating institutional structures in the economic realm was first triggered in 1997 by the Asian financial crisis. Haruhiko Kuroda was among the authors of the Chiang-Mai initiative for cooperation on monetary policy, the response by ASEAN + 3 to the sudden drain of international capital. It was reminiscent of the numerous neofunctionalist spillovers through which Europe rallied and converted dangerous crises into ever-higher levels of institutional integration. If the enormous currency reserves held by China and Japan are added together, the swaps that the two countries can provide to the other ASEAN + 3 countries have the potential to eclipse the resources of the International Monetary Fund by far. Initiatives to create an Asian bond market as a way to channel Asian savings into Asian investments are being continually enhanced.

In carefully weighed words, Kuroda describes the possibilities for cooperation on financial and monetary policy in Asia. The brevity and cautious formulation of his paragraph on a common currency basket for ASEAN or ASEAN + 3 (the latter including Japan and China) is understandable after the stir caused last year among Western observers by his proposal for an Asian currency unit patterned on the European currency unit in an earlier phase of Europe's monetary integration. But one needs to read between the lines. Kuroda comments that Asia, unlike Europe in the run-up to the currency union, has no anchor currency like the German mark. This is not a rejection of the idea of Asia's having its own model of currency integration, however. He diplomatically leaves unsaid that Asia has not only one but two anchor currencies—China's and Japan's. A "common currency" does not need to be a single currency like the euro; national currencies need not be surrendered. It can be based on a basket of several anchor currencies provided it is possible to overcome the kind of competition for political prestige seen in the period predating the European currency union.

Observers of Asian community-building are perfectly aware of the risk posed by great power rivalries.

The fact that the exchange rate between the yen and renmimbi has meanwhile become remarkably stable (and that both currencies tend to move

3) Eisuke Sakakibara and Sharon Yamakawa, "Market-driven Regional Integration in East Asia." Paper prepared for the workshop on "Regional Economic Integration in a Global Framework" sponsored by the European Central Bank and the People's Bank of China, September 22-23, 2004.

parallel to the dollar and the euro) can be explained by the economic interdependence of the two countries. (China is now Japan's most important trading partner, surpassing even the United States.) Japanese economists like Kuroda have not been the only ones who have been thinking about Asian monetary integration for some years. Chinese economists have been pondering it too, and they are encouraged by the American "father" of the theory of optimal currency areas, Robert Mundell. At a conference organized by Beijing University in May 2002 on the subject of Asian economic cooperation in the new millennium, he was asked whether Asia needed a common currency. His response: "My answer is yes."⁴

Great Power Rivalries and Ideological Differences

Observers of Asian community-building are perfectly aware of the risk posed by great power rivalries. Ong Keng Yong concedes that China is perceived "in many quarters" as a potential threat to its neighbors despite its doctrine of "peaceful rise" and "peaceful development." He also notes that China, in turn, could feel itself the target of a policy of containment pursued by Japan, South Korea, and Mongolia, the latter having recently become a close partner of the United States. Qian Qichen counters this with a Chinese call for adherence to the principles of equal treatment and mutual respect.

No one is planning a supranational superstate in Asia.

In Japan's view, ASEAN's inclusion of India, Australia, and New Zealand in the EAS at the Kuala Lumpur summit in 2005 favored Japan's interests at China's expense. Prime Minister Shinzo Abe, who resigned in September 2007, attached special value to strategic dialogue between Japan, India, Australia, and the United States as a "community of values." However, Japanese journalist Yoshibumi Wakamiya observes that this strategy risked being perceived too obviously as a "containment" of China and thus did not meet with unanimous approval in Japan (see pages 62-66). More straightforward than this, for ASEAN the "westward expansion" of the EAS may have been a matter of extenuating the significance of Sino-Japanese rivalry while placing itself more prominently in the geographic center of Asian community-building.

Some Western observers see the nascent Asian community as a community of democracies that ideologically challenges the "authoritarian modernity" of China as a "superpower." Some even reckon with military conflict in the future.⁵ Ong Keng Yong shows, however, that ASEAN, the originator of the ASEAN Regional Forum (ARF), ASEAN + 3, and the EAS, is a self-proclaimed "nonideological" community.

4) Robert Mundell, "Prospects for an Asian Currency Area," *Journal of Asian Economics*, Vol. 14, No. 1 (2004), p. 4.

5) Daniel Twining, "The New Asian Order's Challenge to China," *Financial Times*, September 26 2007.

Tellingly, India, the world's largest democracy, abstained from any sanctions against Myanmar in response to the junta's violent repression of demonstrations in September 2007 (see pages 29-31). India competes in a "neighborly" fashion with China for strategic influence in Myanmar. China cautioned the junta to act with moderation. India is not known to have issued warnings. Conversely, in terms of development policy India feels challenged by China's economic dynamism. There is an increasing awareness that even a time-tested democracy like India cannot permanently allow socially disadvantaged segments of the population in the outmoded traditional caste system to be excluded from prosperity and political participation.⁶

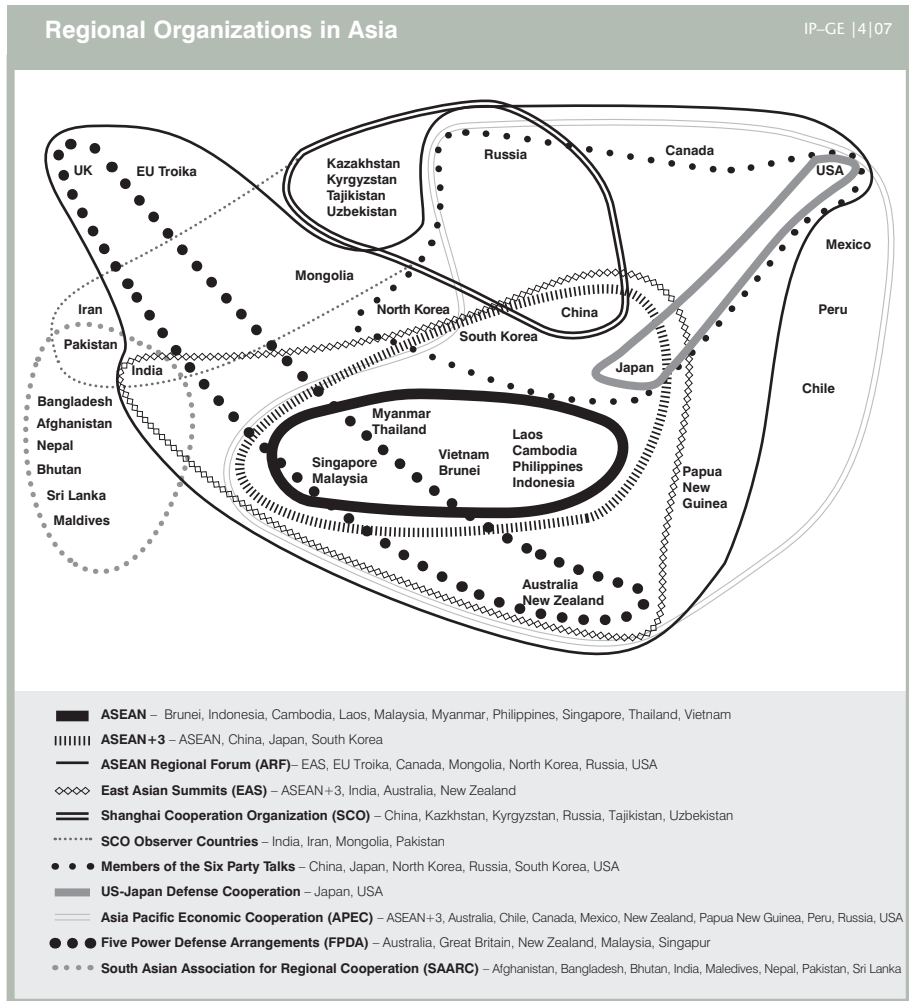
An East Asian Community?

No one is planning a supranational superstate in Asia. One instance of substantive problem-solving cooperation after the other is occurring, with varying membership constellations. This cooperation promotes, for example, free trade, technology transfer, resource development, environmental protection, transport links, conflict prevention, nuclear nonproliferation, confidence-building, and anti-terrorism. In the American integration theory of the 1970s, this type of cooperation was referred to as "asymmetrical overlaps" of functional organizations. The capacity of these organizations to act politically and their dynamics vary widely in today's Asia, but overall organizational differentiation contributes to the political process of community-building, just as it did in Europe during its early stage of integration (see Figure p.16). The diverse geographic picture reminds one of the overlaps among the EEC, Benelux, EFTA, WEU, NATO, the European Council, and other organizations in Western Europe in the 1960s. But as Kazuo Ogura points out, ASEAN + 3 is still decades away from the European Union's and the Eurozone's level of integration.

The task of reconciling former wartime enemies is in good hands with the present Japanese prime minister, Yasuo Fukuda.

At the center of this network, ASEAN has achieved the hitherto greatest depth of integration. ASEAN + 3 has the greatest density of asymmetrical overlaps. With some understatement, Ong Keng Yong characterizes the EAS as a kind of Asian G-8 without the institutional structure. In fact, as a "westernward expansion" of East Asia, now encompassing all three Asian great powers, EAS promises great political dynamism and—with half of the world's population—the greatest economic potential. Kazuo Ogura and Yusuf Wandani are not afraid to call the EAS circle an "East Asian community."

6) Kuldeep Mathur, "Aufschwung von Religion," *IP*, November 2007, p. 51.



Despite these dense ties, European skeptics are still inclined to forecast that Asian integration will run aground on the rocks of Japanese and Chinese nationalism. In his essay in this issue, Wakamiya, editor of the Japanese daily *Asahi Shimbun*, disagrees. He points out that it was Shinzo Abe, a member of a political family associated with Japanese nationalism, who broke the ice on the Sino-Japanese relationship. Wakamiya describes the origin of Japanese willingness to address the burden of Japanese history in relation to China and Korea. The task of reconciling former wartime enemies is in good hands with the present prime minister, Yasuo Fukuda, who succeeded Abe in September 2007. He can be expected to revive the “Fukuda doctrine” of his father, Takeo Fukuda, who managed to place national policy toward Japan’s neighbor on an ethical footing in 1978.⁷

7) Together with Helmut Schmidt, Takeo Fukuda created the Interaction Council, which works worldwide for an ethical orientation to policy.

A Common Ethic

It would also appear that cultural differences are overstated in many European accounts. The idea that Asia cannot follow Europe's example because it lacks a shared culture like Europe's Judeo-Christian tradition overlooks more than two-thousand years of transnational diffusion of major religions, philosophies, and literatures in Asia. Kazuo Ogura's fascinating article picks up on these origins of shared culture. He then identifies the Western modernization that was spread in Asia by colonialism as the cause of the loss of awareness of these commonalities. He also analyzes the present revival of Asia's cultures, including the autonomous Asian sources of the so-called "Western" values of democracy and human rights. When Qian Qichen, then Chinese foreign minister, met with representatives of Southeast Asian nations in Beijing in 1995, he explained his country's attitude toward its neighbors by quoting the Confucian Golden Rule: "Do not do unto anyone else what you do not want to be done to yourself." Theologian Hans Küng has identified the sources of this ethical core norm in all religions and cultures of the world.⁸ He sees no reason for the Western community to be condescending. There is a world ethos that can orient Asia and the West alike.

8) Hans Küng, "Goldene Regel der Gegenseitigkeit", *IP*, November, 2007.