CHAPTER I INTRODUCTION

REGIONALISM: THEORY AND PRACTICE

This chapter will broadly investigate the theoretical and historical background of regionalism in order to characterize and understand its natures—both old and new. Both old and new waves of regionalism have been successfully developed in Europe. As a result, the theories that were implemented to explain these phases of regionalisms have been influenced and dominated by European contexts. In order to escape from Eurocentric regionalism and the limitation of a single theory, a set of theories will be examined to explain the complex nature of regionalism. In this regard, this chapter will be divided into three sections. They are theoretical perspective of regionalism, historical perspective of regionalism, and structure of research.

The first section will be pursued to generally discuss the concept of region and regionalism and also point out a set of theories, which explain the nature of ASEAN. The second section will be set up to present the two empirical waves and their distinct nature between old and new regionalism. Although this research focuses on new regionalism, its old wave will also be investigated in order to clearly differentiate what is considered new in comparison with the old. The third section will be the structure of research, which will be designed in order to effectively study the ASEAN strategic and economic responses to new regionalism.

1.1 THEORETICAL PERSPECTIVE OF REGIONALISM

The occurrences of regionalism have mushroomed across all parts of the world. In contrast, the theories to explain these developments are limited (Soderbaum 2003). Most of the theories have been developed under the dominant European contexts. This is due largely to the location of regionalism and its successful story has been in the specific context of Europe. Later, we experienced the successful regional grouping in North America. By and large, these developments are considered as Western approaches to regionalism. As a result, these theories are hardly relevant to the development of regionalism outside the West including the region of Southeast Asia (Hurrell 1995). Therefore, this
section is an attempt to demonstrate theories that explain the possibilities of the formation of regional grouping as much as possible. While it does not avoid the influence of the Eurocentric approaches, it seeks to book beyond the European success to include other aspects as well.

1.1.1 Definition of Region and Regionalism

Region can be defined as a limited number of states linked together by a geographical relationship and by a degree of mutual interdependence (Nye 1968). Regionalism consequently refers to intensifying political and/or economic processes of cooperation among states and other actors in particular geographic regions, which can be developed either ‘from below’ i.e. from the decisions by companies to invest and by people to move within a region or ‘from above’ i.e. from political, state-based efforts to create cohesive regional units and common policies for them; or from both the approaches. Regionalism normally presents the sustained cooperation either formal or informal among governments, non-governmental organizations, or the private sectors in three or more countries for mutual gains (Allagappa 1994; Palmujoki 2001; Griffiths and O’Callaghan 2004).

Buzan et al. (1998) categorized region into two types in accordance with its contexts. In the societal context, unit means nation and region is the set of adjacent nations. Meanwhile, in the political context, unit is identified with state and region means:

A spatially coherent territory composed of two or more states. Subregion means part of such a region, whether it involves more than one state (but fewer than all of the states in the region) or some transnational composition (some mix of states, parts of states, or both). Microregion refers to the subunit level within the boundaries of a state (Buzan et al. 1998: 18-19).

These literatures led to a conclusion that a spatial concept is the essence of regionalism. In this regard, the states that share geographical proximity and a degree of mutual interdependence will participate in their regional groupings (Karns and Mingst 2005). However, without regionness or regional awareness the proximity of countries in the given regions can not be referred to as a key driving force to
regionalize those countries with other intimate surrounded neighboring countries. This has been evidenced in the past with West and East Germany; North and South Vietnam; and in the present with Palestine and Israel, North and South Korea and China versus Taiwan. Accordingly, the term regionalism captures not only geographical proximity but also the dynamic aspects of regional cooperation namely the growth of social and economic interaction as well as regional identity and consciousness. It is a complex amalgamation of attitudes, loyalties and ideas of an individual or a group, which perceive things in terms of the interests of its region (Griffiths and O’Callaghan 2004; Madan et al. 2007).

However, there are neither absolute determined regions nor a single explanation that encompasses the origins and development of the regional idea (Fawcett 1995). As a result, the regional images are often based on unexamined and outdated metageographical conceptions of the world—a perspective dubbed the “jigsawpuzzle view” that assumes discrete, sharply bounded, static continental units fit together in an unambiguous way (Vayrynen 2003). This emphasizes the uncertain existence of the state of things where the world is not structured in such a neat manner; to the contrary, regions disappear and reappear as they are transformed by various economic, political, and cultural factors (Levis and Wigen 1997). The major transforming character and function of regions, which have recently experienced has occurred in the relative weights given to various levels of analysis—global, regional, national—and the links between them (Vayrynen 2003).

The concept of region and regionalism in this thesis refers to that at the regional level. Southeast Asia then is considered as a region in the context of Asia or Asia-Pacific. Regionalism at this level requires the participation of governmental or non-governmental actors from at least three independent states in an organization for either single or multiple common purposes. The participating states are geographically located in the same region (Palmer and Perkins 1969; Soderbaum 2003).

From this point of view, there were two attempts in formation of regional grouping in Southeast Asia prior to the establishment of ASEAN. These were the Association of Southeast Asia (ASA) in 1961 and the integration of three states namely Malaysia, Philippines and Indonesia (MAPHILINDO) in 1963. The former was the attempt of three independent states in the region namely Malaysia, the
Philippines and Thailand to form the regional grouping. These attempts came to an end before delivering any fruit because of the interstate conflicts between its member states. These regional initiatives will be discussed in the second chapter.

1.1.2 Region of Southeast Asia

The term ‘Southeast Asia’ became well known under the name ‘Southeast Asia Command’ (SEAC) during Second World War (ASEAN 2003a; Sardesai 1981: 3), which included Sri Lanka (Hay and Case 1962: 3) and excluded the Philippines (Hall 1955: 3). According to the ancient Chinese, it was Nan Yang; to their Indian contemporaries, it was Suvarnadvipa; to the Arabs of antiquity, it was Qumr; and when most of it was under colonial rule, the European powers called it “India Orientalis (East India)” (ASEAN 2003a).

<table>
<thead>
<tr>
<th>Country</th>
<th>Capital</th>
<th>Land (sq.km.)</th>
<th>Currency</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>Bandar Seri Begawan</td>
<td>5,765</td>
<td>Brunei Dollar</td>
<td>383,000</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Phnom Penh</td>
<td>181,035</td>
<td>Riel</td>
<td>13,996,200</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Jakarta</td>
<td>1,890,754</td>
<td>Rupiah</td>
<td>222,051,000</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>Vientiane</td>
<td>236,800</td>
<td>Kip</td>
<td>6,135,300</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Kuala Lumpur</td>
<td>330,257</td>
<td>Malaysian Ringgit</td>
<td>26,686,200</td>
</tr>
<tr>
<td>Myanmar The Philippines</td>
<td>Nay Pyi Taw</td>
<td>676,577</td>
<td>Myanmar Kyat</td>
<td>57,289,100</td>
</tr>
<tr>
<td>The Philippines</td>
<td>Manila</td>
<td>300,000</td>
<td>Peso</td>
<td>86,910,300</td>
</tr>
<tr>
<td>Singapore</td>
<td>Singapore</td>
<td>697</td>
<td>Singapore Dollar</td>
<td>4,483,900</td>
</tr>
<tr>
<td>Thailand</td>
<td>Bangkok</td>
<td>513,254</td>
<td>Baht</td>
<td>65,233,000</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Hanoi</td>
<td>330,363</td>
<td>Dong</td>
<td>84,422,900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>4,465,502</strong></td>
<td></td>
<td><strong>567,590,900</strong></td>
</tr>
</tbody>
</table>

Due to its location between the most historical influential India and China in terms of both geography and culture, it has been named as ‘Further India’ (Osborne 1980: 12), ‘Farther India’, ‘Greater India’, ‘the Hinduized or Indianized States’; ‘Little China’; and ‘Indo-China’ (Sardesai 1981: 3) as well as ‘Indo-Pacific’ because it lies between two oceans and cultures (Cressey 1963: 258). Additionally, the region was portrayed variously as a ‘region of revolt’, the ‘Balkans of the East’, or a ‘region of dominoes’ because there had been military struggle to dominate the region from within and without powers, which affected the region as a whole (Acharya 2001: 4).

At present, Southeast Asia means the region comprises eleven countries namely Brunei Darussalam, Cambodia, Timor-Leste (East Timor), Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam where together is the habitation of approximate 560 million of people and covers about 4,465,500 square kilometers (See Table 1; Figure 1) (ASEAN 2007a, 2008; Severino 2006). Though Timor-Leste remains outside the regional framework.

The international recognition of Southeast Asia as a distinctive region has begun with the end of the Second World War, which is the starting point of scholarship contributed by political scientists. For them, the story of Southeast Asia in pre-colonial period “was one of the rise and fall of kingdoms and dynastic wars of conquest between separate and isolated kingdoms” and “there was never a Southeast Asian system of inter-state relations” (Lucian Pye 1998: 6).

However, there are other two groups of scholars i.e. anthropologists and historian, whose investigation of a regional pattern of statehood and inter-state relations has been traced to pre-colonial Southeast Asia. Amitav Acharya (2000) examines that of two anthropologists, Clifford Geertz (1980) and Stanley J. Tambiah (1985), and a historian, O.W. Wolters (1999), then brings out three kinds of states and inter-state relation, which is respectively constructed by them namely “Negara”, “Chakravartra” and “Mandala”.

Negara (literally “theatre”), refers to “theatre state”, which is developed by Geertz (1980: 18-19, 24) in order to analyze politics in 19th century Bali and relations among the major states—Den Pasar, Tabanan, Badung, Keregusam, Klungkung. In that period he found “dozens of independent, semi-independent, and quarter-

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1 Comprised Cambodia, Laos and Vietnam, which termed by French colonial administration.
independent rulers”, whose administrative power and territorial domain were not “clearly defined lines but zones of mutual interest”.

Figure 1 The Present Map of ASEAN

Chakravartra (literally “universe”) is Tambiah’s (1985) notion of “galactic polity” constructed from mainland Southeast Asia such as the kingdoms of Pegu, Pagan, Chiangmai, Sukhothai, Ayutthya, Laos, and Cambodia (see Table 2). It refers to the domain of a universal king (chakravartin in Sanskrit) who rules not as an absolute monarch, but rather as a “king of kings”, and there are within his domain numerous lesser kings who are permitted to remain autonomous after having submitted to the center. Its territorial domain and central political authority are loose and “pulsating nature”.

Mandala (literally “circle”) is Wolters’s concept of “circles of kings” constructed from both maritime and mainland Southeast Asia such as Srivijaya, Angkor, Ayutthya, and Majapahit in the 7th and 14th centuries (See Table 2). Each mandala system, says Acharya (2000: 21), is composed of concentric circles, usually three in number, describing centre-periphery relations. The capital and the region were together with the king’s direct control form the center. The center was surrounded by a circle of provinces ruled by princes or governors appointed by the king. They again surrounded by a third circle comprising tributary polities. Within a mandala, statehood was defined not by its “territorial scale” but by sets of “socially definable loyalties that could be mobilized for common purposes” (Wolters 1999: 25).

In addition, Acharya (2000: 21) refers to C.Reynolds’s (1966: 340) note on the close affinities between the Negara and the Mandala that both represented “indigenous, culturally-oriented” model of state, then expresses Wolters’s (1999: 25) idea of statehood within a mandala that was defined not by its “territorial scale”, but by sets of “socially definable loyalties that could be mobilized for common purposes”. In essence, adds Acharya, they conjure up the same image of states with limited hierarchical organization, weak internal political and administrative control and blurred and overlapping territorial domains. The key features of Tambiah’s (1985: 324) construction namely weak territoriality and loose central political authority of the Chakravartra, which is similar to that of the Mandala model of state are also identified by him.
<table>
<thead>
<tr>
<th>Empire</th>
<th>Period</th>
<th>Geographical Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funan</td>
<td>1-6th Century</td>
<td>Ancient Hindu state extending over the Mekong delta, the greater part of modern Cambodia, the lower Menam area and the coastal regions of the Malay peninsula.</td>
</tr>
<tr>
<td>Champa</td>
<td>2-17th Century</td>
<td>Ancient state in central and southern coastal region of Vietnam.</td>
</tr>
<tr>
<td>Srivijaya</td>
<td>7-13th Century</td>
<td>A powerful maritime empire with hegemony over Bangka, Sumatra and the Malay peninsula.</td>
</tr>
<tr>
<td>Angkor</td>
<td>9-15th Century</td>
<td>Ancient Cambodian empire which extended from the tip of the Indochinese peninsula northward to Yunnan and from Vietnam westward to the Bay of Bengal. The Angkor empire was one of the largest, most prosperous and most sophisticated kingdoms in the history of Southeast Asia.</td>
</tr>
<tr>
<td>Sukhothai</td>
<td>13-14th Century</td>
<td>Ancient Thai kingdom in north central Thailand. The Sukhothai kingdom was the first independent Thai state in Thailand’s central plain and its hegemony extended north to Laos, west to the Andaman Sea and South to the Malay peninsula.</td>
</tr>
<tr>
<td>Majapahit</td>
<td>13-16th Century</td>
<td>Major maritime empire covering Bali, Madura, Sumatra and the Malay peninsula, Borneo and the Lesser Sunda Islands, the Celebes and the Moluccas.</td>
</tr>
<tr>
<td>Ayutthya</td>
<td>14-18th Century</td>
<td>Powerful state in continental Southeast Asia. Its influence extended over most of modern Thailand, the Menam basin and a substantial part of the Malay peninsula.</td>
</tr>
</tbody>
</table>

Source: Amitav Acharya (2000), *The Quest for Identity. International Relations of Southeast Asia*, Singapore: Oxford UP. (The data was rearranged in accordance with the time order).
Common to the three constructs, concludes Acharya, is the idea of loosely organised and unclear defined territorial state in pre-colonial Southeast Asia. This is compatible with a “patchwork” model of inter-state system, which is implemented by Wolters (1999: 29) against the Realist’s “billiard ball” metaphor. The idea of a state-system according to the latter implies a certain degree of similarity among the major political units of a given period as well as a certain level of interaction among them based on mutually recognised patterns of statecraft. Meanwhile, its international system should compose of states of similar characteristics related to one another while maintaining their independent and distinctive existence on the basis of the twin attributes of sovereignty and territoriality, comparatively differentiated by Acharya (2000: 18, 21).

Consequently, he seems to try matching Negara, Mandala and Chakravartra with the idea of Kulke’s (1986) evolutionary model of state formation begun from the “local” to the “regional” and then finally to the “imperial”. In this regard, we can sketch the state and inter-state system in ancient Southeast Asia by implementing the concept of Mandala or region to all. The Negara or local is an initial stage of Mandala, and highest developed formation of Mandala is Chakravartra respectively.

Therefore, the ancient Southeast Asia according to the political scientists was the region without state and inter-state relations, but kingdom on one hand. One the other hand, it was according to anthropologists and historians the region that composed of various levels of states i.e. independent, semi-independent and quarter-independent. The inter-state relationship between them had also existed. The anthropologist and historian statehood in Southeast Asia in its early existence were not defined by territorial demarcation, then it is not satisfied with the concept of the territorial defined state required by regionalism.

However, the nature of Southeast Asia in its early day ended up with the arrival and occupation of the colonial outside powers as well as the artificial demarcation of territorial state that exists till today. As a result, the colonial powers played the key role in shaping the new nations that were to emerge in Southeast Asia (Osborne 1979; Sadesai 1981). The arrival and occupation of colonial power over the region ended the pre-colonial statehood of Southeast Asia. This had started with the

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ii Original terms of Kulke’s evolutionary step were “nuclear areas”, “early kingdom”, and “imperial kingdom”, which are adjusted by Acharya’s “local”, “region”, and “empire”.

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arrival at the region of Portugal in 1511, Dutch in 1596, Spain in 1521, English in 1824, French in 1859, American in 1898, and Japanese in 1941 (See Table 3). The change of regimes resulted together with geographic demarcation of the particular states in the region and its consequence has been evidenced with the modern states of Southeast Asia today (See Figure 1) (Tarling 1992; Funston 2001; Severino 2006).

Following the end of the Second World War, the colonial powers were also driven out of the region. The states in the region gradually regained their independence and could exercise the political power of their own states. The situation of international relations in the region after the Second World War and before the establishment of ASEAN could be divided into three phases (Osborne 1979; Sadesai 1987; Tarling 1992; Acharya 2000; Collins 2003).

First, in the first two decades after the Second World War (1945-1965) the region was shaped by nationalism, decolonization, great power intervention and failed attempts at regional cooperation. This resulted in the attainment of independence of

<table>
<thead>
<tr>
<th>State</th>
<th>Colonial arrival/occupation</th>
<th>Colonial power</th>
<th>Japanese occupation</th>
<th>Independence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>1906</td>
<td>English</td>
<td>1941-45</td>
<td>1984</td>
</tr>
<tr>
<td>Cambodia</td>
<td>1863</td>
<td>French</td>
<td>-</td>
<td>1953</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1596</td>
<td>Dutch</td>
<td>1942-45</td>
<td>1949</td>
</tr>
<tr>
<td>Laos</td>
<td>1893</td>
<td>French</td>
<td>1941-45</td>
<td>1953</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1874</td>
<td>English</td>
<td>-</td>
<td>1957</td>
</tr>
<tr>
<td>Myanmar</td>
<td>1824</td>
<td>English</td>
<td>1942-45</td>
<td>1948</td>
</tr>
<tr>
<td>Philippines</td>
<td>1521</td>
<td>Spain</td>
<td>1942-45</td>
<td>1946</td>
</tr>
<tr>
<td></td>
<td>1898</td>
<td>American</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>1824</td>
<td>English</td>
<td>1942-45</td>
<td>1963</td>
</tr>
<tr>
<td>Thailand</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1859</td>
<td>French</td>
<td>-</td>
<td>1945</td>
</tr>
</tbody>
</table>

states in the region namely Vietnam in 1945, Indonesia in 1949, the Philippines in 1946, Myanmar in 1948, Cambodia and Laos in 1953, Malaysia in 1957, Singapore in 1963, and Brunei in 1984 respectively (See Table 3).

Second, in the next two decades (1966-1986) the region was characterized by an initial dynamic regionalism, which paradoxically affected the unity and identity of the region. Firstly, it brought together the non-communist Southeast Asian states in order to frame a political and security formula to deal with the common external and internal challenges. Secondly, it ideologically polarized the region into two blocs: communism and non-communism. These evidenced with the attempts to establish regional groupings, the Association of Southeast Asia (ASA) and the idea of establishment of integration between Malaysia, the Philippines and Indonesia (MAPHILINDO) and the accomplishment of the formation of ASEAN.

Third, in the entire post-Second World War period, the region had been characterized with a schism between communist and non-communist blocs as well as between non-communist countries. This evidenced with the strong security links of Thailand and the Philippines with the United States (US); that of Malaysia and Singapore with Britain; and the strong advocate of non-alignment of Indonesia, which opposed any security role of outside power in the region.

This aftermath of the Second World War awarded the region with the Cold War that had made the countries busiest with the struggle for independence and survival of new independent states with the strong sense of nationalism. The situations during the Cold War arrayed against the survival of the countries of Southeast Asia in those uncertain and critical times. In addition, the fragmented economies of Southeast Asia carried the seeds of weakness in their incapacity for growth. As a result, the countries in the region had to depend on the advanced and industrial nations (Osborne 1979; Sardesai 1987; Tarling 1992; Funston 2001; ASEAN 2003).

These were the developments of the region, Southeast Asia in the past and present from its ancient and modern states where the establishment of ASEAN came to exist. Now, we are turning to the ideas that explained the possibilities of regionalism in general and that of ASEAN in particular.
1.1.3 Theoretical Approaches to Regionalism

However, in spite of a proliferation of research and interest in various forms of regionalism, therefore is surprisingly little theoretical debate in this burgeoning field. Most research in the field is carried out on the basis of single cases or with limited set of (comparative) cases. Often the purpose is descriptive or to provide historical and empirical rather than conceptual and theoretical insights. What is missing in the study of regionalism is an attempt to bring together a variety of theories of new regionalism. In essence, in spite of being one of the dominating trends and fields in current international or global studies, to date there is no comprehensive theory-book for new regionalism (Soderbaum 2003: 2-3).

Why and how did the countries in the particular region integrate with each other? To answer this question, theories that explain the possibilities of regionalism will be discussed. And, as having above mentioned by Soderbaum, the following was an attempt to bring together a variety of theories of new regionalism.

Accordingly, the theories of International Relations (IR) that explain possibilities in formation of regional groupings will be examined. The concerned IR theories are categorized into two levels major and middle. The former is like liberalism and realism, which is based on a set of key ideas about the nature and roles of individuals, conceptions of the state, sovereignty, and interactions among states and other actors as well as conceptions about the international system. The latter had developed from the major theories such as functionalism and hegemonic stability theory, which often links even more specifically to international organization (Hurrell 1995; Palmujoki 2001; Soderbaum 2003; Karns and Mingst 2005).

In this regard, the middle-level theories are in favor of conceptualization of and should be implemented to understand and explain regionalism. Meanwhile, Hurrell (1995) escaping from the liberal dominated theoretical shadow of the European Community, which developed between mid-1980s and 1992, presents three sets of theoretical framework relevant to contemporary regionalism. They are
i) systemic theories i.e. neorealism, structural interdependence and globalization;

ii) theories that focus on impact of regional interdependence i.e. neofunctionalism, neoliberal institutionalism, constructivism; and

iii) domestic level theories that highlight the importance of domestic factors i.e. regionalism and state coherence, regime type and democratization, and convergence theories.

Hurrell’s compilation of theories on regionalism was considered as the most comprehensive explanation of the possibilities of regional grouping, which embraced most scholarships being contributed later (Palmuoki 2001; Ikenberry and Mastanduno 2003; Soderbaum 2003; Vayrynen 2003; Karns and Mingst 2005).

Here, the discussion of theories on regionalism will follow up the historical evolution of its processes and characters. The following theories will be examined:

A) realism i.e. (i) neorealism or structural realism, (ii) strategic or rational choice theories, (iii) hegemonic stability theory;

B) Liberalism i.e. (iv) neoliberalism or neoliberal institutionalism, (v) functionalism and neofunctionalism, (vi) international regimes or regimes theory, (vii) collective or public goods theory; and

C) (viii) constructivism respectively.

We will briefly demonstrate the concepts of these theories and will bring out the most relevant theory or theories that clearly explain the nature and development of ASEAN.

1.1.3.1 Neo-realism or Structural Realism

For the neo-realists according to Hurrell (1995), the politics of regionalism and the emergence of regionalist alignments have much in common with the politics of alliance formation. They focus attention both on power-political pressures and on the dynamics of mercantilist economic competition. From this perspective the economic objectives of regional integration do not derive from the pursuit of welfare.
but from the close relationship that exists between economic wealth and political power and from states’ inevitable concern with relative gain and loses.

Regional cooperation is the last choice and would not last long depending on ad hoc economic and strategic structure. As Waltz (1979: 105) states that when faced with the possibility of cooperating for mutual gain, states that feel insecure must ask how the gain will be divided. They are compelled to ask not “will both of us gain?” but “who will gain more?” If an expected gain is to be divided in the ratio of two to one, one state may use its disproportionate gain to implement a policy intended to damage or destroy the other. Even the prospect of large absolute gains for both parties does not elicit their cooperation so long as each fears how the other will use its increasing capabilities. Therefore economic or strategic cooperation in a particular region can be established as a bargaining chip in response to ‘outside in’ structural pressure. Its life span depends on how long and how much interest it can provide (Palmujoki 2001; Karns and Mingst 2005).

1.1.3.2 Strategic or Rational Choice Theories

The strategic or rational choice theorist believed that the existence of international institutions is based on their role as the facilitator of cooperation between self-interested actors. The international institution will accordingly reduce uncertainty as well as will mainly stabilize an expectation of those actors (Keohane 1993). In this regard, markets were considered by these theorists as the most efficient mechanism in dealing with human behaviors. They also acknowledged that the imperfections of market and high transaction costs may arise. Then, organizations and institutions can be established and play key roles in order to cope with these difficulties (Karns and Mingst 2005).

States find it rational to take part in international arrangements, even though they would prefer the original, pre-cooperation status quo. States fear being left behind so that they want to join the bandwagon, even when it is not directly in their best interest. States come to believe that the status quo—not participating in such agreements—is not an option and they may be forced to conform to the rules of the game. Rational choice theorists are also interested in how states use international institutions to further their national goals and how they design institutions to reflect
those goals. Thus, they see institutional designs as rational, negotiated responses to the problems that international actors face (Gruber 2000; Koremenos et al. 2001; Karns and Mingst 2005)

Regionalism from this point of view is the rational and common choice of states to enter or construct regional organization in order to emphasize and maximize national interest by exercising bargaining power. Such organization benefits member states by reduction of transaction costs and provides opportunity in designing the rule of bargaining game. In turn, it leaves non-member states behind facing cost of non-cooperation.

1.1.3.3 Hegemonic Stability Theory

For hegemonic stability theories, an open world economy is created and maintained through the power and leadership of a dominant or hegemonic state that use its position in particular ways (Karns and Mingst 2005). The ways must be committed with liberal international economy. Because hegemonic state without a liberal commitment to the market economy is more likely to lead to imperial systems and the imposition of political and economic restrictions on lesser powers (Gilpin 1987).

There are at least, according to Hurrell (1995), four ways in which hegemony may act as a powerful stimulus to regionalism and to the creation of regionalist institutions.

First, regional grouping excluding hegemonic state is in order to improve the balance of power of member states vis a vis threatening behavior of dominant state. Second, regional grouping including hegemonic state is an attempt of grouped states to restrict the free exercise of hegemonic power. This may be called ‘regionalist entrapment’. Third, regional grouping including hegemonic state was seen by the weaker states as a mean in seeking for accommodation with hegemonic state in terms of strategic and economic advantages. In turn, the cooperation will benefit the grouped states. Fourth, regional grouping including hegemonic state is a mean of hegemonic state itself to pursue its interests particularly to generate international support and legitimacy for its policies.
Therefore, the hegemonic state may also be engaging with regionalism in behavior that serves to perpetuate its power and position, and may force the weaker states to join the grouping under its dominant roles, rules and purposes (Karns and Mingst 2005).

1.1.3.4 Neo-liberalism or Neo-liberal Institutionalism

Neo-liberal or neo-liberal institutionalists, like liberals, tend to be optimist and see cooperation as generally positive and emphasize the role of common values, norms and rules in international interaction (Karns and Mingst 2005; Palmujoki 2001). Neo-liberal institutionalists viewed state as a rational egoist and as the effective gatekeeper between the domestic and international cooperation (Hurrell 1995). For them, international institutions have been constituted because of two reasons.

First, states realize that they will have future interactions with the same actors again and again. Such continuous interaction motivates states to create international institution that seek to generate solutions to different kinds of collective problems (Hurrell 1995). In this regard, Robert Keohane (1993: 274) states that under conditions of interdependence, governments demand international institutions to enable them to achieve their interests through limited collective action.

Second, international institutions in turn provide benefits for states through the provision of information, the promotion of transparency and monitoring, the reduction of transaction costs, the development of convergent expectations, and facilitating the productive use-linkage strategies (Hurrell 1995). According to Karns and Mingst (2005), states benefits because institutions do things for members that cannot be accomplished unilaterally.

In addition, in comparison between neo-realist and neo-liberalist regional grouping, the former focuses on relative gains from cooperation, whilst the latter stresses that actors with common interests will work together to maximize their

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iii Because it takes states as central, this is often seen as a realist theory (e.g. by Hix, ‘Approaches to the Study of the EC’). Unlike realism, however, institutionalism accords a major role to institutions and accepts that sustained co-operation is possible. Quoted in Louise Fawcett and Andrew Hurrell (1997: 62), Regionalism in World Politics. Regional Organization and International Order, New York: Oxford UP.
absolute gains (Stein 1982). Thus, international institution, have important and interdependent effects on interstate interactions, both by providing information and by framing actions, but they do not necessarily affect states underlying motivations.

1.1.3.5 Functionalism or Neo-functionalism

Functionalist viewed regionalism as a functional response by states to the problems that derived from regional interdependence. It was seen as the most effective means of solving common problems. Regionalism has started from technical and non-controversial issues and has spilled over into the realm of high politics and redefinition of group identity around the regional unit (Hurrell 1995). According to functionalism, the task of policy makers is to encourage the states to peacefully work together. The like-minded states would spread the web of international activities and agencies in which and through which the interests and life of all states would be gradually integrated from one activity to others (Mitrany 1946).

Regional organization was then built up to cope with one common problem and spill over to other problems and areas of cooperation, which will deepen integration among member states. Therefore, ‘spillover’ is the key explanation of functionalist regionalism. According to Hurrell (1995), there were two sorts of spillover. First, functional spillover whereby cooperation in one area would broaden and deepen further areas; and second, political spillover whereby the existence of supranational institutions would set in motion a self-reinforcing process of institution building. The end-result would be a shift in loyalties from nationalism towards regionalism, a new center whose institutions possesses or demands jurisdiction over the pre-existing national states (Ernst 1958; Hurrell 1995). Accordingly, the functionalist and neo-functionalist approaches presume that cooperation across national borders particularly in the economic field spreads out to other sectors. This spillover effect leads finally to the formation of supranational institutions and to the diminishing role of the nation-state (Palmujoki 2001).

Karns and Mingst (2005) argue that functionalism is applicable at both regional and global levels; and later mention that the overwhelming number of international governmental organizations (IGOs) could be classified as functional. That is, they have specific mandates, link to economic issues, and limited
memberships, often related to geographic region. Notably, their statement could be deliberately illustrated by Thomas George's (1997) position. George states that functionalism is a global approach rather than a regional approach and neofunctionalism is derived from the functionalist doctrine and was applied in a regional context with some modifications. In this regard, the process and dynamics of cooperation under neo-functionalist approaches will work automatically to cope with the facing issues. As a result, political decisions are needed at any key point and these may or may not be taken (Karns and Mingst 2005). Therefore, functional spillover has to be in tandem with political spillover in order to reinforce each other.

1.1.3.6 Theory of International Regimes

International regime theory or regime theory emerged from international law. According to the most widely used definition, a regime includes sets of implicit or explicit principles, norms, rules, and decision-making processes around which actors' expectations converge in a given issue (Krasner 1982). This point of view of regime theory has been shaped not only by liberalism and especially neo-liberalism, but also by realism and neo-realism, and constructivist approaches (Karns and Mingst 2005).

For regime theorist, regional organizations are considered as a mechanism by which states interact with other participated actors at both governmental and non-governmental levels. It encompasses rules and procedures that have developed over time in order to deal with particular issues. The mechanism then does not mean just organizational structures but also included governance and order. It can be used by member states for further norms and rules creation, for rule enforcement and dispute settlement, for the provision of collective goods, and for supporting operational activities (Karns and Mingst 2005). This is in accordance with the view that regimes help states and other actors to cooperate with a view to reaping joint gains in the form of additional welfare or security (Hasenclever et al. 2003: 3).

1.1.3.7 Collective or Public Good Theory

Collective or public good theory seems to be suitable approach to explain the global-level organization such as Green Peace rather than regional level. Because 'collective' or 'public' good is considered as a 'common' condition to all living and
non-living being regardless individuals, nation and region. However, Mancur Olson (1968: 356) argues that the larger the group, the farther it will fall short of providing an optimal amount of collective goods. This implies the possibility of integration at regional level. The states in a particular region might cooperate to protect the common area to all of them or prevent any of them as well as the outsiders to exploit that area.

A good example of this theory can be drawn from Garrett Hardin's article "The Tragedy of the Commons" (1968). He illustrates that there was a common grazing area shared by a group of herders. The area was gradually deteriorated by a gradual increasing size of herds of each herder. The larger number of herders certainly brings more economic benefit to individuals. In turn, the larger number of herders, the worse deteriorated grazing area. Eventually, there was no more grazable area for any herd and results in a dramatic decreasing output for all herders. The group of those herders as a whole suffered by an extinction of their common good. In order to prevent these unsatisfactory effects, those herders had to set an agreement to sustain that common good.

Therefore, this theory can also be implemented to explain an integration at regional level. In this regards, regional organization acts as the provider and as the protector of collective goods for member states.

1.1.3.8 Constructivism

Constructivism is characterized by an emphasis on the importance of normative as well as material structure, on the role of identity in shaping political action, and on the mutual constitutive relationship between agents and structures (Reus-Smit 2001). Accordingly, Karns and Mingst (2005: 50) argue that the core of constructivist approaches is a concern with identity and interests. This is compatible with Hurrell's (1995: 64) position that constructivist theories focus on regional awareness and regional identity, on the shared sense of belonging to a particular regional community, and on what has been called 'cognitive regionalism'.

Significantly, according to constructivism, the world can be changed by changing ideas. Human ideas that include vision, knowledge, determination and interest play an important role as designer and constructor of the structure of social norm and identity and vice versa. Regional organization is from this point of view, a
societal crystallization to sustain the collective identity of particular region, which is via the realization of states and in return such organization will shape the states’ interests. This is because the identity is based on social norm and mutual interest or ideation and material well being. Therefore an establishment of any regional organization means an identification of ‘we-ness’ versus ‘other-ness’ or ‘outsider’ in order to construct and instruct member states (Hurrell 1995; Palmujoki 2001; Karns and Mingst 2005).

As mentioned at the beginning of this section, there is no single theory can be applied to explain the concept of regionalism. Notably, regionalism can be explained by the compound theories particularly at the present when the states are in the increasing interdependent world. ASEAN too is no exception to this interdependence and compounding of various theories.

1.1.4 Theorization of ASEAN

From theoretical perspectives, the development of ASEAN can be explained through a set of theories namely neo-realism; constructivism; neo-liberalism; and functionalism.

First, neo-realism can be applied to explain nature of ASEAN because the most important driving force that integrated the founding members to establish the Association is the survival of the member states. Accordingly, the state was considered as the key referent by all of them in dealing with the threats from communism. In other words, it was because the structure of the world system in that period offered the founding countries no choice, but to integrate in dealing with the bipolar world system in order to stand on their own feet (Hurrell 1995; Palmujoki 2001; Karns and Mingst 2005).

Second, ASEAN can also be explained through the viewpoint of constructivism because the Association has been socially developed through the norm and identity, which come to be recognized as the ASEAN Way. In context of Southeast Asian regional grouping, socialization, norms, and identity dominate its legalistic and bureaucratic practices (Hurrell 1995; Archarya 2000; Palmujoki 2001; Karns and Mingst 2005).
Third, neo-liberalism or neo-liberal institutionalism contributes in understanding the ASEAN’s nature because the Association has right from its inception confided in the peaceful co-existence with all the countries in the region as a whole, this resulted in its openness for non-member countries in the region to join the Association later (Hurrell 1995; Palmujoki 2001; Karns and Mingst 2005).

Fourth, functionalism and neo-functionalism help to clarify the ASEAN’s character because the Association seemed not to have any concrete plan and direction to attain the solid goal, instead the ad hoc situations have forced them to implement some instrument to cope with and directed to some direction one by one. Particularly, ASEAN undertook economies as a force in working together with each other as well as its neighboring countries, which went beyond the existing political contention (Hurrell 1995; Palmujoki 2001; Karns and Mingst 2005).

How do these four theories explain a regional association? This is significantly due to what we discussed earlier that there is no single theory to explain any regional grouping particularly in its post Cold War development as well as in the context of ASEAN’s so-called new regionalism.

These four theories have been developed through forty years (1967–2007) of the history of ASEAN, and these theories dominated ASEAN leaders’ mind in different periods in different contexts.

First, neo-realist or structural realist views dominated over the first ten years of the Association, which evidenced with the series of issuance of the three key agreements i.e. Zone of Peace, Freedom and Neutrality Declaration 1971 (ZOPFAN) (ASEAN 1971), Declaration of ASEAN Concord 1976 (ASEAN 1976a) and Treaty of Amity and Cooperation in Southeast Asia 1976 (TAC) (ASEAN 1976c). However, in the Southeast Asian regionalist discourse, this realist approaches had taken on a rather important role, since the development of supranational institutions remained slow (Palmujoki 2001).

Second, neo-liberalism or neo-liberal institutionalism also subordinately permeated in the above period with the hope of peaceful co-existence of the ten countries in the region as a whole, which they would cooperate through the Association. Neo-liberalism had its own dominated time after the First ASEAN Summit in 1976 onward (ASEAN 2003b). The ASEAN leaders expressed its
“readiness to develop fruitful relations and mutually beneficial cooperation with other countries of the region”. It was also evidenced with the Agreement on the Establishment of the ASEAN Secretariat in 1976 (ASEAN 1976b). This stance was intensified in the Second ASEAN Summit in 1977 (ASEAN 2003c) when it reiterated the external relation and cooperation of the Association with non-regional countries on both economic and political matters, and gradually attained its optimism in admission of all of six new members between 1984 and 1999 (ASEAN 2003m; Palmujoki 2001).

Third, the term “Functional Cooperation” appeared for the first time in a major ASEAN document during the Third ASEAN Summit in Manila in 1987 (ASEAN 1987). In the Manila Declaration, the ASEAN Leaders stressed that ASEAN Functional Cooperation “shall promote increased awareness of ASEAN, wider involvement and cooperation among the peoples of ASEAN and the development of its human resources” (ASEAN 2003a). This meant the functionalist and neo-functionalist views emerged and the attempts of the Association respectively succeeded in 1992 with the Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA) (ASEAN 1992), and then the ASEAN Vision 2020 in 1997 (ASEAN 1997), the Hanoi Plan of Action in 1998 (ASEAN 1998), and Declaration of ASEAN Concord II (ASEAN 2003o). This was the spillover of its functioning from politics and security to economies (Palmujoki 2001).

Lastly, constructivist views have always accompanied and underpinned these existing views. This is due to the previous mentioned theories had developed through the norms, the ASEAN Way. The reason why constructivism could not be claimed as only theory to explain the development of ASEAN because it has never stood without criticism, for obvious example is its admission of new member countries. These would be scrutinized in the next chapter (Acharya 2000).

From this point of view, we found difficult to explain the development of ASEAN by a single and particular theory, but the set of them, which resulted not from an adoption of all the theories and principles, but turn some significant aspects of each of these approaches. This is the real character of new regionalism, which also reflects that of ASEAN.
However, ASEAN in the context of new regionalism has two theories that provided the most relevant explanation of its development namely functionalism and constructivism (Acharya 2000; Palmujoki 2001; Collins 2003). Immediately after the end of the Cold War, ASEAN had moved from its strategic confidence from successful contribution in settling the Cambodian conflict to closer economic cooperation under the agreement of an ASEAN Free Trade Area (AFTA) in 1992 (ASEAN 1992). Together with this initiative of economic integration, also ASEAN had simultaneously moved to embrace all countries in the region into the Association. When ASEAN had faced the Asian Financial Crisis (AFC), the terrorist attack and mutual suspision, then it significantly took action in response to those developments in all three dimensions: security, economy and socio-culture. As a result, the Association endorsed to establish ASEAN Security Community (ASC), ASEAN Economic Community (AEC) and ASEAN Socio-cultural Community (ASCC). These three communities together composed the ASEAN Community (ASEAN 2004b).

Significantly, the ASC was seen as the functional response to the aftermath of terrorist attack and the global war against terrorism as well as the cross-border insurgencies in the region and the rising military power of China. The AEC was considered as the functional response to the Asian Financial Crisis and the ineffectiveness of the existing economic dynamism as well as the rising economic power of China. The ASCC was also envisaged as the functional response to establish socio-cultural harmony in the region that was affected by its own diversity of socio-cultural values (Hurrell 1995; Palmujoki 2001; Karns and Mingst 2005).

These developments of ASEAN after the Cold War, which is the main factor for the new wave of regionalism, have strongly proved the relevance of functionalist theories. Nonetheless, the ASEAN’s functionalist approaches have been undertaken in tandem with constructivist approaches because those functions have been proceeded through particular norms. These norms have been known as the ASEAN Way. The ASEAN Way has always played significant role in both success and failure of the Association (Hurrell 1995; Acharya 2000; Karns and Mingst 2005).

Therefore, ASEAN in an era of new regionalism can be explained by the convergence of two theoretical views of functionalism and constructivism.
Accordingly, this thesis will implement these theories to study and analyze the ASEAN’s strategic and economic response to the politics of new regionalism.

1.2 HISTORICAL PERSPECTIVE OF REGIONALISM

Regionalism is the second of three levels of international governmental and/or nongovernmental organizations namely global, regional and sub-regional or bilateral. The United Nations (UN) and the World Trade Organization (WTO) are the example for the first; the Association of Southeast Asian Nations (ASEAN) and the European Union for the second; and Mekong Group and Gulf Cooperative Council are examples of the last. The international organizations work as an instrument in forming stable habits of cooperation through regular meetings, information gathering and analysis, and dispute settlement as well as operational activities. In addition, the organizations differ from one another by membership; the amount of resources available; the scope of the subject and rules; and level and degree of bureaucratization (Karns and Mingst 2005).

1.2.1 Types of regionalism

At the regional level, organizations are formed for three main reasons namely security and political, economic integration and socio-cultural co-operation. And their characters may be classified in several ways based on the nature or scope of their functions or memberships. One useful and instructive method of classification has been developed by Miller (1970), who divides all regional organizations into three types: (i) co-operative or multipurpose (ii) alliance and (iii) functional. The first one is those whose broad aims and activities reach across the line that divide political and military matters from those generally classified as economic and social. Alliance type organizations are whose military and political orientation is intended to provide security against the external actors. Functional type organizations are those that promote particular economic social or political collaboration with little or no regard to security factors.

Moreover, regionalism according to Hurrell (1995) can be divided into five different categories namely regionalization; regional awareness and identity; regional
interstate co-operation; state-promoted regional integration; and regional cohesion. These types of regionalism have been individually discussed in greater details below:

First, regionalization refers to the growth of societal integration within a region and to the often-undirected processes of social and economic interaction. Regionalization is neither based on the conscious policy of states nor necessarily coincides with the borders of states. This is described as informal integration and referred to as ‘soft regionalism’.

Second, regional awareness and identity are the shared perception of belonging to a particular community that can rest on internal factors, often defined in terms of common culture, history, or religious traditions. It can also be defined against some external ‘other’, which may be understood primarily in terms of a security threat; or an external cultural challenge.

Third, regional interstate co-operation involves the negotiation and construction of interstate or intergovernmental agreements or regimes. Such cooperation can be formal or informal and high levels of institutionalization are no guarantee of either effectiveness or political importance. Clearly, those co-operative arrangements are very statist and designed to protect and enhance the role of the state and the power of the government.

Fourth, state-promoted regional integration involves specific policy decisions by governments designed to reduce or remove barriers for mutual benefit. Early stages of integration tend to concentrate on the elimination of trade barriers and the formation of a customs union in goods. As integration proceeds, the agenda expands to cover non-tariff barriers, the regulation of markets, and the development of common policies at both the micro- and macro-levels.

Fifth, regional cohesion refers to the possibility that, at some point, a combination of these first four processes might lead to the emergence of a cohesive and consolidated regional unit. This has the European Union (EU) as a clear ‘model’.

These types of regionalism from empirical perspectives can be broadly divided by its processes into two categories i.e. state led regionalism and non-state led regionalism, which may be called ‘above down’ and ‘below up’. As Griffith and O’Callaghan (2004) express, “Regionalism can develop ‘from below’ i.e. from the decisions by companies to invest and by people to move within a region or ‘from
above’ i.e. from political, state-based efforts to create cohesive regional units and common policies for them”.

From their characterization and categorization (Miller 1970; Hurrell 1995; Griffith and O’Callaghan 2004) as discussed, a regional grouping can be divided by its purposes and processes. By purposes, there are two kinds of regional grouping namely regional grouping with single purpose and multipurpose. By processes, a regional grouping can be divided also into two types namely regionalism and regionalization. Regionalism is the state-led regional grouping and regionalization is the non-state led grouping. However, these are interchangeable terms, which implicate their interdependent cooperation between the state and non-state actors on the regional integration.

Accordingly, ASEAN is identified with the multipurpose regionalism because ASEAN has the multiple purposes including political, strategic, economic and socio-cultural dimensions. In other words, ASEAN is the state-led regional grouping, and then it can be characterized with original meaning of regionalism.

1.2.2 Old Regionalism

These kinds of regionalism have been developed during two waves of regionalism over the last fifty years as illustrated in Table 4 (Karns and Mingst 2005: 151). These waves of regionalism can be called or divided into ‘old’ and ‘new’ categories according to their own characters (Hettne 2003). Notably, old regionalism was created in the bipolar world of the Cold War, whereas new regionalism originates in the much more pluralistic situation of the post-Cold War period and makes possible much more spontaneous development (Palmujoki 2001). (See Table 4) Interestingly, old regionalism is characterized by the tendency toward integration, federalism, and diminishing national sovereignty, whereas two other tendencies drive new regionalism i.e. nationalism and interdependence (Palmer 1991).

The old regionalism formally organized and had developed between the mid-1940s and the mid-1980s (Fawcett 1995; Kans and Mingst 2005). This wave of regionalism had started with the establishment of the international organizations such as League of Arab States in 1945, Rio Pact in 1947, Organization of American States (OAS), Council of Europe, and Council of Mutual Economic Assistance
(COMECON) in 1948 and North Atlantic Treaty Organization (NATO) in 1949. (See Table 4)

**Table 4 Two Waves of Regionalism (Selected Organizations)**

<table>
<thead>
<tr>
<th>First Wave: 1950s-1970s</th>
<th>Latin America</th>
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<tbody>
<tr>
<td><strong>Europe and Soviet Bloc</strong></td>
<td><strong>Latin America</strong></td>
</tr>
<tr>
<td>-NATO (1949-)</td>
<td>-OAS (1948-)</td>
</tr>
<tr>
<td>-WEU (1955-)</td>
<td>-RIO Pact (1947-)</td>
</tr>
<tr>
<td>-Council of Europe (1948-)</td>
<td>-Andean Community (1969-)</td>
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<tr>
<td>-ECSC (1952-)</td>
<td>-CARICOM (1973-)</td>
</tr>
<tr>
<td>-COMECON (1948-1991)</td>
<td><strong>Middle East</strong></td>
</tr>
<tr>
<td><strong>West and East Asia</strong></td>
<td>-League of Arab States (1945-)</td>
</tr>
<tr>
<td>-CENTO (1950s)</td>
<td><strong>Africa</strong></td>
</tr>
<tr>
<td>-ASEAN (1967-)</td>
<td><strong>Second Wave: 1980s-1990s</strong></td>
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<table>
<thead>
<tr>
<th>Europe</th>
<th>Latin America</th>
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<tr>
<td>-CSCE (1975-)</td>
<td>-Mercosur (1991-)</td>
</tr>
<tr>
<td>-EU (1992-)</td>
<td>-FTAA (1994-)</td>
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<tr>
<td>-CIS (1991-)</td>
<td>-NAFTA (1993-)</td>
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<table>
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<tr>
<th>Asia and Asia-Pacific</th>
<th>Africa</th>
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<tr>
<td>-APEC (1989-)</td>
<td>-ECOWAS (1975-)</td>
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<td>-ARF (1994-)</td>
<td>-SADC (1992-)</td>
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<tr>
<th>Middle East</th>
<th>Africa</th>
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<tbody>
<tr>
<td>-Gulf Cooperation Council (1981-)</td>
<td>-COMESA (1994-)</td>
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</tbody>
</table>

**Source:** Margaret P. Kans and Karen A. Mingst (2005: 152), *International Organizations. The Politics and Processes of Global Governance*. See the full name of organization in the list of abbreviation.
However, the scholars have drawn huge attention and even claimed the establishment of European Coal and Steel Community in 1951\textsuperscript{iv} as the starting decade of regionalism and as a model of regional grouping in other regions (Hurrell 1995; Karns and Mingst 2005).

The characters of regionalism during this period were shaped by the competition for influence between the two superpowers, the United States of America (USA) and Union of Soviet Socialist Republics (USSR). This was the legacy of the Second World War. The war and its consequences demolished the old European order and crudely divided the world into two competing spheres where the new superpowers vied for influence. Region as a unit of analysis became important not only in the Cold War context, but increasingly as a result of the growing assertiveness and self-consciousness within particular regions. Consequently, the developments of old regionalism in this period could be divided into five phases (Fawcett 1995).

In the first phase— the early Cold War era, realism was a dominant approach, which many states chose to follow. The selective security pacts that mushroomed like North Atlantic Treaty Organization (NATO), the Warsaw Pact, the Rio Pact, Southeast Asian Treaty Organization (SEATO), Central Treaty Organization (CENTO), and Australia-New Zealand-USA Pact (ANZUS) were specifically designed to serve the interests of one of the two superpowers. The Organization of American States (OAS) became a vehicle for the promotion of the US interests in the Cold War as well as the early European institutions too were part of a policy of securing Western Europe in an anti-Soviet alliance (Rajaram 2007).

In the second phase, realism had failed to explain other important factors at work in the international system. Particularly, the success of the early attempts for an economic integration in Western Europe posed the new challenge of regionalism and spawned a new school of functionalist view. Its concept of 'political' as well as functional ‘spillover’ was increasingly attractive. It provided a strong predictive element to exactly explain what was happening in Western Europe (George 1991). On the heels of the European experience, there were attempts to create common markets and free-trade associations in the Middle East, Africa, the Pacific, and the Americas. The economic integration like North American Free Trade Agreement (NAFTA) and

\textsuperscript{iv} It was established by the signing of the Treaty of Paris in 1951 by Belgium, France Germany, Italy, Luxembourg and the Netherlands and was to be effective from July 1952 (Rajaram \textit{at al.} 2007).
Latin American Free Trade Association (LAFTA) were some examples of those attempts (Bhagwati 1991).

In the third phrase, the 1960s and 1970s were marked by another regionalist challenge, this time from the Third World, and manifest in groupings such as the Non-Aligned Movement (NAM) or the Group of 77\(^v\) (G-77). This broad South-South cooperation in the world politics generated a school of writers advocating major structural reforms in the international system (Willits 1978). These Third World structuralists encouraged the leaders of developing countries to work closer together at global and regional level. This would confer the group a bargaining power to deal with any outsider grouping or individual superpower. At regional level, regionalism had been seen as a tool in the struggle to end the exploitative and dependent relationship between the developing countries (the South) and the industrialized countries (the North).

In the fourth phase, the disappointing legacy of regionalist efforts and the return to the Cold War by the end of the 1970s seemed to reaffirm the conflictual nature of international affairs, which was now refined by neo-realist theories. European and Third World regionalism had run off course, and the UN had entered a period of acute crisis (Bertrand 1993). Older regional organizations like the Organization of American States (OAS), the Organization of African Unity (OAU), and the Arab League had all experienced serious difficulties in achieving a consensus among their member states across a wide range of issues.

In the fifth phase, a newer set of regional arrangements was emerging as an attempt to overcome the problems associated with the earlier indigenous bodies or the great-power-sponsored regional alliances. As such they were not inconsistent with neo-realist thinking. For an early example, the Association of Southeast Asian Nations (ASEAN) in 1967, the Caribbean Community (CARICOM), and the United Nations Economic and Social Council (ECOSOC) were formed in 1973 and 1975 respectively. There were also many initiatives for regional grouping emerged in 1980s: the South African Development Co-ordination Conference (SADCC, 1980), the Gulf Co-operation Council (GCC, 1981) and the South Asian Association for

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\(^v\) The Group was established on 15 June 1964 by seventy-seven developing countries. Although the members of the G-77 have increased to 130 countries, the original name was retained because of its historic significance (The Group of 77 2008).
Regional Co-operation (SAARC, 1985). In the insecure environment of the Second Cold War, such organizations did represent a serious attempt to create a security consensus in a given area without the direct backing of a major external power (Fawcett 1995; Kans and Mingst 2005).

Fawcett (1995) ended his discovery of regionalism throughout the Cold War period with the concise and precise findings that regionalism had remained on the international agenda with the limitation of its scope, partly as a consequence of the continuing bipolar nature of the international system to which all regional arrangements were subordinate. Partly, the extreme tenacity of sovereignty that was clung by states not dominated only in matters of high politics but in many matters of low politics as well.

Throughout the Cold War period political impediment had played a crucial role in shaping the arrangements for regional grouping. With an exception of Western Europe, all the attempts during the 1950s and 1960s proved fruitless. Against this backdrop, a dramatic resurgence of new initiatives has begun since the mid-1980s. These attempts have economic interests and the relaxation of bipolar world as a key driving force (Ethier 2001). Accordingly, the economic imperative along with the change of the world political structure had marked the end of the old wave of regionalism and the starting point of the new.

1.2.3 New Regionalism

It was the developments in the European Community in the mid-1980s, set against a broader pattern of global economic change, and followed by the radical transformation of Eastern Europe and the USSR at the end of 1990s. This led to revived interest in new and more ambitious forms of regionalism (Fawcett 1997; Ethier 2001). Following the end of the Cold War, a wave of new regionalism, which had already taken root before the end of the Cold War in the mid-1980s, has strengthened by the change of global economic pattern. In this period the process and character of regionalism were shaped by five factors, which differentiate it from the old one (Hettne 2003) (See Table 5).

Hwee (2005) accentuated the outward-looking nature of new regionalism and its transit role between globalism and nationalism. Its outward-looking nature focused
on external links with other regions. New regionalism played a role of middleman between resurgent nationalism and growing internationalism and interdependence. In addition, Vayrynen (2003) urged to redefine the old conceptions of regionalism by pointing out the evolving nature of regionalism that traditional views concerning the state-centric regional system have been challenged by the concentration of political and military power at the top as well as by transnational networks built around economic ties and cultures. He further discussed the transformation between old and new nature of regionalism that during the Cold War period, most regions were either political or mercantile clusters of neighboring countries that had a place in the larger international system. But, since the late-1980s, subregional organizations have become more common, partly in a response to the fragmentation of great power blocs, and it also reflects the need to react to the pressures created by economic globalization through local means.

<table>
<thead>
<tr>
<th>Table 5 Differentiation between Old and New Regionalism</th>
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<tbody>
<tr>
<td><strong>Old regionalism</strong></td>
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<tr>
<td>was formed in a bipolar Cold War world.</td>
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<tr>
<td>was created from above and often through superpower intervention.</td>
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<tr>
<td>was inward oriented and protectionist in economic terms.</td>
</tr>
<tr>
<td>was proceeded with regard to its single objective either security or economy.</td>
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<tr>
<td>was concerned only with relations between nation states.</td>
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Moreover, Soderbaum (2003) after simplifying the bipolar world in the 1990s, puts the distinguishing character of new regionalism as a range of formal/informal mid-level 'triangular' relations among not only states but also non-state actors. He
further notes that civil societies and private companies are central aspect of the new inter- or transnational relations, and stresses on the different character of new regionalism that it is not confined simply to formal inter-state regional organizations and institutions. On the contrary he says, its multidimensionality, complexity, fluidity and non-conformity characterize the new regionalism, and by the fact that it involves a variety of state and non-state actors, who often came together in rather informal multi-actor coalitions. He then, concludes that it is therefore now appropriate to speak of regionalisms in the plural rather than the singular. This plurality is true in terms of both the variety of regionalization processes and the new theoretical approaches.

1.2.4 The Driving Forces of New Regionalism

Fawcett (1995:17-30) investigated and identified four common factors behind the new regionalist wave: the end of the Cold War; change of economic patterns; the end of Third Worldism; and democratization. These factors have been individually discussed in greater details below:

First was the end of the Cold War. This seems to be a definitive turning point of regionalism because of its two prominent impacts.

1) New attitudes towards international co-operation. Significantly, the transformation in the USSR attitudes towards international co-operation, which led to (i) the extinction of bipolar system; (ii) easing the antagonism between the US versus the USSR; and (iii) a relaxation of East-West tensions. In other words, UN since the end of the Cold War, makes good sense to advocate a greater role for regional bodies particularly in a new global-regional partnership in peacemaking as an indispensable element in its successful growth and functioning (Wilcox 1965).

2) Decentralization of the international system. The US President Clinton’s commitment to what he called ‘open regionalism’ in the Americas and the Asia Pacific and Gorbachev repeatedly expressed his desire to end Russia’s isolation from Europe through his vision of a ‘common European home’ (Gorbachev 1987: 194-195) are indicative of a new interest in regionalism for the superpowers. For the developing states, decentralization has meant adjustment to the idea that regional affairs will no longer be conditioned by the exigencies of superpower politics.
Second was an economic change. The end of the Cold War and its consequences has contributed to a raised level of regional awareness, which has been accentuated by a process of global economic change. Thinking regionally at the economic level is thus no less important than thinking regionally at the strategic level. Indeed the two processes often complement and reinforce each other.

Third was the end of Third Worldism. The decline of the myth of collective solidarity in the Third World was like the demise of collective solidarity in the Second World has opened greater space for the promotion of new co-operative ventures at the regional or sub-regional level. The show of strength by the developing countries as manifested in forums such as the G-77, the NAM, or the OPEC proved to be short-lived (Fawcett and Hurrell 1995; Karns and Mingst 2005).

Fourth was democratization. The political liberalization or democratization that swept through many countries has also helped to produce an environment, which was more hospitable to interdependence at the regional and global level. Though, democracy is not a necessary condition for regionalism. Yet, it remains difficult to refute the argument that regionalism has so far enjoyed the greatest success among liberal, like-minded states. This suggests that the lack of political stability and/or representative institutions does not provide the foundations on which regionalism can thrive (Fawcett and Hurrell 1995; Karns and Mingst 2005).

Fawcett (1995) indicated that the driving forces of new regionalism namely the alleged decline of the US material hegemony, the end of the cold war, the rise of the Asia-Pacific region, and the export-led reorientation of development strategies in the Third World have all fostered a more decentralized international system. The end of the Cold War, which meant the end of bipolar system of the world was prioritized as the core driving force of global to regional scenario. The reasoning behind this phenomenon is precisely addressed by Buzan et al. (1998):

The collapse of bipolarity has removed the principal organizing force at the global level. The remaining great powers are no longer motivated by ideological rivalries, and they all show conspicuous signs of wanting to avoid wider political engagements unless their own interests are immediately and strongly affected. This situation creates weak

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vi Fawcett's question mark implicate his uncertainty whether the Third Worldism is extinct or still exists.
leadership at the global level and, consequently, leads to the assumption that more than before, regions will be left to sort out their own affairs. Reinforcing this tendency is the fact that the weakening of the commitment to global engagement among the great powers is matched by ever-rising power capabilities in most parts of the world (Buzan et al. 1998: 9).

In addition, Karns and Mingst (2005) demonstrated the roots and dynamics of regionalism in general that there are two kinds of driving forces of regionalism i.e. political and economic. In terms of political-led regionalism, they mentioned among many, four factors.

First is identity or shared perceptions of being part of a definable region. This will link together like-minded states and escalate the sense of commonality and the organization’s effectiveness.

Second are international and external threats. The shared sense of external or internal threat will stimulate states in particular regions to strengthen the collective action in balancing the threatening powers.

Third is domestic politics. The types of regimes similar or different, and the stability or instability of such regimes will affect the regional integration and vice versa. Domestic politics and regional arrangement play the role of either opponent or proponent agents of each other.

Fourth is leadership. Regionalism requires leadership from key individuals, one or more states, or an energetic secretariat to give it direction and impetus.

In terms of economic-led regionalism, Karns and Mingst (2005) argued that economic factors stand as complementary mechanism of political regionalism and become one of the indicators of successful regional cooperation. The member states of any regional grouping would benefit from their larger market. In turn, the larger market would attract the inflow of foreign investment to the region. Moreover, such grouping would strengthen bargaining power of member states as a whole in negotiation with non-member states or other groupings. Therefore, economic and strategic advantages have been the key driving forces in formation of a regional grouping.
Broadly speaking, there are two kinds of driving forces of new regionalism namely external and internal factors. Fawcett’s four factors considered as external favorable environment were together with two Karns and Mingst’s roots of regionalism, which considered as internal motives within particular region.

ASEAN was established in 1967--amidst the old wave of regionalism and has been shaped by both external and internal driving forces that influenced throughout forty years of its existence. The challenges from economic, strategic, political dimensions and so on have threatened ASEAN survival. In order to cope with those challenges, ASEAN has adopted and implemented as many mechanisms and approaches as its norms allowed. As a result, functionalism and constructivism among other approaches assume the dominant role in explaining the nature of ASEAN.

1.3 STRUCTURE OF RESEARCH

Conclusively speaking, regionalism is a second major phenomenon after capitalism that receives the triumph and successful spread across the world particularly in the post-Cold War period. The European Union (EU) is clearly an example of successful international political regionalism among the European countries. But Europe is not the only region that has experienced international regionalism (Parlback 2004). This is compatible with what Soderbaum (2003: 1) opines. After pointing out the widening and deepening of the EU as the most debated example of new regionalism, Soderbaum states that other regionalization processes can be observed in other parts of the world as well. This trend made visible through the (re)emergence, revitalization or expansion of regional projects and organizations. In other parts of the world regionalism has also taken place in the varieties of forms and purposes. For examples, South Asian Association for Regional Cooperation (SAARC) was established in South Asia; North American Free Trade Agreement (NAFTA) in North America; Organization of African Unity (OAU) in Africa; Central American Common Market or Andean Pact (CACM) in Central America; North Atlantic Treaty Organization (NATO) in North Atlantic region, Gulf Co-operation Council (GCC), and Arab Co-operation Council (ACC) in Middle East; and in Southeast Asia, the Association of Southeast Asian Nations (ASEAN) was formed (Kans and Mingst 2005; Rajaram et al. 2007).
ASEAN was established in August 1967 by five founder countries and by 1999 attained its ambition of ASEAN Ten to include all ten countries in the region. What were the stimuli and influences that propelled the ASEAN leaders to implement this kind of regionalism? What are the ASEAN’s purposes and can it reach those goals through its own way? What are the processes and characters of its transition and transformation in terms of security and economy to exploit the advantages and cope with the challenges from new wave of regionalism? This thesis is an attempt to answer these questions.

1.3.1 Scope of Study

Scholars have attempted to trace regionalism back to the early Greek period and many incidents that occurred within Europe till the end of the Second World War. These attempts were inspired by the realist and idealist thoughts respectively on the one hand. And on the other, there was almost nothing relevant to regionalism in Southeast Asia because the idea of Europe as a region within a broader global system would have seemed an anathema, and what in fact existed was a Europe-centred world order (Wallace 1995).

Therefore the period of study of the evolution of regionalism and ASEAN is between the end of the Second World War and 2005 that was already demonstrated in the previous sections. The characters of regional organizations during this period are categorized into ‘old’ and ‘new’ regionalism. In other words, the period of the ASEAN’s strategic and economic responses to new regionalism is from the end of the Cold War, 1991-2005 that will be discussed in this thesis in chapters III and IV respectively (Vayrynen 2003).

Broadly speaking, the wave of old regionalism lasted between the end of the Second World War and the collapse of the Cold War. Regional organizations mushroomed in this period were characterized by the realists’ influences. The Second World War and its consequences demolished the old European order and crudely divided the world into two competing spheres where the new superpowers vied for influence (Palmujoki 2001).

For the realists, then, whether international relations were global or regional was about the struggle for power in the world. Realist’s position was strengthened by
and experienced with the paralysis of the idealist United Nations (UN) and also with
the rapid emergence of the selective security pacts such as North Atlantic Treaty
Organization (NATO), the Warsaw Pact, the Rio Pact, Southeast Asian Treaty
Organization (SEATO), Central Treaty Organization (CENTO), and Australia-New
Zealand –USA Pact (ANZUS) (Fawcett and Hurrell 1995; Karns and Mingst 2005).

However, in 1960s a new school of functionalism posed the robust challenges
to realist international relations. In particular the success of the early attempts at
integration in Western Europe that encouraged the creating of common markets and
free-trade associations in the Middle East, Africa, the Pacific, and the Americas on the
one hand. On the other hand the challenge from the Third World that advocated major
structural reforms in the international system, conceptualized regionalism as a tool in
the struggle to end the exploitative and dependent relationship between the
developing countries and the industrialized countries. These structuralist’s attempts
were made through groupings like the Non-Aligned Movement (NAM), the
Organization of African Unity (OAU), or the Organization of Petroleum Exporting
Countries (OPEC) and even the United Nations Conference on Trade and
Development (UNCTAD) (Fawcett and Hurrell 1995; Karns and Mingst 2005).

ASEAN was established amidst the turmoil of the Cold War period and has
been developed throughout the old and new waves of regionalism. Its nature was thus
resulted from many driving causes and its purposes were also multiple. In this regard,
a single theory would not be sufficient to conceptualize ASEAN. In fact, this is the
common nature of new regionalism, which can not be explained by a single theory as
Soderbaum (2003: 2-3) assures us. He states that since one single theory can not give
sufficient picture of the multiplicity of new regionalism, we necessarily have to
recognize and embrace a variety of theories.

Accordingly, the first section of this chapter was an attempt to examine
theories that explain the possibilities for regional integration. The set of theories that
explain the nature of ASEAN had also been summarized.

1.3.2 Research Questions

According to the early mentioned details, this work has compiled three sets of
questions to be investigated and analyzed.
First, what are the process and character of regionalism? From its historical background, regionalism has been divided into two waves of emergence and existence. First wave was realized after the end of the Second World War and ended up with the collapse of the Cold War. Its life span took about five decades. The regionalism of this wave in comparison with the emerging regionalism in post-Cold War era might be named 'old'. Accordingly, 'new' regionalism, which is the feature of present regionalization spreading across the world, has emerged since the mid-1980s and has been significantly developed after the end of the Cold War. Therefore, the first question was what were the natures of old and new regionalism as well as what were the theories that explain their nature and redefinition.

Second, what is the character of regionalism in Southeast Asia? Does it share the same definition of regionalism with other regions of the world? This set of questions is to spell out similarities and differences between rationalization in Southeast Asia and that of other regions. One has to keep in mind that there is no theory of International Relations set up by the people of Southeast Asia. IR theories have been always developed in the West and deployed across the world including Southeast Asia. Therefore, those theories may or may not suit to the form of regionalism in Southeast Asia. The leaders of ASEAN might realize this fact so that they have tried to propose the world to recognize its uniqueness and accept the distinct process and character of regionalism of ASEAN. The so-called ASEAN Way has been considered as its unique norms to cooperate with each other. How does it work? Has it achieved any successes or is it merely preceded with little outcome? These questions will be the main aspect of this work.

Third, how has ASEAN responded to new regionalism? The third set of questions, in comparison with the first two that discuss the causes and characters of ASEAN in general, it particularly deal with specific issues of strategic and economic structural transition and transformation. This will do further inquiries on consequence of the implementations of those kinds of economic and strategic regionalism. Do these movements hinder or escalate the region to obtain its ambition of ASEAN Vision 2020?

The previous discussion in this chapter was an attempt to address the first set of questions. It helped to pave the way for further discussion in the following chapters, which will concentrate on ASEAN responses to new regionalism as
1.3.3 Hypothesis

1. ASEAN’s historical evolution and achievements are in tune with major aspects of new regionalism.

2. New regionalism would lead to much wider and deeper integration process in ASEAN.

3. New regionalism will introduce more competitive integration with East Asian community.

1.3.4 Objectives

1. To investigate the characterization of regionalism old and new as well as to demonstrate its historical background.

2. To examine the process and character of regionalism in Southeast Asia old and new as well as historical and theoretical perspectives.

3. To display ASEAN strategic and economic responses to new regionalism.

4. To predict the feasibility of ASEAN Vision 2020 through its performance on responses to new regionalism.

1.3.5 Research Methodology

This thesis is based on the qualitative research methodology. In order to achieve the objectives of study, both primary and secondary data would be collected. Primary data would be collected from reports, speeches, statements, press releases, agreements, and declarations that have been produced by ASEAN. The ASEAN
Secretariat Website is the key source for the primary data collection that contains all of its official documents. Secondary data would be collected from relevant books, magazines, journals, newspaper clippings, and electronic websites.

According to the qualitative research methodology, the data collection would be conducted to strengthen the hypotheses of the thesis and to prove their validity. In this regard, the data would be collected in order to strengthen the hypotheses and also analyzed in order to prove the invalidity of the hypotheses, where applicable. By doing this, the research and data bias would be overcome, and the finding of the study would be useful for the academic contribution in understanding ASEAN.

In order to effectively proceed with the research, this thesis will set up the framework of research methodology comprising of general concept of the topic concerned and the approaches derived from functionalism and constructivism. As earlier mentioned, ASEAN in context of new regionalism can be explained by the combination of these two theories. According to functionalism, we will point out what are the issues concerned, which ASEAN wants to cope with. Meanwhile, constructivism will propel us to examine the ASEAN Way in its functional responses to those challenges.

As the implication of the title of thesis “ASEAN Response to the Politics of New Regionalism: The Study of Strategic and Economic Dimensions, 1991-2005”, the second chapter will focus on the nature of ASEAN. Meanwhile, the third and the fourth chapters will focus on its strategic and economic dimensions between 1991 and 2005. Accordingly, in the third chapter, we will demonstrate the general concept of a security community, which is the goal of ASEAN, and then discuss the strategic concerns that encourage ASEAN to functionally respond through the ASEAN Way. In the fourth chapter, the discussion will share the same pattern as that of the third chapter. In the chapter, we will start from the general concept of economic community, which ASEAN wants to achieve. The challenges and the apparatus through the ASEAN Way will be respectively examined.

In order to clearly refer to the ASEAN Way in those chapters, the second chapter will provide us the precise and concise nature of the ASEAN Way. These all are the method to deal with this research work.
1.3.6 Chapterization

Chapter I Introduction. Regionalism: Theory and Practice

This chapter would broadly investigate theoretical and historical background of regionalism in order to characterize its natures both old and new. To escape from Eurocentric regionalism and the limitation of single theory, a set of theories would be examined to explain the complex nature of regionalism. This chapter would also examine the region and regionalism of Southeast Asia prior to the establishment of ASEAN as well as ASEAN through theoretical and historical approaches.

Chapter II Evolution of ASEAN

This chapter is to examine the process and character of regionalism in Southeast Asia i.e. ASA, MAPHILINDO and ASEAN. It will especially focus on causes and stimuli that encouraged and forced the leaders of the region to profess the approaches of regionalism. Particularly, the political, strategic and economic situations both external and internal that surrounded the region in that time will be spelled out. The institutional mechanism and the expansion of ASEAN as well as the ASEAN Way will be also the focal point of discussion.

Chapter III New Regionalism and ASEAN Strategic Response

This chapter will exhibit the structure of strategic cooperation of ASEAN in response to new regionalism. The intrastate and international forces will be examined in order to underline security of political regime and sovereignty as the main objective of the regional integration in the region. This chapter would also discuss ASEAN’s role in settlement of inter- and intra-regional disputes, and its success and failure in dealing with those challenges. The key strategic issues at intraregional, interregional and international levels as well the key outsider actors in strategic concerns in the region will be examined.
Chapter IV New regionalism and ASEAN Economic Response

This chapter is to examine ASEAN response to new regionalism in terms of economic structural transition and transformation. It will display how important economic movements force leaders of the region to implement interstate and international integration. The Asian Financial Crisis and the response to cope with its consequences will be an important point of discussion. Moreover, the economic initiatives that produced the new formula of ASEAN Plus X will be examined.

Chapter V Conclusion

This chapter will draw the mentioned contents in the previous chapters to a conclusion. It will prove the validity of the hypotheses of the thesis.