



An Enhanced Regional Architecture for East Asia: Managing Globalization, Power Transition, and Domestic Fragility

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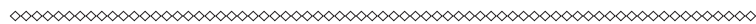
An Enhanced Regional Architecture for East Asia: Managing Globalization, Power Transition, and Domestic Fragility

Satoru Mori

EAST ASIA FACES THREE CHALLENGES, all of which will have a profound impact on the future of the international order. They are, namely, (1) the various risks that arise from globalization, (2) the uncertainty associated with the changing power configuration in the region, and (3) the relatively fragile domestic political legitimacy in certain states. The best way for East Asian states to respond would be to forge a regional architecture that enables them to effectively cope with these challenges. Japan and the United States have a special role to play in the establishment of this new regional architecture. The purpose of this paper is to define the rationale, identify guiding principles, and devise an institutional design for such an enhanced regional architecture in East Asia. It will then lay out a possible road map for its realization.

Three Challenges for East Asia

First of all, it is now quite obvious that East Asia is deeply affected by globalization. Globalization recognizes neither regional nor national boundaries. Economic, financial, and cultural influences have already penetrated the boundaries of individual East Asian states just like any other states in the world. It goes without saying that interdependence among East Asian states has dramatically deepened in the past several decades, and thus there is a strong reason for neighbors to be concerned with one another's national wellbeing. Increased intra-regional movements of money, goods, and people create benefits, but they also make East Asia vulnerable to



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problems like financial crises, food safety issues, and infectious diseases, just to name a few.¹ Nevertheless, East Asia does not possess the tight, cohesive regional arrangements that exist in North America and Europe and that can manage and respond to various risks that arise from globalization. East Asian states need to think hard about how to effectively hedge and prepare for risks that could materialize one day and bring about disastrous consequences. Global or systemic risks can be neither eliminated nor controlled completely; regional efforts must be launched to prepare *ex ante* safeguard mechanisms and *ex post* coordinated responses.

Second, East Asia is experiencing a power transition. Uncertainty associated with the shifting power configuration in East Asia has been debated for some time. There are those who anticipate strategic competition or even confrontation among great powers such as the United States, China, and Japan. Even Russia and India might be added to this picture. Others argue that another cold war is unlikely because even the great powers are too deeply embedded in the global economy to risk that sort of escalation. The fact is that no one knows whether or not the so-called security dilemma—the realist theory that dramatic shifts in relative power accompanied by uncertainty over the intentions of states will drive them into strategic competition—will ever come into play in East Asia.² Nevertheless, one thing seems to be certain at least in the short to medium term: no state in East Asia desires a new cold war. A new cold war would force them to allocate significant portions of their wealth to defense and deprive them of resources that could otherwise be directed toward improving national welfare. Competition might ensue in the future among the great powers, but it does not necessitate a new cold war. Instead, it is in the interests of states in East Asia to contrive conditions that make fair

competition more likely and strategic confrontation more unlikely.

Third, many East Asian states strongly adhere to the concept of sovereignty because fair and liberal political contest is still a goal and not a reality in those countries. East Asia is a diverse region, although the same can be said more or less of other regions as well. Certain states are home to different ethnic groups that possess unique cultural, religious, and linguistic heritages. Some portray this aspect of East Asia as a potential source of instability, but this diversity could also be considered evidence of a cultural richness that could help maintain vigor in the region if managed properly. Nevertheless, it is a fact of life that when it comes to the problem of domestic political legitimacy, diversity does not always promote stability and regional integration.³ Political competition among various social groups over the problem of reallocation of national resources intensifies under austere economic conditions, which could be further aggravated by shockwaves of financial crises. If left unresolved, dissatisfaction could lead to civil unrest and even secessionism in extreme cases. Liberal democratic political processes could facilitate the resolution of this kind of problem, but the most difficult thing is that the transition to liberal democracy itself becomes a challenge to the domestic legitimacy of incumbent political leadership in democratic states that are not yet fully liberal.

In sum, domestic politics is volatile in states with problems of this kind and fragile enough to make any overt external pressure for liberal democratization inherently destabilizing. External pressure would also likely create cleavages among states within the region. It is without doubt that the spread of liberal democracy in East Asia is desirable and necessary, and it should be considered a goal. However, international efforts to promote this kind of democratization

should be carefully crafted and paced to minimize the risks of domestic destabilization in certain states, which could also have deleterious consequences for the entire region.

Given these challenges, state leaders in countries that have a large stake in the prosperity of East Asia, including of course Japan and the United States, need to address the following question: What kind of a regional architecture does East Asia need in order to effectively manage risks related to the consequences of globalization and simultaneously avoid a severe strategic confrontation comparable to the Cold War and an excessively interventionist approach to the promotion of liberal democracy? A possible response could be that we need an enhanced regional architecture for East Asia based on two key principles: activity-based functional cooperation and rules-based fair competition.⁴

The Guiding Principles: Activity-Based Functional Cooperation and Rules-Based Fair Competition

First of all, an enhanced regional architecture in East Asia should focus on collaborative activities in various functional areas. International cooperation could take many forms. At one end of the spectrum is the establishment of a supranational authority sustained by a constitutional commitment to political integration; at the other end would be cooperation in specific functional fields characterized by continuous exchange of information and coordination of policy implementation. The latter form does not touch upon the issue of sovereignty and thereby seems fit for the purpose of promoting cooperation among East Asian states today without disturbing those that face the problem of domestic political legitimacy. Also, specific functional cooperation is necessary in order to manage actual consequences and risks of globalization. In order to deal with specific problems,

governmental actions need to be fine-tuned to meet those challenges. An enhanced regional architecture should serve as a forum for drafting common action programs that would be jointly implemented and periodically reviewed by East Asian states, and also as a forum for exchanging information.

Second, competition based on liberal negotiated rules, not naked power, is the key to bringing about a sense of fairness and legitimacy among East Asian states and also to avoiding strategic confrontation among great powers in the region. If the region continues to lack common rules, the potential for forceful action will increase. Smaller states would be directly exposed to coercive measures taken by the more powerful ones; major powers would be likely to vie for dominance in the region, which could result in the formation of spheres of influence—something that East Asia experienced in previous centuries. Although this is an extreme case, any movement in this general direction will reduce the sense of fairness and legitimacy needed to undergird a stable regional order, leading some states to withdraw from regional cooperation or to challenge the existing order. The very process of devising rules would undeniably involve the exercise of power, but the important point to be noted here is that East Asian states have reference points for new regional rules for certain areas—rules that are enshrined in the so-called global governance institutions. Any rules that would be negotiated in the new regional architecture should remain compatible with global standards because this very compatibility reinforces the legitimacy of the regional order and reproduces a sense of fairness on a continuous basis.

As the two principal advanced democracies in the region facing the prospect of a power shift in the years to come, Japan and the United States have the most to benefit from maintaining regional stability and locking in their advantages by helping to set the rules

governing regional interactions. They should jointly seek to establish an enhanced regional architecture in East Asia through activity-based functional cooperation and rules-based fair competition because this is the most realistic way to stabilize a diverse East Asia in the age of globalization, power transition, and domestic political fragility. The conventional bilateral approach in the traditional security area still has its merits and should be maintained. However, the political, economic, and social interactions taking place within the region require a multilateral rather than a bilateral approach. Dealing with financial crises, food safety issues, or infectious diseases bilaterally, for instance would be slow, costly, and hence ineffective. Establishing rules that are applicable only on a bilateral basis within the region would make East Asia even more fraught with confusion and struggles over influence.

Japan and the United States would have significant advantages if they were to use an enhanced regional architecture to establish a level playing field where rising powers such as China, India, and ASEAN would benefit from fair competition. This regional architecture could also serve as a forum for effectively aggregating resources of states in the region to help manage issues of common concern. In short, reaping the advantages of East Asian regional interdependence while minimizing the risks of globalization and power shifts should form one pillar of the new agenda for Japan-US partnership, and the key to realizing this goal would be to “enhance” the regional architecture.

The Scope of Membership

East Asia already has a regional architecture composed of various arrangements. Observers of international politics in East Asia may have seen a diagram of Asian regional arrangements in which there are multiple loops that circumscribe different groups of

states in East Asia. The diagram often has the heading, “the multilayered cooperative arrangements in Asia.” ASEAN is located at the center of several concentric circles that cover ASEAN+3, ASEAN Post Ministerial Conference,⁵ Pacific Economic Cooperation Council,⁶ ASEAN Regional Forum,⁷ APEC [Asia-Pacific Economic Cooperation],⁸ Asia-Europe Meeting,⁹ Asia Cooperation Dialogue,¹⁰ ESCAP [Economic and Social Commission for Asia and the Pacific],¹¹ and the East Asia Summit.¹²

These arrangements have avoided duplication of functions. However, the very fact that they have carefully averted duplication has led existing arrangements to operate individually without any sense of regionwide direction and guidance. In order to effectively tackle the “three challenges” in East Asia outlined in the first section of this paper, it is necessary to have a steering body that would play a “tasking” role and a rule-making function. Yet East Asia currently lacks any such body. Therefore, the question that needs to be addressed here is “What kind of membership would best serve to (1) provide effective guidance to activity-based functional cooperation and also (2) engage in efficient rule-making?”

The aim of an enhanced regional architecture is twofold, and thus the membership should be limited to a scope that would optimize the chances of achieving these two objectives. First, in order to devise rules of conduct in an efficient manner, it is vital to limit the size of the membership. Instead of establishing an entirely new body, it might be worthwhile considering the possibility of augmenting one of the existing arrangements with a heads-of-state meeting. APEC and the East Asia Summit both have a heads-of-state meeting, but APEC membership is too large to make any rule making efficient, and thus the preferred arrangement to be enhanced would be the summit, which currently enjoys participation by 16 member states.

Based upon these considerations, I propose that the East Asia Summit should establish a committee-secretariat structure so as to evolve into a possible “East Asia Cooperation Council (EACC).”¹³ If the East Asia Summit can be deepened and developed into the EACC, it would operate with 18 member states. Rule making by the EACC would be restricted to these 18 states in order to maximize efficiency. However, activities concerning functional cooperation might extend to non-EACC members on an ad hoc basis. This so-called “outreach approach” on a case-by-case basis would be an option for individual committees of the EACC; it would enable EACC members to involve non-member states in order to flexibly maximize the EACC’s problem-solving capability.

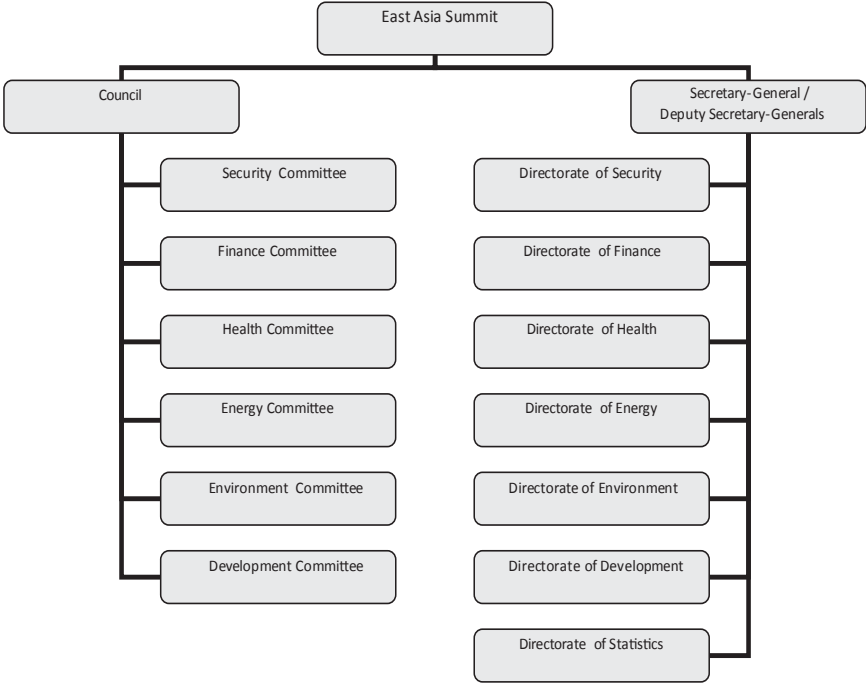
The Institutional Design: East Asia Cooperation Council

So what should the EACC look like? What kind of structure should it have? The EACC would function

primarily as a steering body for multilateral arrangements in East Asia, meaning that it would serve as a forum where East Asian states would negotiate multilateral rules of conduct on various issues of concern and also draft and agree on action programs that would be jointly implemented to be reviewed and monitored by the same bodies. The EACC could look something like what is illustrated in figure 1.

The EACC would not aim to become a supra-national organization like the EU. Instead, it would be primarily an international body for cooperation on activities, rule formulation, and information exchange in various functional issue areas such as security, finance, health, energy, the environment, and development. Basically, it would be composed of four elements: (1) a summit, namely the East Asia Summit, (2) a council consisting of delegates from member states, (3) committees focusing on various issue areas, and (4) a formal secretariat headed by a secretary-general. The reason for having a number of functional cooperative forums in one place under a

Figure 1: Proposed EACC Design



single umbrella is that some issues and problems require coordinated responses in multiple issue areas.¹⁴

The East Asia Summit

The East Asia Summit would be considered the highest decision-making body and would continue meeting once every year. Heads of member states would participate in the summit. In this scheme, the summit would issue either a communiqué or a chairman's summary statement that would, among other things, identify (1) the general direction of activities, (2) activities that deserve priority funding, and (3) mandates for new activities. In addition, important rules may be signed at the summit if member states agree to do so.

The Council

The council would consist of permanent delegations from member states. Council meetings would be held on a regular basis throughout the year, where delegates would report on EACC activities and make recommendations to the East Asia Summit. The council would have the authority to make decisions within the mandate provided to it by the summit. It would serve as a general oversight committee for activities carried out in various issue areas. Issues that could not be settled at the committee level could be considered and settled by the council (and ultimately at the summit). The council could form a budget committee that would evaluate and discuss technical issues regarding funding in order to assist council decisions on budgetary matters. The secretary-general would preside as the chairperson of the council.

The Committees

Under the council would be the various committees that would (1) discuss issues and problems that require coordinated action by member states, (2) devise

action plans to deal with specific issues in accordance with the ministerial mandate, (3) review action plans on a biannual basis and make decisions for their modification, and (4) negotiate rules of conduct regarding various functional issues. Some possible issue areas that could be managed by the EACC include security, finance, health, energy, the environment, and development.¹⁵ Each committee would be composed of member delegations and presided over by a committee chair who would be selected every year on a rotational basis from the member states and assisted by a secretariat directorate.

The Secretariat

The secretariat would be headed by a secretary-general—someone from one of the member states who would be nominated by the council and formally approved by the East Asia Summit. The secretary-general would manage and direct the secretariat through three deputy-secretary generals, all of whom should be nationals from member states.

Each directorate would be composed of analysts and experts (preferably with PhD-level expertise or equivalent experience in the field) on the respective issue areas. The directorates would (1) conduct the necessary research on problems at hand as well as on prospective problems, (2) devise draft action plans (DAPs) for the committees, and (3) submit evaluation and analysis papers (EAPs) on any issue that the committees wish to scrutinize. DAPs and EAPs would be submitted to the committees for consideration. Contracts with analysts and experts would expire after four years in order to avoid stagnancy of expertise in the directorates—renewal of contract would be subject to committee approval. Whenever an EACC committee reaches an agreement on a DAP, it would be forwarded to the council for formal adoption and subsequently become an action plan (AP). APs would

be able to either call upon one of the regional arrangements to carry out a particular task or ask member countries to individually implement actions and policies with a common goal.

Decision-Making Rules

The EACC may make two types of decisions: binding ones (East Asia Summit decisions) and non-binding ones (council decisions). Member states may choose between these two kinds of decisions depending on the issue at hand. All binding decisions at the summit level would require a two-thirds vote; council decisions would be adopted by a simple majority vote.¹⁶

A Road Map toward Establishing the EACC

Since the EACC is an enhanced form of the East Asia Summit, all actions moving toward the EACC should be initiated by the summit. Japan and the United States should advance this proposal by seeking the support of other key East Asia Summit member states in getting it on the regional agenda in such a way that it is not portrayed as solely a Japan-US initiative. The following is a possible road map toward the establishment of the EACC.

First, the East Asia Summit would commission a group of experts (a Wisemen's group) from its member states to carry out two tasks: (1) take stock of all existing functional cooperation activities in which East Asia Summit member states have been participating and (2) assess the necessity and the feasibility of establishing a committee-secretariat structure (EACC) within the East Asia Summit framework. The Wisemen's group may establish working groups for specific issue areas such as nontraditional security,

finance, health, energy, the environment, and development in order to study and examine the most effective form of cooperation in each issue area. It would report back to the summit the following year.

Second, the East Asia Summit would, based on the report by the Wisemen's group, set up an inter-governmental working group of officials (IWGO) to draft a possible statute for the EACC. Third, when the IWGO reaches an agreement on the draft EACC statute, the East Asia Summit member countries would sign the agreed-upon document and ratify it.

The establishment of a forum such as the EACC is necessary to respond to the impact of the forces of globalization on East Asian states and the ongoing power shifts within the region. The risks these raise need to be minimized by an enhanced regional architecture that would alleviate distrust that may arise from a power transition without impinging upon the domestic political legitimacy of East Asian states. The EACC is indeed a means to strike a balance between the need for integration and the need to respect sovereignty and diversity. The principles of activity-based functional cooperation and rules-based fair competition are our best shot at this moment in East Asian history to hedge against political, economic, and military disasters and simultaneously to reap the regional benefits of globalization.

The EACC, with its steering and rule-making functions, would enable the East Asian regional architecture to realize this goal in a more effective and efficient manner. Japan and the United States have the wherewithal to take the initiative to establish the EACC, and they are the two countries that would gain the most. They should not wait to take this important step.

NOTES

1. See, for example, Natasha Hamilton-Hart, “Capital Flows and Financial Markets in Asia: National, Regional, or Global?” in *Beyond Bilateralism: US-Japan Relations in the New Asia-Pacific*, ed. Ellis S. Krauss and T. J. Pempel (Stanford: Stanford University, 2004), 133–53; Kent E. Calder, “Critical Junctures and the Contours of Northeast Asian Regionalism,” David Hale, “The Outlook for Economic Integration in East Asia,” and John Ravenhill, “The New Trade Bilateralism in East Asia,” in *East Asian Multilateralism: Prospects for Regional Stability*, ed. Kent E. Calder and Francis Fukuyama (Baltimore: John Hopkins University Press, 2008), 15–39, 58–77, 78–105; and Geoffrey McNicoll, “Demographic Future of East Asian Regional Integration,” in *Remapping East Asia: The Construction of a Region*, ed. T. J. Pempel (Ithaca: Cornell University, 2005), 54–74.
2. For discussions on the future of East Asian order and power transition, see G. John Ikenberry, “A New Order in East Asia?” in *East Asian Multilateralism*, 217–33; Aaron Friedberg, “The Future of US-China Relations: Is Conflict Inevitable?” *International Security* 30 (2005), 7–45; and Bill Emmott, *Rivals: How the Power Struggle between China, India and Japan Will Shape Our Next Decade* (New York: Harcourt, 2008).
3. On this point, see Shaun Narine, “State Sovereignty, Political Legitimacy and Regional Institutionalism in the Asia-Pacific,” *Pacific Review* 17, no. 3 (2004): 423–50.
4. See Hitoshi Tanaka, “The Crisis of Global Governance and the Rise of East Asia,” *East Asia Insights* 3, no. 4 (September 2008): 5–6, available at <http://www.jcie.or.jp/insights/3-4.pdf>. The author is indebted to Mr. Tanaka for his suggestion to explore these two principles.
5. ASEAN Post Ministerial Conference members include the ASEAN states (10 countries), Japan, China, South Korea, the United States, Canada, Australia, New Zealand, Russia, India, and the EU.
6. Pacific Economic Cooperation Council members include the ASEAN states (excluding Laos, Myanmar, and Cambodia), Japan, China, South Korea, the United States, Canada, Australia, New Zealand, Russia, Hong Kong, Taiwan, Mexico, Chile, Peru, Columbia, Ecuador, and the South Pacific Islands (excluding Papua New Guinea).
7. ASEAN Regional Forum members include the ASEAN states, Japan, China, South Korea, North Korea, Mongolia, the United States, Canada, Australia, New Zealand, Russia, India, Pakistan, Bangladesh, Papua New Guinea, East Timor, and the EU.
8. APEC members include the ASEAN states (excluding Laos, Myanmar, and Cambodia), Japan, China, South Korea, the United States, Canada, Australia, New Zealand, Russia, Hong Kong, Taiwan, Mexico, Chile, and Peru.
9. Asia-Europe Meeting members include the ASEAN states, Japan, China, South Korea, India, Pakistan, Mongolia, EU member states, and the European Commission.
10. Asia Cooperation Dialogue members include the ASEAN states, Japan, China, South Korea, Mongolia, India, Sri Lanka, Pakistan, Bangladesh, Iran, Bahrain, Qatar, Oman, Kuwait, Mongolia, the United Arab Emirates, Bhutan, Russia, Saudi Arabia, Tajikistan, Uzbekistan, and Kazakhstan.
11. ESCAP consists of 53 members and 9 quasi-members including the ASEAN states, Japan, China, South Korea, India, Australia, New Zealand, Russia, the United States, and others.
12. East Asia Summit members include the ASEAN states, Japan, China, South Korea, India, Australia, New Zealand, Russia, and the United States.
13. EACC membership would include the 10 ASEAN states, Japan, China, South Korea, Australia, New Zealand, India, and the United States.
14. For example, food safety would involve cooperation in the fields of health, the environment, and even development in certain instances.
15. Trade is excluded because there are ongoing negotiations on bilateral bases that would have complex consequences if they were absorbed under the EACC umbrella. Member countries may agree to establish a trade committee after the establishment of the EACC if they so wish.
16. However, decision-making rules will obviously be decided by the member states, so these are just preliminary suggestions.

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