

**Increasing Regional Resilience Amidst Rising Risks**  
**The Sixth East Asia Congress**  
**Organized by ISIS-Malaysia, Kuala Lumpur, December 2008**

1. The mid-year ASEAN-ISIS Asia Pacific Roundtable is well-established as the premiere assembly of the regional think-tank community. The East Asia Congress is less well-known but as the 2008 event was the “Sixth” it is also well-established. It resembles the Asia Pacific Roundtable. It is organized by Malaysia ISIS, but draws on the network of ASEAN ISIS for speakers and session chairs. The difference between “East Asia” and “Asia Pacific” is significant. An American was introduced at the Sixth Congress as the first American speaker in the series of congresses. There were Australian and New Zealand observers but not as speakers as they might be at a similar event organized by other than Malaysia or in a forum focused on Economics rather than International Relations (such as ERIA). The event reflects the growing confidence of East Asian regionalism.
2. Realism is forcing some diminution in hopes of the Obama presidency. There is still enormous good will towards the new president, but recognition that Afghanistan, Iraq and domestic issues will be his principal priorities.
3. The event was overshadowed by the global economic crisis. ASEAN-ISIS includes some capable economists, but it is primarily a network in which the principal discipline is International Relations and it draws practitioners mostly from diplomacy. The most common view of the global situation was simply that something unpleasant had happened, and that as a result major problems had to be addressed. There was little diagnosis of exactly what problems had arisen and therefore little precision in defining what responses were likely and what would be effective.
4. APEC was not prominent. It was widely seen as an “economic” forum and therefore narrow in scope. There were several favourable references through the Congress to “open regionalism” but the meaning seemed to be simply being inclusive to all of East Asia (and sometimes perhaps specifically to Chinese Taipei) and did not reflect the original PECC terminology of reducing barriers to doing business across national boundaries within the community without increasing barriers to those outside that community.
5. Furthermore, APEC was long regarded within ASEAN as an “ASEAN-based” institution and there is anxiety in ASEAN that all “ASEAN-based” institutions are losing traction relative to other organizations. G20 and BRICS are playing bigger roles in global issues. The major East Asian economies are showing signs of initiative outside ASEAN-based organizations. The image of “ASEAN in the driver’s seat” has lost attractiveness since it aroused thoughts of a taxi-driver taking instructions from a passenger, but “a driving role for ASEAN” remains popular, usually expanded with the thought that China, Japan and Korea could not cede leadership to any one of their number.
6. Despite the welcome for Obama, there is still doubt over whether the USA will entirely disclaim unilateralism and engage in consultative and participatory joint leadership. The world of International Relations gives priority to security debates, and there is general agreement that the US retains an important role in regional security, but even there increasingly an East Asian position is sought. In the economic sphere, the US is more marginal, and challenges to East Asian regionalism are not welcomed.
7. New Zealand and Australia were normally included within “East Asia” or the “region” was understood to include Oceania, but this cannot be taken for granted, especially in Malaysia.
8. Scepticism about the US, and anxiety about the future of ASEAN, imply that there is doubt or even antagonism towards the trans-Pacific Partnership.

9. The first session was “The US Presidential Elections: What Happened and Why? Implications for East Asia”. The principal speakers were Dennis J.D. Sandole from George Mason University, Chungmin Moon from *Global Asia* and Yonsei University, Korea, and Simon Tay, chair of the Singapore Institute of International Affairs. Some of the comments on George W. Bush and the “disaster of the last eight years” were simplistic – there were parallels with Nixon and Watergate and the invasion of Cambodia without any recognition that he also had the principal responsibility for bringing China into the international community, but eventually the discussion included reference to Bush successes such as managing US relations with China and with India, and the Six Party Talks. The main point of the discussion was recognition that Obama will have to look most to domestic constituencies and then to Iraq, Afghanistan and Pakistan, to the financial crisis and to climate change - and will have to resist protectionist views of China. Asians will welcome a shift towards American leadership conceived as part of a shared sovereignty, but it will have to manage expectations. There were several references to “open regionalism”, but it was used as part of ordinary language meaning something like “inclusive organization and widespread interaction within the region” rather than the specific meaning of the words in early PECC declarations when it meant agreements among members with an open accession clause and without any raising of barriers to non-members. (The ordinary language reflects the emphasis of International relations; the PECC concept had a much larger Economics content.) ARF and APEC were seen by some participants as the main vehicles for US engagement with Asia, and even some reference to the Trans-Pacific Partnership, but Singapore may be becoming increasingly isolated within ASEAN on these issues.
10. The second session was “East Asia’s Growing Economic Weight: Causes and Consequences” with Sayuri Shirai Professor of Economics at Keio University, Datuk M. Supperamanian, former Malaysian representative at the WTO, Vo Tri Thanh of Central Institute of Economic Management in Vietnam, and Albert G. Zeufack, a Cameroonian who worked for ADB before joining Khazanah Nasional, the main Malaysian sovereign wealth fund. Among the many interesting points was that the intraregional trade of East Asia is approaching the share it has in the EU, but more is in intermediate goods and less in final. Efficient service links are essential for South East Asia to be competitive in world markets. Another interesting observation was that a “growing GDP is evidence of a society getting its collective act together”, which nicely links economic success with social goals and the importance of finding an appropriate relationship between public policy and the private sector.
11. The third session, “Are Regional Cooperation Mechanisms Sufficient to Handle Economic Crises?”, made explicit an underlying concern with whether ASEAN would remain a central regional institution. The principal speakers were Rodolfo Severino, a former secretary-general of ASEAN who now heads an ASEAN Studies Centre at ISEAS, Woo Wing Thye who has multiple affiliations, Central University of Finance and Economics, Beijing, University of California, Davis, and Brookings Institution and who is Malaysian by birth but has been a long-term academic in USA, and Shigeyuki Abe from Doshisha University, Japan. No regional institutions can be expected to be sufficient to deal with global issues. It was notable that regional mechanisms were still thought of primarily in terms of meetings and especially of meetings of leaders despite the availability of modern technology, but this may have owed something to regret that the situation in Bangkok had forced postponement of the EAS and rearrangement of a number of meetings which had been intended to occur around its edges. (Indeed, one suspects that some worries about ASEAN were prompted by the bad luck that Thailand was scheduled to be hosting some significant meetings now.) The regional co-operation mechanism given most attention was the Chiangmai initiative which was developed after 1997-98, and intended to make pooled reserves available to resist unjustified speculative attacks on currencies while not facilitating poor economic management. There is a lot of interest in developing it into an Asian Financial Facility but there is a major issue to be overcome. That is not the opposition which the US expressed towards an Asian Monetary Fund in 1997-98, or the scepticism which China felt then towards the idea, but the more technical point that it is hard to provide assistance against bad luck while not collaborating with bad economic management. The current Chiangmai arrangement

includes conditionality which looks very like IMF conditionality. And there is general agreement that no Asian leader can survive a resort to the IMF. While there is some understanding that regional co-operation is required for an effective fiscal response to the current crisis, there was little understanding of what is required for a fiscal stimulus to be successful. If unconstrained public spending were a path to prosperity, we would surely not wait for a crisis to embark on it. A thought that caregiving for an ageing population is a vehicle by which Japan could both use increased spending for its own ends and also help the Philippines was not developed.

12. The fourth sessions on “Are East Asian Countries Politically Stable” was led by Tan Ern-Ser, Professor of Sociology at NUS, Priyambudi Sulistiyant an Indonesia who was at NUS before taking a position at Flinders University in Australia, Tin Maung Maung Than from Myanmar, now at ISEAS, and Moon Chung-In from Korea, a late substitute for a Thai speaker who, like all Thai on the programme, was unable to travel. There was good discussion of the relationships among political stability, social order and social contract, and about the dependence of political stability on organizational ecology and the ability to manage the environment and to manage people, while dealing with risk. It also proved useful to distinguish policy stability, government stability, regime stability, and sovereignty. In some respects, DPRK is more “stable” than RoK or Japan. That drew attention to “legitimacy”. An attempt to use empirical data on political attitudes was more puzzling. The results from *Asian Barometer*, a survey managed from Academica Sinica in Taiwan included some which are intuitively acceptable - Malaysians are more tolerant than most of paternalism expressed as the relations between government and people being like that between parents and children - but also many which are puzzling such as there being more trust in how democracy works in Thailand than in Singapore and Malaysia. (The survey was carried out over a period of years rather than being current.) The end result is that it is the intuition one trusts rather than the data. Comparisons between 1997 with 2008 raise thoughts of regime change versus electoral consequences, decentralization versus state intervention, middle class revolution versus middle class anxiety, and populist protests versus questioning of globalization, but eventually suggest little more than that “every country faces every crisis differently”. Myanmar shows the dangers of everybody living in the past. Again, the future of ASEAN was introduced, this time by asking whether “regional stability” is simply a matter of political stability in constituent countries.
13. The fifth session on “Empowered Communities - Role of the Internet and the New Media” was surprisingly interesting. The discussion was led by On-Kwok Lai, a Hong Kong national at Kwansai Gakuin, Japan, Merlyna Lim, an Indonesian at the University of Arizona, and Mustafa Kamal Anuar from Universiti Sains Malaysia, Penang. It showed that the new media are real, here to stay, and relevant to politics and traditional media; there is a rapid movement from information to opinion and mobilization, and there are complex relations between the new media and traditional structures, with some differences over whether the new media should be seen as troublemakers, anti hegemonic or inclusive. (The division between traditional media and “blogosphere” is less in the US where newspaper, TV stations and columnists maintain individual blogs, and that may show the path of the future.) The discussion tended to be divided by age, older participants wanting more control in the interests of accuracy and accountability while younger speakers think we should get used to what is now common. Just as we should learn how social citizenship is being changed by labour mobility, and how diversity generates a demand for differentiated social welfare.
14. The sixth session on “Strengthening East Asia’s Regional and Extra-Regional Relations”, was led by Go Ito of Political Science at Meiji University, Japan, Carolina Hernandez, Institute of Strategic and Development Studies, Philippines, and Ambassador Wiryono Sastrohandoyo, senior fellow at CSIS, Indonesia. It included some useful discussion on the possibility of a “pro-Asia doctrine” in Japan’s approach to East Asia Regionalism but few could see prospects for other than weak Japanese leadership and continued rapid turnover of prime ministers in Japan. A shift from foci on China-ASEAN and Japan-ASEAN to a genuine concern with East Asian regionalism is desirable but likely

to be slow. It would require less concern with FTAs and more with broad-based economic partnership, and the restricting role of Japanese protectionism on rice would have to change. (The discussion included surprisingly little comment on Korea.). It was suggested that ASEAN Plus Three should focus on functional integration with East Asia Summit given a “more strategic” role. The US was the every present ghost and while nobody contested the view that it is “unimaginable” that the US will not engage with the region, the point was made that the fall of the Berlin Wall was also “unimaginable”. The US joining the EAS was contemplated but I think it little less “unimaginable” than the US joining the EU.

15. The final session dealt with the overall Forum topic, “Increasing Regional Resilience Amidst Rising Risks”, and it genuinely sought to focus on regional issues in a set of discussions which had given much attention to national and global problems. Key speakers were Rodolfo Severino, Ambassador Wu Jianmin, Professor, Foreign Policy Advisory Committee, China, Djisman Simandjuntalk from CSIS Indonesia, and Jawhar Hassan, ISIS Malaysia. Risks identified included the global economic turmoil where the appropriate responses are co-ordination, surveillance and review and perhaps even exchange rate agreement, the failure of countries to declare their limits of the continental shelf by the deadline of 13 May 2009 where there could be problems in the South China Sea and elsewhere, and planned expansion of nuclear power with familiar issues of proliferation, reprocessing, accidents etc. The first got most attention even if the second and third are more inherently regional. 1997 showed how crisis could provide an opportunity for community building with co-operation as the best mechanism. The Western approach then was “finger-pointing, lecturing and Asia Bashing”. The Asian approach now should have nothing in common. There is an opportunity to provide a stabilizing third Asian leg to the unstable US-Europe structure (which is an attractive thought but there is a lot of game theory about a tri-polar world being unstable). The financial sphere was again seen as where Asian stabilization could be most effective. The discussion included the point that it is impossible to manage simultaneously all of capital mobility, macro policy and the exchange rate, but there was also reference to the crisis being attributable to greed, corrupt manipulation, and deification of the market, all promoted by cold war demonization of communism. There was an interesting explicit rejection of strategic responses to the rise of China in terms of a “league of democracies” or conception of EAS as a means of “balancing China”. We still need to discern organizing principles in regional architecture; there was little specificity in economic areas but comprehensive and cooperative security was seen as one obvious candidate.
16. The keynote address of Prime Minister Dato’ Seri Abdullan bin Haji Ahmad Badawi had a valedictory tone, especially when he departed from his prepared script. He commented on how “markets have spoken again but no longer seem so wise and wonderful” but for the most part he looked forward, especially to Chiang Mai, policy coordination and a bond market. He talked about the private sector as the engine of growth but saw the public sector as indispensable for economic crisis recovery.
17. A lunch-time address by Lee Hong-Koo, former PM of Korea, was very interesting He thinks we are seeing the third turning point of his life, 1945 having ended the age of Imperialism, 1990 the age of ideology - he accompanied his president to Moscow in 1990 and participated in pragmatic talks with Gorbachev, and 2008, the end of *pax Americana*. We can now expect multilateralism, but of what kind? Markets are no longer seen as wise and irresistible. Obama has introduced some competition for change and that those who cannot change will disappear. The balance of state and market, and the balance of development and equity are open to debate. There are some good signs such as acceptance of migrants in Rotterdam, and China’s stance on climate change. Asia should build on them with common values, tolerance, concern with development gaps, cultural exchanges, and “open regionalism”.

**Sixth East Asia Congress, KL December 2008**

18. The Congress was marked by the usual ASEAN-ISIS characteristics of genuine concern for new ideas, friendship, vigorous debate, humour and goodwill. It exemplified inclusiveness as groups of old friends welcomed participation by new acquaintances.