

No. 19

**Multilateralism, Neo-liberalism and
Security in Asia: The Role of the Asia
Pacific Economic Co-operation Forum**

Ian Taylor

**Institute of Defence and Strategic Studies
Singapore**

DECEMBER 2001

With Compliments

This Working Paper series presents papers in a preliminary form and serves to stimulate comment and discussion. The views expressed are entirely the author's own and not that of the Institute of Defence and Strategic Studies.

The Institute of Defence and Strategic Studies (IDSS) was established in July 1996 as an autonomous research institute within the Nanyang Technological University, Singapore. Its objectives are to:

- Conduct research on security, strategic and international issues;
- Provide general and post-graduate education in strategic studies, defence management, and defence technology;
- Promote joint and exchange programmes with similar regional institutions; organise seminars/conferences on topics salient to the strategic and policy communities of the Asia Pacific.

Research

Through its publications, the Institute seeks to share its research findings with the strategic studies and defence policy communities. The focus of research is on issues relating to the security and stability of the Asia-Pacific.

Teaching

The Institute provides educational opportunities at an advanced level to professionals from both Singapore and overseas through its Master of Science in Strategic Studies Programme. The MSc is a full-time course conducted by an international faculty. The Department of War Studies, King's College, University of London, is the consultant to the Programme.

Networking

The Institute convenes workshops, seminars, and colloquia on aspects of international relations and security developments, which are of contemporary and historical significance. The Institute also serves as the Secretariat for the Council for Security Cooperation in the Asia-Pacific (CSCAP) Singapore.

ABSTRACT

Multilateral organisations such as the Asia Pacific Economic Co-operation Forum must be situated within the framework of both the hegemony of global hyper-liberalism and the legitimising role of international organisations. The neo-liberal "vision" upon which organisations such as APEC are predicated upon holds particular understandings of how growth and modernisation may be achieved. In contrast to the (relative) success of the Asian developmental state "model", the hyper-liberal project seeks to delimit most state involvement in the economy. By examining the discourse which surrounds this project and by looking at how certain voices within APEC have sought to cast what "good" economic practice are, how the security of the "average" Asian advanced or compromised is of great interest. The implications of closing off as a "non-option" the formerly exalted developmental state models are particularly intriguing. What this paper seeks to investigate is the way that a particular form of economic common sense is now promoted in Asia as an integral part of a regional and global project, by illustrating the role of one particular multilateral organisation, namely APEC. How this impacts upon security in the region, defined in a broad and non-orthodox manner, is at the heart of this paper.

Ian Taylor is a Lecturer in the Department of Political and Administrative Studies, University of Botswana and a Visiting Research Fellow at the Department of Political Science, University of Stellenbosch, South Africa. He holds an MPhil from the University of Hong Kong and a DPhil from the University of Stellenbosch. His research interests are in comparative regional organisations in Africa and Asia, and the role of multilateral organisations in global and regional governance.

MULTILATERALISM, NEO-LIBERALISM AND SECURITY IN ASIA: THE ROLE OF THE ASIA PACIFIC ECONOMIC CO-OPERATION FORUM¹

Introduction

At the turn of the new millennium, the world continues to be configured and reconfigured by heterogeneous processes that constantly enervate the globe and its peoples. Captured by the catch-all term “globalisation,” such processes have compressed time and space, resulting in a global political economy that is increasingly integrated and in a state of perpetual flux. This environment is both material and ideational. Profound advances in technology and science have truly made the world a smaller place, in the relative sense that distance may be speedily transcended by accelerated modes of transportation of peoples, goods, information *etc.* There has been an increased transnationalisation of production and finance and an ongoing move towards the globalisation of capital. This has been abated through the phenomenal spatial mobility of capital and resources, facilitated by epoch-making advances in technology. It is currently the case that

capitalism encompasses the entire globe, its architects require a universal vision, a picture of a globally conceived society, to join classes in different countries [in order] to institutionalise global capital accumulation by setting general rules of behaviour and disseminating a developmentalist ideology to facilitate the process.²

Such harmonising tendencies seek to position the state as a competitive player in the global economy. According to an Organisation for Economic Co-operation and Development (OECD) report, “an increasingly open international economy puts a premium on national competitiveness and highlights the mutual dependence of the public and private sectors.”³ Essentially, this means that national administrations have had to more and more (re-)structure

¹ This is a revised version of the chapter “The APEC Forum and the Promotion of Neo-Liberalism: Advancing, or Weakening Asian Security?” by the same author, in *Non-Traditional Security Issues in Southeast Asia*, edited by Andrew T.H. Tan and J.D. Kenneth Boutin (Singapore: Institute of Defence and Strategic Studies / Select Publishing, 2001).

² J. Mittelman and M.K. Pasha, *Out from Underdevelopment Revisited: Changing Global Structures and the Remaking of World Order* (Basingstoke: Macmillan, 1997), p.51.

³ OECD/PUMA, “Governance in Transition: Public Management Reforms in OECD Countries.” (www.oecd.org/puma/governance/cards.htm#git95).

themselves as “competition states,” attracting capital whilst competing with rival territories for investment.⁴

A consensus of sorts has emerged on how best to meet the challenge of globalisation. This takes as its cue practices originally located in the private sector and seeks to “roll back” the state to facilitate growth and development. Regional bodies such as APEC are part of this process in an era where “questions of regional co-operation are derived from, or draw their epistemological strength from, a converging form of neo-liberal (capitalist) ideology.”⁵ Alternative notions of governance are excluded from this orthodox “common sense.” This orthodox view is currently being promoted within the Asia-Pacific region.

In the context of this study, it is argued that APEC must be situated within the framework of both the hegemony of global hyper-liberalism *and* the legitimising role of multilateral organisations. Interestingly, how is the security of the average Asian affected by such a milieu? Certainly, the neo-liberal “vision” is predicated upon a particular understanding of how growth and modernisation may be achieved. Yet, as the UNDP asserts,

economic growth, though essential for poverty reduction, is not enough. Growth must be pro-poor, expanding the opportunities and life choices of poor people. Economic growth contributes most to poverty reduction when it expands the employment, productivity and wages of poor people—and when public resources are spent to promote human development.⁶

In many states, capital is of course vitally needed in order to foster economic activity and development. But, as used by various international financial institutions the “inevitability” of globalisation is deployed to trump most—indeed any—state involvement in the economy. This position, so intricately bound up with certain, arguably dominant, readings of globalisation, negates any active role for the public sector in promoting development, except perhaps as a minimalist regulator. However, liberal political economy

⁴ P. Cerny, “Paradoxes of the Competition State: The Dynamics of Political Globalisation.” *Government and Opposition* Vol.32, No.2 (1997).

⁵ R. Higgott, “The International Political Economy of Regionalism: The Asia-Pacific and Europe Compared,” in W. Coleman and G. Underhill, eds. *Regionalism and Global Economic Integration* (London: Routledge, 1998), p.43.

⁶ UNDP, *Human Development Report 1997* (New York, NY: Oxford University Press, 1997), pp.72-73.

is based on the “institutional separation of society into an economic and political sphere.” This forms part of what Karl Polanyi called the “economistic fallacy” whereby this separation of spheres is assumed to be common to all societies regardless of their historical context.⁷ Crucially, this separation is not neutral, economic activity is viewed as conforming to an inherent rationality that distinguishes it from the (inherently irrational) political sphere. Because this public sphere (the state) is economically irrational, so the discourse goes, reducing its role in the economy leads to efficiency and the “natural” behaviour of “the market.” For neo-liberals, the market (if left free from unnecessary state/political/irrational intervention) represents the primary mechanism to resolve policy problems at both the domestic and international level. The fact that markets are socially embedded constructs reflecting diverse and contesting political, economic and social interests resting on power differentials, rather than some neutral entity “out there” from the rest of society, is dismissed, usually as “ideological” musings of non-economists.

This particular understanding of globalisation is highly problematic, particularly as it is precisely those administrations that have maintained a role for the state in promoting social and economic development—the so-called “developmental states” of Asia such as South Korea, Taiwan, Singapore and Malaysia—that have impressive track records *vis-à-vis* growth and economic progress. This is obviously not to unduly romanticise their records, but their achievements *have* been impressive and far-reaching. Yet, the APEC agenda (rather, the dominant one within the body) negates such history and specifically, by advancing financial deregulation, undermines the domestic coalitions that crafted these states. Clearly, the type of interventions and the ability (or willingness) to share out the benefits across the wider society have been varied. Having said that, it seems clear that if we are to speak of a lesson learned from the recent past in Asia, it is that government intervention can and has played a crucial role in propitiating the development of factors that facilitate some form of auspicious participation in the global market. The regulation of foreign direct investment (FDI) in the service of building up local capacity and employment has been a key to this strategy. Contrary to such developments, dominant voices within APEC advances a different proposition, namely that across-the-board liberalisation is the best practice available to governments. Attacking the developmental state and any notion of an Asian (or even non-

⁷ K. Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston, MA: Beacon Press, 1957), p.71.

Anglo-Saxon) model for growth and development has become part and parcel of a particular reading of what globalisation means. As Branislav Gosovic remarks:

The discrediting of the “developmental state”...of public institutions and endeavours (that are deemed a “bad”, and in contrast to the private and hence privatisation which are considered an unmitigated “good”), and of the development record of earlier decades have, together with the delegitimisation, and making into an anathema key aspects of the UN’s development work and of the traditional North-South agenda, contributed to and constituted the outcomes of the current intellectual hegemony.⁸

Examining this discourse through how certain voices within APEC have sought to cast what “good” economic practice is and, by implication, the “non-option” of developmental state models in the era of neo-liberal globalisation, is thus of profound interest. What this paper seeks to investigate is the way that a *particular* form of economic common sense is now promoted in Asia as an integral part of a regional project and global project, by illustrating the role of one particular multilateral organisation, namely APEC. How this impacts upon security in the region, defined in a broad and non-orthodox manner is at the heart of this paper. Before developing this argument, a diversion into elucidating the definition of security used in this paper will be embarked upon.

Defining Non-traditional Security

Questions surrounding what is meant by “security” have been omnipresent in International Relations. During the Cold War it was invariably connected to the defence of the state, usually through military means. In the post-Cold War era, there has been an awakening of interest in what constitutes “security.”⁹ The importance of rhetoric and dominant discourse surrounding security have been investigated, as has the stripping away of common sense notions that have appealed to science and claimed a spurious objectivist epistemology.¹⁰ In one recent article, two theorists made this quite explicit when they

⁸ B. Gosovic, “Global Intellectual Hegemony and the International Development Agenda.” *International Social Science Journal* No.166 (2000), p.453.

⁹ See D. Baldwin, “The Concept of Security.” *Review of International Studies* Vol.23 (1996), M. Dillon, *Politics of Security: Towards a Political Philosophy of Continental Thought* (London: Routledge, 1996), and E. Rothschild, “What is Security?” *Daedalus* Vol.124, No.3 (1995).

¹⁰ P. Chilton, “The Meaning of Security,” in F. Beer and R. Hariman, eds. *Post-Realism: The Rhetorical Turn in International Relations* (East Lansing, MI: Michigan University Press, 1996).

asserted that

the definition of the primary security referent...is not a value-free, objective matter of “describing the world as it is”—as it has been falsely characterised in traditional realist theory. It is...a profoundly political act. Whatever definition emerges has enormous implications for the theory and practice of regional security, and not least in terms of identifying threats.¹¹

However, dominant approaches to security in International Relations have on the main reified the position of the state as the primary unit of analysis, posturing this as objective truth. This in itself reflects the dominant school of thought within the field—neorealism—that privileges the state and the supposed anarchic international system in which states must compete and battle for survival—to secure their security—in a Hobbesian environment. This choice of the state as ontologically privileged—and it *is* a choice—serves to concretise existing insecurity. In such accounts, the state’s security is deemed a priority, even if this is over and above the well-being of its citizens. This fetishisation of the state not only acts as an act of disempowerment *vis-à-vis* the ordinary person, it also neatly serves the interests of the powerful and privileged. This at times may be in direct conflict with the wishes and aspirations of the majority of the state’s citizens. As Ken Booth asserts, “in such circumstances state security is hostile to human security; it becomes a code-word for the privileging of the security of the country’s political regime and social elite.”¹² This understanding calls for a movement away from traditional approaches to security and towards non-orthodox positions that are capable of a more inclusive theoretical complexity. Such a theoretically nuanced position is provided by critical security studies, which focuses on issues such as water, education, food, population, productivity, and the environment as well as the more orthodox preoccupations relating to military concerns.

Such non-orthodox issues stimulate insecurity for peoples in their daily lives. This is of great importance in reconfiguring assumptions regarding security. Non-traditional approaches to security reject the type of notions that separates “us” from “them” and which

¹¹ K. Booth and P. Vale, “Critical Security Studies and Regional Insecurity: The Case of Southern Africa,” in K. Krause and M. Williams, eds. *Critical Security Studies: Concepts and Cases* (Minneapolis, MN: University of Minnesota Press, 1997), p.335.

¹² K. Booth, *A Security Regime in Southern Africa: Theoretical Considerations* (Southern African Perspectives No.30) (Belville: CSAS, University of Western Cape, 1994), p.4.

erects boundaries between citizen and non-citizen, friend and foe *etc.*¹³ The question of identity “what makes *us* believe we are the same and *them* different - is inseparable from security.”¹⁴ Harmony and the absence of threats to an individual’s secure well-being, be it ecological, social or economic, are at the centre of this non-orthodox view of security.¹⁵ As McSweeney asserts, “social order is the fundamental security question in the light of which social policies of social control must be judged.”¹⁶ This then is the new definition of security that is used in this paper. It is a broadening of traditional notions of security and seeks to cast security as an open-ended process that cannot be enclosed within any one event. Rather, security is something that must be continually strived for. Having said all this, we now turn to the focus of this paper: the activities of APEC and how this multilateral organisation may or may not be contributing to a building a better and more secure Asia. In doing so, questions about the role of multilateral organisations in promoting particular visions and orders need to be theorised. A brief discussion of this will now be conducted.

International Organisations and the Promotion of Norms

International institutions act at both parochial and international levels and, according to Robert Cox, serve to propagate hegemonic norms:

institutions reflect the power relations prevailing at the point of origin and tend, at least initially, to encourage collective images consistent with these power relations...Institutions are particular amalgams of ideas and material power which in turn influence the development of ideas and material capabilities.¹⁷

At the international level, multilateral institutions play a vital role in consolidating

¹³ See R. Walker, *One World, Many Worlds: Struggles for a Just World Peace* (Boulder, CO: Lynne Rienner, 1988).

¹⁴ K. Booth, “Security and Self: Reflections of a Fallen Realist,” in K. Krause and M. Williams, eds. *Critical Security Studies: Concepts and Cases* (Minneapolis, MN: University of Minnesota Press, 1997), p.88.

¹⁵ A. Tickner, “Re-visioning Security,” in Ken Booth and Steve Smith, eds. *International Relations Theory Today* (Cambridge: Polity Press, 1995), p.194.

¹⁶ B. McSweeney, *Security, Identity and Interests: Sociology of International Relations* (Cambridge: Cambridge University Press, 1999), p.208.

¹⁷ R. Cox, “Social Forces, States and World Orders: Beyond International Relations Theory,” in R. Keohane, ed. *Neo-Realism and its Critics* (New York, NY: Columbia University Press, 1986), p.219.

hegemony and ensuring the continuance of a particular project by the mediating and legitimising functions that they perform. It is *via* interventions, negotiations, conditionalities, the making of concessions and the arrival at “consensus” that paramount sectional interests can be displayed as the common interest. This Gramscian notion of hegemony refers to a particular social system whose values are widely accepted and whose diffusion of said values is both actively and passively sanctioned as the standard of social, political and economic behaviour. These values become dominant not only when they exercise power but also “lead” society through the creation of a system of complex alliances.¹⁸ Such an elaborate set of structures acts to limit the boundaries around which “legitimate” and “realistic” policies may be formulated. By doing so, the continued ascendance of the hegemon is perpetuated as structures of norms, when applied on a world scale percolate global society and essentially project indisputable “how things are done” ethos. Following this, the inherent politico-ideological aspects of this project (and the legitimisation process which in turn accompanies such a schema) are central to Gramsci’s analysis.

According to Cox, international institutions are an important instrument through which the values of a global hegemony are stated: the main function of these associations is to articulate the hegemonic ideology.¹⁹ Within this framework, such institutions are legitimising agents of the hegemonic order from which they arise and act as the embodiment of the central norms around which this order is constructed. These institutions are in themselves sustained by global norms and institutional procedures that act to establish behavioural rules for governments. The spread and enlargement of this hegemonic ideology is facilitated by these international institutions, which whilst co-opting national elites in the periphery, also possess the strength to assimilate opposing (counter-hegemonic) positions. Following this, “the precondition for the achievement of a hegemonic world order is the construction of strong international regimes,” which is facilitated by the regulative effect of international organisations.²⁰

¹⁸ A. Gramsci, *Selections from Prison Notebooks* (London: Lawrence and Wishart, 1971), pp.57-68.

¹⁹ R. Cox, “Middlepowermanship, Japan and Future World Order.” *International Journal* Vol.44, No.4 (1989), p.172.

²⁰ F. Gale, “Cave ‘Cave! Hic Dragones’: A Neo-Gramscian Deconstruction and Reconstruction of International Regime Theory.” *Review of International Political Economy* Vol.5, No.2 (1998), p.274.

It is this legitimisation of ongoing hegemonic values that is central to understanding the role of international institutions. In acting thus, they promote certain values as being comparatively fixed and appearing as natural:

the rules and practices and ideologies of a hegemonic order conform to the interests of the dominant power while having the *appearance* [italics added] of a universal natural order of things which give at least a certain measure of satisfaction and security to lesser powers.²¹

It is this paper's contention that ideas centred around notions of what constitutes "good" economic practice have been promoted by dominant actors within APEC as part and parcel of the neo-liberal order and are attempts to reconfigure territories in order to make them most attractive to international capital. That these ideas seem common sense, unquestionable and universal is a reflection of the success neo-liberalism has had in becoming the hegemonic ideology globally. Those who oppose such ideas—for instance Mahathir Mohamed—are cast as out of touch with "reality" and somehow obstructing progress and modernity.

Having said that, we must avoid a reductionist reading of the role of multilateral organisations: they do not merely serve as agents of the hegemonic project. Indeed, such a reading negates the dialectical inter-relationship between hegemonic projects and the multilateral organisations and their constituent members: there is more to international institutions than simply a legitimisation function! Frederick Gareau's position is that anti-hegemonic elements - invariably anchored in the Third World - have (at times) taken control of leading multilateral fora, including the United Nations General Assembly. This was then used to promote a particularistic anti-hegemonic vision *e.g.* the New International Economic Order.²² By temporarily "capturing" the United Nations, the Third World was, for example, able to build pressure up leading to the founding of the United Nations Conference on Trade and Development (UNCTAD) which has at times postured alternative visions at variance to the hegemonic order. Multilateral organisations can also be founded to explicitly challenge (or at least posture a challenge) that is at variance to the hegemonic order. The Non-Aligned Movement is a case in point. Hence, following Gareau, multilateral organisations are not

²¹ Cox, "Middlepowermanship, Japan and Future World Order," p.825.

²² F. Gareau, "International Institutions and the Gramscian Legacy: Its Modification, Expansion, and Reaffirmation." *Social Science Journal* Vol.33, No.2 (1996), p.227.

simply agents of the hegemon or mere legitimisers of the accepted “standard of behaviour” but can, at specific junctures in history, act to at least attempt to challenge the hegemonic discourse. In observing the history of APEC we can clearly see the organisation as a site of struggle between contending visions of how best to organise social and economic practices within the region. Anti-hegemonic impulses, articulated by Mahathir among others, have been clearly present.

That such projects invariably fail can, according to Gareau, be traced “to the weakness and derivative nature of IGOs” and *not* simply the legitimisation function of these institutions as proffered by Cox.²³ Such an understanding serves to qualify Cox’s statement that anti-hegemonic forces do not control international institutions and “even if they did, they could achieve nothing by it.”²⁴ It is certainly true as Cox asserts that multilateral organisations in their historically current form do not have an adequate connection with any popular political base: this is the root cause of the dismissal of such institutions as “talk shops” based on rhetoric and nothing else, and certainly the sight of certain national elites posturing themselves as representatives of “the people” invites cynicism if not derision. Yet, as Gareau has demonstrated, whilst these elites may represent the national dominant classes of the wider hegemon, they do on occasion “misbehave” and attempt to de-legitimise their ostensible political/economic masters. The active re-assertion of the hegemonic discourse over institutions deemed to have strayed from “acceptable” behaviour (*e.g.* the General Assembly, UNESCO, *etc.*) or the attempt to control and “manage” the agenda being pursued by organisations such as APEC serves as a reminder that the hegemon can feel threatened if it is perceived that a nascent alternative project is developing.²⁵

If the usefulness of this analysis in International Relations is embraced, how is this applied to the analysis of world or regional orders? By order it is meant “the [common] sense of the way things usually happen”—not “orderliness” or the lack of upheaval in global affairs.²⁶ According to Cox, three components make up the structure of a hegemonic world

²³ Cox, “Middlepowermanship, Japan and Future World Order.”

²⁴ R. Cox, “Gramsci, Hegemony and International Relations: An Essay in Method.” *Millennium* Vol.12, No.2 (1983), p.174.

²⁵ F. Gareau, “The Reassertion of United States Hegemony: Evidence From the United Nations General Assembly.” *International Journal of Comparative Sociology* Vol.35, Nos.1-2 (1994).

²⁶ Cox, “Social Forces, States and World Orders,” p.249, footnote 2.

order. These are material capabilities, ideas and institutions. The material capabilities of a world order are composed of

productive and destructive potentials within a world order that exists as technological and organisational capabilities, and in their accumulated forms as natural resources which technology can transform, stocks of equipment (for example, industries and armaments), and the wealth which can command these.²⁷

In Cox's definition, there is no specific location of such material capabilities. Such loci are historically determined and are not temporally omnipresent. However, the interrelated elements of such power capabilities, as identified by Susan Strange (security, production, finance and knowledge) within the global political economy, go some way to address those critics who claim that Cox's conceptualisation of hegemony fails to fully separate out all the diverse elements that make up hegemony across divergent structures of power.²⁸ Cox's conceptualisation of world orders privileges the ascendant ideas of a particular era and by doing so, two forms of ideas are distinguished: intersubjective meanings and collective images. Intersubjective meanings are made up of shared ideas regarding the nature of social relations and tend to continue behavioural habits and expectations. It is clear that states are not seen as fixed ontological units, but as historically determined, mutable creations conceptualised via intersubjective experience. As Gale points out, "the historical structures of the feudal manor and the fief that confronted serfs and lords in mediaeval times appeared as real and as enduring as do our modern historical structures of the nation-state and the interstate system."²⁹

The second form of ideas are the collective images of social order held by various popular groupings. These differ from intersubjective meanings in that collective images are widely debated over and unlike intersubjective meanings are not commonly indisputable or survive comparatively unquestioned. For example, within "wider society" the state and state system as intersubjective meanings pass essentially unscathed as ontological "facts." Yet the

²⁷ *Ibid*, p.218.

²⁸ S. Strange, "An Eclectic Approach," in C. Murphy and R. Tooze, eds. *The New International Political Economy* (Boulder, CO: Lynne Rienner, 1991), pp.33-49.

²⁹ Gale, "Cave 'Cave! Hic Dragones'," p.271.

actual organisation of the state and the interstate system (and related questions *vis-à-vis* alternative structures or developmental paths) is the battlefield of a variety of ideological positions that calls into question the very legitimacy of power relations within the existing state and interstate structure.³⁰

The third and last constitutive element of Cox's conceptualisation of a world order is its institutions. This is at both parochial and international levels and act largely in propagating the hegemonic order:

Institutionalisation is a means of stabilising and perpetuating a particular order. Institutions reflect the power relations prevailing at the point of origin and tend, at least initially, to encourage collective images consistent with these power relations. Eventually, institutions take on their own life; they can become a battleground of opposing tendencies, or rival institutions may reflect different tendencies. Institutions are particular amalgams of ideas and material power which in turn influence the development of ideas and material capabilities.³¹

At the international level, multilateral institutions play a vital role in consolidating hegemony and propagate and ensure the continuance of a particular project by the mediating and legitimising function that they perform. It is via interventions, negotiations, the making of concessions and the arrival at "consensus" that paramount sectional interests are able to be displayed as the common interest. The three elements outlined above then constitute Cox's notion of world order. It is when these three components conglomerate in a particular arrangement that it is possible to speak of a hegemonic order

If we look at the role of APEC, it is apparent that within the organisation there are elements (arguably dominant) attempting to advance certain conceptualisations regarding what constitutes good governance and "sensible" or accepted economic models, whilst there are other elements that have at times sought to resist this, for varying reasons. Clearly, it would be a mistake to over-exaggerate the importance of APEC, particularly in the current post-GATT era. But, concentrating on APEC as *one* multilateral organisation helping to advance a particular (arguably dominant) politico-economic project, does I believe give us an

³⁰ Cox, "Social Forces, States and World Orders," p.219.

³¹ *Ibid.*

insight into the role of multilateral organisations, both regionally and globally, and how such organisations coalesce to promote hegemonic norms, even whilst they remains sites of contestation and debate. How this agenda contributes to or undermines building security in Asia is what the rest of the paper discusses.

APEC's Origins and Agenda

The formation of APEC sprang from an ongoing process of regionalisation in East Asia.³² APEC was established in 1989 with twelve founding members: Australia, Brunei Darussalam, Canada, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Thailand and the United States. In November 1991, APEC accepted three new members, namely China, Hong Kong, and Taiwan (under the rubric of “Chinese Taipei”). In November 1993, APEC accepted Mexico and Papua New Guinea as new members, whilst Chile was accepted as a full member as of November 1994. In November 1997, Peru, Russia and Vietnam became new members of APEC effective as of 1998 (their formal membership started in November 1998).

Quite rapidly, the United States seized upon APEC as a vehicle to open up the markets of Japan and Asia. This clashed with the aspirations of fractions of the Japanese elite who had hoped that APEC would develop into a consultative forum for technical co-operation. Initially, Japan allied with Australia, which emerged as the driving force behind APEC—Prime Minister Bob Hawke was the first to call for the formation of APEC during a visit to South Korea in 1989. Japan had been involved in initiatives to promote regional integration since the 1960s and Australia was able to latch onto this groundwork to advance its own strategy for developing a regional body.³³ Washington reacted by demanding that it have a place at the APEC table, together with Canada. Later, the United States added Mexico and Chile to its list (all three countries shared the model of neo-liberalism favoured by Washington, as did Australia and New Zealand).

³² See K-S Liao, “On Economic Co-operation in the Asia-Pacific Region: An Introduction,” in K-S Liao, ed. *Politics of Economic Co-operation in the Asia-Pacific Region* (Hong Kong: Hong Kong Institute of Asia-Pacific Studies, 1993).

³³ D. McDougall, “Australia and Regionalism in the Asia-Pacific,” in J. Grugel and W. Hout, eds., *Regionalism Across the North-South Divide: State Strategies and Globalisation* (London: Routledge, 1999), p.41.

Other countries were largely sympathetic to American involvement at this point, as this would prevent APEC from becoming overly dominated by Japan.³⁴ The evolution of APEC's agenda however rapidly took on a distinctively neo-liberal flavour. Originally, it was largely concerned with fostering co-operation within the Asia-Pacific region and at the first ministers' meeting in Canberra in 1989 APEC was cast as an informal economic dialogue to help co-ordinate trade issues. Informality was central to this early version of APEC. However, in 1993, at the organisation's first major gathering, President Clinton elevated the APEC meeting in Seattle to the status of a "summit." This has since evolved to push to convert APEC into a forum pushing trade and financial liberalisation. The growth model that has emerged is strongly neo-liberal. State-led industrial policy and other policies introduced and upheld by governments in Asia through a wide variety of measures have been dismissed as being simply "market friendly" in the post-Washington consensus discourse.³⁵ Such policies that Asian states pursued for a period during which they achieved respectable development trajectories, have been cast as either redundant or, at best, simply helped stimulate market principles. The message is clear: Asian developmental states were grounded in free-market and liberal principles. Where the state had intervened this had been merely to "help the market along" and had no real effect on the overall scheme of things, which would have probably occurred—almost teleologically so it seems—anyway.

This perspective was graphically exhibited in the World Bank's 1993 report *The East Asian Miracle: Economic Growth and Public Policy*, which had been written at the behest of the Japanese in an attempt by Tokyo to validate Japan's market-guiding development experience versus the Bank's zealotry surrounding liberalisation and privatisation. This came after some disquiet in Tokyo about the Bank's inflexibility. As the head of the Bank of Japan remarked, expressing broader Japanese feelings:

Experience in Asia has shown that although development strategic require a healthy respect for market mechanisms, the role of the government cannot be forgotten. I would like to see the World Bank and the IMF take the lead in a wide-ranging study that would define the theoretical underpinnings of this

³⁴ With the exception of Thailand and Malaysia who promoted the idea of an East Asian Economic Caucus (EAEC) which would have excluded Washington, as well as Australia and New Zealand. Japan however supported APEC and the EAEC was seen as being too confrontational regarding the West.

³⁵ K. Jayasuriya and A. Rosser, "Economic Orthodoxy and the East Asian Crisis." *Third World Quarterly* Vol.22, No.3 (2001).

approach and clarify the areas in which it can be successfully applied to other parts of the globe.³⁶

Feeling challenged, the World Bank did just this, but the resultant document was more a compromise weighted in favour of Anglo-Saxon neo-liberalism and in maintaining the Bank's pro-free market posture.³⁷ Though it did nod in the direction of some state involvement, various readings were made of the report that sound remarkable. Robert Wade describes how:

The US ED [executive director] gave a glowing endorsement of what he took to be the free-market message of the report. (Some of the core team were disturbed to hear how he spin-doctored all their qualifications away). The newly-arrived Japanese ED was cautiously complimentary. The Argentinean ED said angrily that the whole report was an apology for interventionism. The Indian Ed came close to saying that the report's anti-interventionist conclusions were fixed in advance and the evidence tailored to fit.³⁸

APEC fits into this in the way that it has been seized upon by certain interests within the Asia-Pacific region as being able to play a key role in the spread of neo-liberal restructuring in a period when the developmental state model was under attack. Such an actuality reflected pressing demands by important business constituencies within the US that access to the American market must be reciprocated with market access in Asia for American producers. This has to be contextualised in the post-Cold War era where

those socio-historical practices of the so-called Asian model that were acceptable for security reasons during the Cold War—exclusionary politics, nepotism, and the blurred lines of authority between political and economic power—now clash[ed] more violently with the interests of private capital in search of greater market share and profits in an era of deregulation.³⁹

³⁶ Yasushi Mieno quoted in World Bank Press Release No.16 (15 October 1991), cited in C. Johnson, "Comparative Capitalism: The Japanese Difference." *California Management Review* (1993), p.51.

³⁷ A. Amsden, "Why Isn't the Whole World Experimenting with the East Asian Model to Develop? Review of *The East Asian Miracle*." *World Development* Vol.22, No.4 (1994).

³⁸ R. Wade, "Japan, the World Bank, and the Art of Paradigm Maintenance: *The East Asian Miracle* in Political Perspective." *New Left Review* No.217 (1996), p.28.

³⁹ R. Higgott, "Regionalism in the Asia-Pacific: Two Steps Forward, One Step Back?" in R. Stubbs and G. Underhill, eds., *Political Economy and the Changing Global Order* (Don Mills, ON: Oxford University Press, 2000), p.256.

In short, the developmental state model was in conflict with elite interests in the West. This was signified at the APEC Summit in Seattle in 1993 when the released Declaration exhibited interests very much in line with the American or neo-liberal agenda, with a community of Asia-Pacific economies based on the free exchange of goods, services and investment.

A year later, the Bogor Declaration of 1994 attempted to transform APEC into a free trade system, with the vision of an open trading system becoming the goal for the Asia-Pacific by 2010 for developed economies and 2020 for developing ones. This project clearly coincided with Western interests, as one Australian policymaker remarked:

Let us be absolutely clear: the Bogor declaration (zero tariffs in developed countries by 2010 and in developing countries by 2020) was brought about by Paul Keating's determination to use APEC as an effective international vehicle for accelerating global trade liberalisation. He did so because trade liberalisation was of direct benefit to Australian industry and Australian jobs.⁴⁰

Reluctance to pursue such a programme was symbolised by Malaysia attaching an annex stating that implementation would be flexible and the time frame non-binding. Indeed, it is perhaps from this date that splits within APEC became open and the organisation became a site of contestation over different visions regarding the future of the Asia-Pacific, with a Western (i.e. American, Canadian, Australian, and New Zealand) model based on neo-liberalism attempting to force itself onto a more dirigiste, developmental state model. Defending the type of coalition networks that underpinned the developmental states of Asia against the pressures to liberalise intensified. This was to perhaps climax during and after the Asian Crisis.

The Asian Crisis and APEC

The Asian Crisis of 1997 was grasped with eagerness by neo-liberals who determinedly placed the blame on Asian policymakers. Rather than criticising policy decisions that had affected aggregate demand, the Anglo-Saxon message was that resource allocation had derailed Asia. The argument was that the main cause of the Crisis was too

⁴⁰ K. Rudd, 'Disengagement from Asia: Five Years of Foreign Policy Under the Howard Government.' Paper presented by K.M. Rudd, Chairman, Federal Parliamentary Labour Party Policy Committee on National Security and Trade, at Asialink Circle – Sydney Chapter, Sydney, 17 October 2000.

much state intervention, which had resulted in unwise and inefficient investments in public and private projects. State control over bank lending decisions in particular, allegedly driven by fallacious planning projects by the state (i.e. the very developmental state agenda that had manifestly succeeded!) were blamed. As Jeffrey Sachs remarked, there was “a touch of the absurd in the unfolding drama, as international money managers harshly castigated the very same Asian governments they were praising just months before.”⁴¹ The resultant message was that dirigiste impulses had interfered with the market and sparked East Asia’s financial crises.

Such a reading of the Asian story and the jaundiced view of the appropriate role of the state in fostering development was fed into the APEC agenda, creating reactions from Asian heads of state overseeing complex social formations that benefited from, and advanced, the type of “embedded mercantilism” that characterised many Asian states.⁴² For instance, at the Kuala Lumpur Summit in 1998, Malaysian Prime Minister Mahathir Mohamed intensified his criticism of the international monetary system, which had been developing for some time. Mahathir declared that hedge funds and currency speculators were a negative result of liberalisation and globalisation and undermined state sovereignty and years of deliberate policies. He asked “what is there to show for the huge trade in currency—twenty times bigger than world trade? The numbers of people who invest in hedge funds and the banks are thousands, as against a world population of 6 billion.”⁴³

Mahathir articulated publicly what a number of Asian leaders privately thought. His response to the Crisis challenged the American-led orthodoxy, particularly when he pulled the *ringgit* from global markets and introduced capital controls, an action later justified by Kuala Lumpur as being the “only reasonable option for Malaysia, or any small country who finds its currency under attack.”⁴⁴ Mahathir also ousted his deputy, Anwar Ibrahim, who was the chief promoter of the neo-liberal agenda within the Malaysian regime. Interestingly, the strategy of introducing capital controls was aimed not only at mastering the crisis brought on

⁴¹ J. Sachs, “The Wrong Medicine for Asia.” *New York Times* (on-line edition) (3 November 1997).

⁴² K. Jayasuriya, *Southeast Asia’s Embedded Mercantilism in Crisis: International Strategies and Domestic Coalitions* (Working Paper No.3) (Hong Kong: Southeast Asia Research Centre, City University of Hong Kong, 2001).

⁴³ *The Australian* (Sydney) (16 November 1998).

⁴⁴ *Financial Times* (London) (28 March 1999).

by free capital mobility but also at reducing Malaysia's adherence to neo-liberal tenets that Mahathir saw as undermining its development and the social coalitions that made up his regime. But, the capital controls were not a device to de-link from the world market, but rather to strengthen the space for Kuala Lumpur to maintain economic and social stability and thus continue to be competitive. Rather than the sky falling in as Mahathir bucked the orthodox line, Malaysia emerged intact. As the *Far Eastern Economic Review* put it,

the doomsday scenarios have failed to materialise since Mahathir imposed capital controls—shocking the financial community. The controls didn't spawn a thriving black market prompted by foreign-exchange shortages. They didn't spark capital flight depleting Malaysia's foreign reserves. Inflation hasn't soared. And the government hasn't resorted to printing money or indiscriminate spending to reflate the economy. Economists give Malaysia good marks for its progress in restructuring the financial sector by recapitalising ailing banks and removing non-performing loans from their books.⁴⁵

The Asian Crisis presented the US with a major opportunity to advance its influence in the region and subvert Japanese economic interests, which had built up during the boom times, as well as break down what were perceived as overly protectionist economies.⁴⁶ Under the rubric of “restructuring” and the construction of “free markets,” Washington used the Crisis as a means to open up Asian economies further—to the advantage of US-based transnationals: within the first third of 1998 there were 479 mergers and acquisitions totalling US\$ 35 billion and corporations were able to snap up bankrupted Asian businesses at quite remarkable bargains, with conditionalities for help from the IMF being predicated upon concessions to liberalise.⁴⁷

Such processes were actively encouraged by the US, which used the crises in Asia to push through neo-liberal reforms whilst advancing the interests of American-based transnationals, a tandem policy that exemplifies its agenda within APEC. As Higgott points out,

⁴⁵ *Far Eastern Economic Review* (4 March 1999), p.6.

⁴⁶ M. Berger, “APEC and its Enemies: The Failure of the New Regionalism in the Asia-Pacific.” *Third World Quarterly* Vol.20, No.5 (1999).

⁴⁷ *International Herald Tribune* (Hong Kong) (20-21 June 1998).

the US response towards the crises...has been to liberalise trade, regulate financial markets and enhance disclosure rules. All, by happy coincidence, coincide with the broader aims—both before and after the crises—of US economic diplomacy in the region. More specifically, as the US Treasury...made clear all along, support for “bail-outs”, especially in Korea, was and is contingent on continued financial opening.⁴⁸

Defensive measures by Asian elites, exemplified by Mahathir’s response, threatened such a strategy and forced Washington to work hard, in tandem with its allies within APEC, to undermine such sentiments. Thus, the Kuala Lumpur Summit, although calling for better regulation of global financial markets, buried the demand for restrictions on the activities of hedge funds, as proposed by Mahathir.⁴⁹ At the same time, suspicion of what (or who) APEC is for has animated a certain wariness of the organisation. APEC is seen by many observers as playing an important role in this movement towards “policy fit” along orthodox neo-liberal

⁴⁸ R. Higgott, “The Asian Economic Crisis: A Study in the Politics of Resentment.” *New Political Economy* Vol.3, No.3 (1998), p.342.

⁴⁹ *Daily Telegraph* (London) (19 November 1998).

lines. As Sum remarked,

there is...an apprehension that the US might use APEC as a club to force the NICs and the ASEAN countries to make more trade concessions under a new institutional set-up and discursive guise. Given this aura of suspicion, APEC is seen as an attempt to institutionalise bilateralism/unilateralism, and, at its extreme, as a scheme to re-subordinate “Asia Pacific” to US hegemony rather than generalise prosperity.⁵⁰

Yet, despite open cracks in what remains of any sort of consensus surrounding APEC, there has been increased pressure on the body to speed up liberalisation. Prior to the 1999 summit meeting in New Zealand, the APEC Business Advisory Council produced the “1999 New Zealand ABAC Meeting Report,” signed by major business leaders from all twenty-one member economies, which criticised the lack of movement in reaching the 2010 target date of free trade in the region for the developed nations. The Report called for better supervision of financial markets, streamlining customs, improving communications and upgrading food, water, energy and waste infrastructure. It also urged action to restore confidence in the financial sector, seen as vital to economic recovery.⁵¹ Thus even whilst some Asian leaders publicly retreated from their rhetorical commitments to neo-liberalism, pressure remained for greater liberalisation. Indeed, what was noticeable at the Summit in New Zealand was the increased presence of business, continually lobbying for more openness. According to an official source,

many delegations commented that it had been invaluable to hear directly from the business community on steps that were necessary to allow business and employment to grow. Officials received some frank advice on where we need to concentrate our efforts.⁵²

⁵⁰ N-L Sum, “The NICs and East Asian Regionalism,” in A. Gamble and A. Payne, eds. *Regionalism and World Order* (Basingstoke: Macmillan, 1996), p.224.

⁵¹ *Business Day* (Johannesburg) (25 August 1999).

⁵² APEC, “APEC Enhances Interaction With Business.” (APEC Secretariat Press Release No.23/99, 7 May 1999).

Yet, as one critical commentator noted:

One of its most influential bodies is the APEC Business Advisory Council (ABAC). There are no parallel bodies for representatives of workers, consumers, subsistence farmers or indigenous people, who make up the great majority of its peoples, so the emphasis and the intent is quite clear.⁵³

Obviously, whilst the input by business leaders is important, the prioritisation of this segment of the community over and above everyone else is problematic. Indeed, there has been a continual blurring of the conceptual distinctions between what good economic practice might mean and neo-liberalism, with the pro-liberalisation business sector having a profound influence on inputs into the APEC debate. The APEC Business Advisory Council is given a direct hand in the formulation of policies, attempting to direct policies towards the reconfiguration of states' investment regimes to facilitate free access to their markets. This has been actively supported by governments in the region, particularly Western governments. American Under Secretary of State for Economic, Business and Agricultural Affairs asserted that;

We pursue economic objectives for their own sake—because they benefit U.S. business, U.S. workers and the U.S. economy. We also use economic tools to project U.S. leadership and influence abroad. Historically, military alliances like NATO and the Japan security alliance have been the core vehicles for projecting America's power. Today, economic relationships and the new economic institutions they have spawned—from the WTO to APEC—are equally important pillars of American influence around the world ... We are...looking into ways to focus the work of APEC to break down structural impediments, and provide new opportunities for business to benefit from APEC's trade and investment efforts.⁵⁴

Spero went on to tell a U.S. Congressional Committee in July 1995 that “APEC is not for governments. It is for business. Through APEC, we aim to get governments out of the way, opening the way for business to do business.”⁵⁵ She later went on to assert that “the State Department supports U.S. business abroad—and ... our policies in the Asia-Pacific generally,

⁵³ B. Rosenberg, “Foreign Investment and APEC.” (www.apec.gen.nz/foreign_.htm).

⁵⁴ J. Spero, Under Secretary of State for Economic, Business and Agricultural Affairs, “Remarks to American Chamber of Commerce, Manila.” (21 November 1996) (www.usia.gov/regional/ea/apec/sperol112.htm).

⁵⁵ Cited in B. Rosenberg, “Foreign Investment and APEC.” Paper presented at the “Alternatives to the APEC Agenda” forum, Knox Hall, Christchurch (24 April 1999) (www.apec.gen.nz/foreign_.htm).

and in the Asia-Pacific Economic Co-operation forum in particular, contribute to that effort.”⁵⁶ This has important implications for the security of the region, for programmes meant to ensure that policies that may address legitimate social and environmental concerns are cast as “structural impediments” can but only undermine safeguards in these fields. The pressure to do so, particularly post-1997, has been intense, but as one commentator remarked:

The crisis itself has brought home the important role of government in determining policies that can effectively protect the poorest or most disadvantaged citizens through the development of a more effective social safety net. For example, part of the government’s regulatory authority, even while pursuing a limited role as a participant in a market-oriented economy is to insure certain norms and standards of social justice within the cultural context of a particular nation state. The current challenge is how to effectively determine such national priorities consistent with cultural imperatives without perpetuating some of the negative relationships among politics, government, and business which have been identified as the source of certain corrupt or overly-cozy practices.⁵⁷

Despite this, talk outside of the “purely economic” is either deliberately excluded from, or downplayed within, the APEC agenda. As one commentator notes,

APEC claims to be a community of economies, not of governments or countries. This conveniently excludes from consideration the “non-economic” consequences for poverty, indigenous and human rights, employment or environment, unless they are redefined in market-friendly terms. In APEC there is no perceived need for, and no opportunity to, debate the deficiencies of the global free market model, let alone any alternatives.⁵⁸

Despite the claims to being “non-political,” as one account frames it:

APEC is an important mechanism to sustain a momentum for neo-liberal restructuring for an important economic chunk of the globe. This is achieved by creating an overall political atmosphere and pressure for liberalisation, especially in trade. It has been effective in drawing in such politically difficult countries like China and Malaysia and dealing with regional economic interests of Japan, ASEAN or Australia... Additionally, liberalisation is achieved through specific political pressuring and commitments for sector

⁵⁶ *Ibid.*

⁵⁷ S. Snyder, “Political and Security Implications of the Asian Financial Crisis for the Korean Peninsula.” (1999) (www.mofat.go.kr).

⁵⁸ J. Kelsey, “An APEC Primer.” (no date) (www.apec.gen.nz/APEC_pri.htm).

liberalisation and country programs. The annual Leaders' Meetings provide an occasion and, in a sense, a deadline towards hammering out specific agreements and commitments on particular key issues... Liberalisation of the Asia-Pacific countries is also further achieved insidiously through programs involving economic and technical co-operation that are meant to ensure that protectionist policies are removed from legitimate social and environmental concerns. Such is the policy handling of marine resources conservation, or promotion of small and medium enterprises (SMEs) for example... Another aspect that makes the APEC distinct is its concern for trade facilitation. Beyond implementing economic policies, the APEC addresses such issues as harmonisation of standards and procedures among many others that actually make the difference in realising free trade.⁵⁹

APEC's leaders posture a project that is supposedly based on rational economics beyond the realm of politics. Yet,

domestic and international economic strategies are intrinsically political because any given set of economic strategies needs to be underpinned by a coherent dominant coalition the member of which benefits from the pursuit of a given economic policy regime.⁶⁰

However, "US policy demonstrates no abiding concern for the patterns or effects of either economic growth or crisis in the [Asia Pacific] region."⁶¹ Indeed, environmental concerns are practically invisible in APEC's agenda, despite the fact that the Asia-Pacific region faces massive problems with regard to sustainable and ecologically-sensitive growth.⁶²

Despite cracks emerging regarding the Washington Consensus, APEC still advances neo-liberalism—even though important figures in the region see it as part of the reason why Asia experienced its financial crisis. In essence, there has emerged a set of contending visions over ideas regarding the future construction of the region with a specifically Asian viewpoint coming into conflict with a US-centred but broadly Western programme. These contending visions have tremendous implications for the Asia-Pacific region and its peoples. If the Western neo-liberal model wins, with its rapid liberalisation and dislocating

⁵⁹ A. Tujan, "APEC and Neoliberal Globalisation." (no date) (www.apec.gen.nz/tujan.html).

⁶⁰ Jayasuriya, "Southeast Asia's Embedded Mercantilism in Crisis," p.3.

⁶¹ J. Gershman, "In Focus: Asia Pacific Economic Co-operation." *Foreign Policy in Focus* Vol.3, No.35 (1998), p.3.

⁶² A. Burnett, *The Western Pacific: Challenges of Sustainable Growth* (London: Allen and Unwin, 1993).

commodification of everyday life, the security of the average Asian will be undoubtedly threatened.

There are a number of reasons for this. Firstly, it is axiomatic that the nations within APEC are at diverse levels of development. Smaller or weaker states obviously need time to adjust to liberalisation and construct their local enterprises to be able to compete with foreign companies. Without allowing for adjustment times, weaker countries are likely to witness a number of negative outcomes. With import liberalisation, the products and services of the more powerful countries may well take over the markets of the developing countries and eventually control their economies, crushing local firms and increasing unemployment.

Furthermore, if the agricultural sector is also liberalised too rapidly, farmers in many countries are likely to face difficulties and may lose their livelihoods as the domestic market is flooded by cheaper imports. Numerous studies have demonstrated what happens to weaker economies if neo-liberal programmes are advanced too rapidly and without taking into account local on-the-ground conditions.⁶³ APEC is vulnerable to these factors and may, if warnings are not heeded, stimulate asymmetrical dependence and a North-South polarisation within the region.⁶⁴ Of course, the proponents of free trade argue that the consumer will benefit from gaining access to cheaper food and other imported goods. This argument is somewhat enticing. However, a paragraph by James Goldsmith is enlightening and puts the attractiveness of low consumer costs into perspective:

[C]onsumers are not just people who buy products; they're the same people who earn a living by working and who pay taxes. As consumers they may be able to buy certain products cheaper...[b]ut the real cost of apparently cheaper goods will be that people will lose their jobs, get paid less for their work, and have to face higher taxes to cover the social cost of increased unemployment. Consumers are also citizens, many of whom live in towns. As unemployment rises and poverty increases, towns and cities will grow even more unstable. So the benefits of cheap imported products will be heavily outweighed by the social and economic costs they bring with them.⁶⁵

⁶³ See W. Bello, *Dark Victory: The United States, Structural Adjustment and Global Poverty* (London: Pluto Press, 1994), M. Chossudovsky, *The Globalisation of Poverty: Impacts of IMF and World Bank Reforms* (London: Zed Books, 1998), and E. Toussaint, *Your Money or Your Life! The Tyranny of Global Finance* (London: Pluto Press, 1999).

⁶⁴ H. Soesastro, "ASEAN and APEC: Do Concentric Circles Work?" *Pacific Review* Vol.8, No.3 (1995), p.483.

⁶⁵ J. Goldsmith, "The Winners and the Losers," in J. Mander and E. Goldsmith, eds. *The Case Against the Global Economy and For a Turn Toward the Local* (San Francisco, CA: Sierra Club Books, 1996), p.175.

This is one of the fundamental problems with APEC as it currently stands. The market is not the be-all and end-all of social life. APEC is not simply advancing “liberalisation” or “good governance,” terms which on the face of it sound quite attractive. The vision advanced by dominant agents within APEC is much more than that however. Since its capture by Washington and its neo-liberal allies, APEC’s agenda has had a lot more to do with expanding markets for trade and investment for Western transnational corporations and opening up financial markets, than it has had to do with stopping bribery. In this sense, the rhetoric of good governance is a useful means to legitimise an agenda not necessarily shared by those expected to implement it. Crises brought about by the free mobility of capital serve the interest of selected Western elites. During such crises funds are converted into the safety of the US dollar. IMF-imposed programmes such as those that followed the Asian Crisis of 1997 encourage externally-oriented industrialisation as a means by which countries can repay their debt, but this export-oriented project invariably goes towards the dollar zone, further strengthening the dollar. At the same time, crises mean cheap assets needing to be sold to recoup losses—a great opportunity for Western corporations, particularly when the weakening of states during such crises means that the bargaining power of transnational corporations and international financial institutions is bolstered. Furthermore, the agenda promoted by APEC clashes with the developmentalist programmes followed by many Asian states and which brought a certain amount of security and advancement for their peoples. Even accepting the negative aspects of these models,⁶⁶ which calls for a re-thinking of the Asian developmental state, they are at least preferable to the willy-nilly opening up of domestic markets and financial deregulation.

In fact, such contending visions of development continue to undermine APEC’s coherence and effectiveness. Ultimately, this may well consign APEC to the history books—a situation that is likely to be hastened if the enthusiasts of neo-liberalism continue pushing their agenda with little or no respect for the sensibilities of other, specifically Asian, developmental projects. There is not now—if there ever was—total consensus on how to manage international trade in the Asia-Pacific, particularly *vis-à-vis* the financial sector. Furthermore attachment to neo-liberalism by many Asian elites was instrumental and did not

⁶⁶ See W. Bello and S. Rosenfeld, *Dragons in Distress: Asia’s Miracle Economies in Crisis* (San Francisco, CA: Institute for Food and Development Policy, 1990).

reflect any ingrained belief (or indication of hegemony) in its particular prescriptions.⁶⁷ The ongoing tensions within the organisation between those advocating neo-liberalism and those defending state involvement, and between those pushing for binding commitments and those preferring a more consultative and less institutionalised approach may well spell the demise of APEC. Such tensions, exacerbated by the Asian crises, when the United States and its allies were seen to take advantage of Asia's predicament to push for wholesale liberalisation, mean that any form of consensus is highly unlikely, certainly in the short-term.

Concluding Remarks

This study has sought to advance our understanding of what agenda is pushing restricted notions of what constitutes "good" economic practice in Asia, by focusing on the role of APEC as a multilateral organisation. This has highlighted the importance of international institutions in promoting particular normative agendas. Obviously, APEC on its own is not responsible for such a scenario, nor should its influence and role be exaggerated. But, as an organisation that has been fairly active in advancing a particular project that is in line with the hegemonic dispensation of neo-liberalism, a study of APEC within the context of non-traditional security issues in Asia is quite revealing. In contrast to the orthodox ingredients concomitant with neo-liberalism, which tend to stimulate societal instability, broader definitions of good practice and at the same time, broader definitions of security need to be re-theorised within APEC and other multilateral bodies within the region. Only by doing so can a reformulated understanding of governance be crafted that stands to contribute to peace, equitable development and prosperity—in short, security for all.

As it stands, APEC's definition of what makes good economic practice is invariably that of the neo-liberal orthodoxy. This is part of the problem if one attempts to understand how APEC contributes, or otherwise, to the region's overall security. Certainly, according to the definition of security adopted in this paper, long-term security is impossible if it is at others' expense or if it erodes equitable social order. Lightning-quick profits generated by speculators situated in New York or London (or Hong Kong and Singapore for that matter) hedging against national currencies fits this characterisation. Addressing the needs and wants

⁶⁷ R. Higgott and N. Philips, "Challenging Triumphalism and Convergence: The Limits of Global Liberalisation in Asia and Latin America." *Review of International Studies* Vol.26, No.3 (2000), p.368.

of disadvantaged peoples in the region and resolving sources of hardship is ultimately an inevitable integral part of the search for long-term security. Reducing the agenda of an organisation such as APEC to a list of ingredients that seek to construct an environment conducive to neo-liberalism and international capital flows does not necessarily aid this and in fact may contribute to an erosion of the security of the region. As one commentator has remarked,

APEC *has* [my italics] responded into such social concerns as the environment, migrant labour and women. But in each case, government-business partnership that makes the APEC has succeeded in turning its supposedly egalitarian social and economic concerns into a triumph of the market each time.⁶⁸

The argument, as Rob Walker asserts, hinges on the meaning given to “security” and is derivative of one’s ideas as to who and/or what is to be secured.⁶⁹ In the definition of security advanced earlier in this paper, theorists and practitioners should re-think what is meant by good governance and security and prioritise helping those made insecure by the prevailing political and economic order. In doing so, the alleviation of their insecurity will be in the interests of the long-term stability of the region. In doing so, engagement with the nature and scope of the problems that stimulate insecurity is vitally important. Here, theorists need to be frank and open about their referent objects. Only by such honest investigations can we move beyond the dominant notions surrounding governance and security that are currently attempting to reconfigure the region. Obviously, the issue at hand is “not the outright rejection of the globalisation of the market and global capital, but how to regulate them to minimise their negative effects from the perspective of public values based on civil society.”⁷⁰ This leads us back towards what I believe is the best model for Asia, namely a reinvigorated and re-thought version of the developmental state. Market-conforming policies where the market might be seen as a device to advance a developmental agenda is superior to willy-nilly liberalisation. Ziya Öniş has written that “it is the ‘synergy’ between the state and

⁶⁸ Tujan, “APEC and Neoliberal Globalisation.”

⁶⁹ R. Walker, “The Subject of Security,” in K. Krause and M. Williams, eds. *Critical Security Studies: Concepts and Cases* (Minneapolis, MN: University Of Minnesota Press, 1997).

⁷⁰ Y. Sakamoto, “An Alternative to Global Marketization: East Asian Regional Co-operation and the Civic State.” *Alternatives* Vol.24, No.2 (1999), p.137.

the market which provides the basis for outstanding development experience.”⁷¹ This understanding undermines those who see the state as being in opposition to the market. It is not, I believe, a question of *either* full-on interventionism *or* liberalisation, but rather something in between:

Industrial policy is not an alternative to the market but what the state does when it intentionally alters incentives within markets in order to influence the behaviour of civilian producers, consumers and investors...Altering market incentives, reducing risks, offering entrepreneurial visions and managing conflicts are some of the functions of the developmental state.⁷²

The success of other Asian states that used strategic interventions and achieved high growth periods (Singapore, South Korea, Taiwan etc.) arguably demonstrates the conceptual purchase of the developmental state, states

whose politics have concentrated sufficient power, autonomy and capacity at the centre to shape, pursue and encourage the achievement of explicit developmental objectives, whether by establishing and promoting the conditions and direction of economic growth, or by organising it directly, or a varying combination of both.⁷³

Alternative notions of governance and priorities that recognise this need to be brought onto the agenda.

Finding the right balance—an intermediary position where the state mediates between local interests and external capital—seems the most apposite strategy to pursue. Clearly, given that states are increasingly deeply embedded in the global economy, and that autocentric development or delinking is now untenable, the role of the state in promoting and/or facilitating development needs interrogation, as does the ability of the public sphere to supervise financial liberalisation rather than retreat from such management functions. The Asia-Pacific region is a heterogeneous grouping of diverse nations, which means that APEC is an ambitious project, and at the same time, a highly important international political and

⁷¹ Z. Öniş, “The Logic of the Developmental State.” *Comparative Politics* Vol.24, No.1 (1991), p.110.

⁷² C. Johnson, “The Developmental State: Odyssey of a Concept,” in M. Woo-Cumming, ed. *The Developmental State* (New York, NY: Cornell University Press, 1999), p.48.

⁷³ A. Leftwich, “Bringing Politics Back In: Towards a Model of the Developmental State.” *Journal of Development Studies* Vol.31, No.3 (1995), p.401.

economic body—whether for promoting economic co-operation among countries or something more. If APEC was to pursue an agenda that recognises that economics cannot be separated from their political and social implications and that the security of the average Asian is impacted upon by “purely economic” decisions, then the body might become a worthwhile vehicle for state administrations to pursue involvement in. Whether this is possible, or whether, as seems likely, such distinctly Asian positions might be better advanced within a body such as “ASEAN Plus Three” is a moot point and worthy of further interrogation. It is really dependant upon what economic and political vision APEC pursues and how this may or may not serve to improve the life of the average Asian: it is only upon this evaluation that the body can be judged using the criteria implicit in non-traditional security concerns—the environment, social and economic progress and the uplifting of people’s day-to-day lives.

IDSS Working Paper Series

1. Vietnam-China Relations Since The End of The Cold War (1998)
Ang Cheng Guan
2. Multilateral Security Cooperation in the Asia-Pacific Region: Prospects and Possibilities (1999)
Desmond Ball
3. Reordering Asia: “Cooperative Security” or Concert of Powers? (1999)
Amitav Acharya
4. The South China Sea Dispute re-visited (1999)
Ang Cheng Guan
5. Continuity and Change In Malaysian Politics: Assessing the Buildup to the 1999-2000 General Elections (1999)
Joseph Liow Chin Yong
6. ‘Humanitarian Intervention in Kosovo’ as Justified, Executed and Mediated by NATO: Strategic Lessons for Singapore (2000)
Kumar Ramakrishna
7. Taiwan’s Future: Mongolia or Tibet? (2001)
Chien-peng (C.P.) Chung
8. Asia-Pacific Diplomacies: Reading Discontinuity in Late-Modern Diplomatic Practice (2001)
Tan See Seng
9. Framing “South Asia”: Whose Imagined Region? (2001)
Sinderpal Singh
10. Explaining Indonesia's Relations with Singapore During the New Order Period: The Case of Regime Maintenance and Foreign Policy (2001)
Terence Lee Chek Liang
11. Human Security: Discourse, Statecraft, Emancipation (2001)
Tan See Seng
12. Globalization and its Implications for Southeast Asian Security: A Vietnamese Perspective (2001)
Nguyen Phuong Binh
13. Framework for Autonomy in Southeast Asia’s Plural Societies (2001)
Miriam Coronel Ferrer

14. Burma: Protracted Conflict, Governance and Non-Traditional Security Issues (2001)
Ananda Rajah
15. Natural Resources Management and Environmental Security in Southeast Asia: Case Study of Clean Water Supplies in Singapore (2001)
Kog Yue Choong
16. Crisis and Transformation: ASEAN in the New Era (2001)
Etel Solingen
17. Human Security: East Versus West? (2001)
Amitav Acharya
18. Asian Developing Countries and the Next Round of WTO Negotiations (2001)
Barry Desker
19. Multilateralism, Neo-liberalism and Security in Asia: The Role of the Asia Pacific Economic Co-operation Forum (2001)
Ian Taylor