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***AFTER THE GLOBAL CRISES:
WHAT NEXT FOR REGIONALISM?***

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**Internationalization, Domestic Coalitions,
and Regional Futures**

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What is the impact of internationalization on the domestic politics and, in turn, on the regional behavior of states? What futures can we envisage for regional orders from what we know thus far about internationalization and its impact on regions? Where does ASEAN fall in these configurations of alternative regional orders? How does the Asian crisis alter the pre-1997 path and chart new futures? Economic crises have a special status in the international relations literature as harbingers of change, and often handmaidens of war. It is thus important to understand what conditions unleashed by the 1997 economic crisis may validate or refute such concerns. This paper begins with a summary version of a coalitional perspective on the impact of internationalization on regional relations.¹ The second section examines the impact of international institutions and regimes on the domestic coalitional interplay and explores the unintended consequences for regional orders. The third section applies the general argument to the evolution of ASEAN. The conclusions highlight the implications of the post-1997 crisis for the coalitional argument and for the maintenance of peace and security in ASEAN and beyond.

DOMESTIC COALITIONS AND GRAND STRATEGIES

Ongoing research suggests that there is no simple formula for estimating the precise impact of global economic processes on domestic politics. We are still--paraphrasing Clausewitz-- under the "fog of internationalization." Nonetheless, we can begin to map domestic political constituencies according to their hypothesized position regarding internationalization. The central features of internationalization in the economic domain are openness to international markets, capital, investments, and technology. Internationalization affects individuals and groups in different sectors via changes in employment status, labor incomes, and returns on assets, via changes in prices of goods and services consumed, and via the provision of public services.

Internationalization does not merely pose threats to material interests but also threats to cultures, identities, and values, and to the interests of political entrepreneurs endangered by both types of threats. Thus, coalitions are not merely about alternative positions vis-a-vis economic liberalization but about alternative integrated interpretations of the political-economic and strategic context as it affects domestic coalitional balances. Political leaders rely on material and ideal aspects of internationalization to broker coalitions across different socio-political, ethnic, and religious groups. They do so by taking into account the distributional consequences of internationalization. Two ideal-typical coalitions often emerge--internationalist and backlash--but neither can be found in pure form in the real world.

Entrepreneurs crafting internationalist coalitions attract the beneficiaries or potential beneficiaries of economic reform, which often include export-intensive sectors and firms, highly-skilled labor employed in competitive industries or firms, analysts oriented towards an open global economic and knowledge (technology) system, consumers of imported products, and bureaucracies central to reform (independent central banks, finance ministries, managers of export-processing zones). Many internationalist coalitions retain state intervention and industrial policy although they do allow the expansion of private capital--local and international--far more significantly than backlash coalitions. So-called "crony capitalism" defies the internationalist/backlash divide and can be compatible with internationalist grand strategies even if it does not necessarily represent its "best practice." Entrepreneurs organizing backlash coalitions--fearful that internationalization will erode their statist-nationalist or ethno-religious basis of political patronage--attract import-competing firms and banks closely tied to the state, state-owned enterprises and banks, urban unskilled blue-collar and white-collar sectors, state bureaucracies rendered obsolete by reform, segments of the military and its industrial complex, and in some cases, some civic-nationalist, ethnic, and religious movements.

Internationalist and backlash coalitions differ in their preferences over domestic and international resource extraction and allocation and in their orientations toward regional and international behavior. Accordingly, each endorses a grand strategy with synergistic effects across the domestic, regional, and global arenas.

Domestically, the grand strategy of internationalist coalitions includes the pursuit of economic policies compatible with global access and the decimation of its political opposition. Externally, the

strategy is designed to maintain secure access to foreign markets, capital, investments, and technology. Regionally, a cooperative (non-violent) neighborhood serves the grand strategy in all its aspects, allowing a stable investment environment and appropriate macroeconomic conditions, while avoiding expensive arms races. Central to their economic program is the primacy accorded to macroeconomic stability and to international competitiveness. Macroeconomic stability reduces uncertainty, encourages savings, and enhances the rate of investment (including foreign). Why are these coalitions cooperative with their neighbours? Conflict-prone postures require the need to back them up with the internal mobilization of resources for potential military conflict. Such mobilization often contributes to many of the ailments afflicting the domestic political economy (from the standpoint of internationalist coalitions), such as unproductive and inflation-inducing military investments and the protection of state-owned enterprises under a mantle of "national security." Internationalist coalitions attempt to avoid inflated military budgets that increase governmental and payments deficits, raise the cost of capital, curtail savings and productive investment, deplete foreign exchange coffers, induce overvalued exchange rates, currency instability and unpredictability, and distort the humanpower base.

In contrast, the grand strategy of backlash entrepreneurs and coalitions seeks to preserve allocations to military and other protected (mostly statist) industrial complexes, and to weaken internationalist adversaries at home. Externally, they resist pressures for internationalization while challenging an array of international regimes depicted as anathema to statist-nationalist and military objectives. Regionally, a context of insecurity and competition helps sustain their grand strategy. Regional cooperation threatens backlash coalitions because it compels downsized allocations to the military and weapons-producing enterprises, deprives backlash entrepreneurs of mythmaking opportunities, and endangers the extraction and allocation of fiscal resources to backlash constituencies.

Coalitions are constrained internally and externally in their ability to implement their grand strategy. Internally they are constrained by their relative strength vis-a-vis their domestic challengers. Externally they are constrained by regional coalitional balances of power, which are defined by the identity, strength, and interactive dynamics with coalitions in neighboring states. The relative strength of coalitions--at home and throughout the region--accounts for the degree to which grand strategies are more pristine or diluted versions of the ideal-type. Taking note of the regional context helps explain a

coalition's behavior and its interaction with others in the region. The scope and nature of regional conflict and cooperation is influenced by the homogeneity/heterogeneity of the regional order in coalitional terms. Higher and extensive levels of cooperation can be expected where internationalist coalitions prevail throughout a given region than where backlash, or mixed (competing internationalist and backlash) neighbors, face one another, as in the Middle East and South Asia. Hybrid coalitions, diluted strategies, and mixed coalitions in a given region, create open-ended regional orders that elude extensive cooperation or warfare.

Clusters of internationalist coalitions are characterized by extensive and intensive cooperation, that is, cooperation across various issue-areas and with a deepening level of commitment. In the realm of security, internationalist entrepreneurs face the following incentives and constraints: First, domestic considerations of political survival drive economic rationalization--and military downsizing--as much as external factors. Therefore, there is some guarantee that fellow internationalist coalitions will be reluctant to defect through expensive militarized strategies. Internationalist dyads and clusters tame territorial or ethno-religious disputes and eschew militarized conflict or military build-ups that threaten the economic and political fundamentals--fiscal conservatism, macroeconomic, political, and regional stability, access to capital, technology, and markets--that an internationalist strategy requires. Second, the mutually reinforcing domestic and interactive (regional) inducements to allay conflict reduce transaction costs in relations between internationalist coalitions. Agreements on issues under dispute are easier to reach, and there is less need to monitor or punish compliance or improve information. This transparency is highest where internationalist grand strategies are more fully in place and their political agents more strongly entrenched, conditions that are of, course, interrelated. Thus, internationalist coalitions beget the conditions for self-sustained, rather than externally-imposed, regional cooperation. In addition, these features make concert-like multilateralism (by either large or small states) more efficient and dense institutionalization less necessary (but certainly not impossible).

In the realm of economic cooperation, strong internationalist coalitions transfer their domestic programs to the regional arena. Regional cooperative regimes emerge that serve the purposes of strengthening the internationalist model at home while disabling its opposition and lubricating external ties to the global political economy. The need to harmonize product standards and legal and administrative

infrastructures deepens the institutional links and interdependence among internationalist coalitions. They thus embrace trade-creating schemes that emphasize positive regional and global externalities, compatible with "open regionalism." Regional economic integration is not always required for cooperative relations to be maintained, although an absolute increase in regional trade and investment often results from interacting internationalist partners. For instance, where competitive--rather than complementary--economies are involved (as in ASEAN), the drive for integration is initially weaker. However, even in the absence of dramatic economic benefits from bilateral economic interactions, internationalist coalitions find it in their interest to maintain cooperative relations. The underlying logic of cooperation is global access, with regional arrangements serving only as stepping-stones subordinated to that logic. Naturally, where the credibility of the internationalist agenda throughout the region is questionable (as has been in Latin America's Southern Cone or the Middle East for decades) formal regional arrangements in the direction of freer trade can signal a more believable commitment to extra-regional investors.

I examined this argument for a sizeable part of the industrializing world in the last five decades (Solingen 1998). Going beyond this qualitative study, preliminary statistical evidence suggests that internationalist coalitions are more prone to deepen their country's trade openness, expand exports, attract foreign investments, downsize military-industrial complexes, avoid weapons of mass destruction, defer to international economic and security regimes, and strive for regional cooperative orders that reinforce those objectives. Although, to reiterate, pristine and coherent grand strategies are hard to find, the links between a commitment to an internationalized economic strategy and regional cooperation and stability seem evident. Instead, backlash leaders and coalitions are found to restrict and reduce trade openness and reliance on exports, curb foreign investment, build expansive military-industrial complexes, spearhead weapons of mass destruction programs, challenge international security and economic regimes, and exacerbate civic, religious, and ethnic nationalist differentiation within their region through an emphasis on territoriality, sovereignty, and self-reliance. Even when attempting to avoid what might be self-defeating wars and arms races, the risks and externalities of their preferred policies pushed towards them, from Sukarno to Nasser. Backlash leaders have used chemical weapons and have spearheaded an overwhelming majority of the wars fought since World War Two.

Inter-regional comparisons suggest that different coalitional mixes throughout a region create and reproduce typical regional orders and, conversely, are affected by them. Where internationalist coalitions gained a critical mass, they relied more on common security and multilateralism, avoiding aggressive steps towards each other, assisting members subject to such threats or aggression, and mutually adjusting in matters pertaining to their territorial sovereignty. ASEAN produced relatively peaceful stability on the ashes of earlier wars, Middle East internationalists made strides in that direction in the early 1990s, and internationalists in the Southern Cone of Latin America made MERCOSUR and regional denuclearization a reality. The rise of an internationalist "zone of peace" in a given region places a tacit but direct challenge to lingering backlash coalitions in that region, undermining all pillars of their grand strategy, from the merits of economic closure to the advantages of militarization. In time, these regional orders can overturn the coalitional balance within residual backlash states, easing their eventual inclusion into a common regional framework.

INTERNATIONAL INSTITUTIONS AND DOMESTIC COALITIONAL BALANCES

International economic, security, and normative structures and institutions purposefully, but also unintendedly, influence the domestic coalitional interplay, at times strengthening internationalist coalitions, at others empowering their rivals. Different international regimes (an institutional cluster around a given issue-area) privilege the interests of one coalition over another. In the past, the Cold War era provided a more supportive framework for the objectives of backlash entrepreneurs, from economic protection to militarization and regional conflict. On the one hand, the superpowers' competition for dominance in different regions privileged--indeed gave life to--many a military-industrial complex, even where regional threats and the reach of the adversarial superpower were remote. On the other hand, the United Nations General Assembly and other UN agencies beyond the control of Western powers provided a convenient site for the coordination, elaboration, and diffusion of backlash policies, in their domestic, regional, and international dimensions. This international framework may explain the relative scarcity and weakness of internationalist coalitions during that era.

At the dawn of the new millennium international economic structures and regimes appear, at first sight, to favor internationalist policies worldwide to an extent never evident before. By providing credit and defining the terms of trade and investment, public and private international institutions are central to the

political longevity of these coalitions. In the last decade, the World Bank and the IMF have become ever more powerful in shaping the economic orders of industrializing states. Externally-induced structural adjustment policies have frequently strengthened institutions in charge of reform (particularly finance ministries, central banks, export-promotion bureaus, and export-processing zones). WTO membership consolidates access to international markets while binding members to domestic economic reform. The new structures of international production (multinational administrative hierarchies) and financial intermediation (obsolescent capital controls) have made it easier for "internationalist" firms and financial investors to pursue strategies of evasion and exit, helping these firms prevail over state agencies seeking capital controls or stiffer capital taxation. The ability of such firms (locally and foreign-owned) to influence domestic investment patterns and to transfer capital abroad thus increases their political weight in shaping adjustment policies.²

This new international structure poses formidable challenges for backlash coalitions. Dwindling external financing has disabled classical populist strategies and preferential credit programs. Foreign direct investment has altered domestic coalitional balances by injecting jobs and technology at some points and not others. The critical role played by a dynamic technological edge in the global economy has favored symbolic analysts most enmeshed in international markets--via networks and "strategic alliances"--at the expense of those in state bureaucracies and domestically-oriented firms. Educational institutions and other international training agencies in industrialized countries have reinforced the ranks of internationalist state and private technocrats, experts, and symbolic analysts whose skills are essential to the implementation of economic reform.³ New international economic structures and regimes have also undermined the viability of military-industrial complexes and military establishments, frequent partners in backlash challenges to economic liberalization. Structural adjustment efforts threaten these complexes as does the very demand for greater budgetary accountability and transparency in intergovernmental relations. The World Bank has begun addressing, more directly than ever, the size and transparency of military budgets. Domestic reform agencies, concerned with guns-versus-competitiveness tradeoffs, oblige.⁴

At the same time, the international economic environment that seems otherwise generally favorable to internationalist coalitions can also lead to unintended consequences and severe crises.

Structural adjustment, stabilization programs, and economic liberalization more generally involve a painful transition for relatively large sections of society who bear the burden of recessions, unemployment, and reduced public subsidies and investments in infrastructure. A most important source of weakness of at least some internationalist coalitions is their failure to distribute the spoils of reform more equitably, or their tendency to pursue their short-sighted, instead of their enlightened, self-interest.⁵ This phenomenon is widespread, with Egypt providing a classical case, given the longevity of the process (since the mid 1970s), its tentative nature, and its meagre successes. Accounts of market reform in Russia and Eastern Europe are rich in details of income-concentration and widespread impoverishment, asset stripping rather than wealth creation,⁶ reminiscent of the experience of some industrializing countries.

International conditionality requirements have in some cases reinforced the natural tendency of these coalitions to focus on the unfettered pursuit of wealth while paying little attention to the risky political consequences of concentrated benefits.⁷ Food riots in Egypt, Sudan, Algeria, and Morocco followed the reduction of staple subsidies (as did the conservative 1991 Russian coup). Shock-style-therapy without safety nets and social insurance thus ends up weakening rather than strengthening the power of agencies in charge of economic reform and their societal allies.⁸ In many cases a popular shift to backlash politics follows. Domestic groups and institutions offering an alternative, if illusory, solution to the predicaments of economic transition, reap the political benefits.

The political dynamics of non-distributive internationalist coalitions thus plant the seeds of their own destruction. Regional cooperation can--has--become a collateral casualty, as internationalist coalitions fight for survival by moving towards more symbolic, nationalist, or ethnic-confessional instruments to build political support. In the Middle East, all three ruling coalitions with incipient internationalist tendencies where antiregime Islamic forces did rather well electorally (Jordan, Yemen, Algeria), ended up supporting Saddam Hussein during the Gulf War.⁹ Weak, incipient internationalist efforts in India and Pakistan in the early 1990s, insensitive to the predicament of the vast majority of their respective populations, helped already-entrenched backlash constituencies prevail politically, inaugurating an era of hypernationalism, militarized conflicts, and nuclear testing at the end of the decade. Notably, where integration into the world economy evolved in tandem with a more egalitarian income-distribution as in Taiwan and South Korea, internationalist coalitions were able to gradually

muster enough political support to render their grand strategy--at home, in the region, in the world--least reversible.¹⁰ There was less regional adventurism and saber rattling once internationalist strategies were in place. South Korea's cautious response to the whims of the North (including nuclear threats), and Taiwan's cool restraint vis-a-vis militarized Chinese offensive threats in 1996, are symptomatic of relatively strong internationalist coalitions.

The survival of internationalist coalitions requires that the benefits from economic liberalization be broadened to include more than the concentrated interests which often sustain these coalitions initially. Providing resources, compensatory payments, export-incentives, targeted (rather than general) subsidies, and training geared to improve relevant skills, can temper domestic opposition to liberalization.¹¹ Indeed, data on the OECD (Organization for Economic Cooperation and Development) community itself reveals a remarkably positive correlation between openness to trade and the amount of spending on social programs. Resources for upgrading social insurance mechanisms can be marshalled (at least partially) from funds freed by the contraction of military budgets, a policy that increases support for reform within civil society while extinguishing a historical source of political power in the hands of military establishments.

Protected markets in the industrialized world are another global challenge for internationalist coalitions.¹² While the prospects of trade concessions and access to favored wealthy-states' markets strengthen the appeal of liberalizers, protectionist policies (tariffs or quotas) undermine such appeal, as South Korea's President Park learned in the early 1970s. To a large extent, therefore, internationalist coalitions find themselves at the mercy of a global process of economic liberalization that is not irrevocable but rather intermittently threatened by cyclical changes. Where global processes contribute to unsuccessful stabilization and to uncontrollable external balances, economic reform at home is more likely to flounder, and their political agents with it. By the mid-1990s the G-7 included in its agenda the need for a "currency early warning system" to prevent crises--such as Mexico's 1995 "Tequilazo"--that threatened embattled internationalist coalitions. Yet no effective institutional mechanisms were devised and the 1997 crisis caught international institutions unprepared. More on this later.

Having stated the centrality of international institutions to the domestic coalitional interplay, one should not infer that international institutions uniquely determine the fate of economic reform, domestic

political change, or regional orders. The domestic coalitional balance is not merely derivative of global forces. Evidence from systematic studies points to the inability of external actors to tip the political scale in favor of reform, when the domestic institutional and coalitional environment is unfavorable.¹³ After all, international pressures for trade liberalization and macroeconomic adjustment did not bear fruit for many years among inward-looking states such as Argentina and India. Syngman Rhee resisted macroeconomic reform in the late 1940s and 1950s, even when South Korea was under virtual US occupation and Park introduced his “deepening” program in the 1970s despite US and World Bank opposition. Saddam Hussein’s military-industrial complex continued its activities in non-conventional weapons production for years, notwithstanding the most stringent United Nations regime for on-site inspections in history. Policies result from changing dynamics between what Gourevitch (1986:217) labelled “the force of epochs” (worldtime) and “the force of national trajectories.”

Notwithstanding the differential domestic conversion of global influences in each country, it is important to recognize how free capital mobility has deepened the international impact on coalitional balances in an unprecedented way, rewarding or punishing coalitional policies and behavior--at home, in the region, and vis-a-vis the world--virtually overnight. Most importantly, no linear progression or irrevocable process towards economic liberalization or regional cooperation should be implied. Backlash politics might be more resilient than "liberal optimists" tend to believe.

ASEAN: AN INTERNATIONALIST CLUSTER

Considering that the domestic impact of internationalization is far more complex and unpredictable than stipulated by any existing theoretical framework, and that the distance between the ideal and empirical coalitional types suggested above can be wide (hybrid forms abound), I turn now to ASEAN's record as a fledging internationalist cluster.¹⁴

In 1967 Thailand, Singapore, Indonesia, Malaysia, and the Philippines signed the ASEAN Declaration, convening their first summit meeting of heads of state only in 1976 (Bali), where they adopted the Concord Declaration and the Treaty of Amity and Cooperation in Southeast Asia. In time Brunei, Vietnam, Laos, and Myanmar joined in, and eventually Cambodia. The evolution of ASEAN can be understood as a cooperative regional framework traceable to a converging pattern of domestic politics.¹⁵ By the late 1970s several ASEAN states came to be dominated by political entrepreneurs able

to develop and coalesce internationalist constituencies (favoring foreign direct investment, natural resource and manufacturing exports) alongside more traditional import-substituting interests (particularly in Indonesia and notably automobiles in most ASEAN states). The political power of internationalist constituencies grew significantly by the 1980s, in tandem with the growth of private entrepreneurship, progressive internationalization, and the ability to maintain economic growth.¹⁶ In time, and in most cases, a burgeoning middle class--with vested interests in political stability--came to support the internationalist strategy, even as it began questioning the legitimacy of its political agents.¹⁷ Radical nationalist and ethno-religious groups were, for the most part, marginalized by these coalitions, preventing exclusivist political forms from undermining domestic, global, and regional purposes. Economic growth was the foundation of this grand strategy, embedded in the concept of "national resilience," (*ketahanan nasional*) which, writ large, would endow ASEAN itself with resilience.¹⁸

In Indonesia, following the ruthless repression of forces backing Sukarno, the PKI, and Islamic contenders, Suharto set on in the late 1960s to organize a new coalition that would rule Indonesia for the subsequent 25 years. His pivotal partners in the New Order (*Orde Baru*) were a small group of industrial entrepreneurs (mostly Chinese) and the armed forces (ABRI, purged and refashioned). In time the coalition came to include a tame Islamist movement--the Indonesian Muslim Intellectual Association--with ties to *pribumi* (native Indonesian) economic groups. Suharto's coalition turned Sukarno's grand strategy (an early backlash exemplar) on its head. Replacing Sukarno's inward-looking Nasser-style statism and a rhetoric condemning the global economy, Suharto launched an export-led strategy of integration into the global economy, seeking US, Japanese, and other Western trade and investment partners, applying IMF stabilization plans, and reducing state enterprises.¹⁹ Furthermore, instead of *konfrontasi* Suharto proclaimed that "the creation of regional stability and cooperation in South-East Asia will get first priority," pointing to the links between his regional cooperative thrust and his attempt to reverse Sukarno's economic model at home.²⁰ Although Suharto's strategy benefitted primarily his own nepotistic and patrimonial coalitional basis, economic growth in time coopted growing segments of Indonesian society. Average trade openness (TO henceforth)--imports plus exports as percentage of GDP--under Sukarno had been about 21 percent, declining to 18 percent between 1960-1965.²¹ Immediately after Suharto's coup TO jumped from as low as 10 percent in 1964 to about 33 percent (of a \$6 bn. GDP) in 1966, but

it was only in the late 1970s that TO climbed to over 50 percent of GDP (\$78 bn. in 1980). Net foreign direct investment (FDI henceforth) inflows grew tenfold between 1970 and 1989.

Under Prime Minister Lee Kuan Yew, Singapore's People's Action Party (PAP) implemented a high-growth strategy pivoted in economic stability and low inflation. Following the forced separation from the Federation of Malaysia in 1965 the centrality of an export-led model to political survival became evident, pointing to the strong links between domestic prosperity and stability, global reach, and regional peace and stability through ASEAN.²² PAP abandoned its socialist roots and coopted trade union leadership promising stability in exchange for discipline and low wages. State agencies (statutory boards) and enterprises emerged to spearhead the new strategy in the absence of strong private local entrepreneurship. Singapore's openness to FDI doubled the share of FDI in gross domestic investment, from 33 percent in 1966 to 68 percent in 1980. Restrained money supply and stable and appreciating foreign exchange rates preempted inflation. In relatively short time the policy bore its expected fruit. Already high exports-to-GDP ratios of 115 percent and over in the late 1960s increased to over 200 in the 1990s. Singapore's TO doubled between 1971 and 1980, to nearly 425 percent. FDI inflows, which had averaged \$1.7 bn. in the 1970s and 1980s, nearly doubled from \$5.5 bn. in 1990 to \$9.4 bn. in 1996.

Malaysia's Mahathir bin Mohamad relied on a more hybrid coalitional form (*Barisan Nasional*) that included import-substituting, heavy-industry, public enterprise, and export-oriented manufacturers representing primarily Malays-first (Muslim *Bumiputera*) constituencies aggregated in UMNO (United Malays National Organization). The Malaysian Chinese Association (MCA) and Malaysian Indian Congress (MIC) were subordinated partners in the ruling coalition, as were smaller Malay parties. Although the New Economic Policy was a discriminatory system favoring *Bumiputera* supremacy at the expense of Chinese and Indian minorities, it shunned extreme forms of ethno-nationalism, for the most part.²³ By the early 1970s an export orientation (initially of primary commodities) had already been overlaid onto moderate import-substituting and heavy industry promotion policies, in an effort to attract transnational capital to counter domestic Chinese capital. By the mid-1980s the coalitional balance shifted in favor of deepened internationalization with a moderate decline in ethnic ownership quotas. Declines in government expenditures--particularly development and military budgets--hurt *Bumiputeras* the most.²⁴ At the same time, a new Malay middle class (*Melayu baru*) was now an active component of coalitional

politics. During Mahathir's more inward-looking phase (1980-87) Malaysia's TO remained at slightly over 105 percent on average, and exports/GDP at below 55 percent on average. Government final consumption as a percentage of GDP grew from 15 percent to 19 percent by 1982, returning to 15 percent by the end of the period. During the more open phase (1987 onwards, particularly following the 1990 National Development Policy) exports-to-GDP ratios grew to over 77 percent on average. FDI inflows averaged \$1.6 bn. yearly since the 1980s, rising dramatically by the early 1990s. Mahathir reduced government deficits of 15 percent of GDP in the late 1970s to a surplus in the early 1990s. "The concept of free enterprise...is the philosophical basis of ASEAN," declared Malaysia's Foreign Minister.²⁵ The mixed nature of Mahathir's coalitional backing explains Malaysia's hybrid strategy--straddling internationalism and moderate civic/ethnic nationalism-- over time and across issue-areas. Mahathir personally concentrated the formulation of Malaysia's grand strategy, now berating and now cajoling Western investments and markets, now threatening to leave the British Commonwealth and now hosting their 1989 meeting and imposing a "buy British first" policy, and all the while wielding Southern (or Eastern) solidarity against Western conspiracies.²⁶

Thailand's ruling coalition of the military and technocratic allies came to include industrial entrepreneurs under Sarit in the 1960s, and eventually the middle class. The 1970s reflected a succession of weak and unwieldy coalitions. As in other ASEAN states, export-intensive entrepreneurs had gained the upper hand by the late 1980s. Under Prime Minister Prem Tinsulanonda a Joint Public Private Sector Consultative Committee (KRO) deepened internationalization through FDI and export promotion. The coalition's concern with political stability, appeal to foreign investors, and continued economic growth tamed the military's political role, particularly since 1992. Thailand's TO rose sharply in the late 1970s, from slightly over 40 percent to over 55 percent, but even more sharply in the late 1980s, reaching nearly 80 percent by 1990. In the Philippines, Ferdinand Marcos run what might be closest to a state racket operation backed by military patronage, that bore only few of the trappings of an internationalist strategy (mostly subservience to the US, particularly since the 1970s). Marcos' failure to implement the growth part of the strategy doomed his survival. In the aftermath of the People's Power revolution new coalitions were crafted, that progressively marginalized the military and ushered in

economic reforms. Trade openness remained below 50 percent on average until 1986, when it rose sharply from 45 percent to nearly 70 percent by 1992.

On the whole, export-led strategies in Malaysia, Indonesia, and Thailand succeeded with much less emphasis on industrial policy than in South Korea and Taiwan.²⁷ States did intervene selectively to promote exports, provide credit, and subsidize declining domestic industries, but price distortions were within bounds (Fischer 1999:80). Private entrepreneurship flourished to an extent virtually unparalleled in other industrializing regions. Mean government final consumption for ASEAN as a group oscillated between 11 percent of GDP in the early 1970s to 12.5 percent in the early 1980s, declining to 10 percent in the early 1990s but rising since. In contrast, mean government final consumption as a percentage of GDP for Middle East states was twice that of ASEAN in the early 1970s, three times larger throughout the late 1970s and late 1980s, returning to twice as large only after reform efforts in the early 1990s.²⁸ Mean government deficits for ASEAN were around 3 percent of GDP during the 1970s and early 1980s (long before Maastricht became history), turning to surplus by the late 1980s. For ASEAN states as a group, TO rose from about 80 percent in 1971 to 140 percent by 1980. Following a decline in the early 1980s, TO returned to 140 percent by the end of the 1980s. FDI for the group as a whole rose slowly in the 1970s but sharply in the late 1980s and early 1990s. Resilience also required that the fruits of growth be widely shared and, despite “crony capitalism,” impressive gains were made in reducing poverty, illiteracy and expanding life expectancy, particularly relative to other industrializing regions. East and Southeast Asian states rank very high in adult female literacy (ranging from 80 to 95 percent in 1992, with China at 70 percent), in contrast to adult female literacy rates in Egypt (36 percent), Iraq (40 percent), Syria (50 percent), Iran (55 percent), and Sudan (30 percent).²⁹

Patterns of military expenditures throughout ASEAN--low growth relative to GDP growth, defensive nature, and transparency in military acquisitions--reflected the objectives of internationalist coalitions. Military expenditures were not allowed to trample the domestic macroeconomic requirements of their grand strategy: price stability and hospitable conditions for international investments. Military expenditures remained at a par with--or lower than--the international average for industrializing states. Indeed, even as they faced a threatening regional environment, ASEAN expenditures were one-fourth to one-fifth that of Middle Eastern states. ASEAN's mean military expenditures as a group never reached 5

percent at their height in the late 1970s-early 1980s and declined quite dramatically thereafter to 2.8 percent of GDP in 1990 (see Tables 1 and 2).³⁰ Sukarno's military expenditures in the early 1960s averaged 5.4 percent of GDP whereas his successor Suharto averaged 3 percent in the 1970s-1980s and 1.2 percent (late 1980s-early 1990s), in tandem with a deepening of Indonesia's internationalist drive. Even under a military-backed domestic coalition, Thailand's military expenses as a percentage of GDP were halved, from 5 percent in 1985 to 2.6 percent in 1994. Between 1985 and 1994 Malaysia's declined from 5.6 percent to 3.7 percent, Singapore's and Brunei's from 6.7 to 4.8, and Vietnam's (a latecomer to ASEAN) from 19.4 percent to 5.7 percent. These figures confirm a rather restrained pattern of military investments not only in comparison with other regions but also relative to GDP growth, where military expenditures lagged by 50 percent behind GDP growth. Military investments amounted to an insurance policy, particularly against backlash adversaries in the region (Vietnam in the 1970s, for instance), but were not allowed to smother the grand strategy as a whole.

As the domestic political-economic pillars of that strategy were taking root within ASEAN states, their regional relations evolved away from arms races or offensive build-ups and toward transparency in military acquisitions.³¹ ASEAN leaders deepened cooperative relations that served both the purpose of strengthening the internationalist model at home and of lubricating external ties to the global political economy.³² The domestic repression of armed insurgencies (Philippines, Thailand, Indonesia in East Timor) was tolerated both to strengthen the ruling coalitions and to preclude the diffusion of instability and potential erosion of ASEAN's collective appeal to foreign investors. Global access and *concerted* unilateral liberalization, not defensive intra-regional trade, was the objective. By the early 1990s intra-ASEAN trade accounted for no more than 18 percent of ASEAN's total trade, and intra-ASEAN investment (mostly from Singapore) for less than 10 percent of the total.

Multinational investors have been most active in the push for regional integration. Only in 1993 was ASEAN's Free Trade Area (AFTA) agreed upon, designed to free trade in manufactured and processed goods by 2003.³³ Defined as "open regionalism," the approach seeks to enhance regional economic exchange without violating the legal requirements embedded in the World Trade Organization (most-favoured-nation rule) or without discriminating against extra-regional partners. Even at the height of ASEAN's collective internationalist phase in the early 1990s, Malaysia advocated an East Asian

Economic Grouping that would exclude “non-East Asian” states, a proposal that ASEAN rejected in consonance with “open regionalism” and global access, principles that ASEAN extended to APEC through the Kuching Consensus (1990).

ASEAN established a positive record of diffusing internal disputes and managing an effective diplomacy on regional matters.³⁴ Myanmar, Cambodia, Laos, and Vietnam were initially excluded as backlash aberrations but their progressive transformation into would-be internationalists opened the way to inclusion. Vietnam’s invasion of Cambodia and its aggressive backlash strategy raised the concerns of several ASEAN partners, particularly Thailand. With Vietnam’s leadership transition into a proto-internationalist strategy in the late 1980s and early 1990s the door was open for its accession to ASEAN, an important component of Vietnam’s effort to re-build its economy. After years of deriding ASEAN as “puppets of Western imperialists,” and while moving towards economic liberalization and military downsizing, Vietnam acceded to ASEAN’s Treaty on Amity and Cooperation in 1992.³⁵ Myanmar was accepted as an observer member in July 1996. ASEAN played an important role in the global effort to stabilize Cambodia. It also rejected external (US and European) intrusion regarding human rights and democratic deficits in Myanmar, wielding ASEAN’s abstention from intervening in domestic affairs. On the whole, ASEAN behaved as an internationalist regional cluster would, begetting the conditions for self-sustained, rather than externally-imposed, regional cooperation.

What makes the absence of militarized conflict particularly remarkable is that ASEAN states have a long list of outstanding territorial, maritime boundary, and other disputes.³⁶ Prominent among them is the conflict over the Spratly Islands between China, Taiwan, and several ASEAN states (Vietnam, Brunei, Malaysia, Indonesia and the Philippines). Vietnam and China have also conflictive claims over the Paracels. In 1992, the Chinese People’s National Congress declared that the Spratly Islands are a vital part of China. China landed troops and planted markers in Dac Lac Reef, fixed oil drilling platforms in disputed areas of the Tonkin Gulf, signed an agreement with a US company to search for oil and gas in the Spratlys, and impounded Vietnamese ships departing from Hong Kong.³⁷ In 1995 China’s naval forces seized Mischief Reef in the Spratlys and its maps now include most of the South China Sea as a part of China’s sovereign territories. These actions reflect the priorities of China’s own backlash elements, including the People’s Liberation Army, who favors naval modernization and a blue-water capacity. At the

same time the ambiguous, hot-and-cold tactics displayed by China over the Spratlys reveal the protracted domestic competition between its own internationalist (pro-WTO) and backlash camps.³⁸ ASEAN's response reflected concern about China's claims and behavior yet it approved a Declaration on the South China Sea (1992) urging all parties with claims to the disputed islands to renounce the use of force and to settle the disputes amicably.³⁹

ASEAN itself has not relied on formal dispute-resolution mechanisms, is not a collective security arrangement, and does not yet amount to a security community.⁴⁰ Yet it has developed a cooperative regional regime based on respect for state sovereignty, non-intervention, and rejection of the threat or use of force in resolving disputes, principles written into the Treaty of Amity and Cooperation. The Concord Declaration also reaffirmed a commitment to a zone of Peace, Freedom, and Neutrality (ZOPFAN). Several informal mechanisms known as the "ASEAN way" emphasize consultation (*musjawarah*), consensual decision-making (*mufakat*), accommodation among members, and informal diplomacy. The consensual rule allows the state which benefits the least from an agreement to influence the terms of the agreement, a principle that contradicts the notion of hegemony by most powerful states.⁴¹ ASEAN has fostered reciprocity and developed confidence-building mechanisms, including bilateral military exercises dealing with common internal and external enemies. Annual meetings of foreign ministers, summits of head of states, and a plethora of intersessional working committees have helped deepen trust. Since 1992 ASEAN Post Ministerial Conferences (PMC) have expanded to include discussions of conflict resolution and the promotion of transparency and confidence-building measures on security matters. Bilateral arrangements with the US are not seen as competing with, but rather complementing, ASEAN's multilateralism.

These achievements account for ASEAN's attempt to expand a seemingly successful model into a broader regional multilateral forum. Created in 1994, the ASEAN Regional Forum (ARF) is the only inclusive, if incipient, institution that has so far galvanized a multilateral dialogue on security matters in the Asia-Pacific region. ARF includes ASEAN countries, South Korea, China, Cambodia, India, Japan, Papua New Guinea, Russia, Australia, New Zealand, Canada, the EU, and the US. In its relatively brief history, ARF has arguably had some successes in smoothing the rough edges of Pacific Rim great power "balance of power" politics. For instance, ASEAN states encouraged China's participation in Asia-Pacific

Economic Cooperation-APEC and in ARF, hoping these institutions would help tame China's behavior. ARF has also promoted dialogue on the Spratly Islands dispute and on Korean denuclearization, has advanced confidence-building measures including "White Papers" on defense policy and exchanges between military academies, and has approved a "Concept paper" identifying an evolutionary approach toward a conflict-resolution mechanism. At the same time, ARF is also criticized for passing over divisive issues, relegating them to later resolution, and expecting conflicts to achieve ripeness at a later point or to be made irrelevant and innocuous by time and events.⁴² Although some consider it a mere "talk-shop," ARF is a relatively young institution and serves a useful purpose for various actors.⁴³

THE ASIAN CRISIS: IMPLICATIONS FOR ASEAN AND FOR INTERNATIONAL INSTITUTIONS

The advent of the post-1997 East Asian crisis in itself neither confirms nor challenges the coalitional argument advanced here, which does not portend to explain cycles in the global political economy. The crisis does reinforce, however, the need to understand more fully how the global economy and international institutions affect domestic coalitional balances, and how different coalitions approach the opportunities and constraints offered and imposed by international structures and processes. There are three basic schools of thought about the role of the International Monetary Fund in the Southeast Asian crisis.

The first contends that harsh and misguided measures imposed by the IMF as soon as the crisis erupted were counterproductive (Stiglitz 1999) and responsible for a deepening of the economic and political turmoil, most notably in Indonesia. A second school of thought condones IMF measures as the most appropriate tools--given the circumstances--to prevent a complete collapse of the economy and polity and to phase out Asian "crony capitalism" once and for all. A third school of thought gathers strange bedfellows that share their common hostility to international institutional intervention, either from a supply-side (conservatives in the US Congress, for instance) or from a demand-side (rejecting neo-colonial exploitation).⁴⁴ The three schools vary in their assessment of the socio-economic and political impact of the post-1997 crisis, but few refute the fact that the crisis has returned widespread misery to the region. Hence, in shattering expectations that rose throughout the 1980s and early 1990s, the crisis may have arguably made Southeast Asia riper for backlash politics. Clearly, the IMF bailout benefited foreign

investors while punishing many domestic firms while socialising the debt. In this sense, the crisis offers an opportunity to submit a coalitional account of ASEAN's regional order to a test.

As argued, an internationalist strategy is quite vulnerable to domestic and international sources of instability.⁴⁵ Furthermore, where internationalist coalitions are both feeble at home and threatened by backlash neighbors in the region, the quality of cooperation erodes in response to these domestic and regional threats. Insofar as the crisis strengthens backlash political forces regional cooperative patterns would tend to unravel, changing what had become ASEAN's typical behavior in preceding years.⁴⁶ Such scenario would be compatible with a coalitional account, as would the scenario of rebounding internationalist coalitions that stay the cooperative course. Two other scenarios would point to anomalies for coalitional analysis. The first addresses a situation where backlash coalitions prevail throughout the region in the future and their behavior produces little change in extant patterns of cooperation. The second anomaly would be if strong rebounding internationalist coalitions upset their earlier cooperative pattern by, for instance, waging a war (over the Spratlys?). Heavy military investments in the midst of an attempt to restore the health of internationalist agendas would be more conceivable where backlash constituencies grow stronger. Such investments seem unlikely under current conditions.

By mid-1999 the economic crisis appears to have deepened internationalist strategies in some cases (notably Singapore and Thailand), eroded them in others (prominently Malaysia), while reshuffling the coalitional landscape altogether in Indonesia in an unclear direction as of yet. Economic contraction and growing unemployment has bred both ethnic hatred (as in the assaults on ethnic Chinese in Indonesia) and civic-nationalist revivals, including the expulsion of foreign nationals from neighboring ASEAN countries and domestic repression of separatist movements, primarily in East Timor and Aceh. Relations between Malaysia and Singapore deteriorated significantly when Mahathir imposed capital controls in September 1998, targetting at least in part the US\$10 billion ringgit held largely by Malaysians in Singapore. Mahathir also restricted Singapore's use of air space in the aftermath of the publication of Lee Kuan Yew's memoirs. There have been mutual recriminations about past grievances and quarrels over Malaysian conditions for supplying Singapore with water, and presumed lawlessness in Johor.

In addition, the collapse of a relatively coherent domestic coalition under Suharto in Indonesia transformed it from a regional giant underpinning ASEAN cooperation as "primus inter pares" to the

sickest man on the bloc, raising anxieties in Singapore and Malaysia. Singapore--with a far stronger coalitional basis--responded by reasserting its fundamental strategy: "A small, vulnerable country resident in a tough neighbourhood has had to put in place a strategy that secures its future over the long term. Integration with the rest of the world is the essence of that strategy. It is a degree of integration which no other South-east Asian state comes close to matching."⁴⁷

Some have found unilateral responses to the economic crisis to reflect ASEAN's weak multilateral institutional infrastructure. Public statements by different leaders were initially contradictory and in some cases--notably Mahathir's--no more than strident attempts to mobilize nationalism and international conspiracies to explain the crisis away.⁴⁸ And yet even meetings held at the height of the crisis in late 1997 (Manila) yielded a common commitment to avoid protectionist responses and to promote further liberalization and foreign investment while pressing for global solutions to the negative externalities of international financial flows. The "peer surveillance" scheme designed to ensure a convergence of domestic agendas was consistent with ASEAN's informal style but unprecedented in its intrusiveness. Furthermore, in an institutional departure, finance and central bank officials established the first organization within ASEAN with its own secretariat. A year later the Hanoi Plan of Action reaffirmed the need to restore investor's confidence, regenerate economic growth, and promote sound macroeconomic and financial policies and stronger financial systems and capital markets. The 1998 Summit urged the study of a common regional currency (following a proposal by Philippines president Joseph Estrada) and advanced new measures to attract foreign direct investment, promote financial liberalization, and accelerate AFTA's implementation (from 2003 to 2002).

The region has gone through its worst economic and political debacle in thirty years. Stiglitz (1999:16) argues that since 1965 Indonesia, Malaysia, and Korea have each had a single year of negative growth and Thailand none, and that East Asia has exhibited less volatility (vulnerability to outside shocks) than the economic regimes in place anywhere else. However, financial and capital account liberalization (freeing controls on interest rates, banking, and capital flows) induced greater vulnerability in the last decade. All in all, ASEAN leaders responded to this debacle by conforming (more or less) to the premise that internationalist strategies compel that states help--not undermine--their most ravaged partners, and that any attempt to take advantage of feebler neighbors undermines the collective.

Contributions by relatively stronger members--notably Singapore--to rescue packages for Thailand and Indonesia are a case in point. China's own behavior toward ASEAN reaffirms this view, insofar as China avoided yuan devaluations that might have deepened ASEAN's crisis even if they would otherwise enhance China's own export prospects. As Vice-Premier Li Lanqing proclaimed at the Davos World Economic Forum in February 1998: [Restraining from a devaluation] "is not only in our own interest but also a contribution to the recovery of stability and confidence on the Asian currency markets."⁴⁹ With its own house in trouble, Japan offered largely extensive diplomatic support but no rollover of Japanese banks' loans or clear endorsement of an EAEC-style turn in the regional economy.

Neither did the economic crisis shatter ASEAN's ability to cooperate in other important matters, such as expansion and security. Even as they accepted Myanmar in their midst, ASEAN leaders pressured its State Law and Order Restoration Council (SLORC) on human rights issues. The internationalist logic behind this convergence comes to relief in Almonte's statement that "the liberating influence of both ASEAN and the market system on Myanmar's economy and society should help to "socialise" the Yangon regime into the global community."⁵⁰ Insofar as concerns with domestic affairs of would-be members were not perceived as the endorsement of domestic oppositions, the two cases maybe consistent with ASEAN's principle of non-intervention.⁵¹ More of a departure was Malaysian Deputy Prime Minister Anwar Ibrahim's proposal for a policy of "constructive intervention," designed to strengthen civil society in other countries. Responses to Anwar's imprisonment by Mahathir were far more at variance with non-intervention, suggesting that new modalities may replace older ones while preserving cooperation. ARF has not only survived the crisis thus far but has come out, perhaps, slightly strengthened, witnessing further declines in ASEAN military expenditures and further cooperation with China.

For reasons elaborated earlier in the paper regarding the dynamic nature of coalitions and the growing role of global forces in catalyzing their relative strength, this preliminary assessment of the post-1997 texture of regional relations among ASEAN states should not lead to complacency. On the one hand, myopic policies of internationalist coalitions regarding distributional effects of internationalization have not once lead to their demise and, elsewhere in the world (Russia?), that possibility seems even less remote. On the other hand, in identifying new principles for a politically and socially viable global

economy,⁵² there is much need to reconsider the impact of financial liberalization on the health and longevity of internationalist strategies and on the regional orders they tend to create.

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² John B. Goodman and Louis W. Pauly, "The Obsolescence of Capital Controls? Economic Management in an Age of Global Markets." In Jeffrey A. Frieden and David A. Lake, eds. 1995. International Political Economy: Perspectives on Global Power and Wealth. New York: St. Martin's Press: 299-318; Barbara Stallings, ed., Global Change, Regional Response: The New International Context of Development. New York: Cambridge University Press, 1995.

³ On the international socialization of these agents, see Miles Kahler, "External Influence, Conditionality, and the Politics of Adjustment." In Stephan Haggard and Robert R. Kaufman, eds. The Politics of Economic Adjustment (Princeton: Princeton University Press, 1992: 89-138). On the training activities of the World Bank Economic Development Institute, see the World Bank's World Development Report 1996:139.

⁴ Steve Chan, "Military burden, economic growth, and income inequality: the Taiwan exception." In Steve Chan and Alex Mintz, eds., Defense, Welfare, and Growth (New York: Routledge, 1992:163-78); World Bank, "Current Questions and Answers." Washington D.C. The World Bank, Unpublished paper (September 1993):14; Lewis T. Preston, "Strategy for the Nineties: Sustainable Development to Reduce Poverty." New York: Statement to the UN Economic and Social Council (ECOSOC), Higher Level Segment (July 7, 1991:5).

⁵ On the impact of adjustment programs on the (overwhelmingly rural) very poor, and on the relatively better-off urban popular working class, see Joan M. Nelson, "Poverty, Equity, and the Politics of Adjustment." In Haggard and Kaufman, eds.(1992:221-269).

⁶ Joseph E. Stiglitz, "Knowledge for Development: Economic Science, Economic Policy, and Economic Advice." In Boris Pleskovic and Joseph. E. Stiglitz, Annual World Bank Conference on Development Economics 1998 (Washington D.C.: The World Bank, 1999).

⁷ On liberalization and the sharp increase in poverty in Russia and Eastern Europe, see World Bank, World Development Report 1996:65-84. On the economic impact of conditionality as questionable, with modest effects on the balance of payments, negligible effects on the rate of inflation, and uncertain effects on growth, see Lance Taylor, "IMF Conditionality: Incomplete Theory, Policy Malpractice." In Robert J. Myers, ed. The Political Morality of the International Monetary Fund. New Brunswick, NJ: Transaction, 1987:33-46. On detrimental distributional effects of conditionality, see also Nelson (1992).

⁸ Surveys reveal for instance that in Poland parliament and the government enjoyed greatest citizen confidence before the reforms; the army, the police, and the Church, after, at least for a while. See Adam Przeworski, "The Neoliberal Fallacy," Journal of Democracy 3, 3 (July 1992):45-59.

⁹ Saad Eddin Ibrahim, "Arab Elites and Societies After the Gulf Crisis. In Dan Tschirgi, ed. The Arab World Today. Boulder: Lynne Rienner, (1994:80).

¹⁰ On equitable land distribution, equitable wages and salaries distribution, and East Asian growth, see Alice H. Amsden, "Diffusion of Development: The Late-Industrializing Model and Greater East Asia." American Economic Review 81, 2 (May 1991):282-286. On South Korea's remarkable performance in percentage of school age population in school, literacy rate, physicians per head of population, infant mortality rates, per capita calorie and protein intake, and percentage of women among university students, relative to other industrializing countries, see UNDP Human Development Report, 1995, 1998 and World Bank Social Indicators of Development (1994).

¹¹ On compensatory payments that do not exacerbate fiscal pressures, see Nelson (1989 and 1992); Stephan Haggard and Steven B. Webb, eds. Voting for Reform: Democracy, Political

Liberalization, and Economic Adjustment. New York: Oxford University Press, 1994. On the range of social insurance mechanisms across Western Europe and North America, East Asia, and the industrializing world at large, see Dani Rodrik, "Sense and Nonsense in the Globalization Debate." Foreign Policy 107 (Summer 1997):19-37.

¹² John Whalley, "Developing Countries in the Global Economy: A Forward Looking View." CSGR Working Paper No. 36/99 (July 1999).

¹³ Joan M., Nelson, ed. Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World (Princeton: Princeton University Press, 1990); Kahler (1992), Haggard and Webb (1994:5); Haggard and Kaufman (1995), and partially dissenting, Stallings (1992).

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¹⁵ Amitav Acharya, "A New Regional Order in South-East Asia: ASEAN in the Post-Cold War Era," Adelphi Paper 279 (London, International Institute for Strategic Studies, 1993):1-91.

¹⁶ On the domestic politics that led key ASEAN states to favor economic openness, see Alasdair Bowie and Danny Unger, The Politics of Open Economies: Indonesia, Malaysia, the Philippines, and Thailand (Cambridge University Press, 1997)

¹⁷ Muthiah Alagappa, Political Legitimacy in Southeast Asia: The Quest for Moral Authority (Stanford: Stanford University Press, 1995).

¹⁸ Donald K. Emmerson, "Indonesia, Malaysia, Singapore: A Regional security Core? in Southeast Asian Security in the New Millennium, edited by Richard J. Ellings and Sheldon W. Simon (Armonk: M.E. Sharpe, 1996):38.

¹⁹ A moderate return to inward-looking policies in the 1970s was followed by a new wave of liberalization and privatization in the 1980s. See Andrew MacIntyre, "Power, Prosperity, and Patrimonialism: Business and Government in Indonesia," in his edited volume Business and Government in Industrialising Asia (Ithaca: Cornell University Press, 1994): 244-267.

²⁰ Michael Leifer, Indonesia's Foreign Policy (London: Allen and Unwin, 1983):117; Yuen Foong Khong, "ASEAN and the Southeast Asian Security Complex," in Regional Orders: Building Security in a New World, edited by D. Lake and P. Morgan (University Park: The Pennsylvania State University Press, 1997):318-342; Sukarno's acronym Nasakom reflected one of his two supportive coalitions (nationalist, religious, and communist forces), the other being the armed forces. See also Jusuf Wanandi, "The Correlation Between Domestic Politics and Foreign Policy in Indonesia," in Asia and the Major Powers: Domestic Politics and Foreign Policy, edited by R.A. Scalapino, S. Sato, J. Wanandi, and S. Han (University of California Berkeley, Institute of East Asian Studies, 1988):181-199.

²¹ Data on trade openness for all ASEAN states for 1950-1992 is from Heston and Summers (1991, 1995), supplemented for 1992-1996 by World Development Indicators (1998:310) and World Development Reports (1991 through 1997). All data on exports is from World Tables (1980, 1995), supplemented for 1992-1996 by World Development Report (1991-1997) and World Development Indicators (1998:188-9). All data on FDI is from World Tables (1980, 1995), supplemented for 1992-1996 by World Development Report (1991-1997) and World Development Indicators (1998:334).

²² Chan Heng Chee, "Singapore: Domestic Structure and Foreign Policy," in Scalapino et al., op.cit., p.289.

²³ Edmund T. Gomez and Jomo K.S., Malaysia's Political Economy: Politics, Patronage and Profits (Cambridge University Press, 1997); K.S. Nathan, "Malaysia: Reinventing the Nation," in Asian Security Practice: Material and Ideational Influences, edited by Muthiah Alagappa (Stanford: Stanford University Press, 1998):513-548.

²⁴ D. Geoffrey S.D. Stafford, "Malaysia's New Economic Policy and the global economy: the evolution of ethnic accommodation," The Pacific Review 10, 4 (1997):556-580.

²⁵ Quoted in Amitav Acharya, "Regionalism and Regime Security in the Third World: Comparing the Origins of the ASEAN and the GCC," in The Insecurity Dilemma - National Security of Third World States, edited by Brian L. Job (Boulder: Lynne Rienner, 1992):152.

²⁶ Zakaria Haji Ahmad, "Malaysian Foreign Policy and Domestic Politics: Looking Outward and Moving Inward?" In Scalapino et al., op.cit.: 256-279.

²⁷ Haggard and Kaufman (1995:314).

²⁸ On further regional comparisons, see Bowie and Unger, op.cit.,p.10.

²⁹ Stiglitz (1999:18); World Development Indicators (1998); Human Development Report (1995:76-7).

³⁰ Data on military expenditures (MILEX) in this section is from Sipri Yearbooks (various, 1975-1995) and IISS The Military Balance (1995/96):266-267. For cross-regional comparisons, see Solingen (1998:28-9, 137, 166, 229-30). On transparency, see Arms, Transparency and Security in South-East Asia, edited by Bates Gill and J.N. Mak (Oxford: Oxford University Press, 1997).

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³³ Chia Siow Yue, "The Deepening and Widening of ASEAN," Journal of the Asia Pacific Economy 1,1 (1996):59-78. Ross Garnaut, Open Regionalism and Trade Liberalization (Singapore: Institute of Southeast Asian Studies, 1996); Linda Y.C. Lim, "ASEAN: New Modes of Economic Cooperation," in Southeast Asia in the New World Order, edited by David Wurfel and Bruce Burton (New York: St. Martin's Press, 1996):19-35.

³⁴ Susan L. Shirk, "Asia-Pacific Regional Security: Balance of Power or Concert of Powers? In Lake and Morgan, op.cit., pp.245-270; Mely Caballero-Anthony, "Mechanisms of Dispute Settlement: the ASEAN experience," Contemporary Southeast Asia 20,1 (April 1998):38-66.

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³⁶ For a comprehensive list, see Ball, 1993/4:88-9 and Sheldon W. Simon, The ASEAN States and Regional Security (Stanford: Hoover Institution Press, 1982).

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³⁸ Scott Snyder, "The South China Sea Dispute: Prospects for Preventive Diplomacy," (United States Institute of Peace, Special report, August 1996); Sheldon W. Simon, "Security prospects in Southeast Asia: Collaborative Efforts and the ASEAN Regional Forum," (International Studies Association Annual meetings, Minneapolis, March 12-17, 1998); Derek McDougall, The International Politics of the New Asia Pacific (Lynne Rienner, 1997):216.

³⁹ Leifer, "The ASEAN," p.18; Michael G. Gallagher, "China's Illusory Threat to the South China Sea," International Security 19,1(1994):185.

⁴⁰ Miles Kahler, "Institution-Building in the Pacific," in Pacific Cooperation: Building Economic and Security Regimes in the Asia-Pacific Region, edited by Andrew Mack and John Ravenhill (Boulder: Westview Press, 1995):1-16.

⁴¹ Khong (1997:330-3).

⁴² Jose T. Almonte, "Ensuring Security the 'ASEAN Way,'" Survival 39, 4 (Winter 1997):82.

⁴³ Michael Leifer, "The ASEAN Regional Forum," Adelphi Paper 302 (1996):14-15. In Khong's formulation, ARF helps ASEAN keep the US in, China and Japan down, and ASEAN relevant (Institute of International Relations-SSRC-MacArhtur Seminar, Hanoi, August 28, 1999).

⁴⁴ Nicola Bullard, with Walden Bello and Kamal Malhotra, "Taming the Tigers, Focus on the Global South," Bangkok, Thailand, March 1998. Even as they criticize Asian development models for sharpening income gaps, environmental exploitation, and the absence of democracy, Bullard et al. (1998) acknowledge that the models had brought improvements in health, education and living standards. See also transcript of Address to the Overseas Development Council Conference on Asia's Coming Explosion by James D. Wolfensohn, President, The World Bank, Washington, D.C., March 19, 1998.

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⁴⁶ On the potential for backlash responses in the aftermath of IMF-imposed programs, see Richard Higgott, "The International relations of the Asian Economic Crisis: A Study in the Politics of Resentment," Presented at From Miracle to meltdown: The End of Asian Capitalism?, a conference organized by

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⁴⁷ Derek Da Cunha, "Asian crisis sharpens siege mentality" (Singapore, The Sunday Times, October 18, 1998:43).

⁴⁸ On responses to the economic crisis, see John Funston, "ASEAN: Out of Its Depth?" Contemporary Southeast Asia 20, 1 (April 1998):29-31 and Higgott (1998):1-34.

⁴⁹ Quoted in Paul Dibb, David D. Hale, and Peter Prince, "The Strategic Implications of Asia's Economic crisis," Survival 40,2 (Summer 1998:19).

⁵⁰ Almonte (1997:82)

⁵¹ Funston (1998:22-37).

⁵² Barry Eichengreen, Toward A New International Financial Architecture: A Practical Post-Asia Agenda. Institute for International Economics, 1999.