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ASEAN AND THE INTERNATIONAL POLITICAL ECONOMY OF SUCCESSFUL REGIONALISM

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ASEAN, which was established in 1967, is widely regarded as the most successful case of region-building outside of Europe and North America. Although some commentators (eg Jones and Smith 2002) have challenged this assertion arguing that ASEAN is simply a ‘talk shop’ or ‘faux region’ their arguments are difficult to sustain in the face of the evidence. ASEAN, which in 1967 was made up of Indonesia, Malaysia, the Philippines, Singapore and Thailand, gained international standing as it led the fight to isolate Vietnam from the international community after its invasion in December 1978 and subsequent occupation of Cambodia through until the end of the 1980s. It became a central pillar of Asia Pacific Economic Cooperation (APEC) forum when it was created in 1989 with the annual leaders’ meeting held in an ASEAN country every second year. ASEAN members set up the ASEAN Regional Forum (ARF) in 1994 to provide an arena for the exchange of views on East Asian security. The ASEAN+3, which brought China, Japan and South Korea within the ambit of ASEAN, was started in 1997 and is at the heart of East Asian regionalism. And the East Asian Summit (EAS) was initiated in 2005. It brings together governments interested in regional relations more generally and, significantly, added the United States and Russia to its membership in 2010. ASEAN has also negotiated free trade agreements with the two most dynamic economies in the world - China and India - and its representative has been invited to recent rounds of the G20 meetings (Acharya 2000; Stubbs 2009). And, in addition to these achievements, ASEAN has created a peaceful and stable regional environment, gradually expanded its membership and deepened its institutional linkages (Kivimäki 2001). While ASEAN, like any other regional organization, is not immune from internal tensions and crises, it is sufficiently well established and influential to be courted by the world’s major powers. In this sense it is clearly a success.

What accounts for ASEAN’s success? A number of explanations have been advanced. In the early years following ASEAN’s establishment the most often cited reason for ASEAN’s growing coherence and its development into a major player on the international stage was the threat from Vietnam. The Vietnam War was considered to be the glue that bound ASEAN together in the early years. Similarly, once Vietnam invaded Cambodia in December 1978 it again became a threat to the stability of the region and provided a rallying call around which the ASEAN members could unite. Other analysts arguing in a similar vein have suggested that it was the broader balance of power among the major powers of the region that provided ASEAN with the space to thrive as an embryonic regional organization (Emmers 2003).
This emphasis on security issues being at the heart of ASEAN’s success is perhaps understandable given the context of the Cold War years and the extent to which Southeast Asia was embroiled in the battle between communism, especially Asian communism, and the West. Indeed, for the first 20 years or so of its existence ASEAN members appeared totally preoccupied with security concerns giving little attention to economic cooperation despite the fact that the first aim of Bangkok Declaration which brought ASEAN into being was ‘To accelerate the economic growth . . of the region’ ([www.aseansec.org/1212.htm](http://www.aseansec.org/1212.htm)). Intriguingly, ASEAN and the European Economic Community (EEC)/ European Union (EU), are the two major regional organizations whose success carried beyond the Cold War years and into the more peaceful post-Cold War period. So security alone may not necessarily be the sole reason for ASEAN’s success.

Two other factors have been suggested as reasons for ASEAN’s success. The first factor is the relative consensus that is to be found among the ASEAN members as to the norms that guide their relations with one another. These norms were, to an extent, institutionalized in the Treaty of Amity and Cooperation signed in Bali in 1976. They are in turn a distillation of a series of norms and practices that came out of the conferences on regional relations that occurred in Asia during the decade after the end of World War Two. In other words they have deep roots in the region (Acharya 2009). The second factor is the institutionalization of ASEAN in the sense of the growing number of meetings, working groups and so forth that has facilitated the development of personal linkages across member states. In a region of the world that values personal relations, these social linkages have proved to be invaluable. In Robert Putnam’s terms, these meetings have created a great deal of regional social capital. Hence, while America may be increasingly ‘bowling alone’, ASEAN’s political, bureaucratic and Track II leaders have been ‘golfing, singing and dining together’.

Although each of these factors may have been important in explaining ASEAN’s success, a crucial ingredient is still missing: the economic dimension. More particularly, this analysis will argue that the waves of capital that swept through the region at crucial times in the development of ASEAN need to be considered in any full and complete assessment of the reasons for the Association’s success. Capital comes in many forms. For example, it may be injected into an economy as economic and military aid, foreign direct investment (FDI), portfolio investments or as a result of substantial increases in exports of resources or manufactured products. But whatever form it takes capital has the capacity to promote the economies into which it floods and create a positive climate both for governments and for people.

The following analysis will be undertaken in three main parts. The first part examines the reasons why the economic aspects of ASEAN’s success have generally been ignored. The second part details and analyses the succession of inflows of capital into the ASEAN region. The third part explores the consequences generally of these capital flows for ASEAN and the way in which it contributed to the Association’s success. Finally, there is a brief conclusion.
The Failure to Analyse the Economic Dimension

Why is it that the economic dimension of ASEAN’s success has generally been ignored? First, a key reason was that ASEAN early, formative development took place with in the context of the Cold War which was not only seen as a key factor in ASEAN emerging as a relatively strong regional organization but also tended to eclipse consideration of the economic context. This meant that analyses of economic consequences of the Cold War, and just as importantly America’s involvement in the Vietnam War of 1965 to 1975 – and indeed the Korean War of 1950 to 1953 – for ASEAN members has been decidedly lacking. The comment of J.M. Winter (1975: 2) that ‘there have been relatively few comparative studies of the war economies of belligerents or of the consequences of different wars for any country or region’ still holds true. The few book-length studies of the consequences of war for states’ economies and societies that have been undertaken have focussed almost exclusively on Europe and the major powers (eg Brewer 1989; Clayton 1970; Porter 1992; Rasler and Thompson 1985; Tilly 1975; Tilly 1992; Winter 1975). Apart from the narrow issue of the impact of defence spending on economic growth generally (eg Chan and Mintz 1992; Payne and Smith 1993), the geo-strategic context within which economic development has taken place is rarely discussed. Certainly, wars and the preparation for war have not been viewed as significant factors in most explanations of the economic development of the ASEAN members.

A second reason for the failure of analysts to tie the regional wars, and especially the Cold War, to the economic development of ASEAN members was that the scholarly conventions of the disciplines of both political science and economics, which were home to most analysts of Southeast Asia’s political economy, worked against such links. As Susan Strange (1970) pointed out around the time that ASEAN was starting up, the disciplines of economics and political science have generally ignored one another. Indeed, both disciplines, as Tony Smith (1985: 540) has pointed out, ‘jealously insisted on their autonomy, on an identity based on a body of theoretical propositions over whose integrity they stood guard.’ On the economics side, the ahistorical approach to theory-building was becoming increasingly influential in the discipline. Generally, economists excluded wars from their econometric models, explaining them away as sporadic exogenous shocks of limited importance to the functioning of economic systems. Certainly, the geopolitical context within which economic development took place was virtually impossible to quantify and so could not be built into a model that might help explain the prosperity of Asia’s seven most successful economies. The result was that the effects of war, and especially the Cold War, on the rise of the East and Southeast Asian ‘miracle’ economies were not acknowledged by economists.

On the political science side, analyses of the success of Southeast Asian economies such as those of the Philippines, Malaysia and Thailand were generally undertaken by comparative politics scholars. Significantly, because of the huge investment of time needed to gain an understanding of the language and culture of any
one of the Southeast Asian states, analyses were usually confined to a single case study. Importantly, however, apart from some notable exceptions, including Jason Abbott (2003), few analysts put their studies in a wider regional or international political-security context. This was in good part, as Woo (1991: 5) notes, because ‘state theory in comparative politics treats security matters in passing, almost as an afterthought’. In a similar vein Gregroy J. Kasza states that ‘the comparativist sees war as an abnormal event’ and as such an unsuitable subject for theory (Kasza1996: 357). Hence, for example, many of the otherwise insightful explorations of the emergence of Southeast Asian economies failed to even mention the war in Vietnam even though it preoccupied the leaders of the region and dominated the headlines around the world for more than a decade.

Finally, students of international relations, especially those who adhered to the realist or neorealist approaches to the study of international affairs, which were the dominant approaches until 1990s particularly in writings about the ASEAN region, saw little value in examining what was going on within the state, let alone the factors encouraging a state’s economic growth. The main interest of students of international relations lay in analysing the causes of wars rather than in exploring their consequences. Similarly, neither scholars of international political economy (IPE) nor those interested in the economic development, or lack of development, of the countries of the South have been particularly concerned with the impact of wars. Certainly, one analyst’s lament that ‘Neo-liberalism has almost nothing to say about the economic consequences of war and development economics says even less’ (Green 1991: 238) could reasonably be generalized to all economic and political science theories. It was not until the 1990s and especially the Asian Financial Crisis of 1997-98 that analysts started to think about ‘economic security’ and by then the Cold War and the Vietnam War were long gone and not seen as important factors to be considered.

This analysis seeks to correct this gap in the literature and to set out an argument that the waves of capital that swept through the ASEAN members at critical points in the Association’s development were necessary although not sufficient for ASEAN to be widely considered a major regional organization. It is to the series of inflows of capital into the ASEAN region that this paper now turns.

Capital Inflows

ASEAN was founded in 1967 in Bangkok in the middle of a rapid deployment of US troops in United States which peaked at 540,000 troops in 1969 (Stubbs 2005:63). Washington’s expansion of the War in Vietnam meant brought with it massive military and economic spending to the region. It should be noted that the outbreak of the Korean War which precipitated the onset of the Cold War in Asia had rescued some parts of Southeast Asia – notably Malaya and Singapore but also to a lesser extent Thailand and Indonesia – and put them on a path to economic recovery (Stubbs 2005: 63-91). The Vietnam War further boosted the major economies of the embryonic ASEAN region.
There were a number of significant consequences of America’s involvement in the Vietnam War which helped to boost not just individual ASEAN economies but also the regional economy in the Association’s early years. First, there was a substantial increase in military and economic aid to the region. Thailand was clearly the main beneficiary with US supplying a total of US$2.5 billion worth of military aid and US$627 million worth of non-military aid between 1951 and 1975 much of it during America’s heaviest involvement in the Vietnam War from 1965 to 1973. The massive influx of US aid helped with Thailand’s balance of payments, promoted local demand, stimulated the development of local industries in everything from construction to made-to-measure clothing and was enormously important in expanding government revenue (Pasuk and Baker 1995:126; Stubbs 2005: 140-43). US aid to Indonesia also went up during the Vietnam War. For example, total aid from all sources amounted to 27% and 26% of government revenues in 1969-70 and 1970-71 (Robison 1986: 171). Although this aid did not stimulate the Indonesian economy in the same way as US aid to Thailand did, it helped to keep the economy on an even keel the wake of the overthrow of the Sukarno government and the installation of the new, pro-Western Suharto regime. Singapore and Malaysia profited from the general region prosperity generated by US war-related spending in the region. For example, Singapore benefited by the expansion of its petroleum refining capacity to meet the rapidly growing US need for fuel to run the war effort.

Second, the Vietnam War brought Southeast Asia to the attention of Americans and American multinational corporations just at a time when they were running into protectionist policies in other areas of the world such as Latin America. Indeed, from the early 1970s onwards American FDI in Southeast Asia - especially Singapore, Malaysia and Thailand - grew steadily. A third consequence of America’s involvement in the Vietnam War, and one closely related to the second consequence was the fact that the US for strategic reasons opened up its market to manufactured goods from the region. This pattern of hosting US manufacturing corporations and then exporting their products to the US quickly became a key reason for the region’s export manufacturing success and drew the region into the wider global economy in a significant way. Hence, for example, Malaysia opened up its first Free Trade Zone in Penang in 1971 and Singapore’s rapid economic development created 70,000 ‘guest worker’ jobs by 1972 which were filled by labour migrants from around the region (Davies 1972; Jesudason 1989; Taylor and Ward 1994).

The timing of the regional prosperity generated by the Vietnam War was particularly fortunate for ASEAN. Other attempts at setting up regional organizations had failed. But ASEAN in a relatively low-key way with considerable help from the economic fallout from the Vietnam War got off to a slow but steady start. A general up turn in the regional economy tended to reduce the tensions that could have bogged down the new regional organization in a series of recriminations.

With the Americans markedly reducing spending on the Vietnam War from 1973 onwards and also cutting back on military aid to the region generally there was a concern that the ASEAN region would suffer economically. But at this point another war
intervened to ensure ASEAN continued to enjoy an inflow of capital. This new wave of capital to flood into Southeast Asia was again the partial result of a war many miles away in the Middle East. The Yom Kippur War of 1973 set off a chain of events which included a sudden and sustained rise in the price of oil. Prices remained high during much of the 1970s with another spike in prices occurring in 1979 when the Shah of Iran was ousted and Iran nearly ceased oil production. Hence, just as the Vietnam War was ending, the rising oil prices proved to be a fortuitous boon for Indonesia, Malaysia and Singapore. Brunei, as a long standing oil producer, also benefitted although of course it did not join ASEAN until 1984.

Indonesia was a significant beneficiary with the value of oil exports rising from around 50 percent of total export earnings in the early 1970s to around 70 percent in the early 1980s. As Dick Robison (1986: 172) has noted oil revenues meant that ‘the state could finance and directly invest in economic development’. He goes on to point out that, ‘It is not an exaggeration to say that the state was awash with funds’. Malaysia’s oil production slowly developed during the 1970s so that by the early 1980s Petronas, the state-owned oil company, was contributing over RM2 billion a year to the government’s coffers (The Malaysian Insider ‘Dr.M: Where Did Petronas Money Go?’ July 3, 2009 accessed 24 March 2010). Singapore, while not having any oil of its own, profited from building and servicing off-shore oil rigs; as a transhipment point for Malaysia’s oil bound for Japan, Thailand and South Korea; and as a major refining and processing centre. Of course, those ASEAN members that were not oil producers or involved, like Singapore, in servicing the oil sector tended to be hard hit by rising oil prices. But, overall, the region did well out of the high oil prices.

Supplementing this flow of capital into the region was an increase in Japanese Official Development Assistance (ODA). Beginning in 1977, Japan substantially increased its aid to non-communist Southeast Asia. In August of that year Prime Minister Fukuda announced that Japan intended to develop a special relationship with Southeast Asia and to mark the inception of the policy he set up a US$1 billion fund for ASEAN industrial projects. During the first half of the 1980s aid became a major dimension in Japan’s relations with countries such as Thailand, Malaysia, Indonesia and the Philippines. Between 1976 and 1986 Japan’s total ODA increased five-fold with the four ASEAN members receiving roughly one-third of all of Japan’s bilateral disbursements. Significantly, on a per capita basis over the period 1982 to 1986 Malaysia received by far the most ODA (US$36.5), followed by Singapore (US$24.2) and then Thailand (US$22.2). In contrast, the Philippines received US$19.3 per person and Indonesia US$6.0 person (Stubbs 1992: 62). This allocation of aid reflected Japan’s interest in building on the economic success of the three Southeast Asian ‘miracle’ economies during the Cold War years. In addition, Malaysia and Singapore were vital to Japanese security because of their control of the Strait of Malacca while Thailand received substantial amounts of aid because of its status as a front-line state in the Cambodian crisis.

Just as importantly, Japan’s ODA to the economies of Malaysia, Singapore and Thailand was geared to the further development of their economic infrastructure so as to
help expand their export manufacturing sectors (Rudner 1989: 115). At the same time, individual Japanese firms which relocated to the ASEAN states were involved in the development of specific aid projects. The bulk of Japan’s aid, then, was geared to helping target countries expand their export manufacturing capacity and increase the efficiency of Japanese export manufacturers which were gradually beginning to relocate to countries such as these three ASEAN members (International Development Study Group 1989).

However, in the early 1980s oil prices took a dive as did the price of a number of commodities crucial to the economies of the ASEAN members such as natural rubber, tin and rice. By 1985-6 most of the ASEAN members were in a major economic recession. With the twentieth anniversary of ASEAN on the horizon a number of commentators began to consider ASEAN’s future. They were not optimistic. But once again external events conspired to produce another wave of capital that flooded into the region raising all economic boats.

The external event in question was the Plaza Accord of 1985 by which the US sought to curtail its rapidly growing trade deficit with Japan. The Accord succeeded in roughly doubling the value of the yen against the dollar but it also simply transferred much of the America’s trade deficit to Southeast Asia as Japanese companies were forced to relocate at least part of their production to Southeast Asia in order to remain competitive. As a consequence of the incentives created by the Plaza Accord Japanese companies invested more than US$ 41 billion in the ASEAN economies between 1987 and 1996. The main beneficiaries were Singapore, Thailand, Malaysia and Indonesia with more limited amounts of FDI also going to the Philippines and Vietnam. And as Japan’s companies moved into Southeast Asia to ensure that their labour-intensive export manufacturing industries remained competitive companies from Hong Kong, Taiwan, South Korea, Europe and North America were forced to follow suite giving the regional economy an added boost. From 1987 to 1996 the average annual growth rates for Singapore, Thailand and Malaysia were around 9%, and Indonesia was approximately 7%. These rates of economic growth also provided more revenues to the respective governments of each of the ASEAN member. Indeed, perhaps somewhat ironically given the tumult that followed the onset of the Asian economic crisis in 1997, between 1986 and 1996 revenues doubled (IMF 1997).

At the same time as Japan’s FDI in the ASEAN economies was skyrocketing so levels of Japanese ODA kept pace. In 1987 Japanese ODA to Malaysia, Thailand, Indonesia and the Philippines rose to US$1.7 billion from the US$1 billion per year over the previous four years. It reached US$2.3 billion in 1990 and US$3.25 billion in 1992 (Japanese Government 1993). A high percentage of this aid was in the form of loans and was for the most part geared to helping the ASEAN states expand their manufacturing base. Emphasis continued to be placed on developing the economic infrastructure - electricity supply and electrification, highways, railways, ports and airports - and on providing bilateral structural adjustment loans so as to ease policy reforms (Kohama 2003: 44). In other words, then, ASEAN was given a major boost by the enormous influx of capital – both FDI and ODA - that was initiated by the Plaza Accord and Japan’s
concerns to find low-cost platforms for producing manufactured goods that it could export around the world.

All of this, of course, came to a screeching halt with the advent of the Asian Financial Crisis (AFC) in 1997. The AFC reversed much of the gains made in the preceding years in places like Thailand, Indonesia and Malaysia. Just as capital inflows had helped boost the regional economy now capital left the region as the heard mentality took over and investors fled the region looking for other places to put their money. The AFC demonstrated the ASEAN region’s vulnerability to global economic shifts - Susan Strange’s (1998 Mad money Manchester university press) capital – or ‘mad money’ - sloshing around the world having an impact both negative and positive as it does so. The problem was felt at all levels in Southeast Asia: the regional, state and individual levels were all deeply affected by the Crisis. The ASEAN region which had up to this point generally been the beneficiary of the global movement of capital suddenly got side-swiped. Government revenues dropped drastically limiting their capacity to act and poverty increased dramatically throughout the region. Again commentators began to question the viability of ASEAN under these circumstances.

Yet the region again pulled itself out of the AFC with help from external economic forces. The AFC forced a major devaluation of the currencies of the ASEAN members which in turn allowed ASEAN economies to export their way out of the Crisis. Crucially, during the late 1990s the US economy was in full flight and able to absorb the relatively rapid increase in the ASEAN exports which had been made extremely competitive by devalued currencies. ASEAN total exports rapidly rose to over US$400 billion in 2000 (Stubbs 2009: 238). And although there was a decline in exports in 2001 through to 2003 due to the dot com bubble bursting in the US and Europe and the demand for electrical components falling off, from 2003 onwards China came to the rescue. Indeed, one analyst has argued that China was ‘the single largest contributor to export recovery in the Asian region’ (Kelihier 2004 in Stubbs in Beeson 238). Chinese imports from ASEAN rose by 50% form 2002 to 2003 and total trade between China and ASEAN increased from $38 billion in 2001, to over $78 billion in 2003 and then to a staggering $231 billion by 2008. According to 2008 statistics, China and ASEAN were each other’s fourth-largest trading partners (China Daily 2008 in CAFTA paper).

China also provided the lead in hauling the ASEAN region out of the economic slump caused by the North Atlantic Financial Crisis of 2008-10. China unveiled a large economic stimulus package in November 2008 which had a ripple effect for all of East Asia especially the ASEAN region. For example, in Malaysia in late 2008, the President of the Malaysia-China Chamber of Commerce noted that the Chinese stimulus package would effectively ‘boost the global economy’ and ‘bring ample business opportunities to Malaysia’ (Xinhua English News 2008). This point was echoed later by Malaysia’s Deputy Finance Minister, Chor Chee Heng, when he stated that China had become a major destination for ‘Malaysia’s exports which greatly helps in lifting Asia’s economy in times of crisis’ and that China’s stimulus package had ‘created more demand and opportunities for ASEAN businessmen’ (People’s Daily Online 2009). And, indeed,
ASEAN members’ trade with China increased by a remarkable 54.7 percent in the first half of 2010 (Financial Times 2010).

Consequences for ASEAN

It is clear, therefore, that a series of capital inflows have provided ASEAN members and the ASEAN region as a whole with a massive boost to economic prosperity. It is important to note that these waves of capital have influenced the region’s economies in very specific ways. First, each of the waves of capital did not replace the previous wave but essentially added a new layer of capital on top of the old. This means that the region has a much more diverse, complex and robust economy than thirty or forty years ago. Second, those ASEAN economies societies that benefited from the early waves of capital were then able to develop both their physical and social infrastructure. This meant that they were attractive destinations for the later waves of capital and have progressed the most in terms of economic development. Singapore, Malaysia and Thailand benefited from the injection of capital during the Korean and Vietnam Wars and as a result were early targets of FDI by Japanese companies, which saw the advantages of investing in economies that already had some of the key attributes they were looking for. Third, a considerable portion of the FDI that flowed into the region from the late 1980s onwards has promoted labour intensive industries as opposed to the resource-based, capital-intensive industries (mining, oil, gas) that dominated the region’s economies prior to the 1980s. This has brought employment to an increasing number of people and moved them out of subsistence agriculture and into the urbanized labour force. While one should not exaggerate the benefits of this development - there is a real problem with urban poor in many of Southeast Asia’s cities - it has raised the general standard of living of populations in places like Malaysia, Thailand, Indonesia and most recently the Philippines and Vietnam.

How have these fortuitous waves of capital that have washed over the ASEAN members contributed to ASEAN’s success as a regional organization? First, the prosperity generated by the Vietnam War was extremely helpful in getting ASEAN off to a low-key but steady start. It helped to reduce the many tensions that pitted neighbours against each other during the 1950s and well into the 1960s (eg Konfrontasi) and could have bogged down the new regional organization in a series of recriminations. Cooperation on all fronts, which might have been difficult if the region had been wracked by constant recessions, was aided from the very beginning of the organization by the good will generated by regional prosperity. Certainly, the injection of capital into the ASEAN economies initiated a virtuous circle of prosperity and regional stability.

Second, rapid growth in the region’s economies helped to ensure the continuing political stability of the ASEAN members and the region as a whole, which in turn helped to attract investment. With legitimacy in the region very much based on performance or ‘output factors’ rather than process or ‘input factors’ the ability of ASEAN member governments to provide an increasing level of prosperity thanks to the successive waves of capital flowing into the region meant that they were able to maintain themselves in
power. This political stability was an attractive feature of the region for those Japanese, Taiwanese, South Korean, US and European companies considering investing overseas in order to create a low-cost, export manufacturing capability.

Third, increased prosperity brought with it increased government revenues. This increase in revenues allowed for the creation of relatively capable bureaucracies that were able to develop and implement plans for the economy. Relatively strong bureaucracies were also a factor in the decision of companies to invest in ASEAN members. They appreciated that if a government made a commitment to develop the infrastructure to serve a new plant it would be done or if a range of new economic measures were promised they would be introduced.

Fourth, and tied to the two previous points, the rapid growth in the manufacturing capacity of ASEAN members led to the development of regional production networks. In the early days of ASEAN sceptics had pointed to the fact that ASEAN members tended to have economies that competed with one another. Initially member states competed in terms of commodities. Then, as manufacturing took off the argument was that ASEAN members would compete in terms of low-cost manufactured goods. However, as regional production networks emerged led by private corporations such as those from Japan, the ASEAN economies tended to complement each other as much as compete. And, most significantly, the major corporations pushed hard for ASEAN to cooperate more effective in integrating their economies. FDI and the resulting development of the manufacturing sector started to knit the ASEAN region together in a way that few had anticipated.

Fifth, the waves of capital that entered the region and produced rising levels of economic activity and prosperity have meant that ASEAN members have gone from being marginal players in the international economy in the late-1960s to having an influential role in the way the global economy is currently developing. Moreover, economic success has meant that the governments of the major economies around the world have been anxious to develop trading and investment relations with the ASEAN region’s main economies and indeed with ASEAN itself as a regional organization. This attention from the world’s major governments has certainly enhanced the sense of cohesion and commitment to the Association felt by the member governments. Member states have appreciated that in dealing with global economic powers such as Japan, the US, China and Europe it is much better to be part of a larger grouping such as ASEAN rather than being isolated as lone players and picked off one by one.

Finally, economic success has given the member governments the revenue with which to promote the institutions that underpin ASEAN’s development. This is a region in which personal contact and the development of personal relations is vital. A good part of ASEAN’s success is based on its vast array of meetings, conferences, workshops and so forth and the chance these occasions offer for politicians, officials, business people, think tankers, academics and members of NGOs to get together. But talk is not cheap. Putting on these meetings is an expensive exercise. Delegates have to be sent and accommodated. Meeting places have to be rented. Meals and often entertainment have to be supplied. And the number of meetings had risen sharply in last few years. Indeed, the
number of ASEAN and ASEAN+3 sponsored meetings quickly rose from around 300 in 2000 to over 700 in 2007 (Ravenhill 2001: 219; ASEAN 2007; Stubbs 2009: 242). Moreover, by 2010 the ASEAN+3 has a leaders’ summit, regular meetings of 14 different ministers and 19 regular meetings of senior officials with a variety of responsibilities, as well as a range of meetings on technical issues and has established itself, as the preeminent regional organization in East Asia (Terada 2012: 364; Thomas 2012 141). These vast numbers of meetings could not have taken place without the region having the funds to put them on and supply delegates. The series of capital inflows that the ASEAN region has experienced since its inception have been crucial in helping to provide these funds.

Conclusion

This study has made the argument that ASEAN’ success as the preeminent regional organization in the developing world could not have been achieved with a succession of capital inflows that swept across the ASEAN region and brought prosperity to ASEAN members and to the organization as a whole. The argument is not that these waves of capital were alone responsible for ASEAN’s success but rather that success would not have come to ASEAN in the way it has without these capital inflows. They were a necessary though not sufficient reason for ASEAN’s success.

The international political economy of ASEAN’s success, therefore, really has to be taken into account when examining ASEAN’s progress over the years. Compared to Southeast Asia prior to the establishment of ASEAN in 1967 the region is political stable and relatively prosperous. Indeed, compared to other regions of the developing world the ASEAN region stands out for its progress over the last fifty years or so. In many ways this aspect of ASEAN’s success is fortuitous. While at times in its past the location of ASEAN members on the globe may have been a detrimental factor, in recent years it has been decidedly beneficial. Being associated with US Cold War interests, Japan’s growing economic power and then the economic rise of China had been a stroke of luck. But, whatever the reason, the IPE of ASEAN’s success should no longer be neglected.

Bibliography


