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**Neo-Liberal Globalism And Multilateralism:  
The Asia Pacific Economic Co-Operation Forum (APEC)  
as a Terrain of Struggle**

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‘APEC has acted as a driver of ideas in the region’ (McKay 2002: 47)

‘A revived Asia-Pacific region means more exports from and investments by US companies, more jobs for Americans and more US economic growth’ (www.apec.org)

According to one analysis, ‘capitalism encompasses the entire globe [and] its architects require a universal vision, a picture of a globally conceived society, to join classes in different countries [in order] to institutionalize global capital accumulation by setting general rules of behaviour and disseminating a developmentalist ideology to facilitate the process’ (Mittelman and Pasha 1997: 51). Such harmonising tendencies seek to position spatial entities as competitive players in the global economy, meshing public and private: according to an Organisation for Economic Co-operation and Development (OECD) report, ‘an increasingly open international economy puts a premium on national competitiveness and highlights the mutual dependence of the public and private sectors’ (OECD/PUMA 1995). Essentially, this means that states have had to increasingly (re-)structure themselves as ‘competition states’, attracting capital whilst competing with rival territories for investment (Cerny 1997).

As part of this restructuring, profound and fundamental change regarding the power and responsibilities of governments has occurred across the globe. Although this process is an uneven one, a consensus of sorts has emerged—primarily from the West—on how best to meet the challenge of globalisation. This ‘consensus’ seeks to refashion the state along lines favoured by the hegemonic ideology *viz.* neo-liberalism. Intimately bound up with this is the prescription that the state must be ‘rolled back’ to facilitate growth and development. Such impulses influence regionalist constructions, whereby ‘questions of regional co-operation are derived from, or draw their epistemological strength from, a converging form of neo-liberal (capitalist) ideology’ (Higgott 1998a: 43). Alternative notions of governance such as social or economic justice are excluded from this orthodox ‘common sense’. This orthodox view however has been advanced to varying degrees as part of a broad attempt to reconfigure the Asia-Pacific region. The success or otherwise of this project is vitally important for international capital, bearing in mind the importance of the region for global trade: APEC has a membership of 21 economic jurisdictions, a population of over 2.5 billion and a combined GDP of 19 trillion US dollars accounting for 47 percent of world trade (APEC 2003).

In the context of this paper, it is argued that APEC must be situated within the framework of both the hegemony of global neo-liberalism *and* the legitimising role and ideational advancement that multilateral organisations often perform. What this paper seeks to investigate is the way that a *particular* form and idea regarding economic common sense has been promoted in Asia as an integral part of a regional and global project, and the resistance that this has engendered. To do this, the role of one particular multilateral organisation, namely APEC, is examined. At the same time, this paper seeks to investigate the links between APEC as a specific body and multilateral organizations in general as normative agents. Before developing this argument as it pertains to APEC, a diversion into understanding the role of multilateral organisations as advancers of norms and ideas will be embarked upon.

## **INTERNATIONAL ORGANIZATIONS AND THE PROMOTION OF NORMS**

Multilateralism can be viewed either instrumentally or normatively—the differences between the two are important. Keohane for instance defines multilateralism as simply the ‘practice of co-ordinating national policies in groups of three or more states’ (Keohane 1990). According to Ruggie, however, multilateralism is ‘an institutional form that co-ordinates relations among three or more states on the basis of generalized principles of conduct’ (Ruggie 1993: 11). Keohane’s definition emphasises only the *activity* of co-ordinating the behaviour of states interacting with one another. Ruggie’s, however, suggests a more normative perspective, where sets of ‘rules’ are put to use within a multifaceted regime. However, although Ruggie acknowledges that multilateralism advances a set of norms, he largely fails to engage with any critical understanding of what these norms are, and how they may relate to the world order and global power. Cox’s work on multilateralism, where he argues that the essential function of international institutions is the justification and defence of hegemonic politico-economic projects, is seen as more satisfying.

According to Cox, the main function of multilateral associations is to articulate the hegemonic ideology (Cox 1989: 172). Within this framework, such institutions are legitimising agents of the hegemonic order from which they are born and act as the embodiment of the central norms and ideas around which this order is constructed. These institutions are in themselves sustained by global norms and institutional procedures, which act to establish behavioural rules for governments. Such procedures, if binding, can act as highly effective disciplinary measures that may serve to bind state actors to quite specific

policy options. Indeed, ‘the precondition for the achievement of a hegemonic world order is the construction of strong international regimes’, which is facilitated by the regulative effect of international organisations (Gale 1998: 274).

In acting thus, multilateral institutions promote certain ideas as being comparatively fixed and appearing as natural: ‘the rules and practices and ideologies of a hegemonic order conform to the interests of the dominant power while having the *appearance* [italics added] of a universal natural order of things which give at least a certain measure of satisfaction and security to lesser powers’ (Cox 1989: 825). It is this paper’s contention that ideas centred around neo-liberal notions of what constitutes ‘good’ economic practice have been promoted by dominant actors within APEC in an attempt to have these ideas accepted as common sense. Those who oppose such ideas—for instance Mahathir Mohamed—are cast as out of touch with ‘reality’ and somehow obstructing progress and modernity.

Having said that, we must avoid a reductionist reading of the role of multilateral organisations: they do not merely serve as agents of ‘the hegemonic project’, nor are they top-down impositions from outside. Indeed, such a reading negates the dialectical inter-relationship between hegemonic projects and multilateral organisations *and* their constituent members: there is more to international institutions than simply a legitimisation function or policy directives. Multilateral organisations are not simply agents of the hegemon or mere legitimizers of the accepted ‘standard of behaviour’ but can, at specific junctures in history, act to at least attempt to challenge the hegemonic discourse. In observing the history of APEC we can clearly see the organisation as a site of struggle between contending visions of how best to organize social and economic practices within the region (Beeson and Jayasuriya 1998). Anti-hegemonic impulses, articulated by, among others, Mahathir Mohamed, have been clearly present. Such an understanding serves to qualify Cox’s statement that anti-hegemonic forces do not control international institutions and ‘even if they did, they could achieve nothing by it’ (Cox 1983: 174).

Secondly, multilateral organizations are not independent of the domestic and national foundations of foreign policies. Domestic coalitions of dominant national actors underpin policies, deciding whether such stances should be externally oriented, inward-looking etc. Such configurations of interests, institutions and normative thoughts are of great influence in policy-making. Whilst such elites might be said to in the main represent the national dominant classes that are favourable to the hegemonic order, this is not always the case and even when

it is true they do on occasion ‘misbehave’, attempting to de-legitimize their ostensible political/economic masters. Obviously, some states are more sovereign than others and may perform such roles differently. Such space to do so springs from the relative power of both domestic and international actors *and* the interests they either advance or, alternatively, threaten. The active disciplining of institutions deemed to have strayed from ‘acceptable’ behaviour *e.g.* the General Assembly, UNESCO, etc. in the 1980s (see Gareau 1994) or the attempt to control and ‘manage’ the agenda being pursued by organisations such as APEC serves as a reminder that there *are* boundaries that need to be patrolled. But the contestation is continuous: that is why APEC is seen as a terrain of struggle rather than simply a site of neo-liberal imposition and discipline as some critics might cast it.

Indeed, if we look at the role of APEC in the region, it is apparent that within the organisation there are elements (arguably dominant) attempting to advance certain conceptualisations regarding what constitutes good governance and ‘sensible’ or accepted economic models, whilst there are other elements that have at times sought to resist this. Clearly, it would be a mistake to over-exaggerate the importance of APEC, particularly in the current post-GATT era, however concentrating on APEC as *one* multilateral organisation helping to advance a particular politico-economic project does, I believe, give us an insight into the role of multilateral organisations, both regionally and globally. The case also illustrates how such organisations coalesce to promote hegemonic norms, even whilst they remains sites of contestation and debate.

## **APEC’S ORIGINS AND AGENDA**

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

Quite rapidly, the United States seized upon APEC as a vehicle to open up the markets of Japan and Asia. This clashed with the aspirations of fractions of the Japanese elite who had hoped that APEC would develop into a consultative forum for technical co-operation. One idea underpinning the formation of APEC was to create a body aiming to counter the development of blocs in Europe and North America. This confirms the point made by Hurrell that regional groupings very often develop as a response to the existence of an actual or potential dominant power (Hurrell 1997: 50). Initially, Japan allied with Australia, which emerged as the driving force behind APEC—Prime Minister Bob Hawke was the first to call for the formation of APEC during a visit to South Korea in 1989. Japan had been involved in initiatives to promote regional integration since the 1960s and Australia was able to latch onto this groundwork to advance its own strategy for developing a regional body (McDougall 1999: 41). The agenda behind this was quite clear, based on the idea that ‘if Australia’s frequently protectionist-minded neighbours could be persuaded to open up their domestic markets, Australian-based exporters stood to be major beneficiaries. Multilateralism generally and the Asia Pacific Economic Co-operation (APEC) forum in particular were the preferred mechanisms to achieve this goal’ (Beeson 2003). Washington however reacted by demanding that it have a place at the APEC table, together with Canada. Later, the United States added Mexico and Chile to its list (all three countries shared the broad economic model favoured by Washington, as did Australia and New Zealand).

Other countries were largely sympathetic to American involvement at this point, as this would prevent APEC from becoming overly dominated by Japan. The evolution of APEC’s agenda however rapidly took on a distinctively neo-liberal flavour. Originally, it was largely concerned with fostering co-operation within the Asia-Pacific region and at the first ministers’ meeting in Canberra in 1989 APEC was cast as an informal economic dialogue to help co-ordinate trade issues. Informality was central to this early version of APEC. However, in 1993, at the organisation’s first major gathering, President Clinton elevated the APEC meeting in Seattle to the status of a ‘Summit’. This has since evolved and there has subsequently been a concerted push to convert APEC into a forum aimed at realising economic growth and development through trade liberalisation. The growth model that has emerged is strongly neo-liberal. Indeed, the elite-driven idea that APEC could play a key role in the spread of neo-liberal restructuring was an agenda that APEC rapidly acceded to (see Garnaut 1996).

Such an actuality reflected pressing demands by important business constituencies within the US that access to the American market must be reciprocated with market access in Asia for American producers. This has to be contextualized in the post-Cold War era where ‘those socio-historical practices of the so-called Asian model that were acceptable for security reasons during the Cold War—exclusionary politics, nepotism, and the blurred lines of authority between political and economic power—now clash[ed] more violently with the interests of private capital in search of greater market share and profits in an era of deregulation’ (Higgott 2000: 256). This was signified at the Summit in Seattle in 1993 when APEC leaders met and released a Declaration that was very much a free market agenda. The Declaration envisioned a community of Asia-Pacific economies based on the free exchange of goods, services and investment. Note the use of the word ‘economies. APEC is not a rules-based organization, but rather a ‘non-binding’ process involving a grouping of ‘economies’. This means that when political leaders attend APEC meetings they attend as leaders of an economy, not a state. This at one stroke allows them to avoid immediate political accountability as APEC commitments can be signed up to without domestic debate or even a formal vote. But such commitments then effectively lock in future governments to the neo-liberal economic model with virtually no democratic debate. In subsequent annual meetings, APEC elites further refined the vision and launched mechanisms to translate it into action, though the ideals upon which APEC was grounded remained blurred.

This changed somewhat in 1994 in Bogor, Indonesia, when attempts were made to transform APEC into a free trade system, with the vision of an open trading system becoming the goal for the Asia-Pacific by 2010 for developed economies and 2020 for developing ones. Reluctance to pursue such an outright liberalisation programme was symbolized by Malaysia attaching an annex stating that implementation would be flexible and that the time frame was non-binding. Indeed, it is perhaps from this date that splits within APEC became open and the organisation became a site of contestation over different visions regarding the future of the Asia-Pacific, with a Western (i.e. American, Canadian, Australian, and New Zealand) model based on neo-liberalism attempting to force itself onto a more *dirigiste*, or at least state-involved model i.e. the developmental state.

Such an agenda has had destabilizing results in Asia and has threatened to overturn the domestic coalitions that were constructed to underpin such states. Whilst elsewhere in the world influential fractions of society are divided by their posture towards the global—externally-oriented actors generally favour liberalization whilst domestic-oriented coalitions

tend to favour protection from international competition—in the Asian developmental state model there was a working synthesis between influential actors who favoured export strategies *and* actors from within the domestic socio-economic coalition who, enjoying political protection, sought out compensatory policies (Evans 1995). Indeed, what was intriguing about the Asian developmental state was the ability to balance the two coalitions and their respective agendas. Thus we might say that the developmental state model sprang from a complex interweaving between various alliances and institutions (Woo-Cumings 1999). This meant that on the one hand there was an established set of domestic-oriented actors who enjoyed political patronage whilst on the other, internationally competitive industries, with the support of the state, engaged in a determined export-oriented strategy.

However, the elimination of capital controls—as well as other facets of the broad neo-liberal model—has meant that an essential reconfiguration of the developmental state has been advanced, threatening to unravel the carefully crafted socio-economic and political coalitions and compromises that underpinned the model. APEC has somewhat played a role in this by advancing rules on investment, deregulation and competition. This sort of neo-liberal discipline has meant that previously accepted practices that underpinned the developmental state, such as compensatory policies to support vital domestic coalitions, are now subject to international scrutiny and the incessant demand for their elimination. Indeed, the *Osaka Action Agenda (OAA)* combined its competition policy and deregulation ambit in 2001 and broadened its remit to ‘reflect fundamental changes in the global economy’ which demanded that ‘the implementation of competition policy/deregulation area provides markets with a framework that encourages market discipline...and eliminates distortions’ (APEC 2002). Such new demands emerged in the aftermath of the Asian financial crisis, but such impulses further serve to weaken the ground upon which the developmental state is built. Such underlying tensions were exposed within APEC at the time of the crisis, a theme we now turn to.

## **THE ASIAN CRISIS AND APEC**

At the Kuala Lumpur Summit in 1998, Malaysian Prime Minister Mahathir Mohamed intensified his criticism of the international monetary system, which had been developing for some time. Mahathir declared that hedge funds and currency speculators were a negative result of liberalisation and globalisation and undermined state sovereignty and years of deliberate policies. He asked ‘what is there to show for the huge trade in currency—twenty

times bigger than world trade? The numbers of people who invest in hedge funds and the banks are thousands, as against a world population of 6 billion' (*The Australian* (Sydney) 16 November, 1998). Thus Mahathir began a course of policies designed to carve out some space for economic autonomy (Beeson 2000).

Mahathir articulated publicly what a number of Asian leaders privately thought. His response to the crisis challenged the American-led orthodoxy, particularly when he pulled the *ringgit* from global markets and introduced capital controls, an action later justified by Kuala Lumpur as being the 'only reasonable option for Malaysia, or any small country who finds its currency under attack' (*Financial Times* (London) 28 March, 1999). Mahathir also ousted his deputy, Anwar Ibrahim, who was the chief promoter of a neo-liberal solution for Malaysia within the Malaysian regime. Such actions alarmed and outraged Washington, explaining Vice-President Al Gore's speech, which was tantamount to a call to overthrow Mahathir (*Daily Telegraph* (London) 18 November, 1998).

To understand such spats, one must contextualize it within the broader Asian milieu. In particular, the ongoing economic antagonism between Washington and Tokyo at a time of crisis, and a suspicion of American motives by many Asian leaders. For America, the Asian crisis presented Washington with a major opportunity to advance its influence in the region and subvert Japanese economic interests, which had built up during the boom times. Under the rubric of 'good governance', 'restructuring' and the construction of 'free markets', Washington saw the crisis as a means to open up Asian economies further—to the advantage of US-based transnationals (see Berger 1999). Certainly, within the first third of 1998 there were 479 mergers and acquisitions totalling US\$ 35 billion and corporations were able to snap up bankrupted Asian businesses at quite remarkable bargains, with conditionalities for help from the IMF being predicated upon concessions to liberalize (*International Herald Tribune* (Hong Kong) June 20-21, 1998).

Such processes were actively encouraged by Washington, which used the crises in Asia to push through neo-liberal reforms whilst advancing the interests of American-based transnationals, a tandem policy that exemplifies the United States' agenda within APEC. As Higgott points out, 'the US response towards the crises...has been to liberalize trade, regulate financial markets and enhance disclosure rules. All, by happy coincidence, coincide with the broader aims—both before and after the crises—of US economic diplomacy in the region. More specifically, as the US Treasury...made clear all along, support for "bail-outs",

especially in Korea, was and is contingent on continued financial opening' (Higgott 1998b: 342). Or, as another analysis put it:

[American] insistence on liberalization—especially in the face of a massive economic crisis—was widely reviled in the region as predatory. Rather than trying to address the social costs of the crisis, Washington focused on pursuing policy reforms that would enable U.S. corporations to pick at the choice carcasses of Asia's economic crisis (Gershman 2000).

Defensive measures by Asian elites, exemplified by Mahathir's response, threatened such a strategy and forced Washington to work hard, in tandem with its allies within APEC, to undermine any anti-liberalisation sentiment. Thus, the Kuala Lumpur Summit, although calling for better regulation of global financial markets, buried the demand for restrictions on the activities of hedge funds, as proposed by Mahathir (*Daily Telegraph* (London) 19 November, 1998). However, as Gershman (2000) notes, the positive results of Mahathir's currency controls 'vindicat[ed] those efforts and reinforc[ed] a common regional view that the US will resist initiatives that do not bear its imprimatur or advance its narrow commercial interests'.

At the same time, suspicion of what (or who) APEC is for has animated a certain wariness of the organisation. Such suspicion was highlighted when Alan Greenspan of the US Federal Reserve Banks asserted that the Asian crises would serve to make economic practice in Asia more closely aligned to that practised in Washington (Greenspan 1998). APEC is seen by many observers as playing an important role in this movement towards 'policy fit' along orthodox neo-liberal lines. As Sum (1996: 224) remarks:

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

Yet, despite open cracks in what remains of any sort of consensus surrounding APEC, transnational capital has attempted to increase pressure on the body to speed up liberalisation. Prior to the 1999 summit meeting in New Zealand the APEC Business Advisory, signed by major business leaders from all twenty-one member economies, criticized the lack of movement in reaching the 2010 target date of free trade in the region for the developed nations. The report called for better supervision of financial markets, streamlining customs, improving communications and upgrading food, water, energy and waste infrastructure. It

also urged action to restore confidence in the financial sector, seen as vital to economic recovery (*Business Day* (Johannesburg) 25 August, 1999).

Thus even whilst some Asian leaders publicly retreated from their rhetorical commitments to APEC's agenda, concerned at the damage it was doing to the economy and—of course—their own political positions, capital was pressuring for greater liberalisation, couched in the language of 'good governance' and restructuring. Indeed, what was noticeable at the Summit in New Zealand was the increased presence of business, continually lobbying for more openness. According to an official source, 'many delegations commented that it had been invaluable to hear directly from the business community on steps that were necessary to allow business and employment to grow. Officials received some frank advice on where we need to concentrate our efforts' (APEC 1999a).

At the Senior Officials' Meeting, New Zealand received strong support for its 'strengthening markets theme', aimed at building market institutions and infrastructure, whilst focusing on good governance in the public and private sectors. This 'strengthening markets' initiative is indicative of the way that APEC has attempted to blur the conceptual distinction between good governance and neo-liberalism. According to an official release, 'ministers...recognize[d] that there [was] a need now to bring together APEC's work across key areas such as trade and investment, competition and regulatory reform, economic and corporate governance, trade facilitation and efforts to reduce administrative compliance costs on business. The strengthening markets initiative provides such an approach' (APEC 1999b).

A core element of the approach is the APEC *Principles to Enhance Competition and Regulatory Reform*. In this move, APEC has been quite explicit that good governance and reform measures 'are generally aimed at strengthening the role of markets in the region. The state is pulling back from directly providing goods and services, and paying greater attention to its role in setting the broad framework within which economy activity takes place' (*ibid.*). Such moves have complimented the actions of key players within APEC. For instance, Australia has been at the forefront of promoting a particular neo-liberal form of good governance to the region. Domestically, the Australian government has publicly released a progress report on its compliance with a range of international 'best practice' codes, such as the *IMF Code of Good Practice on Fiscal Transparency*. Externally, Australia has increasingly tied aid programmes and other developmental initiatives to compliance with neo-liberal norms and good governance. AusAid in fact has been quite explicit about this. From

the literature it is apparent that elements contributing to the concept of good governance include basic laws and institutions *and*, the decentralisation of administration, and the creation of an ‘appropriate’ market environment. The key question is of course, who or what defines good governance and ‘an appropriate market environment’?

Broadly, it might be said that one vision of APEC has it as a means to stimulate and legitimize neo-liberal restructuring throughout the Pacific basin, creating a pace that is difficult to resist:

The APEC is an important mechanism to sustain a momentum for neo-liberal restructuring for an important economic chunk of the globe. This is achieved by creating an overall political atmosphere and pressure for liberalization, especially in trade. It has been effective in drawing in such politically difficult countries like China and Malaysia and dealing with regional economic interests of Japan, ASEAN or Australia. Besides such measures as insisting that it is an association of economies, the APEC has achieved this by using herd tactics, actually calling working group leaders as ‘shepherds’ headed by a ‘lead shepherd’ (Tujan, no date).

Other, contending visions of APEC, make the organization a site of struggle as these stances, primarily view APEC as a body to promote economic and technical co-operation and to facilitate economic and human resource development, rather than a dash for liberalisation. Indeed, such positions are invariably wary of the seemingly driven nature of APEC, preferring the ASEAN practice of consultation and consensus. It is this clash and the implications this has for the region that we now turn to.

## **PROBLEMATIZING APEC AND ITS IMPLICATIONS FOR ASIA**

As has been mentioned previously, APEC shifted from its original brief as an informal body to discuss broad co-operation, and soon became a US-centred counterfoil to an emerging Japan-ASEAN bloc. Beyond this though, the major issues that have come to dominate APEC have been the promotion of free trade and liberalisation, wrapped up around the rhetoric of good governance. Ultimately, such an agenda bolsters the structural power of US-based transnational capital. American policy-makers have been quite open about this. For instance, the American Under-Secretary of State for Economic, Business and Agricultural Affairs asserted that;

We pursue economic objectives for their own sake—because they benefit US business, US workers and the US economy. We also use economic tools to project US leadership and influence abroad. Historically, military alliances like NATO and the Japan security alliance have been the core vehicles for

projecting America's power. Today, economic relationships and the new economic institutions they have spawned—from the WTO to APEC—are equally important pillars of American influence around the world ...

We are...looking into ways to focus the work of APEC to break down structural impediments, and provide new opportunities for business to benefit from APEC's trade and investment efforts (Spero 1996).

Indeed, one can say that since the meeting in Seattle, there was an attempt to develop APEC into an institutional tool for restructuring the Asia-Pacific region along neo-liberal lines that favour broad American business interests. This was pursued by fostering continued political pressure for liberalisation, as well as advancing a normative environment that makes such impulses seem common sense and unquestionable.

The annual summits are an occasion where deadline towards sorting out particular agreements on specific crucial issues (e.g. country commitments in Manila, trade in information technology and telecommunications in Vancouver and Early Voluntary Sector Liberalization for a number of commodities in Kuala Lumpur). Neo-liberal restructuring is in addition attained cunningly via programmes that are framed in neutral language as economic and technical developmental assistance or 'co-operation'. These projects invariably dismantle protectionist policies, through new institutional set-ups and discursive guises. This has important implications for the region, for programmes involving economic and technical co-operation that are meant to ensure that policies are removed from legitimate social and environmental concerns can only undermine safeguards in these fields. Indeed, talk of labour and the environment is deliberately excluded from the APEC agenda. As one commentator noted:

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

This agenda is part and parcel of the corporate programme that was so graphically exemplified by the Multilateral Agreement on Investment. Although defeated, it indicated that corporations were little concerned with anything other than securing profits. Such a programme is actively supported by Washington, which recognizes that US-based corporations stand to massively benefit. As Joan Spero told a U.S. Congress Committee in July 1995, 'APEC is not for governments. It is for business. Through APEC, we aim to get

governments out of the way, opening the way for business to do business' (cited in Rosenberg 1999). She later went on to assert that 'the State Department supports U.S. business abroad—and...our policies in the Asia-Pacific generally, and in the Asia-Pacific Economic Cooperation forum in particular, contributes to that effort' (*ibid.*). Currently, the American APEC homepage boasts that 'APEC markets are considerably more open today than they were ten years ago, creating new opportunities for American business and creating new employment for American workers' ([www.apec.org](http://www.apec.org)). Such comments echo Sum's analysis that for Washington, '[g]etting involved with APEC certainly represents a new US strategy for projecting itself into 'Asia-Pacific'. To a certain extent, it serves mainly as a tool for prising open fast-growing Asian markets' (Sum 1996: 223).

Yet such proposals, with the demand to grant almost total rights to foreign investors, would strip Asian states of the ability to control the influx of foreign business, particularly transnational corporations. Such a scenario would effectively surrender political power over an important and crucial section of a country's economic decision-making. Furthermore, this restructured Asia, under the hegemony of a US-centred transnational elite, would continue to press for further concessions, with little regard for the social and ecological consequences—one analyst goes so far as to claim that 'US policy demonstrates no abiding concern for the patterns or effects of either economic growth or crisis in the [Asia Pacific] region' (Gershman 1998: 3). Indeed, environmental concerns are practically invisible in APEC's agenda, despite the fact that the Asia-Pacific region faces massive problems with regard to sustainable and ecologically sensitive growth (Burnett 1993).

The set of contending visions over ideas regarding the future construction of the region with a specifically 'Asian' viewpoint coming into conflict with a US-centred but broadly Western programme are thus in constant turmoil. They also have important implications for Asia if the neo-liberal model was to become ascendant. There are a number of reasons for this. Firstly, it is axiomatic that the nations within APEC are at diverse levels of development. Smaller or weaker states obviously need time to adjust to liberalisation and construct their local enterprises to be able to compete with foreign companies. Without allowing for adjustment times, weaker countries are likely to witness a number of negative outcomes. With import liberalisation, the products and services of the more powerful countries may well take over the markets of the developing countries and eventually control their economies, crushing local firms and increasing unemployment.

Furthermore, if the agricultural sector is also liberalized too rapidly, indigenous farmers in many countries are likely to face difficulties and may lose their livelihoods as the domestic market is flooded by cheaper imports. Numerous studies have demonstrated what happens to weaker economies if neo-liberal programmes are advanced too rapidly and without taking into account local on-the-ground conditions (see Bello 1994; Chossudovsky 1998; Toussaint 1999). APEC is vulnerable to these factors and may, if warnings are not heeded, stimulate asymmetrical dependence and a North-South polarisation within the region (Soesastro 1995: 483).

This is one of the fundamental problems with APEC as it currently stands. APEC is not simply advancing ideas around 'good governance', a term which on the face of it sounds quite attractive. The vision advanced by powerful agents within APEC is much more than that. Since its attempted taking over by Washington and its neo-liberal allies, APEC's agenda has had a lot more to do with expanding markets for trade and investment for transnational corporations than it has had to do with stopping bribery. As one analysis puts it, 'Washington regards APEC as an instrument to assert its economic liberalisation agenda, reduce its merchandise trade deficit with the region, and build a regional free trade bloc with strong US participation' (Gershman 1998: 2). In this sense, the rhetoric of good governance and 'competition' is a useful means to legitimize an agenda not necessarily shared by those expected to implement it.

Furthermore, the agenda promoted by APEC clashes with the developmentalist programmes followed by many of the Asian states and which brought a certain amount of security and advancement for their peoples. If there is one lesson that the 'Asian Tigers' (both big and small) can teach us, it is that selective state intervention, subsidy and protection *à la* Malaysia, Singapore, and Taiwan is a much more effective recipe for development and the well-being of ordinary citizens. Even accepting the negative aspects of these models (see Bello and Rosenfeld 1990) which calls for a re-thinking of the Asian developmental state, they are at least preferable to the willy-nilly opening up of domestic markets simply to suit the demands of large-scale capital. Indeed, precisely because of the relative success of the developmental state model, 'the East Asian states [possess] a degree of confidence [which] has led a number of their leaders to question the validity and suitability of US norms in the economic as well as the social and political spheres' (Nesadurai 1996: 51). Though somewhat tempered post-1997, this remains true today and may help account for the contending visions of development which continually undermine APEC's coherence.

Ultimately, this may well consign APEC to the history books—a situation that is likely to be hastened if the enthusiasts of neo-liberalism continue pushing their agenda with little or no respect for the sensibilities of other, specifically Asian, developmental projects. There is not now—if there ever was—a consensus on how to manage international trade in the Asia-Pacific, particularly *vis-à-vis* the financial sector. Furthermore, attachment to neo-liberalism by many Asian elites was instrumental and did not reflect any ingrained belief in its particular prescriptions (Higgott and Philips 2000: 368). The ongoing tensions within the organisation, particularly between those pushing for binding commitments and those preferring a more consultative and less institutionalized approach, may well spell the demise of APEC. Such tensions, exacerbated by the Asian crises, when the United States and its allies were seen to take advantage of Asia's predicament to push for wholesale liberalisation, mean that any form of consensus is highly unlikely, certainly in the short-term.

This is problematic with regard to APEC's future, suggesting that contention and disputes are likely to stake out any future that APEC might have and acting against the notion that APEC is firmly on the path to liberal open regionalism (e.g. Park 1999). This is particularly so as it might be argued that despite the much trumpeted heralding of a 'post-Washington consensus', neo-liberalism is currently enjoying somewhat of resurgence. Consider the following. Firstly, the politics and economics of the G-7 have turned rightwards, with possibly the most conservative administration in Washington we have ever seen and with neo-liberals in power elsewhere, despite the bluster of the Third Way. At the same time, the United Nations is weak and divided and under Kofi Annan the UN has consistently fallen in behind the international financial institutions and the OECD countries. Thus one of the main global institutions that might give voice to alternative visions is effectively emasculated. In addition, the much-publicized reforms within the World Bank have run aground. The reformers within the World Bank such as Joseph Stiglitz and Ravi Kanbur have been forced out and it seems obvious that Wolfensohn will not—cannot—depart from the favoured stance of the United States, despite all the rhetoric. Other multilateral bodies remain 'captured' by neo-liberal advocates. This has important implications for how we might see APEC and multilateral organizations in general as agents of neo-liberal ideology within the region.

APEC sustains formal links and overlapping membership with other international, regional and sub-regional institutions and groupings. These include ASEAN, the IMF, the Asian Development Bank, and NAFTA. The bulk of these bodies are committed—at least rhetorically—to the same agenda. Indeed, APEC has been advanced as a means to drive the

free trade agenda of the World Trade Organization (WTO) further and faster than it would otherwise go in the region.

With regard to ASEAN, although it is seen primarily a security-oriented organization, it remains true that as a multilateral body it has pushed for member countries to open up to international trade and capital. This largely emerged in the 1990s when expanded trade and competition from other developing countries and regional economic groupings such as NAFTA and the EU propelled ASEAN to move in the then common sense direction of 'free trade'. The ASEAN Free Trade Area (AFTA) sprang from this milieu. In the wake of the Asian economic crisis and under sustained pressure by the United States and other neo-liberal enthusiasts, ASEAN member nations agreed in 1998 to further open up, especially their manufacturing sectors, to foreign investment. Duty-free imports of capital goods, 100% foreign ownership and corporate tax breaks were pledged. However, there seems to be no doubt that much of these measures were introduced reluctantly and under pressure.

Yet, this movement seems to have run out of steam, perhaps demonstrating that when pressure is removed, most Asian polities revert to a less enthusiastic stance towards neo-liberal openness. For instance, the six founding members of ASEAN were supposed to have fully effective free trade by 2002, with Vietnam following by 2006, Laos and Myanmar in 2008, and Cambodia by 2010. Obviously the first timetable has not happened. After Malaysia was allowed to retain tariffs on car imports until 2005 other AFTA countries extended their own deadlines, withdrawing 'sensitive' products from the AFTA schedule. Much of this springs from the need to safeguard domestic constituencies that are still experiencing problems spost-1997. But this is not the only reason. Perhaps another is that the impulse towards a preferential regional trade that was being provided by APEC has dissipated as the body continues to be wracked by different visions. In many ways, AFTA was playing 'catch-up' to APEC. But, as this has unravelled, AFTA's own plans have come unstuck.

## **CONCLUSION**

Obviously, APEC's influence and role should not be over-exaggerated. Any type of regionalism (whether it be classical open regionalism or one that is more developmentally-oriented) is negotiated by domestic politics in each individual state and is not simply a top-down process involving the disciplinary power of transnational capital. As Nesadurai (2002: 34) notes, 'political and state actors interpret external events and developments—globalisation—through lenses grounded in domestic political priorities, which also influence

their responses to these external impulses, including their particular approaches to regionalism'. Indeed, external events acquire 'political significance only as they are factored into national politics in ways that accommodate the interests, strategies and ideologies of dominant local players' (Jacobsen 1996: 94-5). But, as one organisation, and one that has been fairly active in advancing ideas surrounding a particular project that is in line with the hegemonic dispensation of neo-liberalism, a study of APEC is, I think, quite revealing.

Regional integration in the Asia-Pacific region, as advanced by multilateral organization such as APEC, has been contested and fractious. The growth of regionalism in the Asia-Pacific area has been accompanied by profound doubts as to what sort of regionalism should be pursued and what the costs and implications of following a neo-liberal model might mean. The essential failure of the early Voluntary Sectoral Liberalization project within APEC is a case in point (Wesley 2001). The appropriate model of capitalism for the region has clearly been a major cause of disagreement within APEC.

Bearing in mind that the modus operandi of this organization is consensual, APEC has been riven by disputes over which vision should be ascendant. In many ways it has been reduced to an organization that has divergent ambitions: united for growth and development but divided by the means and strategies how this might best achieved. Other multilateral bodies in the region have not stepped in to take over from APEC, leaving the debate as to the future regionalist identity of the Asia-Pacific open and unanswered. Indeed, the only other serious contender—ASEAN—has never really acted as an economic broker as such, being restricted to mostly promoting the idea of a security community and when pursuing economic questions .i.e. through AFTA, largely failing. Much of this is due to the explicitly 'Asian' nature of the organization. By this I mean that domestic coalitions within member-states are much more able to advance and protect their own—essentially protectionist—agendas within ASEAN without having to continually counter the American-led push for free trade and liberalisation that APEC experiences. Very few countries—Singapore and possibly, the Philippines excepted—have a strong belief in the 'free market' as the vehicle of choice for development. That is why impulses have emerged that seek to simply exclude the US and its neo-liberal enthusiasts from the equation altogether e.g. the East Asian Economic Caucus (EAEC).

It is axiomatic that regions are not natural but are socially constructed. In a multilateral body such as APEC, which brings together radically different conceptions of how best to

organize social and political life it is no surprise that the organization should be a terrain of struggle and compromise. Thus, even though multilateral organizations in general promote norms that are derivative of the hegemonic order, this is not simply a top-down affair. Whilst such bodies as APEC are state-led projects, they also attract support and advocates from a diverse collection of non-state social forces. At the same time, even apparently common sense and universalized norms such as those surrounding neo-liberalism 'are mediated differently in specific national institutional contexts producing significantly different outcomes' (Beeson 2001: 495). Thus divisions and even nascent counter-hegemonic impulses (though this should not be exaggerated at this stage) may emerge if important domestic constituencies and interests are threatened by the agendas advanced by multilateral institutions, a point that APEC seems to conclusively prove.

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