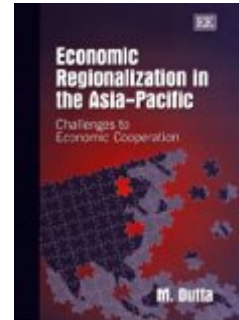


**Manoranjan Dutta.** *Economic Regionalization in the Asia-Pacific: Challenges to Economic Cooperation.* Cheltenham, England and Northampton, Mass: Edward Elgar, 1999. x + 318 pp. \$95.00, cloth, ISBN 978-1-85898-825-2.



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Readers will consider this book useful because it contains interviews with Eminent Persons' Group members of Australia, the People's Republic of China; Indonesia; Korea; Malaysia; Singapore; Thailand; and the United States, as well as personal conversations with four Professors of Economics in Canberra and Kuala Lumpur, plus an interview with the President of the Asian Development Bank. Dutta is an optimist. With one exception all the interviews in the book were done in 1994. Jang-Hee Yoo, a South Korean member of APEC's Eminent Persons' Group (EPG), was interviewed in 1996. They give an idea of the "APEC Spirit" in these days when APEC was a moving target.

Dutta's goal is to prove "the progressive emergence of an economic community in the Asia-Pacific" (p xiv). So in Part One he first reviews "the newly emerging concept of the supranational, regional macroeconomic core, wherein sovereign nation-state based economies elect to join a regional compact, toward mapping a common economic space onto a common geographic space, well defined by a map-of-the-world view of the re-

gion" (p xiv). In a rather deterministic approach he then outlines "a historical profile of economic regionalization which belonged to the imperial model" (p xiv) in Chapter Two. As a role model "the recent experiment in economic regionalization in Western Europe is examined" (p xiv) in Chapter 4. Chapters 5, 6 and 7 are used to "evaluate (i) Pareto optimality condition in the context of economic regionalization, (ii) Asia-Pacific economic regimes, and (iii) geo-economics and regionalization" (p xiv).

This is where Dutta explains his concept of Geo-economics. Geo-economics, Dutta proclaims, "is the core concept that provides the foundation of an economic regionalization model in the post-Cold War era" (p 77). It even "must be appreciated as the post-Cold War revolutionary concept. It rejects the superpower hegemony, and its focus is on supranational, multilateral, coordination of monetary-fiscal policies for the sovereign member-economies in a regional compact [...] Geo-economics maps a common economic space on to a common geographic space, replacing geopolitics" (p 77).

His vision of the future looks like this: "As and when the one-currency-based EU inaugurates itself by the turn of the century, the new order of regionalization will certainly replace the present ad hoc arrangement of the G-7, the Group of Seven industrialized nations. The four European members - Germany, France, Italy and England - will have become constituent members of the EU, with ist respective currencies defined in terms of the European common currency, call it by any name, Ecu or Euro. The United States and Canada, the two members of the G-7 from North American regional space, will have their interrelated currency as their two dollars continue to relate to each other via a free float in the market. The seventh member of the G-7, Japan, as the principal actor in the Asia-Pacific economic region, will progressively have ist yen as a core currency for the region. The case can be made that the G-7 may evolve into the G-3" (p 5). Dutta admits: "In my study, limited to economics as it is, reference to defense and security parameters have been left aside"(p 118).

Not only defense and security, it seems as if political parameters as a whole have been ignored by the author of this book. It gets obvious in Part Two, when Dutta talks with his interview partners. C. Fred Bergsten, one of Dutta's EPG interview partners back in 1994, says it all: "Aside from all problems, the fact is that no Asian nation wants to be in a bloc led by Japan and the increased likelihood that China, more than Japan or equal to Japan, might lead the East Asian bloc is equally unacceptable to most of them"(p 116).

Bergsten is not the only one who rejects Dutta's assumptions for a "new order of regionalization". Most of them don't subscribe to Dutta's idea that Western Europe's process of economic integration has acted as a push factor for Asia-Pacific Economic Cooperation: "There exists a strong feeling that it is very much in the interest of the Asia-Pacific region itself to keep on pushing towards a more open trading system", says Suhadi

Mangkusuwondo, EPG member from Indonesia (p 123). "If it is a push factor, it is not an important push factor", says Lee Tsao Yuan, EPG member from Singapore (p 140).

Narongchai Akrasanee, EPG member from Thailand, is more polite in his rejection of Dutta's theories: "It must have has something to do with the Western European events - a process of learning and a source of inspiration. However, the organization of APEC could not be a direct outcome of European regionalization" (p 159). "There is no need to replicate the EU in the Asia-Pacific region", says Mohamed Ariff, Professor of Economics at the University of Malaya (p 188). Nevertheless: "I maintain that if the EU's paradigm of economic regionalization failed to materialize, the presence of pull factors in the Asia-Pacific region in terms of high economic growth and a superior performance regarding international trade and investment flows, in and of themselves, would not warrant the formation of APEC", claims Dutta (p 211).

His idea of the danger of an Americanization of America resulting from the formation of a FTAA being followed by an Asianization of Asia is similarly refuted. "The fact of the matter is that the intraregional EAEC trade is not so substantial. With the exclusion of the United States, Canada and Australia, the intraregional trade volume would become much smaller. The intraregional EAEC trading among Japan, Korea, China, Taiwan and the Southeast Asian nations alone is simply not comparatively significant enough to warrant formation of another East Asian regional integration", says Jang-Hee Yoo, EPG member from South Korea (p 105). "Well, I think it's a myth. Self-Containment in either economic or security terms of Asia or of the Western hemisphere is not real," says Bergsten (115). "We do not use such a phrase", says Mangkusuwondo when Dutta asks him to comment the Americanization issue (p 124).

Further institutionalization or even the coordination of monetary-fiscal politics is met with even more scepticism. When Dutta suggests that APEC already is a well-organized supranational institution, the Honourable Neville Wran, EPG member from Australia, replies: "One of the things we have always been good at is getting people to work for nothing in a sense" (p 154). Well, "This is no theoretical game", says Wran when asked about giving benefits to non-APEC countries without reciprocation (p 150). It's a good summary of my criticism of Dutta's approach. It's a textbook approach.

Part Three consists of an overview of the APEC organization, vision and agenda. In Chapter 25 - "Challenges for APEC" - Dutta's textbook approach becomes obvious: "A supply of too much money, unmatched of real economic growth and the threat of inflation, must be of concern" (p 226). I heard that one in Macroeconomics 101 already. We also learn that "binational confrontations cannot be helpful for multilateral economic cooperation" (p 225). All sensitive issues that could endanger Dutta's concept of "geo-economics" are carefully avoided.

Part Four is filled with chapters about the "Intra-APEC Geo-economics" (p 229): ASEAN, ANZ-CER, NASTA, SAARC and Greater China. Dutta calls the economic links between the Chinese states the "Golden Triangle" (p 287), an expression more commonly used for the rogue Shan State in South-east Asia.

Dutta believes in his idea and gets quite deterministic: "The global order of a free and perfectly competitive market economy certainly remains the ideal, but it continues to elude us. Given the necessary and sufficient conditions, the global order will forseably become real. Until then, the next best option is a marriage between regionalism and globalism, and thus, geo-economics has become the order of the day" (p 229). Well, delivery must have been delayed. The interviews were mostly done in 1994. Meanwhile we have seen the

Asian financial crisis, Burma, Vietnam und even Russia have become members of APEC and we're still waiting for the emergence of an economic community in the Asia-Pacific.

For those who would like to know what the mood was after the Bogor declaration, Dutta's book is a good read. For the student of the history of economics it is the perfect textbook with lots of useful tables, maps and an excellent bibliography. It just makes me wonder why it took the publisher a year to publish it. Dutta's preface is dated 1998.

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