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**“IMPLICATIONS OF EUROPEAN ENLARGEMENT
ON ASIA AND THE UNITED STATES”**

by

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European regionalism, integration and enlargement are now consolidating in an impressive way. This would certainly have profound effects on world affairs and economics, especially for the United States and East Asia (Japan, China, Korea and ASEAN), the two other pillars in the so-called “world triumvirate” today. But before discussing the implications of European enlargement on America and Asia, it would be more appropriate to first look at the context of regionalism under present “globalized” circumstances. Firstly, this European regionalism, integration and enlargement must be “set” in the context of **two parallel global trends**, viz neo-liberalism, liberalization and globalization on one hand, and the rise of regionalism on the other. Secondly, European regionalism and enlargement could therefore serve as an **impetus** to the rising East Asian regionalism, thanks to the “threat” or challenge of globalization, and thus become a **model** for East Asian regionalism as well. Lastly, it would be appropriate to see **how the European enlargement process would actually affect and change East Asia and the United States**. The implications of Europe’s consolidating regionalism should have thus a profound impact on Asia and the United States in the short, mid and long terms.

Globalization as the Driving Force in the World today

The **post-Cold War era** since the last twelve years has been characterized by **the twin trends of neo-liberalism and liberalization**, which began sweeping the world in the Reagan and Thatcher years and triumphed with the collapse of the Soviet Empire in the late 1980s and early 1990s. The Reaganite and Thatcherite revolutions brought sweeping changes to the mentality of the post-World War order, and with the liberation of the Eastern European satellite states and the collapse of the Berlin Wall, this neo-liberalism was on the way to an ideological triumph. When the Soviet Empire ultimately collapsed under the weight of inefficient communism, and when China became progressively engaged in a new “socialism à la chinoise” experiment, the days of liberalism’s final triumph were finally hailed and those of communism’s demise were sealed! A recent award-winning television series, “Commanding Heights”, and based on a book of the same name by Daniel Yergin, emphasized that the most important phenomenon and transition of our post-War modern times was undoubtedly the free market revolution, which gripped the world in the 1990s.

Neo-liberalism and liberalization then engaged the world in a frantic race towards globalization, as **four key elements became progressively globalized**; but on the other hand, sadly to say, half the world remains *de facto* “marginalized” in this same globalization process. The key elements, which have been progressively globalized for half the world that is already actively engaged in this process would include the massive and rapid circulation of goods and services, capital, ideas and human resources. The IT revolution has been instrumental (by partnering liberalization) in enhancing globalization. The United States, Europe (including Russia, Eastern and Central Europe), Japan, East Asia (including China), Australia-New Zealand and the urban agglomerations of the developing world have been plugged into this globalization process and network, whereas the rural worlds of Asia, Latin America and Africa remain in the dark shadows of globalization.

The massive and rapid circulation of these four elements of globalization is a world phenomenon by itself. Never has there been such a rapid exchange of these elements and on such a scale before in the history of humanity. The monumental exchange of goods and services on such an international scale (for at least half of humanity) has been realized with the development of world-wide transport, logistics and IT, as well as the deregulation of commercial changes, thanks to the previous GATT arrangements and the present WTO. Further liberalization is expected, although key developing nations are now clamouring for a fairer and more level playing field. The rapid transfer of capital (in terms of investments and speculative short-term capital) has clearly its roots in the development of financial liberalism on a world scale, and thanks to IT, there is now no need for any physical movement of capital across the world. The interdependence of stock markets and capital markets also make capital flows more rapid, fluid and uncontrollable, perhaps to the detriment of developing nations.

On the other hand, the circulation of ideas and information has reached a frantic extent that we are all now plugged into a world information web or pool; no information can now be deliberately hidden or denied for long, as media giants feed information by the seconds across the globe. The rapid flow of information now ensures better accountability and transparency, and has the effect of aiding the flow of goods, services and capital around the world. Lastly, the flow of human resources is probably the last of the four elements to face a truly globalized perspective, as countries still put up formidable barriers to the free flow of human capital across the globe. Talents and professionals may now crisscross the world without too many problems, especially in the developed world, in search of better value creation, but lower levels of labour and the migration of population masses (and suspected terrorists!) are still strictly monitored, especially from developing to developed nations. The free flow of human capital will not come about in a globalized world as long as the globe remains “divided” between the “globalized” and the “marginalized”, especially when the more powerful developed world would have its final say on eventually opening up its borders to a globalized and unfettered free flow of human capital across the globe.

Regionalism as an “Answer” to Globalization : An Impetus for East Asian Regionalism?

But, as a reaction to globalization and as a result of greater interdependence of regions across the globe, a new thinking and impetus has been given **to the development of regionalism** in all its forms. Regional interdependence and sovereignty became more important to rival national dependence and sovereignty, as nation states sought comfort and “protection” (against globalization and increasing economic and political uncertainties) in bigger numbers and by sheer size. Regionalism has developed as a guiding concept in our modern times in the last years of the 20th and now in the beginning of the 21st century, just as the dismantling of colonial empires and the assertion of nation-statehood dominated the era beginning with the period between the two Wars all the way till the 1980s. Europe had led the way in regionalism, starting in 1957 with the Steel and Coal Agreements and thus began a novel experience in regional-building, all the way till the introduction of the euro in January this year, which thus “cemented” in a certain way the integrated process of European construction. Although the European Union is perhaps the world’s best and most successful integrated regionalism model, other parts of the world, like in Southeast Asia, South Asia, Africa, Central and Latin America, have also begun their respective regional push as well.

The European construction experience could thus serve as a model and an impetus to other regional aspirations, from Southeast Asia to East Asia, and from Latin America to Africa. But what are the underlying reasons for this impetus towards regionalism world-wide? There are at least **five reasons** possible.

Firstly, as it is stated above, the rise of regionalism in the world could probably be attributed to two trends at present, viz as **a reaction to globalization itself and to the growing political and economic uncertainties**, as countries (especially medium-sized and smaller ones) seek greater security and manoeuvre space in the comfort of larger regional entities. The fear of being swept away by globalization (especially for smaller countries), as they cannot cope with the progressive opening of borders to the four elements of a globalized world, has become more acute as crises have swept through the developing world in greater frequencies. There is also the feeling that by staying together as larger entities, they would be able to resist pressure from bigger powers or developed economies, and may be even able to “cushion” the adverse effects when forced to open up by the richer and more powerful Western countries. It in fact appears to be a sort of survival instinct for weaker nations!

Developing countries are also becoming more aware that the world would be going into more political uncertainties and a slower economic growth in the coming years. There would undoubtedly be more political upheavals, inter-state conflicts, religious tensions, and ethnic and terrorist violence. The bearish mood has set in, in terms of investments, equity and future domestic growth. The tech and dot.com bubbles burst have probably spelt the end to unfettered growth, as productivity in the IT revolution appear to be leveling off, especially in the United States and developed economies. Agricultural commodity prices remain depressed for most developing country producers, whereas oil prices may be on the upswing with tensions increasing in the Middle East, thus affecting future world economic recovery. But key in the hoped-for economic recovery would now be centred on the continuous stabilization and growth in at three

confidence levels, viz consumer, corporate and stock market, which are all decreasing. Unemployment and social woes would increase, especially in the developing economies, with dire consequences for the already-severe social and digital divides. The world's poor would definitely get poorer, as it becomes more urgent to level this divide in the present anti-globalization context. Regionalism and regional entities provide a sort of "security blanket" to small and lesser developed economies who would find refuge in numbers and regional affinities against extra-regional bigger powers.

Secondly, in a global economy, regionalism could **provide a larger internal market and hinterland**, although it is also a fallacy to believe that an internal market of populations having a similarly low level of living across an entire regional entity could be truly an economic force or a common uplift in prosperity; indeed, purchasing power and a wide cross-section of income levels would play the crucial role in determining the usefulness of a larger market and hinterland. In the East Asian context, the total population is almost 2 billion, or one third of the world's total population. But more importantly, the region's middle class is growing increasingly, not only in South Korea, Singapore, Malaysia, Thailand and Taiwan, but notably in China, which would provide a boost to consumer spending; in fact China's middle class, which consumes vast amounts of durable and non-durable goods, can now be estimated at some 150 million, or about 12% of its total population. Hence, the future key to East Asia's vast market would be the rise of this consuming class and generation, which would have more discerning consumer power and a taste for brand names and state-of-the-art products or "gizmos", a revolution that had been led by the Japanese consumer over the past twenty or more years. East Asia's consumer market is therefore of an importance which no one can underestimate, especially the growing Chinese consumer world. In fact, with the rise of China (and together with the more "matured" markets of Japan, South Korea and the NIEs), the East Asian market would be an ideal testing ground and launching pad for new innovative products, services and ideas, before conquering the world market. If trade could be liberalized within the "ASEAN+3" framework, there would be enormous potential for consumer growth in the coming years.

Thirdly, regionalism also provides the basis for a wider area of application for **across-the-region investment opportunities, especially in seeking integrated production chain networks across the region, based on economies of scale and industrial specialization**. In order to fructify investments, there is a need today for better returns; if cross-border advantages could be found in setting up integrated industrial and manufacturing chains across the region, through facilitating investments via joint or common fiscal (and less regulatory) policies, then there is an added advantage of committing investments on a regional basis. In the East Asian context, FDIs could be poured into an auto industry, using cheaper labour in the lesser developed Southeast Asia (for manufacturing of parts), then assembled in the more developed NIEs, tapping into the logistics and banking facilities of the more developed economies like Singapore or Hong Kong, and then powered by high-level research and design in Japan or South Korea. It is also precisely this "integrated chain of production" opportunity, which China could offer as a single country, from the cheaper and less developed Western provinces to the hi-tech industrial bases of Wuhan or Shanghai, that poses as a real threat to its smaller

neighbours. On a regional scale, industrial specialization has in fact already taken root when Japanese firms moved certain industrial and manufacturing operations and bases into Southeast Asia, concurrent with the rise of the yen in the 1970s and 1980s. If this industrial exercise could be repeated on a wider regional scale and with regional blessings of an effective implementation, via the “ASEAN+3” framework, then regionalism in East Asia would have a real meaning and could even become an impetus to investments and a more integrated industry as a whole. Furthermore, in the services sector, much synergy could be found in investing in tourism activities, health care, education facilities and the “creative economy” in order to serve a larger East Asian market, especially when the purchasing power of East Asian middle class consumers would rise further and as restrictions to travel and to consume other “Asian services” are reduced, in the name of “people-to-people” exchanges.

Fourthly, regionalism also appears as a means to **preserve culture and cultural identities in the face of “uniformization”** in the world, which has come about thanks to globalization. Regional entities, whether be it in Europe or in Africa, speak of preserving indigeneous cultures against the MTV generation or Hollywood propagation or even “wanton consumerism *à l’americaine*”, although there are doubts if regionalism could effectively stop this “uniformization”. The newer and younger generations are imbibed with things associated with Western fads and symbols of consumerism, which regional entities would find hard to tone down. But perhaps more importantly is the sense of cultural affinities within regional groups. The feeling of “Africanism”, “Asian-ness”, European-ness”, or being “Latino” or “Arab”, does muster a sense of security in the psyche of regionalism, and this psychological sense of pride or “of belonging” could be a real impetus to regionalism. In East Asia, it has been difficult, unlike Europe, to establish an East Asian identity, as many countries in Southeast Asia do not necessarily have the same civilizational background and roots as the countries of Northeast Asia. East Asia is not only more disparate than Europe politically and economically, but also culturally and socially as well. However, one must also guard against “exclusive-ness” in regional entities, as it is just too demagogically easy to build regional entities based purely on race or ethnic belongings. Furthermore, one should also guard against achieving the unfortunate ends of a “clash of civilizations”, by holding on to and privileging regionalism, purely based on race, ethnicity or religions.

Lastly, there is perhaps **also a need for common security and strength in regional entities**. A collective voice in foreign and defence policies could enhance a regional entity’s foreign and security identity in the world. Peer group pressure could also be useful as a confidence booster to increase the collective strength and bargaining power of such regional groupings. A common policy on defence and foreign affairs, or in trade negotiations would deeply enhance the entity’s chances of success in interacting with other major powers or entities. For example, Europe has seen the necessity of speaking with one voice in trade and monetary negotiations through the European Commission and European Central Bank respectively, just as Javier Solana represents the European Union’s Common Foreign and Security Policy (CFSP). In East Asia, disparate voices speak out separately on different issues, as different emphasis is levied on key issues because of the different histories, backgrounds and social conditions present in

each of the thirteen “ASEAN+3” countries. There is still no “bain commun” (“common bath”) in outlook for East Asia in terms of international economics, foreign policy and defence, and collective security is still a remote concept to be properly accepted in East Asian countries, not to mention the potential arms race in this region.

Would the European Integration Model be Suitable for East Asia?

East Asians have time and again wondered if the European model for integration would be suitable for East Asia, given its own greater disparity and diversity across the region. Furthermore, the region may not have totally overcome all its historical and psychological barriers to really come together as one region. Besides, there are still wide divergences in political, economic and social structures across East Asia. But the fundamental question remains if East Asia would have the common will to pull and come together to build the “East Asian house”, just as the Europeans had decided to build their “common European house” together, which could “stretch from the Atlantic to the Urals”, to quote former French President General Charles de Gaulle.

Is the European model truly applicable to East Asia in the first place? Four theoretical factors should be considered and reflected upon in this regard.

Firstly, European construction and integration began as a process to rebuild a continent, which had been devastated twice by savage wars in 1914-18 and 1939-45. East Asia has not had such a devastating war as to warrant a re-building process and reconstruction; neither has East Asia been shaken by such a cataclysm as to psychologically force all its countries to pool all their resources together to avert such a catastrophe in the future. The urgency and impetus to bind together warring nations in East Asia are still far less important today than for Europe in the aftermath of the Second World War. This psychological factor is what would continue to distinguish East Asia from Europe in their respective construction paths and their road to regionalism.

Secondly, European model has been built on a Continental Cartesian approach in its planning and execution. The step-by-step approach from a strong center has reflected a systematic planning *à la française*, as French technocrats guided the integration process in its earlier days; it developed this way from the Coal and Steel Community concept to the Maastricht Treaty, then introduced the euro and defined the scope of the CFSP. It is therefore a long and never-ending debate if East Asia should follow this European mode of “heavy integration”, involving a centralized bureaucracy and enormous planning to bring the regional entity to fruition. Or should and could East Asia adopt a more flexible or “looser” approach to integration through mutually over-lapping bilateral frameworks of cooperation and coordination first, before going into main-stream integration? Instead of the top-down approach, a more bottom-up mode could perhaps be more suitable for East Asia, given its greater disparity and diversity. The *modus operandi* for East Asia may thus be different from that of Europe in its eventual integration path.

Thirdly, the European Union has systematically centred on economic cooperation and the sectorial approach of integration (like agriculture, coal and steel etc), as its main pillar of construction from the 1960s onwards. Would it be possible for East Asia to build on liberalizing trade instead, as its main pillar of cooperative action in this region, as economic cooperation has already mushroomed and spread *de facto* across the region, thanks to the present environment of outsourcing and pragmatic industrial diversification across East Asia, beginning with the Japanese and South Koreans southwards and then westwards into China? But trade restrictions are still relatively important in East Asia, and further attempts to liberalize trade (especially in the sensitive agricultural sector) could be the real impetus to spark off East Asian regionalism in a big way, especially given the rising middle class and consumer demand in the region. Hence trade liberalization could provide the basis and spark of East Asian regionalism, as opposed to the more economic cooperation and sectorial-based approach undertaken by the Europeans. Here again, the approach of East Asia may differ from that of Europe!

Lastly, the Europeans have put as the corner-stone of its integration policy a clear political agenda, as is the condition of entry for all future aspirants to the European Union, viz democracy and human rights respect. The Western Europeans, who have been championing this cause, have made this democratic enshrinement their premier cause to defend in constructing the Europe of tomorrow. The latest Commission report on excluding Turkey from promises of being included in the next waves of enlargement until it embraces effective political and social reforms proves once again the importance of this political agenda. The political difficulties posed to some countries of far-right coalitions in government in Austria and then in the Netherlands (which has since collapsed) also show the sensitivities and delicate questions linked to this political agenda and “condition”. The question we have to ask is whether East Asia needs and would want a political agenda to build the common “East Asian house” of tomorrow. Or should East Asians concentrate more on the trade and the purely economic agenda to propel East Asian regionalism, as it is doubtful if there would be any unanimity, which could be found in using the democratic and human rights issues as the primary condition to bring East Asians together. The focus of East Asia may therefore diverge from that of Western Europe, which is today extending the Union eastwards into Eastern and Central Europe as well in 2004 (ten countries) and 2007 (two more countries), after the end of the Cold War.

Implications of a Successful European Enlargement on East Asia and the United States

Beyond just the theoretical merits and politico-economic impetus of European regionalism on other regions, like East Asia, the enlargement process in Europe would definitely have profound implications for both America and Asia.

European enlargement would firstly have some profound effects and impact on the United States, as the world’s sole superpower or “hyper-power”, in the words of the former French Foreign Minister Hubert Vedrine. There are at least **four possible impact on the United States**.

Firstly, an enlarged Europe of twenty-five would put more Western, but separate sovereign, voices under its banner. In terms of political clout and influence, Europe would have a greater commanding voice in the United Nations (but only when the European countries effectively speak in one voice!) in political, security and foreign policy. As European Union expansion continues eastwards (in two waves of ten and then two more “new” countries joining in, in 2004 and 2007 respectively), NATO’s expansion would also proceed eastwards, now that the contentious issues with Russia have been resolved at the last NATO Summit in Rome. At least seven new members, comprising the three Baltic states, Romania, Bulgaria, Slovakia and Slovenia, would be slated to join NATO following the upcoming Prague Summit this autumn. This should “cement” the voices of democracy and the advocates of human rights in the world and in the Western sphere. But a challenge to the United States could come in the form of a European collectivity versus the USA, as in the recent International Criminal Court (ICC) issue, when aspiring European Union members were initially asked to strictly toe the European position in opposing the American pull-out from the ICC. Thanks to the UK and Italy, this “rule” has been relaxed in favour of Washington. However, profound differences over the ABM Treaty and the future of nuclear disarmament, as well as over the Palestinian issue, have also surfaced between Europe and America since George Bush became President of the United States. Europeans have also stood firm in unanimity against the Bush Administration over the latter’s decision to withdraw from the Kyoto Treaty. A bigger enlarged Europe would thus stand as **a more formidable counterweight to the United States**; the latter may face tougher times ahead in dealing with Europe. But Washington also has the necessary clout and power to stand up against the united European front, or even to divide the Europeans up according to its own wishes.

Secondly, in the economic arena, trade disputes and negotiations would also be tougher in the years ahead as Europe increases its clout and world standing. As it stands, WTO negotiations and arbitration have already proven arduous between Brussels and Washington, as witnessed by the steel and farm disputes lately. Issues of government procurement, trademarks and mutual trade sanctions have also plagued US-European relations lately, and probably even further, as the EU increases to twenty-five in the next few years, European economic and trade interests would inevitably increase, with potential clashes with the Americans increasing too. An enlarged European Union would therefore stand as **an economic counterweight** as well against Washington, and it would become a more formidable challenger to the Americans in the WTO and international financial institutions. The euro, much touted, has not been able to challenge the dollar in the financial markets, as European growth had not taken off in a big way owing to existing structural problems on the Old Continent. It is however not so much because of the euro’s weakness but the dollar’s overpowering strength; however, the euro’s future would appear good in the coming years, especially if an “overstretched” United States could inevitably undermine its dollar.

Thirdly, an enlarged Europe could also **challenge the “hard and soft powers” of the Americans**, although the latter would have a superior head start, given that Europe is still consolidating, after speaking in different voices and tones for years. The American military “hard” power is far superior to that of European countries put together and has

the ability of power projection worldwide (fighting two wars at any one time) and technological superiority greater than the Europeans' own hard. The Gulf War and the military campaign in Afghanistan have amply shown the prowess of the American military and its might cannot thus be under-estimated, as a combined European military force is still in its nascent form, in terms of a Rapid Deployment Force and a Common Army, drawn from the different European military. This Force has clearly many technical flaws and incompatibility to iron out first! It remains to be seen with the imminent strikes on Iraq if Europe could come together militarily in an effective way.

Lastly, in terms of **soft power**, Europe has probably a better chance to challenge American soft power "hegemony", although the smaller countries to be added to the European Union would not really make a profound or fundamental difference to Europe's soft power projection! The recent diplomatic spectacle of France holding out against the United States in the UN still focuses on an individual European country, but not on the Union as a whole. The force of European soft power will instead still come from consolidating a European cultural soft power of its own, although the future of its success may be doubtful, as the younger generations of Europe are already imbibed with American culture and fads today, though there is also a trend in Europe today of going back to its roots in order to find its common strength. A common European soft power will thus depend more on how European culture themselves evolves in the coming years, from the depth and wealth of Europe's multiple inherent cultures.

It is hence questionable how European enlargement would truly affect the United States in a big way, except for perhaps more American accommodation and tact in handling the Europeans when they reach a greater critical mass after enlargement and expansion towards Eastern and Central Europe. (The recent Irish referendum of 19 Oct has again shown how difficult it has always been to balance all the national interests of individual countries in the Union; ultimately, some of these interests would have to be sacrificed during each enlargement, especially for the poorer countries in the Union, who may lose certain benefits when even poorer countries join in.) The United States is already a world power, and the sole power today, having strategic interests worldwide, that both its hard and soft power could be mustered easily in order to exact influence and clout everywhere on the international scene. An enlarged Europe could pose not really a rising threat but more an economic competitor on the world stage, but only provided that the Europeans could consolidate their own integration process, which seems to be still dividing them today; meanwhile the United States is already one big country, which wields the appropriate means and influence of the day!

Turning to East Asia, an enlarged Europe could also have some impact on the former's future and the chances of East Asian regionalism successfully taking off, given the immense disparity and diversity of Asia. This **impact on East Asia's success** could be felt in at least in **four ways**. It is however clear that the impact we are assessing cannot be compared directly with that on the USA, as the latter is one country, whereas East Asia is still an amorphous region in the making!

Firstly, an enlarged Europe could provide a disparate East Asia with a much-needed impetus to come together, at least from an economic point of view, as the threat of a “fortress Europe” always exists in the minds of East Asians. An enlarged Europe of twenty-five or more countries, stretching from the Atlantic to the Urals, would mean that this Union could be a privileged area for trade amongst themselves. Countries like the Netherlands or Belgium already have a high level of intra-European trade (to the level of at least 75%), and if the Eastern and Central European countries could reach this level within the next years, there could be sizeable trade diversion possible, though not totally, as there would definitely be also trade creation, as the enlarged Union prospers. As East Asian trade with these “new” countries are already slowly developing, East Asians would probably have a choice of either developing better trade exchanges with the EU as a whole or organizing themselves into a larger trade entity in order to foster or better negotiate enhanced trade relations with the EU. The end result of this enlarged EU could therefore be an impetus for East Asians to rally around its own regional entity, so as to be on a better footing vis-à-vis the enlarged Europe.

Secondly, the European Monetary Union and the introduction of the euro have also had an impact on East Asia, especially when it went through the trauma of the Asian Crisis in 1997-98. East Asians under the “ASEAN+3” framework have already launched the Chiang-Mai Initiative, as a first timid step towards monetary regionalism. A web of currency swap agreements and peer group surveillance have marked this landmark initiative, and the yen-yuan swap agreement, which was signed earlier this year should be a monumental step forward towards some concrete form of East Asian monetary cooperation and regionalism, which East Asian could definitely learn from the successful European experience in constituting their euro. Furthermore, at the latest Copenhagen Asia-Europe Meeting, Asian governments have pledged to bolster their reserves of euros, issue more euro-dominated debt and use the euro more in trade settlement. With monetary stabilization, East Asians should now expect increasing FDIs and capital flows across East Asia, but financial exigencies and rigueur should be applied in East Asia, and should be a far cry from the “wild days” of financial liberalization mismanagement in the earlier half of 1990s. More investments across Asia should funnel growth and employment for not only the manufacturing industry and services, but also for agricultural production, agro-based industries and tourism, which would then anchor East Asian growth in a better balance between exports and domestic market growth. The Europeans’ euro could perhaps one day inspire East Asia to consolidate an Asian currency around the yen and the yuan!

Thirdly, it is also imperative for us to ponder if East Asia could perhaps learn from the European experience of mustering a common will to build a “common house”. Europeans learnt from the lessons of war to build a more stable structure for tomorrow; East Asians would therefore also have to overcome history and the past to build their “common Asian house” together. Just as France and Germany had buried the hatchet to build Europe, it is hoped on this 30th anniversary of the normalization of Sino-Japanese relations this year that both Tokyo and Beijing could overcome their past and lead to build a new Asia together. Japanese and Chinese leadership would be vital to build Asia, just as the rapprochement of de Gaulle and Adenauer, and through the inspirations of

Jean Monnet and Maurice Schumann, really “stabilized” the Old Continent and built Europe through peace and economic progress. For Japan, anchoring China within the Asian fold would be vital at a time when China’s phenomenal rise is threatening Japan’s economic, political and security position in Northeast and the whole of Asia. Turning China into an intrinsic opportunity for Japan would therefore be its foremost challenge and task, and the noblest way out could be to use “East Asian regionalism” to embrace the Chinese dragon, like what the European experience had amply shown between France and Germany! A Sino-Japanese common leadership in East Asia is therefore crucial.

Lastly, European enlargement could really serve as an inspiration to East Asian regionalism in terms of “meshing together” all the fundamental issues of sovereignty and national differences when there is a larger goal and stake ahead for all. The path towards European integration has been littered with a myriad of problems and obstacles since 1957, and many still remain unresolved, especially linked to national sovereignty, cultural differences (which nevertheless also exist in a more homogeneous European entity, as compared to East Asia!) and nationalistic feelings. Economic coordination and cooperation would be dealt a blow, though severe, if and when the “stability and growth pact” collapses and be replaced hopefully by another mechanism to ensure the stability of the euro in the coming months. European enlargement gets tougher each round and the Europe of Twenty-Five would be a real challenge to the Union, but as long as the will to stay together could overcome nationalistic feelings, the Union would pull through. It depends largely on the political leaders and the mainstream of society, who must take the lead in seeing the ultimate goal clearly and pushing the process ahead despite hard and trying times on the road to integration. East Asia, being so disparate and diverse in all areas, has still to set its ultimate goals clearly and must thereafter muster the determination and political will to work towards it. Political leadership and psychological resolve are still lacking in East Asia, although the economic, monetary and social imperatives for such a regionalism in East Asia appear much clearer.

Conclusion

An enlarged Europe will definitely have an impact on both the United States and East Asia, although an enlarged Europe’s implications for East Asia would be far greater than for Washington, given the latter’s size and current clout. Regionalism is on the upswing, probably as a reaction to globalization today, but it is still unclear if this trend could effectively catch on in East Asia, as it assesses the success, obstacles, problems or failure of European regionalism, integration and enlargement in the next crucial years. But the heart of the matter still lies in the ability or not for East Asia to muster enough political will, leadership and common purpose to do the “unthinkable”, viz create a “common East Asian house” for tomorrow, which could eventually become a real “hyper-power” on the world stage that can compete and rival both the United States of America (and its enlarged Free Trade Area of the Americas or FTAA) and an “enlarged Europe towards its East” in the coming years!