

LOWY INSTITUTE

FOR INTERNATIONAL POLICY

An “EU-style” Asian Community? A few naïve perceptions

David Camroux

*Lecture co-sponsored by the Lowy Institute and the University of Sydney,
delivered at the University of Sydney on 2 December 2009*

An “EU-style” Asian Community? A few naïve perceptions

David Camroux¹

***Lecture co-sponsored by the Lowy Institute and the University of Sydney,
delivered at the University of Sydney on 2 December 2009***

My original proposed title had as its concluding word “questions”... “a few naïve questions”. I am very flattered that the organizers of this lecture felt that I had found answers to these questions and that my “questions” had become “perceptions”. It would seem that professors have perceptions and students... questions. Must admit that like, Peter Pan, I have never quite grown up... and that like my students, I shall above all pose questions, while wholeheartedly indulging in the “trick of the trade” of us professors, namely that the framing of a question is to largely, but not completely, help determine the answers. The following is an unashamed polemical exercise directed at, what I perceive (see I am going to talk about perceptions) as the intellectual laziness of some in the “chattering classes” - and the attraction for some political leaders in East Asia and Australasia of an etymological sleight of hand - that tempts them to allude to on an “EU style Asian Community”.

This lecture springs from my experience as a political scientist (an oxymoron in itself) in the last few years in researching outside my area studies specialisation, namely Southeast Asia, by trying to tease out the peculiarities of the EU as a global actor in Asia and, concomitantly, attempting to teach courses on European integration to Asian students in Asian universities. This has been a humbling exercise in seeking mutual understanding and enlightenment with an inquisitive and enthusiastic generation in search of models for an Asian future.

My lecture is structured in three sections. Keeping within the parameters of both the trinitarian tradition, as well as that of my home school where an argument in three points is *de rigueur*, firstly I shall make some comments on the promotion of the EU model. In the following second and third sections I shall deal with two unique interrelated features of the EU as a regional entity, namely, on the one hand, the existence of a common currency, and, on the other, the EU’s high level of institutionalisation. In the literature on the EU there is a

fundamental (I would say creative) tension between intergovernmentalism and supranationalism, to use but the essential terminology of euro speak. I would suggest that this juxtaposition is, perhaps, the essential key in helping us to approach the unpacking of much of the hubris around the notion of an “EU-style” Asian community.

The EU Model as Export Commodity²

In the interests of intellectual honesty, let me confess my normative position from the outset. As a “born again European”, hoping that one day the pre-eminence of the notion of European citizenship will trump parochial nationalist concerns, I am a firm believer in the European project of an ever closer union, i.e. the imperative to promote systems of supranational governance in an interdependent, globalized world. This being admitted I do not, repeat, do not feel that the European Union provides a model for other forms of regional construction. Certainly some European politicians, such as the former Commission President Romano Prodi and the High Representative for the Common Foreign and Security Policy, Javier Solana, who left his position just two days ago, saw the EU model as an export product. The promotion of intra-regional cooperation is, as one major specialist on European global actorness, Karen Smith, cogently argues “clearly an EU foreign policy objective that stems directly from its own internal identity”³. That identity is one forged by a unique historical experience, one that has led to the following succinct argument presented in one of the standard textbooks on European Union foreign policy:

“... the reasoning goes, if states elsewhere learned to resolve their disputes peacefully, as had the EC, the prospects for a more peaceful world might improve. Given this philosophy, when the EU engages in *inter*regional cooperation, it almost always, at the same time supports *intra*regional cooperation.”⁴

There is thus a “propensity of the (European) Community to reproduce itself... advocating its own form of regional integration”⁵, even if such a policy objective cannot be found in the various EU treaties. As I have argued recently elsewhere⁶, the promotion of intra-regional integration in other parts of the world (and interregionalism) can best be seen as a normative goal or process to be promoted in the case of the European Union, and linked to its self projection in a global context. Promoting intra-regional integration is not so much a means employed by the EU as a global actor to achieve strategic objectives but, rather, an end in

itself, or to use the classic distinction of Arnold Wolfers⁷ a milieu goal, that is one designed to shape conditions of functioning beyond national boundaries. Moreover, a concern with interregionalism springs from the distinctive nature of the European Union as a *sui generis* global actor, one that relies on its soft power attributes to pursue its multidimensional interests.

Yet, the obvious question is, if the EU is not a model, then what is it? Some of my more Europhile colleagues in Asia would say... an inspiration. To be demeaning this is probably in the same way that Hollywood films inspired similar types of filmmaking in Asia, prior to directors finding a distinct local voice. Such is, to state a cliché, the syncretic impetus that lies beneath what are considered the forces of globalization in the contemporary world. My own view is that the EU provides a reference point. Yet, to cast a cold objective eye, the EU provides a reference point not so much because of its intrinsic qualities or attractiveness... but by default. For example if one wished to establish an “Asian Currency Unit”, then the experience of the euro is about all that is available to be observed.

Towards an “Asiao”?

It is precisely to this question of a putative Asian Currency Unit that I shall now turn in this second part of my lecture in raising the first in a series of questions.

- On which base currency should such a currency unit be based⁸, the yen or the renminbi, to nominate but the two most prominent potential candidates?
- Which rules of economic governance should be implemented: that of the Chinese Central Bank, or the Central Bank of Japan? This is, of course, assuming that politicians wish to “sub-contract” monetary policy to an independent supra-national body.
- Assuming that an “Asian Central Bank” is established along the lines of the European Central Bank how should it be governed? With governors of the central banks of all the member countries having the same voice?
- What should be its essential priority: containing regional inflation ... or stimulating growth and encouraging trade?
- Would its priorities lie in strengthening the Asian model of export orientation to the US and Europe? In the post crisis period these are no longer hypothetical questions.

- While it may appear merely a symbolic question, it is much more. Where would the Asian Central Bank headquarters be established? In Beijing or Tokyo? Or on more “neutral ground” in Hong Kong, or Singapore?⁹
- Would a major economy, similar to the offshore European outpost of the United Kingdom, be allowed to opt out? Following from this would an “Asiao” without China or Japan (or both) have any chance of becoming an international reserve currency?

It has been rather overlooked in Asia and the Pacific, but the introduction of the euro, basically means that individual member countries cannot conduct independent monetary policies. Furthermore, their ability to conduct individual fiscal policies is threatened with increasingly strident demands for tax harmonisation. Would political leaderships in Asia be willing to abandon these fundamental elements of sovereignty? Also overlooked is the fact that the birth of the euro, so to speak, was not just a labour of love nor simply a marriage of convenience but was also an expression of distrust. By imposing stringent legally binding conditions concerning levels of public debt and budget deficits on wayward Southern European countries (Greece, Italy) and new candidate countries (Poland, Hungary) for entry into the euro, it was hoped to restrain their financial indiscipline. The downside for some has been that no political leadership can, say, use devaluing its currency, as Italy did in the past, to deal with chronic trade deficits. Can we expect China, for example, to abandon the ability to peg its own currency in the interests of its southern export-oriented neighbours?

To conclude this section of my lecture, opting for regulatory frameworks in the economic domain is part of a broader Europe approach with the imposition of European norms through constraining regulatory frameworks in numerous domains. Half of the legislation, for example, voted by the French National Assembly is a national expression and application of European directives approved in the Brussels institutions. Let me therefore turn in the following section to the kind of institutional structures that have led to a loss, or more precisely, a pooling of sovereignty, to use another element of euro speak.

An EU Style Institutional Architecture for Asia?

In much of the literature on comparative regional integration, as mentioned in my introduction, the governance praxis of the EU involves a tension between intergovernmental and supranational bodies. To simplify outrageously, the Council of Ministers of the EU, which

will have from 1st January its first full time president¹⁰ following the ratification of the Lisbon Treaty by all 27 members, is the supreme intergovernmental body. With the at least semi-annual summits of heads of government it sets the broad agenda of the Union and promotes change through the various treaties. While, initially, each member' country had the same weight, with qualified majority voting, a decision can be made in practice by participants representing two-thirds of member states as long as they make up two thirds of the total population of the EU member states.

Let me extrapolate from the European example and muse in a somewhat surreal way, on the nature of a putative **Asian Council of Ministers**. To begin with, on what principles should it be based?

- a. On equal representation with, say, Brunei and the China having the same weight? I am not sure the Communist apparatchiks in Beijing, let alone the newly empowered bureaucrats in Jakarta, would be happy about such a proposition.
- b. Or based on population size? This may be a little problematical for example in Singapore, where the policy community is somewhat perturbed by Indonesia's new clout as a member of the G20 and not merely the prima inter pares of the ASEAN club. Either way, we all should start learning Chinese and or Hindi pretty quickly, a very good thing in itself.
- c. Of course there could be weighting in terms of economic power. In this case would democratic principles. of "liberty, equality and fraternity", the touchstone of a modern national community since the time of the French Revolution, be abandoned?

This multitude of questions notwithstanding, as an intergovernmental body in a region that functions in intergovernmental ways, the creation of a Council of Ministers would be a "piece of cake" compared to the three following EU-inspired bodies I shall now suggest. The European Commission is supposedly the executive arm of the EU. Commissioners once appointed take an oath of office in which they renounce defending the interests of their home countries and promise to serve a pan-European agenda. Despite, or rather because, of its permanent bureaucratic position it also has powers of initiative and under dynamic presidents, such as Jacques Delors, has set the agenda, for example on the common currency. What would be the attributes of a similar **Asian Commission**? How, to begin with, would the members of the College of commissioners be chosen?

- a. One for each member country nominated by his/her government? While in Brunei this would not be an arduous task one can imagine in Beijing it would be exponentially more difficult
- b. How would portfolios be allocated?
- c. How would collegiality be imposed?
- d. How would a new bureaucracy who, ostensibly at least, would take an oath of loyalty to promote the communal pan-Asian interest, and not that of their country of origin be recruited?

Nevertheless, despite these misgivings an Asian Commission of bureaucrats in a part of the world that has a strong tradition, and practice, of bureaucratic interventionism can be imagined, especially as member governments would continue to control recruitment, at least to a degree. This is certainly much less the case when one starts to imagine a representative (not nominated), democratically elected **Asian Parliament**. As the only elected body of the European Union, the European Parliament has seen its role grow over the last decades strengthening the supranational nature of the EU. Its powers have been further expanded with the entry into force of the Lisbon Treaty.¹¹ Members of the European Parliament (MEPs) although elected in national constituencies do not sit in national groups. Rather the European Parliament in Strasburg is organized along the lines of political affiliation with MEPs being members of one of seven pan-European political groups ranging from the extreme right to the extreme left.¹²

Given a shared norm that democratic representation is a prerequisite for legitimacy, this strengthening role is understandable. Here we encounter a monumental stumbling block in conceptualizing an Asian Parliament. While the National People's Congress (Assembly) of the PRC may be a fine institution... democratic it is not. But at least it is some kind of parliament. What about Brunei or Burma/Myanmar who do not possess such an institution? But even if a way could be found of fudging the democratic representation question a number of questions remain pertaining to a putative Asian Parliament :

- a. What would be its powers?
- b. How would its members be elected?

- c. What weighting would be given to small countries, such as Australia or Singapore, to ensure their “MAPs” (Members of the Asian Parliament) are not overwhelmed by the MAPs from China and India?
- d. What kind of transnational party system could one imagine especially when a large number of potential MAPs would come from one party states?

To turn finally in the last part of this section to an essential, but alas often overlooked, element in the European “checks and balances” framework namely a kind of supreme court, the European Court of Justice (ECJ). On first examination the idea of an **Asian Court of Justice** would appear less problematical, than say, the idea of an Asian Parliament. After all, even if a number of Asian countries may not accept the notion of the Rule of Law, they do accept the notion of Rule by Law, i.e. the necessity of laws and regulations. Yet a Chinese or, for that matter, Australian jurist might have very serious reservations over the creation of an Asian Court of Justice after examining the experience of the Luxembourg-based European Court of Justice. Through its jurisprudence the ECJ over the last decades has advanced the cause of integration - the free flow of goods, services and people - and has become the ultimate protector of the rights of European citizens. In areas of competence of the EU, the jurisprudence of the ECJ takes precedence over that of national courts. Can we therefore imagine in an Asian Community:

- a. Political elites creating what they may well consider as a judicial Pandora’s box?
- b. Member states, accepting both in principle and in practice of interference in their sovereign affairs by a supranational judicial body?
- c. National governments being answerable on questions of human rights to such a body?
- d. National governments accepting the supremacy of Asian Law over their own national legislation?

Leaving aside these broad questions and merely focusing on mechanisms, to state the obvious, to have an Asian Court you need jurists:

- a. How would they be selected and appointed, especially from countries where the whole concept of an independent judiciary is alien?
- b. And what about those countries who totally lack competent jurists.
- c. How would their independence be guaranteed?

d. To whom would they be accountable?

Conclusion: Quid club rules?

Before embarking on my conclusion, may I make a tangential remark inspired by my being back in Australia at this historic moment, namely the rather evenly balanced Australia-West Indies Test Series. In the early days of my academic career, teaching English as a second language to French students, I always found it an impossible task in explaining literary texts that dealt with cricket. As I tried to explain the fine points of a “maiden over”, “being caught for a duck”, “silly mid on”, etc., and their eyes glazed over, I realized the futility of the task. But now, thanks to contemplating this lecture, I have found a shorthand formula. “Cricket”, I can now declare, “is a football (soccer) style sport!” After all there are two teams, a ball and an oval to be played on... Do I detect some mirth in the audience at such an absurd comparison? Well, the absurdity is not all that much more profound than allusions to an “EU style Asian Community”, simply because there is a reference to another possible macro-regional and transnational entity.

Regional entities are a little like clubs: they are founded to perform particular functions and they have rules, often written, but invariably unwritten. Geographical proximity may be a necessary condition in most regional entities, but it would appear not a sufficient one. In Europe an unwritten consensus exists around representative liberal democracy and a social capitalist model involving a welfare state. Moreover with the exception of the United Kingdom, which possesses the most undemocratic voting system in the EU, the vast majority of governments of the member states are coalitions. Governance at the Brussels level reflects this perpetual coalition building approach.

Since the Copenhagen summit of 1993 all prospective members of the EU must meet three conditions. Firstly, they must be democratic and respectful of human rights and the rule of law and, secondly, to have a functioning free-market economy and the capacity to cope in a competitive capitalist environment. Thirdly all new and aspiring members must be able to take on the obligations of the “acquis communitaires” (i.e. the thousands of pages of the body of laws and policies already adopted by the EU). Is there a similar consensus on modes of governance in Asia, let alone the Asia-Pacific? After all, the most structured of regional entities in Asia, ASEAN, embraces, in my view, four models of governance from the hard

democratic (Indonesia), through the soft democratic (Singapore) and the soft authoritarian (Vietnam), to the hard authoritarian (Burma).

As mentioned in my introduction, the tendency towards a eurocentric view of regional integration, to which I also plead guilty, has spilt over into the language of political leaders and journalists who have begun to talk about an “EU-style Asian Community”. As intimated, such an expression is, in my view, at best an inappropriate shorthand formula or, at worst, demonstrates a profound ignorance of both Europe’s and Asia’s pasts... and their interrelated present within a globalized international environment.

In the concept paper for the “track one a half” conference I shall attend starting tomorrow to address Prime Minister Kevin Rudd’s proposal for an “Asia-Pacific community” there is a fundamental contradiction. On the one hand, it is claimed that there is no sympathy in the “region” (whose contours remain ambiguous) for new institutions. On the other hand, the conference seems to be concerned with creating new institutions. So what are the options? In my view they can be expressed in two prosaic formulas. The first of these is ASEAN plus 6 (i.e. Southeast Asia, the PRC, Japan and South Korea plus India, Australia and New Zealand) or, on the other, APEC minus four (namely the three South American countries and Russia) and plus one (India). ASEAN plus 6 is the configuration of the East Asian Summit, created in 2005, and which piggybacks on the annual ASEAN summits. Given that APEC is already as some observers would have it “four adjectives in search of a noun” or, as the acronym supposedly suggests, “a perfect excuse for a chat”, then one can have some doubts about its viability as a foundation stone for a new regional entity. Nevertheless the Australian concern, unlike the Japanese, seems to be to keep the US within any regional architecture.

The choice between these two options is a subject going beyond this lecture. If any lessons are to be drawn from European integration in the post war period they are three fold. Europe has been integrating and disintegrating for over 2,000 years and thus there is no teleological certainty that the present particular period of integration will not end. Second, to use the formula of modern design, “form follows function”, elaborated in the neo-functionalist school of European integration theory, the “function” of a putative Asian community needs first to be understood before thinking of organisational forms. Finally institutions, once created, develop their own momentum and have unforeseen spill-over effects. Nevertheless Asia has

had a different historical path dependency than Europe leading, one would think, for a need for different kinds of regional arrangements.

These thoughts, and the preceding elaboration of a host of naïve questions, leads me to this, my final sentiment on the subject of Asia's regional integration. Our grandchildren may see someday a regional entity called an Asian Community. I very much doubt it will look anything like the EU at the beginning of this millennium.

¹ Senior Researcher at Sciences Po, Centre for International Studies and Research, Paris. Email: david.camroux@sciences-po.fr

² Not less than ten years ago in Asia the EU was seen as a "counter-model" for regional integration heavily criticized for its so-called bloated bureaucracy, obsession with regulation and ostensible fortress-like tendencies.

³ Karen Smith, *European Union Foreign Policy in a Changing World*. Cambridge, Polity, 2003, p. 95.

⁴ Hazel Smith, *European Union Foreign Policy: What it is and What it Does*. London, Pluto Press, 2002, p.26.

⁵ Charlotte Bretherton & John Vogler. *The European Union as a Global Actor*, 2nd edn. London, Routledge, 2006, p.249.

⁶ David Camroux, "Interregionalism or Merely a Fourth Level Game: An Examination of the EU-ASEAN Relationship", *East Asia: An International Quarterly*, 27 (1), 2010.

⁷ Arnold Wolfers, *Discord and Collaboration: Essays on International Politics*, Baltimore MD, Johns Hopkins Press, 1962, pp. 73-77.

⁸ The euro was established on the basis of an irrevocable exchange rate on 1st January 1999 of almost two euros (1.95583) per Deutsche Mark with the other currencies factored in on this basis. Suddenly Germans became "two times richer", the sweetener required to accepting the replacement of their respected currency by the euro.

⁹ The establishment of the grandiose ECB headquarters in Frankfurt was clearly designed to send a message on conservative Germanic financial management.

¹⁰ This example indicates the importance of terminology. There has been much criticism that the first president of the Council of Ministers chosen on 19th November 2009, by the heads of government of the 27 EU members is a low profile politician. However, if the term "secretary general", had been used to encapsulate the de facto role for this position conceded by the leaders of the most powerful European countries so as not to be overshadowed on the international stage, then there would be great rejoicing at the choice of former Belgian PM, Hermann Van Rompuy to fulfil this role.

¹¹ It says a great deal about the democratic deficit in Europe that participation in the European Parliamentary elections is so low. It is not in the interests of national leaders to reveal to their electors the importance of this body. Part of the praxis of governance in EU member countries is to put the blame on "Brussels" for the nastiest decisions that need to be made. It should be noted that the smaller European countries propose their best politicians as candidates while, to simplify, the larger countries often propose either their "has beens" or those in need of "being kicked upstairs".

¹² The two largest groups, who, for example share the presidency of the parliament, are from the centre right and centre left: the *European People's Party* and the *Progressive Alliance of Socialists and Democrats*

LOWY INSTITUTE

FOR INTERNATIONAL POLICY

WWW.LOWYINSTITUTE.ORG