
HEADLESS DRAGONS: THE PROBLEM OF LEADERSHIP IN APEC

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The idea of "Pacific community" had been promoted mainly by private individuals and nongovernmental organizations up to the late 1980s. By November 1989, the years of private efforts finally generated enough momentum to create the first intergovernmental, regionwide, ministerial-level Asia-Pacific Economic Cooperation (APEC) forum in Canberra. Within several years, APEC was elevated from its ministerial level to an informal summit level, and its membership increased from 12 to 18, including the United States, Canada, Mexico, Chile, Association of Southeast Asian Nations (ASEAN) countries (excluding Vietnam, Laos, and Myanmar), China, Japan, Republic of Korea, Hong Kong, Taiwan, Australia, Papua New Guinea and New Zealand.¹ The 18 APEC members account for 38 percent of the world population, 56 percent of the global GNP, 64 percent of the global technological exports, 49 percent of the world energy consumption and 44 percent of the global merchandise trade. How regional economic cooperation among the APEC members unfolds will, thus, have a deciding effect on regional economies and the global political economy.

Despite a consensus regarding the need for APEC, its members disagree on almost all aspects concerning the pace, structure and content of regional cooperation. One anomalous phenomenon in Asia-Pacific regional cooperation is the lack of an unambiguous source of leadership. While the post-World War II liberal economic regimes were created under the auspices of the United States, and the North American Free Trade Agreement (NAFTA) and the European Union are promoted by regional hegemons, the United States and Germany, no clearcut source of leadership can be found in Asia-Pacific.

This article describes the positions of major players toward APEC. It then discusses how the multiple sources and varying forms of leadership dictate that the purposes underpinning APEC, together with its norms, principles, rules, decision-making procedures and institutional development, are embryonic and highly contested. The article concludes that APEC has been and will

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likely continue to be an open-ended and constantly evolving process, whereby multiple members negotiate terms of regional cooperation.

The Issue of Leadership

International cooperation is a process in which geographically dispersed states work toward a common goal. To use Robert Keohane's words, "inter-governmental cooperation takes place when the policies actually followed by one government are regarded by its partners as facilitating realization of their objectives, as a result of policy coordination."² The concept of cooperation implies not only some convergent expectations and consensual norms, but identification of common interests and long-term joint benefits. National sensitivity to violations of sovereignty and the nature of "self-help" in the international system pose significant obstacles for inter-state cooperation. For Charles Kindleberger, a hegemonic power or benevolent despot is necessary because it plays the critical role of forging the principles, rules, and structures of international orders and "getting others to conform to the requirements of those orders through some combination of cohesion, cooperation, and the manipulation of incentives."³

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In a similar vein, Robert Gilpin considers hegemony, liberal ideology and common interests as the prerequisites for a liberal international economic order.⁴ The hegemonic stability theory assumes a hegemon, if espousing liberal values, will be the automatic source of leadership in identifying and fostering common interests.

Oran Young revises the exclusively hegemon-centered conception of leadership by classifying it into three types: structural, entrepreneurial and intellectual leadership.⁵ Structural leadership refers to the ability to use superior material capability to induce other countries to cooperate. Entrepreneurial leadership involves diplomatic initiatives and brokerages. Intellectual leadership refers to the sources of ideas, norms and beliefs underlying the content and form of cooperation.

Because of its attention to the multi-sourced and multi-form leadership, Young's categorization is better equipped to account for the leadership pattern in APEC for two primary reasons. First, APEC-centered regional cooperation is occurring when the U.S. hegemonic power (both in terms of its capabilities and willingness to influence) is past its peak in the West Pacific. Second, vast differences exist among the Asia-Pacific regional economies with respect to racial and ethnic composition, culture, religion, politics, language, economic system and level of development. Young's definition allows us to move the formulation of leadership away from fixation on the single overarching hegemonic power to account for the diversity and multidimensional nature of the leadership pattern in APEC.

Some observers, mostly Asian leaders, celebrate regional diversity as an advantage of APEC. Their Western counterparts, however, tend to view the diversity as a major hurdle blocking regional cooperation. The question remains how, without strong leadership, the heterogeneous region can be coalesced into a multilateral institution with a shared sense of identity and consensus regarding what constitute APEC's goals and how they can be attained. The issue of leadership has been so sensitive that the visionaries of regional cooperation in Asia-Pacific have often refrained from addressing it. Some Asian leaders and think tank analysts have elected to dodge the issue by simply attributing the ambiguous leadership pattern to the nebulous "Asian culture." Yet, the experience of APEC has demonstrated the decisive effect of the leadership pattern on the form and content of regional cooperation.

The Positions of Major Players

The United States

During the Cold War, after the failed attempt to create a NATO-like multilateral defense pact through the Southeast Asia Treaty Organization (SEATO), Washington's strategy was to cultivate bilateralism through arrangements with individual countries in the West Pacific, notably Japan, South Korea, Taiwan and the Philippines. Washington showed little interest in the various ideas of "Pacific community" proposed by individuals in Japan, Australia and other allies from the 1960s to the 1980s. This historic legacy has contributed to a traditional American aversion to multilateralism in the Asia-Pacific region. It has also led to U.S. inexperience in cooperative endeavors in the region.

By the end of the 1980s, the difficulties of the General Agreement on Tariffs and Trade (GATT) Uruguay Round negotiations prompted the United States to take initiatives to prevent the seemingly imminent collapse of the liberal economic order. One initiative was to support open regionalism advocated by APEC. Thus, when Australian Prime Minister Bob Hawk, in his speech delivered to the Korean Business Association in Seoul in January 1989, floated the proposal of convening an annual Asia-Pacific ministerial-level meeting, Washington responded with unprecedented enthusiasm. U.S. Secretary of State James Baker expressed official support in his speech at the Asia Society in June 1989, stating "the need for a new mechanism for multilateral cooperation among the nations of the Pacific Rim is an idea whose time has come." Yet Baker was quick to emphasize that "the U.S. will not offer a definitive blueprint," but would look "for a consensus, drawing on the best elements from various plans."⁶ Because Washington saw APEC only as a useful tool to build global multilateralism, its support for APEC thereafter was mostly rhetorical.

The acceleration of regionalization in Europe, with the signing of the Maastricht Treaty in December 1991, generated fear of a "fortress Europe." It became increasingly clear that APEC could be used to pressure the Europeans not to create their exclusionary economic bloc. U.S. involvement in APEC would not only preempt any Asian attempt to form their own economic bloc,

but also ensure greater U.S. business access to the Pacific economic dynamism. With these considerations, the Clinton Administration decided to elevate "Pacific community" as a key directive in U.S.-Asia policy. President Bill Clinton discussed a "new Pacific community" during his visits to Japan and South Korea in the summer of 1993. Washington's renewed enthusiasm in organizing the region led President Clinton to convene the first APEC quasi-summit meeting in Seattle in November 1993.

Washington's proclaimed commitment to forging a "new Pacific community" was initially welcomed by APEC's Asian members as a sign of a long overdue shift from what they believed was a eurocentric focus in Washington's foreign policy. After the heightened enthusiasm surrounding the Seattle meeting subsided, Asian members began to complain about U.S. arrogance in attempting to impose its own vision on the "new Pacific community." They were opposed to Washington's proposal to create a free trade zone in the Asia-Pacific region akin to the NAFTA. Meanwhile, the U.S. preoccupation with NAFTA fueled the Asians' suspicion about the U.S. commitment to APEC.

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Moreover, in the early 1990s, the tension in U.S. relations with both China and Japan over human rights and trade further constrained Washington's diplomatic maneuverability in Asia.

President Clinton failed to attend the 1995 Osaka summit because of the U.S. domestic budget crisis. Although APEC's Asian members treated his no-show diplomatically, they took it as an indication that the United States had become more inward-looking in its post-Cold War policy formulations, giving priority to domestic problems.⁷

Asian members want to keep the United States sufficiently involved, while at the same time preclude U.S. dominance. They would like to see an increasing "Asianization" of APEC,

with greater Asian voice in determining the pace and structure of regional cooperation. They are also concerned that the United States will use the forum to simultaneously promote its three foreign policy goals of human rights, trade and security in Asia, and that Washington will engage in acts of "social dumping" on issues ranging from human rights to environmental standards.⁸

In sum, the United States supports APEC so long as it does not contribute to the fragmentation of the global liberal economic order and it helps to bring down trading barriers for U.S. products in Asia. Washington also considers APEC a useful mechanism to facilitate its diplomacy in Asia. Moreover, the U.S. has used APEC to persuade—and sometimes bludgeon—recalcitrant European officials into agreements that otherwise would have taken years to achieve.⁹ To the extent that APEC, in its present form, has served these purposes well, Washington sees no need to aggressively lead the APEC-centered

regional economic cooperation, and risk triggering opposition from the Asian members.

Japan

Japanese interest in the idea of Pacific community has always fluctuated in response to the regionalization in Europe and North America. Japan has long harbored suspicion that it is the target of regional arrangements elsewhere. APEC is an insurance and a fallback in the event that exclusive blocs arise in other regions. Yet, contrary to the commonplace assumption that Tokyo is leading the way to create a "yen bloc" in Asia, Japan has adopted a low-profile posture in regional multilateral endeavors such as APEC.

Despite difficulties in Japan-U.S. relations emanating from "Japan-bashing" and trade disputes, especially in the late 1980s and early 1990s, Japan did not aggressively exert leadership to mold the nascent APEC in its own image. Out of deference to the United States, Japan even declined Malaysian Prime Minister Mahathir's invitation to lead the Asians-only East Asian Economic Caucus (EAEC). One telling example of Japan's diplomatic passivity concerned arrangement of a tripartite meeting among heads of Japan, the United States and South Korea on November 14, 1994 at the Bogor summit. The United States proposed the trilateral meeting to President Kim Yong-sam a week before the summit. Despite cancellation by President Clinton due to a conflict of schedule, the tripartite meeting was held at President Kim's insistence. The Japanese Prime Minister was reportedly not even consulted and did not take any initiative in the whole process.¹⁰

Despite Japan's economic dominance in Asian trade, aid and investment, it continues to have too much of a "legitimacy deficit" to play a leadership role. Japanese politicians frequently anger their Asian neighbors with ill-considered remarks whitewashing Japan's behavior in World War II. Many Asians believe that Japan lacks a highly efficient political structure and other key aspects of "soft power" essential for a leadership role. Moreover, the inherent element of Sino-Japanese rivalry in Pacific affairs stemming from current conflict and historical enmity makes Japan doubly hesitant in unilaterally asserting a leading role in APEC.¹¹

Within APEC, Japan has attempted to mediate between APEC's Western and Asian members. As Japanese Foreign Minister Yohei Kono claimed, "Japan's strength lies in its understanding of trends and tempos in Asia;"¹² hence, Japan should seek to bridge the gap between the industrialized Western members and the developing Asian economies. But the 1995 APEC meetings hosted by Japan failed to demonstrate that Japan had lived up to that claim. Instead,

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caught in the crossfire between Western and Asian members, Japan was unable to significantly move the economic forum from vision to action. What the Japanese hosts sought was the least controversial "concerted and unilateral approach" toward trade and investment liberalization in a "cooperative and volunteering spirit."¹³

Japan's interest in regional cooperation has mirrored its growing yet formless and free-floating sense of national pride and identity.¹⁴ "The ambiguous status of Japan as world power" seems to have a "dynamic relationship with the Japanese ambivalence toward Asia."¹⁵ The Janus-faced nature of Japanese foreign policy, with one face orienting toward the West the other looking in the direction of the East, spawns a dual identity that is often difficult to reconcile. Amidst mixed and confusing signals from the U.S. and Asian members,

Japan's posture toward APEC has been uncertain and reactive, cautiously balancing the West and Asia.

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In the post-Cold War era, Japan's attempt to reorient its foreign policy continues to be beset by the ongoing debates between internationalists and right-wing nationalists, globalists and Asianists, activists who advocate greater Japanese international responsibilities and passivists who prefer a continued low-key posture. The definition of national interest and identity has been contested between internationalists who emphasize "the need for a qualitative break with the past in Japan's basic orientation toward foreign policy and for a new definition of Japan's role in the world," and neomercantilists who hold "an extremely narrow, economics-centered definition of national self-interest."¹⁶

Japan's political system lacks the policy-making structure to sustain critical and coherent foreign policy innovations needed for a leadership role in APEC.¹⁷ Protected from international turmoil, Japan was for decades akin to a "semi-sovereign state" developed in an "international

greenhouse." For the most part during the Cold War, Japan adopted a "low-cost, low-risk, benefit-maximizing strategy."¹⁸ Its multimember electoral system and pork-barrel politics generated powerful political forces committed to protecting the interests of agriculture and small business. Consequently, at the Osaka summit, although Tokyo announced tariff reductions on about 700 industrial items, it refused to reduce tariffs on any agricultural products. After agreeing in the 1993 GATT Uruguay Round negotiations to import 4 to 8 percent of its total domestic rice consumption by the year 2000, Tokyo was unable to make further concessions in APEC. Since opening its agricultural market is "the touchstone of Japan's determination to lead liberalization," a

Japan Times editorial asserted, "to treat this sector as an exception to the rule is to deny a commitment to comprehensive liberalization and forgo a leadership role for free trade and investment in this region."¹⁹

China

China was not an original member of APEC. It was admitted in 1991 after the thorny issue of "three Chinas" was resolved by allowing Taiwan to join under the name of "Chinese Taipei" and Hong Kong to join at a ministerial level. (President Lee Teng-hui of Taiwan has never been invited to any APEC summit since its inception in 1993). Beijing's interest in APEC is fueled by China's deepening involvement in the regional economy. Its top five trading partners (Hong Kong, the United States, Japan, Taiwan, and South Korea) are APEC members and combine to account for over 70 percent of China's total trade. Hong Kong, Taiwan, the United States, Japan, Singapore and South Korea are China's top investors. In addition, 90 percent of foreign direct investment in China is made by APEC members.

Chinese commentators generally believe that regionalization has become an irreversible trend. Chinese Minister of Foreign Trade Wu Yi has asserted that to plant its foothold in the fastest growing Asia-Pacific region, "China should strive for an organic combination of multilateral economic and trade cooperation, regional cooperation and bilateral cooperation, in order to form a comprehensive joint force for international competition."²⁰ China's official position regarding APEC was stated by President Jiang Zemin, who claimed, "In practical terms, we should bilaterally and multilaterally conduct multi-form, multi-tier and multi-channel cooperation progressively in the light of the actual conditions and specific characteristics of the region."²¹ Beijing believes that uniformity should not be imposed and APEC should accommodate the reality of coexistent diversity and interdependence. At the Osaka unofficial summit, President Jiang emphasized, "It is necessary to respect the right of all APEC members to make free decisions and to use their own initiative and creativity when formulating targets of economic development and cooperation. The principle of self-determination and voluntarism in collective actions should be the cornerstone of APEC."²²

Despite its support in principle, China's approach toward APEC has been minimalistic. It does not want APEC to set a series of binding multilateral commitments to constrain its behavior. Nor does Beijing want to see regional cooperation promoted exclusively through the multilateral APEC forum. Beijing finds bilateralism and subregionalism useful in providing it with greater diplomatic leverage. While the former enables China to take advantage of its political weight to extract greater concessions in bilateral dealings, the latter helps to preclude possible Japanese or American dominance. Moreover, China's economic interest and aspiration for global power dictate that it has a stake in extending its presence beyond the region. As an ascending power, China prefers a loose, minimally institutional and nonbinding APEC forum that promotes flexible, open and multi-layered cooperation.

Beijing's minimalistic approach seems to have been dictated by its diplo-

matic dilemmas and present capabilities. Because of the value and structural gap between China and capitalist regional economies, Beijing had to adapt to the prevailing, capitalist-oriented rules and structures in the region. As an important indication of its effort of unilateral adaptation, China, at the Osaka summit in November 1995, pledged to cut tariffs in 1996 on more than 4,000 items by an average of at least 30 percent. At the 1996 Manila summit, President Jiang further promised to lower China's average import taxes to 15 percent by the year 2000.

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and maintaining regime survival. The late Chinese leader Deng Xiaoping admonished his colleagues to "lie low and bide China's time" (*taoguang yanghui*). With the recent rise of Chinese power, the fear of a "China threat" has revived across Northeast and Southeast Asia. Since 1992, China has taken pains to rebut the "China threat" theory. The perennial "China shadow" and the still lively fears of the "China threat" on China's periphery have cautioned Beijing's role in APEC.

Nonetheless, China should not be considered just a passive regime taker in APEC. Even though China has not made any significant proposal of its own for regional cooperation, it has exerted intellectual and entrepreneurial leadership in the area of technological cooperation. China has held that APEC should not just promote trade and investment liberalization, but

should also promote economic and technological cooperation as the second "wheel" moving APEC forward. Under Chinese sponsorship, the first APEC ministerial meeting on scientific and technological cooperation was held from October 3 to October 6, 1995 in Beijing. With its fast growing economic strength, China is poised to play an even greater role in APEC in the near future.

ASEAN

One anomalous phenomenon in APEC has been the critical role played by the minor countries of the ASEAN, the most successful organization among the Third World countries. APEC headquarters are in Singapore, and every other summit is held in an ASEAN country.²³ ASEAN not only wields veto power over the pace and structures of APEC, but is also directly engaged in determining the principles and rules underpinning APEC-centered regional cooperation. It appears that playing a greater role in shaping the regional security and economic order has become ASEAN's next *raison d'être* beyond Vietnam.

The important role of ASEAN countries was demonstrated in the negotia-

tion of the proposed East Asian Economic Caucus. Knowing that he could count on Beijing's backing, Malaysian Prime Minister Mahathir Mohamad first proposed his idea of an East Asian economic grouping in a meeting with Chinese Premier Li Peng in December 1990. In July 1993, the ASEAN foreign ministers formally endorsed the EAEC proposal, which would include the ASEAN countries, China, Japan and South Korea, but exclude the non-Asian countries, the United States, Canada, Australia and New Zealand. Despite ASEAN's assurance that EAEC will not replace APEC, nor become an exclusionary East Asian bloc, the idea is nonetheless opposed by the United States and APEC's other Western members.

The EAEC would give its Asian proponents a more independent and stronger voice in APEC as well as other regional and global affairs. Presently, EAEC is a mere proposal, and support from ASEAN members varies from enthusiasm in Singapore and Malaysia to relative indifference in Indonesia. China has consistently indicated its support, but Japan is more reticent and ambiguous. As the only exclusively Asian regional proposal that could contest the cross-Pacific cooperation promoted by APEC, EAEC reflects the search for an Asian identity amid modernization, drastic social change and globalization. Though it is unlikely that EAEC will materialize, the proposal has been kept alive, frequently taking center stage in discussion and debate concerning the "Asianization" of regional cooperation.

Many ASEAN leaders and think tank analysts are proud of the success of their regional organization. They believe that APEC should draw upon the ASEAN model of informal, flexible, and non-institutional approach and consensus-based decision-making procedures. Expressing the typical Asian aversion to "Western formalism," one Malaysian scholar, citing the experience of ASEAN, writes, "That ASEAN...became what it is today was due to two decades of patient, behind-the-scenes diplomacy, working essentially on the lowest common denominator, and a refusal to take positions on internal matters. The larger interest took precedence."²⁴

Some of the ASEAN leaders have most vociferously articulated Asian values and advocated adherence to the Asian way. Prime Minister Mahathir boycotted the 1993 APEC summit not only out of fear that APEC was being hijacked by the United States, but also to simply make a point that minor countries can say "no." The Deputy Prime Minister of Malaysia, Ibrahim Anwar, noted at the May 1994 Asian Society meeting, "It has been 500 years since Vasco da Gama landed at Calcutta. During that period, Asia was overwhelmed and bound by the values of Western civilization. Today, Asia is finally standing up on its own, and we have begun to assert ourselves."²⁵

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Contested Social Purpose and Patterns of Cooperation

The concept of an international regime is useful to assess regional cooperation. International regimes are often defined as the "sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actors' expectations converge in a given [issue] area."²⁶ Regimes are determined by "a fusion of power and legitimate social purpose."²⁷ In other words, a hegemonic distribution of power does not guarantee a liberal regime. Rather, a liberal regime is possible only because liberal values are espoused by the hegemon and shared by other major players.²⁸

As has been shown above, none of the major players has the ability or the willingness to lead, and consequently APEC has proceeded with inconsistent, incoherent, and diffused sources of leadership. Without a liberal hegemon willing to exercise strong leadership, the social purpose undergirding APEC has been contested. A wide range of literature has documented how state-society relationships, corporate structures, industrial organizations and philosophical assumption in the East Asian economies differ from those of the Anglo-American societies. These analyses all conclude that the East Asian "national systems of political economy" serve a set of political and social purposes

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distinctive from those of Anglo-American liberal economics.²⁹ With growing economic clout, APEC's Asian members are beginning to defend and promulgate more confidently their state-guided market interventionism. Their challenge to the paradigm of "embedded liberalism" has deprived APEC of the political and ideological foundation upon which the post-World War II liberal regimes are built.

Specifically, the international regime consists of two parts, normative frameworks (principles and norms) and instruments (rules and procedures). Within APEC's normative framework, there is a universal rhetorical recognition of the value of free trade, open regionalism, and liberalized investment. Yet genuine commitment is

not well-ingrained in many of its Asian members. The communiqué released by the second summit held in Bogor, Indonesia in 1994 affirmed the goal of achieving free trade and investment for all members by 2020, and called on the industrialized members to achieve free trade by 2010.

The 1995 Osaka summit failed to devise concrete measures to achieve these goals. The Action Agenda and other documents released by the Osaka meeting reaffirmed APEC's commitment to maintaining open regionalism rather than becoming an "inward-looking trading bloc that would divert from the pursuit of global free trade." Yet the documents left unclear what is meant by "free and open trade," and did not specify whether China and South Korea should be considered industrialized countries. The communiqué further stat-

ed that the countries "agree that APEC economies that are ready to initiate and implement a cooperative arrangement may proceed to do so while those that are not yet ready to participate may join at a later date."³⁰

Meanwhile, the rule of "comprehensiveness," suggesting that trade and investment liberalization applies to all sectors, is compromised by the principle of flexibility, which allows enforcement to be based on voluntary action and peer-group pressure. This means that differential treatment of certain sectors is legitimate according to the "diverse circumstances of each economy,"³¹ leaving substantial room for disagreement. For instance, food-producing members—the United States, Canada, Australia and New Zealand—are eager to open up agricultural markets. But Japan, China, Taiwan and South Korea can use the shield of flexibility to refuse to compromise beyond what was conceded in the GATT. Similarly, the rule of non-discrimination, which suggests that liberalization applies to all APEC as well as non-APEC economies, is not binding. Members are only called to "endeavor to apply." The United States fears this rule, if unqualified, would automatically give China the most-favored nation trading status, thereby depriving Washington of leverage to press for China's political change and trade concessions.

At the fourth summit held in Manila, in November 1996, each APEC member brought forth its individual action plan. The plans formed the basis for discussion of a collective action plan in accordance with the agreed-upon timetable for trade and investment liberalization. The 1996 summit also discussed issues concerning economic and technological cooperation. The leaders agreed to substantially eliminate tariffs on computers and other information technologies by the year 2000, and at the same time allowed enough flexibility to continue some protectionist measures.³²

There is significant disagreement among APEC members as to how and how fast to attain the goals of trade and investment liberalizations and how to organize APEC. Many Asian members favor a "free-wheeling," less contractual and less institutionalized approach. Western members, the United States, Australia and Canada prefer a more formalized and legalistic format. The divergent approaches have been characterized as "soft regionalism" versus "structural regionalism."³³ For example, Asian members opposed Washington's initiative to create a binding investment code and an enforcement and dispute settlement mechanism.

American commentators often complain about the lack of substantive development and concrete objectives, whereas the Asians support the gradualist progress in APEC. The "idea battle" over the direction of APEC became acute at the 1993 Seattle quasi-summit, when President Clinton pressed vigorously for a Pacific free-trade zone and spoke of an Asia-Pacific community. He pro-

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posed making the "C" in the APEC title stand for "Community" instead of the ambiguous "Cooperation." Absent Asian members' agreement, the United States settled for a wording that referred to "a community of Asia-Pacific economies" (with a small "c").³⁴ Bending to the preference of the Asian mem-

bers, the 1994 Eminent Persons Groups' report eventually used the Chinese concept of "big family" instead of "community."³⁵

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It can be concluded that no strong regimes comparable to those in the Europe-Atlantic region exist in the Asia-Pacific region. Instead, "proto-regimes" or an embryonic form of regime can be found in this region.³⁶ Trade and investment liberalization has become pronounced, although neither well-ingrained nor well-entrenched in principles and norms among APEC members. Despite some persistent disagreements, gradualism, consensus-based decision making and a non-structuralist approach have become the commonly accepted rules and procedures. To facilitate and coordinate APEC activities, the fourth APEC ministerial meeting in Bangkok established a secretariat to be located in Singapore, with small annual budgets av-

eraging approximately U.S. \$2-3 million in 1997. APEC members are committed to minimizing the role of the secretariat in order to avoid bureaucratization.

Conclusion

The leadership pattern in Asia-Pacific is accurately captured by the Chinese phrase, *qunlong wushou*, or a host of dragons without a head. On the one hand, a diffused power configuration mitigates minor countries' fear of big power dominance in any regional arrangement, thereby giving the necessary impetus to APEC's creation.³⁷ On the other hand, the lack of clear and decisive leadership, coupled with the lack of commonly accepted social purpose and new legitimating principles, have led to a highly contested and inchoate regime in Asia-Pacific.

The momentum of Pacific economic cooperation has always fluctuated in response to regionalization in Europe and North America. The success of the GATT Uruguay Round negotiations and the continuity of the global trading regimes sustained in the form of the World Trade Organization (WTO) have obviated the fear among the Asian countries of the global economy fragmenting into three mutually exclusive blocs. If the global trading regime remains largely intact and the United States continues to hold on to some liberal beliefs, it is unlikely that the export-led Asian economies will opt for strengthening regionally-oriented regimes at the expense of global multilateralism. Indeed,

the APEC forum was instrumental in bringing the long-lasting GATT negotiations to a successful conclusion.

In contrast to Europe, where changes in the national identity, polity and socio-economic structure have effected a shift in values and culture toward intra-regional international relations, Asia is locked in a worldview of the nineteenth century style *realpolitik*. Nationalism and state sovereignty are jealously guarded. Democratization in some cases has confronted setbacks and recalcitrance. Most of the countries across the East Asian region from China to South-east Asia, view regime legitimacy and nation-building as the top concerns in the state regional policy. While currently there is no territorial dispute among Western European states, there are twenty-nine such conflicts in East Asia involving most countries in the region.³⁸ The differences between Europe and Asia suggest, at least in the foreseeable future, that it is impossible that APEC will evolve into an Asian version of EU with a collective regional identity.

Moreover, there is a lack of synergy in regional cooperation between the spheres of economics and security in Asia-Pacific, because there is no regionwide security regime corresponding to APEC in the economic arena.³⁹ Since its inception in 1993, the annual ASEAN Regional Forum (ARF) has brought together ASEAN states and their "dialogue partners" (Australia, Canada, China, the European Union, India, Japan, New Zealand, Russia, South Korea and the United States) to engage in security dialogue and confidence-building through official and unofficial activities. Nonetheless, it is unrealistic to expect that the forum will fundamentally transform the regional security structure in the near term.⁴⁰

Notwithstanding this, APEC has been highly useful in its role as a forum for dialogue, diplomacy and confidence-building in promoting both security and economic cooperation among the Asia-Pacific countries. For example, APEC has enabled China and the United States to maintain high level contacts which otherwise would have been impossible. Through the unofficial APEC summits, Presidents Jiang Zemin and Bill Clinton met several times to discuss bilateral and regional issues. To use Prime Minister Mahathir's words, APEC has indeed represented a tedious but essential process of "getting to know each other" before the formation of a Pacific Community is conceivable.⁴¹ Despite its aversion to formalism, APEC itself has become a highly institutionalized diplomatic forum and will likely remain a key space for bilateral and multilateral diplomacy among regional players.

In light of the special circumstances in Asia-Pacific, the leadership problem

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in APEC can be best addressed by devising an arrangement of collective leadership that could tap into the multiple and complex sources of power and ideas in this region. Concepts emanating from the traditional framework of hegemonic stability theory, such as a resurrected Pax Americana or an imagined Pax Nipponica or a U.S.-Japanese "bigemony," could only misinform and mislead the search for a solution for the leadership problem.⁴² For some Japanese commentators, even the much touted U.S.-Japanese co-leadership by some American observers does more to ensure burden-sharing than to facilitate genuine shared decision-making.⁴³

In addition to retreating from a fixation on the hegemon and how it dictates international outcome, attention should be paid to the process by which multiple sources of leadership play out and negotiate. Unless some cataclysmic event occurs, the APEC-driven regional cooperation in Asia-Pacific will not collapse. The Asian countries will be more assertive in bringing the form and content of APEC closer in line with their social purposes, preferences and interests. Consequently, regional cooperation will continue to demonstrate patterns and proceed in a pace distinctive from the postwar Europe-Atlantic-based regimes. The APEC-centered regional economic cooperation in Asia-Pacific is likely to continue to be characterized as an evolving, open-ended and contested process.

Notes

1. The APEC Seattle quasi-summit in 1993 decided on a three year moratorium on new membership after 1994.
2. Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984), 51-52.
3. Charles P. Kindleberger, *The World in Depression, 1919-1939* (Berkeley, CA: University of California Press, 1973).
4. Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981).
5. Oran Young, "Political Leadership and Regime Formation: On the Development of Institutions in International Society," *International Organization* 45:3 (Summer 1991): 281-308.
6. Quoted in Norman D. Palmer, *The New Regionalism in Asia and the Pacific* (Lexington, MA: Lexington Books, 1991), 170, 325.
7. "Clinton's No-show May Hurt Future American Influence," *The Japan Times (Weekly International Edition)*, November 27-December 3, 1995, 5.
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