Rethinking the "New Regionalism" in the Context of Globalization

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Following the decline in theory and practice in the 1970s, regionalism both revived and changed dramatically in the 1980s and has gained strength in the 1990s. Regionalism today is emerging as a potent force in the globalization process. If globalization is understood to mean the compression of the time and space aspects of social relations, then regionalism may be regarded as but one component of globalization. In this sense, regionalism is a chapter of globalization. But regionalism may also be a response or a challenge to globalization.

Thus, the central questions that frame this study are: Is regionalism merely a way station toward neoliberal globalization or a means toward a more pluralistic world order in which distinct patterns of socioeconomic organization coexist and compete for popular support? What forms does this dialectic take? What is the analytical key to understanding the evolving linkages between these multifaceted processes?

In answers to these questions, regionalist processes may best be understood as arenas for contestation among rival forces from above and from below, gaining and losing ground in different parts of the world as the intensity increases. In an emerging post–Cold War configuration marked by globalizing tendencies, there are multiple (sometimes overlapping) regional projects, detailed below: the autocentric, development, neoliberal, degenerate, and transformative forms.

The point of entry to the top-down/bottom-up distinction, central to deriving these types, is the “new regionalism” approach, an important advance over the different versions of integration theory (trade or market integration, functionalism and neofunctionalism, institutionalism and neo-institutionalism, etc.). While this is not the place to rehearse a critique of each variant, all of them are deficient inasmuch as they understate power relations, deal inadequately or not at all with production, and fail to offer an explanation of structural transformation. In some ways a break with this tradition, the new regionalism approach explores contemporary forms of transnational cooperation and cross-border flows through comparative, historical, and multilevel perspectives.

Building on this foundation, I try to provide the conceptual framework for addressing the new regional realities in a coherent and analytical...
manner. This article stakes out the postulates that constitute the new regionalism approach, critically evaluates the literature, and extends the theoretical framework to include neglected dimensions. The architecture of the new regionalism is incomplete without analysis of the interactions between (1) ideas and their ties to institutions, (2) systems of production, (3) labor supply, and (4) sociocultural institutions, all undergirded by (5) power relations.2

Although the discussion here is primarily at a conceptual level, it is supported by illustrations from my fieldwork in Southeast Asia and southern Africa in 1991 and 1993. These subregions provide a sound basis for comparison, one being a key node in the world's most dynamic regional economy (the Asia-Pacific sphere), the other representing an increasingly marginalized zone (sub-Saharan Africa). By drawing on the experiences of Southeast Asia and southern Africa, this essay suggests some of the interactions between different levels of regionalism—macroregionalism, subregionalism, and microregionalism, to be defined below—and with the Westphalian state system.

I first examine the concept of the new regionalism and then challenge the Eurocentric scenario. In the third section I identify key actors and patterns of institutionalization under divergent conditions. Next is a discussion of relationships between the aforementioned elements missing from the extant theoretical framework. Although this essay cannot provide a fully elaborated alternative conceptualization, it will point toward a reformulation of the new regionalism thesis.

The New Regionalism Approach

Regionalism in the 1990s is not to be considered as a movement toward territorially based autarkies as it was during the 1930s. Rather, it represents concentrations of political and economic power competing in the global economy, with multiple interregional and intraregional flows.3 During the 1930s, a period marked by autocentric regionalism, world trade dropped dramatically and protectionism was widely practiced. Moreover, regions of trade and regions of currency were identical. Trading blocs were in fact named after major currencies—sterling bloc, yen bloc, and so on. Today, in comparison to the 1930s, there are additional currency blocs, and some of them do not correspond to the zone of trade—for example, the German mark in Eastern Europe, the U.S. dollar in China and increasingly in the Baltics and other parts of the former Soviet Union. In the Third World, autocentric regionalism has involved calls for delinking and collective self-reliance, the goal of the 1980 Lagos Plan of Action, inscribed in the proposed African Economic Community of the Final Act of Lagos. Today, the prospect of an inward-looking regionalism—the specter
of a "fortress Europe"—involves establishing a self-contained entity and closing the door to outside suppliers.

With the spread of deregulation and privatization, however, the outward orientation of neoliberal regionalism has meant the diminution of the ability of both states and interstate organizations to control aspects of trade and monetary relations. Unlike autocentric regionalism, the neoliberal variety is extroverted; it entails an opening to external market forces. In the neoliberal perspective, regional groupings need not be either building blocs or stumbling blocks to world order. Rather, they envelop large regions, their subsets, and smaller economies in a variety of institutional configurations that range from de jure pacts, such as the European Union (EU), to a de facto, firm-driven, flying geese formation in the Asian-Pacific zone. The current trend is to establish wider regionalism.

Within this compass are three levels of neoliberal regionalism, all of which interact with other elements of a globalized political economy, including states, that are partly permeable and partly able to regulate trans-border flows. First, macroregions coordinate capital flows within a spatial unit but also provide access to the globalization process. The formation of macroregions involves a vast enlargement in the size of the market, a weakening of extant political units, and a reduction in the full meaning of citizenship. Citizenship is less meaningful because of the separation of citizenship and work—a growing trend with border crossers and home workers linked to transnational production processes through electronic means. Macroregions may thus be regarded as loose geographical units larger than the state with some political and cultural bonds, however varied and sometimes contentious.

Second, subregional patterns enlarge the concept of proximity to encompass factors other than geographic distance. Indeed, historical legacies and economic forces can provide the propellants for the migration of industries, employment creation, and spillovers to other areas, as well as demonstration effects. Hence, within the Asian-Pacific region, there are now under way attempts to form nodes of states in growth triangles. Subregional economic zones, known as SREZs, transcend political boundaries but need not involve entire national economies. Rather, they intersect only the border areas of the national economies.5

The best-established SREZ is the Greater South China Economic Zone, also known as the Southern China Economic Community, linking Hong Kong, Macau, Taiwan, and southern Guangdong and Fujian Provinces of China in an informal grouping. Within the Association of Southeast Asian Nations (ASEAN), the Johor-Singapore-Riau Growth Triangle seeks to take advantage of Singapore’s highly skilled human capital and well-developed infrastructure, Johor’s land and semiskilled labor, and Riau’s land and low-cost labor. Drawing together a city-state, peninsular Malaysia, and islands in Indonesia, this triangle constitutes a subregion lodged under a
larger subregional rubric. Other SREZs, or growth triangles, are on the
drawing board.

Finally, microregional patterns develop within the boundedness of
sovereign states. For example, Catalonia, Lombardy, and Quebec are rela-
tively autonomous entities within the political jurisdiction of states. In
addition, industrial districts form a mosaic of highly interdependent eco-
nomic and technological forces, themselves embedded in a more encom-
passing network of transactions. The State Council of China, for example,
has decided that microregions (i.e., export-processing zones) will be na-
tional pacesetters for reform and thus serve as locomotives to power eco-
nomic growth.

Subject to globalizing tendencies, these processes intersect in a variety
of ways, constituting the new regionalism. Despite their diverse emphases,
scholars generally agree that this regionalism differs from the earlier wave
of regional cooperation in several respects. A growth area of scholarship, its
essential features are encapsulated in the following composite.  

The most important characteristics of the new regionalism are its truly
worldwide reach, extending to more regions, with greater external link-
ages. In comparison to the specific objectives of classical regionalism, the
new regionalism is multifaceted and more comprehensive than the older
paradigm. Unlike the pattern in the Cold War era, the new regionalism is
developing in a multipolar context. Superpowers are not driving this
movement from outside and above (as with the Central Treaty Organiza-
tion or the Southeast Asia Treaty Organization, for example), but it is
more spontaneous, springing from within and below. In this formulation,
“constituent states” are deemed the main actors, though the growth of a re-

Elaborating on these points, Hettne advances a framework for com-
paring regions as geographical and ecological units circumscribed by
natural and physical barriers; social systems, which implies translocal rel-
ations, in some cases including a “security complex”; members in orga-
nizations; civil societies with shared cultural traditions; and acting subjects
with their own identities, capacities, legitimacy, and apparatuses for mak-
ing policy. Movement toward the higher levels of “regionness”—i.e., the
latter criteria—in this multilayered conceptualization are said to delimit
the new regionalism.

The exact form the new regional project might take is unclear. The
growth of protectionist pressures and trade conflicts has led to the possibil-
ity that industrial production and trade will increasingly be organized in re-
gional blocs. On this issue, one school of thought stems from the neoliberal
notion and holds that by helping national economies become competitive in the world market, regional integration will lead to multilateral cooperation on a global scale and thus reduce conflict. Another school regards the new regionalism as disintegrative, dividing the world economy into trade blocs and ultimately promoting conflicts among exclusionary groups centered on the leading economies. Perhaps more theoretical than real, this debate has captured public attention, but tension among the macroregions is not the most interesting or potentially consequential aspect of conflict prompted by regionalizing tendencies, a theme to which we will return. Nonetheless, it does identify the contradictory nature of regionalism, which is both an integrative and a disintegrative process, partly the result of the interplay between variants of this phenomenon in different zones of the global political economy.

The European Model Versus African and Asian Models

The new regionalism is described as the model for a novel type of political and economic organization. In what is perhaps the most elegant elaboration of this prototype, Hettne indicates: "The comparative framework has . . . been derived from studying the process of Europeanization, the development of a regional identity in Europe . . . and applied to the case of other regions . . ., under the assumption that despite enormous historical, structural, and contextual differences, there is an underlying logic behind contemporary processes of regionalization."12 Claiming that Europe is a "more advanced" regional grouping relative to the arrangements on other continents, he uses this case as a "paradigm for the new regionalism in the sense that its conceptualization eagerly draws on observations of the European process."13

The 1958 Treaty of Rome established what is now called the European Union. With six founding members, this unit has undergone three enlargements, and there are a number of applications pending. The Treaty of Rome set up an institutionalized system enabling the European Economic Community to enact legislation equally binding on all of its members.

Hence, the paradigmatic case developed in an institutionalized setting, with declaratory purposes. Its mandate is state centered and has expanded according to a legally fixed framework and a series of deadlines.

African and Asian countries do not share the stated aspirations found in the Treaty of Rome and that inspire the EU. Legally binding instruments are not characteristic of the Southern African Development Coordination Conference (SADCC), known as the Southern African Development Community (SADC) since 1992, or ASEAN and are unlikely to propel their experience. In fact, European-style integration has never been the objective in
Asian-Pacific and African development, because, rhetorical flourishes aside, both regions lack political commitment to deeper integration.

The only initiative to institutionalize political cooperation in the Asian-Pacific region was Malaysian prime minister Mahathir bin Mohamad's idea, put forward in 1990, to form an East Asian Economic Grouping, which would bind Japan, China, South Korea, Taiwan, Hong Kong, and the ASEAN members. He sought to establish an exclusively "Asian" alternative to the Asia-Pacific Economic Cooperation (APEC) group. The idea was unacceptable to the United States and the Japanese had reservations. It was therefore transformed into a modest East Asian Economic Caucus (EAEC), or forum for discussion, and in 1993 was incorporated within APEC, which had been established at the ministerial level in 1989. (Containing the world's three largest economies—the United States with 22 percent of world gross domestic product [GDP], Japan with 7.6 percent, and China with 6 percent, APEC today clearly carries more economic weight than do the other macroregions. Also, the size of the Chinese economy is projected to surpass that of Japan and the United States early in the twenty-first century, becoming the largest in the world.)

Another difference is that, unlike the EU, safeguarded since its precursors' inception by the North Atlantic Treaty Organization (NATO), security was a major reason for the formation of both SADC and ASEAN, one seeking disengagement from apartheid South Africa and protection against Pretoria's destabilization campaigns, the other against any designs from revolutionary movements in China and Indochina. In other words, at the inception of these groupings, traditional security issues—concerns over strategic-military threats and, for most of southern Africa, stagnant or declining economies—formed the regional agenda. Whereas intraregional trade within SADC (save with South Africa today) and ASEAN is slight, Europeans are joined by a high degree of trade among themselves. Further, in terms of economics, intra-APEC trade grew from about 56 percent of the Asian-Pacific total in 1970 to 65 percent in 1990. By 1992, APEC economies accounted for 75 percent of each other's trade and 44 percent of world trade. In comparison, intra-SADC (and before 1992, intra-SADCC) trade never exceeded 5 percent of the total international trade of its members, and intra-ASEAN trade is less than 20 percent of its member states' world trade.

Owing to their dissimilar contexts, the Eurocentric model differs in essential respects from Asian and African regionalism. SADC and ASEAN have rejected a secretariat-led approach, opting instead for lean bureaucratic mechanisms. More important, SADC and ASEAN eschew emphasis on trade and aim rather for production-driven and infrastructure-oriented arrangements. Whereas both bodies have had measured success in improving infrastructure (especially transportation in southern Africa), by all accounts
industrial expansion projects in the two subregions have not taken off and have not generated substantial capital formation.\textsuperscript{18}

Clearly, both ASEAN and the macroregion within which it is embedded are market-induced and private sector–driven constellations. In fact, Drysdale and Garnaut suggest that the "Asia-Pacific model," also termed the "Pacific model of integration," comprises three elements: trade liberalization augments economic performance and downplays political perceptions of any disadvantages in income distribution; trade expands without official barriers that discriminate between intraregional and extraregional transactions; and the reduction of nonofficial discrimination (e.g., cultural barriers) to trade contributes powerfully to economic development.\textsuperscript{19}

One could refine this model by engaging a discussion of the range of its subsets in the subregions of the Asia-Pacific zone, but that would take us too far afield. Apropos of Southeast Asia, what bears emphasis is that ASEAN's engines of growth have been fueled by Japanese, and increasingly Korean and Taiwanese, private sector investments. More important, however, is that, unlike the portrait of neoliberal regionalism vividly painted by Drysdale and Garnaut, the eleven members of SADC (which post-apartheid South Africa joined in 1994) have sought to respond to the shortcomings of market integration theory, especially its silence about equity and calls for redistribution.

The development integration model was introduced as an alternative to a one-sided emphasis on efficiency maximization of existing capacity—not surprisingly, in the context of a low level of productive capacity. This approach stresses the need for close political cooperation at the outset of the integration process. Not only does it assign priority to coordinating production and improving infrastructure, but it also calls for a higher degree of state intervention than does the market model and for redistributive measures such as transfer taxes or compensatory schemes administered by regional funds or specialized banks. Trade integration is to be accompanied by attempts to promote coordinated regional industrial development. A counterweight to economic liberalism, it seeks to redress external dependence, especially through the regulation of foreign investment. Hence, development integration is a multilevel approach engulfing production, infrastructure, finance, and trade.

In practice, the development integration model has fallen short of the professed aims of its architects in southern Africa. In SADCC's first decade, its professional staff and representatives of member states infrequently consulted the private sector and failed to involve capital in planning regional industrial development. Partly as a result, its regional industrial strategy, while ambitious, is vague and largely unimplemented. Moreover, a distributional crisis besets intraregional trade, with Zimbabwe accounting for large surpluses with all of its SADC partners save South Africa—
the type of imbalance that Pretoria’s membership magnifies. The more vexing issue, however, is the conflict between the fledgling model of development integration, weakly embraced by social forces in the subcontinent, and the institutionalization of the neoliberal concept, ascendant in the post–Cold War world. This issue is integral to developing a revised framework for thinking about regionalism.

**Actors, Institutions, and Global Governance**

To sharpen the focus of this framework, it is useful to revisit the conceptualization of the new regionalism approach, especially the distinction between the “formal region” and the “real region.” This point deserves special mention because increasingly membership in international institutions imperfectly corresponds to transnational processes, many of them subsurface movements. As indicated, zones of production may arise spontaneously with little or no government intervention and bridge territorial boundaries. Furthermore, culture is constructed and reconstructed at speeds that differ from those of the workings of international institutions, usually at a much slower pace and occasionally forming a regionalized civil society, the Nordic community perhaps being the foremost example.

Clearly, with a multiplicity of interstate and nonstate actors, there is a tendency toward fragmentation of institutions. The Asian-Pacific landscape is marked by a labyrinth of international institutions: APEC, ASEAN Free Trade Area, EAEC, Pacific Trade and Development Conference, Pacific Basin Economic Community, Pacific Economic Co-operation Council, South Asian Association for Regional Cooperation, and so on. So too is resource-poor Africa spawning these bureaucratically laden entities, too numerous to enumerate here but including the Development Bank of Southern Africa, Economic Commission of Africa (a UN body), East African Community (being revived), Economic Community of West African States, Maghreb Union, Organization of African Unity, Preferential Trade Area for Eastern and Southern Africa, and Southern African Customs Union. The list goes on. Not only is there a lack of coherence among these intergovernmental institutions, but they also articulate only sporadically with the bearers of change within civil society—women’s movements, peasant organizations, environmental groups, prodemocracy advocates, etc. These movements voice concerns or demands, mobilize, and apply pressure for the “new” security issues such as food, ecology, human rights, and so forth. But these groups interlink differently at the regional and global levels.

Globalization is not flattening civil societies around the world but, rather, combining with local conditions in distinctive ways, accentuating differences, and spurring a variety of social movements seeking protection
from the disruptive and polarizing effects of economic liberalism. Evi-
dently, the state is caught in a dialectic of supranationalism and subna-
tionalism. The nation-state reflects a seventeenth-century Westphalian
concept, a territorial mode of political organization, which, according to
democratic theory, is supposed to provide accountability to the governed.
Yet, by condensing the time/space aspects of social relations, economic
globalization transcends territorial states and is unaccountable to elected
political officials—or, rather, is accountable to unelected market forces.
The tension between the territorially based system of political organization
and economic globalization embodying the market principle creates a dis-
juncture in governance at both the regional and world levels.

This discrepancy creates the greatest problems in some parts of the
Third World, especially Africa, where Westerners attempted to graft a
Western construct—the Westphalian state—onto a different social reality,
and the social organism rejected a wholesale transplant. Africa adopted the
trappings of the state system, but it was never really anchored in the mul-
tiple layers of societies. It is important to remember that the colonial in-
terlude was but a brief period in the vast expanse—the longue durée—of
African history. A combination of precolonial, colonial, and postcolonial
forms has resulted in predatory governance that relies more on brute coer-
cion than the subtleties of consent. Paradoxically, the regional realities—
the weakness of the African state coupled with cross-border flows that are
truly bottom-up (communication within ethnic groups that transcend in-
ternational borders, migratory movements, trading on the parallel market,
etc.)—may in some respects put Africa at an advantage and even make it a
political bellwether in moving toward post-Westphalian governance, a
multilevel system marked by a diminished state relative to a mutliplicity of
other actors.

In a transition to an alternative form of governance, the role of inter-
national institutions would be especially important. Notwithstanding great
expectations about a supposed revival of the UN, mainly its peacekeeping
role, in the post–Cold War era, the existing set of international institutions
risks becoming increasingly ineffective and obsolete, only partly because
of resource shortages. In the emerging international division of power, the
UN system attends to political crises, serving as an arena for contestation
but, in the main, seeking to harmonize, rationalize, and stabilize patterns
of hegemony. Meanwhile, the Group of Seven democracies (all Western
capitalist countries plus Japan) attempt to coordinate the international
economy, but it is a tall order for state officials to try to harness unac-
tcountable global market forces. In light of the challenge that economic
globalization poses for governance, a restructuring of international institu-
tions will inevitably be inscribed on the policy agenda. It is an elusive
task, not least because some regional or subregional movements (such as
the Southern China Economic Community, with more than two hundred
million people), are without an institutional base and disavow institutional trappings.²¹

What is to be institutionalized? Insofar as international organizations are products of change within the global political economy, their task is to project a picture of a globally conceived society, a universal vision, and maintain the dominant world order. If so, they typically set general rules of behavior as well as facilitate regional and global hegemony.²² But international institutions are double-edged swords. In some instances—e.g., decolonization and the antiapartheid movement—they may promote counterhegemony.²³ They are agents of change and do have potential for innovation, especially in the realm of ideas, although the present tendency is to institutionalize neoliberal concepts and practices.

The Idea of Neoliberalism

The predominant ideas about world order in the 1980s and thus far in the 1990s have been neoliberal thinking, partially a reaction to the influence of structuralism in the 1960s and 1970s, and now widely translated into policy prescriptions. By ideas, I mean the shared meanings embodied in culture. When transmitted transnationally, they help maintain and reproduce a social order, specifically by eliciting consent from both dominant and subordinate groups. Not only may shared meanings entrench the continuity of a given order, but inasmuch as they contain the capacity to create and to invent new ways of life, universalizing values bear potential to serve as transforming agents.

On the policy side of the equation, there appears to be a resurgence of integration projects in the South. Perplexed about how to keep up with the enormous concentrations of power and wealth in the three macroregions, the dominant strata in Third World countries are attempting to establish new economies of scale. Although economic integration fell into disfavor as a development strategy in the 1970s and early 1980s, international agencies are now pumping money into regional projects. The bandwagon effect has brought aboard bilateral agencies as well as the World Bank.²⁴ In this way, neoregionalism can become a vessel for neoliberalism, although they are incompatible under other conditions (discussed below).

Unlike strategies of collective self-reliance, the idea of neoliberalism centers on integration in the global economy. Whereas self-reliance typically leads to policies of import-substitution industrialization, with goods formerly imported being produced locally, engaging the world economy implies an emphasis on export-oriented industrialization. Neoliberals claim that exports can compete with international market prices only if production is unfettered by price controls such as tariffs. The premise is that, left to its own devices, the market is a far more efficient arbiter of
economic growth and development than is the state. In a globalizing world, primacy is given to extraregional markets rather than to intra-regional linkages.

Of course, there are trade-offs in the neoliberal project. Deregulation, devaluation, and denationalization—a single package, all ingredients of structural adjustment programs—entail welfare losses and distributional effects, for they spread the pain unevenly. In the absence of coordination of the elements of market reforms, neoliberalism may fragment into degenerate regionalism. There is degeneration from a more highly organized type into a simpler one. Like the neoliberal project, this form of regionalism seeks to optimize a collectivity's position in the globalization matrix. Yet degenerate regionalism is a defensive measure against further social disintegration, the symptoms of which include widespread corruption, pervasive crime, and gangsterism, often in collusion with the upper echelons of the state bureaucracy.

Hence, the twelve members of the Commonwealth of Independent States (CIS), a loose confederation established without the three Baltic nations in 1991 to harmonize interrepublican policies after the fall of the Soviet Union, have adopted diverse reform strategies and proceed at different speeds. In market restructuring, Russia has moved rapidly; Ukraine, Belarus, Kazakhstan, Turkmenistan, and Uzbekistan have avoided shock liberalization and have maintained a high degree of state control over production and prices; and Azerbaijan, Armenia, Georgia, Moldova, and Tajikistan have deferred the question of economic reforms until ethnic rivalries and armed conflicts are settled.25

Moreover, the spread of the market has fostered two poles, one European and the other Central Asian, in the CIS. Russia is so big and powerful relative to the other members that some of these newly independent states fear Moscow's influence and control over their energy and mineral resources. Except for gas-rich Turkmenistan, the CIS republics are economically dependent on Russia. They seek to maintain sovereignty and achieve collective security, heretofore highly problematic.

The outbreak of civil wars (Georgia, Moldova, and Tajikistan); international clashes (Azerbaijan and Armenia); Russia's military operation in the breakaway region of Chechnya; twenty-five million ethnic Russians dispersed precariously in several republics; and the widespread abuse of minorities, in some cases triggering an outflow of population, belie the link between a neoliberal regional economy and liberal politics. Post-Soviet Eurasia is marked not only by chronic violence but also by continuity in political leadership from the Soviet era, with an entrenched officialdom, or nomenklatura, aided by security police who have infrequently been demobilized, as well as a retreat from democratic values.

Under more auspicious political conditions, however, neoliberalism still promises economic growth and offers flexibility in terms of policy
initiatives in a dynamic and increasingly integrated world economy. The neoliberal vision rests on flexible responses to price signals and a high degree of division of labor adapted to new methods of production.

**Neoliberalism and Flexible Production**

If the new regionalism approach neglects the question of production of what and for whom, it cannot explain changes in the geography of world capitalism. If so, it would fail to constitute more than a partial and limited view of the mosaic of regional development. Coincident with the ascendance of neoliberalism is the emergence of specialized regional production systems, with their own intraregional divisions of labor among countries and within industries.

Within the ambit of globalization, there is a coexistence of two logics of production. Fordism is characterized by assembly line production that assigns workers to routine tasks requiring minimal skill or training. The speed of work is regulated by hierarchical control and scientific management techniques executed through the line and is not determined by workers. The Fordist method requires large-scale runs of standardized products to justify substantial investment in specific machinery and inventories of parts stockpiled on a "just-in-case" basis, which can tie up working capital and augment costs.

By the late 1970s, Fordist mass production encountered increasing difficulty in achieving high levels of productivity gains, and in some locales, labor succeeded in pushing up wages. The spatial reorganization of production entailed the spread of manufacturing from a handful of industrial countries to different regions, the fragmentation of the production process, and the introduction of new technologies. This restructuring raised nettlesome questions for the core-periphery concept of regional development, for some peripheral areas outstripped the core in such core-like activities as manufacturing as a major driving force of GDP.26

Among other technological developments, the introduction and diffusion of microelectronic systems in production in the 1980s and 1990s have greatly increased flexibility in a wide range of industries. At the same time, there have been dramatic changes in the organization of industrial production. In the post-Fordist model, workers are multiskilled, trained for varied tasks, and operate in a decentralized framework subject to a relatively flat or informal hierarchy. Targeting customized goods in batch production, a Japanese "just-in-time" system is adopted, whereby inventories are kept to a minimum. Competitiveness is translated into fast adaptation to change or flexible specialization.

The introduction of flexible specialization systems makes regional production networks ever more important, because a premium is placed on
spatial clustering of suppliers around plants, partly to ensure delivery times. Propinquity means lower costs and greater opportunities for matching needs and capabilities. Proximity to nearby suppliers and workers, installed within a production culture that encourages innovations from the shop floor, allows for fluctuations in market demand.

In the new flexible production subregions and microregions, there are several variations. Centers of flexible production are burgeoning in many Asian and Latin American newly industrializing countries (NICs), and near-NICs. In these economies (organized in varied ways, but along neoliberal lines), production activities are climbing the value-added ladder from labor-intensive to capital-intensive toward technology-intensive industries. The goal is to create competitive advantage and to achieve industrial upgrading; yet the elusive last hurdle is technological innovation.

In Asian-Pacific regionalism, Japanese multinationals have expanded and have relied on the flexibility offered by a multiplicity of small- and medium-size contracting firms. Regional complexes of industries are developing in such activities as electronics and computers. Many of the firms are owned by Chinese families and form networks of businesses. What is emerging is a regionally integrated production zone based on Chinese enterprises often fueled by Japanese capital lacking such familial ties. As the Japanese economy has become deeply embedded in the economy of the Asian-Pacific region, it has utilized a web of sociocultural structures as a conduit for flows of capital. Strong bonds of kinship and culture in geographically proximate areas can reduce transaction costs and provide a level of interpersonal trust that facilitates regional business.

**Flexibility Through Sociocultural Networks**

The implementation of flexible specialization turns not only on a techno-economic structure rooted in a territorially concentrated system of production but also on the qualitative aspects of a social milieu. Most important are cultural factors grounded in civil society, including the degree of trust and consensus underpinning the market and the industrial climate for generating skills for the workplace. In other words, informal communication of ideas about building regionalism at different levels takes place within social institutions such as ethnic groups, families, clubs, and so on, some of them originating in precapitalist society. Insofar as the flexible specialization model as a productive system requires strong relations with civil society, sociocultural institutions may represent either a constraining or a potentially enabling factor in regional development.

Elsewhere, I have explored the role of Chinese families as transnational linkages in the Asian-Pacific region's explosive economic growth. What needs to be added to that analysis is the way that Japanese investment
and aid set off the explosion, particularly in the Southeast Asian subregion. In fact, the expansion of the ASEAN economies cannot be understood without taking into account the geopolitics of Southeast Asia and the conjunction of the hegemonic interests of the two economic superpowers—the United States and, more recently, Japan.

After the United States pumped capital into Southeast and East Asia during the Korean and Vietnam Wars, Japan gradually expanded its flows of capital throughout the region, but it is to the United States and not Japan that Southeast Asian countries export the largest portion of their manufactured goods. In the evolving triangular division of labor in Asian-Pacific regionalism, Japan and to a lesser extent the United States furnish investment capital, and Southeast Asia provides raw materials for Japan as well as cheap labor for the production of manufactured goods largely for the U.S. market. Japanese capital has had an uneven impact on the economies of Southeast Asia, with Singapore attracting the biggest share of direct investment on a per capita basis. Quite clearly, Singapore has been the chief beneficiary of capital flows and the geopolitics of the subregion.

With Japan's trade patterns shifting toward a regionally based economy, Tokyo has helped ASEAN economies enlarge their export manufacturing sectors and augment the efficiency of Japanese manufacturers relocating in Southeast Asia. The regionalization of Japanese industry has created a little-noticed incongruity in the economy of Singapore and perhaps of other countries. One of the few countries to identify the extent of GDP generated by foreign or foreign-controlled factors of production, Singapore releases data that show that an increasing share of its output is foreign produced. From 1980 to 1991, foreign-produced GDP grew at a rate of 250 percent compared to 147.5 percent for indigenous GDP. Paradoxically, the foreign-controlled sector is able to find an array of profitable opportunities for expansion and investment in Singapore, while national capital is now lending abroad a greater part of its portfolio. Doubtless, the explanation lies partly in the locally controlled sector's competitive disadvantage in technology, showing just how hard it is even for a burgeoning economy in the Third World to jump the elusive last hurdle to advanced-economy status.

The explanation also rests on the complex divisions of labor and power in the region. While Japanese direct foreign investment in Asia soared from $2 billion in 1987 to $8 billion in 1990 (two to three times as great as the U.S. total), the telling point is that the bulk of value added stays with the Japanese; smaller shares accrue to junior partners in a flexible but structured manufacturing bloc. Retaining a clear-cut technological edge, Tokyo coordinates locational decisions in a regionally articulated division of labor, offering investment, aid, and know-how. Although there are still stand-alone Chinese conglomerates, ethnic Chinese throughout
Southeast Asia are often partners linked to the Japanese in joint ventures. In a regional system that widely adopts Japanese methods of flexible production, big Chinese firms—the Liem group and Astra, for example—are vehicles for Japanese capital, sometimes as assembly plants or as distributors for corporations such as Fuji or Komatsu.33

Going beyond the interplay of Chinese family holdings and Japanese enterprises, it would be shortsighted to say merely that in regional development, culture facilitates flows of capital. The emphasis on powerful structures should not deflect attention from cultural discontinuities and the ways that these discontinuities are created. In the second phase of a Polanyian double movement, a reaction to changing material conditions on a global and regional scale, individuals are not passive occupants but active agents who negotiate socially prescribed roles. They enter and shape decisionmaking in national and multilateral arenas by reconstituting culture beginning with micropractices. Strategies of countering social control in the workplace or of reorganizing the production process involve renegotiating meanings, redefining customs, and pushing up against the boundaries of old social structures in more enabling ways.34 While other authors have provided graphic studies of the production-culture link at a local level, my interest here centers on regional interactions, with sociocultural institutions mediating the production process and labor supply.

Flexible Production and Flexible Labor Markets

As noted, the Fordist system of mass production and mass consumption has tended to give way to another structure. Post-Fordism entails a more flexible, fragmented, and decentralized system of production, making use of a segmented, in good part female, and often geographically dispersed labor force. Fordism is not defunct but based in different sectors of production, namely in low-skill services such as fast food and in various types of labor-intensive processes, sometimes in the peripheral (or export) zones of industrial systems. In these labor markets, culture plays a major role in segmentation, for current regulatory regimes are conceived in terms of exclusivity: employment is restricted to persons of indigenous culture, or receiving countries insist on assimilation to local culture. Thus, culture is one of the instruments in the regulation of international migration, perforce an encounter of people who speak different languages, practice different religions, and have very different habits.35

An integral part of the globalization process, large-scale transfers of population are requisite for the operations of many small- and medium-size firms. Migrants are unevenly spread across the globe, the largest numbers, some thirty-five million, in sub-Saharan Africa, and another fifteen million in Asia and the Middle East. The magnitude of remittances reached
$66 billion in 1989, second only to oil as a share of international trade, and more than all international development assistance—$46 billion.\textsuperscript{36}

Rooted in world inequality, migratory flows have expanded rapidly in recent years. From fifty million immigrants in 1989, the world total doubled to a hundred million in 1992, the latter figure comprising 2 percent of the world’s population. Strikingly, a large portion of these people remain within their region of origin. An estimated twenty-three million represent “internally displaced” persons, and the bulk of the world’s seventeen million officially registered refugees and asylum seekers stay in the region where they were born.\textsuperscript{37} Taking into account other migration streams, most international migration today is within—not between—regions.\textsuperscript{38}

With the emergence of macroregions, the new regionalism internalizes the North-South problem. In vastly different ways, APEC, the EU, and the North American Free Trade Agreement (NAFTA) facilitate the mobility of both capital and labor. To enhance the competitiveness of open economies, and to provide labor market flexibility, countries at myriad levels of economic development have joined together, a process that will be taken one step further by the admission of the Eastern European countries to the EU.\textsuperscript{39}

In Southeast Asia’s NICs and near-NICs, high rates of economic growth coupled with a rapid demographic transition have resulted in elevated wages and labor shortages. Singapore, for example, has relied on foreign labor to mitigate problems in labor supply. Malaysia, which sends skilled workers to Japan, hosts about one million illegal migrants from Indonesia and others from Thailand. Unlike receiving countries in the subregion, the Philippines is a large supplier of contract labor and a major exporter of skilled workers and human services. It is likely that migrants from Indochina will put further pressure on other parts of Southeast Asia.

The historical pattern of subregionalism in southern Africa was shaped by South Africa’s need for cheap migrant labor and services from neighboring countries, which became parties to a highly unequal relationship. In fact, dating back to the discovery of gold in the Transvaal, migrant labor has powered the engines of the South African mining industry. For South Africa’s capitalists, a migratory labor system offered several advantages. So long as South Africa paid higher wages than the hinterland territories, it was sure to have a labor reserve. By recruiting workers from beyond its borders, South Africa could keep wages in the mines depressed, ensuring that local laborers would not be diverted from home industries and farm enterprises.

In the period following 1975, when Mozambique graduated to political independence, South Africa sought to diversify its sources of migrant labor and to reduce the magnitude—part of its destabilization campaign against hinterland countries. Thus, the number of foreign mineworkers dropped from 237,832 in 1975 to 159,253 in 1991.\textsuperscript{40} Nonetheless, migrant labor remains a crucial component of the postapartheid and subregional
economic. Large-scale rural-urban migration provides a labor pool for industries. Moreover, brain drain from other parts of the region benefits South Africa. Semiskilled, skilled, and professional people are sapping the sending countries of human resources and are contributing greatly to South Africa's economy. Just as South Africa attempts to convert its economy from the old industries based on a racial monopoly of the means of production—a plethora of laws designed by the white redoubt to regulate labor supply—so too is the new power structure trying to create competitive advantage, which entails flexible specialization and a reconstituted labor market.

**Power Relations**

Looking at regionalism from the standpoint of power relations, it is clear that the neoliberal agenda holds sway. In fact, there is little evidence that other approaches, while important theoretical contributions, have been implemented with any degree of adherence. Autocentric regionalism and development integration schemes in the ASEAN and SADC countries have not achieved coordination of production on a subregional basis; they rarely articulate with either the industrial bourgeoisie or grassroots movements. A number of national projects promoted by subregional organizations could have actually been instituted without international intervention. Hence, analysis of extant forms of regionalism necessarily focuses on the neoliberal variant and the interests it serves.

Concerned as it is with purportedly universal laws of development, neoliberal theory posits that, in principle, the same rules of economic development can be applied across the board from the most developed to the least developed countries. As such, the theory is overly mechanical and represents a slot machine approach to regionalism. Taking an individualist approach, it is silent about deep structural inequalities, especially the qualitative aspects of underdevelopment lodged in the blockage of highly ineegalitarian social systems. In addition, largely unnoticed is the contradiction between the openness of neoliberal regionalism and its potential antiglobal thrust. Insofar as open regionalism strives for a worldwide market and hooks directly into the global economy, it can skip over regional integration. The rationale sometimes heard in business circles is that gains from trade will be maximized through an efficient international division of labor, not a regional one.

What is more, neoliberals' vision of market relations as a frictionless world of shared meanings, the uncontested adoption of the ideology of capitalism, is structurally blind to patterns of domination and hegemony. Guided by a highly developed neoliberal agenda, regional hegemony is a recurrent feature of the new regionalism, conspicuously so in the macroregions:
Germany in the EU, the United States in NAFTA, and the sometimes strained bigeminy of the United States and Japan in the Asia-Pacific cluster.

The linkages in Japan-ASEAN relations aptly illustrate this pattern of asymmetry. If all imports and exports are included, Japan is ASEAN’s largest trading partner, its major direct investor, and the chief source of official development assistance. Although the United States has become the leading recipient of ASEAN exports, accounting for 21 percent in 1988, the ASEAN countries are highly enmeshed in the Japanese vector of the globalization process: ASEAN is the base for production, and Japan is its core. As part of the “JapaNIEs” integration scheme, many Japanese industries have relocated in Southeast Asia, with greater coordination of home-based enterprises and their overseas firms. ASEAN has become transformed into a production site for exports to the United States, Europe, and its own subregional market. The regional division of labor in such industries as automobiles involves the coproduction of parts. Within Toyota, for example, Indonesia and Thailand concentrate on diesel engines, stamped parts, and electrical equipment; the Philippines, transmissions; and Malaysia, steering links and electrical equipment. The Singapore office coordinates and manages various transactions. While both ASEAN countries and Japan can gain from such linkages, the ASEAN economies become marginalized from decisionmaking and more vulnerable to political and economic manipulation from Tokyo.

In other regions, too, the specter of regional hegemony rears its head. To wit, the size of South Africa’s GDP, $80.4 billion in 1989, is almost three times that of the total of the other ten SADC members, $27.2 billion in the same year; and by any measure, the military imbalance dwarfs such economic disparities, woven as they are in a complex web of historical interconnections.

Neoliberal theory has been put into practice in the form of adjustment policies drawn up by the World Bank and the International Monetary Fund (IMF). The main beneficiaries of such neoliberal projects are internationally mobile capital, exporters who balk at restrictive trade policies, local industrialists (to the extent that they are competitive with overseas enterprises), and domestic financial capital positioned to gain from liberalization and increased access to foreign markets. Not covered by the neoliberal umbrella are the interests of other social forces, which must seek an alternative venue.

The Architecture of the New Regionalism Approach

Having identified four responses to the pressures of global restructuring—autocentric regionalism, development integration, neoliberal regionalism, and degenerate regionalism (tendencies that can coexist)—it is important
to search for signs of another conceptualization, a supplement to the new
regionalism approach. The beginnings of a design for an alternative archi-
tecture may be found in the contradictory nature of globalization. Its inte-
grative and disintegrative aspects establish a new polarity, which allows
space for experimentation on a regional level.

On the one hand, a centralizing trend under globalization may provide
either hegemony led by the United States or, more likely, cohegemony, a
form of multilateral governance directed by the triad of Europe, the United
States, and Japan, perhaps with Japan serving as a junior constable for the
United States. Centralizing globalization seeks to justify itself through uni-
versalizing values. It helps shape a hierarchical regional order, and transna-
tional capital incorporates the regional project. However, the global restruc-
turing of power regionalizes conflict. The post–Cold War security situation
is fragile because, in the absence of countervailing power, vacuums are cre-
ated. Hence, Sadaam Hussein believed that Iraq could invade Kuwait with
impunity. Flash points now appear with great frequency. The ongoing arms
race and weapons sales in the Asian-Pacific and sub-Saharan Africa regions
reflect the growing sense of insecurity in the wake of the Cold War.

Another globalizing tendency is thus toward heightened competition
and conflicts. The trend toward diversification takes two forms: one a
structure of overlapping subregions and microregions, the other a more
chaotic structure, involving myriad networks. In both cases, conflict arises
because the present regional divisions of labor cannot be sustained. There
are limits to the relocation of "sunset" and "residual" industries, because
cheap-labor areas are pressing for additional foreign direct investment,
higher value added, skills, and technology. In addition, the initial SREZs are
spilling over into contiguous locales—e.g., the Johor-Singapore-Riau
Growth Triangle now extends north to Malacca and is spreading from
Batam to other Riau islands. Growth triangles in the Asian-Pacific region
overlap, and more are forming, some of them becoming polygons. In fact,
competition among SREZs may eventually outstrip rivalry among countries,
and each zone will seek its own niche in the regional and international di-
visions of labor.

New regional clusters of conflict may be detected on levels other than
the subregional zone. China's microregions (export processing zones) com-
pete with a subregional body, ASEAN, for investment. In turn, ASEAN is los-
ing investment to a national unit and now a member state, Vietnam, with its
low-cost manufacturing base. In a contradictory relationship propelled by
neoliberalism, a number of investors from ASEAN have turned to Vietnam,
contributing to its infrastructural, manufacturing, and service sectors.

Without attempting to provide a complete inventory of such regional
clusters, it is clear that focusing too heavily on the macrolevel underestimates
the importance of the microissues. The microdimensions are especially
important precisely because new production methods and technological
conditions encourage specialization and diversification. The introduction of frontier technologies calls for small capital initiatives, not gigantic multinational R&D ventures. Moreover, there is opposition to the emergence of growth triangles. Opponents raise the question of distribution of benefits not only in terms of the nation but also in light of ethnic and racial access. Hence, the growth triangle among Johor, Singapore, and Riau has heightened tension between communal groups in that the Chinese Malaysians appear to benefit disproportionately from their relationships with Chinese Singaporeans.

While hegemony contains social conflict, it does not eliminate it altogether. The dominant culture sets limits to opposition, but in transitional conjunctures created by structural transformations, fundamental challenges may be mounted. In other words, hegemony is not a stable condition; it is always being created and undermined.

At present, a counterthrust to neoliberal restructuring is emerging in what might be called the stirrings of transformative regionalism. While only embryonic, it is partly a defensive reaction mounted by those left out of the mosaic of globalization, particularly in zones outside the macro-regions. The political and economic program is not unlike that of the development integration model: close political cooperation at the beginning, not the end, of the project; equity and balance in relations between member states, including redistribution formulas; and increased trade based on regional industrial planning. Though a weakened actor, the state must be an active agent in transforming integration; its main roles are to rationalize production, build infrastructure, and promote exchange. Stressing self-organization, the alternative formulation calls for regionalism that flows from the bottom upward and is linked to new forms of cultural identity—the women’s movement, environmentalists, prodemocracy forces, etc. At the end of the day, the possibilities and limitations of transformative regionalism rest on the strength of its links to civil society. Creative potential for bringing about sustainable growth and democracy lies in popular support and a sense of involvement of multiple strata of the population.

Although practitioners may not use the term, clearly transformative regionalism is the expression of a dialectic. Forces from above seek to strengthen the neoliberal framework but encounter resistance from social forces at the base. At issue are local control and alternative directions of development, which is also a struggle over different visions of regionalizing processes. The unsteady balance between a top-down thrust and a bottom-up counterthrust varies not only among regions but within them. Alongside the struggles in Southeast and East Asia and southern Africa is the strife over Thatcherite Europe versus “social Europe.”

Is transformative regionalism a pipe dream, or a process given concrete expression? In 1989 in Japan, and in 1992 in Thailand, various movements and networks issued a call for a People’s Plan for the Twenty-first Century
(PP21). The PP21 process is an effort to promote a popular and democratic movement for social transformation. Transborder concerns—the role of migrant women in Asia’s growing sex industry, the struggle against environmental degradation wrought by the construction of golf courses and other resort facilities on agricultural lands, the role of Korean workers in Japanese-owned firms operating in Korea, etc.—are central to the agenda. There is recognition that the new vision can best be put into practice through coordinated regional action.

Similarly, the São Paulo Forum, founded in 1990, meets annually and brings together parties and social movements from around the Americas to discuss ways to build an egalitarian form of regional unity. What animates the forum is the magnitude and consequences of late-twentieth-century neoliberal restructuring in Latin America. Neoliberal globalization—cum macroregionalism in Mexico—has displaced vast numbers of workers and peasants, pushing them into the informal sector, where they adopt survival strategies in a range of legal and illegal activities. Restructuring is depriving the state of its ability to regulate economic life, furthering the outflow and internal concentration of wealth. The social consequences are severe, with a teeming underclass barred from meaningful or productive participation in society. Although the forum has not fully detailed an alternative project, it stresses redirecting hemispheric integration away from U.S. hegemony and toward Latin American integration “with a nationalist focus and a continental perspective that addresses North-South inequalities.” With the restructuring of world capitalism, the solution is not seen as withdrawal from the global economy or exclusive interaction among Latin Americans themselves. Rather, emphasis is placed on regional cooperation and collective action.

Although the Latin American experience differs in many ways from the integration process in southern Africa, a common item on the agenda in both regions is the inclusion of social charters in integration agreements. One issue inscribed in these charters is enabling integration to serve as a mechanism for enhancing workers’ rights and standards across a region. Other elements are corrective measures so that the pain of adjustment in integration does not fall heavily on the poor, the establishment of funds to invest in depressed areas, a resolution of debt, reform of immigration laws, environmental protection, some management of trade, the deepening of democratic practices, and the creation of democratic regional institutions. In the Draft Social Charter of the Southern African Trade Union Coordinating Conference/Congress of South African Trade Unions/National Council of Trade Unions, the South African trade union movement has addressed some of these points. If they have to be prioritized, the last of the aforementioned challenges is the one that is likely to be the most telling: how to promote a strong regional civil society that will involve people in decisionmaking at every level in a democratic way.
Notes


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12. Ibid., p. 2.

13. Ibid., p. 12.


37. Ibid., pp. 7, 8, 15.


52. Davies, "Integration or Co-operation in a Post-Apartheid South Africa."
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