What should be done for Building an Asian Regional Integration? : The marketing of European Integration and Its Implications for Asia

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Summary
In Europe, the reconciliation between Germany and France was dramatically realized via "the Schuman Declaration" in May 1950, although the two countries had been historical rivals. Subsequently, European Integration has been driven by the Franco-German core-partnership which has even been described as "the Franco-German Axis". The two countries have shown leadership in promoting European Integration by compensating for their mutually weak points — France's economic power and Germany's political power.

The East Asian regional framework of "ASEAN+3" has been mainly driven by the ASEAN countries and South Korea so far, and within that framework the Chiang Mai Initiative (CMI), the first Asian monetary and financial cooperation initiative, started from May 2000. But in the future, the leadership of Japan and China will be imperative for major progress in Asian regional integration. This is not a matter of taste, but a logical proposition.

If Japan and China successfully establish a core-partnership, Asian Integration will proceed substantially without doubt. I think it will be possible for the two countries to establish a very good relationship based on mutual future benefit, since they have some indebtedness toward each other.

At any rate, the strong political willingness at very high levels will be needed. In the case of the Franco-German Axis, great top-level core-partnerships such as "Adenauer & de Gaulle", "Schmidt & Giscard d'Estaing" and "Kohl & Mitterrand" have propelled European Integration very strongly. In the Sino-Japanese relationship, a great core-partnership between the two countries equal to the Franco-German examples will be needed desperately in the future.

Introduction
In this paper, I would like to raise two issues, as mentioned below.

First of all, I would like to clarify the making of European Integration, and to draw lessons for Asia's full scale development of regional cooperation and integration, which started modestly with the Chiang Mai Initiative in May 2000.

Secondly, I would like to clarify what we in Asia should do for establishing the Asian regional integration mainly by learning from the European experience

1. The Making of European Integration and Its Implications for Asia

Historically, the first idea of forming a union of European nations is considered to have come from the era of the King Henri IV, the founder of the French Bourbon Dynasty, around the year 1600. But, the idea of European Integration became more realistic among the people after "the Pan-European Speech" of Richard Coudenhove-Kalergi in Vienna in May 1922. The first step toward European Integration was marked by "the Schuman Plan" in May 1950 which determined the historical reconciliation of France and Germany. This was a real breakthrough towards European Integration. The aim

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1 This paper is based on Yamashita (2002a), (2002b), (2006a) and (2006b), but particularly (2006a).

2 Yamashita (2002), p. 4-6

3 Coudenhove-Kalergi (1923)
of "the Schuman Plan" was to make the Franco-German border territory a community with a common economic destiny, by which the war between the two countries would become inconceivable and physically impossible. The mutual contention of seeking economic rights for coal and steel in the territory straddling the French-German border had historically never ceased. Therefore, "the Schuman Plan" was designed to jointly manage the territory as a typical form of high politics by the European leaders. Since it is said that France and Germany had fought each other 27 times since the 16th century, the reconciliation between the two rivals was really an historical milestone. In July 1952, the European Coal and Steel Community (ECSC) was established as the first European institute toward European Integration based on "the Schuman Plan".

After the failure to set up the European Defense Community (EDC), a kind of political union in August 1954, European efforts again focused on economic union. These efforts bore fruits with the establishment of the European Economic Community (EEC) and the start of the common market in January 1958. And, in July 1967 the European Community (EC) was established. The EC formed one council (the Council of EC) and one commission (the EC Commission), merging three councils and three administrative offices of the ECSC, EEC and EURATOM. A regional tariff union and EC common agricultural market were established in July 1968. In response to the Nixon Shock in August 1971, Europeans set up the EC Snake in April 1972, which later evolved into the European Monetary System (EMS) in March 1979. The EMS was established in response to "US malign neglect policy of the dollar" from the beginning of 1977 through the end of October 1978 under the Carter administration.

Since European pessimism was prevailed between the late 1970s and early 1980s due to Europe's weakened international competitiveness against the US and Japan, Europe carried out structural reforms which contain the liberalisation of intra-regional movements in people, goods, services and capital by enforcing the Single European Act (SEA) in April 1987. European countries were also concerned about the possibility of German dominance, since German reunification became a realistic issue at the end of the 1980s. The solution to this issue was to bring Germany into Europe and create a European unified currency in exchange for other European countries allowing German reunification. This was formally agreed to in the Maastricht Treaty in December 1991. Said differently, it meant that the German people abandoned the glorious German mark as the regional key currency in Europe. Eventually, a unified currency called the euro was born at the beginning of January 1999.

As far as the decision-making process is concerned, although the European Union is still basically run by inter-governmentalism, some characteristics of supra-nationalism have been added gradually. For example, although the unanimity was basic to the decision-making process in the European Union in the past, the scope of Qualified Majority Voting (QMV) has expanded gradually, treaty by treaty, via the Single European Act in 1987, the Treaty of Maastricht in 1991, the Treaty of Nice in December 2000, and the European Constitutional Treaty agreed in June 2004. As for foreign and security policy of the European Union, a Common Foreign and Security Policy (CSFP) was included from the Maastricht Treaty on. Moreover, the EU' Rapid Reaction Force was established in June 2003, based on the agreement of the European Council held at Santa Maria da Feirra in Portugal in June 2000.

As for the enlargement of European Integration, ECSC (the European Coal and Steel Community) and EEC (the European Economic Community) that was started by the Original Six (France, Germany, Italy, Belgium, the Netherlands, and Luxembourg) expanded to "EC 9" in January 1973 and "EC 10" in January 1981. Then it enlarged to "EU 12" in January 1986 and "EU 15" in January 1995. Moreover, the

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4 Nowadays, it is largely recognized that a secret agreement was made at the Mitterrand & Kohl Summit in Paris in April 1990.
5 The Constitutional Treaty was signed in Rome in September 2004, but it was rejected by referendum in France and the Netherlands. It remains to be seen when the Constitutional Treaty will take effect.
6 This is PKO-typed military forces mainly for emergency outside the EU, not ones for the common European regional defense.
7 The United Kingdom, Denmark, Ireland newly joined in the EU.
8 Greece newly joined the EU.
9 Spain and Portugal newly joined the EU.
10 Austria, Finland and Sweden newly joined the EU.
EU enlarged to 25 countries at the beginning of May 2004, based on the Laeken Declaration at the European Council at the Laeken Palace in Brussels in December 2001. Thus, this fifth enlargement of the European Integration became a big bang-type enlargement, by bringing 10 new members\textsuperscript{11} into the EU at one time.

The European Union decided to establish the Convention for the Future of Europe, chaired by Giscard d'Estaing, in an attempt to make the EU's governance more democratic, more transparent, and more effective in coping with the future enlargement process, based on the Laeken Declaration in December 2001. The history of the European Integration moved into a new chapter via the Laeken Declaration. The Convention for the Future of Europe proposed a draft European Constitutional Treaty in June 2003.

Thus, Europe has been steadily developing both "deepening" and "enlarging" its integration for more than a half century. In particular, I would like to identify two crucially important factors which made these developments possible.

First of all, the core of the force driving the integration has been the strength of the political willingness of European leaders. Especially, the outstanding leadership of the core partnership of Germany and France has promoted European Integration to date. Although the EU's highest level of policy-decision making body is the European Council, which is a summit meeting held four times a year in principle, the Franco-German Summit which is usually held a few days before the European Council has been virtually making broad decisions on almost all of the most important issues for the EU. Successful examples of these so-called "Franco-German Axis" strong leadships have been de Gaulle & Adenauer, Giscard d'Estaing & Schmidt, and Mitterrand & Kohl.

The second important factor which has been propelling European Integration is the motto "an ever closer union" which has been defined in all successive EC/EU treaties since the Treaty of Rome (EEC Treaty) signed in March 1957. This motto shows the far-reaching and decisive willingness of Europeans to promote the deepening of European Integration year by year steadily even if it would take any longer.

Next, I would like to identify the four categories of people who made tremendous contributions to the promotion of European Integration.

The first category is the people who were born or grew up in the border area of Germany and France; for example, Konrad Adenauer, Robert Schuman, Jean Monnet (the father of Europe), and Helmut Kohl. These people, who were either born or grew up in this area marked by incessant wars, understood the necessity for reconciliation between Germany and France and European Integration from the bottom of their heart.

The second category is people who were embodied with a multi-nationality and multi-culture, such as Richard Coudenhove-Kalergi, Pierre Werner, Alcide de Gasperi and Emile Mayrisch. Particularly, Richard Coudenhove-Kalergi was called as "the father of European Integration" by being a leader of the "Pan European Movement"\textsuperscript{12} in the 1920s. He was born into an aristocratic Austrian family with Dutch-Greek-Italian blood. His father Heinrich, a Bohemian count, married with a Japanese woman named AOYAMA Mitsuko. Richard\textsuperscript{13} was born in Tokyo in November 1894 as their second son. The former Luxembourg Prime Minister, Pierre Werner, was born and grew up in Luxembourg which is a country with multi-nationality and multi-culture. The very small country of Luxembourg had a history of repeated invasions by large neighbouring countries whenever wars happened. So, he believed that there was no way to keep peace in his country other than avoiding wars throughout Europe.

The third category is people who were anti-fascists. More or less, most Europeans believed in that kind of ideology after the World War II. Particularly, those people such as Richard Coudenhove-Kalergi, Konrad Adenauer, Alcide de Gasperi, Jean Monnet, and Altiero Spinelli are these kinds. Generally speaking, European Integrationists have been traditionally and fundamentally peace-loving people confronting fascism and the extreme-right. Since the extreme-rightists in Europe in recent years are also anti-European Integrationists, the confrontation between the European Integrationists and extreme-rightists remains unchanged nowadays.

\textsuperscript{11} Poland, Czech Republic, Hungary, Slovakia, Slovenia, Estonia, Latvia, Lithuania, Cyprus, and Malta newly joined the EU.

\textsuperscript{12} He made a very famous "Paneuropa" speech in Vienna in May 1922 when he was only 27 years old.

\textsuperscript{13} He had a Japanese name "Eijiro", as well.
The fourth category is Hans Dietrich Genscher who came from East Germany. He had conducted Genscherism thoroughly during his tenure as the German Foreign Minister for 18 years from 1974 on. The purpose of his basic foreign policy of Genscherism was to accomplish the re-unification of Germany, to be celebrated by Europe as a whole, by strongly committing Germany to the promotion of European Integration.

I would like to point out the following important lessons for the future of Asia from the making of European Integration.

First of all, Europe has been promoting the Economic and Monetary Union (EMU) and the Political Union (PU) in tandem. There has been a heightened tendency towards establishing a European Security and Defense Initiative (ESDI) after the end of the Cold War. It seems to me that most European countries have been basically promoting independence from the United States and keeping their distance from the NATO,

Secondly, the German independence from the U.S. has been profound in promoting European Integration. Europe accomplished the historical milestone of creating a unified currency at the beginning of 1999. However this was the third attempt to establish the EMU which includes the creation of the monetary union at its third stage. The first EMU plan was made via "the Van Campen Report" by the European Parliament in April 1962 and "the Halstein Initiative" by the EEC Commission in October 1962, responding with a 5% revaluation of the German mark and the Dutch guilder vis-a-vis the dollar in March 1961 against the background of the first dollar crisis in October 1960 under the Eisenhower Administration. The Council of the Ministers of the EEC tried to decide on the creation of the EMU at that time. But, Germany finally opposed the plan, because it still put more emphasis on currency cooperation over the Atlantic rather than the relationship within Europe.

The second EMU plan came via "the Werner Report" in October 1970. It was agreed to implement this plan at the Council of the Ministers of the EC in March 1971, but it actually failed to start since West Germany unilaterally adopted floating exchange rates on the 10th of May 1971, responding to the great dollar crisis and the subsequent closure of the Deutsche mark foreign exchange market in Frankfurt. The Netherlands followed Germany a few days later. Then, three months later, the Bretton Woods System collapsed due to "the Nixon Shock" of August 1971.

In the late 1970s, however, Chancellor Helmut Schmidt himself initiated the establishment of the European Monetary System (EMS) since German independence from the U.S. had progressed. The then British Prime Minister James Callaghan strongly opposed the idea of the EMS, because it would challenge the U.S. and the dollar. But, Schmidt and Giscard d'Estaing decisively promoted the EMS plan, which came to fruition in March 1979. The birth of the euro in 1999 is based on the success of the EMS for almost 20 years.

The third lesson for Asia from the European experience is to realize clearly the existence of dislocation between continental Europe and Britain. Britain has different views and policy stances from other European countries on European Integration since historically and culturally large dislocations exist between continental Europe and Britain. In Japan and most Asian countries, many people do not properly understand the basic direction of European Integration and the extent of their political willingness needed to realize it since there is some bias toward Anglo-Saxon views. In the U.S. and Japan, most people including experts did not believe that a unified European currency would materialize. Jean Monnet who is called as "the father of Europe" nowadays, said "Do not care about what British people say. They will follow us hastily if we succeed." Looking back to the history of European Integration for more than a half century, it seems to me that Europe has been acting as Jean Monnet said. Although the UK has sometimes tried to delay or even

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14 On the other hand, there has been a tendency toward "The Europeanization of NATO", as well. In recent years, EU member countries have been filling the vacancy in NATO military forces which was made by the massive US military withdrawal from Europe.
15 The facts relating to "the Van Campen Report" are mainly dependent on Ungerer (1997), pp.84-85.
17 The first stage of the EMU was scheduled to start in June 1971.
18 He first proposed his EMS plan to the Commissioner of the EC in February 1978.
19 Yamashita (2002), pp. 69-70
block the development of European Integration, Europe has been making very steady progress without being affected by British actions, even leaving the UK behind on some occasions.

The fourth important point is that Europe had been carefully seeking their currency stability, by maintaining an intra-regional fixed exchange rate regime. The global monetary system was virtually forced turn to floating exchange rates from fixed exchange rate regime under the Bretton Woods System, because of an abrupt cancellation of the link between the dollar and gold by the Nixon administration on August 15, 1971. The link between the dollar and gold, which was an international pledge by the U.S. government, was the core of the Bretton Woods System. However, Europe decided to adopt a fixed exchange rate regime, "the EC Snake", within the region in April 1972. This move obviously ran against the global tendency of floating exchange rates, but it enabled a foundation for the further deepening of European Integration later. The European adherence to a fixed exchange rate regime was tremendously attributable to France which had been thoroughly advocating the idea of a fixed exchange rate regime ever since an International Economic and Monetary Convention held in Genoa in Italy in April 1922.

The fifth point I would like to point out is the EC (EU) has been putting emphasis on "the principle of subsidiarity" as a way of internal governance. This principle means that basically the lowest level of the government should have the power to implement, unless any major obstacle exists such as the substantial loss of effectiveness. Said differently, a higher level of government should have the power to implement, as far as it is more effective. Therefore, this principle is fundamentally one of de-centralisation, but on the other hand, the intent is to makes it clear that supra-national EU institutions have the exclusive power to execute key issues, such as monetary policy.

2. What Should Be Done for Building an Asian Regional Integration?

We in Asia should promote to build a regional security framework in an attempt to enhance mutual credibility, in addition to the economic integration. In this sense, we again could learn from the EU which has been promoting the Economic and Monetary Union (EMU) and the Political Union (PU) in tandem. Although the presence of the U.S. military forces in Asia may be needed at least for the time being, we in Asia should have its own security framework in East Asia with or without the United States. Said differently, we in Asia should seek a multi-layered security framework in Asia, just like in Europe which has the NATO, the Western European Union (WEU), OSCE (the Organization for Security and Cooperation in Europe), and the Council of Europe.

I would like to move on to what should be done to accomplish these targets as mentioned above. Firstly and most importantly, Japan's foreign policy stance must be changed profoundly. Frankly speaking, the Japan's independence from the United States is indispensable. In Europe, Germany itself began to initiate the European Monetary System toward the end of the 1970s, and actually the EMS actually materialized in March 1979. That is why German independence from the U.S. progressed considerably at that time, unlike at the time of "the van Campen Report" in 1962.

The "INSS Special Report- the United States and Japan: Toward a Mature Partnership" (the so-called "Armitage Report") 20 issued by the Institute for National Strategic Studies of the National Defense University in the US Defense Department said that the special relationship between the U.S. and the UK could be a model for the Japan-U.S. alliance in the future.

However, I firmly believe that Japan should take a role like "Germany in Europe", not "the United Kingdom in Europe". The UK has created a large gap with continental Europe, by excessively considering its relationship with the United States. As a result, the UK has not shown leadership in relation to European Integration in most cases. Furthermore, the UK has sometimes been called to be "the Trojan Horse of the United States" by other EU members. Japan should recognize the UK as an example of how not to behave. In Asia, Japan should take the role of Germany which decided to live within Europe and has demonstrated great leadership in promoting European Integration.

20 INSS (2000)
Although so many people in Japan are still excessively considering relationship with the United States, it should be clearly recognized that the United States is the reason why we in Asia need to promote the Asian regional integration. We in Japan and Asia must protect the adverse effects from the dollar's unrest which will inevitably continue as far as the current floating exchange rates exist. Under the current floating exchange rates in global monetary system, it is entirely impossible to impose the balance of payments discipline on the United States. The chart of real effective exchange rate (REER) of the major international currencies since 1970 which I showed in the second session apparently indicates which way we should take.

Although we might be able to assume that any Asian regional framework would not have progress without Japan ten years ago, nowadays we should assume that it could be progressed substantially even without Japan, considering the very rapid economic developments of China and the enhanced consciousness and willingness of Asian countries in recent years. If that were to happen, it would be certainly a worst case scenario for Japan's future. Symbolically, it is time for us in Japan to make a decision "to live in Asia".

Secondly, we in Asia need to develop a very strong "political willingness" toward Asian regional integration. From the more than half century of European Integration experience, it is obvious that what Asia needs most is firm political willingness at the highest level in each member country rather than a focus on what kind of scheme we should choose. At an earlier stage from the Treaty of Rome in 1957, Europe established its motto of "an ever closer union" for promoting integration. This principle meant the steady promotion of integration, step by step, even if it would take any longer. This will be extremely important for Asia, as well. It will be imperative for us in Asia to establish an action programme with a firm timetable.

Thirdly, we in Asia should begin with a smaller group at least for the most important issues, using the lessons leaned from Europe which started its integration with the "Original Six" of France, Germany, Italy, the Netherlands, Belgium, and Luxembourg. If we wait for every country of the 13 countries of "ASEAN + 3 (Japan, South Korea and China)" or the 15 countries of "AESAN + 5 (Japan, South Korea, China, Hong Kong and Taiwan)" to prepare, it would be very difficult to make progress. Particularly in ASEAN, some countries have a low level of economic development, such as Cambodia, Laos, Myanmar, and Vietnam (the so-called CLMV countries). I think it is realistic for us in Asia to begin regional integration with "the Original Eight" which consists of Japan, South Korea, China, Hong Kong, Singapore, Taiwan, Malaysia, and Thailand.

Said differently, when Asia promotes its regional integration, it will be realistic to adopt a "multi-speed approach" and "differentiated integration" which Europe adopted for promoting European Integration.

Fourthly, in the same way that European Integration was promoted strongly by the Franco-German Axis, Japan and China must assume great leadership together in East Asia. Although the regional framework of "the ASEAN + 3" has been promoted mainly by some ASEAN countries and South Korea so far, it will be necessary for Japan and China to show leadership in an attempt to promote East Asian regional integration in full scale. Japan should not assume sole leadership, considering the negative heritage of its history in the region, like Germany's heritage in European history. And, in East Asia the only country worthy of being Japan's partner would be China. This is not a matter of taste, but a logical proposition, since Japan and China are the two regional powers in East Asia. Although some annoying issues exist in the relationship between Japan and China, in the very longer perspective it will be crucial to build a so-called "Sino-Japan Axis" in an attempt to promote Asian regional integration. Said differently, Japan should take a similar role to that which Germany took in Europe, while China should take a similar role to the one France took in Europe. Only Japan and China could possibly formulate the core-partnership or the joint-leadership needed in East Asia to promote regional integration.

It is extremely important that Japan and China build a very good strategic partnership at the highest level from now on. We in Asia need a great partnership between Japan and China, equivalent to "Adenauer & de Gaulle", "Schmidt & Giscard d'Estaing" or "Kohl & Mitterrand". Although Germany and France have enhanced their partnership by creating and maintaining a very good give-and-take relationship, it would be possible for Japan and China to build their relationship by compensating for each other's weak points. While Japan's weak point is obviously the negative heritage of its history, on the other hand, China does not
have sufficient knowledge or the experience to lead the international community. Moreover, since the progress of Chinese democracy and humanism is still far from satisfactory, and it is still not qualified to be even a market economy from the European Union, it has incurred a huge debt to the international community. It is said that Germany and France have fought 27 wars to date since the beginning of the 16th century. On the other hand, Japan and China have had a very long history of interchange for almost 2,000 years. And, throughout history, the relationship between the two countries has been mostly very friendly, although there have been some very ill-fated periods in the modern era. Although Germany and France had been historical rivals each other until "the Schuman Declaration" in May 1950, they finally achieved historical reconciliation. I think it very unlikely that Japan and China will never achieve historical reconciliation.

In any event, however, China will need to dissolve the substantial mismatch between its political system and economic system at some point in the future, maintaining domestic peace. Presumably this would be a pre-condition for the historical reconciliation of Japan and China. Although it is inevitable that China dissolves this mismatch, this issue is going to be one of the largest agenda not only for China, but also for the international community as a whole in the 21st century.

Fifthly, it is extremely important for us in Asia to disseminate the recognition that Asia is a region which has a common cultural and historical identity. Asia is a region which has been heavily influenced by two great civilizations, China and India, in its very long history. Although Japan has been influenced by India too in its history, it has been influenced by China much more strongly. This is why China is much closer to Japan than India. However, if we go westward from Japan, the Indian influence gradually becomes increases. For example, Indochina is considered a region which has been influenced almost half-and-half by China and India throughout history. If we go further westward, however, historical influences from Indian culture become larger than those from Chinese culture.

And, Asia has been strongly influenced by Japan in the modern era. In sum, I think that Asia is a region which has been influenced by Chinese and Indian culture in the past, whereas it has been influenced by the Japanese model of economic development in some way since the beginning of the modern period. This is the Asian identity which I understand. We in Japan should devote all our energies to "the Construction of Asia", and not to waste our efforts on APEC which is basically meaningless and actually almost dead.

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*YAMASHITA (2006 a), p. 77*

"The Promotion of Asian Integration by Learning from the European Experience: Establishing a Sino-Japan Core Partnership as the Key"
Box. External Factors Affecting the Promotion of European Integration

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YAMASHITA Z. (2001), p. 69

"The Promotion of Asian Integration by Learning from the European Experience: Establishing a Sino-Japan Core-Partnership as the Key"

Bibliography

(in English)


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