

BOOK REVIEW

Asia to Manage Global Financial Crisis: Considering 'G20 Multilateralism' and 'New Regionalism' as Decisive Determinants

Jehoon Park, TJ Pempel, and Geng Xiao (Eds.), *Asian Responses to the Global Financial Crisis: The Impact of Regionalism and the Role of the G20* (Cheltenham and Northampton, MA: Edward Elgar, 2012), x + 292 pp, £85.00 (Hardback), ISBN 9781781003909

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This co-edited book is actually the product of the second conference of the South Korea-based Asia Economic Community Foundation (AECF)-sponsored Asia Economic Community Forum (AEC Forum) held on 7-9 November 2010 in Incheon, South Korea. The editors avow that their volume's chapters were the best papers from among those 80 that were presented at 25 different sessions in this international event. As they also disclosed, the theme for the 2010 AEC Forum on "Post Crisis New World Order: Asia and G20" was classified into three main plenary groups as follow: (i) Grand debate about the 21st century capitalism; (ii) Grand compromise among the United States (US), China, and the European Union (EU); and (iii) Grand dialogue between Asia and the West. They did it by considering the fact that the G20 Summit was to be held in Korea on 11-12 November, right after the

forum. Also, they liked to sensibly regard this second AEC Forum as a "pre-G20 forum."

In any event, this book captured my attention to a reasonable degree because of its main title that is focused on Asia from the global context as well as its sub-title that is relevant to this continent from both regional and multilateral perspectives. Despite that, I became frustrated after I had uncovered the table of contents of this volume. It caused me to feel more upset once I finished reading the whole book chapter-by-chapter. In point of fact, its full title can readily be lambasted for several impetuous ideas and unattractive features. More meticulously, the title is simply spurious that provides the readers with a wrong perception or generalized impression. It is because the study covers only two sub-regions, that is, East Asia (also known as Northeast Asia) and Southeast Asia along with the

Association of Southeast Asian Nations (ASEAN) to some extent, out of the six sub-regions of the entire Asian region. Many of the developing Asian countries and regional blocs that are grimly affected by the global financial crisis at the same time have in every respect been brushed aside. This publication immoderately incorporates two full-fledged chapters, for example, one on a non-Asian country (i.e., Australia) and another on Asia-Pacific Economic Cooperation (APEC), as a free trading forum for 21 member economies throughout a region spanning the largest Pacific Rim. It is overabundance to say that three synonymous words used for the title, that is, “response” (in the first part), “impact” and “role” (in the second part) are roughly used. Really, it is ignominious to descry that even some most internationally well-proven academics lack a methodological knowledge about the region of Asia in toto.

As the volume’s title indicates, it seeks to deal with diverse affairs related to the Asian responses to the global financial crisis, by taking regionalism in Asia and G20 (Group of 20) into a particular account. However, while this big-sized book consists of 16 chapters, not a single chapter on the conceptual structure has essentially been presented. Since the editors did not advance any argument or a central claim in support of their research, probably they did not need to do it. Besides, though the phrase “global financial crisis” (also called “financial crisis of 2007–2008”) reportedly as the worst financial crisis since the Great Depression of the 1930s engendered more likely and accelerated widely by the economic globalization process as well as the term “regionalism” as a political economy ideology focused on the normative benefits of a certain region or group of regions are wontedly utilized in the title, underlying explanation of any of these catchphrases is offered. Understanding that G20 as a worldwide platform for the governments and central bank governors from 20 major economies is also applied, the book did not furnish an elemental definition on multilateralism as a notion in which multiple countries or institutions work in concert on a given concern. The editors professed: “This book also has a unique feature in that contributions are made from an interdisciplinary approach covering economics and political science” (p. x). But they did not adopt a theory of “economic

diplomacy.” Besides, both the Washington Consensus and the Beijing Consensus, which were debated in their project, are basically the economic (not political) development policy prescriptions of the US and China respectively. In fact, almost all the chapter titles read economically-propelled, not politically-oriented. According to the editors, since academic interest in regional integration and regionalism in East Asia has recently been increasing, most publications were written in the national languages and, hence, are limited in their inclusion and in their audiences. In addition, they view that some of these publications were written in English mainly by Western scholars. But I do not believe that this is the actual scenario. Apparently, the East Asian regionalism is a single topic on which tons of publications have over the decades been produced (in English) by both Asian and Western scholars.

It is factual that the editors endeavor ed to corroborate a coincidental importance of the G20 Summit for the AEC Forum (in which one of them is Secretary-General). But it seems that the co-editor (Jehoon Park), as a Korean citizen, intentionally preferred this global multilateral body to any other regional multilateral institution—like the Asian Development Bank (ADB) in which the number of Asian member states is the biggest—as a suitable platform to accommodate his country as a middle power. Anyway, the editors were not able to circumvent criticisms of the G20, which is still lacking its permanent office, crucially observing that the G20’s membership policies have been under numerous intellectuals’ skepticisms and its summits have at the same time been a cynosure for substantial protests by anti-globalists, nationalists, and others since its inception in 1999. Having said that, while the editors proclaimed in the book’s Preface that “Many Asian countries actively participate in the G20 as member countries. So the G20 is becoming a global institution showing the increasing powers and roles of Asian countries in global issues” (p. ix), it sounds a downright utterance. More concretely, they did not categorically indicate which countries from Asia are members at the G20. Till now, the geographical representations of the G20’s Asian members are Northeast Asia (China, Japan, and South Korea), South Asia (India), Southeast Asia (Indonesia), West Asia (Saudi Arabia and Turkey), North Asia (Russia) and none from Central

Asia. Although a complete chapter compared the contributions of two middle powers (i.e., South Korea as a nation of Asia and Australia as a country outside this region) toward the building of a regional order, the editors did not find any other middle power (Indonesia, Saudi Arabia, or Turkey) as a G20 member from the Asian continent. Apart from this, when a number of chapters of the volume are directly entitled “China,” it is deficient in any chapter on a “shining India.” On this case, the book has an unfair prejudice in favor of a certain circle of scholars and researchers from the Northeast Asian region (mostly from China and Korea), seeing that its three co-editors are respectively from South Korea, the US, and Hong Kong.

A US-based co-editor (TJ Pempel) in his Chapter 11 (Global Financial Regulation: G2 or G20) opined: “Meanwhile Japan has been in a 20-year slump and Europe faces colossal internal economic challenges.” Clearly, the second part of this quotation contradicts the title of Chapter 15, which tried to justify the European Model for the regional institutionalization of East Asia. In other words, it is a salient question how Europe could be a good practice for Asia if the European financial impasse looms large. Concerning the first part, it appears very infuriating while lacking sound reasoning. The author usually shared with other analysts who comfortably hold such a perception about Japan, a declining nation with its “lost two decades.” But he did not acknowledge the truism that Japan has taught the world a great deal about how to cope with the financial crisis. Obviously, even though this nation was hit hard by the global financial crisis, it was able to initially restrict the direct implication of such difficult condition and withstand quickly from it, thanks to its relatively resilient financial system. Also, he overwhelmingly viewed that China had become a central player in petitions for financial aid from countries like Mongolia and Pakistan. He should have thoroughly investigated how Japan with its generous official development assistance (ODA) programs, regardless of its severe fiscal situations and Japanese public dissents, has remarkably shouldered for China’s economic growth and prosperity. Needless to say, Tokyo through its ODA has taken many steps to help Asia recover from the aftermaths of this region’s recent economic crisis as well as help foster

its economic cooperation and integration process over the past several years. Moreover, it would have been more exciting if this writer had sketched an insight into the reality about how China has heavily depended on Japan not only as a major trading partner but also as a recipient of a staggering amount of foreign direct investment (FDI) from Japanese multinational corporations (MNCs). Instead, with his thinking that the economies and businesses of America and China have growingly become linked in recent years, he asked: “Why not allow the Big Two (i.e., G2) to run the global financial show, as they seem to be doing anyhow?” (p. 166). This statement indeed asserts the opposite of the first sentence of the book’s first chapter: “The period of United States hegemony in the world-system is now definitely at an end” (p. 1). It sounds contradictory, because he determined that the G7 (Group of Seven), in which his own country possesses a membership, is certainly on the wane. Why did he not propose a trilateral dialogue among the G3 (Japan, China, and the US) for helping solve the global financial problem? Regretfully, the editors also demonstrated their narrow-mindedness to add a full-fledged chapter on Japan as a long-established power in contrast to China as a newly-emerging power from Northeast Asia, about which I was particularly concerned and intrigued. More specifically, such a chapter titled “The Concurrent Global Financial Crisis: Repercussions on and Reactions by Japan” in place of this volume’s so many less apropos affairs might have been more meaningful and useful. Not unexpectedly, conceding that the book incorporated a chapter on the consequences of Sino-US relations for the East Asian community, it might have been compelling if the editors had examined how Japan-US security alliance makes its impact on the same framework.

In the volume’s concluding chapter, Jehoon Park, the Korean editor, desired,

There are many roles Asian countries could play in the construction of a global governance system. They may suggest a vision for the establishment of a “World Economy Government”, which will lead globally to the comprehensive management of overall economic policy. This could be a kind of economic United Nations (UN). This initiative,

however, could be realized only if the efforts for the construction of an Asian Union are accompanied. (p. 272)

It seems that he is overoptimistic about the future role of Asia in ultimately helping turn into an “economic UN” from the “One Asia”-enshrined Asian community. To be more precise, it can be interrogated whether such a visionary but revolutionary concept on the creation of an “one world government” as a common political authority for all of humanity will be realistically possible. So, it can also be asked whether such a “world economy government,” which is typically judged exclusively in monetary terms, will eventually take place in a globe of ever political hostilities and tensions, especially because the global elite nations have never been closer to their goal of a united world. The last sentence of the book encouraged: “The G20 could play a role of an immediate institution toward designing the global economic governance system” (p. 272). Of course, the emerging market economies in Asia and elsewhere have rapidly evolved as a proportion of global gross domestic product (GDP) in the recent years and thereby heralded a new world order. It is also true that the balance of the global economic power continues to shift. Nevertheless, in spite of pressures from them consistent with their financial weights for change in the leading international economic institutions, these remain disproportionately controlled by representatives from the advanced economies. For example, an American has always led the World Bank and the International Monetary Fund (IMF) by a European. Accordingly, it would have rather been sharp-witted, if this author had recommended: (1) why the world leaders should urgently be ready for redesigning the G20 as the globe’s most decisive body with their unaffected initiatives to tackle the global financial problems; (2) when the G20 will be able to effectively and completely replace the G7 as the existing predominant economic council of a few wealthy, industrialized, and powerful nations; (3) how the Asian member nations within the G20 can more convincingly steer this body with the reforms in the direction of a global economic governance as an umbrella mechanism; (4) which is the best means to bring the markedly deteriorated relationship between

China and Japan as great powers back to normal trajectory and engagingly cooperate each with other to further energize this organization beyond their mutual gains at G20; and (5) whether an emerging India could really be capable of playing an important role in the G20 deliberations on global economic situations and international security challenges.

In sum, while the book suffers from its mistakenly-chosen and self-advantageous title in addition to several biased stances and conflicting statements, it is neither systematically organized nor methodically contended. Probably, an embarrassingly haphazard presentation of the chapters prevented the editors from offering some satisfactory suggestions that reflect all chapters. Exclusion of numerous essential and authentic facts is problematic in particular. In other expressions, this co-edited volume reads more descriptive, prosaic, and ambitious but less ingenious, enthralling, and realistic. Frankly, the research is neither what it purports to be doing something different nor what that has been accomplished with the sincerest attention and necessary scrupulousness.

No matter what harsh comments I have made against this book in my organized and rigorous review, this experimental production undoubtedly deserves some credits. First, compared to many more literary works on overall Asian regionalism, I have come across such a publication with its completely dissimilar title stemmed from an interdisciplinary political economy approach for the first time. Although there are some inconsistent elements in the chapter-wise list of references, this comparative study contains a number of referral materials in the Chinese and Korean languages. It might still be handy to the students, teachers, and policymakers who are inquisitive, especially about the arenas of Northeast Asian studies and economic policy research. Furthermore, because of its fitness to the literatures on foreign policy, international relations, and global development, this seasonal and unusual volume can be treated as a source of future research by those who aspire to sharpen their knowledge-base about: (1) why the G20 can yet justly be considered a useful and dynamic setting of discussions in a multipolar world structure, notwithstanding its post-crisis loss of momentum; (2) whether such large-scale and fast-blossoming Asian economy such as China is truly set

to bear a more significant responsibility in the global economic governance architecture; (3) what reasons have practically led Asia to better attain the global recovery following the late-2000s recession as well as during the 2008 global financial crisis; (4) how this region can formulate the G20's agenda for balanced and continual growth, by strengthening intra-regional trade when stimulating domestic demand; and (5) which the most achievable way is for the G20 Asian nations to promote peace process with the genuine leadership qualities in cultural "soft power" diplomacy as against "hard power" politics for a lustrous future of regional economy, while underlining the value of global human security and the UN's recently-divulged sustainable development goals (SDGs).

