

Extending views discussed from Chapters 3 and 4, Sumner J. La Croix and Denise Eby Konan in Chapter 9 provide a good exposition on how developing countries benefited from incorporating intellectual property rights into their international trade agreements. To maximize the value of goods and services, well-defined property rights were crucial for widespread positive spillover effects. For continuity in industrial and economic progression, environmental sustainability is evidently becoming a key aspect of new trade literature (Chapter 7). Main fault lines arise from the failure of political institutions to address environmental problems, especially those of global nature. Trade *per se* is not at fault to lead the “race to bottom” in environmental regulations (p. 83). No matter what kind of trade regime exists, it is due to the lack of awareness and respect for the environment as well as laxity and incapability in implementing existing mechanisms that has caused environmental degradation.

Nevertheless, no perfect marriage exists between trade and environmental policies. What is needed is a coherent involvement of all social stakeholders. A more practical encouragement is necessary of capitalistic environmental companies towards accepting the country’s higher standards not only to avoid losing hold on the market but such that they could also easily meet standards in the international arena (p. 111). “*First best*” policy tools should highlight, however globalized and dispersed goods and services are; they still create some local jobs while losing some to outsourcing. Experts with local knowledge and anecdotes can reinvent contributions with more practical and workable solutions as much as academic principles and models feed the intellectually inclined.

A more practical assessment to the scholarly papers was provided in the second part of the volume. Views presented by policy practitioners from Chapters 11 through 14 hold a common theme throughout: it is one of acceptance towards increased trade liberalization and investment policies, pro-institutional policies and a balanced regional and multilateral commitment in support of WTO, FTA and DDR groupings. Surprisingly, policy views stopped short on what can be built

into larger PAFTAD projects and how to engage the basic stakeholders (such as NGOs). Views of business practitioners from Chapters 15 through 19 purely extend their pragmatic experiences from Indonesia to Iceland, besides the United States. The business perspective seems balanced by the academic and corporate authors on new globalization, with California, Hawaii and Singapore presented as case studies. The academic perspectives from Chapters 20 through 24 provide more on globalization and its inevitable adjustments to managing the sensitivity of WTO negotiations and regional trading arrangements. The academic piece provided by Peter Drysdale (Chapter 20) gives a good account on systemic problems brewing from trade negotiations. He warned of East Asian FTAs replicating or innovatively recreating US FTAs as a potential for missteps (p. 214).

In summary, this series provided a good assessment of analytical and empirical issues in relation to the “*Challenges Facing the Global Trading System*”. A common consensus all throughout is about what we call the wider systemic implications for the multilateral system before the WTO plays a regulatory role. The prospects for a sustainable future are constrained by a range of factors requiring sincerity from all economic and political stakeholders.

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***The Politics and the Economics of Integration in Asia and the Pacific.* Edited by Shiro Armstrong.** London and New York: Routledge, 2011. Pp. 209.

This is another valuable addition to the books in the Pacific Trade and Development Conference (PAFTAD) series. Like its related publications, the *Politics and the Economics of Integration* is another well-edited contribution to the ongoing discourse on the Asia-Pacific region. Based on the conference held in 2009, the chapters in the

volume collectively address how the interaction of politics and economics affect the structure and scale of economic integration in the region. Both domestic and external political cum economic variables that affect the integration process are given detailed emphasis in the chapters. It is also heartening to see the role of politics as influencing economic integration, conveniently neglected by most mainstream economists. Thus, several chapters in the volume bring a measure of realism in understanding the process and level of integration in Asia-Pacific.

Shiro Armstrong, as the editor, has provided a readable and interconnected collection of eight chapters that address the major themes of politics and economics, reminding the readers that one cannot overlook the “political elements that are involved in shaping all forms of regional and international economic integration”. In addition to Armstrong, other leading economists/political economists, namely Peter Petri, Razeen Sally, Peter Drysdale, Ralph Paprzycki, Keiko Ito, Xinpeng Xu, Yu Sheng, Helen Nesadurai and Haryo Aswicahyono have contributed to the volume. The Asia-Pacific is not short of structures or processes in integrative attempts; since the late 1970s when five member ASEAN group initiated a modest PTA (Preferential Trade Arrangement) and later in the 90s when APEC promoted a voluntary-based open regionalism to facilitate greater economic cooperation, more serious initiatives have been floated, some seriously considered and implemented, while others still waiting for fruition.

As Petri has reminded us in his chapter, integration is now much more complex than just removing barriers to trade. A greater sense of interdependence and urgency has to be injected so that the various players, be they at the bilateral, regional, or global levels seek new ways of meeting the challenges of international economic relations. New approaches are needed, as Petri points out, coming in the wake of the 2008–09 crises when this book-based conference was held. Sally, on the other hand, provides an interesting argument based on his overview of the various institutional attempts; he is convinced that economic integration processes

will remain weak, given the great diversity in the economies of the Asia Pacific and the high level of political considerations. He asserts that “economic integration will work bottom-up only if policies and institutions improve in its individual members, particularly the leading ones”. As he points out, “regional institutions such as APEC, ASEAN, SAFTA and APT can be useful at the margin. They can be chat forums, gradually improve mutual surveillance and transparency, promote trade facilitation and ‘best-practice’ measures, and (at best) cement unilateral liberalization and help to prevent its reversal in difficult times.” He feels that only institutions with realistic goals and instruments will be of some success given the intra-Asian political and economic divisions. Realism is always a good testing pad for ‘feel-good’ proposals by government leaders.

Armstrong and Drysdale, in their contribution, analyse the influence of economics and politics on the structure of world trade and investment flows by utilizing indices of political distance/closeness between countries on trade and investment. Their data analyses show interesting conclusions and implications for the future. They found that multilateral institutions reduce economic and political distance between trading partners; while political relations did affect economic relations, it had relevance for export activities and less so for import activities. However, they found that international investment was a more important indicator than international trade when it comes to political impacts; thus, the significance of FDI cannot be discounted in regional relationships. The writers offer another important conclusion: that East Asian economies are leaders in trade and economic integration, measured in terms of their trade and investment performance. They are also convinced that (based on their data collection and measurements) there is no trade diversion in the APEC and ASEAN arrangements, unlike in other major regional groupings like NAFTA and EU. But their main contribution is in understanding the potential role for investment regimes (more so than trade), on political relations in the region, and therefore the need to investigate that aspect further.

Another quantitative analysis on investment, production, and trade networks is by Paprzycki and Ito that focus on FDI in East Asian integration and how FDI and production strategies have shaped and been shaped by policy trends. They have selected the electrical machinery industry to illustrate that the countries in the region have become important markets for each other when trade (not only in intermediate but also in final goods) is relatively unimpeded. Thus, the call for more conducive policies geared for promoting the intra-regional trade in final goods would be a positive move in place of the fragmentation of production. The issue of intra trade is further explained in the study by Xu and Yu on trade between mainland China and Taiwan. The changing nature of international production patterns offers an insight into the growth of trade in parts and components. However, their analysis confirms the impact of political considerations in the China-Taiwan trade, especially as it affects Taiwan's imports from China; while China's market is more open to Taiwan, Taiwan's is more restrictive. Hence, the potentials are there if policies are modified to accommodate the growing interdependency of trade through the division of labour.

Using her in-depth knowledge of ASEAN, Nesadurai reviews the progress of ASEAN's ambitious plans for an economic community (AEC) planned for 2015. She aptly calls her chapter, "the varying fortunes of ASEAN economic integration". Past experiences in economic cooperation since 1977 have not been encouraging, and thus the bold initiatives introduced in 2003 for regional

integration have to be taken with a measure of scepticism. While each member state has given its commitments towards integration, the implementation process is fraught with national hurdles (fortunately on a declining scale) that are still causing potential hiccups. National reforms have been attempted in most member states, but the domestic stakeholders still exercise strong influences. Regional intra-member competition amongst mid-level economies like Indonesia, Malaysia and the Philippines is also a hindrance, but global factors may push the member states to work harder in realizing a regionally workable economic grouping.

Haryo rounds up the volume by providing a macro appraisal of the region, with specific reference to APEC and how it could assist the public and private sectors in member countries to address economic problems. An interesting point is how governments can institute reforms as well as manage the vested interests, ultimately leading to implementation of commitments according to the regional road map.

The various chapters in the volume offer a variety of insights and information on the issue of economic integration in the Asia Pacific. Invariably, politics and policy considerations are crucial in the integrative process. The diverse views on and implications for integration provide a rich source of material on the continuing saga of regional integration.

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