APEC and the Construction of Pacific Rim Regionalism (review)

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REVIEWS

John Ravenhill. *APEC and the Construction of Pacific Rim Regionalism*. New York: Cambridge University Press, 2001. xii + 294 pp. ISBN 0-521-66094-7, $70.00 (cloth); 0-521-66797-6, $25.00 (paper).

Founded in 1989 and comprising the world's three largest economies (the United States, China, and Japan) together with eighteen other member states with diverse economies and polities, APEC (Asia-Pacific Economic Cooperation) has become the leading forum for government collaboration in the Pacific Rim. This history of its first decade of operation is the latest volume in the Cambridge Asia-Pacific Studies series. John Ravenhill, the series general editor and author of this book, is a leading international political economist who has made significant contributions to a number of literatures on globalization, the political economy of East Asia, and Australian politics. Although the primary audience for this volume is undoubtedly the international political economy community, there are themes here of interest for business historians, at least for those with the catholic interests represented by *Enterprise & Society*.

Emanating from proposals first made in the late 1960s within East Asia for an intergovernmental Organisation for Pacific Trade and Development that could harness the growing interdependence between Asia-Pacific economies, APEC came to fruition two decades later in very different economic and political circumstances, both regionally and globally. The positive version of its subsequent development emphasizes APEC's position as the fastest growing of all regional economic organizations; its imaginative, challenging, and globally important targets (especially free trade in the region by 2010 for its developed economies and by 2020 for those less developed); its annual meeting of economic leaders, which is the only institutionalized forum that brings together government heads of all Pacific Rim countries, including the "three Chinas" of the People's Republic, Hong Kong, and Taiwan; and, in contrast to other international organizations, its commitment to facilitating business, regularly bringing private-sector business into its activities. Indeed, at APEC's core is the recognition that business has always been the primary force behind dynamic growth in the region: APEC economies now comprise some 55 percent of global production and 45 percent of global trade. A commitment to open regionalism through trade liberalization and cooperation has yielded enormous economic benefits for the organi-

zation's members, allowing APEC to evolve toward wider ambitions of promoting macroeconomic stability (made more necessary by the 1997 Asian financial crises) and the more equitable distribution of the benefits of globalization across all of its members through programs of technical cooperation and development.

The contrary view suggests that many of these economic benefits would have occurred because of globalization and that by its tenth birthday in 1999 APEC was adrift, unable to progress in key areas, lacking an effective secretariat, and suffering from fatally flawed institutional design and insoluble conflicts of interests between member states and the economic interests they have to reconcile. Ravenhill, who is critical of APEC's performance but not to the point of pessimism, explores many of these problems through two case studies that will be of interest to historians of contemporary business—the negotiations on investment principles for regional foreign direct investment and on proposals for early liberalization in a selection of industrial sectors. The overall conclusion, that "trade continues to be a mixed motive game, one that contains powerful incentives to defect" (p. 185), will hardly surprise, but there is much of interest here on the interaction between domestic and international politics and business in setting incentives for business and other agents' cooperation, on how interests and identities are formed and interpreted, and on compliance problems.

I hoped for more on APEC's Business Advisory Council (ABAC), but we can view the limited coverage in light of the overall objectives of this volume: to discern whether APEC, a *sui generis* organization, can reveal generalizable political economy conclusions about institutional design; to analyze the costs and benefits of collaboration; and to consider whether regionalism is a stepping stone or a stumbling block toward global trade liberalization. Among its detractors, APEC has an alternative acronym: A Perfect Excuse to Chat. Given the legacy of Second World War and Cold War suspicions and tensions within the Pacific Rim, chat hardly seems inappropriate for confidence-building in an economically and politically unstable region; and, as Ravenhill makes clear, APEC's current problems stem in part from exaggerated expectations for the future.

Nonetheless, mere survival forms a weak criterion by which to judge the success of an international organization, and it remains to be seen whether an institution whose "principal focus is the minutiae of trade facilitation and whose achievements remain modest" (p. 222) can continue to attract attention at the highest political level. Certainly ABAC's recent report, *Facing Globalisation the APEC Way* (2000), suggests that in East Asia, much more than in Europe, there is less fatalism about globalization for the future of the nation-state

and national businesses. Against this, however, it remains the case that East Asian governments increasingly have looked to their regional organizations rather than to APEC as the principal means of promoting cooperation. In assessing APEC's institutional strengths and weaknesses, and their implications for trade regimes, Ravenhill performs a valuable service in establishing the choices that all economies and businesses must face, whatever their location.

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George Symeonidis. *The Effects of Competition: Cartel Policy and the Evolution of Strategy and Structure in British Industry*. Cambridge, Mass.: MIT Press, 2002. x + 542 pp. ISBN 0-262-19468-6, $55.00.

The extent and nature of competition have long been themes of considerable interest for analysts from many disciplines and for public policy practitioners. George Symeonidis approaches the subject as it relates to British manufacturing industry during the 1950s and 1960s through the lens of economics, combining theoretical insights into competition and game theory with extensive econometric analysis. The imaginative central idea of the study is to evaluate the degree to which competition increased following the 1956 introduction of the Restrictive Trade Practices Act. This legislation, which Symeonidis places in the wider context of cartels and regulatory policy in chapter 2, compelled firms to register most types of trade agreement with a newly created court. The act did not rule against particular trade practices, but the Restrictive Practices Court's early decisions displayed a presumption that such arrangements were not in the public interest.

Symeonidis argues that the court's rulings resulted in the abandonment of most collusive agreements between 1959 and the mid-1960s. As a result, there is an opportunity to determine the effects of competition on the structure, behavior, and profitability of British industry. In order to do so Symeonidis divides manufacturing into three groups: sectors characterized by trade agreements and so presumably affected by the 1956 act; sectors without such arrangements and thus unaffected; and an ambiguous grouping for which the extent of cartelization is uncertain. In the three core chapters of the book, he examines price competition thematically by comparing trends in "affected" and "unaffected" sectors, with the "ambiguous" category left aside.