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The Genesis, Design and Effects of Regional Institutions: Lessons from East Asia and the Middle East

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Why do regional institutions emerge, what accounts for their variation in design, and what are their effects? Several conceptual and epistemological perspectives—neorealism, neoliberal-institutionalism, constructivism, and domestic politics—provide competing and complementary answers to these questions. I focus on regional organizations as productive arenas for developing contingent propositions on institutions more generally. The purpose is to advance cross-paradigmatic dialogue in two ways: through sensitivity to scope conditions and to institutional genesis, forms, and effects, in an effort to transcend axiomatic debates that often conflate different dependent variables. The empirical analysis includes the Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC), ASEAN Regional Forum (ARF) and the Arab League. The main findings from these cases suggest that understanding the nature of dominant domestic coalitions is often crucial for explaining incentives to create, design, and fine-tune the effects of institutions. However, this is mainly the case when the consequences of creating or designing institutions for power distribution, transaction costs, and norms are negligible or hard to estimate. In many cases these consequences are sizeable, reducing the explanatory influence of domestic coalitions. The latter often provide no more than permissive conditions for the emergence, design, and effect of institutions. Their influence is most decisive in explaining institutional genesis but is often underdetermining in explaining their design.

Why do regional institutions emerge, what accounts for their variation in design, and what are their effects? The literature offers little agreement on these three questions. Rationalistic perspectives dwell on relative power, collective action, or domestic politics to understand the origins, design and effects of institutions. Social constructivist perspectives emphasize culture, norms, and identity. Each approach not only relies on different analytical categories but also varies in its relative attention to explaining institutional genesis, design, or effects. As Rosecrance (2001, 154) argues, ''A new intellectual industry is needed that traces the incentives of institutional precursors and then examines institutional results

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down the line.'' While heeding that call and recognizing enormous institutional diversity, I focus on regional organizations as productive arenas for developing contingent propositions on institutions more generally. The empirical analysis includes the Association of Southeast Asian Nations (ASEAN), Asia-Pacific Economic Cooperation (APEC), ASEAN Regional Forum (ARF), and the Arab League (League henceforth). The main findings from these cases suggest that understanding the nature of dominant domestic coalitions is often crucial for explaining incentives to create, design, and fine-tune the effects of institutions. However, this is mainly the case when the consequences of creating or designing institutions for power distribution, transaction costs, and norms are negligible or hard to estimate. In many cases these consequences are sizeable, reducing the explanatory influence of domestic coalitions. The latter often provide no more than permissive conditions for the emergence, design, and effects of institutions. Their influence is most decisive in explaining institutional genesis but is often underdetermining in explaining their design.

Section I reviews four approaches to institutions in international relations. Section II builds on, but also moves beyond these conventional ''battles of conceptual suitors'' by developing three propositions adaptable to cross-paradigmatic research. These identify the specific conditions under which the nature of domestic coalitions seems best suited to explain the genesis, design, and effects of regional institutions, as well as the conditions under which they are not. Section III applies these propositions to the East Asian cases and Section IV to the Middle East. Section V summarizes the main substantive findings for these particular cases and the conclusion places them in broader perspective.

The choice of East Asian and Middle East cases has several substantive and methodological advantages. First, it allows us to scrutinize conventional assertions that often characterize East Asian or Middle East institutions as regionally exceptional. Second, many have cast the study of East Asian regional institutions in reference to the EU experience—the anomaly—rather than that of other industrializing regions.[1] Third, although it is the oldest regional institution created since 1945, the League has rarely been subjected to systematic cross-regional analysis.[2] Fourth, the two regions shared similarities in initial developmental conditions in the early post-1945 era, but their subsequent divergence offers an opportunity to examine the broader context against which regional institutions evolved in each region. Some have survived and developed; others have atrophied. Fifth, the cases chosen allow us to explore the propositions' applicability to both economics and security, issue-areas often studied in isolation. Indeed ASEAN and the Arab League include an even wider range of issue-areas, providing additional observations. Sixth, the cases offer significant variation in longevity, from the oldest (the League, created in 1945), to middle-aged (ASEAN, 1967), to younger ones (APEC and ARF, 1990s). Seventh, the cases offer variation across institutions in the dependent variables of interest: genesis, design, and effects.[3] Finally, the cases offer many observations involving these institutions' emergence, multiple circumstances involving their design, and various spatial and temporal opportunities to observe their effects.

[1] Among other things, comparisons between East Asia and the EU face the potentially confounding effects of heterogeneity in industrialization stages, whereas East Asia and the Middle East largely shared comparable initial conditions in the post-World War II era.

[2] For partial exceptions, see Zacher (1979), who focuses largely on the League's ''effectiveness,'' and, more recently, Barnett and Solingen (2007).

[3] *Genesis* here refers to events, social forces, and processes leading to institutional creation. *Design* refers to attributes including degree of formality, autonomy, and membership rules. *Effects* address the size and nature of the institution's impact (constraining state behavior, enhancing information, re-defining actors' identity) and their primary beneficiaries.

Genesis, Design, and Effects of International Institutions: Rationalism and Constructivism

Rationalist accounts of international institutions vary in the extent to which they rely on power, state efficiency, or domestic politics as core analytical categories. For neorealism, the *genesis* of institutions can be traced to powerful states that occasionally find them convenient instruments of statecraft. Unsurprisingly, given these imputed origins, their *design* resembles flimsy, supple artifacts, arenas for exercising power, pliable superstructures coating the deeper foundations of power, and subject to changes in those foundations, which can render institutions ephemeral. As residual actors—intervening variables at best—institutions have limited *effects*. The most powerful states accrue disproportionately whatever benefits these institutions yield. In a world where conflict is the norm, institutions are neither necessary nor sufficient for cooperation. Given their epiphenomenal status, institutions were not central to neorealist approaches but this earlier bias gave way to greater interest in institutions. At least four neorealist arguments explain the genesis, design, and effects of regional institutions: hegemony, defensive regionalism, ''binding,'' and ''bandwagon institutionalism'' (Grieco 1997; Gruber 2000; Keohane and Martin 1995; Rosecrance 2001; Waltz 2000). Hegemons may have strong incentives to organize regional institutions, but so may have others seeking to balance against hegemons or other institutions. Weaker states may bind themselves to institutions to enhance their power within them or for fear of being left behind. Empirical research on—and a tighter typology of—neorealist hypotheses in this area are works in progress.

Neoliberal institutionalism evolved from the assumption that states advance their interests by creating institutions to manage growing interdependence and overcome collective action problems. Institutions reduce uncertainty, enhance information about preferences and behavior, lower transaction costs responsible for market failure, monitor compliance, detect defections, increase opportunities for cooperation, reduce the costs of retaliation, facilitate issue-linkages, and offer focal points or salient solutions (Keohane 1984; North 1981; Williamson 1985). Efficiency considerations thus drive the *genesis* of institutions when states' benefits from creating them are greater than the transaction costs entailed in negotiation and enforcement (Powell and Di Maggio 1991). The theory has proven less apt in explaining why certain points become ''focal'' but not others (Johnston 2001) or why some solutions along the Pareto frontier—that leave everybody better off—are adopted over others (Krasner 1991). Haggard (1997) found ''little evidence for the theory that higher levels of interdependence generate the demand for deeper integration,'' or that trade generates prisoners' dilemmas that only institutions (or hegemons) can resolve. Regarding *design*, as in neorealism, neoliberal institutionalist approaches view institutions as arenas or tools of states, not purposive actors but transaction-cost-reducing mechanisms. Institutional formality and autonomy are contingent on states' willingness to invest them with such features so as to extract substantial benefits (Gourevitch 1999). Institutions take different forms contingent on the type of collective action problem to be solved (Koremenos, Lipson, and Snidal 2001). Investments are not always crucially about material resources, talk is not always cheap, and formalization can undermine cooperation (Lipson 1991).

Regarding *effects*, institutions constrain and can change the context, preferences and beliefs over outcomes (Goldstein and Keohane 1993). Comparative empirical research measuring systematically the scope and distributional properties of such effects is rather recent. Measuring reductions in transaction-costs *a priori* (or even *a posteriori*) is difficult—particularly since reductions must be weighed relative to hypothetical environments without institutions (Kahler 1995)—but essential for validating neoliberal assumptions. Furthermore, the

information-enhancing, problem-solving, hazard-mitigating, conflict-substituting, order-inducing, and cooperation-promoting qualities of institutions may not have Pareto-improving distributional effects. These ubiquitous, putative, public-good effects can be challenged by findings that most powerful states invariably accrue most benefits. Distributional effects consistent with sub-national preferences—not necessarily state-level efficiency—bolster domestic explanations. This compels information on how state interests are constituted independently of (and prior to) the state's observed behavior vis-à-vis the institution. Neglecting the sources of utility functions hinders the ability to predict which institutional design might prevail over several efficient institutional options, and hence, on whose behalf the benefits of efficiency will be skewed.

Whereas neorealism and neoliberalism are theories ontologically pivoted on states as unified actors, domestic-politics arguments focus on how domestic constituencies advance their interests by creating institutions. As Thelen (1999, 400) argues, functionalist theories ''skirt the issue of the origins of institutions and the all-important matter of the material and ideological coalitions on which institutions are founded.'' Similarly, Haggard (1997) urges a proper understanding of preferences and capabilities of relevant domestic actors and of distributional effects within states, as a more productive path to understanding institutional *genesis*. Descriptive studies explaining a single state's approach to institutions through its domestic politics are more common than unified frameworks applied to several states.[4] Domestic-politics arguments apply different theories of preference formation and, in their rationalist form, reduce institutions to arenas for reaching political compromises that reflect changing domestic configurations and transnational coalitions (Krauss 2000). Such arguments can provide a credible account of institutional genesis but cannot always predict which institutional *design* will be favored, if any (Solingen 2005a). Kahler (2000) suggests that the nature of domestic coalitions may explain varying positions toward legalization, or the extent to which institutions display heightened obligation, greater precision in rules, and delegation of rule interpretation and enforcement to third parties. Thus, internationalizing coalitions—chiefly business—may be more prone to use legalization to enforce liberalization and ensure regional stability. By contrast, coalitions resisting internationalization—such as military and security bureaucracies—are arguably more likely to counter legalization due to high sovereignty costs or autonomy loss. There is little systematic comparative research testing linkages between coalitional configurations and institutional design, particularly beyond the EU. While cooperative regional arrangements might be predicted for internationalizing regions like East Asia, the multiple equilibria regarding design remains. It is not always self-evident which points on the institutional Pareto frontier are favored by domestic coalitions. Norms and identity can help map connections between coalitions and institutional features. Finally, the degree, nature, and scope of institutional *effects* can be gauged empirically, calibrated against the strength and preferences of primary domestic beneficiaries.

Constructivist approaches trace institutional *genesis* to converging norms, legitimacy, and identity (Klotz and Lynch 2007). ''Logics of appropriateness'' (March and Olsen 1998), not interests or rational expectations, determine institutional purpose. An institution's *design* embodies symbolic representations (Barnett and Finnemore 1999), the norms that engendered them, and internal socialization (Johnston 2008). Institutions reflecting democratic identities of member states exhibit norms of transparency, consultation, and compromise (Risse-Kappen 1995; Slaughter 1995). Experience with shared rules facilitates the development of rule-based institutions, making collective identity more viable. Socio-cultural theories are thus well equipped to identify focal points in institutional purpose

[4] For important exceptions, see Moravcsik (1998) and Acharya and Johnston (2007).

and design (Elster 1989). Institutional *effects* can be far reaching, changing actors' beliefs and identities, and hence, their definition of interests. As handmaidens of new actors, tasks, and objectives, institutions are purposive agents specifying authority patterns and allocating responsibilities. Institutions ''constitute and construct the social world'' (Barnett and Finnemore 1999). Their independent authority stems from the legitimacy of the rational-legal authority they embody and/or from technical expertise and information. Output and practices enhance their legitimacy (Hall and Taylor 1998), sometimes at the expense of efficiency. Gauging the scope of legitimacy is problematic. Empirically, constructivism has gravitated more toward systemic than domestic sources of institutional origins and effects. Table 1 summarizes the four main approaches reviewed.

Propositions on the Genesis, Design, and Effects of Institutions

The perspectives outlined thus far provide a foundation for cross-paradigm studies of institutions, but how should these be pursued? Each approach dwells on a particular institutional dimension privileged by its ontology and epistemology. Thus, for neorealism it is more efficient to understand power configurations underlying institutional genesis, whereas design and effects are mere derivatives.

TABLE 1. Approaches to the Study of International Institutions: Basic Assumptions and Hypotheses

	Approaches			
Hypotheses	*Neorealism*	*Neoliberal Institutionalism*	*Domestic Coalitions*	*Constructivism*
On institutional genesis	Explained by underlying international power configurations	Explained by market failure, need to overcome collective action problems	Explained by the nature and strength of domestic ruling coalitions	Explained by converging norms, collective purpose or identity
On institutional design	* Institutions as arenas, tools * No independent utility functions (agents of states) * Highly flexible, supple	* Institutions as arenas, tools * Transaction cost–reducing mechanisms * No independent utility functions (agents of states) * Relatively rigid (focused on detection and compliance)	* Institutions as arenas, tools * No independent utility functions (agents of dominant domestic coalitions) * Moderately flexible (responsive to domestic coalitional changes)	* Institutions as independent, purposeful agents * Symbolic representations * Flexible (focused on socialization and persuasion)
On institutional effects	Institutional output serves hegemonic designs, powerful states	Institutional output is Pareto-optimal, enhances information, constrains behavior, changes preferences over outcomes	Institutional output benefits dominant domestic coalitions, constrains behavior, changes preferences over outcomes	Institutional output constitutes actors and interests, defines purpose and meanings, specifies authority patterns

The emphasis in neoliberal institutionalism has been more on conceptualizing institutional persistence and design than empirical analysis of genesis and effects. Empirical studies attempting to measure transaction costs and distributional impact are more recent and have not invariably dispelled concerns with deducing origins from consequences (Hall and Taylor 1998). Constructivist studies have been largely oriented to analyzing institutional design, culture, and process; explaining change resulting from institutional identity and templates; and understanding normative diffusion. However, the puzzle of whether and when normative convergence requires the creation of formal institutions as organizations remains. Both neoliberal institutionalism and constructivism suggest that institutions can shape preferences and ideas, but Legro and Moravcsik (1999) found ''no theory of this phenomenon'' at the time. The work of Pevehouse (2002) and Johnston (2008), among others, have since contributed to that agenda.

Cross-paradigmatic understandings of institutions—though often only implicit—are ubiquitous. According to Gourevitch (1999), Edmund Burke was a culturalist in explaining institutional genesis and an instrumentalist in understanding their function. For Hurrell (1995) external threats and hegemony explain origins best, whereas functionalism and constructivism clarify their design. March and Olsen (1998, 952–54) identified four main ways of combining instrumental and normative logics in understanding institutions: 1) One logic dominates the other when its implications are precise whereas the other logic's implications are ambiguous[5]; 2) One logic establishes the fundamental constraints of major decisions whereas the other explains minor refinements; 3) One logic may explain institutional genesis whereas the other logic assumes primacy subsequently (the first logic is self-limiting, the second self-reinforcing); 4) One logic dominates axiomatically (according to one's views of the foundations of social life as instrumental or rule-based) whereas the other is a special case or derivative of the other. This schema can be adapted in several ways. First, rather than collapsing all consequential logic under one rubric, I rely on Section I's more specific identification of preferences: those of power-maximizing states, interests-maximizing states, and sub-national coalitions. Norms-promoting agents constitute the fourth logic. Second, I explore the role of instrumental and normative preferences in three domains of institutional life: genesis, design, and effects. Conditions leading to the birth of an institution may not necessarily explain its design, which can reflect subsequent internal evolution or new environmental preferences or circumstances. Institutional effects can also vary accordingly and must be examined in isolation from the conditions and expectations that might have led to the institution's creation. This procedure both helps identify unexpected and unintended effects of institutions and minimizes *post-hoc* reasoning that imputes intentions on the basis of effects. Disaggregating these three—often conflated—dimensions enables more precise propositions, advancing cross-paradigmatic dialogue on specific aspects of institutional analysis.

These adaptations provide a more fine-tuned exploration of (four) explanatory and (three) dependent variables in institutional analysis while introducing greater complexity. One way of reducing such complexity is to establish an analytical point of departure that enables us to weight the status of one particular explanation in the presence of others. Thus, the propositions that follow begin with the assumption that dominant domestic political coalitions create regional institutions that strengthen their own position in power (or thwart their decline). This point of departure specifies where states' preferences come from, and is

[5] A ''logic of appropriateness'' dominates when identities and their implications are clear (presumably to the actors) but not so the implications for preferences or relative capabilities. On focal points as more important when there is uncertainty about power and distributional impacts, see Garrett and Weingast (1993). On focal points as dominant under crisis or uncertainty, see Campbell and K. Pedersen (2001).

arguably more tractable than measuring international relative power, state-level transaction costs, or normative convergence.[6] Despite these advantages, as will be clear soon, these propositions do not assume that domestic coalitions self-evidently ''dominate'' other explanations, as in March and Olsen's third example of cross-paradigmatic analysis. Rather, they are stated in ways that facilitate the identification of scope conditions under which dominant domestic coalitions may explain institutional genesis, design, or effects. However, similar propositions with alternative points of departure—relative power or norms, for instance—can be formulated on the basis of specifications of power differentials or normative convergence. Even then, the point of departure would not necessarily or axiomatically make relative power or norms the ''dominant'' explanation but indeed a foundation for exploring their limitations.

Explaining Institutional Genesis

Proposition 1: *The nature and strength of dominant domestic coalitions best explain the origins of regional institutions when: (a) The domestic distributional implications of these institutions are clear to most actors; (b) The consequences for regional power distribution are negligible or unclear; (c) State-level transaction costs are unclear or not easily measurable; and (d) There is little normative convergence around the demand for an institution.*

Under those conditions there is clear *a priori* specification of the preferences of dominant domestic coalitions (state officials and societal allies) driving institutional creation. Uncertainty about how an emerging institution may affect power distribution across states renders relative power much less relevant.[7] Similarly, uncertainty about whether a new institution will reduce states' transaction costs renders the latter less pertinent. Low normative convergence can make norms less central but can also lead to strife over norms. Such conditions—where the implications for power, norms, and transaction costs are all uncertain—may not be that common in reality. Thus, the fortuitous circumstances when domestic coalitions straightforwardly explain institutional creation could be rather limited. Instead, clear normative convergence can make norms far more prominent in decisions to create institutions. When implications for state power, transaction costs, and domestic politics are sizeable or unambiguous it is harder to establish their relative weight in institutional creation. These conditions foretell high contestation over what accounts for the genesis of an institution.

Explaining Institutional Design

Proposition 2: *The nature and strength of domestic political coalitions best explain the design of regional institutions when (a) The domestic distributional implications of institutional design are clear to most actors; (b) The consequences of design for power distribution across states are negligible or unclear; (c) Variations in institutional design have little effect on transaction costs or such costs are not easily measurable; and (d) There is little normative convergence around a favored institutional design.*

[6] On these difficulties, see Vasquez (1998), Legro and Moravcsik (1999), and Rosecrance (2001). According to Ruggie (1998), constructivism ''is still unable to specify a fully articulated set of propositions and rigorous rendering of the contexts within which they are expected to hold,'' although some advances have been registered since. As with international power and transaction costs, measuring normative convergence is no easy feat. Yet there are situations where a given norm seems evidently salient (Finnemore and Sikkink 1998), as opposed to situations where competing norms reflect normative polarization. The latter seems *prima facie* more common, but that is an empirical question.

[7] Critics maintain that such situations are far more common than neorealism makes allowance for.

Under these restrictive conditions, design would reflect dominant preferences of domestic coalitions. However, reality is often more complex than these conditions suggest. The relative weight of each variable will be harder to assess when design has more clear and weighty implications for states' power or transaction costs, or when there is a clear normative convergence throughout a region for a given institutional form.

Explaining Institutional Effects

Proposition 3: *Regional institutions are more likely to benefit the dominant domestic coalitions that created them in the first place when: (a) The domestic distributional effects of institutions are both sizeable and clear to dominant domestic actors; (b) The institution's effects on power distribution across states are negligible or unclear; (c) The institution has modest effects on reducing states' transaction costs, or such reductions are not easily measurable; and (d) The institution has little effect on an already weak normative convergence.*

Yet conditions where institutional effects on power, norms, and transaction costs are all uncertain or negligible may not be common. Indeed, institutions may have relatively unimportant distributional effects on domestic coalitions but significant effects on normative, power, or transaction costs considerations. They may upset an existing normative convergence, or they may forge such convergence where there was none. It is harder to explain which variable best accounts for institutional effects when those effects are salient and unambiguous for most candidate variables.[8]

East Asian (EA) Institutions: Goldilocks and Flexible Regionalism

The empirical cases are not comprehensive tests of these propositions but preliminary probes to gauge their heuristic value. Though stylized accounts, they are based on extensive empirical research on these institutions.[9] Since the analytical point of departure stipulated that dominant domestic coalitions create regional institutions that strengthen their position at home (or prevent their decline), a prior characterization of those coalitions is in order. During the relevant period, most dominant coalitions in EA shared fundamental preferences for growth-oriented strategies as sources of domestic political legitimacy, which dictated heavy reliance on the global political economy and its institutions (Solingen 2007b). Export-oriented growth was sometimes guided by considerable state intervention and incepted by leading politicians allied with—or seeking to coopt—private interests. Beyond this shared preference for export-led growth, there was wide variability in domestic arrangements (democratic or authoritarian, more or less statist or market-based) and in forms and levels of integration into the global economy (Stubbs 2005). These differences may explain the design of EA's regional institutions: informal, process-driven, reliant on consensual decision-making, and largely oriented toward ''open regionalism.''[10] These regional

[8] See George and Bennett (2005) on problems of equifinality and multiple interaction effects.

[9] For more detailed studies, see Solingen (1999, 2000, 2005a,b, 2007a,b) and Barnett and Solingen (2007). This section also builds on extensive interviews conducted in Singapore (December 1999, March 2000, September 2000, June 2003, May 2004, August 2005, September 2007); Thailand (Bangkok June 2003), Vietnam (Hanoi 1999); Japan (Tokyo March 2001, February-March 2003, June 2003, September 2003, November 2004, March 2005, July 2005, July 2006); China (Shanghai October 2001, August 2005 and Beijing December 2003, July 2004), South Korea (Seoul June 2000), New York (March 2000), and Washington DC (June 2004, October 2005).

[10] ''Open regionalism'' in economic matters enhances regional economic exchange without violating legal WTO requirements (most-favored-nation rule) or discriminating against extra-regional partners (Ravenhill 2000). East Asian regional institutions are said to support, not substitute for, global multilateral institutions (Harris 2000, 501). Open regionalism in security and other affairs involves efforts to signal geographical openness and inclusiveness in regional arrangements (Solingen 2005a).

institutional forms were compatible with a common embrace of the global economy by dominant coalitions, but also with their diverse developmental stages and domestic institutional arrangements. The result was regional institutions that were not rigid and legalistic but, in Goldilocks fashion, ''just right'' for accommodating different variants of comparable export-led growth coalitions. The discussion below examines the extent to which power distribution, norms, and transaction costs make this analytical point of departure relatively unproblematic, or conversely, contestable.

ASEAN

Genesis:

ASEAN is the oldest surviving regional institution in EA.[11] Although several interpretations of its 1967 origins have been advanced, Ravenhill (1998) does not find transaction costs and overcoming dilemmas of interdependence to be the most persuasive. Proposals for preferential trade agreements—ASEAN Industrial Project, ASEAN Industrial Complementation, and ASEAN Industrial Joint Venture—had all failed (Stubbs 2000). Reducing barriers to trade was only seriously considered in 1992 (AFTA), largely as a result of prior domestic shifts in the 1980s. Dominant coalitions in ASEAN's Five launched a model of economic growth through engagement in the global economy. Their converging interest in collaborating regionally was geared to protect their model from interrelated domestic insurgencies and regional threats to their model's domestic dominance.[12] Theirs was a very different conception of regional order than the one advanced by Indonesia's Sukarno, who rejected the global economy and institutions while inciting conflict with neighbors (*konfrontasi*). Differences in Sukarno and Suharto's political models were pivotal in shaping cooperative regional policies, more so than any abstract conceptions of relative power and state survival. Whereas military confrontation against Malaysia, increases in military expenditures, massive budget deficits, and economic isolationism characterized Sukarno's policies, economic growth was at the heart of Suharto's strategy, embedded in the concept of ''national resilience'' (*ketahanan nasional*). Regional stability was a natural related cornerstone, allowing ASEAN rulers to wield national and collective resilience to mutual benefit (Emmerson 1996). This model relied initially on state-directed lending and crony conglomerates, variously favoring FDI, manufacturing, and natural resource exports while compensating import-substituting and rural interests (Jayasuriya 2001; MacIntyre 1991; Solingen 1999). An embedded social bargain provided high per-capita growth, employment, investments in health and education, and increasing returns to small business and farmers. The bargain was pivoted on gradual and selective internationalization, with inward-looking groups retaining influence and resisting greater intrusiveness. Intra-regional trade was rather limited and regional integration not a priority. By the 1980s, following the 1985 Plaza Agreement, a stronger coalition of state officials and private entrepreneurs advocated FDI and capital liberalization. Two decades later ASEAN had become a market of 500 million people and a $600 billion combined GDP. AFTA acquired greater centrality only when more robust internationalizing coalitions of state and private officials decided to liberalize (Kahler 1995; Stubbs 2000).

[11] ASEAN included Thailand, Singapore, Indonesia, Malaysia, and the Philippines as founding members; Brunei, Vietnam, Laos, Myanmar, and Cambodia joined subsequently.

[12] The emerging model was imprinted in ASEAN's Bangkok Declaration: ''to accelerate … economic growth, social progress, and cultural development in the region … in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of Southeast Asian Nations'' (http://www.aseansec.org/1212.htm).

This account supports Proposition 1 insofar as the nature and strength of dominant domestic coalitions explain ASEAN's origins well. Others have traced ASEAN's creation to Communist threats, but these are hard to disentangle from internal considerations. Leaders created ASEAN to allay both regional conflict and internal subversion that might upset domestic stability, foreign investment, growth, and exports. ASEAN's ruling coalitions, not states, were threatened. Communist takeovers in Cambodia, Laos, and Vietnam (1970s) may have helped institutionalize ASEAN's first summit in 1976 (Ravenhill 1998). External threats may have made closer coordination more compelling but did not alter—indeed only strengthened—the domestic incentives that underpinned ASEAN's creation: protecting ruling coalitions' favored model. As Foot (1995, 234) argues, these leaders feared internal subversion and insurgency, but there was no agreement about what the prime source of external threat was. The implications for domestic ruling coalitions were clear; the implications for states' relative power much less so. ASEAN's expansion (late 1990s) to include former communist states might also be construed as a response to relative-power considerations: China's ascendancy. However, ASEAN's progressive inclusion of new states was also a natural corollary of the maturation of internationalizing coalitions committed to inducing their neighbors to discard old adversarial models and maintain regional stability, FDI, and common growth. Furthermore, it is unclear why ''defensive regionalism'' against China would have dominated over other potential responses (such as jumping on the bandwagon) in earlier decades but not later. Indeed, many consider ASEAN's policies toward China since the 1990s to resemble bandwagoning. These competing views give substance to the claim that implications for power distribution seemed unclear.

Finally, extant accounts do not support tracing ASEAN's origins to common ''identity'' and converging values. As Acharya (2001, 28) argues, ''ASEAN regionalism began without a discernible and pre-existing sense of collective identity among the founding members, notwithstanding some important cultural similarities among them. Whether such an identity has developed after more than thirty years of interaction is debatable.'' Isolating the effect of common identity would, in any case, be far more effective if evidence could be marshaled that ruling coalitions designed their strategies independently of their immediate material incentives. Efforts to develop a common identity may have emerged later as a result of ASEAN's evolution but are doubtfully its cause. In sum, the negligible or unclear implications for relative power, transaction costs, or norms, and the more clear implications for domestic ruling coalitions privilege the latter as an explanation in this case, offering significant support for Proposition 1's baseline conditions.

Design:
ASEAN's informal design is geared toward ''conflict-avoidance'' rather than ''conflict-resolution'' or ''dispute settlement.''[13] It is not a collective security arrangement, and there is considerable disagreement over whether it is a security community (Acharya 2001; Kahler 1995; Khong 1997; Leifer 1989). The 1976 Declaration of ASEAN Concord emphasized exclusive reliance on peaceful means to settle intra-regional differences. The Treaty of Amity and Cooperation promoted ''perpetual peace, everlasting amity, and cooperation, establishing three basic principles: respect for state sovereignty, nonintervention, and renouncing the threat or use of force.'' An informal ''ASEAN way'' developed, emphasizing consultation, accommodation, reciprocity, informality, incrementalism, process over substance, personalistic networks, and avoiding provocative

[13] Members have not resorted to dispute settlement under the TAC, favoring bilateral management of conflicts and the International Court of Justice <http://www.asean.or.id>.

issues (Acharya 1999; Harris 2000; Mahbubani 1995). These were advanced through yearly summits, foreign ministers meetings, and multiple meetings involving ''senior officials'' and others, on a wide range of issues. Post Ministerial Conferences (PMC, ASEAN 10 + 10 dialogue partners) expanded since 1992 to discuss conflict resolution, transparency, and confidence-building on security matters.[14] A small central ASEAN secretariat coordinates with national secretariats in foreign ministries.

Various approaches can explain this informal design but none determines it *a priori*. First, limited initial interdependence did not compel a legalistic framework—anticipated by efficiency approaches—although by the 1990s there were moderate efforts at more formalized commitments such as AFTA. Second, informality was only natural in a neorealist world of sovereignty-sensitive considerations. However, presumed external threats could have generated a more formal alliance as well. Hence, informality does not appear to be a *sine-qua-non* derivative of relative-power considerations. Third, ASEAN-style consensus supported a rapidly changing environment requiring regional and domestic stability for members at different stages of internationalization. Informal arrangements bolstering stability and collective appeal to international investors were thus quite suitable to internationalizing (export-led growth) coalitions, but other arrangements might have been compatible as well. Finally, cultural forms—*musjawarah* and *mufakat* (Malay-style consultation and consensus)—have also been advanced as an explanation for ASEAN's design. However, the assumption of normative convergence as the basis for ASEAN's design remains problematic. First, norms may have been overlaid on extant realities to explain ASEAN's *modus operandi*. During the 1980s Singapore's Lee Kuan Yew and Malaysia's Mahathir advanced the ''ASEAN way'' as a cultural construct to add a veneer of legitimacy to their autocracies, suggesting pure instrumentality. As late as 2000, Surapong Jayanama (Director General of Thailand's Foreign Ministry's EA Department) pointed to diverse political culture and values across ASEAN as a continuing challenge.[15] Second, recent moderate steps toward greater intrusiveness may challenge the assumption that normative convergence only favored informality. The 1995 Southeast Asian Nuclear-Weapon-Free-Zone-Treaty included the right of fact-finding missions to refer problems to the International Court of Justice (Acharya and Ogunbanwo 1998). In 1996 ASEAN's AFTA adopted a dispute-settlement mechanism requiring majority vote. In 1999 an ASEAN Troika was designed as an *ad hoc* body of foreign ministers to address urgent concerns. The 2005 Kuala Lumpur Declaration declared a commitment to establish an ASEAN Charter as a legal and institutional framework codifying all norms, rules, principles, goals, and ideals embedded in adopted agreements and instruments. The Charter establishing ASEAN as a legal entity and an economic community (but not a customs union) was approved in 2007, as ASEAN celebrated its 40th anniversary. The Charter contains an ''Asean Minus X'' provision allowing members to opt out of economic commitments if there is consensual approval from other members. Relatively sudden changes toward greater formality could question the role of long-standing norms in generating informality.

ASEAN's experience thus supports baseline Proposition 2 only to a limited extent. Its design was indeed compatible with the preferences of ruling coalitions, although so were alternative designs. The implications of informality for power distribution across states were negligible. Whether the preference for informality stemmed from normative convergence or whether states' transaction

[14] The 10 dialogue partners are Australia, Canada, China, the EU, India, Japan, Russia, New Zealand, South Korea, and the US.

[15] ''Asean urged to become more open to change,'' The Nation (Bangkok), June 22, 2000. (http://www.burmalibrary.org/TinKyi/archives/2000-06/msg00026.html).

costs would have been lower with more formal institutions remains unclear. If, as this overview suggests, informality could have been anticipated by all perspectives, one wonders why the literature has considered ASEAN's informality puzzling at all (except for those looking at it through the lenses of EU perspectives). At the same time, relative power, transaction costs, norms, and domestic coalitions are all underdetermining, that is, did not necessarily compel ASEAN's informality.

Effects:
Measuring the effects of an estimated 500 (or more) ASEAN-sponsored yearly meetings on transaction-costs reduction is not easy, but some allowance can be made for such effects. Cooperation on a given issue sometimes opens paths to further cooperation on others. Agreements of particular relevance took place in the aftermath of the 1997 Asian crisis, including the 1997 Manila Framework Agreement; the 1997 Kuala Lumpur Summit, which adopted the Vision 2020 Plan calling for ''a concert of Southeast Asian nations, outward-looking, living in peace, stability and prosperity''[16]; the 1998 Hanoi Plan of Action to strengthen economic fundamentals, restore confidence and foreign direct investment, and regenerate economic growth; surveillance mechanisms to anticipate future crises; and the 2003 Bali Concord II's goals of an ASEAN Security Community, Economic Community, and Socio-cultural Community. The Concord's reaffirmation of converging internationalizing strategies is brought to relief by its statement: ''For the sustainability of our region's economic development we affirmed the need for a secure political environment based on a strong foundation of mutual interests generated by economic cooperation,'' including a reaffirmation of ASEAN's commitment to enhance ''economic linkages with the world economy.''[17] In 2004 China and ASEAN signed a landmark Framework Agreement on Comprehensive Economic Co-operation, including a Dispute Settlement Mechanism (Solingen 2007a).

ASEAN's frequent meetings also facilitated socialization. The claim that the ''ASEAN way'' altered members' identity is somewhat thorny, since norms of *musjawarah* and *mufakat* have a domestic origin to begin with. The ''ASEAN way'' may have left traces on newer institutions (ARF) either through norm diffusion or as a collective assertion by middle-powers, reflected in ASEAN's efforts to retain pivotal roles in East Asian institutions. Above all, ASEAN has enabled internationalizing ruling coalitions to sustain themselves over decades of relative domestic and regional stability, and steady access to foreign investment and export markets. This favored model—embedded in ASEAN—may have contributed to the expansion of middle classes and democratic institutions in most of Southeast Asia, although not all agree that the latter two were necessarily linked. To the extent that ASEAN created an aura of regional stability, it benefited ruling coalitions by facilitating implementation of export-led growth models. From this vantage point, ASEAN's effects support Proposition 3, with negligible consequences for transaction costs or relative power (ASEAN reinforced rough equality among members, with Indonesia considered no more than ''primus inter pares''). Whether ASEAN also consolidated normative convergence among its members is a plausible but contested claim (Acharya 2001; Tay, Estanislao, and Soesastro 2001). The diffusion of institutional norms unto the domestic arena appears most significant in the arena of economic policy, particularly openness to foreign investment. However, this boomerang effect can be traced to shared objectives of dominant coalitions in the first place. Finally, ASEAN itself had

[16] (http://*www.aseansec.org/summit/vision97/htm*).

[17] (http://www.aseansec.org/15259.htm); see also Solingen (2004) for more detailed analysis of these mechanisms.

little impact on the progressive democratization of Southeast Asia, as suggested most recently in its restrained response to the Myanmar junta's repression of domestic dissent, which—as of late October 2007—had not gone beyond expressions of revulsion. Article 14 of the ASEAN Charter signed in 2007, however, established a consultative ASEAN human rights body, making no provisions for enforcing compliance.

APEC

Genesis:

Efforts to liberalize trade and investment, facilitate trade, and increase economic and technical cooperation led to APEC's creation (1989).[18] Some argue that ''defensive regionalism'' vis-à-vis other trading blocs played an important role, yet neither common security threats nor an enhanced US position can explain its emergence. Indeed, given initial US reluctance, APEC's origins are sometimes traced to East Asian efforts to extract deeper US commitments to the region and stem future US trade pressures. Australia and Japan played catalytic roles while relying on existing regional NGO activities (Higgott and Stubbs 1995; Krauss 2000). ASEAN resisted APEC initially, but domestic realignments (1980s–1990s), with an eye on improved access to US markets, weakened that opposition.[19] The US preferred bilateralism and global institutions—where it played major roles—to regional institutions that might detract from both (Krauss 2000). That reluctance, however, decreased in the mid-1980s when a new institutional context for managing trade tensions was viewed more favorably. The Clinton administration hosted the first APEC summit (1993) reflecting a more supportive US approach. All this questions any hegemonic logic for APEC's creation and suggests unclear implications for power distribution.

Expansion of intra-regional trade from 30 (1970s) to nearly 70 percent (1990s) of total trade makes room for efficiency accounts of APEC's origins as a tool for states to manage growing interdependence. Higgott (1995, 71) claims that enhancing information was a key priority and that APEC generated usable information on members' preferences, policies, and performances. Working groups gathered data on technology transfer, investment, fisheries, tariffs, and sectoral capacities. However, expectations regarding reductions in states' transaction costs cannot explain the occurrence and timing of shifts in perception that interests might be better served by regional rather than global multilateralism (Ravenhill 1998). A state-level account obscures the role of the true agents of APEC's creation: ruling coalitions sharing significantly converging orientations to the global economy despite heterogeneous state size, power, regimes, norms, culture, and histories. Underpinning the significant expansion of regional trade and investment (1980s) were private corporations backed by government officials and informal networks of business representatives, economists, and public officials in private capacities—notably PECC—which pressed governments to liberalize.[20] As Ravenhill (2006) argued, ''if successfully managed…enhanced economic integration ultimately would *change the balance of interests in the political systems of member states*'' [my emphasis]. Regional stability and cooperation would

[18] Australia, Brunei, Canada, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, and the US were founding members. Subsequent inclusion of China, Hong Kong, Taiwan, Mexico, Papua New-Guinea, Chile, Peru, Russia, and Vietnam brought it up to 21 members.

[19] On fears of institutional alternatives to ASEAN, see Soesastro (1994) and Ravenhill (1998).

[20] Pacific Economic Cooperation Conference; Pacific Trade and Development Conference (PAFTAD), a transnational group of market-oriented economists; and Pacific Basin Economic Committee (PBEC), a business initiative established in 1968 (Ravenhill 1998). APEC's Business Advisory Board (ABAC) included three business people appointed by each government (Ravenhill 2006).

foster domestic economic growth and diffuse internal threats to ruling coalitions.

The rise of stronger internationalizing coalitions and concerns with a deadlocked Uruguay Round catalyzed action in the late 1980s (MacIntyre 1991). Australia, steered by its Treasury Department and backed by internationalizing firms, valued APEC as a means to ''lock in'' market mechanisms advancing liberalization at home and preventing exclusion from an Asian and North American bloc (Aggarwal 1995). APEC provided an opportunity for the Clinton administration to support internationalizing constituencies over protectionist ones (Pempel 2005). Manufacturing exports and dramatic FDI expansion had pushed ASEAN's domestic political economies toward further liberalization. The Kuching Consensus (1990) reassured them that a flexible, ''outward-oriented'' APEC would accommodate different paces, developmental stages, and political systems. Krauss (2001) detects differing and fluid cross-national coalitions along different issues. Growth triangles and free trade areas straddling borders progressively transformed regions with pre-market economies. By the mid-1990s provincial officials were actively fostering this process, particularly in China's coastal areas (Naughton 1999). These informal Japanese and Chinese networks and Korean firms, more than APEC, were lowering their transaction costs.

APEC's origins must be considered against Mahathir's competing idea (1990) of an East Asian Economic Grouping (EAEG: ASEAN + Japan, China, and South Korea) excluding Pacific Anglo-Saxon states. This had elements of defensive regionalism against European and North American blocs but was also driven by Mahathir's domestic affirmative action policy to redistribute power and wealth *at home* from Chinese to Malays (Pempel 2005). This program was controversial and the EAEG offered Malaysia's Chinese enhanced opportunities to expand regionally while attracting Japanese FDI and aid. However, internationalizing constituencies throughout the region were highly dependent on US and Canadian markets. Furthermore, other ASEAN states (prominently Indonesia), were wary of Mahathir's designs, and the EAEG was reduced to an East Asia Economic Caucus (EAEC) within APEC. The US, Australia, New Zealand, Singapore, and Indonesia opposed EAEG. Some Japanese business and state officials looked at it more favorably (Saxonhouse 1995) as Japanese corporations expanded into ASEAN after the Plaza Accord. However, since the EAEG could not substitute for US markets, Japan was lukewarm toward it (Pempel 1999; Solingen 2005a). Thus, most ruling coalitions did not regard EAEG as serving their interests, and turned it into a caucus (EAEC) within APEC. The idea did not completely fade away and by 1999 ASEAN, Japan, China, and South Korea kicked off ASEAN+3, a revised incarnation of EAEG (Stubbs 2005).

In sum, APEC's case renders significant support for Proposition 1 tracing its genesis to the nature of domestic coalitions and their regional networks, such as PECC. The expected consequences of creating APEC for states' relative power were unclear. The case for normative convergence around an internationalizing economic project, though plausible, is hard to separate from the interests of ruling coalitions and associated economic networks that created APEC. Although hard to validate empirically on the basis of existing information, the assumption that would-be member states might have considered the creation of APEC as a mechanism capable of reducing transaction costs is tenable. Associating those expectations to ruling coalitions and their networks makes them more tractable.

Design:

APEC's design too can be traced to the nature of domestic coalitions that envisaged it as an informal mechanism of economic growth oriented to the global economy without coercing more trade liberalization than was politically feasible domestically. Both ''open regionalism'' and ''concerted unilateralism'' reflected

APEC's minimum common denominator toward internationalization, a focal point that did not require dense institutionalization (Garnaut 2000). The consensus rule defined APEC as a horizontal, minimally hierarchical organization, enabling coalitions at different stages of openness to pursue their own timetable. ASEAN, China, and Japan resisted binding codes, prevailing over the US, Canada, Australia, and New Zealand who advocated formal targets and enforcement. APEC retained only voluntaristic commitments (''individual action plans'') and weak evaluation procedures. Subsequent proposals for dispute-settlement mechanisms by an Eminent Persons Group (EPG) were bumped to the WTO. APEC's thin Secretariat provides advisory and logistical/technical services. Annual summits since 1993 are the most important events, progressively more for political and security issues (North Korea, terrorism) than economic coordination. Maintaining regional stability and cooperation—critical for ruling coalitions—is APEC's crucial though latent objective (Ravenhill 2006).

APEC's design is thus compatible with baseline Proposition 2: given clear domestic distributional effects, dominant coalitions coalesced around an informal APEC capable of accommodating diverse stages of economic openness. The implications of this format for states' relative power were marginal; US preferences failed to materialize, questioning APEC's depiction as a hegemonic US instrument. Although the US and Japan played critical roles, neither was able to impose their designs. ASEAN firmly opposed a more legalized APEC that might have constrained large powers (Krauss 2000) but also themselves, given who might have set the rules. Some powerful states expected a more formal APEC to reduce transaction costs and enhance information, suggesting that variations in institutional design were expected to have clear implications for reducing transaction costs. Yet vast expansions of intra-regional trade and investment did not yield more formal structures, and efficiency assumptions of prisoners' dilemmas, common efforts to enforce compliance, or fears of cheating did not prevail. APEC's first (1993) Eminent Persons Group report recognized this, as well as the need for flexibility given different domestic conditions (Kahler 1995). Finally, although APEC's design was partially derivative of ASEAN's, the ''ASEAN way'' was not a shared norm across APEC members, and possibly not across ASEAN itself.

Effects:

The Bogor Declaration and the Osaka Summit Implementation committed industrialized members to reduce trade barriers by 2010, and industrializing ones by 2020. A subsequent agreement liberalized trade in information technology equipment. The Early Voluntary Sector Liberalization program was established to liberalize trade in nine sectors but stalled in 1998 and was transferred to the WTO. The focus since turned toward trade facilitation and economic/technical cooperation. APEC's effects hardly reflect anyone's hegemonic preferences but rather the lowest common denominator comfortable to all. Unilateral liberalization preceded APEC's appearance, and the development of market forces in the different domestic contexts deepened liberalization (Garnaut 2000). Ravenhill (2000) doubts APEC's influence on states' actions and finds ''peer pressure'' hard to document. Empirical studies measuring APEC's role in reducing transaction costs are hard to find. Neither has APEC led to value change, according to Higgott (1995, 74), but perhaps to tactical learning, revealing ''a response to domestically generated needs and interests in the political economies of member states.'' At best, some find summits useful for confidence-building. For Aggarwal and Lin (2001, 180) ''the evidence that APEC has had a constraining and shaping influence on national policy action is insignificant,'' but Garnaut (2000) finds APEC's influence on domestic policy decisions to be under-recognized. EPG's Chair Fred Bergsten (1997), acknowledging limited evidence for APEC's

effects, also notes that leaders used APEC's commitments to advance liberalization at home.

These findings are compatible with Proposition 3, tracing APEC's moderate institutional effects to the preferences of domestic coalitions which created APEC in the first place. Domestic groups favoring internationalization were APEC's main beneficiaries. Only large corporations were systematically involved in its activities (particularly through PECC); labor, smaller enterprises, and others were marginalized. As a government official acknowledged, ''APEC is not for governments. It is for business. Through APEC we aim to get governments out of the way'' (cited in Ravenhill 2006). Yet not all conditions of Proposition 3, which assumes weak normative convergence, are met by this analysis. APEC's output, if limited, reflects some consensus around norms of open regionalism and market-driven liberalization, even if this consensus did not include all domestic constituencies. PAFTAD, PBEC, PECC, and ABAC played important roles, in the absence of material sanctions, in promoting those consensual norms. Disentangling the effect of ideological commitments from the interests of domestic coalitions, however, is difficult (Aggarwal 1995; Kahler 1995). It is also possible, counter to baseline Proposition 3, that APEC has reduced transaction costs. In the absence of any systematic studies, however, we cannot establish whose transaction costs were reduced (some states but not others? some economic groups but not others?).

The ASEAN Regional Forum (ARF)

Genesis:

Created in 1994, the ARF is the only inclusive multilateral institution promoting security cooperation in the Asia-Pacific.[21] Many have traced its emergence to the post-Cold War regional power vacuum (Leifer 1996) and fears of intra-regional competition or hegemonic designs, particularly China's ascendancy and assertiveness over the Spratly Islands. Constituent states are highly heterogeneous in military and power capabilities. Middle powers like Japan, Canada, and Australia played critical roles in its genesis, although some ASEAN participants also claim paternity.[22] ASEAN included security in its 1992 Post-Ministerial Conference, which evolved into the ARF, and established the ARF Unit at the ASEAN Secretariat in 2004. Keeping the US engaged in the region, China and Japan down, and ASEAN relevant were said to be key objectives (Khong 1997). China, fearing US hegemony and favoring bilateralism, was initially lukewarm, although ASEAN's control over the ARF subsequently provided China with some reassurance. Likewise, the first Bush administration was unenthusiastic and bilateralist, whereas the Clinton administration later endorsed it (Shirk 1994). Insofar as the ARF is an inclusive forum advancing cooperative security, not a balancing mechanism like NATO, the ARF's emergence seems anomalous for neorealism. Furthermore, small states (ASEAN) are not expected to spearhead security institutions, nor are big powers assumed to quietly acquiesce to them. However, the ARF's extreme informality (see below), and the fact that its implications for power distribution were unclear at its genesis, may account for the agreement to create it. Neither China nor the US, given a veil of ignorance regarding potential implications for power distribution, wanted to be excluded.[23]

[21] The ARF includes Australia, Bangladesh, Brunei, Cambodia, Canada, China, European Union, India, Indonesia, Japan, North and South Korea, Laos, Malaysia, Myanmar, Mongolia, New Zealand, Pakistan, Papua New Guinea, Philippines, Russia, Singapore, Thailand, Timor Leste, United States, and Vietnam.

[22] Personal interviews (Bangkok, Singapore, Tokyo, June–July 2003).

[23] I thank an anonymous reviewer for clarifying this point.

Shirk (1994) and Johnston (1999) acknowledge that facilitating communication and transparency, providing information and minimizing uncertainty (particularly vis-à-vis China) were important considerations in the ARF's creation, as were shared interests in economic prosperity and avoiding costly arms races. These priorities compel deeper probing into the domestic configurations underlying them. Maintaining macroeconomic stability, foreign investments, global access to markets and technology, and rapid growth, had become the reigning political strategies of EA's ruling coalitions by the 1990s, particularly with shifts to economic openness by China and Russia. These coalitions favored regional cooperation and stability to reduce uncertainty, encourage savings and investment, and minimize unproductive and inflationary military expenditures. Conflict-prone environments had the potential for overriding economic growth by imposing unrestrained military budgets, government deficits, high interest rates, stymied savings and investments, and overvalued exchange rates. Institutions that helped maintain underlying conditions for economic growth and sustained political control while containing militarized investments advanced these coalitions' collective interests.[24] This internationalizing agenda, and the ARF itself, were opposed by domestic agencies and groups adversely affected by reduced roles of military-industrial complexes and ancillary industries erstwhile sustained by ''national security imperatives,'' such as China's People's Liberation Army (PLA).[25] The PLA advocated balance of power and bilateralism, and resisted the ARF initially as threatening its own institutional interests in the Spratlys (Shirk 1994). Subsequently, internationalizing forces within China overwhelmed domestic opponents of the ARF (Johnston 2008).

Tracing the ARF's genesis to domestic coalitions provides some support for Proposition 1, but not for the baseline, fortuitous conditions under which the implications for power, norms, and transaction costs are unclear or negligible. Instrumental incentives of ruling coalitions (enhancing conditions for domestic economic growth through regional stability and foreign investment) may overlap with normative convergence around war avoidance and common security (security as indivisible) as preferable to deterrence. Mutually reinforcing interests and norms thus may have underpinned the ARF's creation. The possible existence of such normative convergence is intriguing, given that the ARF gathered many states, highly heterogeneous in cultural and legal traditions. There is no systematic evidence that state officials expected to reduce transaction costs by creating the ARF, but the potential for such an institution to help sustain and deepen export-led growth was clearly there. The implications for regional power distribution seemed unclear or negligible at the time the ARF was created. Furthermore, any concerns in that respect would have been dissipated by the design adopted for ARF.

Design:

As another ASEAN derivative, the ARF is even less formal than ASEAN or APEC, lacking even a secretariat. ASEAN hosts all ARF's annual foreign minister and Senior Official meetings but not inter-sessional workshops. The ARF's chairmanship follows the annual rotation of ASEAN Chairs; its main document is the Chairman's Statement. The Third Statement emphasized consultation and consensus on future membership and gradual expansion, and commitment to key ARF goals and its ''geographical footprint'' (Northeast Asia, Southeast Asia, and Oceania) (http://www.aseanregionalforum.org/). The ARF commits studies to

[24] EA's military expenditures averaged 4 percent of GDP (1990–91) and Southeast Asia's 2.8, leading some to question the existence of arms races or offensive build-ups (Buzan and Segal 1994; Mack and Kerr 1995).

[25] State enterprises, agriculture, and local governments resisting openness were also part of China's coalition opposing internationalization (Christensen 2001).

the Council for Security Cooperation in the Asia Pacific (CSCAP), established in 1993 as a non-official network linking security-related NGOs. CSCAP activities—geared to enhance information and increase military transparency—typify functions anticipated by neoliberal institutionalism. However, understanding why certain preferences for informality prevailed over others requires a turn to domestic politics. An informal, consensus-based design accommodated variation in domestic arrangements while buttressing synergies between domestic and regional stability, so central to internationalizing coalitions. The ARF provided these coalitions with regional conditions necessary for making their domestic policies ''resilient,'' a term favored by ASEAN leaders that resonated with others in the region. The ARF's 1998 communiqué noted the adverse repercussions of the Asian financial crisis for peace and security. The 2000 meeting reaffirmed the links between globalization and regional peace and stability, revealing a common understanding that the ARF is inextricably linked to the domestic coalitional foundation underpinning the region's evolution.

The ARF thus supports Proposition 2 insofar as its design was compatible with the interests of dominant ruling coalitions. However, other—including more formal—institutional arrangements might have been compatible too. Other conditions of Proposition 2 seem to hold, including the expected negligible (or hard to estimate) implications of design for power distribution among states. Surely when the ARF's extreme informality is equated with a ''talking shop,'' its design is consistent with neorealism. Yet the consensus rule precluding major powers from advancing their agenda at the expense of smaller participants seems at odds with neorealist expectations. China preferred informal multilateralism (that might arguably tame the US and Japan) over its perceived worst outcome, that is, US bilateralism with ASEAN, Japan, and Korea (Christensen 1999). Johnston (1999) argues that, despite shared interests in economic prosperity and avoiding costly arms races, China's suspicions of multilateralism compelled a weak institution bound by consensus. Convergence around common security could have taken place around a more formal institution as well, although some argue that transparency is not an Asian tradition but a Western construct stressing clearly and legally defined property rules and regulatory mechanisms (Dibb, Hale, and Prince 1998). The ARF's design was thus underdetermined by norms, domestic coalitions, and expectations for lowering transaction costs, all of which are compatible with other institutional forms.

Effects:

The ARF has no enforcement powers and is not a security community, collective defense, or collective security mechanism. Yet, it has promoted dialogue on the Spratlys and Korean denuclearization through the Six-Party Talks, advanced confidence-building (including ''White Papers'' on defense policy and exchanges between military academies), encouraged participation in the UN Register of Conventional Weapons, enhanced maritime information exchanges, and approved a ''Concept paper'' identifying a three-step evolutionary approach from confidence-building to preventive diplomacy and conflict-resolution, reaffirming ASEAN as the ARF's driving force. Agreement on preventive diplomacy has proven elusive largely due to China's resistance. The 2001 meeting initiated an enhanced ARF chairman's role. The 2007 chairman statement urged Myanmar ''to show tangible progress that would lead to a peaceful transition to democracy'' and urged Iran ''to comply with all relevant UN Security Council (USC) resolutions.''[26] However, Taiwan Straits' issues are explicitly off the agenda, no effective steps materialized on North Korea within the ARF, and only limited coordination on terrorism, piracy, and other issues has been achieved.

[26] http://www.aseanregionalforum.org.

The ARF may be credited with supporting basic objectives of ruling coalitions to preserve peace and stability, a pre-requisite for EA's emergence as the engine of the 21st century global economy. Yet the ARF's circumscribed effects are compatible with neorealist assumptions that only powerful states can enforce more than token institutional outputs. Beyond facilitating some bilateral and sub-regional discussions, ARF meetings could hardly reduce transaction costs.

This supports Proposition 3 insofar as ARF's efforts to maintain regional stability were generally compatible with the interests of domestic coalitions, and its effects on power distribution and transaction costs were modest or hard to measure. However, the domestic distributional effects of the ARF were not sizeable, adding only marginally to existing incentives of dominant coalitions to maintain peace and stability throughout the region. Furthermore, Johnston (2008) finds the ARF's cooperative security ideology and consensus principles important in developing ''habits of cooperation'' even without material threats, socializing China to accept the legitimacy of multilateralism, transparency, and reassurance. The growing community of Chinese officials that accepts confidence-building and arms control largely overlaps with internationalizers in the foreign ministry (Shirk 1994), WTO advocates, and other supporters of multilateralism. A compelling test of the power of socialization may involve tracing effective changes in a multilateralist direction among PLA and nationalists that oppose internationalization. The PLA resisted calls for China's disclosure of order of battle, arms acquisition plans, or full participation in the UN or Regional Arms Registers (Simon 2001). Yet China slowly began endorsing military cooperation on piracy and the creation of a forum gathering high-level defense officials, and in 2007 its participation in the arms register was restored. The ARF's socialization effects thus correspond to those described in baseline Proposition 3.

Middle East Institutions

The UN Arab Human Development Report (AHDR 2002) written by leading Arab scholars suggests that ''perhaps no other group of states in the world has been endowed with the same potential for cooperation, even integration, as have the Arab countries. Nevertheless…Arab countries continue to face the outside world and the challenges posed by the region itself, individually and alone.'' That Arab states established the very first regional institution—the Arab League—in 1945 adds to the paradox of stunted institutional development suggested by the AHDR. However, understanding the incentives of ruling coalitions reduces this sense of paradox. These coalitions shared a fundamental preference for creating a weak regional institution that could not limit their freedom of action at home or abroad. The League's design and effects guaranteed that outcome (Barnett and Solingen 2007).

The League of Arab States: Goldilocks between Arab Unity and Regime Survival

Origins:

The League began with efforts by Egypt, Iraq, Jordan, Lebanon, Saudi Arabia, Syria, and Yemen following British Foreign Minister Anthony Eden's 1942 initiative.[27] The most important forces underlying its creation were, ironically, ruling coalitions seeking to guarantee their own sovereignty and independence against advocates of Arab unity.[28] Saudi Arabia and Egypt opposed pre-1945 unification

[27] There were 22 members by the 1970s with the addition of Libya, Algeria, Kuwait, Morocco, Tunisia, Sudan, Bahrain, Palestine, South Yemen, Oman, Qatar, the U.A.E., Somalia, Mauritania, and Djibouti.

[28] They also demanded French withdrawal from Syria/Lebanon and opposed a Jewish state in Palestine (Tripp 1995).

schemes (''Greater Syria,'' ''Fertile Crescent'') by Jordanian and Iraqi Hashemites. So pivotal was the penchant for independence at the time of the League's creation that activities were initially restricted to economic, cultural, and social but not political cooperation. The Alexandria Protocol (1944) that preceded the League's founding specifically eliminated joint defense and foreign policy from proposed committees. The League's Pact itself (1945) made no mention of common defense against external attack, common foreign policy, or coordinating military resources (Macdonald 1965). Concerns with security emerged only later, after rejecting the U.N.'s 1947 partition of Palestine and launching a military attack on Israel in 1948. The 1950 Joint Defense and Economic Cooperation Treaty (known as the Arab Collective Security Pact) was directed against external threats (Israel) but not inter-Arab ones.

At its inception, the League's broader implications for regional power distribution were unclear. There were concerns, particularly by Saudi Arabia, with Iraqi and Jordanian hegemonic designs (Fertile Crescent and Greater Syria), alleviated by the League's formal rejection of unification and emphasis on sovereignty. Subsequently, Egypt and Iraq vied for hegemony. The League's Secretary General was always Egyptian (except for an interlude under Sadat), and Egyptians dominated the bureaucracy. Egypt could not invariably impose its will but came close to doing so under Nasser (Hasou 1985). Saudi Arabia assumed a ''quite hegemonic rule'' (Haas 1983) by the late 1970s by underwriting the League economically. Egypt resumed its influence when the League returned to Cairo and Egypt's ''treacherous'' Camp David commitments to Israel were ''forgiven.'' The League was expected to enhance collective Arab power vis-à-vis the rest of the world, particularly the superpowers. As the AHDR (2002, 122) argues, ''acting as a group will empower the Arabs and allow them to secure rights and legal claims in international agreements.'' This was never realized because individual leaders' ambitions dominated the hierarchy of collective objectives throughout the League's history.

Interpretations of the League's genesis as an effort to manage interdependence do not apply. Interdependence was very low in the 1940s. Inter-Arab trade remained rather stable at 7–10 percent of total trade since the 1950s, and capital movements were small.[29] As Fischer (1995, 440) argued: ''The potential economic benefits of … [FTAs] in the context of the Middle East arise more from political than direct economic benefits, given a predicted trade pattern which is mainly with the outside world.'' The first major obstacle to Arab cooperation identified by the AHDR (2002, 128) was ''the hope of achieving Arab economic integration, without taking into account the inadequacy of Arab countries' production capacity or their similar production patterns that detract from the benefits achievable by complementarity.'' Economic models stressing factor endowments discount the benefits of Arab economic integration claimed by political advocates. Nor has transparency of intentions (enhancing information) been high in the hierarchy of objectives. Indeed, high public ambiguity vis-à-vis Arab unity, the West, and Israel helped leaders survive politically at home. Pan-Arab rhetoric, useful domestically, was never matched by clear, substantive steps in that direction.

Common language, nationality, history, and culture make normative convergence a plausible motive for the League's creation *prima facie*. However, Barnett's (1998) study provides more complex insights. Paradoxically, efforts to define clear collective Arab norms (Arabism) regarding unity, the West, and Israel threatened ruling coalitions. Clear norms (such as proscribing alliances with the West) would restrict leaders' freedom of action and create pressures for compliance from domestic and neighboring constituencies. The push-pull quality of

[29] UNDP (2002, 126); IMF Direction of Trade Statistics (1998 Yearbook).

Arabism forced leaders to attempt normative convergence on the one hand, but clash over its essence on the other. Perceived pressures to develop focal points fueled competitive outbidding among leaders who sought to impose their own particular normative vision. Efforts to outdo other leaders yielded more extreme normative versions than any of them could bear, given domestic constraints. Arabism had more powerful unintended centrifugal effects than the intended centripetal ones it was assumed to encourage. What domestic constraints enhanced such centrifugality?

The League was created as a substitute for, not a conduit to, Arab unification. It thus mobilized two competing domestic camps: those who balked at any regional entity limiting independence and those who balked at one that did *not* advance Arab unity. The latter camp was particularly strong among pan-Arabists in Syria and Iraq. Following the Alexandria Protocol establishing the League in 1944, Egypt's King and critics of the League immediately ousted his Prime Minister Nahhas Pasha—a League supporter—as a traitor.[30] Jordanian and Syrian prime ministers followed suit. Lebanese Christian Maronite leaders deprecated the protocol as violating sovereignty. King Sa'ud worked to derail the meetings. Yet this early domestic mobilization against the Protocol could not reverse support for the League's concept, once popular domestic constituencies had awakened to prospects of Arab unity. Arab rulers prevailed in the Pact's final version, ratified by mid-1945, which precluded intrusion in domestic affairs (Gomaa 1977) and sheltered individual regimes by stipulating (Article 8) that members should ''abstain from any action calculated to change established systems of government'' in member states. Clearly, leaders were primarily protecting their own domestic political arrangements more than their states' ''hard shells.'' Such protection reassured Lebanese Christians, for instance, but not necessarily Muslim proponents of pan-Arab unity (Gomaa 1977).

This account provides significant support for Proposition 1. Ruling coalitions created the League to protect their regimes from competing pan-Arab nationalist agendas. The Alexandria Protocol made the potential domestic implications of unity clear to domestic actors, inducing Arab leaders to oppose it. Efforts to reduce transaction costs did not appear central. Consequences for power distribution were rather unclear. Finally, there was no normative convergence over the proper interpretation of Arabism. Tensions between *kawmiyah (*pan-Arab) and *watanyia* (state nationalism) would also influence the League's design.

Design:

Membership was restricted at the outset on the basis of Arab identity. Both the nature of domestic coalitions and the absence of convergence over norms of Arabism explain the League's design – informal and sovereignty-oriented. The Pact established the Council as the key organ overseeing a permanent secretariat and six functional committees. All authoritative council decisions required unanimity and were binding *only* on states that accepted them (Macdonald 1965). Article 5 prohibited the use of force to resolve disputes and proposed mediation. However, even unanimous decisions against aggressors would not be binding on disputes over states' ''independence, sovereignty or territorial integrity.'' The Pact thus foreclosed even the mildest forms of intervention in a crucial category of conflict. Article 8 codified nonintervention in domestic systems of government. The General Secretary—always Egyptian and located in Cairo, except for the cited interlude—represented pan-Arab aspirations. Although designed to execute Council policies, the Secretariat (235 employees in 1970) expanded and initiated copious activities through 15 specialized organizations, 14 committees,

[30] Egyptian supporters of a pan-Arab agenda were few but important at the time (Macdonald 1965). For a more detailed analysis of the League's genesis and design, see Barnett and Solingen (2007).

four defense bodies, five economic and monetary funds, and other agencies employing thousands. This was not a lightly bureaucratized institution. Nor were expectations that its design would reduce transaction costs very high. Meetings often led to high contestation.

Evolving pressures for an elusive normative convergence reinforced the original choice favoring informality. A shared language and culture might have obviated more formal arrangements, but intense competition for the mantle of Arabism undermined the development of focal points. The increasingly diverging interests of ruling coalitions sharpened tensions further. Competing political-economy models obstructed changes toward greater formality (Solingen 2007b). By the 1950s and 1960s, Lebanon's model, based on extensive extra-regional trade and commercial and banking interests, was threatened everywhere else. Protectionist, inward-looking, statist, import-substituting and highly militarized models emerged with Nasser and later in Ba'athist Syria and Iraq, diffusing to other countries. These models, oriented toward self-sufficiency and state entrepreneurship, led to further declines in intra-regional trade. Notably, the League's treaties on trade and capital movements specified that ''the provisions of this convention shall not be applicable to articles subject to government monopoly'' (Macdonald 1965, 194–98). The external expression of Nasser's import-substitution was akin to what Hirschman (1945) described as imperial commercial strategies, serving Nasser's domestic and regional goals at once. He used trade to induce maximum dependence by neighbors, turning them into raw materials suppliers, diverting Egypt's trade to weaker partners for whom trade utility was higher, and de-industrializing weaker competitors in export markets. Nasser and his bureaucratic and military allies maximized economic profit, military power, and regional influence, all of which sustained and reproduced their power at home.[31] Under the United Arab Republic (UAR) unity scheme, Egypt required Syria to import industrial goods exclusively from Egypt, paralyzing Syrian-Lebanese trade and restricting Lebanese exports to Egypt. As an open trading *entrepôt* connecting Europe and the Arab world, large segments of Lebanon's commercial class suffered, as did some Syrian businessmen (Hasou 1985). Syrian opposition to Nasser came from nationalized private interests and from inward-looking, protectionist civil and military factions who proclaimed Syria's secession from the UAR in 1961 (Macdonald 1965). Threatened military industrial complexes, central pillars of inward-looking coalitions, resisted a proposed Syria-Iraq-Egypt unification scheme in 1963.

Following Egypt's 1973 war with Israel, Sadat replaced Nasser's model with economic liberalization (*infitah*) and growth, a policy requiring synergies across domestic reform, international aid, and regional stability, such as abandoning war against Israel and downsizing military expenditures.[32] This policy led to the Camp David agreements, a huge chasm within the Arab world, and Egypt's exclusion from the League. Sadat's ''Egypt-first'' approach required new domestic bases of support. A new relationship with the US and the IMF fostered business interests in tourism, commercial-agriculture, and *munfatihun* (''openers'' to the global economy) while threatening the bloated bureaucracy and military-industrial complex. Reforms proceeded in a faltering pattern under Mubarak, whose coalition remained besieged by protectionist interests, the military complex, Islamists, and Nasserites. Elsewhere in the region, some ruling coalitions endorsed incipient economic liberalization and privatization, particularly in Jordan, enhancing cleavages with opponents at home and across the border

[31] Hitler's Germany was the textbook case of an imperial strategy and Arab nationalists considered European fascism ''a virile politico-economic system superior to other Western models'' (Macdonald 1965, 106).

[32] Military expenditures declined from 52% to 13% of GNP from 1975 to 1979 (Bill and Springborg 1990; Richards and Waterbury 1990).

(particularly Syria and Iraq), and further weakening normative convergence within the League.

In sum, the League's experience is compatible with Proposition 2. Design had clear domestic distributional implications, and ruling coalitions favored informality. Beyond that, however, most other conditions suggested by the baseline proposition were not met. First, there were significant concerns that a more formal institution would strengthen hegemonic aspirations. Second, since leaders had little incentive to enhance information and transparency, more formal mechanisms were shunned. Third, normative convergence favoring informality developed over time. Nasserites aimed at replacing it with more formal unity but, by the 1970s, convergence on informality was restored. Thus, the League's informality seemed overdetermined, overwhelming competing pan-Arab norms favoring formal unity.

Effects:

Given its origins and design it is hardly surprising that the League's effects have been limited. There is little evidence that it constrained state behavior, reduced transaction costs, enhanced information, or re-defined states' identities. It succeeded in only six of 77 inter-Arab conflicts between 1945 and 1981 (Awad 1994, 153; Hassouna 1975). Comparative studies by Zacher (1979) and Nye (1987) rank the League's success in abating conflict as considerably lower than the OAU and the OAS. Although cited as uncommonly successful, the Lebanon-UAR 1958 crisis allowed Nasser to paralyze the League. Only after Lebanon's appeal to the UNSC, and US and British forces intervention to protect Lebanese and Jordanian ''territorial integrity,'' was the League's secretary rushed to draft a resolution agreeable to all (Hasou 1985). The League's activities regarding Syria's complaints against Nasser were particularly hostile and unsuccessful. Nasser never hid his blueprint for the League, differentiating between ''Egypt as a state'' and ''Egypt as a revolution.'' The first could seat at League events and conclude agreements, according to Nasser's spokesman Hassanein Heikal. But as a revolution, his regime dealt with Arabs as a single nation, never hesitating to ''halt at frontiers…If the Arab League were to be used to paralyze our movement, we must be prepared to freeze [its] operations'' (Hasou 1985, 115–16). And so Nasser did, threatening to withdraw from the League when cornered by Syria's complaint.

The League's origins and design all but guaranteed that its implications for power distribution across states would be insignificant and that it would yield little reduction in transaction costs or strengthen normative convergence. These limited effects clearly benefited ruling coalitions in each state, allowing them to entrench themselves in power rather than abrogate sovereign rights on behalf of pan-Arabism. All these suggest significant support for Proposition 3, enabling dominant coalitions to protect inward-looking self-sufficiency, state and military entrepreneurship, import-substitution, and nationalism. These domestic models were hardly suitable blueprints for converging on a regional institution capable of coordinating economic or security affairs. Nasser and Sadat undermined the League in different ways, rendering it even less effective. Focal points failed to emerge in major crises, including the Baghdad Pact, the 1991 Gulf War, Saddam Hussein's 1990s brinkmanship, the 2003 Iraq War and ensuing debacle, or Iran's nuclear program, among others. The AHD Report (2002, 121) articulates the relevance of domestic politics best, tracing the fragility and ineffectiveness of Arab regional institutions to ''too many regimes [that] cater to powerful entrenched interest groups.'' Plans for an Arab Common Market (1950s–1970s) never yielded results. A 1981 agreement proposed full exemption from tariffs and non-tariff barriers for manufactures and semi-manufactured goods but had little effect. The 1997 call for a Greater Arab Free Trade Area (GAFTA) by 2008

introduced unprecedented schedules for across-the-board elimination of tariffs, tariff-like charges, and non-tariff barriers on industrial goods, but these remained high. The League's share of global exports is 3 percent; its members trade mostly with the EU, Japan, and the US. This paltry record contrasts with highly coordinated UN voting and boycott activities against Israel. As Awad (1994, 150) argued, the League ''lived by and for the Arab-Israeli conflict.'' Gomaa (1977, 267) suggests that this preoccupation also ''accentuated the negative aspect of Arab nationalism and sapped much of its strength.'' The Israel factor was only intermittently conducive to unity; disagreements among competing coalitions also led to fierce encounters on this issue. Against this long history of recurrent contestation, which depleted the League's potential, the Saudi peace proposal unveiled at the 2002 Summit and revived in 2007 represented a potential anomaly. As an effective focal point, this plan hands Israel one of the most difficult diplomatic dilemmas it has ever faced, due in large part to its own deep domestic divisions.

Institutions in East Asia and the Middle East: Some Comparative Findings

These cases suggest that the nature of dominant domestic coalitions often explains incentives to create institutions, shape them according to their interests, and fine-tune their effects to serve their purposes. They are thus generally compatible with the propositions suggested in Section II. However, the baseline forms of these propositions assume that the institution's consequences for power, transaction costs, and norms are negligible or hard to estimate. These baseline conditions were not met half of the time, when such consequences were sizeable. Furthermore, the nature of dominant coalitions was sometimes underdetermining, was compatible with different institutional outcomes, and often provided no more than permissive conditions for the emergence, design, and effect of institutions.

On Origins of Institutions

The role of domestic coalitions is found to be essential for explaining the genesis of all four institutions. ASEAN, APEC, and the Arab League match the circumstances outlined by baseline Proposition 1: domestic coalitions as privileged explanations, given low normative convergence and negligible consequences (of creating institutions) for relative power or transaction costs. The ARF's creation, while compatible with a domestic coalitional perspective, is also congruent with normative convergence around war avoidance and common security. Expectations for reducing transaction costs were arguably more significant for APEC (Ravenhill 1998). Yet, as Kahler (1995, 8) suggests, domestic politics provide a ''necessary supplement to [functionalist] explanations'' based on efficiency. Higgott (1995) faults functionalist understandings for ignoring linkages between domestic politics and regional cooperation, and Haggard (1997, 46) argues that in EA ''the general complementarity of national policies has produced greater economic interdependence without substantial coordination at the regional level.'' Among other things, these findings also suggest that it would be impossible to understand the nature of proliferating free trade agreements in East Asia without proper attention to domestic politics.

Neorealist understandings of institutional origins hinging on hegemony face difficulties in EA. Hegemons may have incentives to build institutions to extend their power, but the US did not particularly exhibit such tendencies at the time of APEC or the ARF's creation (the only cases involving US participation analyzed here). Neither were ASEAN or the ARF driven by hegemons. Middle powers and smaller states provided initial momentum for their creation.

Hegemonic arguments cannot explain progression from pre to post-institutional environments. More refined neorealist perspectives may explain why weaker states join existing institutions to enhance their power (or prevent their own decline) but not why they succeed in leading them or retaining pivotal roles. Weaker states were not mere regime takers here. The ARF also suggests that even great powers—China and the US—may acquiesce to institutions as *faits accomplis* even when they—at least at first—might have preferred the *status-quo ante*. Institutions were expected to tame the potential supremacy of Japan, China, and the US (Harris 1999), and that of Indonesia in ASEAN. Rosecrance (2001, 244) noted that the basic process of founding regional institutions in contemporary international relations seems less about balancing. Understanding APEC's emergence as ''defensive regionalism'' may have some merit, but the ARF is an inclusive rather than a balancing mechanism. Accounts of the Arab League's origins reveal that the consequences for power distribution were rather unclear at the time. Ruling regimes created the League to protect themselves from competing pan-Arab nationalist agendas at home and throughout the region.

In the absence of normative convergence in all these cases, norms appear less relevant to explaining the origin of East Asian institutions. A presumed convergence regarding pan-Arab nationalism may have provided momentum for initial negotiations to create the Arab League. However, ironically, the League was ultimately created to *counter* this pan-Arab design. Tensions between *kawmiyah (*pan-Arab) and *watanyia* (state nationalism) confirmed little convergence over the proper interpretation of Arab norms (Barnett 1998). The Alexandria Protocol made the potential domestic implications of unity clear to domestic actors, leading Arab leaders to oppose it. Ruling coalitions thus converged on the creation of an institution that would reduce pressures for unification.

On Design of Institutions

The role of domestic coalitions is found to be underdetermining in explaining institutional design in ASEAN, the ARF, and the League. To be sure, their design was compatible with the interests of dominant coalitions, but those interests were also largely compatible with other designs. Furthermore, Proposition 2's baseline conditions privileging domestic coalitions in explaining design are absent in these cases. The implications of design for relative power, transaction costs, and norms were not necessarily negligible. Yet these variables too were underdetermining, or compatible with alternative designs. Only APEC's blueprint matches the conditions of baseline Proposition 2, where domestic coalitions do most of the explanatory work, compromising over an informal APEC that accommodates diverse stages and forms of economic liberalization and export-led growth. The informal design of ASEAN and the ARF was compatible with the nature of domestic coalitions, low normative convergence, and relative-power considerations. The informal design of the League was overdetermined by the interests of ruling coalitions, efforts to stem hegemonic aspirations, and the defeat of pan-Arab norms of formal unity.

All East Asian cases suggest high compatibility between internationalizing coalitions and informal institutional design. Yet Kahler (2000) notes the compatibility between internationalizing coalitions (but not their counterparts) and legalized institutional forms.[33] Such coalitions can indeed emphasize formality to lock preferences in, but they can also cooperate in the absence of

[33] Legalization does not necessarily contribute to higher compliance (Lutz and Sikkink 2000). Furthermore, Inoguchi (1997) finds greater institutional formality to be potentially detrimental to regional cooperation in East Asia.

institutions or via alternate institutional options. Informality allowed coalitions with comparable—but not identical—platforms of engagement with the global economy to press for regional cooperation and stability, transcend disparate domestic institutions (democratic and otherwise) and inward-looking political opponents, and logroll supportive constituencies (ABAC and CEO in APEC).[34] Ravenhill (1998) does not find formalization compelling, emphasizing that both APEC and the ARF reflect reliance on economic growth to soften tensions. This synergistic view of economics and security can be traced to these coalitions' incentives to promote economic growth, domestic and regional stability, foreign investment, and global access. Similarly, Gruber (2000, 262) traces EA's flexible arrangements to elites that enjoy political stability and little domestic opposition, and that did not require formal regional institutions for political protection at the time of their creation.[35] Domestic coalitions thus offer only a baseline for understanding institutional design, albeit an important one. The ruling coalitions differed significantly across the two regions: military and associated industrial complexes had far more political clout in the Middle East, where export-oriented manufacturing was much weaker politically than in EA (Solingen 2007b). As Inoguchi (1997, 203) argues, ASEAN and APEC commitments ''reflect an innate trust in the virtues of free markets fostered by a homogeneous merchant class.'' That was never the case for the League, which adopted unanimity over consensus and—in contrast with APEC and the ARF—shunned ''open regionalism.'' The League and ASEAN retained exclusivist regional memberships instead.

Notwithstanding the compatibility between dominant coalitions and the design of all four organizations, institutional arrangements are often made of more than the enabling conditions that gave them life. Their forms and effects may differ from their creators' intended efforts. The informal and consensual nature of East Asian institutions provides a useful natural experiment for exploring their discourses, communicative logics, patterns of persuasion, and socialization (Johnston 1999). Constructivism has forced attention to blueprints of normative convergence around specific institutional forms. However, the task of identifying convergence *a priori*, or tracing intricate normative effects (as in the League's case), raises other methodological and conceptual challenges.[36] Normative convergence around informality among ASEAN members may have been higher than in APEC or the ARF. Yet there has been significant normative contestation in ASEAN as well, particularly over democracy and non-interference. Furthermore, some steps toward progressive intrusiveness (arguably on Myanmar) and greater formality may question ASEAN's presumed long-standing norm-convergence. Above all, similarities in design across the Middle East and East Asia suggest that regional institutions may not be as peculiar or idiosyncratic as many region-specific (frequently norm-based) interpretations would have it.

Finally, the informal and sovereignty-sensitive nature of these institutions is consistent with neorealist premises that only powerful states can endow institutions with more binding procedures. Informality is compatible with ''talking shops.'' For Grieco (1997), EA's flexible institutions reflect sensitivity to relative gains. Ravenhill (1998) finds changes in US relative power, particularly after the Cold War, to potentially explain the *timing* of APEC's emergence (and the ARF's) but not their design. The ARF, he argues, is not about balancing power and deterrence but about collective security, transparency, and various economic

[34] On the growth of ASEAN business networks, see Khong (1997).

[35] As Acharya (1999, 69) argued, ''the attainment of performance legitimacy through economic development is a key element of comprehensive security doctrines found in ASEAN.''

[36] Normative influences are highly contingent and contested (Finnemore and Sikkink 1998, 274).

and transboundary issues. Overall, relative-power considerations do not capture well the important role played by smaller powers in the design of these institutions. The consensus rule precluded major powers from advancing their agenda at the expense of the rest. The League's design—codified in Article 8 regarding non-intervention in domestic affairs—reflected efforts to avoid hegemony no less than the preferences of dominant domestic coalitions.

On Effects of Institutions

All four cases validate the expectation that institutions benefit their creators. However, only ASEAN and the League meet Proposition 3's baseline conditions, privileging domestic coalitions in explaining institutional effects. The effects of APEC and the ARF were compatible with the interests of domestic ruling coalitions. However, APEC also diffused a normative consensus around open regionalism and market-driven liberalization—one hard to extricate from the preferences of domestic coalitions—and arguably reduced transaction costs. Similarly, ARF meetings and statements were compatible with the interests of domestic coalitions to maintain regional peace and stability, but these effects were marginal. Furthermore, Johnston (1999) finds the ARF's cooperative security ideology and consensus principles important in developing ''habits of cooperation'' even without material threats and punishment. On the whole, the effects of East Asian institutions were arguably minimal, with various approaches providing plausible accounts for this outcome. Internationalizing coalitions and their informal networks—more than regional institutions—have been the foundation of EA's cooperative regional order, economic and otherwise. Institutions nonetheless provided significant venues for advancing common objectives of economic growth via engagement with the global economy and regional stability. These institutions may have benefited ruling coalitions at earlier stages of internationalization the most, by providing regional cover for domestic policies they were vested in advancing in any case.

One may also conceive of East Asian institutions as shaping an identity pivoted on global markets and institutions. However, standard constructivist studies of these institutions have not revolved around such identity focus thus far. Instead, most of those studies have focused on versions of ''Asian values,'' with sovereignty and non-intervention as focal points. It is still a matter of contention why values regarding sovereignty and autonomous decision-making have persisted and whether that will continue to be the case. Discontinuities in these norms will require explanations for sudden departures. Neorealist accounts may be partially vindicated by these institutions' protection of state sovereignty and by the small magnitude of their effects. And yet, despite significant skepticism about the latter, it may no longer be possible to assume that an EA free of institutions would have completely resembled the one we observe today. Even a hegemon's preferences—those of the US—were changed from the pre- to the post-institutional setting, both for APEC and the ARF.[37] Furthermore, experiences in these informal institutions helped pave the way, in indirect ways, for subsequent forums such as ASEAN + 3, the East Asian Summit, and the Six Party Talks. The first, in particular, developed into a novel institution—particularly the financial arrangements following the Chiang Mai Initiative—that compels further exploration along the lines suggested here. Efforts to improve our understanding of socialization as a key mechanism for diffusing norms and focal points may be particularly well-suited to explain both intended and unintended, as well as unforeseen, institutional effects (Johnston 1999). In any case, an emerging cultural ''Asianness'' seems less the product of regional

[37] On East Asian institutions and US–Japan relations, see Krauss and Pempel (2003).

institutions than of three decades of growing exchange within the region, primarily but not only economic, as well as with other regions. ''Asianness'' can be considered, in many ways, a perhaps unanticipated by-product of internationalizing coalitions.

Conclusions

In an effort to transcend conceptual debates in the analysis of regional institutions, this article outlines a research strategy sensitive to scope conditions, joint methodological shortcomings, and the institutional puzzle at hand (genesis, design, effects) (Kahler 1999, 300). It thus introduces three main contingent propositions. First, domestic coalitions are best positioned to explain the *genesis* of regional institutions when the consequences of their creation for regional power distribution or transaction costs are negligible or unclear, and where there is little normative convergence surrounding the institution's creation. Second, domestic coalitions are likely to explain the *design* of regional institutions best when the consequences of design for relative power or transaction costs are negligible or not easily measurable, and when there is little normative convergence around a favored design. Third, regional institutions are more likely to benefit the domestic coalitions that created them when institutional effects on power and transaction costs are negligible or not easily measurable, and there is little normative convergence. The baseline forms of these propositions assume that the institution's consequences for power, transaction costs, and norms are negligible or hard to estimate. However, those baseline conditions were not met at least half of the time for the cases examined here; implications for relative power, norms, and transaction costs were sometimes sizeable.

Findings from these cases also suggest that the domestic argument was less challenged by other accounts in explaining institutional genesis but more so in explaining their design. The nature of domestic coalitions quite often explains incentives to create institutions but do not single-handedly determine their design; power, ideas, and efficiency considerations can be relevant sources of institutional variation. While generally benefiting the domestic coalitions that gave them life, institutions also have intended, unintended, and unanticipated effects on relative power, norms, and transaction costs. Furthermore, the nature of domestic coalitions can be underdetermining, compatible with different institutional designs, often providing no more than permissive conditions for their emergence and effects. Although fruitful as an analytical point of departure, the propositions also outline scope conditions which delimit their utility for explaining institutional genesis, design, and effects. Similar propositions can be crafted around alternative points of departure, including norms, international power distribution, or transaction costs.

Looking at EA from an EU perspective, a common but often unproductive comparison, has led many to consider the absence of formal multilateral institutions in EA puzzling. Yet formal institutions may be less compelling when members' time horizons are long, gains from cooperation are repetitive, and peer pressure is important (Harris 2000). As Lipson (1991) suggests, informal agreements are less subject to public scrutiny and competing bureaucratic pressures, and hence are well-suited for changing conditions. They are also useful under uncertainty about future benefits or concerns with asymmetric future benefits, conditions encountered repeatedly in the cases examined. Furthermore, problems of imperfect information and incentives to defect plague both verbal declarations and more formal agreements. The cases examined here indeed cast doubt on blanket functionalist premises that formal institutions arise to manage interdependence. No such institutions emerged in a rapidly growing interdependent

EA; the Arab League materialized in the midst of very low interdependence. Enhancing transparency and overcoming uncertainty may have played a role in the creation of the ARF and perhaps APEC but less so for ASEAN or the League.[38] Whatever the case may be, these objectives can be examined only on the basis of an *a priori* determination of actors' motives, often traceable to dominant domestic coalitions of state and private actors.

Findings also suggest extensive gaps in each perspective's ability to explain institutional effects single-handedly. Neorealist approaches are not equipped to address constraining or constitutive (intended or unintended) effects of institutions on states, unless they stem from hegemonic assertion. Neorealist accounts emphasize the end of the Cold War, regional changes in power distribution, and changes in US relative power as the most likely variables explaining the genesis, design, and effects of regional organizations in these two regions. However, US power hardly explains their emergence and evolution, or why they were able to ''anchor,'' ''tame,'' or coopt would-be hegemons (China in the ARF, Egypt in the League). Functionalist accounts reveal difficulties in measuring transaction-cost reductions *a priori* and even *a posteriori*. Ample information (pivotal to efficiency accounts) and robust trust (pivotal to norm-based accounts) are said to obviate the need for institutions or amplify their effects. Yet there is little empirical work specifically gauging shifting levels of trust and transparency in these cases.[39] Such probes are difficult to design methodologically but remain important challenges. Changes in identity and norms are also hard to weigh and often take longer to germinate. Although neoliberal institutionalist studies have advanced our theoretical understanding of institutional origins, domestic politics provide more complete accounts of why institutions emerge, in whose interest they operate, when they are allowed to play a significant role, and why they may not be vital to—or a *sine qua non* for—cooperation. The preferences of domestic coalitions may be important in explaining genesis, but institutions do not subsequently evolve merely in perfunctory response to those preferences. Institutions can change the nature of coalitional competition at home, alter the preferences of coalitions in power and in the opposition, create new and competing constituencies, and socialize erstwhile adversaries (Haas 1964). Further probes on the utility of this approach may come from counterfactual consideration of *different* domestic coalitions that would have led to *similar* institutional arrangements as the ones observed.

Clearly, the applicability of these propositions to the cases analyzed here does not imply that they necessarily explain the genesis, design, and effects of all regional institutions. Whether or not these findings reflect regional institutions more generally remains a matter of empirical investigation. Whatever the case, the main purpose here was to advance a research agenda that puts extant literature to work in more productive and inclusive ways than has been the case for more conventional studies of regional institutions. The propositions offer a foundation for a comparative research program that takes each approach seriously while delimiting its applicability to specified conditions. The complementarities between functionalist and domestic coalitional analysis is obvious, but norm-based and coalition-based accounts are not inimical either. To begin with, coalitions are an outcome of leaders' efforts to coalesce both material and ideal interests. Furthermore, institutions can arguably transform the identity and interests of leaders and constituencies, both in power and in the opposition. Although some have imputed ASEAN leaders with developing a regional identity where none existed, a prior question should be what led leaders to

[38] Enhancing information was not central even for the EU (Moravcsik 1998).

[39] For an exception, see Roberts (2007), who found majorities in most ASEAN member states who mistrust their neighbors.

converge on that objective in the first place.[40] Both domestic threats to ruling coalitions and reliance on growth and prosperity as legitimating governing tools would be critical parts of the answer, yet they have only been analytical sideshows in many constructivist accounts. Finally, cultural analyses also force greater attention to speech. Acharya (1999), for instance, suggested that East Asian interlocutors are reluctant to invoke the word ''threat'' in reference to their neighbors. Such concern with the implications of speech for regional stability conforms to communicative practices but also to the core objectives of internationalizing coalitions.

Given EA's unparalleled integration in the global economy, it is particularly baffling that norm-based institutional accounts have largely disregarded systematic explanations of domestic changes related to internationalization.[41] The prominence of *musjawarah* and *mufakat* is often mentioned in virtual detachment from this reality. Yet more institutionalization is taking place in EA along the lines of preferential trade agreements and growth triangles than perhaps any other institutional form. The analytical neglect of internationalization, and of the domestic coalitions that sanctioned it, obscures the most fundamental feature differentiating EA from other industrializing regions. Taking internationalization for granted is out of character with norm-based approaches. Would the ascribed normative sources of East Asian institutions have had the same effects absent the underlying coalitional landscape throughout the region? Would ruling coalitions antagonistic to the global economy have yielded the same institutional outcomes that are now traced to ''common'' culture? Counterfactual analysis and comparisons between most recent and earlier coalitional backdrops (Sukarno and *Konfrontasi*, for instance) may provide some answers to these questions. Longitudinal comparisons require a cultural understanding of pre-ASEAN relations—when the region was known as the ''Balkans of the East''—able to explain the *absence* of institutions at the time, independently of the domestic coalitional backdrop against which such relations unfolded.

In sum, institutionalist scholarship is now open to more nuanced, subtle, and contingent formulations than those suggested by rigid standard approaches. Finnemore and Sikkink (1998) urge a proper specification of the logic applicable to given actors under specific circumstances. Johnston (1999, 2008) provides a sophisticated blend of rationalist and constructivist insights, as do Hemmer and Katzenstein (2002). Notwithstanding his power-based theory, Gruber (2000, 259) argues that rather than looking at *state* preferences, it ''makes more sense to talk about the preferences of the particular parties, groups, and individuals who govern them.'' Keohane (2001, 4) suggests that functionalist understandings are incomplete without the presence of ''political entrepreneurs with both the capacity and the incentives to invest in the creation of institutions and the monitoring and enforcement of rules.'' Checkel (2001) points to domestic arrangements as delimiting the causal role of persuasion and social learning. Rosecrance (2001, 154) suggests that far more research is required for institutionalist theory to calibrate the relationship between the incentives of institutional precursors—states, leaders, coalitions—and the obtained institutional results down the line. The institutions created by precursors may, down the road, benefit them less than they benefit newcomers. These analytical directions bode well for the effort to place conceptual perspectives at the service of understanding institutions rather than the other way round, namely, turning the analysis of institutions primarily into an arena for broader, ultimately sterile debates.

[40] Katzenstein and Shiraishi (1997) trace the informality of regional institutions to common domestic norms favoring informality, a feature that would apply only to East Asian members of APEC and the ARF.

[41] For an important exception, see Berger (2003).

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