

# The GMS and Theories of Regionalism – Old and New

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In 1992 the Asian Development Bank (ADB) launched a development program for the countries bordering the Mekong River called the Greater Mekong Subregion (GMS). The program was designed to be implemented on a regional basis as opposed to a national one. In many ways this was a departure from standard approaches to the development process and one that has been gaining currency in recent years (Hettne 2000).

Actually, this is not the first regional project for the Mekong area. In 1957, the Mekong Committee was formed to help the countries better utilize the resource potential of the Mekong River. But, what about the Greater Mekong Subregion, both as a development project and as a viable region? Is it a natural grouping or an artificial construction? Are there any bottom up forces promoting regionalization or is it imposed from above and without? What can theories of regionalism tell us about the GMS and how does the process of regionalization in the Mekong region call for new theories or new interpretations of existing theories? This paper will try to answer these questions in the hope that it will illuminate what we see happening in the GMS and speculate what, if anything, is transferable to other developing regions.

Before starting, we should make clearer some definitions of the terms we will be using. Region, regionalization and regionalism all relate to geographic areas and various political, social, economic or other collective behaviors that occur in them, but they point to different aspects of it. A region describes the entity itself, regionalization seeks to explain the processes involved in becoming a region while regionalism describes the ideas behind the creation of the region and the theorizing about it and most important how it is perceived by the people involved in it or affected by it. First, what is a region? And does the Greater Mekong Subregion qualify?

Basically we can define region as a group of units (usually nation-states or portions of nation-states) in close physical proximity that exhibit a regular pattern (or patterns) of interaction. It can also be added that a region must have some interrelatedness and shared bonds. In order to have some relevance as a project worth studying, we can add that there must be "... an active policy of further integration" (Thompson 1973). With regard to the GMS, the physical proximity is obvious. The region consists of the territory on the banks of the Mekong River. Even this, though, can be the source of controversy. Should the region be confined to the riparian region of the Mekong or include all the territory of the nation-states that touch the Mekong? Let's say that geographically and socially, the former boundaries would be most accurate. However, as a political and economic project, which must be administered by an existing government of some kind, the boundaries of the region in this regard will necessarily expand.

What about the other characteristics commonly associated with the concept of "region"? Patterns of interaction are easy to see, and are becoming more prominent. Although there is a long history of migration from Southern China into the Mekong region, interaction among the peoples of the Mekong region has been limited and generally involved only those in close proximity. One has to assume that direct interaction between, say, the peoples of the Mekong Delta in what is now Vietnam and people of Yunnan was rare. Even now, interaction at that distance is likely to be in the order of trade more than actual physical contact.

Shared bonds are even easier to demonstrate for the people of the Mekong subregion. The common thread that literally connects the region is the Mekong River. The people who have historically used the Mekong as their source of life, all share a dependence on the steady flow of the river (Gargon 2002). The Mekong River Commission (MRC) has as its mandate to investigate the effects of modernization on the river and (hopefully) prevent or lessen the more negative impacts.<sup>1</sup> Any attempt at creating any sense of region-ness in the peoples of the GMS must surely begin with focusing on this 'shared bond.' Other bonds might include recent history of direct or indirect involvement in the three Indochina wars and the impact of globalization and the currency crisis of 1997.

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<sup>1</sup> MRC documents

Finally, creating an active and ongoing policy of further integration is the rationale behind the creation of the GMS in the early 90's. The ADB's director of the Mekong department recently said one of the most significant achievements of the GMS program so far has been the "trust" that has developed among the members and the commitment for continued integration in the form of among other things, reduction of barriers to trade.<sup>2</sup>

So we can say that the GMS fulfills many of the standard definitions of what a region should entail. Now, let's look at some theories of regionalism from the immediate postwar II era up to the moment and see what insights they may bring to the regionalization process we see happening along the Mekong river.

### **Old Regionalism**

In the years immediately following WWII, there was a great push for the countries of Western Europe to cooperate and even integrate both for the sake of rebuilding following the war and to prevent further upheavals. One of the first theoretical approaches to the problem came from David Mitrany in 1943 who called his plan 'functionalism.' The idea was simple: have countries cooperate on matters of scientific and technical matters (i.e. a cross-border electrical grid) where politics could be left out. While this fell out of favor in Europe – one can see elements of functionalism in the creation of the Mekong Committee in 1957 – the first example of a modern cooperative venture in the Mekong Region. The purpose to promote common usage of the resources of the Mekong while treading as delicately as possible on the sovereignty of the nations involved (Makim 2002).

Another feature of the first wave of post WWII regionalism is its focus on security issues. The obvious examples are NATO and the Warsaw Pact. Mekong regionalism has little of this aspect – leaving such issues to ASEAN.

Thirdly, one of the lasting features of early regionalism are the various 'socio-causal' theories. Formulated by Deutsch, the argument goes that as various social contacts and exchanges between various countries increase, political integration is likely to follow. Some of the markers Deutsch looked to were rates of trade, travel, migration and educational exchanges along with attitudes of the elites and masses as determined by

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<sup>2</sup> ADB Review December 2004

complex surveys.<sup>3</sup> The validity of Deutsch's theories have been debated but I think that it would be counterintuitive to think that increased social contacts would inhibit further political cooperation in the Mekong regions. Efforts should be made to increase these kinds of contacts – particularly educational ones.

### **Old Regionalism – Second Wave**

When some of the early efforts at integration slowed down (Europe) or floundered (some projects in South America and Africa) the search was on for new theories and approaches. One such approach was neo-functionalism which differed from the original by narrowing the focus to a regional level and included the political in addition to the technical. This began the still relevant idea of spillover *i.e.* cooperation in one area naturally *spilling over* into other areas. Though I believe the jury is still out on this regarding the GMS, this would be a fruitful research project to search for evidence of political cooperation as a result of the economic cooperation that is taking place. One small example is that the government of Vietnam reorganized its ministries to better accommodate its involvement in the GMS project.<sup>4</sup>

Another departure in the 'second wave' was a greater emphasis on outside factors. The regionalization process was no longer looked at as entirely internal or self directed, but often as a reaction to outside events. This approach is clearly relevant to the GMS and indeed to regionalism in Asia in general. The end of the Cold War helped bring about a solution to the Cambodian crisis which made rapprochement between the Indochinese countries and the rest of ASEAN possible. Without this, there would be no chance of any significant regional project along the Mekong River. Also the currency crisis of the late nineties clearly accelerated a number of regional projects in Asia. Many of the efforts to create an Asian Economic Community along the establishment of various 'growth triangles' can be seen as an attempt by leaders in the region to gain greater autonomy in the face of shifting for the region.

Finally, there were a few other research approaches associated with regional theorizing at this time. One was systems analysis, another was comparative regionalism.

Karl Kaiser (1968) looked at the interaction patterns of regional subsystems and how

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<sup>3</sup> William Fisher 'An Analysis of the Deutsch Sociocausal Paradigm of Political Integration'

the behavior of one regional grouping may influence the behavior of another (NATO and the Warsaw Pact being a prime example).

Kaiser also makes a speculation that will be worth testing regarding the political interactions of member states of the GMS. Although the elites that drive a transnational grouping are acting outside formal government institutions, they may in fact "...affect the context within which these institutions have to make decisions" (Kaiser 1968: 91). If we can find evidence to support this, we can argue that Interdependence Liberalism as described by Rosecrance, Keohane and Nye holds true for a subregion. One place to look is the influence of business forces in Thailand who are pushing for more trade with China particularly via Yunnan and how the Taksin government may be accommodating them.<sup>5</sup>

Louis Cantori and Steven Spiegel writing in the same period, (the late 60's), came up with a framework for comparing different regional subsystems that remains useful. Their approach is analyzing as if they were systems with observable patterns of interaction that follow certain rules. They examine a region with regard to 1) cohesion 2) communication 3) member's comparative power and 4) the kinds of relationships (Cantori and Spiegel 1969).

Cohesion refers to the various forces (religious, social, cultural historical) that work to join the various units of the region. Communication means all the patterns of intellectual interaction - educational exchange, tourism, transportation etc. Power is a function of one state's ability to impose its will on another. The authors look to population, GNP and military spending to gauge the relative powers of a region's member states.

With regards to the GMS one can easily argue that Vietnam's powerful and battle-hardened military was a major factor in its favor during negotiations for its withdrawal from Cambodia. But does it play as big a role (or even any role) in negotiations with Thailand regarding the Mekong River or trade relations? Here we can see how the end of the Cold War greatly changes the regional dynamic.

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<sup>4</sup> ADB documents

<sup>5</sup> The Nation (BKK), 18 June 2004 p. 3B

The final variable identified for discussion refers to the formal relationships between the governments involved and the extent of their amity or conflict (Cantori and Spiegel 1969). Any research into the GMS should include examining the level of cooperation on the development projects in the GMS in spite of continuing discord among member states on other issues.

## **New Regionalism**

With the fall of the Berlin Wall and subsequent end of the cold war, regionalism as a research topic came back into vogue. During the 90's, regional projects were initiated all over the globe. While most commentators saw the regionalism of the time as a reaction to globalization, but there was no agreement as the nature of that relationship, different scholars have studied regionalism in light of it being an adjunct to globalization, a reaction or resistance to globalization or simply a separate phenomenon. But the general consensus is that it is difficult to discuss the new regionalism entirely outside the context of the globalization of the 90's.

### *Limitations of the "Old" Regionalism*

Before we look at what are suggested as new theories and approaches to the study of the new regionalism, we should examine what is viewed as the limitations of the old regionalism. Breslin & Higgot (2000) lists three limitations of the old theorizing 1) important effects of domestic politics are ignored 2) ideas of region beyond strict political or economic union are rarely considered 3) under appreciation of external factors. For the GMS, we can easily see that any genuine regional cooperation that develops will not involve any political union (at least not anytime soon). It has been argued that China's plans for dam construction on the upper Mekong River served as a major impetus to the smaller nations of the lower basin to work together.

Marchand *et al* (1999) argue that the central position of the EU in regionalism theories resulted in an undue focus on economic unions and security arrangements. They felt this led scholars to exclude of other kinds of regionalism from their study. The functionalist approach which resulted, posited that a regional community would "... emerge through political and technical cooperation in non-political spheres" (Merchand *et al* 1999: 901). They argue that this approach ran out of steam during the 1970's when

European integration slowed down and a number of regional plans in the global south did not get very far. Okay – what exactly do we place this “Old” regionalism with?

### *New Theories and Approached*

Merchand *et al* propose 4 new approaches to the study of New Regionalism 1) Institutional 2) International Political Economy 3) the influence of domestic factors 4) regionalization as a response to changes at the global and regional levels (this last one is termed New Regionalism Approach/Theory). All four of these will be useful in looking at the GMS. When examining the role of institutions, the significance of the UNDP and the ADB will be obvious. The lens of IPE will lead to examining the role of the Asian Crisis of the late 90's on regionalism in Southeast Asia and particularly the desire on the part of respective nations to become more self sufficient and better navigate the choppy waters of the global economy.

Domestic factors of member countries will also be important variables regarding the promotion of regional cooperation. For example, Thailand's problem with illegal immigration from its bordering nations was one spur to the creation of economic zones on the border regions to deal with the situation. Finally, The New Regionalism will look at regionalism's place in the wider field of globalization and the changes it brings about.

All of these approaches, methods and theories all promise a more effective means of making sense of the newer forms of regionalism. What exactly do the new approached to regionalism tell us? We can put some of the insights into 3 broad categories: 1) the reasons for the rise in regionalism during the 90's, particularly in Asia 2) the relationship between regionalization and globalization and 3) the current state of regions and regionalization.

A common theme, stated by Breslin & Higgot (1999) cited the Asian Economic Crisis of the late 1990's as a major force promoting regionalism in Asia. He argues that the crisis brought home the point to many governments the need to create "... collective regional positions" to give them stronger bargaining power in global economic debates (Breslin & Higgot 1999: 335). As we will see – the GMS project does not address this per say, but by promoting development at the subregional level, the process becomes more efficient and enables smaller, less developed countries to involve themselves more proactively in the global economy. They also name the end of the Cold War as a factor in

the creation of new transnational groupings. These two examples both indicate the importance of considering *external* factors in the analysis of new regionalism.

Fawcett (2004) takes a wider view and suggests that regionalism offers intrinsic advantages by filling a void left by weak states and multilateral institutions (IMF, WTO) that benefits that are not always equally and blindly distributed. Bull and Boas (1993) argue that Regional development banks (ADB) have become players in their own right regarding the development process. I would add that one of the reasons is that they are able to claim a legitimacy among people and governments in developing regions that the larger, global institutions (WTO etc.) have lost.

Fawcett also mentions the lessening of restraints on regional groupings brought about by the end of the bi-polar system. Fawcett also points to the impact of the UN need for "... further task-sharing with regional organizations" as a force for increased globalization (Fawcett 2004). Finally, more many peoples of the developing world, only through the creation of a strong regional organization can they be assured a voice at the global negotiating table.

#### *Globalization and Regionalization: Cause & effect or symbiosis?*

Another fruitful area of inquiry opened up by the New Regionalism is the relationship between globalization and regionalization. Marchand *et al* (1999) reveal the complexity of the relationship by arguing that regionalism can be viewed as "... an integral part of globalization" or "... formal (state-led) counterforces against globalization" or simply a mix "... of trans-border activities through networks of the second economy" (Marchand *et al* 1999: 900). They emphasize the "agentive" (as opposed to merely "reactive") nature of regionalism by stating that while globalization is a fact, the world is "... not necessarily becoming more uniform" (Marchand *et al* 1999: 899) and that regionalization occupies the middle ground between the global and the local. Sustainable development is always named as the principle goal of GMS cooperation. Hopefully, this will include giving countries greater control over their development path, *i.e.* natural resources and foreign investment.

Breslin and Higgott expand on this by arguing that regional organizations can act "... as mediating layers of government between the nation-state global financial institutions" (Breslin & Higgott 2000: 337-8). They also move a way from the overly simplistic view



that regionalism is an escape from globalization by saying "regionalization then might be seen as a path toward globalization" and a means for the developing countries to strengthen "... their regional voice in the wider global economic dialogue" (Breslin & Higgott 2000: 339, 340). This is born out by official pronouncements from the ADB that creating a 'closed' trade block was never on the agenda for the GMS project.

Raimo does not see it so simply, arguing that "... peripheral countries have had to de-link themselves from the global system" (Raimo 2003: 32). But he also points to the mistake of making too much of the distinction between globalization and regionalism and quotes Ralph Pettman who places the two on a continuum. Perhaps Louise Fawcett states it best when says that regionalism can "... soften the contours of globalization (Fawcett 2004: 3)." It would be useful to examine what the "contours" of globalization are for the GMS and how (if at all) the regional projects are "softening" them.

### *Explaining the New Regions*

After examining the "new" theorizing on regionalism, what do the new approaches tell us about the current state of affairs of regionalism in general and what aspects of it call out for more research? Marchand *et al* (1999) suggests we examine the distinction of the formal regionalism from above and the informal regionalism from below. A key point (touched on earlier) made is that the informal or second economy (which is a principal driver of bottom up regionalism) "... is not populated by completely powerless social groups and individuals" (Marchand *et al* 1999: 906). This *cross-border* second economy surely has a long history in the Mekong region and this surely influenced the planning of various development projects. I refer here to bridges across the Mekong River in places where heavy cross border economic exchanges (formal and informal) already existed. Marchand *et al* (1999) reiterate this by arguing that formal regionalism can actually *strengthen* the informal economy.

Breslin and Higgott discuss one effect of regionalism in that sub-national areas become "... externally oriented" (Breslin & Higgott 2000: 345). This is a particularly salient notion in discussing the GMS. Strictly speaking, the GMS refers to the Mekong River Basin, which represents only a portion of the countries involved. Northeast Thailand and the Mekong Delta in Vietnam are far more involved in the GMS than the remaining parts of the two countries. But any formal regional project(s) can only be organized at the state level. Does this create tensions and/or opportunities for the GMS?

Also, with regard to China, only the Province of Yunnan is included in the formal grouping. What is the effect of this on Yunnan's relations with the other countries and with Beijing? We are seeing a number of projects happening at the provincial level (Nong Khai and Vientiane; others involving Vietnam and Lao; limited autonomy granted to Yunnan by Beijing).

### **GMS as Developmental Subregion ... ADB as Regional mini Hegemon?**

So, where does the GMS fit in regarding the various theories of New Regionalism? I would argue that the GMS represents a 'developmental subregion.' The Mekong region surely exists with its own identity. The bonds are cultural, geographic, historical and economic, but the GMS program itself focuses on development. This may in fact become a model for the development process if indeed the program proves successful.

Why should the region be organized along developmental lines? The obvious region would be that the development process, particularly for smaller and less developed countries, is more efficient if approached from a regional as opposed to a national basis. Up to now, development programs are generally devised at the regional level. The World Bank and the UNDP usually function at the national level. So a development program at the regional level may well be a new departure with clear implication for further development processes.

Limiting development to the national level clearly has limitations. A study by the African Development Bank indicated that building infrastructure at the regional level has saved billion of dollars (AfDB). Also, with economies more and more interdependent, coordination between regional neighbors should help countries get started with exporting among themselves as they find a place in the global market. Finally, regional development as opposed to nation by nation development may help attract FDI by ensuring that products produced locally can reach neighboring markets.

The ADB is clearly aware that the Mekong program represents a new departure. In an interview, an ADB official told me that while the Mekong project is not the biggest in terms of money the ADB is involved in, it is in many ways a showcase because it includes "hardware and software." Software being removing barriers to trade among nations in the region and hardware being the physical infrastructure (roads, bridges etc.) designed to facilitate the movement of goods and people throughout the region. There's the point, the hardware is generally supplied on the national basis via development

projects while most regional projects i.e. the EU focus on software (economic integration) and leave development to the individual countries.

*Is the ADB a sub-regional mini hegemon?*

Fawcett (2004) presents three factors that are likely to have a significant effect on the regionalization process: member capacity, sovereignty and the role of a hegemon. By capacity, we mean the ability of the states involved to actually implement the projects and institutions designed for the regionalization process. The impact of sovereignty is largely the willingness of the members to sacrifice total sovereignty for the common (regional) good. These two considerations will be easy to examine for the GMS and can be controlled for impact on success or failure of the regionalization process. What interests us here is the idea of a hegemon.

I would argue that the ADB in its role as coordinator of regional development qualifies as a hegemon. In addition being able to direct development funds they also provide the framework for the development and also took over the role of coordinating the funds coming from the various donors for projects not directly initiated by the ADB.

But the key to any successful hegemon is the ability to achieve and maintain 'legitimacy' in the eyes of member countries. The ADB has always been careful to give the appearance that it listens to the member countries. The first ADB reports regarding the GMS project do not mention tourism, but after consultations, tourism has become one of the major pillars of the development plan. Also, the ADB has been paying more attention to NGO's and other civil society groups particularly regarding the environment and other social issues.

It may well be inevitable that a development agency should be the one to provide leadership that is acceptable to all the countries in a region. It is doubtful that if China or Thailand were perceived as the 'leader' in the GMS, the countries involved would be so willing to cooperate. This was also true of the UNDP in their role as an outside broker (and dispenser of money) played an important role in bringing about the 1995 agreement that formed the current Mekong River Commission (Browder 2000).

## Conclusion

If indeed the GMS project is a new approach to regional development, the obvious research project should be to define success, test for it and see what aspects of the program can be transferred to other regions, *i.e.* Central Asia, Central America, West Africa. I believe this would provide important clues to strengthening the development process and getting more “bang for the buck” and rebuilding the consensus for promoting development among citizens of the developed countries.

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