

The Economic Dimension of Regional Integration

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Outline of the Lecture

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- ▶ Tracing the economic dimension of regionalism
 - ▶ Sequencing regional economic integration
 - ▶ The economic conditions of regional integration
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 - ▶ Economic regionalism in a globalized world
 - ▶ Economic regionalism in East Asia

Reading Materials

- Kim, Soo Yeon; Edward D. Mansfield and Helen V. Milner (2016) 'Regional Trade Governance', Ch. 15, in *Oxford Handbook of Comparative Regionalism*, pp. 323-350.
- Summaries & Questions
- Evaluation

Reading Materials

- McNamara, Kathleen R. (2016) 'Regional Monetary and Financial Governance', Ch. 16, in *Oxford Handbook of Comparative Regionalism*, pp. 351-373.
- Summaries & Questions
- Evaluation

Tracing the Economic Dimension of Regionalism

- ▶ Sequencing regional economic integration
 - ▶ Preferential trade area → free trade area → customs union → common market → monetary union → complete economic integration (Balassa, 1961)
 - ▶ Some regional economic integration process has not strictly followed such a sequence, why?
- ▶ The conditions of economic regional integration
 - ▶ What are these domestic and international conditions?
 - ▶ Factual perspective: How does economic regional integration proceed because of these conditions?
 - ▶ Policy perspective: How to create the necessary conditions for the sake of economic regional integration?

WTO, PTA and Mega-FTAs

- ▶ Regionalism as the intermediate level of trade governance
 - ▶ Bilateral, minilateral and multilateral platforms
 - ▶ WTO-consistent vs. WTO-plus FTAs
 - ▶ Shallow vs. deep FTAs

- ▶ The rise of Mega-FTAs
 - ▶ (CP)TPP, TTIP and RCEP
 - ▶ Mega-FTAs and existing trade governance
 - ▶ Mega-FTAs and the diffusion of economic regionalism
 - ▶ Mega-FTAs and East Asia

Regional Monetary and Financial Governance

- ▶ State-led regionalism vs. regulatory response to financial regionalization
- ▶ Various forms of regional monetary and financial governance around the world
 - ▶ Single currency, monetary union
 - ▶ Currency cooperation and the currency bloc
 - ▶ Swap agreements
 - ▶ Dollarization, currency board
- ▶ Economic and political logic behind financial regionalism
- ▶ Financial regionalism and the future of US (dollar) hegemony

Economic Regionalism in a Globalised World

- ▶ How to understand the notion of regionalism in a globalized world?
 - ▶ Are the concepts of globalization and economic regionalism in tension with each other?
 - ▶ Alternatively, shall we analyze them from the perspective of global interdependence?
- ▶ East Asian regionalism is sometimes considered as a way of "self-help" amid global economic crisis. How to evaluate this argument?
 - ▶ Has the level of East Asian regionalism adequately developed to address the risk(s) of the global shock? If not, how to achieve that?

Financial Regionalism in East Asia: the AMF

- While Japan, Korea and ASEAN proposed an Asian Monetary Fund (AMF) after the AFC, the United States and the IMF opposed the AMF proposal on the grounds of moral hazard and duplication. Why was the US worried about financial integration East Asia?
- The AMF had to be aborted without China's support. Why didn't China support this proposal? Why did China change its position in relations to the CMI?
- Based on the New Miyazawa Initiative, South Korea and Malaysia received USD 5 billion and USD 2.5 billion respectively. Why did Japan offer such a large sum of support to the two countries?