

An East Asian Single Market?

Lessons from the European Union

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Abstract

Regional economic integration has been one of the most significant developments in the global political economy in the last twenty years. East Asia, however, is an exception, where institutionalized economic integration has progressed slowly. What we do in this paper is consider the possibility of economic integration in East Asia from the perspective of the single market in Europe. The European experience demonstrates that creating a single market is primarily an exercise in market regulation, and that creating a single market requires a convergence of socio-economic preferences and sufficiently independent courts and the rule of law. However, these starting conditions are necessary but not sufficient. What is also required is the delegation of significant agenda-setting and enforcement powers to independent regulatory agents. If designed carefully, a single market in East Asia would lead to further trade integration between the members, industrial consolidation in certain sectors, and higher growth rates and more jobs. An East Asian single market organization might also produce significant political benefits, such as an arena for promoting political integration and resolving disputes, and the spread of democratic government and free markets in the region.