



## **Association of South-East Asian Nations (ASEAN), Economic Crisis and Regional Integration**

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### **Abstract**

Developing countries are largely confronted with problems of poverty, low level of economic growth, high level of unemployment, high level of insecurity, low industrial base, among others, a situation that places them at a difficult position in their relations with more developed states. Economic crisis affects developing countries more than it affects developed countries, and this exposes them more to exploitation, hence the need for countries with common challenges to come together to solve their problems. The purpose of this paper is to examine how the Association of South-East Asian States (ASEAN) has managed the challenge of economic crisis among developing countries in South-East Asia through regional integration. Data for the paper was collected from secondary data and analysed using content analysis. Among other things, it was discovered that ASEAN removed unnecessary tariffs amongst its member states; established ASEAN Free Trade Area (AFTA) through which its members enjoyed preferential access; made declaration on South China Sea; ASEAN created a regional production network whereby different firms producing different products in the value chain in different locations within the region to trade among themselves through common trade infrastructure. However, ASEAN was confronted with many challenges in ensuring regional economic integration in South-East Asia including socio-economic constrain, insecurity, conflict of interests among its members, and lack of strong institutions to enforce its rules. Among other things, it was recommended that member states of ASEAN should pool their sovereignty in such a way to achieve harmony among them to avoid internal power tussle.

**Keywords:** Economy, Economic Crisis, Integration, Economic Integration, Developing Countries.

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## **Introduction**

Developing countries in Southeast Asia include Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Burma, and Cambodia. These countries are disadvantaged in terms of level of economic growth and development. Specifically, developing countries are characterised by high level of unemployment, insecurity, massive poverty, low level of Gross Domestic Product (GDP), involvement about 30 percent to 80 percent of its population in agricultural production, low Human development Index (HDI), low industrial base, among other things (Gurther, 2010; Knepper, 2021).

It is important to note that developing countries are vulnerable to the negative impacts of globalisation, especially economic crisis because of the manner of their integration into the global capitalist system. This shows that the capacity to withstand the harsh realities of economic crisis around the world is largely dependent on the level of economic development of a country or group of countries as well as the mechanisms countries with similar economic circumstances have put in place to mitigate such impacts. Economic crisis in Southeast Asia has brought about economic downturn and recession, debt crisis, poverty, massive job loss, reduction in the rate of economic growth and development, among other things. This shows that underdevelopment can be reinforced and worsened by economic crisis (Glassman, 2015; Scott, 2021).

Countries can respond to common challenge of economic crisis confronting them at different levels, especially at global, regional or at sub-regional levels. With respect to Southeast Asian countries, Association of South-East Asian Nations (ASEAN) has been an instrument for ensuring regional economic integration in the region. However, the role of the organisation in ensuring that the underdeveloped countries in the region are protected from negative impacts of economic crisis has been mixed. Therefore, this paper focuses on the interrogation of how ASEAN has managed economic crisis among developing countries in Asia through regional integration.

## **Conceptual Review**

### **Economic Crisis**

According to Hadziahmetovic, Halebic and Colakovic-Prguda (2018), economic crisis means a period of significant negative economic development of one or more countries. Economic crisis is inevitable in capitalist mode of production because it is a part of business cycles in capitalist economies. It is important to note that economy cannot work perfectly well at all times because it has periods of negative trends of key macro-economic indicators. The global economic crisis of 2008 is a major factor that should encourage fundamental reforms in existing economic structures on the global arena. Hadziahmetovic, Halebic and Colakovic-Prguda (2018) rightly captured the fact that capitalist economies are prone to economic crisis which is crucial to his paper, but the study did not capture the impact of economic crisis on countries, which is vital in this paper just the study by Kirman (2011).

Kirman (2011) noted that 2008 economic crisis started with the individual banks extending credit facilities to those wishing to buy homes without much regard to their capacity to repay the loans. In 2009, the global economy contracted sharply by 2 percent. While some developed countries experienced economic contraction, the rate of economic growth in developing countries slowed significantly to 2.4 percent in 2009. Developing countries in Asia equally experienced negative growth. Global trade volumes fell from the end of 2008 through the first-half of 2009 as a result of declining imports by developed countries. Between July 2008 and April 2009, the value of imports of the European Union, Japan and the United States dropped by almost 40 percent and triggered a world-wide collapse in international trade (United Nations, 2012). Kirman (2011) and the United Nations (2012) established the nexus between economic crisis and negative economic growth, which is vital to this paper. Nevertheless, the studies did not capture the fact that economic crisis affects all facets of the economy like the study by Glassman (2015).

According to Glassman (2015), the economic crisis in Asia has been analysed by neo-liberal as well as new-Weberian scholars as a financial crisis, with the neoliberal asserting the causes of the financial crisis to be external. Economic crisis affects all facets of the economy. However, the study by Glassman (2015) did not situate the definition of economic crisis within the context of the Asian economy like the study by Scott (2021).

Scott (2021) noted that the Asian economic crisis in 1997 occurred as a result of currency devaluation and this spread quickly around many Asian markets. The currency market first failed in Thailand as a consequence of the government's decision to stop pegging the local

currency to the United States dollars. As a result, currency decline spread rapidly throughout East Asia, causing stock market declines, reduced import revenues and caused serious problems for the government. The devaluation of Thailand's baht led to huge fall in East Asian currencies by about 38 percent. However, the market declines were also felt in the United States, Europe and Russia as the Asian economies slumped. Therefore, economic crisis is defined in this paper as economic slowdown affecting all areas of the economy of Asian developing countries leading to reduced import revenues, currency declines, stock market declines, reduction in employment rate, increase in poverty, huge reduction in the standard of living of the people and level of development which can be surmounted through regional economic integration.

### **Regional Economic Integration**

Regional integration is a multidimensional process that encompasses not just economic and trade issues, but political, social, cultural and environmental issues. The traditional argument for regional integration still hold: increased productive efficiency, economies of scale, larger markets and greater scope for economic complementation and the provision of regional public goods. Also still valid are the benefits of regional integration in terms of lessening of conflict situations, greater resilience to external shocks and joint exploitation of opportunities in the global economy (Barcena, Prado, Rosales &Parez, 2014).

With respect to economic integration, Balassa (2018) noted that it is a process as well as a state of affairs. As a process, it comprises of measures that are designed to abolish discrimination between economic units that belong to different sovereign states, while as a state of affairs, it represents the absence of various forms of discrimination between two or more national economies. It is further pointed out that economic integration involves measures aimed at the suppression of some forms of discrimination among integrating states. The definitions of integration by Balassa (2018) and Kenton (2021) are similar in terms of its emphasis on removal of barriers to trade as well as protection of the interests of the integrating states. However, the definition by Kenton (2021) captured the aim of economic integration unlike the work of Balassa (2018).

Kenton (2021) noted that economic integration means discriminatory removal of all trade impediments between at least two participating countries as well as the establishment of

certain elements of coordination and cooperation between them. This implies elements of both free trade and protection. This further shows that economic integration among states can also be defined as an arrangement among states that typically includes the reduction or elimination of trade barriers as well as coordination of monetary and fiscal policies of states. The aim of economic integration is to reduce costs for both consumers and producers as well as to increase trade between the countries involved in the agreement. When regional economies agree on integration, trade barriers fall and economic as well as political coordination increase. Economic integration has the following states: a preferential trading area, an economic and monetary union, and complete economic integration. The final stage represents a total harmonisation of fiscal policy and a complete monetary union.

From the foregoing definitions, regional economic integration, in this paper, is defined as a process or condition that encompasses measures aimed at abolishing discrimination between economic units belonging to different states by creating conditions through which the various forms of discrimination between national economies are absent in Southeast Asia. Therefore, regional economic integration can be achieved through creation of free trade area, creation of customs union, creation of common market, formation of economic union, and complete economic integration among developing countries in Southeast Asia.

### **Developing Countries**

There is no single definition of a developing country, hence many scholars have defined the concept differently in accordance with their academic orientations and level of understanding of the concept. In this regard, Knepper (2021) defined developing countries as those countries that have low Gross Domestic Product per person. Majority of the people in such countries rely on agriculture as their major industry. Countries that are categorised here have low developed industrial base and low Human Development Index (HDI) relative to other countries, especially the developed countries. Also, developing countries have not quite attained economic maturity. The definitions of developing countries by Knepper (2021) and NUST (2015) are related because the two believe that developing countries are poor countries in terms of low industrial base and Gross National Product. However, Knepper (2021) did not define the term as in depth as NUST (2015) to include more indices for determining developing countries.

Similarly, NUST (2015) reported that developing countries are characterised by low level of Gross National Product (GNI) per capita. In 2007, the average GNI per capita of the high income economies was estimated at \$37,566, while it was only \$578 in low income developing countries. Also, large income inequalities, widespread poverty of less than \$1.25 per day, low levels of productivity, great dependence on agriculture with a backward industrial structure, high rate of population growth and dependence burden, high level of unemployment and underdevelopment, technological backwardness, as well as high proportion of consumption and expenditure and low saving rate.

Therefore, developing countries are defined, in this paper, as those countries in South East Asia with high level of poverty, unemployment, low industrial base, low GNI, low GDP, low level of productivity, and heavy reliance on agriculture for the survival of 30 percent to 80 percent of its population compared to developed countries.

### **Theoretical Framework**

There are many theories that could be adopted in this study, including intergovernmentalist integration, systems theory, structural-functionalism, and neo-functionalist integration theories. However, this study is built on the neo-functionalist integration theory of multilateralism paradigm at systemic level of analysis because it best explains our paper. According to Niemann, Lefkofridi, and Schmitter (2018), neo-functionalist integration theory was first formulated in the late 1950s and early 1960s by E.B. Haas. In regional integration, the early actors are independent states, which are supra-nationally motivated as well as politicians or administrators. The actors recognise the fact that interdependence requires that they act collectively in order to resolve some mutually-recognised challenges that need collective efforts.

According to Schimmelfennig (2010), the basic assumptions of neo-functionalist integration theory are as follows: (i) when countries agree to cooperate in any given sector, this cooperation creates incentives for them to cooperate in other similar or related areas; (ii) Neo-functionalism holds that economic integration almost always leads to an increase in interaction between actors in the integrating region. As a result, sub-state actors begin to cooperate politically across borders to lobby their political leaders as well as government to

further integrate; and (iii) the supranational body designed to oversee integration begins to pursue strategies to deepen integration in already integrated sectors as well as extend integration in other sectors, and in so doing further their own interests.

The theory is vital in the understanding of the rationale behind the coming together of developing countries in South-East Asia to form a regional economic organisation aimed at ensuring that the region harmonise their trade policies with a view to solving their respective domestic problems created by globalisation, economic crisis and underdevelopment. The theory is equally vital in the understanding of the role of Association of South East Asian Nations in solving the many challenges posed by non-economic factors in the region.

The theory is equally relevant to the study given the role of the states within multilateral setting in promoting their national interests, which is vital to their survival. The behaviour of states in ASEAN is largely determined by the need to solve their domestic problems ranging from economic underdevelopment, security challenges, disease outbreak to other challenges. However, the theory is weak in explaining the issue of the continued self-centeredness of states in promoting their national interests across the national borders.

### **Methodology**

The design of this paper was historical research design involving collection and analysis of secondary data on ASEAN, economic crisis, and regional integration with a view to understanding the current efforts of ASEAN in combating economic crisis in the region and making predictions of future events in the future. Sense of discrimination was used in eliminating data that do not align with the aim of the paper in order to ensure validity and reliability of the data. Data collected were systematically analysed in themes using content analysis.

### **X-ray of Economic Crisis in South-East Asia**

According to Singh (1998), the countries of Southeast Asia had the distinction of being counted amongst the world's fastest growing economies in the region until the middle of 1997 when the level of unemployment, level of incomes as well as standard of living among vulnerable segment of their population deteriorated. To be sure, in the increasingly globalised

world, management of economies is usually confronted with many challenges. This has been demonstrated by the economic crisis that confronted a number of countries in Southeast Asia. The crisis which started with the devaluation of the currency of Thailand in 1997 swiftly spread to other countries in the region. From the beginning, the crisis appears to be financial crisis or debt crisis, but it had many implications on economic growth and development in the region. Consequently, countries in Southeast Asia started experiencing massive reductions in export growth as well as growth in the overall economy especially during the second-half of the 1996. Confronted with such a situation, it became unrealistic for Thailand to continue to peg the United States dollar at fixed exchange rates. As the currencies were devalued, the burden of external debt suddenly increased significantly.

Similarly, Nambissan (2010) noted that before the economic crisis in Southeast Asia, Indonesia has achieved substantial success in economic development over the past years. While the Gross Domestic Product (GDP) growth during the 1980 to 1990 period was 6.1 percent yearly, it later went up to 7.6 percent yearly from 1990 to 1995 period. This steady high growth has been linked with impressive diversification of the economy as well as strong performance of the manufacturing sector, which grew at the rate of 10 percent per annum between 1985 and 1995, and accounted for one-fourth of the country's GDP. The exports of Indonesia include textiles and apparels, wood products, and petrochemicals. The country's gross investment rate increased from 24 percent of GDP in 1980 to 32 percent in 1996. However, the employment rate from 1985 to 1995 was 2.3 percent per annum relative to labour force growth of 3.1 percent. Employment growth declined from 2.8 percent per annum between from 1985 to 1990 to 1.8 percent per annum. That aside, Indonesia was able to reduce poverty through fair distribution of resources of the state. This resulted into increase in the quality of life in terms of life expectancy, reduction in infant mortality, increase in literacy level and access to education. Also, population of people below the poverty line declined from 40.08 percent to 11.34 percent.

More so, the global economic crisis affected Southeast Asian economies through both trade and financial channels, which reflected in the region's deep economic integration with the rest of the world. Consequently, Asian economies excluding China and Japan contracted by an average of about 6.2 percent. The GDP of the southeast Asian countries contracted by 8.3 percent (Keat, 2013). It is instructive to note that ASEAN member states, excluding



Indonesia, was worst hit by the economic crisis. The financial shocks from the advanced industrialised economies were felt in Southeast Asia through a variety of channels, including the drying up of trade credit as well as cross-border capital flows and sharp decline in asset values (Keat, 2013).

The report by World Bank (2012) showed that the economic crisis has serious consequences on Southeast Asian countries. Malaysia, Singapore, and Thailand experienced a fall in GDP in 2009 as exports of goods and services in the GDP of the countries were high. For instance, in 2010, exports of goods and services in Malaysia and Singapore were 71.3 percent, 93.7 percent and 207.2 percent respectively. Indonesia and the Philippines were not confronted with contraction in GDP because export of goods and services accounted for only a small share of their GDP. However, growth rates of all the affected countries in ASEAN were reinvigorated by 2000 and 2010 respectively.

The nature of economic crisis in the ASEAN region is characterised by the volatility in international financial markets because of the large external financial needs of the region. The decline in international development assistance and tightening of global financial conditions, problems with International Monetary Fund (IMF) prescriptions and global portfolio-rebalancing all affect the huge debts, fiscal deficits, investment risks and associated domestic structural challenges in the region. Again, the unpredictable global trade relations and escalating trade policy disputes due to weakening capacity in Western European and US economies also affected negatively the export prospects of the region. This is further aggravated by the US-China trade tensions because ASEAN trade is deeply embedded into the supply chains, making it easy for disruptions to hurt the region's growth prospects (UN, 2019).

The challenges identified and possibility of escalation of tariff measures due to country specific vulnerabilities (commodity dependence, poverty, and inequality) become severe in countries with weak governance and poor institutional quality and lack of diversification (UN,2019). The nature of Government-Business relationships that characterise ASEAN development as they affect domestic wage rigidities, particularly, Labour-Business restrictions, act in favour of business and account for the undemocratic nature of governance regulations (OECD, 2020).

It is instructive to note that one of the first regions affected by the outbreak of covid-19 is the Southeast Asia in terms of rapid increase in the total number of confirmed cases. With economic downturn caused by the domestic containment measures as well as global disruptions of trade, tourism and production, the region faced the prospects of economic crisis. As at May 4, 2020, there were 3,529,808 cases of covid-19 globally, and over 49,900 cases occurred in Southeast Asia. Consequently, the Asian Development Bank (ADB) revised downward its growth forecasts for 10 ASEAN member countries from 4.4 percent in 2019 to 1 percent in 2020. Southeast Asian economies started experiencing negative effects of global trade tensions. Covid-19 adversely impacted on the supply and trade from China as well as sharp decreases in international tourism through economic lockdowns (Rasaih, Yap & Chandran, 2014).

According to Marsan (2020), the Covid-19 pandemic led to lockdowns and worldwide economic meltdowns. Apart from the regions proximity to Wuhan, the cultural norms of collectivism which characterise ASEAN societies and the large informal sector which fuels the underground economy, makes the enforcement of lockdown measures very difficult. This is aggravated by the fact that apart from Singapore with excellent health systems and universal access to health care other countries in the region have underdeveloped health systems and access to health care is confronted with challenges. Unfortunately, too, informal workers are not equipped to work from home and as such the pandemic has severe economic consequences (Nishimura, 2020).

Generally, the ASEAN region still shows strong economic growth rates trajectory, expanding by 5.8 to 5.6 percent before the Corona Virus pandemic. The region has strong macro-economic projections and policy buffers to deal with external trade shocks like low costs of borrowing, resilient domestic demand (private consumption is the key driver of growth), healthy job creation (particularly in technology and information communication sectors), rising incomes and moderate inflationary pressures (UN, 2019). It is a region with high investments in infrastructural expansion, with high levels of savings, a strong work ethic, large informal economy, a dynamic and entrepreneurial private sector with export-oriented liberalisation and industrialisation(OECD, 2019).

### **Role of ASEAN in tackling the Issue of Economic Crisis among Developing Countries in South-East Asia**

Association of South-East Asian Nations (ASEAN) was formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand to promote political and economic cooperation as well as regional stability. Membership of the organisation include Brunei and Vietnam that joined the organisation in 1984 and 1995 respectively. In 1997 and 1999, Laos and Burma as well as Cambodia joined ASEAN. The Charter of ASEAN came into force on December 15, 2008, but before then, the ASEAN Declaration in 1967, which formalised the principles of peace and cooperation had been considered the founding document of the organisation. ASEAN as a community has three pillars as follows: the political-security community, economic community and socio-cultural community (United States Department of State, 2018). Since the formation of ASEAN in 1967, the organisation has integrated strongly through political ties in order to combat threats in the early years following the Vietnam War. It has equally increasingly worked to enhance economic prosperity in the region. Consequently, ASEAN exports in total exports rose from 23.8 percent in 2000 to 26.4 percent in 2011 (ASEAN, 2013).

Similarly, since the formation of ASEAN Free Trade Area (AFTA) in 1992, the member states of the organisation have carefully liberalised trade with the aim of achieving and ASEAN Economic Community. Under the common effective preferential tariff mechanism, all member countries established deregulation schedules to turn the region into a common market. The AFTA has also reduced tariffs between the developing ASEAN countries from 12 percent and to 0 - 5 percent for the least developing economies, while over 66 percent of goods and services have zero tariff within the region. Inter-country exports among AFTA members equally enjoy preferential access as long as they meet the rules of origin conditions of 40 percent value added. This has led to greater economic efficiency, productiveness and global competitiveness as the region operates as a single production unit (Rasaih, Cheong & Doner, 2014).

The ASEAN declaration sets out the principles of peace and cooperation in the region to which ASEAN is committed. These processes, principles, agreements and structures which have evolved over the years are contained in the following major political agreements: ASEAN Declaration, Bangkok, 8th August, 1967; Zone of Peace, Freedom and

Neutrality Declaration, Kuala Lumpur, 1971;Declaration of ASEAN Concord, Bali, 1976;The Treaty of Amity and Cooperation in South east Asia (TAC), Bali, 1976;ASEAN Declaration on the South China Sea, Manila, 1992;Treaty on the Southeast Asia Nuclear Weapons-Free Zone, Bangkok, 1997;ASEAN Vision 2020, Kuala Lumpur, 1997; and Declaration of ASEAN Concord 11, Bali, 2003 (ASEAN, 2012).

The TAC and declaration on the South China Sea led to the formation in 1994, the ASEAN Regional Forum with 27 members from countries outside the region including the United States of America. ASEAN promotes regional economic cooperation through Regional Comprehensive Partnership Agreements (RCEP), Comprehensive and Progressive Agreements for Trans-Pacific Partnerships (CPTPP), ASEAN Free Trade Area (AFTA) 1992, ASEAN Infrastructure Fund, ASEAN Framework on Services (AFAS), and ASEAN Investment Area (AIA) (OECD, 2019).

More so, ASEAN Regional Production Networks, through AFTA, whereby different firms producing different products in a value chain in different locations within the region trade between the countries in the region and supply through common trade infrastructures to other international supply chains globally. The effect of all these on the economy of the region is that they have export-oriented industrialisation, consolidation of production structures and a strong regional market with the development of regional and national financial institutions to cope with the large inflows of international capital and common macro-economic policies to absorb the shocks in the international system, promote growth and resolve economic problems through cooperation. The ASEAN Economic Community is the end goal of economic integration measures as outlined in their Vision 2020 (ASEAN Overview, 2012).

Finally, ASEAN has responded to economic crisis in the southeast Asia in several ways. During the covid-19 pandemic, during the 26th ASEAN Economic Members (AEM) retreat on March 10, 2020, the organisation issued a statement calling for collective action aimed at mitigating the impact of the virus, with particular focus on leveraging technology as well as digital trade. Again, at the Special ASEAN Summit on Covid-19 held on April 14, 2020, leaders of the ASEAN member states came up with a statement calling for a post-pandemic recovery plan and also proposed the setting-up of Covid-19 ASEAN Response Fund. Consequently, members of the organisation pledged to implement the Master Plan on

ASEAN Community (MPAC). ASEAN Economic Ministers also agreed to address non-tariffs barriers, particularly those that impede the smooth flow of goods and services in supply chains, and refrain from imposing new as well as unnecessary non-tariffs measures. On April 14, 2020, ASEAN called on its member states to: ensure the opening of ASEAN critical infrastructure for trade and trading routes through air, land and sea ports; refrain from imposing unnecessary restrictions on the flow of medical, food and essential supplies (OECD, 2020).

### **Challenges confronting ASEAN in Economic and Regional Integration of South-East Asia**

In its trajectory towards economic and regional integration for the promotion of peace and stability, Southeast Asia witnessed and passed through several challenges, especially at the earliest stage with the formation of Association of South-East Asian Nations and Asian Economic Community (AEC). Some of these challenges include:

Lack of strong institution: Lack of formidable institutional framework to provide direction for implementation of collective decision of ASEAN constitutes a great challenge to the region. The assertiveness of any institution depends on the ability of that system to deploy its internal mechanism toward achieving its objectives and goals. Pooled sovereignty to have a central controlling unit required strong commitment. Acknowledging the institutional deficiency of ASEAN, Mahbubani, and Jeffery, in Heng (2020) argued that one of the challenges faced by ASEAN lies in its weakness. Unlike the European Union, ASEAN has no custodian responsible for keeping the ten-nation bloc going.

According to Kurlantzick (2012), ASEAN has helped in preventing interstate conflicts in Southeast Asia, despite several brewing territorial disputes in the region. With all these efforts, yet ASEAN lags far behind its full potentials. Most western leaders and even many Southeast Asia's higher ranking official do not consider the organisation capable of handling any serious economic or security challenges, including the current dispute in the South China Sea. The ASEAN Secretariat in Jakarta runs with skeleton staff one-tenth of the size of EU and smaller than African Union (AU), it possesses no peace keeping force unlike other organisations, and it has no strong mechanism for enforcing human rights. Consequently, it is apt to state that the weak institution of Southeast Asia can be attributed to the prevailing

system of governance in the region. Most Southeast Asia member states were governed by autocratic Asian leaders, who were extremely reluctant to hand over even small amount of power to the regional organisation.

**Divergent interests and priorities:**This is another severe economic and political tragedy associated with the economic and regional integration in the Southeast Asia. Each member state faces their own unique social, economic and political challenges. As a result, each of them seems to have no choice, but focus on addressing their own internal challenges. This concentration on domestic affairs adversely affects the wellbeing of ASEAN as a whole (Heng 2020).

**Internal and External Security Challenges:**The famous priority of integration whether economic or political is to maintain peace and stability among member countries as recognized by Mitrany's concept of 'working-peace system (Akinboye, &Ottoh, 2009). However, ASEAN is not free from internal and external security contradiction. Within the region there are border disputes and conflicts, illegal migration, ethnic crises and other issues, which have increasingly made headlines in the last few years (Onyusheva, Thommashote, &Kot, (2018). Yamamoto (2018) added that, many of the newly risen countries in Southeast Asia have been beset ever since the period they were brought into existence by political unrest both domestic and external raises certain pessimism with regard to planning a common institution or organisation.

**Socio-economic Constrains:**According to (Heng, 2020), ASEAN is also bedeviled by other significant threats such as corruption, demographic changes, disparities in economic policies and economic development and technology adoption, environmental degradation and other issues related to politics and the rise of authoritarianism. Some of the member states are aligned to diverse power blocs globally (Chia, 2013). With this division and constrains, it is clear that the objectives of this organisation becomes difficult if not impossible to be realised.

## **Conclusion**

This paper has been an examination of how economic crisis has helped regional integration in Southeast Asia within the framework of ASEAN. The paper carried out a brief historical anatomy of economic crisis in Southeast Asia focusing on how ASEAN has managed the crisis through regional integration with a view to achieving development among its member states. It was discovered that ASEAN has played a critical role in ensuring economic emancipation of the region from economic recession since its inception, especially in terms of removal of unnecessary tariffs and harmonisation of covid-19 policies among its members. However, the regional body was found to be confronted with many challenges in its role in emancipating the region from the negative economic effects of globalisation, especially in the area of internal and external security challenges with its negative implications for the regions' relevance at the strategic level of international relations.

## **Recommendations**

The following recommendations are found relevant in this paper:

- i. ASEAN should come up with more robust strategies for strengthening its institutions for better regional integration that could adequately solve economic crisis in the region;
- ii. Member states of ASEAN should pool their sovereignty in such a way to achieve harmony among them to avoid internal power tussle in managing economic crisis in the region;
- iii. ASEAN should work harder to make its members speak in harmony on global issues with a view to solving their internal and external security challenges in the region;
- iv. Internal challenges in "small" member states of ASEAN should be collectively tackled to pave the way for increased and holistic development of the region; and
- v. The challenge of border disputes, ethnic rivalries, and conflicts in the region should be adequately addressed by ASEAN through harmonisation of immigration policies of its member states.

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