

IDE Discussion Papers are preliminary materials circulated to stimulate discussions and critical comments

IDE DISCUSSION PAPER No. 836

Regionalism and Exclusionary Leadership:

The Case of International Sporting Events and Trade Cooperation

Shintaro HAMANAKA*

February 2022

Abstract

This paper empirically tests the plausibility of theories of exclusionary regionalism that make the following predictions: (i) small(er) states pursue small(er) regionalism by excluding larger states in order to assume some exclusionary leadership role, and (ii) as a result, regionalism proliferates in an overlapping and nested manner. To verify the explanatory power of these theories, this paper considers case studies of regionalism in two different fields—trade and sports. Empirical investigation confirms that smaller and smaller regionalism is pursued in both regional trade and regional games in line with the theories. However, we also find some important differences, such as the existence of North American Free Trade Area despite the absence of North American games, which can be explained by factors unique to specific issue areas.

Keywords: regionalism, exclusion, exclusionary regionalism, regional sports games, regional trade agreements

* Senior Research Fellow, IDE-JETRO (Shintaro_Hamanaka@ide.go.jp)

The Institute of Developing Economies (IDE) is a semigovernmental, nonpartisan, nonprofit research institute, founded in 1958. The Institute merged with the Japan External Trade Organization (JETRO) on July 1, 1998. The Institute conducts basic and comprehensive studies on economic and related affairs in all developing countries and regions, including Asia, the Middle East, Africa, Latin America, Oceania, and Eastern Europe.

The views expressed in this publication are those of the author(s). Publication does not imply endorsement by the Institute of Developing Economies of any of the views expressed within.

INSTITUTE OF DEVELOPING ECONOMIES (IDE), JETRO
3-2-2, WAKABA, MIHAMA-KU, CHIBA-SHI
CHIBA 261-8545, JAPAN

©2022 by author(s)

No part of this publication may be reproduced without the prior permission of the author(s).

**Regionalism and Exclusionary Leadership:
The Cases of International Sporting Events and Trade Cooperation**

Shintaro Hamanaka

IDE-JETRO

February 2022

Abstract

This paper empirically tests the plausibility of theories of exclusionary regionalism that make the following predictions: (i) small(er) states pursue small(er) regionalism by excluding larger states in order to assume some exclusionary leadership role, and (ii) as a result, regionalism proliferates in an overlapping and nested manner. To verify the explanatory power of these theories, this paper considers case studies of regionalism in two different fields—trade and sports. Empirical investigation confirms that smaller and smaller regionalism is pursued in both regional trade and regional games in line with the theories. However, we also find some important differences, such as the existence of North American Free Trade Area despite the absence of North American games, which can be explained by factors unique to specific issue areas.

Keywords: regionalism, exclusion, exclusionary regionalism, regional sports games, regional trade agreements

1. Introduction

The purpose of this paper is to empirically test the plausibility of theories of exclusionary regionalism proposed by Hamanaka (2022). The primary prediction of the theories is that smaller states pursue smaller regionalism by excluding larger states to assume some exclusionary leadership role, and as a result, regionalism proliferates in an overlapping and nested manner. The rationale behind this pursuit is the prestige or status of holding a leading position in a group or institution. For states, the creation of a *regional* group is a convenient means of excluding rivals. Four theories can explain states' policies on regionalism under various conditions: downward theory, upward theory, counter-downward theory, and counter-upward theory.

To verify the explanatory power of these theories of exclusionary regionalism, this paper considers case studies of regionalism in two different fields—trade and sports. We analyze trade regionalism because trade is often a primary consideration, either explicitly or implicitly, in discussions of regionalism (Mansfield and Milner 1999). We also look into international sporting events because the exclusive nature of regionalism is highly evident and visible in sports. Hosting regional games (in a sense, regional Olympics) and obtaining the lion's share of gold medals contributes to national prestige (Grix 2013); thus, sports is a good subject to look into exclusionary leadership. It is also interesting to compare sports regionalism and trade regionalism because they are likely to have different dynamics.

The remainder of this paper is organized as follows. The second section briefly outlines the theories of exclusionary regionalism. The third section introduces case studies on regionalism in sports and in trade. The fourth section discusses the commonalities and differences between the two case studies in light of the theories of exclusionary regionalism. The fifth section discusses possible extensions of the proposed theories, based on the empirical findings. The final section concludes the paper.

2. Concept of Exclusionary Regionalism

Four theories of exclusionary regionalism—downward theory, upward theory, counter-downward theory, and counter-upward theory—are summarized below.

Downward Theory: A small state attempts to create a small regional group in which it can hold the leading position, excluding larger states. In this manner, smaller and smaller regionalism is pursued and a party that excludes larger rivals becomes the party to be excluded by even smaller states.

Upward Theory: A larger state that was excluded from a small regional group led by a smaller state attempts to create a regional group that includes itself, along with the leader and members of the small exclusionary group and others, but still excludes larger states. In this manner, larger and larger regionalism is pursued.

Counter-downward Theory: An excluded large state tries to induce dysfunction or join in exclusionary regionalism led by a smaller state.

Counter-upward Theory: As a member of large regionalism led by large states, a small state tries to induce dysfunction from the inside.

Figure 1-1 is useful for understanding the rough ideas of each theory. Note that in Figure 1-1, the power distribution is scattered, which means that there are no nearby states that are roughly equal in terms of power. In Figure 1-1, Downward Theory predicts that State B creates a regional group whose boundary is roughly Y, excluding State A, and that State C creates a regional group whose boundary is roughly Z, excluding States A and B. Upward Theory predicts that once State C (State B) creates a regional group whose boundary is roughly Z (Y), the excluded State B (State A) creates a larger regional group whose boundary is roughly Y (X). Counter-downward Theory predicts that when faced with regionalism Z led by State C, State B tries to induce dysfunction or join in regionalism Z. Counter-upward Theory predicts that facing regionalism Y led by State B, State C tries to induce dysfunction in regionalism Y. Empirical cases show that most regionalism in the world can be explained by Figure 1-1.

In some parts of the world, however, the power distribution is not scattered, which means that there are two or more states of nearly equal power, a situation illustrated in Figure 1-2. When States B1 and B2 are roughly equal in terms of power (other than the power of State B2, the power distribution of Figures 1-1 and 1-2 is the same), there are some totally different scenarios for regionalism including the two states. First, Group Y including both State B1 and B2 may emerge, although such regionalism may involve within-group rivalry between them. Second, two different regional groups may emerge, one led by State B1 and the other led by State B. There is also a possibility that all of Group Y, Y1, and Y2 co-exist.

Figure 1: Illustration of Theories

Figure 1-1: The Case of “Scattered” Power Distribution

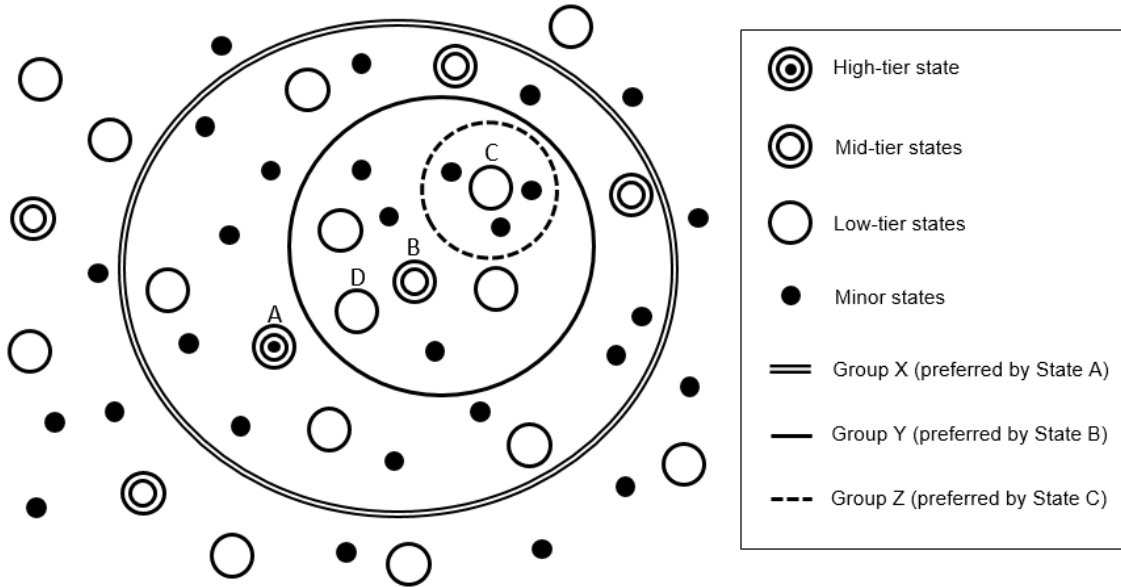
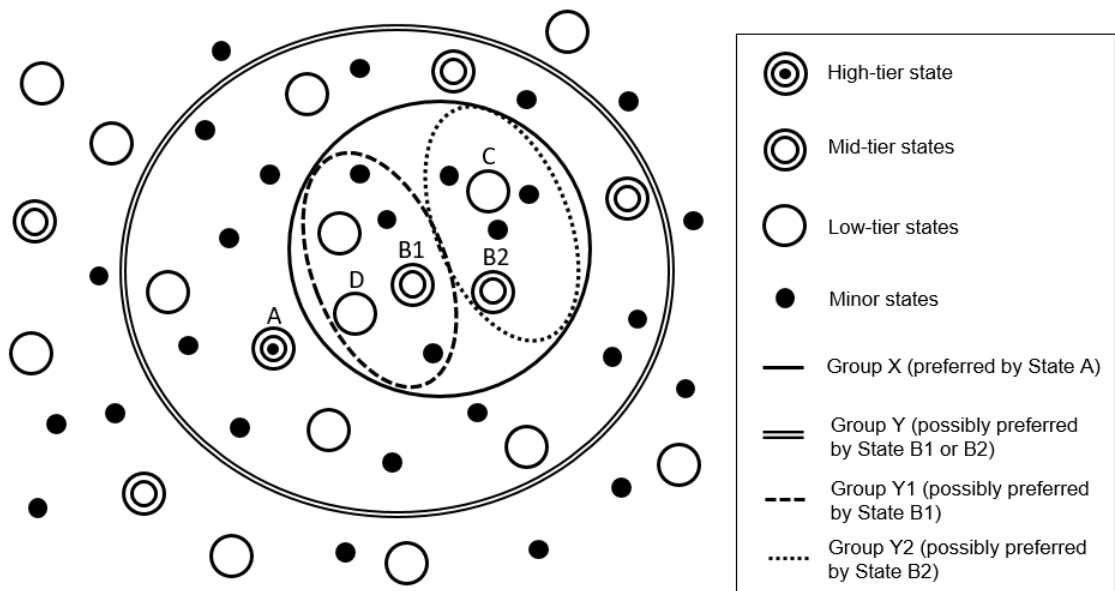


Figure 1-2: The Case of Nearby Equally Powerful States



3. Empirical Investigation

For the empirical investigation, we first need to clarify the size of states. How can we measure the power of states in the two fields studied? For sports, the number of medals received at larger event can be a good proxy. Because the timing of establishing regional games significantly varies, we provide the data on the medals in footnotes (see footnotes 1, 2, 3, 5, and 6). For trade, the size of gross domestic product (GDP) seems to be a good proxy because trade potential depends on the size of economy. The GDPs of states excluding others and states being excluded by others are shown in a table in Appendix 1.

3.1. Regional Games

Americas. The origin of the Pan-American Games dates back to 1937. George Preston Marshall, an American businessman, organized the first Games in Dallas, Texas (Dyreson 2016). The Pan-American Games were proposed as the US response to the Central American and Caribbean (CAC) Games, which did not involve the US (Morales 2013, 17). Interestingly, Mexico boycotted the Pan-American Games (Dyreson 2016). Meanwhile, the CAC Games started in 1926 in Mexico, with three participating states. It now involves all countries from the CAC region. In most games, Mexico gets the largest number of gold medals. In 1976, the Argentinian Olympic Committee establish South American Sports Organization (ODESUR), with its counterparts in Bolivia, Peru, Paraguay, and Chile. Brazil was not included in the Argentina-led ODESUR upon its establishment (Bravo et al. 2018). In 1978, the first Southern Cross Games were held with eight countries. The name was changed to South American Games in 1986 and it now covers all countries in South America, including Brazil. There are even smaller games in the Americas. First, Guatemala took the initiative to create the Central American Games, which were first held in Guatemala in 1973 (Morales 2013, 18). The participants are limited to small Central American states, excluding Mexico. Guatemala often obtains a large number of gold medals. Second, the Bolivarian Games were started in 1938. The country that has obtained the largest number of gold medals so far is Venezuela.¹

Europe. The European Games started in 2015 and were organized not for West European states but for East European states and Former Soviet republics. In fact, all European Games to date have been held in East European countries or former Soviet republics (Azerbaijan in 2015, Belarus in 2019, and Poland in 2023). Some East European countries or former Soviet republics received a relatively large number of Olympic medals in the 1990s and the early 2000s, but by the 2010s, their numbers had declined. However, they can be a “star” at the European Games.²

Asia. At the 1948 Olympics, India was the only Asian country to receive a gold medal, winning a single gold medal. Guru Dutt Sondhi, the Indian International Olympic Committee representative, is the founding father of the Asian Games. The first Asian Games were held in New Delhi in 1951. Meanwhile, the first Southeast Asian Games

¹ The US often gets many more medals than Argentina and Mexico, and Argentina and Mexico get many more medals than Guatemala and Venezuela. At the 2000 Olympics, the medal count was as follows: US (91), Mexico (6), Argentina (4), Venezuela (0), and Guatemala (0). While there are ups and downs, the general trend does not change much over time.

² The best example would be Belarus and Poland, which actually hosted the European Games. Belarus’ Olympic medals declined from 15 (1996) to 10 (2012) and Poland’s Olympic medals declined from 17 (1996) to 11 (2012).

(SEA Games) were held in 1977, which absorbed the Southeast Asian Peninsula Game (SEAP game) (see below). Indonesia and Thailand often received the largest number of gold medals at the SEA Games, but their medal counts were insignificant at Asian Games.³ The East Asian Games were launched in 1993, but the planned 2017 Games were canceled.⁴ There have been even smaller regional games in the past. On the margin of 1958 Asian Games, delegates from the participating countries in the Southeast Asian Peninsula (mainland Southeast Asia) held a meeting and agreed to launch new regional games. The idea was conceptualized by Luang Sukhum Nayaoradit, then Vice-President of the National Olympic Committee of Thailand. The first SEAP Games were held in Bangkok in 1959 with six members, excluding the nations of the Southeast Asian Archipelago, such as the Philippines.⁵ When Brunei, Indonesia, and the Philippines were added as participants, it was converted to SEA Games in 1977; by then, the Philippines was no longer dominant⁶.

Africa. In 1965, the first African Games were held in Brazzaville, Congo. Meanwhile, the first West African Games were held in Lagos, Nigeria in 1977, but the planned second games in Cotonou, Benin, were canceled. The first Central African Games were held in 1976 in Libreville (Gabon). After the third games in Brazzaville in 1987, no Central African Games were held. The East African Games were first held in 2018. It remains to be seen whether these sub-regional games can continue. There are even smaller games in Africa. French-speaking African countries and France organized the Friendship Games in the early 1960s, although these games were converted to the African Games in 1965, covering the entire African continent. Started in 1989, the Francophone Games are held among French-speaking African states, as well as non-Africans such as France and Quebec.

Middle East. The first Mediterranean Games were held in 1951 in Alexandria, Egypt, and the games continue to be held every four years. States in the Middle East as well as North Africa and Europe participate in the Mediterranean Games. Italy often receives the largest number of gold medals. The first Pan Arab Games were held in 1953 in Alexandria, Egypt, with participants from the Middle East and North Africa. Egypt often received the most gold medals. Since the 2011 games, no Pan Arab Games have been held. The first West Asian Games were held in 1997 in Tehran, Iran, with 10 participating states. Saudi Arabia joined in 2002. Since the third West Asian Games in 2005, no games have been held.

Central Eurasia. The Central Asian Games were first held in 1995 in Uzbekistan with five participating states from Central Asia (without the participation of Russia). The 2005 Central Asian Games planned for Tashkent, Uzbekistan, were canceled. Kazakhstan always received the most medals.

³ At the 1990 Asian Games, the medal count was as follows: China (341), Japan (174), Indonesia (30), and Thailand (17).

⁴ Instead, the East Asia Youth Games were planned to be held in Taipei in 2019, but these games were not actually held.

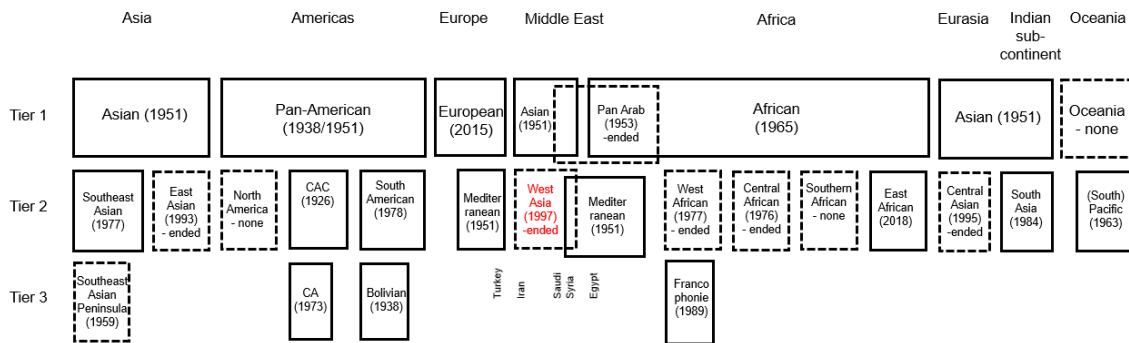
⁵ In the late 1950s, Thailand received a much smaller number of medals than Philippines at larger events. At the 1958 Asian Games, Philippines received the largest number of medals among Southeast Asians (48 medals; overall ranked second after Japan), while Thailand received only 4 medals.

⁶ At the Asian Games in 1974, Thailand received 4 gold medals, which was the largest number of gold medals among Southeast Asian countries, while the Philippines received no gold medal.

Oceania. There have been no regional games in Oceania covering both Australia/New Zealand and the Pacific Island Countries. The South Pacific Games started in 1963 (the name was changed to the Pacific Games in 2011). These are led by Fiji; the first games were held in Fiji and the permanent headquarters of the games is located in Fiji. Australia and New Zealand had been excluded from these games, but were allowed for the first time to send athletes to participate in four sports at the 2015 Pacific Games in Port Moresby.

Indian Subcontinent. The first South Asian Games were held in 1984. India continues to be the country that receives the largest number of gold medals in these games.

Figure 2: Regional Games around the World



3.2. Regional Trade Cooperation

Americas. In late 1994, the US proposed the Free Trade Area of the Americas (FTAA), covering from Alaska to Tierra del Fuego. Because Brazil did not fully agree with the US approach, the project was suspended in 2003 (GAO 2005). FTAA negotiations were co-chaired by the US and Brazil; essentially, the two co-chairs that were unable to agree on how the negotiations should proceed (GAO 2005). Brazil successfully blocked the creation of FTAA from the inside. As a result, the negotiations were suspended in 2004, when MERCOSUR was launched. The North American Free Trade Area (NAFTA) was formed in 1994. NAFTA includes not only the US and Canada but also Mexico. In 1991, Brazil, Argentina, Uruguay, and Paraguay signed the Asuncion Pact and eventually launched MERCOSUR in 1995. The Central American Common Market (CACM) was launched in 1960 by five members, without Mexico, which was transformed into the Central American Integration System (CAIS) in 1993.

North Atlantic/Europe. With its institutional origin in the US Marshall Plan, the OECD was established in 1961 and is a good historical example of Trans-Atlantic economic cooperation including trade (Hoffmann 1963); its original members were limited to European countries, the US, and Canada. The US-driven Trans-Atlantic Trade and Investment (TTIP), covering the US and EU, could be a contemporary version of North Atlantic cooperation as opposed to Europe integration alone. The negotiations launched in 2013 and are yet to be concluded. Meanwhile, trade cooperation at the European level

was achieved in 1968. The EU formed a customs union in which members' external trade policy should be harmonized, unlike in a free trade agreement (FTA). As a result, there is no sub-regional trade cooperation project in EU; even trade facilitation policies are largely harmonized in Europe.

Asia-Pacific/Asia. Established in 1989, APEC has been the form of trade cooperation at the wider Asia-Pacific level, including the US. At the APEC summit in 2006, the idea of the Free Trade Area of the Asia-Pacific (FTAAP) was floated and the US strongly supported it. The US decided to first form the Trans-Pacific Partnership (TPP) without China in 2006 on the expectation that the TPP would eventually evolve into the FTAAP. Since the early 2000s, China has been a proponent of trade cooperation only among Asian countries. China proposed the East Asian Free Trade Area (EAFTA) covering ASEAN, China, Japan, and Korea in 2004 without success but the Regional Comprehensive Economic Partnership (RCEP), without the US, was recently concluded under Chinese leadership. Meanwhile, the ASEAN Free Trade Agreement (AFTA) was launched by ASEAN members in 1992. The idea of an FTA in Northeast Asia covering China, Japan, and Korea (CJK FTA) was launched in the early 2000s. After a feasibility study between 2003 and 2009, formal negotiations were launched in 2013 but have not been concluded. There are also smaller trade cooperation agreements in Southeast Asia. Thailand launched the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) in 2003 with Cambodia, Laos, and Myanmar (Vietnam joined later), which was a reaction to regionalism without Thailand led by Vietnam. Trade facilitation is one of the critical pillar of ACMECS cooperation. The Cambodia-Laos-Vietnam Developmental Triangle Area (CLV-TDA) was proposed in 1999 and was eventually established in 2004. Vietnam leads this project with some support from the Japanese government (Ishida 2013).

Africa. In 2013, the African Union (AU) launched the project of creating a continent-wide FTA. The African Continental Free Trade Area (AfCFTA) was eventually established in 2018. Nigeria and South Africa initially did not join the AfCFTA. Meanwhile, the Nigeria-led ECOWAS was established as a free trade area in 1990 and introduced a common external tariff in 2015. The South Africa-led SADC was established as an FTA in 2000. Since 2005, the East African Community (EAC) has had its own free trade area. There are also smaller trade cooperation agreements in Africa. In 1994, the West African Economic and Monetary Union (WAEMU), which aims to promote trade and monetary cooperation, was formed among French-speaking West African states, excluding English speaking Nigeria. After this, Nigeria reacted and made a proposal on West Africa-wide monetary cooperation (Claeys and Sindzingre 2003, 15).

Middle East. In 1957, the Arab League established the Economic Council, which was converted into the Council of Arab Economic Unity in 1964. Under this framework, in 1997, an agreement was reached to create the Greater Arab Free Trade Area, which comprises 14 Arab states, including Egypt and Saudi Arabia. The Economic Cooperation Organization (ECO) was established by Iran, Pakistan, and Turkey in 1985 with its headquarters in Tehran. There is also the Gulf Cooperation Council (GCC), which was established in 1981, with its headquarters in Riyadh.

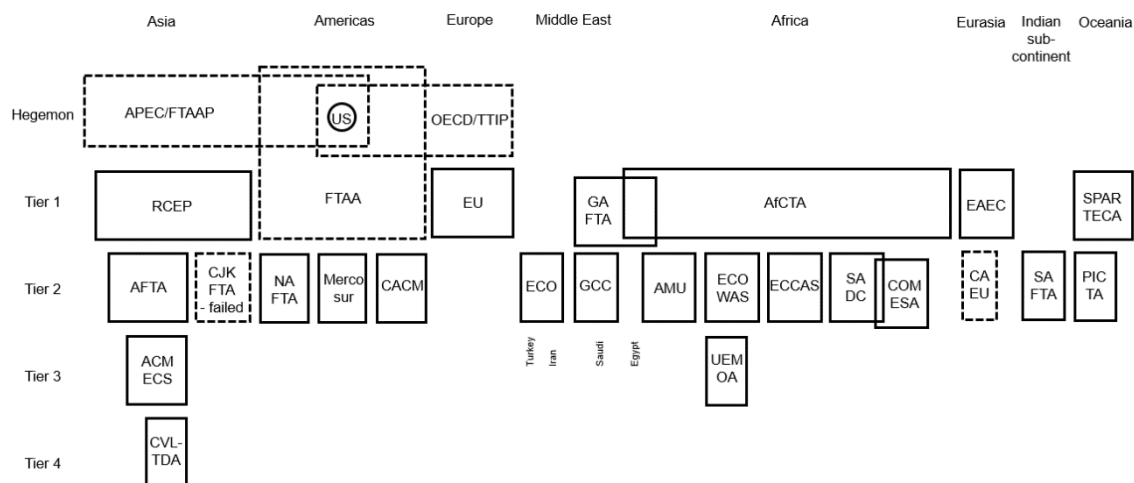
Central Eurasia. In 1994, Uzbekistan, as a regional hegemon, established the Central Asian Union with Kazakhstan and Kyrgyzstan. In 1998, Tajikistan joined, and the

institution was renamed the Central Asian Economic Union, and this was then changed to the Central Asia Cooperation Organization [CACO] in 2001 (Bohr 2004). Meanwhile, in 1995, Russia organized the Commonwealth of Independent States (CIS) Customs Union with Kazakhstan and Belarus, which evolved into the Eurasian Economic Community (EAEC) in 2000. Uzbekistan decided not to join the EAEC (Bohr 2004, 488). In 2005, CACO was merged into the EAEC, which meant the de facto dissolution of CACO with Russian accession (Laruelle and Peyrouse 2012).

Oceania. The Pacific Agreement on Closer Economic Relations Plus (PACER Plus) is an FTA signed in 2017 by Australia, New Zealand, and some Pacific Island Countries. Fiji and Papua New Guinea decided not to join PACER Plus, despite their being part of the Pacific Island Countries. It is not perfectly based on a philosophy of equal footing because of its origin, namely, the South Pacific Area Regional Trade and Economic Cooperation Agreement (SPARTECA)⁷ signed in 1980. The Pacific Island Countries Trade Agreement (PICTA) is an agreement signed in 2001 only among Pacific Island Countries, excluding Australia and New Zealand.

Indian Subcontinent. is the South Asian Association for Regional Cooperation (SARRC) was founded in 1987, and the SAARC Free Trade Agreement was signed in 2004.

Figure 3: Trade Regionalism around the World



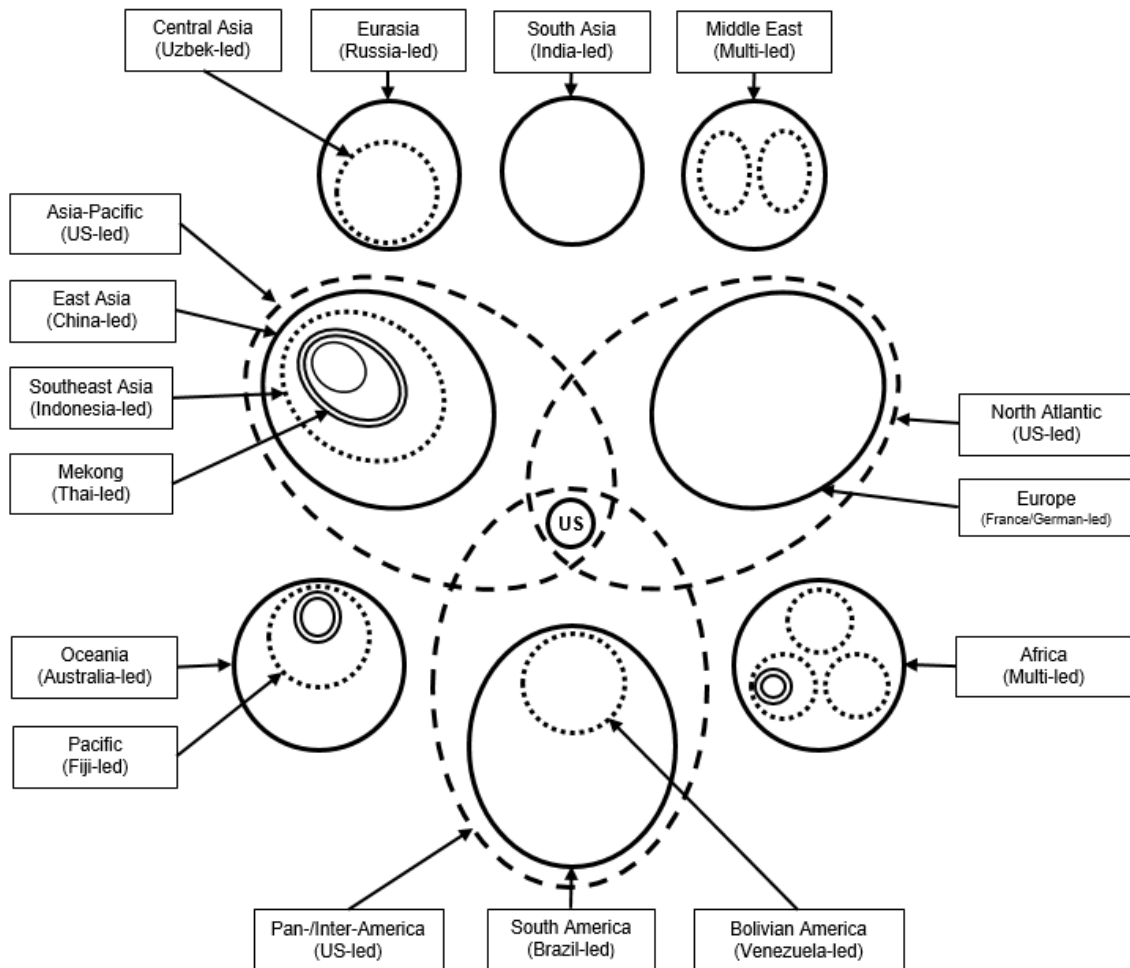
⁷ SPARTECA provides the Pacific Islands with non-reciprocal duty and quota-free access to Australia/New Zealand.

4. Comparison

4.1. Commonalities between Sports and Trade

The status of regionalism in international sporting events and trade is generally in line with the predictions of the proposed theories. The “common denominator” regionalism observed in the two fields is illustrated in Figure 4. The actual status of regionalism in the two fields shows substantial similarity, with the notable exception of the Middle East.

Figure 4: “Common Denominator” Regionalism: Trade and Sports



Although some regions have only trade regionalism, the absence of sports regionalism can be explained by unique factors associated with “sport politics,” as summarized in Table 1. Without those factors, sports regionalism in those regions would likely have existed. In the case of “greater” Central America, which includes Mexico, there is only sports regionalism. The absence of trade regionalism seems to be explained by “trade politics” associated with the classification of Mexico as part of North America. If Mexico were not “tangled” up in NAFTA, trade regionalism in Central America may have taken a different shape.

Table 1: Absence of Regional Games

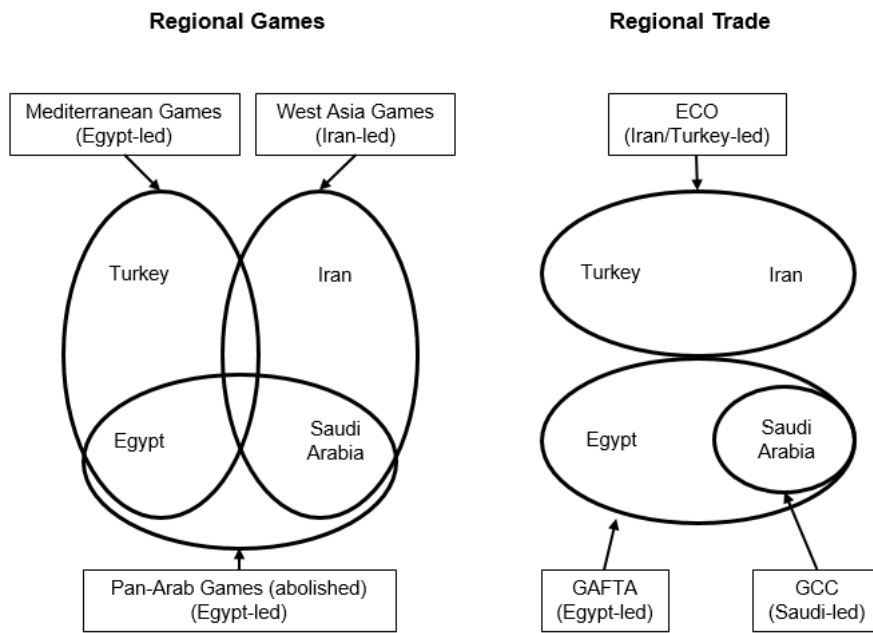
| Regions | Sports | Trade | Factors explaining the absence of sports regionalism |
|-------------------------|----------------------------------|------------------|--|
| Europe | Not until 2015 | EU Customs Union | West Europe did not have an incentive to pursue smaller regional games, because the Olympic Games have been West Europe-centric since their inception. The European Games established in 2015 are an event for East European states. |
| Oceania | No | PACER Plus | Due to its non-reciprocal nature, PACER Plus can continue to exist. The hypothetical Oceanian games might have existed if the competition were not on equal footing |
| Southern Africa | No | SADC | The legacy of the South African Games (1964-1986). Apartheid South Africa, expelled from the Olympics, organized the South African Games, in which white South Africans and internationally invited white athletes participated. |
| West Africa | Abolished | ECOWAS | Lack of finance |
| Central Africa | Abolished | ECCAS | Lack of finance |
| Mainland Southeast Asia | Absorbed | ACMECS | There were Thai-led SEAP Games between 1959 and 1975. The Philippines was excluded from these small regional games organized by Thailand when the performance of the Philippines was dominant among Southeast Asian countries. However, by the late 1970s, the Philippines’ performance was superseded by that of Thailand, and it was at this point when the SEA Games covering all of Southeast Asia were launched. If the Philippines had continued to be dominant, both the SEA Games (with the Philippines) and the SEAP Games (without the Philippines) would likely have co-existed in the 1970s. |
| Eurasia | Central Asian Games discontinued | EAEC | The promoter of the Central Asian Games without Russia was Uzbekistan, but Kazakhstan, which is close to Russia, always received the largest number of medals, implying that the Games did not contribute to the national prestige of Uzbekistan. |

4.2. Inconsistency of Regionalism in the Middle East

In the Middle East, there was an attempt to organize regional games covering both Iran and Saudi Arabia that were not successfully continued, but the Iran-led ECO and Saudi-led GCC coexist in trade (Figure 5). The situation in the Middle East is different from that in other parts of the world because there are multiple states of nearly equal power (mainly Iran and Saudi Arabia), which is in line with Figure 1-2, rather than Figure 1-1. This indicates that when there are multiple states of nearly equal power, the formation of regionalism becomes less predictable from the perspective of exclusionary regionalism theories. To a lesser extent, the status of sports and trade regionalism differ in Africa, where there is no single leader.⁸

⁸ In Africa, while there is African Game since the 1960s, AfCFTA is just a recent project. This implies that downward theory is powerful in sport, while upward theory is powerful in trade, as long as Africa is concerned.

Figure 5: Comparison between Sports and Trade Regionalism in the Middle East



5. Examination and Extension of the Theories

The theories of trade regionalism are generally supported, as summarized in Table 2. However, some additional theories can also be considered that are variants of the main theories.

Table 2: Examination of Theories

| Theory | Evidence | Note |
|-------------------------|--|---|
| Downward theory | <ul style="list-style-type: none"> • Exclusion of Brazil from Argentina-led ODESUR • Exclusion of the Philippines from the Thai-led SEAP Games • Exclusion of Saudi Arabia from the Iran-led West Asian Games. | NA |
| Upward theory | <ul style="list-style-type: none"> • US proposal on the Pan-American Games (vis-à-vis Mexico-led CAC Games) • US proposal on FTAA (vis-à-vis Brazil-led MERCOSUR). • Russia's proposal on EAEC (vis-à-vis Uzbek-led CAEU) • Thailand's proposal on ACMECS (vis-à-vis Vietnam-led CLV-DTA) • Nigeria's proposal on West Africa-wide monetary cooperation (vis-à-vis WAEMU) | Usually pursued by the US, but sometimes by regional powers |
| Counter-downward theory | <ul style="list-style-type: none"> • The US proposal on FTAAP (vis-à-vis the China-led EAFTA proposal) | Often implemented with the upward policy |
| Counter-upward theory | <ul style="list-style-type: none"> • Mexico boycotted the Pan-American game • Brazil did not support FTAA | NA |

Regionalism is stagnant in Northeast Asia and North America. There is no incentive for China (or Japan) to foster regionalism in Northeast Asia because it would lead to larger regionalism beyond Northeast Asia. Indeed, the East Asian Games were suspended and the CJK FTA remains unconcluded. Likewise, in North America, there is no incentive for the US to lead small regionalism because it can be a leader in the Pan-America region. Indeed, there are no North American Games. In this context, NAFTA is exceptional. From the American perspective, North American trade regionalism can be best understood as a stepping stone toward Pan American trade regionalism, namely, the FTAA. In fact, NAFTA has an accession clause and Chilean accession was considered in the late 1990s.

Downward Theory Variant 1: Powerful states that can be a leader in a wider region (or global institutions) do not pursue small regionalism.

Regionalism pursued by vary small states is often assisted by a non-regional party. In the trade field, the Vietnam-led CLV-TDA was assisted by Japan. In the sports field, the Francophone Games among French-speaking African states were assisted by France (which also joined the games). Although a very small state needs an external supporter to sustain its own regionalism, the external party takes advantage of such an opportunity to maintain its influence in the region.

Downward Theory Variant 2: Very small states often pursue very small exclusionary regionalism with the assistance of a distant party.

Two differences can be seen between sports and trade, suggesting some implications for upward theory. Those differences seem to be in line with the underlying argument of upward theory, but suggest the need for some modification of the theory. First, the US did

not insist on Asia-Pacific games (or North Atlantic games⁹), in contrast with its pursuit of trade regionalism. This is perhaps because the Asian Games are huge and there is no single leading state, in contrast with Asian trade regionalism dominated by China, which leads to the variant of upward theory. Second, the US did not react to trade regionalism in Central America, whereas it did react to sports regionalism. This is perhaps because the CACM is led by Guatemala, but the CAC Games are led by Mexico, suggesting the need for another variant of upward theory regarding the size of the state pursuing smaller regionalism. From the US perspective, Guatemala-led regionalism is too small for the US to feel the sense of isolation.

Upward Theory Variant 1: Excluded powerful states react when small regionalism is dominated by a single state.

Upward Theory Variant 2: Excluded powerful states react when a “small but relatively large” state pursues “small but relatively large” exclusionary regionalism; they do not react to tiny regionalism pursued by a tiny state.

⁹ The absence of North Atlantic games is understandable given that there had been no European Games until recently; there was no need for the US to react to European sports regionalism, which was absent.

6. Conclusion

By considering regionalism in sports and trade, this paper confirms the plausibility of the downward, upward, counter-downward, and counter-upward theories as well as three variants of downward and upward theories. The main results are summarized as follows.

First, a small state attempts to create a small regional group in which it can hold the leading position, excluding larger states (Downward Theory). MERCOSUR is a Brazilian attempt to lead trade regionalism excluding the US, and the SEAP Games were a Thai attempt to organize small regional sports games where it can obtain the lion's share of medals. However, powerful states that can be a leader in a wider region (or global institution) do not pursue small regionalism (Downward Theory Variant 1). This explains why China, which can be a leader in wider Asia, and the US, which can be a leader in Pan-America, are not interested in small regionalism in Northeast Asia and North America, respectively. NAFTA is an exception and in fact there are no North American Games, in contrast with other regions. However, very small states often pursue very small exclusionary groups with the assistance of a distant party (Downward Theory Variant 2). For example, Vietnam leads trade regionalism in Southeast Asia excluding Thailand with some assistance from Japan. The Francophone Games among French-speaking African states excluding Nigeria are also supported by France.

Second, a large state excluded from a small regional group led by a smaller state attempts to create a regional group that includes itself, along with the leader and members of the small exclusionary group and others, but still excludes larger states (Upward Theory). For example, when faced with the Mexico-led CAC games and the Brazil-led MERCOSUR, the US organized the Pan-American Games and proposed the FTAA. A large excluded state reacts only when "small but relatively large" states pursue "small but relatively large" exclusionary regionalism; they do not react to tiny regionalism pursued by tiny states (Upward Theory Variant). For example, the US did not react to Guatemala-led small sport regionalism in Central America in contrast with the Mexico-led CAC Games.

States not only try to pursue their own regionalism projects but also try to ruin unfavorable regionalism competing with their own. An excluded large state tries to induce dysfunction or join in exclusionary regionalism led by a smaller state (Counter-downward Theory). Faced with the Chinese proposal on the EAFTA, the US tried to push the idea of the FTAAP, which eventually led to the creation of the TPP. Likewise, as a member of large regionalism led by large states, a small state tries to induce dysfunction from the inside (Counter-upward Theory). When the US proposed the FTAA, Brazil, which was co-chair of the negotiations, actually did not support the idea and the negotiations ran into difficulties.

In essence, we can say that regionalism can be best understood as an attempt to create a small exclusionary group conducted by less powerful states. Less powerful states need to exclude more powerful states from a group so that they can hold the leading position and "regional" group often serves this goal well. This in turn means that powerful states do not pursue small regionalism because they prefer large regionalism. Regionalism is sometimes developed by powerful states excluded from small (but not very small) regionalism led by small (but not very small) states, which is a reaction to a small

exclusionary group.

Appendix 1: Size of the Economy

| Size order Regions | Larger states > smaller states |
|-----------------------|--|
| Americas | US (1) > Brazil (10) Mexico (9) > Guatemala (76) |
| North Atlantic | US (1) > Germany (3)/France (5) > Sweden (22) |
| Asia-Pacific | US (1) > China (6) > Indonesia (26) > Thailand (34) > Vietnam (55) |
| Oceania | Australia (15) > Fiji (145) |
| Africa | Nigeria (47) > Ivory Coast (81) South Africa (31) \approx Egypt (38) \approx Nigeria (47) |
| Eurasia | Russia (20) > Uzbekistan (78) |
| Middle East | Iran (16) \approx Saudi Arabia (25) |

Note: The number in the parentheses is the world ranking in terms of nominal GDP in US Dollars (actual, not PPP) in 2000. The order does not change much over time.

Source: IMF

Appendix 2: Hosts and Participants of the First Edition of the Games

| | |
|----------------------|---|
| CAC Games | Mexico, Cuba and Guatemala. |
| South American Games | Argentina, Bolivia, Peru, Paraguay and Chile, Brazil, Ecuador, and Uruguay |
| SEAP Games | Burma (now Myanmar), Kampuchea (now Cambodia), Laos, Malaya (now Malaysia), Thailand, and the Republic of Vietnam (South Vietnam) |
| Central Asian | Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan |
| West Asian | Iran, Kyrgyzstan, Tajikistan and Turkmenistan, Syria, Kuwait, Lebanon, Jordan, Qatar, and Yemen |

References

- Bohr, Annette (2004). "Regionalism in Central Asia: new geopolitics, old regional order." *International Affairs* 80(3): 485-502.
- Bravo, Gonzalo A., David J. Shonk, Jorge Silva-Bórquez, Silvana González-Mesina (2018) "The Context of the South American Games" in Gonzalo A. Bravo, David J. Shonk, Jorge Silva-Bórquez, Silvana González-Mesina (eds) *Sport Mega-Events in Emerging Economies*, Mega Event Planning
- Claeys, Anne-Sophie, and Alice Sindzingre (2003) "Regional integration as a transfer of rules: the case of the relationship between the European Union and the West African Economic and Monetary Union (WAEMU)", Paper presented at Development Studies Association Annual Conference at, University of Strathclyde, 10-12 September 2003, Glasgow, UK.
- Dyreson, Mark (2016). "The Original Pan-American Games? The 1937 Dallas Pan-American Olympics." *The International Journal of the History of Sport* 33(1-2): 6-28.
- GAO (2005), Free Trade Area of the Americas: Missed Deadline Prompts Efforts to Restart Stalled Hemispheric Trade Negotiations, United States Government Accountability Office, GAO-05-166 (March 2005).
- Grix, Jonathan (2013). "Sport politics and the Olympics." *Political Studies Review* 11(1): 15-25.
- Hamanaka, Shintaro (2022), The World of Overlapped Regions, IDE Discussion Paper Series (forthcoming).
- Hoffmann, Stanley (1963) "Discord in community: the North Atlantic area as a partial international system." *International Organization* 17(3): 521-549.
- Ishida, Masami (2012). "Development of five triangle areas in the Greater Mekong Subregion." In Masami Ishida (ed) *Five triangle areas in the Greater Mekong Subregion*, BRC Research Report No 11, IDE-JETRO
- Laruelle, Marlene, and Sebastien Peyrouse (2012). "Regional organisations in Central Asia: patterns of interaction, dilemmas of efficiency." *Institute of Public Policy and Administration Working Paper* 10.
- Mansfield, Edward D., and Helen V. Milner (1999). "The new wave of regionalism." *International Organization* 53(3): 589-627.
- Morales, Sue Jionschyon Kim (2013) "The Olympic values in the lives of the Guatemalan Olympic Athletes", Master Thesis submitted to University of Peloponnese.