Two propositions appear to be gaining wide currency, given the revealed preference for preferential trade agreements (PTAs) in the East Asian region and elsewhere. The first is that economic integration is a good way to promote economic growth. The second is that PTAs, particularly ones that go beyond goods trade, are an effective way to promote economic integration. Yet both propositions are empirical questions. In this paper, a partial evaluation of the evidence suggests caution is called for. Current PTAs appear to be doing little to remove the important impediments to growth in the region. Far greater income gains would come from comprehensive reform of nondiscriminatory impediments to competition, as part of a thorough-going program of unilateral domestic regulatory reform. It may be time to rethink East Asian economic integration as a policy priority, or at least to review the way in which it might be pursued.

There are two propositions that appear to be gaining wide currency, given the growing revealed preference for preferential trade agreements (PTAs) in the East Asian region and elsewhere.

Proposition 1: Economic integration among economies is a good way to promote economic growth.

Proposition 2: Preferential trade agreements, particularly ones that go beyond goods trade, are an effective way to promote economic integration.

Yet both these propositions are empirical questions.

The purpose of this paper is to examine, in a partial way, the empirical evidence in support of both propositions. The results suggest that caution is called for. The partial evidence is that, in practice, the current plethora of PTAs may be doing little to remove the important impediments to growth in the region. This suggests that it may be timely to rethink East Asian economic integration as a policy priority, or at least to review the way in which it might be pursued. And it suggests further careful analysis of the empirical evidence to inform that policy review.