

Regionalism and Global Politics

‘Europe has never existed . . . one has genuinely to create Europe.’

JEAN MONNET (1888–1979)

PREVIEW

The common view that world politics is being reconfigured on global lines has been increasingly challenged by the rival image of an emerging ‘world of regions’. In this view, regionalism is both the successor to the nation-state and an alternative to globalization. Since 1945, regional organizations have sprung up in all parts of the world. The first phase of this process peaked in the 1960s, but the advance of regionalism has been particularly notable since the late 1980s. This has given rise to the phenomenon of the so-called ‘new’ regionalism. Whereas earlier forms of regionalism had promoted regional cooperation, and even integration, over a range of issues – security, political, economic and so on – the ‘new’ regionalism has been reflected in the creation of regional trade blocs, either the establishment of new ones or the strengthening of existing ones. Some even believe that this is creating a world of competing trading blocs. But what are the main forces driving regional integration? Is regionalism the enemy of globalization, or are these two trends interlinked and mutually reinforcing? Does the advance of regionalism threaten global order and stability? Without doubt, the most advanced example of regionalism anywhere in the world is found in Europe. The European Union (EU) has engaged in experiments with supranational cooperation that have involved political and monetary union as well as economic union. In the process, it has developed into a political organization that is neither, strictly speaking, a conventional international organization nor a state, but has features of each. How is the EU best understood? To what extent does the EU constitute an effective global actor, or even a superpower? And is the European experience of integration unique to Europe itself, or does it constitute a model for the rest of the world to follow?

KEY ISSUES

- What is regionalism, and what are the main forms it has taken?
- Why has regionalism grown in prominence?
- What is the relationship between regionalism and globalization?
- How does regionalism in Europe differ from regionalism in other parts of the world?
- What is the nature and significance of European integration?

REGIONS AND REGIONALISM

Nature of regionalism

Regionalism (see p. 482), broadly, is a process through which geographical regions become significant political and/or economic units, serving as the basis for cooperation and, possibly, identity. Regionalism has two faces, however. In the first, it is a sub-national phenomenon, a process of **decentralization** that takes place *within* countries. This applies, for example, in the case of states that practise **federalism**. These states include the USA, Brazil, Pakistan, Australia, Mexico, Sweden, Nigeria, Malaysia and Canada. Sub-national regionalism is also found in states that practise **devolution**, such as Spain, France and the UK. The second face of regionalism is transnational rather than sub-national. In this, regionalism refers to a process of cooperation or integration *between* countries in the same region of the world. It is with this form of regionalism – regionalism in world politics – that this chapter is concerned.

Nevertheless, sub-national and transnational regionalism may not be as distinct as they appear. First, all forms of regionalism exhibit the same core dynamic, in the form of a relationship between the centre and the periphery, and thus between the forces of unity and diversity. Second, **centralization** within a system of transnational regionalism can lead to a process of state formation, from which a system of sub-national regionalism may emerge. In this sense, the creation of the United States of America may be the most dramatic historical example of the significance of regionalism. Once the 13 former British colonies in North America had gained sovereign independence through victory in the War of Independence (1776), they formed a **confederation**, first in the form of the Continental Congresses (1774–81), and then under the Articles of Confederation (1781–89). However, in the hope of gaining greater external influence and better coordinating their internal relations, these former colonies joined together and founded the United States of America, achieved in 1789 through the ratification of the US Constitution. The USA, in turn, became the world's first federal state. US regionalism subsequently became a model for other sub-national regional projects, but it has also inspired some transnational projects, notably in Europe through the idea of a 'United States of Europe'. Third, the distinction between sub-national and transnational regionalism may be blurred by the fact that sub-national regions sometimes have a transnational character, in that they cross state borders and may thus affect relations between states. For instance, the Kurdish region in the Middle East includes eastern Turkey, northern Iraq and parts of Syria and Iran, creating migratory flows and giving rise to forms of separatist nationalism. Links between the economies of San Diego, California, and Tijuana, Mexico, have also created a form of microregional integration that exists at a different level from US–Mexican regional cooperation through the North American Free Trade Agreement (NAFTA) (Breslin 2010).

An ongoing problem with regionalism has nevertheless been the difficulty of establishing the nature and extent of a region. What is a 'region'? On the face of it, a region is a distinctive geographical area. Regions can therefore be identified by consulting maps. This leads to a tendency to identify regions with continents, as applies in the case of Europe (through the European Union (EU) (see p. 505)), Africa (through the African Union (AU)) and America (through the

● **Decentralization:** The expansion of local autonomy through the transfer of powers and responsibilities away from national bodies.

● **Federalism:** A territorial distribution of power based on a sharing of sovereignty between central (national or international) bodies and peripheral ones (see p. 128)

● **Devolution:** The transfer of power from central government to subordinate regional institutions that, unlike federal institutions, have no share in sovereignty.

● **Centralization:** The concentration of political power or government authority at the centre.

● **Confederation:** A qualified union of states in which each state retains independence, typically guaranteed by unanimous decision-making.

CONCEPT

Regionalism

Regionalism is the theory or practice of coordinating social, economic or political activities within a geographical region comprising a number of states. On an institutional level, regionalism involves the growth of norms, rules and formal structures through which coordination is brought about. On an affective level, it implies a realignment of political identities and loyalties from the state to the region. The extent of regional integration may nevertheless range from cooperation amongst sovereign states on the basis of intergovernmentalism (see p. 459) to the transfer of authority from states to central decision-making bodies, in accordance with supranationalism (see p. 458). What is sometimes called 'market' regionalism refers to the spontaneous forging of business and commercial relationships amongst neighbouring states.

Organization of American States). However, many regional organizations are sub-continental, such as the Association of South-East Asian Nations (ASEAN), the Southern African Customs Union and the Central American Common Market, while others are transcontinental, such as Asia-Pacific Economic Cooperation (APEC) and the North Atlantic Treaty Organization (NATO) (see p. 253). An alternative basis for regional identity is socio-cultural, reflecting similarities of religion, language, history or even ideological belief amongst a number of neighbouring states. Cultural identity is particularly important in the case of bodies such as the Arab League and the Nordic Council, and it may also apply in the case of the EU, where membership requires an explicit commitment to liberal-democratic values. In this view, a region may even be the geographical expression of a civilization, as implied by Huntington's 'clash of civilizations' thesis. However, economic integration in particular has often focused on establishing cooperation among countries that were formerly hostile to one another or which are divided in terms of their cultural or ideological identity. Indeed, if a culturally-based sense of belonging were viewed as an essential feature of a region, no 'regions' could be found anywhere in the world, as no regional organization, including the EU, has come close to rivalling, still less supplanting, a political identification with the nation-state.

The matter is further complicated, though, by the fact that regional identities (insofar as they exist) are often multiple and overlapping. For example, is Mexico part of North America (by virtue of being a member of NAFTA), part of Central America (by virtue of pre-colonial cultural inheritance), part of Latin America (by virtue of its language, culture and history of Spanish colonization), or part of Asia-Pacific (by virtue of its membership of APEC)? The answer, of course, is that it is all of these things. Regional identities are not mutually exclusive, nor are they (thankfully, for regionalism) incompatible with national identity. In the final analysis, regions are politically and socially constructed. Like the nation, the region is an 'imagined community' (Anderson 1983). Ultimately, 'Europe', 'Africa', 'Asia', and 'Latin America' are ideas, not concrete geographical, political, economic or cultural entities. Being political constructs, regions are almost endlessly fluid, capable of being redefined and reshaped, both as the extent and purposes of cooperation change over time, and as new members join or existing members leave. This also explains why regional identities are often contested. Competing models or 'projects' of regional integration may surface among, for example, different states, different political groups, or between economic and political elites and the wider population.

Finally, regionalism takes different forms depending on the primary areas over which neighbouring states choose to cooperate. Three types of regionalism can thus be identified:

- Economic regionalism
- Security regionalism
- Political regionalism

Economic regionalism refers to the creation of greater economic opportunities through cooperation among states in the same geographical region. It is the primary form of regional integration, and it has become more so since the advent of so-called 'new' regionalism in the early 1990s, manifested in the

growth of regional trade blocs and the deepening of existing trade blocs. This surge has continued unabated, so that, by 2005, only one WTO member – Mongolia – was not party to a regional trade agreement (RTA). By February 2010, 462 RTAs had been notified to GATT/World Trade Organization (WTO) (see p. 511). In most cases, these trade agreements establish **free trade areas**, but in other cases they may establish **customs unions** or **common markets**. Such agreements are accepted by the WTO as the only exception to its principle of equal treatment for all trading partners, based on granting all WTO members ‘most favoured nation’ status.

Security regionalism refers to forms of cooperation designed to protect states from their enemies, both neighbouring and distant ones. Regional integration may thus give rise what Karl Deutsch (1957) called a ‘**security community**’. This applies in two ways. First, regional bodies seek to enmesh their members within a system of ‘peace through cooperation’, in which ever deeper levels of interdependence and integration, particularly over economic matters, make war between member states unthinkable. One of the key motivations behind the formation of the European Coal and Steel Community (ECSC) in 1952, and the European Economic Community (EEC) in 1958 was to prevent a future war between France and Germany. The other security motivation behind regional cooperation is the desire to gain protection against a common external enemy. European integration was thus seen as a means of safeguarding Europe from the threat of Soviet expansionism; ASEAN’s original role involved providing mutual defence against communism; and the Southern African Development Coordination Conference provided protection against apartheid-era South Africa. Security regionalism is also evident in the global trend in favour of regional peacekeeping (see p. 444). This has been evident, for example, in the significant contributions of military and police personnel from a wide range of Asia-Pacific countries which have carried out operations in Cambodia, 1992–93, and East Timor, 1999–2002, and the use of military personnel from the Economic Community of West African States (ECOWAS) to restore peace and stability to Liberia, 1990–98.

Political regionalism refers to attempts by states in the same area to strengthen or protect shared values, thereby enhancing their image and reputation and gaining a more powerful diplomatic voice. This was a significant factor in the construction of organizations such as the Council of Europe, which was created in 1949 with the aim of creating a common democratic and legal area throughout the continent of Europe, ensuring respect for human rights, democracy and the rule of law. The Arab League was formed in 1945 to ‘draw closer the relations between member states and coordinate collaboration between them, to safeguard their independence and sovereignty, and to consider in a general way the affairs and interests of Arab countries’. The Organization of African Unity (OAU) was founded in 1963 to promote self-government, respect for territorial boundaries, and to promote social progress throughout the African continent. The OAU was replaced by the African Union in 2002. However, distinctions between economic, security and political forms of regionalism can also be misleading. Although certain regional organizations are clearly designed with a specific purpose in mind, to which they have remained faithful over time, most regional bodies are complex and evolving institutions that involve themselves in economic, strategic and political matters. For example, although the African

● **Free trade area:** An area within which states agree to reduce tariffs and other barriers to trade.

● **Customs union:** An arrangement whereby a number of states establish a common external tariff against the rest of the world, usually whilst abolishing internal tariffs.

● **Common market:** An area, comprising a number of states, within which there is a free movement of labour and capital, and a high level of economic harmonization; sometimes called a single market.

● **Security community:** A region in which the level of cooperation and integration amongst states makes war or the use of large-scale violence unlikely, if not impossible.

Union is a political body that encompasses the Pan-African Parliament and the African Court of Justice, it also fosters economic integration within sub-regions, engages in development issues and tries to combat AIDS in Africa, and intervenes militarily in regional conflicts, as, for instance, it has done since 2005 in the Darfur region of Sudan.

Why regionalism?

In many ways, explanations of the rise of regionalism overlap with those related to the wider phenomenon of international organization (see *Approaches to international organization*, p. 433). However, the tendency towards regional integration, and particularly European experiments with supranational cooperation, have stimulated a particular theoretical debate about the motivations and processes through which integration and institution-building at the international level are brought about. Three main theories have been advanced:

- Federalism
- Functionalism
- Neofunctionalism

Federalism

Federalism is the earliest theory of regional or even global integration, being advocated from the eighteenth century onwards by political thinkers such as G. W. F. Hegel (1770–1831) and Jean-Jacques Rousseau (1712–78), and drawing inspiration from its use in domestic politics as a device for reconciling tensions between the centre and the periphery. As an explanation for regional or international cooperation, federalism relies on a process of conscious decision-making by the political elites. The attraction of international federations is that they appear to offer a solution to the endemic problems of the state-system, and especially the problem of war. If war is caused by sovereign states pursuing self-interest in a context of anarchy, peace will only be achieved if states transfer at least a measure of their sovereignty (see p. 3) to a higher, federal body. This is often referred to as **pooled sovereignty**. The federalist vision of ‘unity through diversity’ is achieved by a system of shared sovereignty between international and national bodies and undoubtedly had a powerful impact on the founders of the European Communities, expressed, in the words of the Treaty of Rome (1957), in the desire to establish ‘an ever closer union’. However, federalism has had relatively little impact on the wider process of integration or on the trend towards global governance. This is both because federalist projects have been too ambitious, if not utopian, in that they require states voluntarily to sacrifice sovereignty, and because enthusiasm for federalist projects has invariably been confined to political and intellectual elites, while political nationalism has continued to hold sway over the wider public.

● **Pooled sovereignty:** The sharing of decision-making authority by states within a system of international cooperation, in which certain sovereign powers are transferred to central bodies.

● **Functionalism:** The theory that government is primarily responsive to human needs; functionalism is associated with incremental steps towards integration, within specific areas of policy-making, at a pace controlled by constituent states.

Functionalism

Even in the case of the European project, federalist thinking quickly gave way to a **functionalist** road to integration. The key idea of functionalism is expressed in

Table 20.1 Key regional organizations and groupings of the world

Region	Regional organizations	Date founded	Number of member states
Africa	African Union (AU)	2002	53
	Central African Customs and Economic Union	1966	6
	Economic Community of West African States (ECOWAS)	1975	15
	Economic Community of Central African States (ECCAS)	1983	1
	Arab Maghreb Union	1988	5
	Southern African Development Community (SADC)	1992	15
	Southern African Customs Union (SACU)	1910	5
America	North American Free Trade Agreement (NAFTA)	1994	3
	Mercosur (Southern Cone Common Market)	1991	4
	Organization of American States (OAS)	1948	35
	Central American Common Market (CACM)	1960	5
	Andean Group	1969	5
	Latin American Integration Association (LAIA)	1980	11
Asia	The Association of South-East Asian Nations (ASEAN)	1967	10
	ASEAN Regional Forum (ARF)	1994	27
	East Asian Summit (EAS)	2005	16
	South Asian Association for Regional Cooperation (SAARC)	1985	7
	Gulf Cooperation Council (GCC)	1981	6
	Shanghai Cooperation Organization (SCO)	2001	6
	Economic Cooperation Organization (ECO)	1985	11
Asia-Pacific	Asia-Pacific Economic Cooperation (APEC)	1989	21
	Pacific Economic Cooperation Council (PECC)	1980	26
	Pacific Islands Forum	1971	15
Eurasia	Eurasian Economic Community (EAEC)	2000	6
	Black Sea Economic Cooperation (BSEC)	1992	12
Europe	European Union (EU)	1952	27
	Council of Europe (CoE)	1949	47
	Nordic Council	1952	8 *
	Benelux Economic Union	1958	3
Euro-Atlantic	North Atlantic Treaty Organization (NATO)	1949	28
	Organization for Security and Cooperation in Europe (OSCE)	1973	56

* including 3 autonomous territories.

David Mitrany's (1966) formulation: 'form follows function'. In this view, cooperation only works when it is focused on specific activities (functions) that would be performed more effectively through collective action than by individual states. This, then, creates pressure to construct institutional structures (forms) that would facilitate such cooperation in these areas. European integration very clearly followed a functionalist path, as it tended to focus on the promotion of economic cooperation, seen by states as the least controversial but most necessary form of integration. Functionalists have generally had high expectations about the extent to which integration and international cooperation are possible, believing that political loyalties can relatively easily be transferred away from nation-states (see p. 164) towards new functional organizations as the latter are seen to be effective in delivering goods and services. However, the weakness of functionalism is that it overemphasizes the willingness of states to hand over their responsibilities to functional bodies, especially in areas that are political rather than technical. Furthermore, there is little evidence that international organizations are capable of acquiring a level of popular legitimacy that rivals the nation-state, regardless of their functional importance.

Neofunctionalism

As a result of these deficiencies a growing emphasis has therefore been placed on what is called **neofunctionalism**. In the writings in particular of Haas (1964), neofunctionalism recognizes the limitations of the traditional functionalist idea that integration is largely determined by a recognition of growing interdependence in economic and other areas. Instead, it places greater emphasis on the interplay between economics and politics. From this perspective, functional cooperation tends to produce transnational constituencies of advocates for still closer cooperation, creating a dynamic that leads to wider political integration. This process is known as **spillover**. Through its emphasis on elite socialization and the notion that the integration process can be recast and redefined over time, neofunctionalism resembles some of the ideas of constructivist theorists. Nevertheless, its drawback is that it is usually narrowly linked to the process of European integration, and there is little to suggest that the European neofunctionalist path is being pursued by other regional organizations, still less by the institutions of global governance. Indeed, some have seen neofunctionalism more a description of European experience rather than as a theory of international organization.

Nevertheless, since the mid 1970s, disillusionment has grown with the bold claim of neofunctionalism that power politics is in the process of being replaced by new forms of supranational governance. This was, in part, because empirical developments seemed to render neofunctionalism implausible. Not only has it appeared that other forms of regionalism have been unwilling to follow Europe's example of federal-type integration, but hopes for an 'ever closer union' within Europe have been dashed by the continued relevance of the state and the persistence of nationalist allegiances. In this context, many have sought to explain inter-state cooperation in other ways, through an emphasis, for example, on interdependence (see p. 8), multilateralism (see p. 460), international regimes (see p. 67) or global governance (see p. 455). At any rate, the idea of a deeply rooted and perhaps irresistible dynamic in favour of integration has largely been

● **Neofunctionalism:** A revision of functionalism that recognizes that regional integration in one area generates pressures for further integration in the form of 'spillover'.

● **Spillover:** A process through which the creation and deepening of integration in one economic area creates pressure for further economic integration, and, potentially, for political integration.

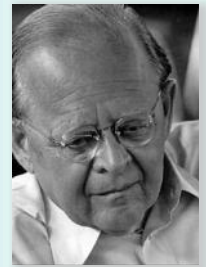
KEY THEORISTS IN REGIONAL INTEGRATION

David Mitrany (1888–1975)

A Romanian-born UK historian and political theorist, Mitrany was the leading exponent of functionalism in international politics. His 'functionalist-sociological' approach emphasized that international cooperation would begin over specific transnational issues and then develop into a wider process. As 'functional' bodies proved to be more effective than national government, the state-system would develop into a 'working peace system'. Mitrany's major writings include *A Working Peace System* (1966) and *The Functionalist Theory of Politics* (1975).

Karl Deutsch (1912–92)

A Czech-born US political scientist, Deutsch challenged the traditional realist image of international relations by emphasizing how regional integration can modify the impact of international anarchy. 'Amalgamation', through the construction of a single decision-making centre, would nevertheless be less common than 'integration', which allows sovereign states to interact within a 'pluralist security community'. Deutsch's major works in this field include *Political Community in the North Atlantic Area* (1957) and *Nation-Building* (1966).



KARL DEUTSCH

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ERNST HAAS

Ernst Haas (1924–2003)

A German-born US international relations theorist, Haas is best known as one of the founders of neofunctionalism, or 'federalism by instalments', particularly as applied to European integration. He argued that the process of 'spillover' would lead political actors progressively to shift their loyalties, expectations and activities from the nation-state towards a 'new larger centre'. However, Haas became disenchanted with neofunctionalism in the 1970s. His main works include *Beyond the Nation-State* (1964) and *Tangle of Hopes* (1969).

abandoned as the role of specific historical factors has been recognized. For example, the process of decolonization in Africa and Asia in particular contributed to the first wave of regionalism that peaked in the 1960s, as newly independent states tended to see regionalism as a mechanism for establishing settled relationships amongst themselves as well as with their former colonial power. A second factor is under-development and poor economic performance, encouraging states to view closer regional cooperation as a means of stimulating growth and gaining protection against intensifying international competition. This has been particularly evident in the complex, and sometimes contradictory, relationship between regionalism and globalization (see p. 9).

Regionalism and globalization

Since the late 1980s, there has been a clear and continuing resurgence in regionalism, often seen as regionalism's 'second coming' and associated with what is

called the 'new' regionalism. But what was new about the new regionalism? New regionalism is essentially economic in character, and it largely takes the form of the creation of regional trade blocs. These trade blocs, moreover, operate very clearly as regional spaces through which states can interact, rather than being drawn into EU-style supranational experiments. Between 1990 and 1994, GATT was informed of 33 regional trading arrangements, nearly a third of those that had been negotiated since 1948. The Asia-Pacific Economic Cooperation was created in 1989 and has expanded from 12 members to 21 (including Australia, China, Russia, Japan and the USA), encompassing, collectively, countries that account for 40 per cent of the world's population and over 50 per cent of global GDP. In 1991, the signing of the Treaty of Asuncion led to the formation of Mercosur, which links Argentina, Brazil, Paraguay and Uruguay and, with Venezuela's application for full membership awaiting final ratification and Chile, Columbia, Ecuador, Peru and Bolivia as associate members, constitutes Latin America's largest trade bloc. 1992 saw the signing of NAFTA, which came into force in 1994, linking Canada, Mexico and the USA. 1993 witnessed both the ratification of the Treaty of European Union (the TEU or Maastricht Treaty), which transformed the European Community into the European Union, and the introduction of the ASEAN Free Trade Area. 1994 saw an agreement to build the Free Trade Area of the Americas, as a proposed extension to NAFTA, designed eventually to encompass North and South America.

This surge of economic regionalism was driven by a variety of often disparate factors. In the first place, it reflected the wider acceptance of export-led economic strategies across the developing world, as more countries were inclined to follow the lead, first, of Japan and later of the Asian 'tiger' economies. Second, the end of the Cold War encouraged former communist countries to view economic integration as a means of supporting and consolidating their transition to the market economy, a development that later gave rise to the eastward expansion of the EU (see p. 504). Third, the establishment of the WTO and the growing influence of other institutions of global economic governance persuaded many countries that regionalism was a way of gaining greater influence within multilateral bodies. Fourth, the USA's transition from being a sponsor of regionalism to being an active participant gave the process considerable additional impetus. Finally, and underlying all the other factors, was the acceleration of globalization in the 1980s and 1990s. Regionalism became increasingly attractive as rapidly expanding global capital flows and an increasing trend towards transnational production patterns appeared to undermine the viability of the state as an independent economic unit. Regionalism was thus reborn as a mechanism through which states could manage the effects of globalization. However, there is significant debate about how regional integration has been used in these circumstances, and therefore about the implications of regionalism for globalization.

As Bhagwati (2008) put it, are regional trade blocs 'building blocks' or 'stumbling blocks' within the global system? How does the regional interact with the global? One face of economic regionalism has been essentially defensive, in that regional bodies have sometimes embraced protectionism as a means of resisting the disruption of economic and possibly social life through the impact of intensifying global competition. This gave rise to the idea of the region as a fortress, as in the once-fashionable notion of 'fortress Europe'. The near-simultaneous

creation of NAFTA, the formation of the EU and the development of an ASEAN Free Trade Area have, for instance, been understood in these terms, creating a spectre of a world of competing regional blocs. In some cases, defensive regionalism has been a bottom-up process, driven by sub-national or transnational interest groups, such as agricultural interests across the EU and in the USA. A particularly significant concern within the EU has been to protect the European social model, characterized by comprehensive welfare provision, from a 'race to the bottom' ignited by neoliberal globalization.

Nevertheless, 'new' regionalism has been motivated by competitive impulses, and not merely protectionist ones. In these cases, countries have formed regional blocs not so much to resist global market forces but, rather, to engage more effectively with them. Although states have wished to consolidate or expand trading blocs in the hope of gaining access to more assured and wider markets, they have not turned their backs on the wider global market. This is evident in the growth of cross-regional interaction and attempts to influence the WTO and other bodies. The fortress model of regional integration has been weakened by the fact that regionalism has tended to march hand in hand with economic liberalization. In embracing the market, competition and entrepreneurialism, regional trade blocs have tended to be open and outward-looking, interested in engaging in global, not merely regional, free trade. In balancing competing impulses towards defence and competition, regional blocs have functioned more as filters, resisting particular threats to internal interests and priorities, rather than as fortresses. Nevertheless, the steady growth of regional trade agreements has meant that, instead of a common, global free trade system, there is a bewildering array of complex and overlapping bilateral and regional arrangements, each with conflicting and contradictory provisions, an arrangement that Bhagwati (2008) called the 'spaghetti bowl' system.

Regional integration outside Europe

Although new regionalism in particular has affected all parts of the world, it has not done so evenly. Some parts of the world have spawned more ambitious projects of regional integration than others, and their levels of success or failure have varied considerably.

Regionalism in Asia

The most important regional initiatives to have emerged in Asia have come out of the Association of South-East Asian Nations (ASEAN). ASEAN was established in 1967 by Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, with Vietnam (1995), Laos and Burma (1997) and Cambodia (1999) joining subsequently. ASEAN was a product of the Cold War period, its initial interests focusing mainly on security matters, especially those linked to settling intra-regional disputes and resisting superpower influence. However, the organization moved steadily towards cooperation on economic and trade matters, leading in 1992 to the agreement to establish the ASEAN Free Trade Area, due to be completed by 2007. This was complemented by the growth of political regionalism, in the form of an emphasis on so-called 'Asian values' (discussed in Chapter 8), sometimes portrayed as the 'ASEAN way', although enlargement and

Debating . . .

Does the advance of regionalism threaten global order and stability?

The expansion and deepening of regionalism is widely accepted as one of the most prominent features of modern global politics. However, while some view a 'world of regions' as a recipe for conflict and instability, others argue that regionalism will promote security and widen prosperity.

YES

Regional egoism. Regionalism has not altered the essentially conflictual nature of world politics. Instead, power politics within the state-system is in the process of being replaced by power politics within a regional system. This occurs for two reasons. First, as realists emphasize, human nature has not changed. Thus, if regions are displacing states as the key units of global politics, state egoism is being reborn as regional egoism. Second, the essentially anarchical character of the global system means that if survival and security cannot be secured through the mechanism of the state, they must be secured through regional action. 'Fortress' regionalism will thus, perhaps inevitably, develop into aggressive regionalism, or even hegemonic regionalism.

Cultural or civilizational conflict. A further reason for inter-regional conflict is cultural difference, an idea expressed most graphically in the notion of the 'clash of civilizations'. In this view, regional integration is significantly motivated by the existence of shared values, traditions and beliefs, helping to explain why regional integration has therefore progressed further and faster in areas with a common cultural and ideological inheritance. This nevertheless implies suspicion of, and possibly hostility towards, regions of the world with different values, cultures and traditions. A world of regions is therefore a world of rival value systems and incompatible understandings, a recipe for conflict and global disorder.

Ever-deepening integration. Regionalism is driven by a logic that fosters progressively deeper levels of integration, making regional bodies both increasingly inward-looking and conflict-ridden. Neofunctionalist spillover will inevitably turn economic integration into political integration. Most clearly demonstrated by the example of European integration, but destined to be followed by other regions, this will create a widening gulf between a regionalized elite and increasingly marginalized and resentful general public, still wedded to national symbols and identities. This gulf is likely to fuel political extremism, particularly amongst those who feel disenfranchised by the regionalization process.

NO

Nationalism trumps regionalism. Predictions about the growth of inter-regional conflict are greatly overblown. The reality is that regionalism complements, rather than transcends, the state-system. States are, and will remain, the principal actors on the world stage, as no regional or global body can match the nation-state's capacity to generate political allegiance and civic identity. Supranational regionalism has therefore failed to materialize, regional bodies operating more like political spaces within which states cooperate on matters of mutual interest. With the possible exception of the EU, regional bodies have not achieved the level of integration necessary to become global actors on the world stage in their own right.

The global dominates the regional. The idea that regional blocs are stumbling blocks to globalization, implying that the global economy will increasingly become an arena of regional competition, is difficult to sustain. If regional integration has largely been dictated by the logic of interdependence, the recognition that states in the modern world must work together to tackle common problems, this implies that cooperation must extend beyond the region and encompass inter-regional and even global cooperation. Issues such as climate change, free trade, development disparities and international security cannot simply be addressed at a regional level. This forces regional bodies to be open and outward-looking, acting as stepping stones to higher levels of cooperation.

Limits of regionalism. Significant obstacles stand in the way of deep regional integration. These include the fact that as it is difficult to create democratically accountable regional organizations, such bodies tend to enjoy limited popular support. Furthermore, the harmonization of economic rules and arrangements can perhaps only be taken so far. This is evident in the difficulty of establishing common or single markets, in which genuinely free trade and the free movement of labour and capital ultimately require, as the EU recognized, a single currency and common interest rates. This level of harmonization nevertheless leads to over-rigid economic arrangements that are, sooner or later, doomed to collapse.

other developments have meant that this has become, over time, a more marginal and contested aspect of the ASEAN project. The integration process was nevertheless given renewed impetus from the late 1990s onwards, both by the vulnerabilities exposed by the Asian financial crisis of 1997–98 and by the need to cooperate and compete effectively with the rapidly rising economic powers of China and India. This led to initiatives such as the proposed creation of the ‘ASEAN Community’, due to be completed by 2015, which has led some to draw parallels with the EU and the process of European integration (see p. 492). In addition, attempts to foster political and economic dialogue with major powers, notably the ‘big three’ Asia-Pacific powers, the USA, China and Japan, were stepped up. Particular emphasis in this respect has been placed on strengthening ASEAN’s relationship with China. In 2002, for instance, China and ASEAN agreed to create between them the world’s largest free trade area, which would encompass some 2 billion people and which came into effect at the beginning of 2010.

ASEAN has also sought to promote wider regional cooperation, in a number of ways. These include the ASEAN Regional Forum (ARF), established in 1994, which aims to build confidence and enhanced dialogue on security matters amongst Asia-Pacific countries. As of 2010, the ARF had 27 members. The ASEAN Plus Three grouping, created in 1997, has deepened cooperation between the ASEAN ten and China, Japan and South Korea. One of its most important achievements was the Chiang Mai Initiative of 2000, under which the ASEAN Plus Three countries launched a multilateral arrangement of currency swaps designed to provide protection against future financial crises. ASEAN also plays a leading role in the East Asia Summit (EAS), which has been held annually since 2005 and includes, as well as the ASEAN countries, China, Japan, South Korea, India, Australia and New Zealand. However, regional integration in Asia has not simply been confined to ASEAN or to ASEAN-related initiatives. Important non-ASEAN initiatives have been promoted by the Asia-Pacific Economic Cooperation and, increasingly, by China. China’s most important regional initiative has been the Shanghai Cooperation Organization (SCO). The SCO was founded in 2001 by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan, the first four of which had been members of the Shanghai Five, established in 1996. Formed primarily to foster cooperation in Central Asia over security matters, notably those linked to terrorism (see p. 284), separatism and political extremism, the SCO’s activities have subsequently expanded into the areas of military, economic and cultural cooperation. Some have nevertheless suggested that behind the SCO’s engagement with traditional forms of regionalism lies a more serious geopolitical agenda: the desire to counter-balance US and NATO influence across the Eurasian landmass and particularly in resource-rich and strategically important Central Asia.

Regionalism in Africa

Although most states in Africa are committed to regionalism as part of the solution to their profound economic, political and social problems, the advance of regional integration has been hampered by the combined impact of poverty, political instability, border disputes and political and economic differences amongst African countries. Early experiments in regionalism in Africa emerged

*Focus on . . .***Regionalism in Asia: replicating European experience?**

Are there parallels between regionalism in Asia and regionalism in Europe? Is ASEAN in the process of becoming an Asian version of the EU? Since the late 1990s, ASEAN has developed in ways that have encouraged commentators to draw comparisons with the process of European integration. This has happened particularly due to the ambitions set out at the ninth ASEAN summit meeting of heads of government, in Bali in 2003, to establish an 'ASEAN Community'. In language reminiscent of the TEU, this involves 'three pillars': the ASEAN Economic Community, the ASEAN Political-Security Community and the ASEAN Socio-Cultural Community. The economic aspect of this intensified cooperation is especially important because of the perception that ASEAN has only had limited success in creating a genuine free trade area. The ASEAN Economic Community aims to create a 'seamless production base' and an integrated market among member countries. In a process due to be completed by 2015, remaining tariffs within ASEAN are scheduled to be eliminated, together with a large number of non-tariff barriers; trade in services will be fully liberalized and barriers to flows of capital and skill labour will be relaxed in all economic sectors.

However, significant differences exist between ASEAN and the EU as models of regional integration, and these seem set to continue. In particular, ASEAN is geared to the establishment of a free trade area, with even the

goal of a common external tariff (which would make ASEAN a fully-fledged customs union) some way from being achieved. The EU, by contrast, has gone much further, by establishing a single market and subsequently embracing monetary union. Most importantly, ASEAN has remained firmly intergovernmental in character and has not engaged in EU-style experiments in supranational governance, its long-standing emphasis on state sovereignty impeding the construction of a more centralized decision-making framework.

How can differences between ASEAN and the EU be explained? In the first place, ASEAN embraces greater economic and political diversity than does the EU (for instance, Singapore and Burma represent radically different forms and levels of economic development). Second, as the largest economies in the region, notably China, Japan, India and South Korea, remain outside ASEAN, the association's emphasis tends to be placed more on sponsoring wider cooperation than on consolidating its internal market. Third, as an association of relatively equal countries, ASEAN lacks a major power, or powers, that could drive the integration process in the way that France and Germany have done in Europe. Fourth, ASEAN's project of regional integration has never been fuelled by the same level of political urgency as was injected into the European project by the pressing need to overcome Franco-German hostility and thus to prevent future world wars.

out of the politics of anti-colonialism, and were often based on pre-existing colonial arrangements. The French West African Federation was thus transformed, after independence, into the West African Economic and Monetary Union. In the case of the Southern African Customs Union, which was created in 1910 and claims to be the earliest customs union ever established, regional bodies created in the colonial period survived in a reinvented form once independence had been achieved. The Southern African Development Community (SADC) was founded in 1992, as the successor to an earlier nine-member body that had been formed in 1980 to promote economic cooperation amongst southern African states and reduce their dependence on apartheid-era South Africa. Having expanded to include all 15 southern African states (South Africa,

for instance, joined in 1995), SADC is committed both to deepening economic integration and to extending economic integration into political and security areas. The two most significant examples of regionalism in Africa are nevertheless the African Union (AU), which came into being in 2002 as a replacement for the Organization of African Unity (OAU), and the Economic Community of West African States (ECOWAS).

The AU constitution, modelled on that of the EU, envisages a much more ambitious organization than its predecessor. The OAU had been created in 1963 with the intention of ending colonialism and supporting political liberation. Its agenda subsequently broadened through initiatives such as the establishment in 1993 of the African Economic Community, and agreement in 2001 on the New Partnership for Africa's Development (NEPAD), a programme of measures designed to alleviate poverty and promote constructive engagement with globalization. However, these economic initiatives have brought few concrete benefits, in part because of continuing and deep disagreements about the extent to which Africa should adopt an orthodox, market-orientated approach to development. Uncertainty about whether the AU should abandon its anti-western rhetoric and build partnerships with the West on matters such as dealing with war crimes and genocide (see p. 326) have also limited the AU's ability to exercise leadership in Africa over issues such as democracy, human rights (see p. 304) and the rule of law.

ECOWAS is the largest sub-regional organization established in Africa, comprising 16 states with a combined population of nearly 200 million. However, its impact on the economic performance of member states has been negligible, due to factors such as political instability and widespread corruption in the region, allied to ECOWAS's weak infrastructure and lack of political will. Although ECOWAS's involvement in the 1990s in internal conflicts in Liberia and Sierra Leone through its peacekeeping force divided opinion and eventually led to its replacement by UN peacekeepers, Ghana and Nigeria have subsequently moved to enhance the region's peacekeeping capabilities.

Regionalism in the Americas

The Americas have witnessed multiple, and often competing, levels of regionalism, reflecting, in large part, the geographical, cultural and political importance of sub-continental regions. The most important example of regionalism in North America was the formation in 1994 of NAFTA, through which the USA, Canada and Mexico agreed to build a free trade area. This has a combined GDP of \$11.8 trillion and a population of 420 million. Formed in part as a response to the growing pace of economic integration, NAFTA was intended to provide the basis for a wider economic partnership covering the whole western hemisphere, expressed through the 1994 agreement to build a Free Trade Area of the Americas (FTAA). However, the aims of NAFTA are modest by comparison with those of the EU. Its chief goals have been to phase out tariffs on agricultural and a variety of manufacturing goods, to allow banks and other financial institutions access to wider markets, and to allow lorry drivers to cross borders freely. NAFTA is a much looser body than the EU, having strictly intergovernmental decision-making processes and, to date, successfully resisting neofunctional pressures for cooperation on trade to spill over into economic or political areas. NAFTA,

nevertheless, remains a controversial issue in the USA, where its critics have accused it of facilitating the export of manufacturing jobs to Mexico. However, deeper problems include large disparities in wealth, education and economic structure between the USA and Canada, on the one hand, and Mexico on the other, and significant gaps in mutual knowledge and understanding amongst the citizens of the three countries. As far as the proposed FTAA is concerned, negotiations to establish this have faltered, largely due to tensions between developed and developing countries similar to those that impede the completion of the Doha Round of WTO negotiations, as discussed in Chapter 19.

The most important trading bloc in South America is Mercosur, which expanded through an agreement in 1994 to link the economies of Argentina, Brazil, Venezuela, Paraguay and Uruguay as full members, with Chile, Colombia, Ecuador, Peru and Bolivia as associate members. The main aims of Mercosur are to liberalize trade amongst its members, establishing a customs union (in which the associate members do not participate) and helping to coordinate economic policies within the region. From the outset, it embraced 'open regionalism' and engaged in market-orientated strategies, as advised by the WTO and other bodies. The Mercosur countries enjoyed dramatic growth in intra-regional trade as well as in their trade with the rest of the world during 1991–96. However, since then, trade levels have grown much more slowly, affected, in part, by financial crises in Brazil and Argentina. A deeper long-term problem within Mercosur is the tensions that derive from the fact that Brazil, with 79 per cent of the organization's total population and 71 per cent of its GDP, dwarfs other members, including Argentina.

EUROPEAN INTEGRATION

The 'European idea' (broadly, the belief that, regardless of historical, cultural and language differences, Europe constitutes a single political community) was born long before 1945. Before the Reformation of the sixteenth century, common allegiances to Rome invested the Papacy with supranational authority over much of Europe. Even after the European state-system came into existence, thinkers as different as Rousseau, the socialist Saint-Simon (1760–1825) and the nationalist Mazzini (1805–72) championed the cause of European cooperation, and in some cases advocated the establishment of Europe-wide political institutions. However, until the second half of the twentieth century such aspirations proved to be hopelessly utopian. Since WWII, Europe has undergone a historically unprecedented process of integration, aimed, some argue, at the creation of what Winston Churchill in 1946 called a 'United States of Europe'. Indeed, it has sometimes been suggested that European integration provides a model of political organization that would eventually be accepted worldwide as the deficiencies of the nation-state become increasingly apparent.

It is clear that this process was precipitated by a set of powerful, and possibly irresistible, historical circumstances in post-1945 Europe. The most significant of these were the following:

- The need for economic reconstruction in war-torn Europe through cooperation and the creation of a larger market.
- The desire to preserve peace by permanently resolving the bitter Franco-

German rivalry that caused the Franco-Prussian War (1870–71), and led to war in 1914 and 1939.

- The recognition that the '**German problem**' could be tackled only by integrating Germany into a wider Europe.
- The desire to safeguard Europe from the threat of Soviet expansionism and to mark out for Europe an independent role and identity in a bipolar world order.
- The wish of the USA to establish a prosperous and united Europe, both as a market for US goods and as a bulwark against the spread of communism.
- The widespread acceptance, especially in continental Europe, that the sovereign nation-state was the enemy of peace and prosperity.

To some extent, the drift towards European integration was fuelled by an idealist commitment to internationalism (see p. 64) and the belief that international organizations embody a moral authority higher than that commanded by the state. This was evident in the federalist dream of an integrated Europe that was espoused by, for example, Jean Monnet (see p. 496) and Robert Schuman (1886–1963). Early dreams of a federal Europe in which the sovereignty of the European states would be pooled came to nothing, however. Instead, a functionalist road to unity was followed. This is why the European project tended to focus on the means of promoting economic cooperation, seen by states as the least controversial but most necessary form of integration. The European Coal and Steel Community (ECSC) was founded in 1952 on the initiative of Monnet, advisor to the French foreign minister, Schuman. Under the Treaty of Rome (1957), the European Economic Community (EEC) came into existence. This was committed to the establishment of a common European market and the broader goal of an 'ever closer union among the peoples of Europe'. The EEC was incorporated into the European Community (EC) in 1967 and eventually into the European Union (EU) in 1993. But what kind of organization is the EU, and how much influence does it exert?

What is the EU?

The EU is a very difficult political organization to categorize. Is it a state (see p. 114), perhaps even a 'superstate'? Is it an international organization, and, if so, what kind of international organization? Is the EU merely an arena or space within which member states can interact, or has it become a meaningful actor in its own right? These questions are best considered by examining, first, the internal structure of the EU and then its relationship with the outside world. One of the difficulties with understanding the structure of the EU is that it has been substantially reshaped and institutionally redesigned on a number of occasions since the establishment of the ECSC in 1952. Not only has the ECSC given way to the EEC, the EC and, in due course, the EU, but other changes have, for example, seen the creation of a single market (through the Single European Act (SEA) in 1986), monetary union (agreed by the TEU in 1993) and the establishment of the EU as a single legal entity (through the Lisbon Treaty in 2009). Most significantly, the EEC/EC/EU has gone through a substantial process of widening and deepening. It has widened as the original Six (France, Germany, Italy, the Netherlands, Belgium and Luxembourg) became, over time, 27 (see Map 20.1),

● **German problem:** The structural instability in the European state-system caused by the emergence of a powerful and united Germany.



Jean Monnet (1888–1979)

French economist and administrator. Monnet was largely self-taught. He found employment during WWI coordinating Franco-British war supplies, and he was later appointed Deputy Secretary-General of the League of Nations. He was the originator of Winston Churchill's offer of union between the UK and France in 1940, which was abandoned once Pétain's Vichy regime had been installed. Monnet took charge of the French modernization programme under de Gaulle in 1945, and in 1950 he produced the Schuman Plan, from which the European Coal and Steel community and the European Economic Community were subsequently developed. Although Monnet rejected intergovernmentalism in favour of supranational government, he was not a formal advocate of European federalism.

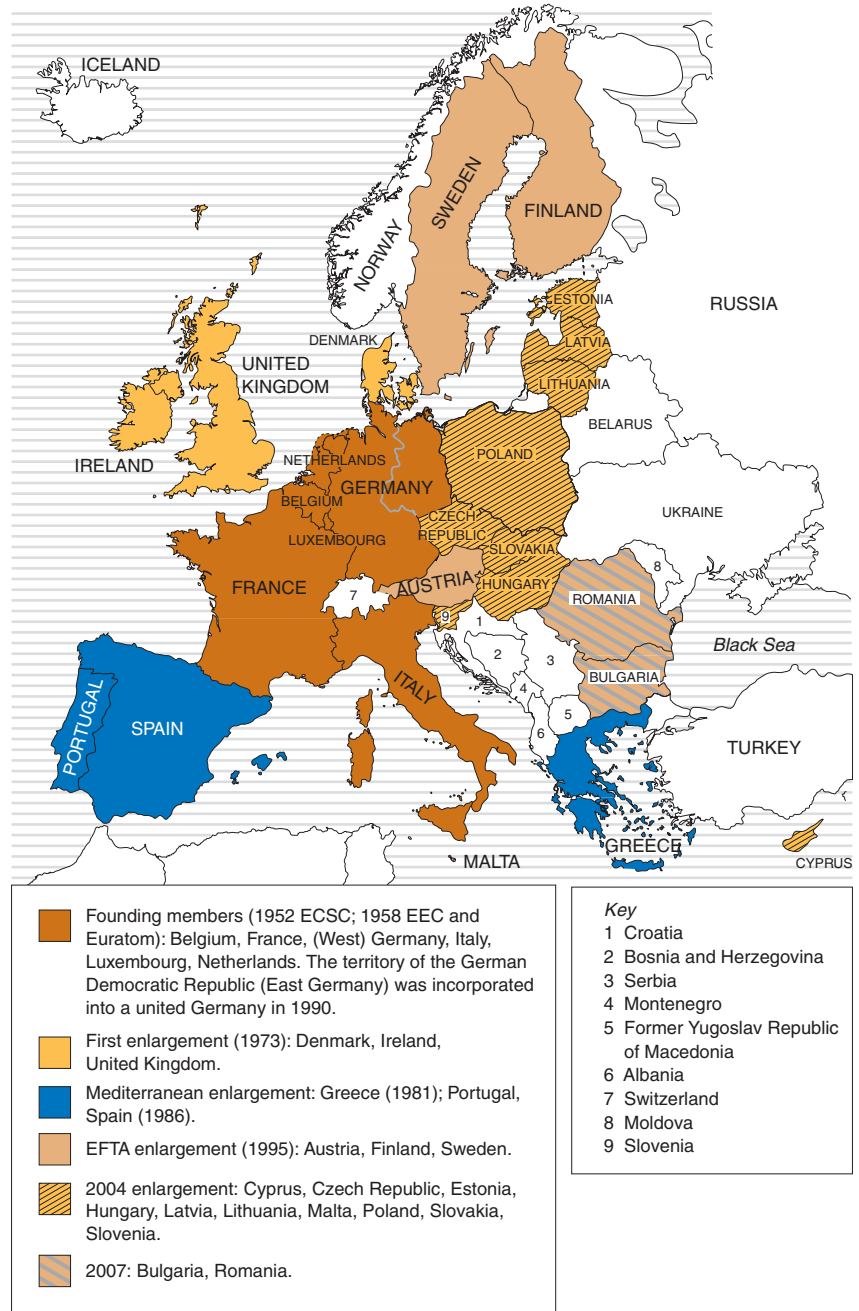
and it has deepened as successive waves of integration have transferred certain areas of decision-making authority from member states to EU bodies.

In strict terms, the EU is no longer a confederation of independent states operating on the basis of intergovernmentalism, as the EEC and the EC were at their inception. The sovereignty of member states was enshrined in the so-called 'Luxembourg compromise' of 1966. This accepted the general practice of unanimous voting in the Council of Ministers (now known as the Council), and granted each member state an outright veto on matters threatening vital national interests. However, this confederal image of the EU has become difficult to sustain for at least three reasons. In the first place, starting with the SEA and continuing with each of the subsequent major treaties – the TEU, Amsterdam, Nice and Lisbon – the practice of **qualified majority voting**, which allows even the largest state to be outvoted in the Council, has been applied to a wider range of policy areas. This has progressively narrowed the scope of the national veto, which, in turn, circumscribes state sovereignty. Second, this trend has been compounded by the fact that EU law is binding on all member states. This, indeed, is one of the key differences between the EU and other international organizations. The EU has a body of law which supersedes national law in areas where the EU has 'competence', a position backed up by rulings from the European Court of Justice. The creation of this body of law has involved the voluntary surrender of powers by member states in a broad range of policy areas, and the development of a new level of legal authority to which the member states are subject (McCormick 2005). Third, and linked to this, the powers of certain EU bodies have expanded at the expense of national governments. The result is a political body that is a complex blend of intergovernmental and supranational features.

Nevertheless, although the EU has done much to realize the Treaty of Rome's goal of establishing 'an ever closer union', moving well beyond Charles de Gaulle's and Margaret Thatcher's vision of a confederation of independent states, it stops short of realizing a 'United States of Europe'. While the EU has not created a federal Europe, still less a European 'superstate', the superiority of European law over the national law of the member states perhaps suggests that it is accurate to talk of a 'federalizing' Europe. A major check on centralizing

● **Qualified majority voting:**

A system of voting in which different majorities are needed on different issues, with states' votes weighted (roughly) according to size.



Map 20.1 Europe and EU membership

Source: Based on the map in Nugent (2004).

KEY EVENTS . . .

History of the European Union

- | | |
|-------------|---|
| 1951 | The Treaty of Paris establishes the European Coal and Steel Community (ECSC), which begins work the following year, with France, Germany, Italy and the Benelux countries as members. |
| 1957 | The Treaty of Rome provides for the establishment, the next year, of the European Economic Community (EEC) and the European Atomic Energy Community (Euratom). |
| 1967 | European Community (EC) is created through the merging of the ECSC, the EEC and Euratom. |
| 1973 | Denmark, Ireland and the UK join the EC. |
| 1981 | Greece joins the EC. |
| 1986 | Portugal and Spain join the EC. |
| 1986 | The Single European Act (SEA) prepares for the establishment of a common market (completed in 1992) and abolishes national vetoes in a host of areas. |
| 1993 | The Treaty of European Union (TEU or the Maastricht Treaty) is ratified, bringing the European Union (EU) into existence and preparing for monetary union. |
| 1995 | Austria, Finland and Sweden join the EU. |
| 1997 | The Treaty of Amsterdam is signed, paving the way for the eastward expansion of the EU and further reducing the influence of the national veto. |
| 1999 | The euro comes into effect as the official currency of 11 member states, with national currencies being replaced by euro notes and coins in 2002. |
| 2001 | The Treaty of Nice is signed, helping to ensure the effective functioning of the new Union with extra members; it comes into force in 2003. |
| 2004 | 10 new states join the EU, bringing its membership to 25 countries. |
| 2004 | The Constitutional Treaty is signed, but withdrawn in 2005, following its rejection by the Netherlands and France |
| 2007 | Bulgaria and Romania join, bringing the membership to 27. |
| 2009 | The Treaty of Lisbon is ratified as a modified version of the Constitutional Treaty, introducing new decision-making arrangements within the Union. |

tendencies within the EU has been respect for the principle of subsidiarity (see p. 500), embodied in the TEU, and the pragmatic approach to integration adopted by key states such as France and Germany. Decision-making within the 'New Europe' is increasingly made on the basis of multilevel governance (as discussed in Chapter 5), in which the policy process has interconnected sub-

Focus on . . .

How the European Union works

- **The Council:** Informally called the Council of Ministers, this is the decision-making branch of the EU, and comprises ministers from the 27 states, who are accountable to their own assemblies and governments. The presidency (vested in a country, not a person) of the Council rotates amongst member states every six months. Important decisions are made by unanimous agreement, and others are reached through qualified majority voting or by a simple majority (*intergovernmental body*).
- **The European Council:** Informally called the European Summit, this is made up of the presidents or prime ministers of each member state, accompanied by their foreign ministers, and a permanent, full-time President of the European Council (since 2009, Herman Van Rompuy). The European Council meets four times a year and provides strategic leadership for the EU (*intergovernmental body*).
- **The European Commission:** Based in Brussels, with a staff of some 20,000 people, the Commission is the executive-bureaucratic arm of the EU. It is headed by 27 Commissioners and a President (José Manuel Barroso's term of office as President began in 2004). The Commission proposes legislation, is a watchdog that ensures that the EU's treaties are respected, and is broadly responsible for policy implementation (*supranational body*).
- **The European Parliament:** Usually located in Strasbourg, the EP is composed of 751 Members of the European Parliament (MEPs), who are directly elected every five years. MEPs sit according to political groups rather than their nationality. Although its powers have been expanded, the Parliament remains a scrutinizing assembly, not a legislature. Its major powers (to reject the European Union's budget and dismiss the European Commission) are too far-reaching to exercise (*supranational body*).
- **The European Court of Justice:** Based in Luxembourg, the ECJ interprets, and adjudicates on, EU law and treaties. There are 27 judges, one from each member state, and 8 advocates general, who advise the Court. As EU law has primacy over the national law of EU member states, the Court can disapply domestic laws. A Court of First Instance handles certain cases brought by individuals and companies (*supranational body*).
- **The European Central Bank:** Located in Frankfurt, the ECB is the central bank for Europe's single currency, the euro. The ECB's main task is to maintain the euro's purchasing power and thus price stability in the euro area. The eurozone comprises the 16 EU countries that have introduced the euro since 1999 (*supranational body*).

national, national, intergovernmental and supranational levels, the balance between them shifting in relation to different issues and policy areas. This image of complex policy-making is more helpful than the sometimes sterile notion of a battle between national sovereignty and EU domination. The desire to bring greater coherence and formality to this complex and sometimes inefficient policy process nevertheless gave rise to the idea of an EU Constitution, which would codify major rules and principles, incorporating and superseding all previous treaties. However, although the Constitutional Treaty, which would have established this Constitution, was approved by heads of state or government in 2004, it was not ratified because of referendum defeats in the Netherlands and France in 2005. Although many of the elements of the Constitutional Treaty were incorporated into the Lisbon Treaty, which was ratified in 2009, this episode highlights the extent to which, despite decades of

CONCEPT

Subsidiarity

Subsidiarity (from the Latin *subsidiarii*, meaning a contingent of supplementary troops) is, broadly, the devolution of decision-making from the centre to lower levels. However, it is understood in two different ways. In federal states such as Germany, subsidiarity is understood as a *political* principle that implies decentralization and popular participation, particularly through local and provincial institutions. The TEU thus declares that decisions should be 'taken as closely as possible to the citizens'. However, subsidiarity is also interpreted, usually by anti-federalists, as a *constitutional* principle that defends national sovereignty against the encroachment of EU institutions. In this light, the TEU declares that the EU should act only over matters that 'cannot be sufficiently achieved by the member states'.

institutional deepening, EU member states continue to function as states, still orientated around issues of national interest.

The EU and the world

Although it is clear that the EU has an external policy, the extent of its international 'actorness' (its capacity to act within the global system as a single entity) has been a matter of considerable debate. The most crucial area here has been foreign and defence policy. In its early incarnations, foreign policy, and, for that matter, the wider issue of political union, played little part in the developing European project. The Treaty of Rome made no mention of foreign policy and the EEC focused essentially on economic policies and issues. Such initiatives as there were to promote political integration tended to be piecemeal and had little impact. For example, the European Defence Community was proposed in 1950, most actively by France, but it was widely viewed as a threat to the authority of NATO, and the idea was abandoned in 1954 when it was rejected by the French National Assembly. However, the notion of an EU foreign and defence policy resurfaced through the TEU, when the Common Foreign and Security Policy (CFSP) was established as 'pillar two' of the EU. Although the CFSP has only loosely defined goals, it was given significant impetus by the creation, in the Treaty of Amsterdam, of the new position of High Representative for foreign affairs, and by the high-profile appointment of Javier Solana, the former Secretary General of NATO, to this office.

The Common Foreign and Security Policy has had a number of achievements. These include the deployment of over two dozen missions of peacekeepers, police officers and civilians to troubled parts of the world, including Bosnia, Chad, Eastern Congo and the Aceh province of Indonesia. It has also engaged in international diplomacy, particularly the EU3's (The EU together with France, Germany and the UK) efforts to persuade Iran to abandon its uranium enrichment programme. However, failures have been more prominent than successes. When it comes to the most pressing international problems, such as Afghanistan, Pakistan and North Korea, the EU has either been largely invisible or absent. Although the EU's presence in Bosnia and Kosovo has helped to ensure peace, EU policy in the Balkans has become less resolute and coherent over time. Lacking a military force of its own, the EU was forced to leave the resolution of the 1999 Kosovo crisis to US-led NATO forces. When the USA and most EU states recognized the independence of Kosovo in 2008, five EU states failed to, shattering the hard-won united approach to the Balkans that had been forged in the 1990s. Similarly, Slovenia is blocking Croatia's accession to the EU because of a border dispute, while Greece is thwarting Macedonia's progress towards membership because of its name (Macedonia is also a region in northern Greece).

The impediments to developing an effective common foreign and defence policy within the EU are many and various. In the first place, there are permanent tensions between member states that have an 'Atlanticist' approach to foreign policy, such as the UK, and those that have a 'Europeanist' approach, especially France. For the former, any EU defence policy, particularly the development of an EU military arm, must occur *within*, not outside or as an alternative to, the framework of NATO. Second, member states have generally been much more reluctant to support political integration, rather than economic

integration, and this especially applies in the case of foreign and defence policy. As the core purpose of the state is to ensure the 'high politics' of security and survival, independent control over foreign and defence affairs is widely viewed as the most important dimension of state sovereignty. Third, Europe's ability to develop an effective external presence has long been hampered by confusion about who represents the EU. As Henry Kissinger put it, 'Who do I call when I want to call Europe?' In the case of foreign and defence policy the EU has traditionally been represented by the 'troika', made up of the High Representative for foreign affairs, the European Commissioner for External Affairs and the foreign minister of the state currently holding the presidency of the Council. The confusions implicit in this arrangement were recognized by the creation, in the Lisbon Treaty, of the post of High Representative for Foreign Affairs and Security Policy. However, the appointment of the relatively inexperienced Catherine Ashton as the first post-holder suggests that this office may not fulfil the expectations of those who devised it. Fourth, an effective common defence policy requires levels of funding that few member states are prepared to support, particularly since the global financial crisis of 2007–09. It also needs a standardization of equipment and, ideally, a single, harmonized defence industry, which is a long way from being achieved and may, anyway, be impossible.

Nevertheless, the EU's external presence in economic affairs, particularly in trade matters, is much clearer. Because the EU is a customs union with a common commercial policy and a common external tariff, the Commission, rather than member states, conducts trade relations with outside parties. These include trade agreements with virtually all parts of the world and negotiations with GATT and, more recently, the WTO. The Commission also negotiates economic cooperation arrangements with other regional trading blocs as well as with individual states, an example being the biennial Asia-Europe Meeting. An additional aspect of the EU's external presence is over aid and development. Motivated both by the fact that key EU member states – notably the UK, France and Belgium – were once major imperial powers, and an awareness that the global South constitutes a particularly important market for EU exports, the EU has become the single biggest source of official development assistance in the world, collectively accounting, for instance, for just over half the total of \$52 billion given in 2001. Most EU aid goes to sub-Saharan Africa, but an increasing proportion is going to Latin America. The EU also provides extensive emergency humanitarian aid and is, after the USA, the second largest provider of food aid in the world.

The EU in crisis?

Pronouncements about the stalling of the European project, and even predictions about the EU unravelling, have occurred throughout the history of the EEC/EC/EU. For some, the failure of the EU has always been just a matter of time. In this view, the level of diversity within the EU, in terms of history, traditions, language and culture, means that the EU can never match the capacity of the nation-state to engender political allegiance and act effectively on the world stage. However, two issues have proved to be particularly problematical in the early twenty-first century. The first is EU enlargement and its implications. A significant part of the success of the early process of European integration

GLOBAL ACTORS . . .

THE EUROPEAN UNION

Type: Regional organization • **Established:** 1993 • **Principal location:** Brussels

Membership: 27 states • **Population:** 502,000,000

The European Union was formed in 1993, through the ratification of the Treaty of European Union (TEU), a successor institution to the ECSC, the EEC and the EC. The EU is a unique international organization, in that it combines intergovernmental and supranational features. Its member states remain independent sovereign nations but 'pool' their sovereignty in order to gain a strength and world influence none of them could have on their own. The EU comprises four main bodies:

- The Council (which represents member states and is the main decision-making body; heads of state or government meet up to four times a year as the 'European Council')
- The European Commission (which represents the interests of the EU as a whole, initiates legislation and acts as the EU's executive arm)
- The European Parliament (a directly elected body that carries out scrutiny and oversight functions)
- The Court of Justice (which interprets and applies EU law)

The EU comprises three 'pillars': pillar one encompasses the existing Communities (the ECSC, the EEC and Euratom); the second and third pillars for foreign and defence policy and justice and home affairs respectively, are areas of intergovernmental cooperation. Within the EU, citizens enjoy common citizenship rights,

including the right to live, work and, if resident, be politically active anywhere within the Union.

Significance: The EU is the most advanced example of regional integration found anywhere in the world. With a population of almost half a billion people, it is the third largest political unit in the world after China and India, and about 40 per cent larger than the USA. The EU is undoubtedly an economic superpower. It accounts for more than 28 per cent of world GDP, higher than that of the USA, and it produces more than one-third of global merchandise trade. The European single market was completed in 1993, with a single currency, the euro, coming into existence in 1999. 16 of the EU's 27 member states belong to the euro-zone. For these reasons, the EU is sometimes seen as a major challenger to US hegemony. No longer in need of the security umbrella that the USA provided during the Cold War period, there is evidence that the EU and the USA increasingly view the world from different perspectives (Kagan 2004). Supporters of the EU highlight a variety of advantages. These include that it has brought peace and political stability to a continent that was the crucible of both WWI and WWII; that it encourages European people to rise above narrow and insular nationalism; that pooled sovereignty has given EU states greater influence in the world than they would have had acting alone; and that economic

union and the single market have boosted economic performance and widened opportunities.

However, although the EU's economic power cannot be doubted, it remains a weak global actor in other respects. Efforts to establish an effective Common Foreign and Security Policy have made limited progress, meaningful cooperation in these areas being particularly difficult to bring about. Divisions amongst member states have often weakened and sometimes paralyzed the EU over major global issues, examples including the EU's response to the 'war on terror', relations with China, especially over matters such as human rights and Tibet, and relations with Russia, notably on issues of trade and energy dependency. Some argue that the EU is fundamentally unsound and in danger of unravelling. Critics have pointed out, variously, that national, language and cultural differences may make it impossible for EU bodies to establish genuine political allegiances; that the 'democratic deficit' within the EU can never be overcome; that there may be irresolvable tension between the goals of widening and deepening; and that integration has been largely driven by political elites and corporate interests, which have run ahead of European populations. The EU may also not represent a viable economic model, either because its high level of social provision makes it globally uncompetitive or because the single currency may prove to be unworkable in the long term (see p. 505).

stemmed from the fact that the original Six were bound together by powerful historical, political and economic factors, not least the overriding desire to ensure peace and stability between France and Germany and the wish of smaller, neighbouring states to participate in the benefits that might flow from Franco-German rapprochement. However, enlargement has reshaped the European project at each stage, sometimes through the incorporation of countries that had a weaker commitment to the European ideal (such as the UK and Denmark) and, on other occasions, through the incorporation of economically less prosperous countries of southern Europe (Spain, Portugal and Greece). Nevertheless, no enlargements have been as ambitious and significant as those that saw the eastward expansion of the EU during 2004–07 (see p. 504). In some respects, these enlargements were the crowning achievement of the EU, in that they underpinned and, in a sense, completed the politico-economic transformation of central and eastern Europe, marking the Europe-wide triumph for liberal democracy. However, they also caused profound difficulties, not least by permanently shifting the balance between unity and diversity within the EU firmly in favour of diversity. If the EU can no longer be ‘managed’ through deals done between a relatively small number of large states (notably France and Germany, but also, to some extent, the UK), the prospect of effective decision-making and coherent thinking within the EU has perhaps been lost forever. If the EU has a future, it may be less as an economic and political union, and more as a ‘multi-speed’ Europe or a two-tier or even three-tier Europe.

The second key challenge facing the EU is economic rather than political. Although economic union has, by common consent, been more successful than political union, there are reasons to believe that the EU’s continued economic success is by no means assured. The EU’s share of world trade and production are set to diminish, a trend widely associated with the determination of influential member states to maintain social protections and welfare provision in the face of growing global competitive pressures. These long-term problems have been compounded by the 2007–09 global financial crisis, which had more serious implications for EU economies than it did, for instance, for emerging economies such as China, India and Brazil. The global recession led to spiralling deficits in many parts of the EU, but particularly in Greece, Spain, Portugal, Ireland and, to some extent, Italy within the eurozone, and in the UK outside the eurozone. The crisis in Greece was so severe in May 2010 that it precipitated a massive German-led eurozone bail-out, backed up by the IMF, with other vulnerable economies in danger of being sucked into the crisis. A similar EU-IMF bail out was agreed for Ireland in November 2010.

This eurozone crisis threatens to have profound and far-reaching implications, however. In the first place, it highlighted lax regulation within the eurozone itself, which, far from making weaker economies more competitive, had served as a kind of shelter under which Greece, and others, used the benefit of low interest rates to fuel asset bubbles without reforming their economies. At the very least, this implied a much greater emphasis, within the eurozone but also beyond, on fiscal rectitude, cutting levels of government spending, particularly by scaling back welfare and reducing the size of the public sector. Such retrenchment, nevertheless, will be impossible to achieve without bringing social and political tensions to the surface, possibly creating problems for years to come. A further implication of the euro crisis is its effect on Germany. Germany is both

GLOBAL POLITICS IN ACTION ...

The EU expands to the east

Events: On 1 May 2004, the EU carried out an enlargement on a scale totally unprecedented in its history. Whereas previous enlargements had led, at most, to three new members joining, this enlargement involved ten new members, turning an EU of 15 states into one with 25 members. What was also notable was that, with the exception of Malta and Cyprus, these new members were former communist states of central and eastern Europe. Three of them – Estonia, Latvia and Lithuania – had been former Soviet republics, while the other five – the Czech Republic, Hungary, Poland, Slovakia and Slovenia – had been part of the Soviet bloc (in the Soviet era, the Czech Republic and Slovakia had formed a single country, Czechoslovakia, and Slovenia had been a republic of Yugoslavia). This process was taken further on 1 January 2007, when two other former Soviet bloc states, Bulgaria and Romania, joined, bringing the membership of the EU to 27.



Significance: The EU's expansion into eastern Europe has been significant for a variety of reasons. In the first place, it had a profound impact on the geopolitical restructuring of Europe. It completed the process initiated by the collapse of communism through the Eastern European Revolutions of 1989–91, by bringing about the reunification of Europe after decades of division by the Iron Curtain. In so doing, EU membership played an important role in supporting the politico-economic transformation of eastern Europe. By fulfilling the 'Copenhagen criteria', established in 1993 for any new members of the EU, the accession states of central and eastern Europe demonstrated their support for democracy, the rule of law, human rights and the protection of minorities, whilst also committing themselves to market economics and accepting the established EU aims of political, economic and monetary union. After 2004–07, then, the spread of liberal democracy into eastern Europe became an unstoppable process. Second, eastward expansion also affected the balances within the EU and its general orientation. In particular, the EU has been less able to function as a 'West European club', dominated by the Franco-German axis and with large states generally able to push through their preferences. Instead, the voice of smaller states has greatly increased, meaning, in part, that the EU has placed greater emphasis on providing support for economic and social development. In some senses, the centre of gravity of the EU has shifted eastwards, as attention has been given to further eastward expansion, with Turkey, Macedonia,

Serbia and Croatia being amongst the countries interested in joining, and the relationship between the EU and Russia has become an issue of increasing importance.

Third, eastward expansion has had an effect on the economic performance of the EU. On the one hand, by increasing the population of the EU by 20 per cent, it has created a larger internal market, providing an economic boost for all member states, which will increase as new members become economically successful. On the other hand, large differences in living standards and economic performance between existing members (the EU-15) and the accession states, and the fact that the transition from central planning to market economics is still an ongoing process, have created economic challenges for the EU. For instance, eastward expansion only increased the EU's GDP by 5 per cent, and it placed considerable pressures on the EU-15, which have provided about 90 per cent of revenues for the EU as a whole since 2007. Finally, expansion has had a significant impact on the decision-making processes of the EU. Quite simply, the wider the range of national and political interests that have to be satisfied, the more difficult it is for the EU to make decisions and to pursue coherent strategies. For many, the widening of the EU has placed substantial restrictions on its deepening. This led to attempts to establish more streamlined, centralized decision-making processes through a proposed EU Constitution. Nevertheless, this proved to be impossible to introduce in a more decentralized and, in certain respects, more divided EU, the Constitutional Treaty being withdrawn after its rejection by the Netherlands and France, and replaced by the more modest Lisbon Treaty. Some therefore argue that expansion has rendered the original goal of 'an ever closer union' impossible.

Focus on . . .

The euro: a viable currency?

The decision to press ahead with monetary union was one of the key features of the TEU negotiated in 1992. The euro (originally called the European Currency Unit or ecu) was introduced in 1999, with coins and bank notes entering circulation on 1 January 2002. The original 12 members of the eurozone later expanded to 16. The euro has developed into the world's second largest reserve currency, after the US dollar, and since 2009 the euro has surpassed the dollar in terms of the value of its bank notes and coins in circulation in the world. The chief arguments in favour of monetary union are that it is the logical extension of the introduction of a European single market, and that it promises to boost levels of intra-European trade, thereby promoting prosperity. It does this both by reducing the costs associated with currency exchange and by strengthening competitiveness, as customers can more easily assess the relative prices of goods or services anywhere within the eurozone. A regional currency is likely to be stronger and more stable than a collection of national currencies, both because it is less susceptible to speculative attacks and because individual countries are no longer able to gain advantage over other countries by devaluing their currencies.

However, critics of the euro have argued that it is a triumph of political ambition over economic reality. In the first place, a successful single currency requires that

differences in competitiveness and living standards between the different regions of the single currency zone need to be relatively modest. This was never the case with the eurozone, which included countries like Greece and Portugal that have still relatively underdeveloped industrial economies. Similarly, the free movement of people within the eurozone, a necessary condition to cope with growth disparities across the region, was impaired by still important social, cultural and national differences. A key source of vulnerability within the eurozone has always been that a single currency requires a common interest rate, in this case set by the European Central Bank. However, a 'one size fits all' interest rate does not, and cannot, take account of differences in economic performance across the eurozone, meaning that national economies cannot use monetary policy to address their economic difficulties. These problems were compounded by the fact that eurozone rules about levels of government spending and the size of deficits were not rigorously applied. This became apparent in 2010 when Greece's debt crisis threatened the entire euro system, requiring a major bail-out by other eurozone members, backed up by the IMF. At the very least, this highlighted the need to reform the rules under which the eurozone operates; at worst, it casts a dark shadow over the very idea of a single currency.

the largest economy within the EU and the lynchpin of integration, in that, perhaps more than any other state, Germany has traditionally viewed EU interests as identical with its national interests. However, Germany's role in bailing out Greece in 2010 raised serious questions in Germany about its responsibilities within the eurozone and even about its commitment to the single currency. To the extent that these matters are thrown into question, the European project itself may be put at risk.

SUMMARY

- Regionalism is a process through which geographical regions become significant political and/or economic units, serving as the basis for cooperation and, possibly, identity. Regionalism takes different forms depending on whether the primary areas for cooperation are economic, security or political.
- The tendency towards regional integration, and particularly European experiments with supranational cooperation, have stimulated theoretical debate about the motivations and processes through which integration and institution-building at the international level are brought about. Federalism, functionalism and neofunctionalism are the main theories of regional integration.
- So-called 'new' regionalism is essentially economic in character, usually taking the form of the development of regional trade blocs. However, while some see these trade blocs as the building blocks of globalization, enabling states to engage more effectively with global market forces, others see them as stumbling blocks, defensive bodies designed to protect economic or social interests from wider competitive pressures.
- Although forms of regionalism have emerged in Asia, Africa and the Americas, regional integration has been taken furthest in Europe, precipitated by a particular, and possibly unique, set of historical circumstances. The product of this process, the EU, is nevertheless a very difficult political organization to categorize.
- The EU's capacity to act within the global system as a single entity has been enhanced by attempts to develop a common foreign defence policy. Nevertheless, tensions between 'Atlanticists' and 'Europeanists', sensitivity about the implications of security regionalism for NATO and the EU's relationship with the USA, and anxieties about the erosion of state sovereignty each help to explain why progress on this issue has been slow.
- After the renewed impetus that was injected into European integration in the 1980s and 1990s, concerns have emerged about the stalling of the European project. These have been associated with tensions between the goals of widening and deepening, about the EU's declining global competitiveness, and about whether or not monetary union can be made to work in the long run.

Questions for discussion

- What is a 'region'?
- How may sub-national regionalism be linked to regionalism as an international phenomenon?
- What different forms can economic regionalism take?
- Why has political regionalism generally made less progress than economic regionalism or security regionalism?
- How, and to what extent, has regionalism impeded the advance of globalization?
- What was new about 'new' regionalism?
- Are there parallels between regionalism in Europe and regionalism in Asia?
- How is European integration best explained?
- Is it possible to resolve the tensions within the EU between the goals of widening and deepening?
- How significant is the EU as a global actor?
- Is the process of European integration in danger of unravelling?

Further reading

- Beeson, M. *Regionalism and Globalization in East Asia: Politics, Security and Economic Development* (2007). An examination of the complex relationship between regionalism and globalization in an East Asian context.
- Fawn, R. (ed.) *Globalising the Regional, Regionalising the Global* (2009). An authoritative collection of essays that examine theoretical and thematic approaches to regionalism, including six regional case studies.
- Paupp, T. *The Future of Global Relations: Crumbling Walls, Rising Regions* (2009). An analysis of the prospects for a cooperative world order based on regionalism.
- Rosamond, B. *Theories of European Integration* (2000). An authoritative and accessible analysis of the main theoretical debates generated by European integration.



Links to relevant web resources can be found on the *Global Politics* website