This volume stems from the work of an international and multidisciplinary research group. The group includes political scientists, internationalists and social scientists who do not neglect to recognize the international economic structures shaping the new power hierarchies among states and regions. It also includes political economists who take into account the weight of the political factors in the changing globalized economy.

We begin by observing that globalization and new regionalism are not only economic but also multidimensional and political processes. Of course, the book neither deals with the pros and cons of free trade nor with the theory of international trade; its subject matter is also not international politics itself. Its particular focus is the comparative analysis of regional organizations and their interrelations with the globalized economy and world politics of the post-Cold War era. To focus on the political and strategic dimension of regionalism involves going beyond controversies among economists on the regionalism versus globalization relationship. It involves instead explaining the flourishing of regional organizations through endogenous and exogenous factors, and studying their current and potential impact on global governance. Regionalism and globalization are two components of the same historical process of strengthening interdependence and weakening the state’s barriers to free trade, even if there can also be conflicting tendencies. This is shown by trade blocs, strategic traders and by current asymmetries and uncertainties of global multilateralism.

The group of scholars included here combines two peculiar approaches. Some of them are outstanding specialists in international relations. Many of them are prominent specialists in European integration studies, and they approach regionalism and globalization from a EU point of view. All focus on the comparison of regional arrangements with the EC-EU and the evolution of the EU as both a workshop of institutional innovation and an international entity after the end of the Cold War. Consequently, the book offers, on the one hand, a theoretical framework for new regionalism and a comparative analysis of other regional organizations, bearing in mind the European experience. On the other hand, it shows the characteristics of the European Union as a global player and also its proactive relationship with other regional organizations. The open question is to what extent this can be considered a significant part of its current and potential role as a new kind of ‘civilian power’, in the uncertain world politics of the early twenty-first century.
1 Three types of regionalism in the history of the twentieth century

The resurgence of regionalism must be placed in a broader historical perspective, including three waves of regionalism during the twentieth century. The world experienced the tragedy of both an aggressive nationalism and an imperial regionalism during the inter-war period. The international economy was characterized by the crucial fact that the British-centered hegemonic multilateral stability came to an end, which was already perceptible in nuce with the consequences of the Great Depression of 1873 and the Age of Empires. The crisis publicly crashed with the First World War and the international system came to its demise in August 1931, with the end of the Gold Standard’s basis for the pound being one of the direct consequences of the Great Depression of 1929. After the failure of the International Economic Conference in 1933, it was finally realized that the UK could no longer play the role of hegemonic power and that the US could not, as yet, take over the role. The end of the long era of the self-regulated market and of free trade was an international event.1 The American economic crash of 1929 had a huge global impact. It undermined the apparent economic boom of the 1920s, which J. M. Keynes had warned of ten years earlier, in The Economic Consequences of Peace. International economics shifted from open trade order and the first seeds of international liberalization (including the Most Favoured Nation Clause, MFN) to state protectionism, discriminatory and regionalist imperialisms.2

The parallel crisis in the fragile League of Nations peace system, the breakdown of the first steps towards a farseeing European unity design, namely the Briand-Stressemann dialogue, and the parallel Japanese expansion in East Asia, heralded the end of the first attempt to construct a modern multilateral collective security system able to cope with the challenges of the twentieth century. During the 1930s and the early 1940s, the world experienced the difficult times of both economic and political ‘malevolent regionalism’, as a result of German and Japanese attempts to become regional hegemonic powers. The military and fascist regimes of Japan and Germany replaced the former ‘pax Britannica’, holder of a cooperative king of balance of power, with new conflicts for regional domination, in Asia/Pacific and Europe respectively, provoking the outbreak of the Second World War.

Until then, in spite of its financial and economic strength, the US was not able to take the place of the declining UK as the hegemonic power in the international system. Post-war American hegemony took the form of an accelerated move towards a more institutionalized multilateralism, whose domestic roots are to be found in the New Deal pattern of regulated capitalism. Despite the evolving global system having its centre in European colonialism for four centuries, the main globalization tendencies no longer come from Europe since the Second World War. The 1944/47 multilateral political and economic institutions – the new monetary system based on the convertibility of the US dollar, the International Monetary Fund and the World Bank, the GATT, the United Nations and so on – provided an effective framework to overcome the catastrophic instability of the inter-war period. Between 1944 and 1947, these institutions attempted to include both former and potential enemies.
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The beginning of the Cold War (1947) was a fundamental historical change, breaking universalistic perspectives. However, this new type of US-centered multilateralism has for three decades, been the basic architectural principle for international cooperation and growing interdependence. The golden age of international economic growth only became possible due to harmony between the American design and practice of a ‘trading state’ and national Keynesianism (Clarck, 1997). The double aim of containing the Soviet threat and of creating a transatlantic community made it possible to harmonize the interests and ideals of the US New Deal, associating realism and idealism, namely peace, prosperity and democracy. This was typical of the new stable hegemonic international system (Ruggie, 1993).

A second type of regionalism, an economic regionalism, was set up during the 1950s and 1960s, which was compatible with such American-centered hegemonic stability and its vision of multilateralism. Particularly important was the regional integration of the European Community, which was inconceivable without taking into account the huge impact of American hegemony. Even if less successful elsewhere in the ‘free world’ and in the third world, regionalist experiments took place, for example in Asia, Africa and Latin America. During these decades the US, in spite of free trade ideology, tolerated many forms of national and regional protectionism abroad, which is clearly proven by the EC (for instance, Customs Union, Common Agricultural Policy, Lomé Convention, and so on), and the Latin American (supported by CEPAL and its ideology, and so on.) examples. With the exception of the EC, the results have been very poor.3 Too many inward-looking economic policies, too weak institutional settlements, the legacy of colonialism and the weight of underdevelopment do explain the failure or the marginal impact of such a second type of regionalism.

As far as the EC is concerned, the harmony between transatlantic stability, which was centred on the trading state, the open market and national growth, started to decline with the end of the Bretton Wood Gold Standard system (1971) and the two oil crises of the 1970s. There is no doubt that the end of the dollar as an international factor of stability undermined the American hegemony and also the idea of a ‘Trilateral’ Directorate of the capitalist world. This Directorate, the famous ‘triad’, including Japan, Europe and the USA, was supposed to rescue the former stability path but only announced the coming epoch of transition.4 The first plans for a European regional monetary union (the ‘Werner Plan’) began in the early 1970s, even though the single European currency was not established before 1999. Step by step, a new regionalism is emerging and not only in Western Europe.

However, the question of the relationship between American leadership and new regionalism seems to be crucial in the new era of transition in the current international system. On the one hand, the scientific and public debate of the 1980s on the declining role of the US, though overemphasized, allowed one to speak of a ‘post-hegemonic’ international system from then on.5 On the other hand, the collapse of the USSR in 1991 and the consequences of 9/11 confirmed the strength of the tendency towards a sole superpower. The successful New Economy of the 1990s and the ‘wars against terrorism’ confirm the leadership of the US as far as
military, politics, economy and technology are concerned. Nevertheless, limits of unipolarism are evident and no new international order has yet been established. The parallel and opposing tendencies towards the decentralization and globalism of the world economic and political system are continuing within this uncertain framework. Regionalism shows as resilient to global changes and is about to evolve in many areas of the world, according to new patterns, trends and agendas. In continuity and discontinuity with the past, it is a matter of a third, post-hegemonic, regionalism as a component in a new turbulent and heterogeneous world system.

This volume focuses on this complex phenomenon and its theoretical implications. The current globalization process entails a broader and deeper (even if highly differentiated) new type of regionalism. During the last twenty years the world has witnessed, in parallel with the boom in international trade and foreign investments, the simultaneous development, or revival, of numerous and varied regional arrangements and regional organizations: the most well-known are the EU, NAFTA, ASEAN, Andean Community, MERCOSUR, SADC, SAARC and so on.

Is this new regional dimension of international society a transient feature or is it able to constitute a long-term third trend between the anarchy of nation states and the international markets and globalism as developers of world governance? What is the balance between the economic and political dimensions of new regionalism and what are its systemic and domestic causes? To what extent is current multilevel, regional and global, multilateralism conflicting with unipolarism and, at the same time, is it unable to hinder moves towards fragmentation? Can it lead to an upward trend towards a new kind of multilateralism, including not only continental states and emerging economies (such as India and China) but also five or six regional trading blocs and regional entities and thus contribute to a new post-hegemonic stability? Which particular role does and could the European Union play in the foreseeable future, as an international entity supporting regionalism world wide? To what extent do its external relations and responsibilities have an impact on regional arrangements towards enhanced coherence and institutional consistency? And finally, what is the difference between the EU approach to regionalism and inter-regionalism and that of the US?

2 Domestic and systemic causes of new regionalism

This book offers, first of all, a general overview of the common causes and features of new regionalism. Important schools of thought are in conflict over two salient scientific issues. Firstly, what is the balance between domestic and systemic factors of regional integration? Secondly, how does regionalism interact with globalization? Let’s start by examining the first divergence of opinion. On the one hand, domestic factors play an important role in developing new regionalism: the will of nation states, and mainly of regional leaders, to rescue their sovereignty and recover their international bargaining power, or the wish of minor states to balance the regional leader within a common framework. The second cause is the private interest of export industries and economic branches, of social groups, lobbying and networking on a national and regional basis. Thirdly,
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there is the internal functional spillover as a consequence of successful – even if limited to relatively marginal sectors – cooperation agreements. Political parties, groupings, associations, NGOs, may underpin regional construction according to their respective interests and ideologies. Finally, there is the desire of less developed countries to gradually cope with global competition by cooperating and converging with regional leaders.7

The so-called ‘domino theory’ stresses the importance of mutual emulations and reactions as far as the development of regional organizations is concerned, particularly emphasizing the ‘multiplier effect’ induced by the recent evolution of the EU and NAFTA, in Latin America and world wide.8

On the other hand, many scholars focus on the impact of systemic, exogenous, economic and political causes, which make it easier to underline what is common among regional organizations and to analyze variations provoked by the influence of national or subnational causes. As R. O. Keohane points out, without an overview of common problems, constraints and challenges set by the international system, we would miss the analytical basis to better understand the weight of domestic factors and distinguish them from external causes.9 The particular approach of this volume combines both these classical schools of thought. It focuses, however, not only on the controversial economic effects of regionalism on globalization, but mainly on the political dimension of regional agreements and their impact on world governance.

The main systemic even if ambiguous explaining factor is globalization. The influence of the global system on national societies and on the regions of the world increased during the twentieth century and was accelerated after 1945, and even more particularly in the two last decades.10 International forces, political actors and multinational companies are working on and shaping the relations and hierarchies between states, economic interests and regions of the world. From an economic point of view, regional arrangements provide clear advantages in terms of location (trade and investment, saving in transport and economy of scale). Furthermore, regional adjustments ease the recovery of the developing regions of the world, namely after hard financial crises, and also help them to cope gradually with the constraints of international competitiveness. Finally, larger regional markets make it possible for large companies to expand and to train for world competition. Whatever their institutional features are, preferential trade arrangements, regional arrangements and regional organizations have proliferated. Regionalism stands more and more in the centre of the globalized economics and world politics.

There are two dominant contradictory explanations for this boom. The first explanation is based on the GATT-WTO vision of regionalization as part and antecedent of systemic globalization. In other words, regional trade liberalization and cooperation arrangements are seen as necessary intermediate steps, enabling nations and companies to cope with the risks and opportunities of the global market and to accept new multilateral rules. Of course, this assessment is partially correct. In many cases, regional cooperation is certainly a good preparation for an open international economy, as proven, for example by the conclusion of the Uruguay Round (where integration into the EU induced some member states to accept the GATT deal)11 or by the high impact of NAFTA on investments liberalization, or by
the dynamics of ASEAN. As authoritative illustration of such a harmonic school of thought, Larry Summers argues that regional liberalization is the best way towards liberalization and globalization and that regionalism did not only damage the multilateral world trading system, but will increasingly be the decisive drive towards liberalization (and also the reverse). By contrast to such an optimistic vision, a second classical and varied school of thought emphasizes regional and subregional discriminatory agreements as reactions to globalization. For instance, according to Bhagwati regionalism slows down world-wide global liberalization and threatens the multilateral trade system. Furthermore, Bergsten is of the opinion that it sets unilateral priorities in conflict with global ones, as illustrated by the example of the European Monetary Union. According to other comments regional trading blocs will cause geo-economic conflicts, with potential for political consequences.

The chapters in this book highlight many facts which cast some doubts on this controversy. Our goal is firstly to explain the resurgence of regionalism at the end of the twentieth century and its common features and variations, independent of any qualitative appreciation of its potential to damage trade liberalization. The aim is secondly to go beyond this controversy, namely concerning the systemic causes of regionalism and its political dimension and consequences.

For example, many contributors stress the impact of the fragile evolution of multilateral global trade bargaining on the strengthening political dimension of new regionalism. On the one hand, the aforementioned GATT agreement in Marrakesh (1994) welcomed regional free trade agreements (article XXIV) as a step in the right direction. On the other hand however, the problems raised by the hard bargaining of the Uruguay Round, the failure of the WTO to commence a ‘Millennium Round’ in Seattle (1999) and to bring to a final compromise the ‘Doha Round’ in 2006, provoked uncertainty for many actors and a changing balance between regionalism and multilateralism. Fear of over-asymmetric globalization strengthens discriminatory agreements and competition on a regional basis. Region building is seen by many actors as a willingness to react to uncertainties and to compete better with other regions and economic powers. The question remains open whether new regionalism and inter-regionalism can better provide the rare public goods of governance and stability or instead damage global economic liberalization.

In this framework the meaning of the changing attitude of the USA towards regionalism needs also to be correctly interpreted. Firstly, the decision to create NAFTA and the project FTAA are new chapters in the economic foreign policy of the only remaining superpower. These can be seen as new leverages within a general multiple strategy, including regionalism, multilateralism and bilateralism. Even if not particularly successful, the participation of the US in many interregional groupings and projects (APEC, Free Trade Area of the Americas and so on) was expected making the asymmetries of the globalized or regionalized world’s economy clearer. The Hettne paper and the book’s chapters regarding Asia and Latin America show several conflicts between such US global multidimensional trade policy/foreign policy and new regionalism.

Another systemic issue mentioned in many chapters is the complex impact of financial, technological and market globalization on the traditional territorial
New regionalism can be seen as an attempt by states to react by strengthening regional control when traditional centralized national sovereignty no longer functions and to bargain collectively with extra-regional partners. The re-emerging geographical – or territorial – dimension of political regulation and external relations is often regional, instead of national. However, territorial logic interacts critically with functional logic. Domestic social factors, political pressures and democratic participation are strengthening a new bottom-up demand for the rescue of a territorial authority, as granting a better balance between global economy and regional values. States are attempting to revive political regulation by pooling authority at regional level, both as a voluntary and original decision and as an imitation of neighbour states or of models imported from abroad. According to a part of the literature, regionalism makes a partial rescue of national authority easier. In many areas of the world, new regionalism also limits the fragmenting and disintegrating impact of subnational regionalism, ethnic fundamentalism and the proliferation of movements for national self-determination by creating a new supranational framework. Even if in an oscillating way, in most cases domestic democracies have been reshaped.

To some extent, the success story of the manner in which the European Union copes with both traditional internal conflicts and national diversities, by transforming states’ functions and structures, plays an important role as a reference (neither as a model nor as a counter-model) for new regionalism elsewhere.

Many chapters consider a further systemic question: how did world-wide economic and financial crisis, namely the one of 1997/98, affect regional cooperation? The biggest post-Second World War depression could be seen either as pressure towards greater integration or as a factor of the weakening regional cooperation of states, which was tempted to return to inward-looking policies or aggressive regionalism. Even worse: ethnic conflict, social chaos and political fragmentation can provoke not only re-nationalization but true disintegration as far as many parts of the globe are concerned. However, many authors of the present book observe that the financial and economic crisis of 1997/98 did not halt new regionalism and that regional organizations proved to have an edge to go on. Furthermore, the fact that many countries belonging to the same region share the same problems and receive the same policy recommendations from world organizations (that is, liberalization, transparency, new regulatory frameworks, increased infra-regional trade, fiscal and monetary cooperation) is encouraging them to strengthen their cooperation at regional level. This is for the very simple reason that it seems easier to achieve domestic reforms and face external constraints if part of the national power is shared at regional intergovernmental level.

Ultimately, a salient political systemic cause of the growing political dimension of regionalism (summarizing the two former explanations) is the impact of the double transformation of the hegemonic stability, which existed after 1944/45. This combined American interests, the economic expansion of the Western world and the political goal of containment. Let us emphasize again that the above mentioned troubles of the American leadership during the 1970s (end of the Bretton Woods system and oil crises) and 1980s, allowed some international relations scholars to raise the huge question of a ‘post hegemonic’ stability. The
second political transformation to be mentioned, because it is particularly useful in understanding the political dimension of regionalism, is the end of the Cold War and of the West–East confrontation. The unification of the world economy, with the end of its political division, the erosion of the previous blocs of alliances and the changing geopolitics of the world’s power, the combination of fragmentation and the creation of new economic giants, were all features of this time. Most of the security challenges of the post–Cold War era are regional, and thus the answer must be, at least partially, regional. It is true, that, in some places new regionalism is a matter of the resurgence of old regionalist organizations born in the 1950s and 1960s, but they were for years in lethargy until the mid 1980s–early 1990s. The end of the bipolar world certainly played an important role in giving them a broader scope. Indeed, for many decades, communism figured as a potential alternative model for many developing countries. Its collapse turned out to be a huge unifying factor, not only for the world economy and financial market (linking the former second world to the west and shaping the former third world), but also for political democratization and for world culture, changing world wide, for example, attitudes towards economic liberalization. Many chapters inevitably address two questions. Is a strengthened regionalism a type of substitute, somehow replacing East–West cleavage with multi-regional trading bloc competition? To what extent does it interfere with the transforming political dimension of international order?

In fact, new regionalism matters, namely inwards, by conditioning states’ and companies’ strategies, and outwards by affording a dynamic contribution to the changing international system. It is not a transient but instead a structural phenomenon of international relations. Its problems and challenges are analyzed in the following chapters. Unipolarism and unilateralism, nationalist and local fragmentation, growing world economic players and new mercantilist policies provoked by fears of marginalization, unstable transnational functional dynamics – all of these can play, directly or indirectly, either a supporting or a conflicting role in the development of regional cooperation and new regionalism.

This volume is divided into three parts: a theoretical part, a second which includes a comparative analysis of new regional organizations and of the EU and a final part, focusing on the EU as a global actor, strengthening new regionalism world wide. The question is whether and how EU external relations provide a conscious and effective contribution towards extending and deepening regional cooperation elsewhere. This open question applies, first of all, in the so-called ‘near abroad’ (Mediterranean and Eastern Europe). It applies, secondly, in other continents where international relations could evolve from structural anarchy to regional or inter-regional regime building.

3 The political dimension of new regionalism as an alternative to the theory of hyper-globalization and to new medievalism

The new regionalist research paradigm is theoretically challenged by many views sharing the thesis that the political dimension of regional integration is unlikely. Among these are the approaches of the “globalizers” and the “new medievalists”. 
Let us follow A. Gamble starting with the first one. What is called in France la pensée unique and by business utopians ‘hyper globalization’ entails a new liberal vision of the cosmopolitan global economy, that of fast convergence of national economies, gradually rendering states and politics superfluous. Some new Marxist and former dependence theorists paradoxically agree with new liberals in emphasizing such an interpretation of globalized capitalism, even if that is sometimes complemented by the radical utopia of periphery uprising or by catastrophic forecasts. Whatever the abuse of the concept may be, a huge economic change entailing important political implications comes into focus. Transnational companies, global financial markets, private and public cosmopolitan networks are increasingly taking fundamental decisions and creating new authorities. As a consequence, many national governments only have to choose whether to adjust, or not, to the constraints of the globalized economy.

In this theoretical framework, the crisis in the classic principle of territorial sovereignty (established for five centuries in the main European states and theoretically founded by J. Bodin, N. Machiavelli, T. Hobbes) is accelerating since the nation state is seen as simply obstructing economic development. Consequently, regionalization is considered only as a gateway to a global economy. As a consequence of the feeling of loss for a territorial political authority, competitiveness is taken into consideration only at the level of sectors and companies. However, such an approach has for many years now been a subject of harsh scientific criticism. The main issue raised by critical literature is that ‘hyper-globalizers’ do not answer that very simple question: what remains for political power and political bodies? Political bodies does not necessarily mean nation state, but instead actors and institutions embedding capitalism in governance; that is, state and non-state, formal and informal, institutionalized and non-institutionalized authorities. Secondly, as said before, globalization is not only a technocratic bias. On the contrary, it includes both globalism, one or more global political projects, supporting various national and regional interests, and world politics, that is controversial public opinions and political alternatives. Consequently, why should political projects not provoke political reactions? Regional arrangements are driven to a stronger political dimension. A third criticism is also that such discourse about globalization often becomes a kind of ‘rhetoric ideology’, instrumental to domestic goals of national elites whose menu of policies is certainly changing, but not however their ability to choose it.

The mentioned critics converge in underlining that timing and forms of globalization are the subjects of policies, conflicts and political decisions: that politics matters. Many of the contributors show that global, national and regional politics matter. When national authorities are overcommitted, new regional ones intervene as managers of the globalization process. Everywhere in the world, regional agreements are about to be founded and reinforced by state decisions. The emerging economic and political geography is regional rather than global, even if regional does at all mean against globalization, as Higgott well points out.

We come again with new arguments to the very controversial question addressed by economists: how and in which form consolidated and deeper regionalist projects are compatible with globalization. Pessimistic assessments of new realists (whether
new Marxist or liberal) stress that the deepening of regional arrangements will inevitably provoke regional blocs, which will mean a zero sum game within global trade. In the worst scenario, hegemonic state-centered trade blocs will conduct tough economic conflicts, likely to shift towards demands for military security and, according to S. Huntington, ‘holy wars’.

Our alternative, third approach, as illustrated by Gamble, Padoan, Hettne and Meyer, forwards various arguments against both harmonic and catastrophic scenarios, namely against subordinated identification and trivial opposition of regionalism and globalization. Gamble is particularly clear about the different ways in which regionalism intersects with globalization and especially globalism. Some years ago R. Keohane (1984) emphasized the fact that, within complex interdependence, and beyond hegemonic stability, new transnational institutions and regimes are mediating conflicts, making a positive sum game possible and economic welfare more likely for a larger number of countries. Many authors are convinced that new institutionalism provides the best theoretical framework for overcoming controversies of the nineties and elaborating new regionalism.

Such an approach must absolutely not be confused with ‘Panglossian optimism’. During these last two decades and particularly after 1989, from behind the embryonic cores which are apparently committed to ‘open regionalism’, new strategic traders emerged, including EU, MERCOSUR, ASEAN. These established themselves within the globalized economy, like USA and Japan. Regional cooperation often becomes a means of enabling regional companies and national economies to be internationally competitive, to weaken competitors and to strengthen the bargaining power of nations and groupings of nations within the WTO and multilateral negotiations. The US and EU are particularly proactive regarding programmes of training, research, investment, public procurement, infrastructure, projects to maintain legal and managerial control over firms, setting international negotiation agendas. They are the two main global players and it is obvious that other regional organizations are about to emulate them.

A part of the answer to the question of the remaining room for strategic traders is whether economic differences and variations tend to adapt or to survive within such a global economy. In fact, a huge convergence process occurred in world capitalism during the past decades. The US economy was able to impose its model everywhere and was able to marginalize different forms of capitalism, even if deeply rooted in very divergent historic national traditions. However, the existing capitalist diversity has not much to do with regionalism before 1945 (Germany, Japan) and this book shares the view that there could be substance behind trade disputes: ‘one of the forces driving the current regionalism is an attempt to protect models of economic and cultural organization’. The same economic pattern of global development is still giving birth to various regional mix of sociocultural environments, institutional and legal frameworks and strategic policies, beyond national limits. By way of conclusion, we do not need to share catastrophic scenarios if we question the scientific credibility of the globalizers’ vision.

This book pays critical attention to the ‘new medievalist’ paradigm as well. Current globalization is characterized by transnational networking, overlapping decision levels, declining distinction between the sources of authority and growing
uncertainty about where sovereignty is located.\(^{28}\) In this sense, the EU could be seen as the first post-modern state, because the European ‘regulation of deregulation’\(^{29}\) helps to weaken traditional kinds of political authority and became in fifty years the first factor in the transformation of the nation state. The second factor was the internal process of fragmentation and the empowering of subnational regions and entities – also supported by the EU. Nation state crisis includes political apathy, the growth of subnational regionalist movements, the privatization and mediatization of power and so on. Moreover, in Europe, but particularly in other continents, private domestic and international violence and criminal networks mean the decline of state monopoly of force. The weight of transnational links and growing functional loyalties are giving birth to a geocentric technology, mainly a communication technology, unifying the world and opposing national politics. Nation states are no longer able to form a protective shell and ought to be forced to share their authority. The result is a kind of confused multilevel global system of authority where states are involved with other entities (cities, particularly ‘global cities’, companies, subnational and transnational interregional bodies, private and public networks, international organizations and so on), but no longer as dominant actors. Summing up, according to this approach, supranational regions are nothing but a factor in the decline of states.

This new trans-nationalism would exacerbate the conflict between the principle of territorial sovereignty (political power) and the functional but non-territorial principle of interdependence. The continual tension between the two principles would constitute (in the new medievalist vision) the very nature of the modern world system. After seventy years of a ‘kind of political diversion’ (1917–89), such a reconfiguration of space-time would unify the contemporary world system.

The criticism of such an approach by this volume (A. Gamble and others) brings the reader back to the importance of political regionalism. Some of the current changes are permanent, some are transient. The state’s authority is certainly declining, but is far from over in crucial sectors such as defence, security, and welfare. Its role as main framework of democratic legitimacy is even enhanced. The nation state changes rather than loses its role in several areas of governance. More generally, the unbundling of territoriality is only partial. New systems of law and forms of governance, which globalization itself does not provide, are demanded. Regional governance is often politically strengthened, as a complementary or subsidiary level of national and local governance. External challenges may push regional authorities to a better political coordination orienting the multilevel fragmented governance.

Finally, many authors agree with the declining salience of both mentioned intellectual challenges, represented by hyperglobalization theories and new middle age concepts. Indeed, they emphasize the impact of the current gap between demand and supply of good governance and government. Contrary to unipolar (empire, hegemony) and multipolar tendencies, they suggest a third scenario: a kind of new political economy of the partially globalized world demanding ‘re-regulation’ at regional and global level, by reinforcing regionalized democratic governance as a part of a renewed multilateral and UN system. Many authors in this book find both the analytical and normative sides of such an approach very interesting. Indeed, the
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The evolution of some regional arrangements, and particularly of the European Union, shows that regional ‘re-regulation’ is likely to strengthen the multilevel system of authority, rebalancing it in favour of public centrally coordinated governance. However, this process I find highly controversial as its achievements are concerned in the various regions of the world. Whether new regionalism can support a new post-hegemonic multilateralism (at both political and economic levels) and balance unilateral strategies of world governance demands to be better explored from the points of view of both comparative studies and first of all, of international political economy.

4 The political economy of new regionalism: are strategic regional traders providers of good world governance?

While recognizing many evidences of US leadership, many authors welcome the concept of a ‘post-hegemonic world’ as a general framework of emerging new regionalism. According to Padoan, the current global redistribution of power causes institutional imbalances, since the single superpower can no longer provide an equilibrium between increasing demand and diminishing supply of international public goods. To what extent could the proliferation of regional arrangements provide the partial supply of a new multilateral equilibrium? Even when taking into account international literature on political economy, many authors come to the controversial question of the ambiguity of new regionalism, either conflict-oriented regional blocs or cooperative regional agreements as a precondition for cooperation on a global level. However, while pure economic rationale would support world-wide trade agreements in the current fragile globalization, regional agreements exist and increase. Do their optimal size and internal cohesion have an impact on their contribution to world governance?

The number of countries demanding regional integration is important. It is a matter of fact that if associated with adjustments and reallocations, trade flows increase within regional agreements. Padoan proposes a ‘gravity model’, emphasizing the advantages of geographic proximity: limited transfer costs, common policies, common social and environmental standards, giving comparative advantage to regions within world competition. Other writers in this book, such as Vasconcelos, Eliassen/Børve, Söderbaum, also agree in their chapters, that regional trade liberalization enables members – especially the poorer – to reap some of the benefits of trade, via larger markets and improved efficiency, without exposure to non-regional competition.

The trade-off between increasing size and internal cohesion could become problematic. Simple trade agreements and monetary clubs can both provoke an asymmetrical internal redistribution of benefits and affect the expected improvement in the welfare of members. However, domestic consensus and political support for regional agreements (and also for their changing size) are possible only through the notion of ‘cohesion’. Cohesion involves balancing the inequalities and asymmetrical effects of liberalization and implying ‘a relatively equal social and territorial distribution of employment opportunities, wealth and income, corresponding to increasing expectations’ (Padoan). The optimal size is achieved if
the cohesion’s costs do not outweigh benefits and if marginal costs (management, decision making, dramatically increasing with the number of member states and demand for majority voting rules) equal marginal benefits, decreasing with the club’s size.

The increasing demand for integration in regional clubs (‘domino effect’) due to globalization implies explicit and implicit admission fees, both in the case of trade and in monetary agreements. However, the marginal benefits, namely the security effects, are particularly relevant in case of an external threat (for example, trade war and monetary instability). The number of members is viewed as crucial to the success and deepening of regional organizations. The ‘optimal size’ varies in commercial or monetary clubs. According to this model, the international political economy is combined with a new institutionalist approach: importance of institutions as actors of internal cohesion, qualified majority voting rules, issues linkage, trust-building through repeated game and ‘diffuse reciprocity’ (Keohane, 1984).

Under these conditions regional groups can contribute to global governance. While globalization produces market instability, new regionalism can provide an answer to the demand for public goods and even better conditions for new multilateralism at global level:

a) National actors are better fostered to adapt and to adjust. An agreement between national and regional levels is a good precondition for an international regime, since international organizations interact better with the regional level.

b) Regional agreements imply issue linkages (economy and security, monetary and trade), providing exchange of information and stability. This could be very useful for stabilizing international regimes.

c) The national actors relatively long-term commitment to regional rules makes their propensity to adjust stronger, provided that the advantages of integration are relevant and consistent with domestic political equilibrium.

However, some final caveats. The main challenges are the contradictory implications of the reduction in the number of actors of negotiation within the international arena. On the one hand, it can help international cooperation without any hegemonic power, because bargaining between states is more difficult and less efficient than between regional blocs. On the other hand, regionalism might lead to a less cooperative regime: preferential trade agreements and selective market access increase the costs of exclusion and inter-regional conflicts. Furthermore, many member states demand regional clubs to provide them with better protection against global instability, which can consequently weaken the global multilateral system. If it is true that multinational enterprises and several transnational agents increase global interdependence, the convergence of policies and the diffusion of knowledge and innovation, asymmetrical capital mobility can, on the other hand, provoke protectionism in some countries or regional organizations. Furthermore, competition for location sites for multinational activities demands territorial regulation at either national or regional level. Competition among varying regulations can cause deterioration of rules or of rule enforcement, decreasing the costs of investment to the detriment of environmental and social costs.
Summing up, the economic perspective of new regionalism is remaining so ambiguous and open – cooperative and/or conflict oriented – that no clear theoretical conclusion could be drawn through a mere political economy approach. The multidimensional features of new regionalism, including the cultural and political interplay with globalization have to be further explored as key theoretical variables.

5 Economic rationale, identities, strategic actorhood: impact of the cultural and political factors on new regionalism

Even though the influence of cultural differences is increasing in both international and infra-national conflicts after the end of the Cold War, we can neither observe nor foresee a growing consistency between civilizations and regional blocs. T. Meyer’s chapter provides an analysis of the current theoretical debate on the relationship between cultural, political and economic factors, which shape the globalized world. Its main conclusion is that regional arrangements present a high degree of internal differentiation in styles of civilization (traditionalism, fundamentalism and modernism), the combination and balance of which change with the evolution of history. Furthermore, cultural global interdependence and trans-regional similarities are more important than tendencies towards regional cultural cohesion. This means that the catastrophic concept of a genetic mutual exclusion of main cultures is not in tune with the facts, and that the concept of culture, underpinned by Huntington’s idea of ‘civilization’s clash’, is obsolete. Of course political instrumentalizations of cultural values are also possible at subnational, national and regional levels, particularly in the hard times of economic and social crisis. However, fundamentalism is not in itself a consequence of culture and there is no evidence that regionalism can better channel cultural fundamentalism.

The fact that regional blocs do not correspond to civilization but instead include a variety of infra-state cultural groupings is particularly clear if one observes the three partners of the transatlantic triangle: the European Union, NAFTA and MERCOSUR. All three belong to the same Christian and Western culture, but are differentiated along West–West and North–South cleavages.

The attempts to strengthen cultural factors as a background for a politics of identity at regional level are openly rhetoric: for example the call for ‘Asian values’ by Mr. Mahatir, Malaysian Prime Minister, or for a ‘Christian Europe’ by some Catholic democratic leaders. The so-called ‘fault lines’ are not set between cultures but within cultures. Regionalism can be an opportunity for cross-cultural convergence, for practical examples of ‘trans-culturality’, to allow internal differentiation, for cross-cultural overlapping and for cluster building of a new kind. This can be seen in the fact that for instance, ASEAN incorporates peoples belonging to six different religions. Also NAFTA still includes a historically very difficult border – a state border but also economic and ethnic borders, between perhaps two of the most distant neighbors in the history of the world, Mexico and the US. After its planned eastern (and southern) enlargement, the widening EU includes very varied subnational cultures, linguistic groupings and also various social and economic standards. New regionalism is likely to hinder the politics of exclusive national identity, impeaching political leaders from using ethnic or
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religious fundamentalism for their own aims, in times of economic crisis and growing social deprivation and exclusion. Moreover, new regionalism helps to diminish the conflict between states and changing stateless subnational identities. It often allows management of the negative implications of the ‘principle of self-determination’, offering cultural or ethnic demands a broader and more encompassing alternative to sovereignty.

However, the new century has shown that issues of collective identity increasingly matter and new regionalism is not at all the result of a mere rational choice of convergent rational actors, multinational companies, and domestic interest groups: ‘cognitive regionalism’ (see Higgott) underlines that it is a social construct. Many liberals and marxists underestimate the importance of identities and of the cultural and political dimension. The previous paragraph has shown that new regionalism goes beyond free trade arrangements. Some regional arrangements, such as SAARC, fail precisely because of political tensions provoked by the instrumentalization of religious differences. Australia is excluded from ASEAN in spite of high trade and economic interdependence. Although it improved in 2005, the status of the relationship between the EU and Turkey is still a special and problematic one. Last but not least, the call for a western identity in the war against Islamic fundamentalism after 9/11, is affecting regional cohesion and particularly inter-regional cooperation in the Mediterranean.

Political regionalism and interregional political dialogue are developing between two extremes poles: on the one hand, regional building processes based on mere free trade areas and, on the other hand, instrumental attempts to create some kind of regional civilization, or ‘regional nationalism’ (religiously or ethnically homogeneous), as a mutually exclusive background for new regionalist blocs. Many regional organizations already show, behind business networking and intergovernmental fora, a variety of tendencies towards regional public entities in the making: economic and social life diversities, cross-border political culture even if keeping national and local peculiarities. In normative terms, new regionalist organizations can set strict criteria for admission and enforce a commitment by member states to democracy, rule of law and human rights. Democratic regionalism and culture are the best reciprocal link and mutual support between international democracy and national democracy. When based on democratic core values, and shared institutions, they support the feeling of common belonging in spite of national and local different identities. Studies on the impact of regionalism on domestic democratization have shown how salient this issue already is. Constructivist approaches in international relations and particularly new institutionalist views provide arguments for that multidimensional new regionalist scenario. Under such conditions, transnational cultural networks and trans-cultural dialogue can strengthen cross-cultural multilateralism and trans-regional coalitions. These help regional blocs to communicate with each other and to build a consensus, contributing to multilateral global governance. Björn Hettne chapter provides evidence of the political relevance of this stake as the competing inter-regional relations respectively set by US and EU are concerned.

In conclusion on this issue, even if cultural and political identity matters, new regionalism, in itself, does not have very much to do with scenarios of civilization clash. Of course, a populist leadership can instrumentalize it in order to support
policies of regional fundamentalism and regional nationalism. Rather it has to do with alternative understanding of interregionalism along the transatlantic geopolitical and strategic rift. The role of the cultural and political dimensions is a distinctive feature of EU inter-regionalism. It can also ease both internal deepening and dialogue/cooperation between distinct regional entities. The institutional features and particularly national and supranational democratization seem to be crucial variables in linking regional policies, public spheres and cultural identities and international policies of regional organizations. In many areas, cultural interdependence can be strengthened by new telecommunication technologies and also provide an input into the development of civil societies and pluralism within the southern countries. This would have the consequence of enhancing the possibility of security partnerships.

6 Converging on a new institutionalist research agenda

As a final theoretical conclusion, the political and cultural dimension of regionalism and inter-regionalism are not only salient topics for comparative research. They support our institutionalist and constructivist approach by overcoming both the limits of the views of globalizers/new medievalists and the limits of a mere economic analysis. Several chapters in this volume confirm that, more than the simple descriptive concept of governance, new institutionalism, and namely sociological, historical and discursive approaches, are theoretical frameworks which can make bridging between European integration studies, comparative regionalist studies and international relations easier. Governance is ‘an organizing collective action’, but it is vague and dated, not because it includes informal and non institutionalized kinds of authority (Rosenau, 1995), which is very appropriated. The problem is that the concept of global governance was conditioned in its origins by the optimistic, post-Westphalian, post-modern, intellectual climate of the early 1990s. This climate is over. War, security and state-politics are back in the global agenda. New institutionalism looks at the best way to face the challenge raised by the revival of Realpolitik and realist thought. Institutions are interesting because they change the behavior of states: they are the rules of the game that permit, prescribe, or prohibit certain actions and by doing so they inevitably raise the challenge of democratic legitimacy. The kind of regional and inter-regional institutionalization can vary of course, as its depth, solidity and formalization. Contrary to the state, international institutionalization can work without organization. Regional and global multilateral institutions, far beyond their instrumental functions, may strengthen and deepen states’ cooperation: they limit uncertainty, risks of defection by providing member states with information about the preferences and intentions of partners; they encourage participants to adopt strategies that overcome collective action dilemmas, namely the security dilemma; the existence of a multilateral regime in an issue-area makes issues linkage easier; institutions increase mutual trust and credibility of commitments; once established, institutional dynamics and organizations matter is fostering critical transnational public opinion, and in some cases institutions (including regional entities) become to some extent autonomous as far as their life is concerned, towards political actors in their own right.
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The more the majority of regional associations of states converge in deepening their institutional dimension and somehow pooling sovereignties of their member states, the more they can seriously challenge the Westphalian concept of world order and provide a contribution to a new multilevel multilateralism in the making.

Notes
1  K. Polanyi (1944); C. P. Kindleberger (1973); R. Gilpin (1981).
3  E. Haas (1975).
5  R. O. Keohane (1984 and Preface to the second edition, 2004), R. Gilpin (1981). In the framework of a discussion focused on the so-called American decline, see also P. Kennedy (1985). R. Keohane, R. Cox, S. Gill and others transferred A. Gramsci’s concept of hegemony to the international relations theory. Contrary to imperialism and dependence theories and according to Gramsci (1975), a hegemonic power dominates not only thanks to its economic strength and military, but also to its cultural and political supremacy, creating active consensus of both allies and subordinate states, even if at its own costs. Keohane, following Ch. Kindleberger (1973), adds that an hegemonic power is ready to cover the costs of providing the world with international public goods, as financial stability. See the excellent book edited by K. O’ Brien and A. Clesse (eds.), Two Hegemonies, Ashgate, 2002.
12  Larry Summers, ed. (1991) and particularly his article, Regionalism and the World Trading System.
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22 S. Amin (1997).
25 According to Gamble’s chapter, regionalism is also a state project, a system of policies, just like globalism is a policy of a certain political authority, whereas ‘regionalization and globalization are complex processes of social change’. On the political origins of globalization, see D. A. Lake, Global Governance, in A. Prakash and J. A. Hart (1999) pp: 32–51. Planispheres 2 and 3 show different global strategies towards regionalism (see Appendix). See the chapter by Padoan.
31 M. Olson (1965).
32 S. Huntington (1996) pp. 122–49 and the theoretical debate, which follows in Foreign Affairs. See also B. R. Barber (1995) and the literature quoted by Th Meyer.
34 The concept of a ‘shared sense of communal identity’ has been proposed by C. A. Kupchan, Regionalizing Europe’s Security, in E. Mansfield and H. Milner (1997). On ‘cognitive regionalism’ see the chapter by R. Higgott.
35 For a brilliant analysis of the differences between these approaches and the traditional ‘rational choice institutionalism’, see Vivien A. Schmidt, ‘Comparative Institutional Analysis’, in T. Landmann and N. Robinson (eds) Handbook of Comparative Politics (Sage, forthcoming).