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Globalization, Regional Integration and the EU
Pleadings for a Broader Perspective
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I. Introduction

Since the end of the East-West-Conflict, two phenomena have gained steady relevance in international relations: globalization and regional integration. While both seem to be tied to the “still nebulous” (Hettne 1999: 1) concept of a “new world order”, scholars have not yet agreed on a sound definition of both phenomena. At least, their historic origin seems to be obvious: the end of the East-West-conflict. The process has been evolutionary rather than revolutionary. The same is the case for the peaceful transformation of former socialist or communist systems into democracies. The process took almost two decades, for instance in the “new” member states of the European Union (EU). The fall of the iron curtain and the implosion of the Soviet Union exacerbated the disintegration of the “competition of systems” (Deutscher Bundestag 2002: 51) that had characterized international relations for 50 years. To some, the end of the East-West-conflict and the changes it caused are hardly comparable to any historic event – at least since the end of World War II (Czempiel 1993).

The new options of political positioning went along with huge political and economic challenges. Old alliances were replaced by new ones motivating former adversaries to extend their hands towards each other. The most significant example is the decision of former East-Block-countries to join...
NATO and the EU. This step required a full democratic transformation in the relevant countries at the example of the former political counterpart. Reforms included economic reorientation, the invariable respect for human rights, and a fundamentally changed political agenda. The EU’s “new” neighbors since 2004 prove that dissociation from the Russian Federation was the common strategy of all states that were formerly under Soviet-influence. Nevertheless, democratic transformation succeeded only in certain countries, among them the eight new EU-members from Eastern Europe. Countries like “late-Stalinist” (Michels/Zervakis 2005: 261) Belarus have yet to begin reforms. Also Ukraine, Moldova, countries in the Caucasus and Central Asia, show that political, legal and economic renewal is a painful process for governing elites, who may try to avoid such developments by any means.

While the bipolar world order disappeared, two conflicting desires appeared in its stead: the wish to create a world free of barriers – especially of economic ones – on the one hand, and the desire to cooperate with neighboring countries on the other. The latter, regional integration, is far from being a new phenomenon, as early studies date back to the 1960s and 1970s (Csillaghy 1965; Schmitter 1972). Yet, those analyses were rather moderate in number and extent. While early studies mainly focused on initiatives in former “Third World” countries, they also understood regional integration as an instrument for economic and political development in developing countries (Rinke 1970, Yadi 1979). Recent reflections endeavor to broaden the view and choose a comparative approach: they understand regional integration as a global process. This heralded a change in research interest: regional integration is “back in fashion” (Higgott 1998: 42), but not only. Recent studies have started to compare integrative experience in different world regions to gain a deep insight into the dynamics of integration-processes. They do so not only for empirical interest, but also to discuss whether there is a “best practice” of regional integration.

Notably the EU – an example of successful regional integration (Murray 2004; Laursen 1999; Laffan 1997) – has elicited a strong attraction. Recently, a new question emerged: is the EU a model for regional integration or even the global paradigm? Experts agree that it is not possible to simply
copy the EU-system in other world regions (Kühnhardt 2004; Murray: 2004; Laffan: 1997) – at least unless countries go through the process of political and legal unification as the EU-countries did (Laffan 1997). Indeed, political unification is in some regions not the objective at all, as it is the case for instance for the governments of East-Asian countries (Beeson and Jayasuriya 1998: 316). Nevertheless, the creation of a free-trade area resembling the Single European Market (SEM) is widely observed with increasing interest. One question remains: where does the growing attraction of regional integration stem from?

A second development that is to be observed since the late 70s is the rising internationalization of trade relations. Since the 90s, this phenomenon has been subsumed under the term globalization. Globalization has become the political catchword in debates on international development. In 2001, the Frankfurter Allgemeine Zeitung – one of Germany’s leading national newspapers – found that they used the word more than 1,136 times (data: Deutscher Bundestag 2002: 49). A sound scientific definition of the word is still missing. Nevertheless, politicians have tried to approach the term. In 1999, the German Bundestag set up a ad-hoc-committee (Enquete-Kommission) to explore in detail the historic origin of globalization, the challenges it brings up for modern societies and possible answers (Deutscher Bundestag 1999). In its final report, the Enquete-Kommission classifies globalization as an inevitable development that was only partially positive. The Enquete-Kommission stated as well that globalization had become one of the most important political topics. Many issues of daily politics were mainly linked to this phenomenon, among them strategies to overcome unemployment, a proper tax-policy, support for the least developed countries, environmental and climate protection and others. Due to the Enquete-Kommission, those urgent issues were to be seen in direct relation to globalization (Deutscher Bundestag 2002: 49). More optimistic approaches consider globalization as a huge opportunity for modern industrialized nations, one which they just have to realize to take advantage of the political and economic options that go along with globalization (Schirm 2003).
Whether we agree to more positive or rather skeptical positions on globalization, it is assumable that globalization and regional integration are related issues. The following reflections will analyze the theoretical debate on globalization and regional integration and the special case of the EU. Is the EU a possible model for regional efforts in other world regions and to which extent? The answer to this question is closely tied to the novel debate on globalization and regionalization. Both phenomena can hardly be isolated from the changes and challenges that started in the early 1980s, but how far are globalization and regionalization linked to each other? This paper will argue that both developments are two sides of the same coin that contradict each other, but condition each other at the same time.

The following chapter will analyze globalization and regional integration as an inter-dependant process of a challenge and its response. Based on this, the analysis will discuss the EU’s role in this process. The high attraction of the EU on other world regions requires a closer look on European integration. Could or is the EU a possible global paradigm for regional integration? Doubts are justified on the assumption that the European model as a whole could be imitated by other regions to automatically achieve the same effects (Murray 2004; Kühnhardt 2004). Nevertheless, singular features of European integration may motivate other regions to follow a similar track. The creation of a common market may be one. These reflections allow a few concluding thoughts that will plead for a broader view on globalization, regional integration and the EU.

II. Globalization and Regional Integration: a Challenge and its Response

Since the early 90s we have observed a “global proliferation” (Kühnhardt 2004: 4) of regionalism. This coincides with a growing interest on EU-integration in almost every region of the world. The EU itself observes the growing interest in its system of governance rather passively: The EU understands itself as a “soft power” (Lamy/Laidi 2001: 10) with little intention of serving as global paradigm. In 1995, a short-time before the initial Asia-Europe-Meeting (ASEM) took place in Bangkok, the EU stated that it
did not consider its process of integration as model for regional integration in other parts of the world or even as the global paradigm. In clear words the EU-Commission clarified that the European model of integration “can only serve as a source of experience” (European Parliament 1997: 1). The European way was not “directly transferable” to other parts of the world (Ibd.). The “export” of the EU’s model of integration was not even a topic on the EU’s agenda. Nevertheless, the EU promised to support economic and political development in other world regions, especially in countries of the former “Third World”. The “external support for regional economic integration” especially in developing regions was of “great importance” – for the relevant countries as well as for the EU. And because of its integration process, the EU found itself as “particularly well placed to assume a leading role in this field” (Ibd.). To do this, the EU has launched different strategies and agreements of economic, political and legal cooperation as well as of financial support, among them the ASEM, the Euro-Mediterranean Free Trade Area or the Cotonou-agreement.

1. The Challenge: Globalization

The historical origin of globalization is hard to define. Some date globalization back to the visits of China’s “modernizer” (Die Zeit 35/2004) Deng Xiaoping to the Tiger states in 1979. China started in the late 1970s to reform its political economy and liberalized trade relations step by step. The success of reforms finally allowed China’s accession to the World Trade Organization (WTO) in December 2001. China's progress definitely had an influence on the globalization. Still, it seems that globalization has been a rather evolutionary process that was only lately discovered as new development. One piece of evidence lies in the fact that the internationalization of trade relations dates back to the Middle Ages. During the industrial revolution, trade became “global” as the technical development allowed merchants to establish regular trade relations all over the globe. Modern globalization seems to have its origins in recent history after the end of the East-West conflict. Indeed, developments of the “new” world after 1989 seem to have fostered the process. The driving force behind globalization is the liberalization of trade relations. The EC-countries
started to liberalize trade among themselves in 1957. While tariffs could be abolished with the completion of the European Customs Union, only in 1993 did the EC ban the various non-tariff trade-barriers that were complicating EC-domestic trade until then. The liberalization of trade and markets within the EC was but one step towards a SEM. More sophisticated steps took years, like the establishment of a common competition law to avoid distortion of competition by uncontrolled state aid, monopolies, and uncontrolled establishment of trusts. Those forced EC-members to act according to the Treaties and often against national interest.

The reduction of tariffs and similar trade barriers is a main driver of globalization. During the last decades, WTO-rounds have fostered this process strongly as they tried to reduce trade barriers on single products especially for reasons of economic development of less and least developed countries. The WTO-round of Hong Kong stressed the necessity “to ensure the … elimination of all forms of export subsidies and disciplines on all export measures” (WTO 2005: 2). Disputed matters on the agenda of the Hong Kong WTO-round were again agricultural products like cotton (WTO 2005: A-1 ff.). Several industrialized countries still impose on agricultural imports from developing countries rigorous quotas and high tariffs. The German Bundestag points out that customs on industrial products that were traded between industrialized countries were reduced in average by 85% between 1950 and 1984: in 1950, up to 40% of prices of industrial goods were tariffs. Until 1984, this share was reduced to 6%. (data: Deutscher Bundestag 2002: 50). The main reason for this development is the liberalization of trade within the EC-zone and between the EC and associated countries.

The reductions on tariffs lead to a strong development of external trade. In 2000, exports had reached 19-times the volume of 1950 (data: Deutscher Bundestag 2002: 51). In addition to this, the number of direct investments has been growing constantly since the 80s and trade on capital markets has been intensified significantly. Since 1982, the number of direct investments has grown at a multiple than the gross domestic product (GDP) in industrialized states did: during the 1990s, the GDP in industrialized countries grew at 50%. At the same time, the volume of direct investments grew by
more than five times of the GDP. Between 1989 and 2000, the turnover in foreign exchange markets increased from 600 billion US-$ to 1,100 billion US-$ with a peak of 1,500 billion US-$ in 1998 (data: Deutscher Bundestag 2002: 64). The turnover of share or interest bound derivatives increased at six times between 1990 and 2001 and reached almost 600,000 billion US-$ in 2001 (data: Deutscher Bundestag 2002: 66).

Especially the liberalization of capital markets gave reason to look at globalization with some scepticism. To some, globalization is a project that is driven primarily by private actors who wish to raise their materialist advantage on financial markets by acting free of barriers. Actors on capital markets obviously aim at increasing their wealth. Critical voices evaluate this as unscrupulous and as behavior free of ethical standards. Some even consider globalization an inhuman process that was started mainly as an Anglo-American project to control global natural resources (Klees 2003: 5). To those, the effect would be a retreat or even end of the nation state and not only this: while huge multi-national corporations would gain essential influence, political actors – first of all governments – would steadily lose power. As a result, regional and global governmental organizations like the EU and the United Nations would lose influence over politics (Klees 2003: 5). As a long term result, civil war even in a peaceful region like Western Europe could no longer be excluded as the overall effect of globalization (Klees 2003: 6). The only conclusion one may draw from such a rather apocalyptic analysis is that ending globalization is the only answer. But two questions remain: is it possible to stop globalization? And even more: is it advisable to do so or is globalization but the continuation of international relations under the measurement that the concept of a socialist or communist order has lost the competition against a liberal democracy in Western-style?

On the basis of its 624-page report, the Enquete-Kommission of the German Bundestag argues that an uncontrolled or maybe even uncontrollable liberalization of markets – especially global financial markets – would undermine the power of political actors steadily. States themselves became objects of competition with the effect that the primacy of politics was endangered. The primacy of politics had to be re-ensured to regain control
over private economic actors. Governments had to regain full control of the main instrument of political decision making – the power of regulation (Deutscher Bundestag 2002: 466 f., 477). The assumption is widely shared that globalization weakens a state’s authority and its primacy of power. Recent studies of political scientists analyze the effects of globalization on political systems and draw a similar conclusion. They argue that globalization weakens the power and autonomy of nation-states that steadily lose influence especially on economic actors. The reason seems to be evident: nation-states’ influence is determined by the states’ territories, while cross-border activities may require tedious and delicate diplomatic efforts. Actors of globalization, mainly multinational corporations, cross borders easily and may enter markets without huge efforts. States do not only miss this flexibility, but maybe also limited by general political issues in or around the state. In the effect, states lose influence, while actors of globalization gain power. The “Retreat of the State” (Strange 1996) that some observe, goes along with increasing options for multinationals to exert influence especially in economic matters. In the long run, this would lead to the establishment of a “parallel authority” next to national governments (Strange 1996: 65). Some analyses even predict “The End of the Nation State” (Ohmæ 1995): the loss of influence will be strong enough for states to disintegrate, while regional economies grow.

To underscore the assumption that globalization bears several “dangers” (Deutscher Bundestag 2002: 47), critics of globalization refer to the consequences of globalization for the individual. For many people in the world, they argue, globalization has turned out to be less advantageous as regards financial means and living conditions. It is true that the gap between the wealthy and the poor increased during the last years significantly. The growth of per-capita income slowed down from an annual growth rate of 83% between 1960 and 1980 to 33% in 2000 (Hetzer 2003: 28). The gap of prosperity between the richest 20% of the world’s population and its poorest 20% increased from a ratio of 1:30 in 1960 to a ratio of 1:72 in 1998 (data: Deutscher Bundestag 2002: 55). Between 1988 and 1998, the number of paupers, who live on an income of less than US-$ 1 per day, increased by more than 100 million people (Deutscher Bundestag 2002: 539).
Most affected by those problems more than ever are women. The “feminization of poverty” is “an observed reality in many places” (UNIFEM 2005: 37). The gap between rich and poor appears also in shares on the gross world product (GWP): in 1999, the G-7-countries produced almost 65% of the GWP, while the G-77 countries produced 15% only. The share of the least developed countries on the GWP was 1%. At the same time, the G-7 countries represented 10% of the world’s population, while the G-77 countries represented almost 75% (data: Deutscher Bundestag 2002: 62). The different shares on the GWP go along with different global income shares: between 1960 and 1997, the share of the richest 20% on global income increased from 72% to over 90%. At the same time, the income share of the poorest 20% decreased from less than 3% in 1960 to 1% in 1990 (data: Deutscher Bundestag 2002: 62).

As alarming as those facts are, there is no evidence that globalization is the cause for those developments. In fact, per capita income increases in most countries of the world and even in least developed countries (data: UCSC 2006). The spread of cross-border trade and the liberalization of societies have unveiled grievances that have been known ever since. Globalization has also heated the debate on “good” governance. Many problems of less and least developed countries seem to be “home-made”: they are caused by corrupt elites, instable political systems, diffuse legal standards, an uncontrolled economic system and the inability to overcome ancient societal or cultural standards. Interestingly, the allocation of income and wealth is more drastic in less and least developed countries than in industrialized countries. The gap between the 20% richest and the 20% poorest people in Germany is 4.1, in the US it is 9.4. This appears small in comparison to Brazil with a gap of 25 between the 20% poorest and the 20% richest of the population (data: Deutscher Bundestag 2002: 58). The reasons for this gap cannot be analyzed in depth at this point. Still, it is assumable that the unjust allocation of income in Brazil goes back to some characteristic deficits in Brazilian political system like the concentration of real estate property in the hands of a small elite, the privileged position of wealthy families in political and social life, the weak de facto protection of the individual and the
overall lack of a strong state under the rule of law including an administration that implements law consistently.

International Organizations like the World Bank and the OECD started during the 1980s to outline the relation of economic development and “good governance“ with the statement that “good governance matters” also for economic development (Kaufmann/Kraay/Mastruzzi 2005a: 39). The fact that International Organizations that dedicate themselves to development and protection of human beings deal with governance in the course of economic development shows how globalization, its consequences and the way elites rule “their” countries relate to each other. Main features of “good governance” include aspects whose absence in less developed countries has been criticized over decades as a main driver for under-development. To the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), good governance fulfils eight major requirements: it is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, that the views of minorities are taken into consideration and that the voices of the most vulnerable in society are heard in the decision-making process. It is responsive to the present and future needs of society (UNESCAP 2006).

The World Bank defines six “key dimensions” of good governance (Kaufmann/Kraay/Mastruzzi 2005a: 4), on which the Bank measures almost each country in the world on a regular basis. Those are: voice and accountability to measure political, civil and human rights, political instability and violence to measure the likelihood of violent threats including terrorism, government effectiveness to measure the competence of the bureaucracy and the quality of public service, regulatory burden to measure the incidence of market-unfriendly policies, rule of law to measure the quality of contract enforcement, the police, the courts, as well as the likelihood of crime as well as violence and control of corruption to measure the exercise of public power for private gain, including both “petty and grand corruption and state capture” (Ibd.). It is impossible to present the relevant data at this point in full extent. Nevertheless, the selected data already shows that poor countries tend to suffer from rather poor governance. Among 209 countries the
World Bank evaluated in 2004, only Western industrialized countries achieved a high level of governance and can be defined as countries providing “good” governance. In terms of voice and accountability for instance, five countries of the EU-15 achieved a standard of more than 90% on the World Bank’s scale, among them Germany, the Netherlands, Finland, Norway and Denmark. Among the countries with the least standard of voice and accountability (bottom 10%) were developing countries only, some of them least developed countries like Eritrea, Sudan and Somalia. Even new EU-members Estonia, Poland and Hungary stayed in 2004 below 90% with regards to voice and accountability (data: Kaufmann/Kraay/Mastruzzi 2005b: 18).

A similar tendency is to be observed when examining the effectiveness of administration. In 2004, the US, Canada, Australia as well as the Scandinavian countries, UK, Ireland and a few other countries of the EU-15 were fully efficient with their administrations and public services (above 90%). The southern EU-countries showed less efficiency (75-90%), mainly due to exaggerated bureaucratic hurdles. Almost all developing countries and all of the least developed countries suffered from moderately efficient or inefficient governance. The data is similar as regards the standard of rule of law: only governance in the Western industrialized countries consistently respects the rule of law (75 to over 90%), as well as single countries in the rest of world including Chile and South Korea (data: Kaufmann/Kraay/Mastruzzi 2005b: 19 f.). Concerning control of corruption, only the OECD-countries foster a strong control of corruption, next to a few countries from other parts of the world (data: Kaufmann/Kraay/Mastruzzi 2005b: 7).

Those reflections show that globalization and its allegedly negative consequences have to be considered in the overall context of the political, legal, economic and social circumstances in a certain country. The assumption that globalization goes along with a dangerous threat is therefore rather a diffuse feeling than a hard fact. Some try to empirically prove the inherent dangers of globalization even to Western industrialized countries by referring to the fact that multi-national companies have started to move their headquarters or production from countries with a high cost of labour to countries with cheaper cost of labour (Deutscher Bundestag 2002: 54). It is
true that such development is disadvantageous to countries like Germany, whose cost of labour and tax is widely considered as high. To draw this back to globalization is indeed an ideological conclusion. To observe globalization with a prejudiced skepticism obstructs the view on chances and options globalization brings up. Also, it will become hard to see the possible inter-dependence with regional integration. A negative view on globalization helps little to understand both phenomena (Schirm 2003: 7). While the move of multi-national companies can be seen as a critical result of globalization, it can also be considered as the consequence of domestic politics’ insistent unwillingness to foster necessary reforms. There is no doubt that the empirical data on global poverty is dramatic and things have to be improved. Nevertheless, improvements have to start within the countries themselves. There is no empirical evidence that globalization is the cause of the misery – neither for developing, nor for industrialized countries. The opposite is the case: the main factor is in how far elites are willing to reform their political, economic and legal systems, to liberalize their societies and to integrate on the basis of higher standards of governance into the world market.

The reactions towards globalization may differ greatly: governments may decide to push liberalization of reforms, to raise their attractiveness to investors and to create incentives (Schirm 2003: 11). States may also preserve or even intensify protectionist measurements to protect their own markets or their own privileges. As regards the rule of law for instance, some developing countries have deteriorated their situation: the World Bank stated in 2004 that things have become significantly worse since 1996 in Zimbabwe, Ivory Coast or Central African Republic (formerly Congo) (data: Kaufmann/Kraay/Mastruzzi 2005b: 28 f.). Those countries may conduct strong business relations to other countries, as Zimbabwe does with China, and profit from sales of natural resources. Only a small part of those profits will be reinvested in the political economy of the relevant countries to reduce poverty. Consequently, the income gap between those who can dispose of natural and other resources and those who cannot will increase.

Protectionist measurements and poor governance go along with high costs not only for developing countries. The huge amount of protective measures
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in the EU’s agricultural policy has earned the EU the reputation of a “fortress Europe mentality” (Murray 2004: 37). Though this is exaggerated and in several aspects “obsolete” (Boyer 2003: 1), the number of measures that protect the EU’s agricultural sector is still high, as well as the cost for this policy: from 106.3 billion € of the EU’s funds in 2005, 46% or 49.1 billion € were spent solely on the EU’s agricultural policy (EU-Commission 2006). Another nearly 31% were spent on structural and cohesion funds, both accounting for more than three quarters of the EU’s budget. In contrast to this, the EU spent only 13% for internal and external policies (EU-Commission 2006), including urgent topics like the protection of the EU’s borders and domestic security.

One question remains: in how far does globalization affect the autonomy and influence of state-actors? Globalization affects economic decisions as well as political decision. Without any doubt, globalization has caused strong dependencies between states, especially in trade relations. In 1970 for instance, only 10% of the world-wide production of industrial goods was traded across national borders. By 2000, the share almost tripled to more than 25% (Hetzer 2003: 27). The major players affecting these trade flows are multi national companies. In 2000, an estimated 63,000 multi-national companies based their business on 800,000 plants worldwide. Experts estimate that among the 100 biggest economic units, there are 52 multi-national companies and only 48 states (Hetzer 2003: 28). Apart from the task of controlling and regulating business activities of those companies efficiently, modern states face a range of further challenges, some of them directly, some of them indirectly related to cross-border trade-relations. One of the “hot topics” during the last two decades has been environmental protection. This includes climate protection, cleanliness and allocation of water resources, reduction of waste and of environmental pollution in general.

A steady topic has been health standards and the protection against disease. Social standards have become a topic in recent years – as regards social gaps and the defense of illegal migration. The attacks from September 11 have shown the necessity to fight organized crime more efficiently, including crime that is driven by material reasons like money laundering,
drugs and human trafficking as well as ideologically driven terrorism. Experts estimate that drug trafficking earns turnovers of annually 400 to 500 billion US-$. Only 100 to 500 million US-$ per year can be secured by the police. Estimation on how many percent of those means enter Western economies differ significantly. For the US for instance, experts estimate that money laundering accounts for at least 4% of the GDP. The highest estimation assumes that the share is almost 34%. For Germany, lowest estimations assume less than 3% of the GDP, highest estimation go up to 11% (data: Deutscher Bundestag 2002: 80).

The problems are severe and urgent. It is evident that the nation-state has become too small to face the challenge alone (Boyer 2003: 1). This does not mean the inevitable decay of states. In fact, the conditions for governmental decisions have changed significantly. Political actors are forced to consider the global economic and political developments much more than they may have done in the past. The state will not retreat from power, but political or economic strategies that ignore the new developments will lead to suboptimal results (Schirm 2003: 8). This means that globalization does not weaken the state per se. But it changes states’ options for actions in core questions of domestic policy as well as of the economy or foreign political relations. Nation states may face a fierce competition for foreign investments and trade options. They may have to justify and defend their advantage of location. States may also have to justify isolation from neighbors and political solo strategies to their population. Citizens and politicians may put pressure on states to solve issues on a super-national level. Aspects that diminish the attraction of states critically may come to the surface as hidden corruption, a high density of regulations that complicate business, as indirect subsidies and monopolies that distort competition, as discrimination of foreigners and little reliability on the implementation of legal requirements especially in the civil law etc.

Those reflections show that globalization does not cause a decay of states and state-institutions, but may limit political options for governments, especially if those governments simply ignore the expectations of global economic players (Schirm 2003: 8). This is especially the case for states that are integrated to global markets to a large amount and that depend on trade
options. When we observe global trade flows, we will interestingly find that trade flows are concentrated on several regions. Almost 70% of Western Europe’s trade flows take place within the SEM. External trade within Europe is therefore in fact internal, i.e. taking place within the SEM (Boyer 2003: 2). The same is true for other regions: trade flows in North America sum up to 40%, Asian countries conduct 47% of trade flows within the region (Ibd.). The major external trade partner for EU-countries is the US (24.3%). For the US, the most important trade partners are Canada and the EU-countries (EU-Commission 2004). This means that the US, the EU-countries as well as newly industrialized countries like China that depend on cross-border trade, are affected by globalization automatically. The only rational political option is therefore, to adapt to the new expectations or face serious disadvantages otherwise. Countries, that have the economic power to do so, may procrastinate the process by launching protective measurements. The necessary steps may become even more urgent at a later point of time.

To sum up, globalization is a phenomenon that mainly affects the OECD-countries including its emerging members (Schirm 2003: 9). It is a “common fallacy” (Boyer 2003: 1) that globalization affects all other nations in the world in the same way, even if they interact with large trans-national companies. But countries that exclude themselves from the world market by avoiding necessary political and economic reforms will face huge economic disadvantages as well. Therefore, government beyond statehood has become a requirement (Zürn 1998). To ensure good governance in times of globalization, scholars and politicians even plead for a system of global governance. To establish such a system, states would have to build global super-national institutions. To solve issues that affect several nations in the same way, they would have to develop global standards and methods of problem solving (Deutscher Bundestag 2002: 419). A desirable long-term development could be a multi-level system of governance that preserves a central role of nation-states, while motivating them at the same time to transfer sovereignty onto an international or even supranational level as well as “down” onto the local and regional (federate) level (Deutscher Bundestag 2002: 419 f.). The thought of a system of global governance in
the sense of a “non-hegemonic and pluralist collective world order” (Lamy/Laidi 2001: 10) is well known to EU-countries. Though “global governance’s heyday is still some way off” (Lamy/Laidi 2001: 9), a system of supranational regional governance already exists. The EU allows not only governance beyond statehood, it provides at the same time good governance.

2. The Response: Regional Integration

Until today, the EU has been the only regional organization with a supranational approach. Nevertheless, regional integration is no longer a unique development. During the last decades, almost every world-region has initiated integrative measures at least once.¹ Yet “regionalism”² after 1989 seems to be different to former initiatives (Laursen 1999: 67). One reason is that in the bipolar world of East and West, regional initiatives were assigned to one of the poles. Regional initiatives appeared as a sub-development of one of the two political sides. In contrast to this, regionalism after 1989 is multipolar and driven by fundamentally different ideas. Regionalism and regional integration after 1989 are a “new” development in contrast to the “old” regionalism of cold-war-times (Hetne 1999: 7).

The question remains: what has been the main driver for regional integration after 1989? The end of the East-West-conflict seems to have left a vacuum severe enough for states to cooperate with geographical neighbors. The scientific community has not yet agreed on a sound definition of regionalism and regional integration³ that are often used synonymously. Nevertheless, both imply some basic requirements: the process of regional integration goes along with a momentum of consolidation, determination and the pooling of common interests. The level of integration may range from a loose cooperation to the pooling of national sovereignty, as is the case for the EU. At any rate, regional integration requires a commitment of states to a political, economic or legal objective. The degree of “self-

¹ For a complete overview over regional initiatives after 1989 see Kühnhardt (2004).
² The term “regional integration” describes a unique phenomenon. “Regionalism” indicates a global movement.
³ Compare e.g. Laursen (1999: 67) for two different approaches.
abandonment” to the common thing may vary significantly. Nonetheless, regional integration without the lowest common commitment is unthinkable.

Some regional alliances hold very low thresholds for membership. They aim at a rather loose, non-political association. The Asia-Pacific Economic Cooperation (APEC) for instance leaves no doubt about its purely economic objectives: it already avoids the term “member state”. APEC-members are “Member Economies”, though APEC’s objectives include political issues like the creation of “an environment for the secure and efficient movement of goods, services and people across borders in the region through political alignment and economic and technical cooperation” (APEC 2003: 2). APEC’s institutional structures underscore its mere intergovernmental character. Supranational elements of any kind do not exist. Regional associations like APEC show that the objectives of regional integrative efforts may vary notably.

Associations like APEC require little more than that member states respect a few very basic common understandings. One of them is that member countries geographically belong to the APEC-region. APEC does not aim at the establishment of a supranational organization. This goes along with a general understanding of regional integration in East Asia: East Asian countries tend to understand regional integration as a means to consolidate and enhance national power (Beeson and Jayasuriya 1998: 316). Pooling political and legal sovereignty on a regional level as the EU does is not an aim. This allows regional cooperation of states whose political structures differ fundamentally. The systematic structure of countries of the Association of South East Asian Nations (ASEAN) for instance is as manifold as could be. ASEAN unifies solid democracies as well as autocracies. The EU’s thresholds for membership are incomparably higher and driven by the necessity to retain the relative homogeneity that characterizes EU-Europe.

At any rate, regional integration forms a counterpart to globalization. On first sight, globalization appears as the mere opposite to regional integration. Globalization is driven by the ideal of a “borderless world”, in which “territory has lost all importance and functionalism is predominant” (Hettne
Regional integration aims at the opposite: the reestablishment of barriers by establishing an association whose members open their markets to each other, but close them against “outside” countries. Indeed, the intensity of regional integration varies. It is widely agreed that the EU is the most developed form of regional integration that currently exists (Laffan 1997: 1; Murray 2004: 44). European integration is qualified as a kind of “deep regionalism” that creates a certain “contrast to other regionalisms in the world” (Laffan 1997: 3).

In general, integrative efforts may reach five degrees (Hettne 1999: 10 f.): on a first degree of rather natural “regionness”, the region appears as a coincidental geographical unit. On this basic level, regionalism does not require any kind of human interaction. The region simply exists by naturally given factors. As soon as states interact, regions reach a second degree of regionalism. Mere geographic units turn into social entities that foster trans-national exchange. Yet, integrative efforts stay below a standardized cooperation and therefore lack any kind of institutionalization or regional legislation. Regular political, economic or military interactions are features of a third degree of regional integration. At this stage, regional neighbors cooperate on the basis of formal standards such as common agreements etc. Regions develop into organized entities. Participation goes along with a kind of membership that distinguishes members of the regional entity from non-member countries that still may be part of the region. Thus, countries may be members of the same geographic region, while they are not members of the regional entity. Nevertheless, on the third degree actors of regional cooperation are political or economic elites only. Once a broad intra-regional communication starts that includes actors of the civil society, a fourth degree of region has been reached. On this level, regional actors decide on the basis of a solid organizational framework and commonly accepted values that may be formed out in (regional) legal standards. On the fifth and highest degree, regional entities act as subjects with an own identity, actor capability as well as structures that allow region-wide decision-making.

Taking the EU as example and subsuming the European Union (EU) to this scale of “regionness” (Hettne 1999: 11) we will find that:
The EU acts as a subject with a distinct identity: In external trade-relations and economic association agreements with third countries the EU-Commission has been the acting institution that implemented the decisions of the European Council, the Council of Ministers and the European Parliament. Most important is that trade-associations between the EU and non-EU-countries were concluded with the EU and not with the EU-member states (Art. 181a, 182 ff. ECT). The de facto bilateral agreements with the EU and third countries imply a legal personality of the EU. The European Constitution would clarify this by stating that the EU has a legal personality (Art. I-7 TEC).

The EU has actor capability: All EU-policies are shaped on the European level by the EU’s institutions. The Treaty of Maastricht introduced two major changes in the decision-making process that was formerly dominated by the Council of Ministers: the extension of the qualified majority vote (QMV) and the co-decision procedure (Art. 252 ECT). Both strengthened the supranational decision-making as the QMV allows member-states to simply outvote others that do not want to compromise. The extension of the co-decision procedure raised the pressure on the Council of Ministers to consider positions of the European Parliament as it gives the Parliament a veto-option. Apart from EC-legislation the EU has a strong actor capability in implementation of and compliance to EC-law (Art. 81 ff. ECT).

The EU provides a legitimate structure of decision making: Much has been debated about the so called democratic deficit of the EU. Scholars have examined the democratic legitimacy of the EU in detail and discussed alternatives to the current system. Nevertheless, the EU established a system of decision-making that is highly formalized in regard to the legal basis as well as in regard to the procedure. Democratic legitimacy is provided mainly by the European Parliament as the representative of the European citizens and the Council of Ministers as the representative of the EU-member states in an EU that is still an international organization and not a sovereign state.

4 Treaty Establishing a European Community.
5 Treaty Establishing a European Constitution.
6 For details see Janowski (2005a).
The EU is a community of values: The agreement on common values in the TEC is notable as it accepts that the common “European” heritage is more than economic interests. The commitment to values that describe a certain kind of political system – namely a pluralist democracy – can be seen as a clear commitment to this system of “good” governance. A major example is the European Charter of Fundamental Rights (ECFR; Part II TEC) that was adopted in 1999 by the European Council of Nice. Though the ECFR was not adopted as supranational law, it protects EU-citizens from supranational power. The Charter sums up the jurisdiction of the European Court of Justice (ECJ) that is part of the EC-law and binding to European and national authorities. Apart from this, the Charter sums up “civil” European values and clarifies that European integration has become part of societal development.

Economic integration has been but one driver of European integration. In fact, political topics have always been topics of supranational policy-making. In less than 40 years, the project that had started with the European Coal and Steel Community and European Economic Community developed into a Political Union that was founded in 1992 with the Treaty of Maastricht. The inner structure of the EU is unique in the world. So far, integrative efforts in other world regions are based on intergovernmental structures, while the EU established a supranational economic, legal, political and value community. EU-institutions generate supranational law, whose implementation is monitored by the European Commission and the European Court of Justice. EC-law is supreme to national law (ECJ case 6/64), applies to the national administration in each member state and is to be used by national authorities prior to national law. None of the existing projects of regional integration come even close to this. The North American Free Trade zone (NAFTA) and APEC are free trade agreements that resemble the European Free Trade Area (EFTA).\(^7\) The dynamics of EU-integration result from three basic strategic decisions made by the EC’s

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\(^7\) EFTA was founded in 1960 as a counter-movement to the European Economic Community. In fact, EFTA did not work as efficient as the supranational EC did. Already in 1961, protagonists of EFTA – United Kingdom, Denmark and Ireland – applied for EC-accession. In 1973, all three countries joined the EC.
founders: the creation of supranational institutions after the model of national administration and with respect to the principle of separation of powers; the assignment of power of decision to the EC-level as well as the obligation for European institutions to create and develop “European” policies; the development of a “European” culture that extends national culture. Especially the last aspect is remarkable. The term is multifaceted and includes different aspects. One is the European elite that emanated from the EU’s institutions. Former Commission president Delors considered the birth of a European (political) elite as one of the success-factors of European integration (Delors 1993: 3). Being loyal to the European project and interested in its development this elite would push European integration if only for institutional self-interest. The EU’s culture is not merely elite-driven. Citizens of EU-member states hold a European citizenship next to their national citizenships. European citizenship is backed by the four basic freedoms. EU-citizens have the right to move freely within the EU and accept job-positions or start a business in every EU-country. EU citizens elect the members of the European Parliament and can be elected into local authorities in other member-states than their home country. European citizenship initiated the development of a European society that yields fruits: in spring 2005, 54% of EU-citizens in the EU-25 thought that EU-membership is a “good thing” (EU-Commission 2005a: 10). This is a remarkable commitment, considering that 10 new members had just entered the EU in May 2004.

The EU has also launched symbols that support the commitment to the EU like the “Day of Europe”, the European flag and a European anthem. These are part of a European “polity building” (Laffan 1997: 9) that fosters socio-cultural integration in Europe. In June 1993, the EU defined its code of values that links the legal, political and economic heritage of Europe. Motivated by the desire of former East-Block countries to accede the EU, the Commission and the European Council summed up the value-basis of EU-Europe during the historic Copenhagen summit. Countries “that so desire shall become members of the European Union” (European Council 1993: 13) if they fulfill the “Copenhagen criteria”:
“Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of (the) political, economic and monetary union” (European Council 1993: 13).

The Copenhagen-criteria present the first comprehensive definition of European values. Still, they only sum up what had been common European sense before. The European Constitution names the EU’s values on prominent position. The EU’s commitment to a “society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail” and which is “common to the Member States” (Art. I-2 TEC) underlines a cultural homogeneity that determines EU-Europe from other parts of the world. The future will show in how far the EU will be strong enough to defend this cultural homogeneity. The crucial test could come up very soon, with Turkey lobbying to accede the EU very soon. In its report of October 2005 the EU-Commission has left no doubt that Turkey will only accede the EU when Turkey meets all Copenhagen criteria fully (EU-Commission 2005b). The European Council confirmed this in June 2006 and added that the speed of negotiations depends on Turkey’s willingness to push reforms (European Council 2006). In fact, there is a lot at stake. If the EU decided to relax entry requirements, it would endanger the inner political, economic, legal and value coherence. In the long run, European integration could regress to a lower level of “regionness”.

The brief observation of the EU also unveils a major feature of successful regional integration: the discovery of similarities. Countries that are willing to integrate launch a learning process that leads from “relative heterogeneity” to an “increased homogeneity” (Hettne 1999: 11) in different aspects. Common strategies have to replace unilateralist leanings more and more. But what is the minimum requirement? The mentioned scale of regional integration also differentiates the maturity of integrative efforts in terms of common regional achievements. A geographic unit that is “delimited by more or less natural physical barriers” (Hettne 1999: 10) is of rather arbitrary character. This would be the same case if countries were to
foster exchange between each other without an overall regional commitment. Europe has always been characterized by a propensity for cross-border cooperation (Wallace 2000: 40), despite the devastating war experience. A region as a social system that creates a loose “security complex” (Hettne 1999: 10) already shows first steps of political or economic creation. Still, determination towards a “common” goal will be low. Only at the moment that neighboring countries commit themselves to an organized entity that requires membership and a common goal will regional integration be strong enough to overcome smaller political crisis. To sum up, regional integration has to overcome the degree of rather coincidental cooperation within the neighborhood. The benefit of successful integrative efforts is high as the EU proves. The effort that is to be invested to reach this is very high as well. This may be the most important lesson from EU-integration.

A last question remains: how do globalization and regional integration relate to each other? The examination of the basic characteristics of EU-integration allows an assumption. In fact, globalization and regionalization seem to coexist and nurture each other. EU-Europe for instance fostered the process of political unification that was crowned by the Economic and Monetary Union including a common currency, right at the moment, when the pressure of the “new” world order unfolded its effects most visibly. Globalization and regional integration contradict each other at first sight only. In fact, they seem to be two sides of the same coin. Both phenomena historically emerged almost in parallel. Globalization and regionalization are elements of the larger process of “global structural change” (Hettne 1999: 2) that only created “the new world order” after the collapse of the Soviet Union. Regionalization and globalization are not alternating ways between which states simply have to choose. In fact, states can hardly avoid globalization. If states do so, they face enormous costs in regard to economic and political development. On the other hand, states may cooperate with regional neighbors to answer the challenge. Regional agreements allow states to bundle their power of problem solving and decision-making. They force states to reduce trade barriers within a region and allow economic actors to profit from economic advantages as soon as trade in a region starts to emerge (Deutscher Bundestag 2002: 121). Regional
agreements allow states to answer to challenges that overstrain single states, like environmental problems or the fight against terrorism and organized crime. Though levels of integration differ, projects of regional integration are a basic element of governance beyond statehood that may develop into “global governance” (Deutscher Bundestag 2002: 422) on the long run.

Globalization and regional integration are therefore “twin phenomena” (Coleman/Underhill 1998: 3) of the same global development. They are linked to each other as the challenge and its response (Hettne 1999). Today’s number of regional initiatives is large, including almost every region of the world (Coleman/Underhill 1998: 5). Interestingly, regions with a low integrity like North Asia or the Middle East suffer from severe troubles (Kühnhardt 2004: 4). In contrast, “integrated” regions seem to dissociate from aggression. A reason may be that globalization and regionalization foster a pragmatic attitude on trans-national cooperation. Successful economic “partnerships” often include former adversaries who now cooperate constructively. A main driver is economic interest. More than two third of global trade is conducted within and between the four biggest regional entities: the EU-15, NAFTA, ASEAN and the Mercado Común del Sur (Mercosur) (data: Deutscher Bundestag 2002: 120). The development of regional entities has brought up the question of inter-regional cooperation, i.e. the cooperation of one regional organization with another. Today, regional entities like the EU cooperate with states like the US on a “bilateral” basis, but also with regions like the NAFTA-zone. In the long run, regional organizations may be forced to cooperate on political question as well, while they establish a regional multilateralism.

3. Globalization, Regional Integration and Democracy

The fact that globalization does not force the retreat of the nation state on the one hand, does not mean on the other hand that states face no changes in regards to their inner structure. Governance beyond statehood implies that governments rule in a broader context than was known in the classic political entity called nation state. But what does this mean in detail? In traditional international relations, governments usually act on the basis of
intergovernmental negotiations. The outcome – agreements, common positions etc. – are traditionally legitimized by the governments’ prerogative for the relevant policy. In Germany for instance, European developments including EC-legislation were for many decades considered as part of the German government’s prerogative in foreign affairs. The German Bundestag only started to discover EU-issues in the 1990s as a matter concerning the parliament and began to claim a right of participation (Janowski 2005b: 72 ff.). In fact, regional integration has a “profound effect” (Coleman/Underhill 1998: 6) on states not only in terms of economy, but also in terms of institutional structures. Regional integration also forces states to become part of a “larger and more complex political structure” (Ibd.) that is the counterpart of the economic system. The more regional integration develops, the more states establish regional institutions and regulations to allow common decision-making. States may oppose this evolutionary process at a high price: the block of regional political development. The EU has seen many of those crises, some being severe enough to question the supranational approach as a whole, as the crisis of the 1960s did that lead to the compromise of Luxemburg in 1968.

The EU has so far overcome those crises. Apart from this, other regional projects attempt to develop supranational or at least super-national structures as well. NAFTA and APEC aim at finding compromise and consensus at a regional level as well, though the development may just have started. Still, those developments leave the classic mode of multilateral agreement behind. Agreements on a regional level display a new dimension of international cooperation. They differ significantly from traditional multilateral agreements: regional agreements are formed on a regional level within regional institutions, even if those are rather initial at an early stage of regional integration like a meeting of ministers in a working group. While governments foster regional decision-making, borders melt. As super- or supranational decision-making develops, it becomes harder to distinguish regional decisions from genuine national decisions.

The EU is a perfect example of a highly developed form of regional governance: only in 1992, the year of the completion of the SEM, did the French Conseil d’Etat find that 22,445 EC-regulations and 1,675 EC-
directives were in force in France (Janowski 2005b: 30). In certain years, the EU-Commission enacted up to 12,000 acts of EC-secondary law that entered into national law (Janowski 2005b: 51). This raised the questions of democratic legitimacy of regional decision-making. The democratic theory considers the nation state as a unit that is capable of guaranteeing democratic legitimacy and control (Böckenförde 1987). But does this automatically apply to governance beyond the tight frames of the nation-state? Within the EU, the discussion started in the mid 1980s, when a member of the European Parliament criticized the decay of parliamentary influence on EC-legislation (Hänsch 1986). The debate that followed under the assumption of a democratic deficit of the EU displays a major structural problem of regional integration.

The main problem of a deep regionalism is the question of democratic accountability (Coleman/Underhill 1998: 8). Citizens of nation states control political elites and their decisions by sanctioning their agenda during elections. But whom are the European citizens to control, if European elections still suffer from severe deficits as regards their democratic standard (Grimm 1994)? The debate is as well known as the arguments: European elections are general, liberal, secret, but not equal. Even to this day, the European Parliament’s powers to sanction the Council as well as the European Commission are insufficient, though the situation has improved. Still, regional entities, especially if they generate supranational decisions, have to guarantee the persistence of democratic accountability as the most essential feature of democracy (Böckenförde 1987: 919 f.). Regional entities suffer from a paradox that is hard to overcome: while pooling of sovereignty may be a major goal as is the case for the EU, regional entities will have to respect the nation state as long as regional organizations have not developed into a nation state. In other words: democratic legitimacy of regional institutions is difficult as supranational entities need on the one hand institutions that monitor compliance of member-states with common rules, but they need at the same time intergovernmental institutions that preserve the prerogative of member-states especially as regards the transfer of powers.
To overcome those problems, scholars developed different models during the last decade. One of the most favored seems to be the idea of a post-parliamentary democracy. The idea is so popular among the political elites in Europe that the European Convention decided to establish this model in the European Constitution. According to Article I-46 TEC, the functioning of the EU “shall be founded on representative democracy”. At the same time, the EU commits itself to the principle of a participatory democracy (Article I-47 TEC). To realize this, the EU-institutions “shall maintain an open, transparent and regular dialogue with representative associations and civil society”. This does not mean an open dialogue with the EU’s citizens as the Constitution states as well.

To influence EU-decisions, citizens have to attract “not less than one million” other EU-citizens of “a significant number of Member States”. When this requirement is fulfilled, citizens “may take the initiative” and invite the Commission “to submit any appropriate proposal”. Before citizens may try to fulfill these tough requirements, the EU-institutions have to enact a law that determines “the provisions for the procedures and conditions required for such a citizens' initiative” (Article I-47 No. 4. TEC). It will take time to enact such an EC-law. In contrast to this, members of the civil society – that is in fact lobbyists and other stakeholders – may start the dialogue on the basis of the Constitution right away. A secondary act is in their case not necessary. This shows that the EU-institutions find themselves very open to proposals of organized civil groups, but less open to proposals from citizens.

The idea of involving members of civil society in European decision-making is shared also by core institutions of national and European administration. The German Bundestag considers the participation of the civil society as essential for good governance (Deutscher Bundestag 2002: 422 f.). In 2001, the European Commission emphasized that there “needs to be a stronger interaction with regional and local governments and civil society” (EU-Commission 2001: 4). The necessary reforms of European

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8 For a detailed discussion see Janowski (2005a).
9 To the European Commission, members of the civil society are: trade unions and employers’ organisations (“social partners”), nongovernmental organisations, pro-
government required the “concerted action” by all European institutions, member states, regional and local authorities as well as the civil society. Their “commitment to reforming European governance” was “essential” to regain “confidence” especially of European citizens (EU-Commission 2001: 9). The Commission assumes that only members of the civil society can “mobilise people” and represented the interest of “those suffering from exclusion or discrimination” appropriately (EU-Commission 2001: 14).

Some scholars see governance beyond parliamentary participation as the future model (Andersen/Burns 1996; Heritiér 1997). Due to them, main players of future European decisions are organized groups. Already today, those groups would influence European decisions significantly as especially the EU-Commission could hardly abandon the expertise of stakeholders (Andersen/Burns 1996: 234). The future role of parliaments including the European Parliament is from the point of those approaches a rather limited one. The idea that the European Parliament or the national parliaments would influence European decisions sustainably appears to those scholars as “political myth” (Andersen/Burns 1996: 244). Especially the European Parliament was missing the legislative initiative as well as the right of final decision on EC-legislative acts. Apart from that, parliaments in Europe were increasingly overstrained with the complexity of European legislation. Therefore, post-parliamentary approaches plead to give up the illusion of a European parliamentary democracy in favour of a “direct participation” of stakeholders with the result of a governance “of organisations, by organisations and for organisations” (Andersen/Burns 1996: 229).

The expertise of stakeholders and similar groups of the civil society is essential in national and European decision-making. The involvement of organized groups is therefore a functional necessity of any kind of political decision-making (Janowski 2005a: 816). Nevertheless, if stakeholders start to substitute parliamentary involvement, governance in Europe will lose democratic legitimacy the more stakeholders influence decisions. The main deficit of post-parliamentary approaches is that groups of the civil society professional associations, charities, grass-roots organisations, organisations that involve citizens in local and municipal life with a particular contribution from churches and religious communities (EU-Commission 2001: 14).
lack democratic accountability. Therefore, they lack the most essential re-
quirement of legitimate exercise of power (Janowski 2005a: 815 ff.). Stakeholders can never exercise legitimate power in terms of democratic theory. This deficit is incurable as the cure went along with a public control of stakeholders. This contradicts the stakeholders’ right to exist: representing particular interest. The increasing influence of organized groups is in fact highly critical. Transparency is not the main problem: public debate may observe stakeholders’ decisions and analyze their value for the society. But it is de facto impossible to hold individual members of lobby groups politically responsible. Individuals from outside a civil group can neither force stakeholders to justify their actions, nor can outsiders influence the decision of stakeholders by voting for one or the other political agenda. Therefore, stakeholders act free of political responsibility to individuals outside their group (Langguth 2000: 9). In addition, no one outside the organization can hold stakeholders to account for decision by deselecting them or forcing them to resign. Therefore, post-parliamentary governance eliminates those strongest instruments of democratic control (Lord/Beetham 2001: 454).

**III. Conclusion: Globalization, Regional Integration and the EU**

This paper shows that globalization is neither the modern threat to civilized societies, nor is it a development that states may simply avoid. In fact, globalization is the continuation of international relations after the East West conflict. Nevertheless, things have changed. While states assigned themselves to one or the other of only two blocs in former times, the aims and opportunities of assignments have become manifold. In the competition of systems (Deutscher Bundestag 2002: 51) between West and East, the ideal of a liberal democracy seems to have won. This goes along with the fact that most recent regional efforts aim at economic liberalization, while political integration is at best a long term goal. Regional integration very often aims at facilitating trade in a region (Laursen 1999: 67). This fosters prosperity and may also help to overcome intra-regional conflicts.
East Asia is a nice example for this: the EU accepted China’s “One China” policy against Taiwan with the belief that the growing economic exchange between both countries would calm the conflict. To foster this, the EU supported Taiwan’s accession to the WTO. For the EU-Commission, “increasing economic integration” especially between China and Taiwan will eventually lead to a “resolution of the question of Taiwan” (EU-Commission 2003). The EU may be proven right: economic relations between Taiwan and China grow constantly and have unfolded stabilizing effects (Shaocheng 2003: 19).

While regional integration is the essential answer to globalization, it is useful to abandon the idea that the “deep regionalism” (Laffan 1997: 1) presented by the EU could suit other regions. The process of European integration is far from being a model or even paradigm that could be copied one-to-one in any political surrounding. In fact, the EU is the result of historical developments. Europeans had to overcome several setbacks on the way to deepening integration. The EU may provide other regions with single strategies, for instance in economic integration. Still, the SEM and its specific legal basis cannot be isolated from the characteristic structure of the supranational EC. An EU-like regional integration requires the assignment of powers to the regional level and the pooling of competencies. This unique characteristic of EU-integration may have caused anxious feelings from other nations. Some state that the EU, because of its “sheer size and economic strength” was “viewed with apprehension”. In fact, big countries like the US and Australia also protect their markets and are today far from a total abolishment of trade barriers to the advantage of third countries especially from the former “Third World”. All industrialized nations still argue on subsidies and monopolies that distort national as well as global competition. The assumption of a “fortress Europe mentality” (Murray 2004: 37) would therefore apply to the US and Australia as well. Finally, the EU-Europe is in large parts independent from the world market. This may, for sure, cause distrust to others.

Regional integration also helps to overcome the “fundamental problem” in traditional international relations: the problem of defection (Laursen 1999: 74). Multi-national political agreements are fragile and steadily threatened
by the non-commitment of single players. Changes in national interest easily change international preferences. Political actors will be “tempted to cheat or defect” from bi- or multilateral agreements in order to realize own interest (Laursen 1999: 74). The difficult relations between Taiwan and China are an example for this: for Taiwan, American interests in East-Asia have been of major importance, yet of changing reliability. The US is a key ally to Taiwan and supported the country during the crisis with China on the Taiwan Strait in 1996. Hence, US interests are ambiguous. While the US is interested in limiting China’s power, US companies cultivate strong economic relations with China (Shaocheng 2003: 21 ff.). The establishment of trade relations has turned out to be a successful strategy to stabilize the regions and overcome political conflicts (Laursen 1999: 75). Nevertheless, economic integration cannot guarantee stability and peace as long as co-operation remains on a low degree of integration. The EU is an example that military aggression becomes less probable the more political integration develops. In other words: a deep form of regional integration is strong enough to almost guarantee stability and peace.

The temptation to define the EU as model or even global paradigm of regional integration is large. Yet, the EU is not suited for both. The EU is not a static concept (Kühnhardt 2004: 3). Its inner dynamics are to be seen in the context of European history as a whole. The neo-functionalist spill-over strategy that brought every policy to a European debate is one of the main reasons for the efficiency and speed of European integration. Nevertheless, the price was as high as could be: EU-member states had to sacrifice sovereignty. There is no higher sacrifice for nation states on the one hand. On the other hand, the EU also proves that giving up authority may lead to much bigger advantages than national solo strategies could ever provide. The fact that common strategies lead to better results in a globalized world may be the main lesson from EU-integration. Regional integration fosters cooperation and dialogue. Economic exchange leads to mutual advantages. Member-states will avoid aggression in favor of dialogue, the stronger intra-regional ties become. Regional institution-building and formalization of processes support this even more. The main objectives of almost every regional project become reality: economic prosperity as well as “regional
peace and stability” (ASEAN 2005: 1). To achieve those goals, states have to foster regional integration. This may be a painful process as the history of EU-integration shows. The EU can be a motivating factor for such developments. Nevertheless, European integration is not a political or economic construction kit that provides flexible solutions.

However we decide on globalization and regional integration, democratic governance will be a major issue. There is a common sense that good governance requires the respect of democratic principles. This paper shows that the “right” democratic concept may be disputed. In fact, there seems to be a tendency to involve civil groups much stronger in the process of supranational decision-making than is today. The expertise of stakeholders is essential and useful. Nevertheless, their participation increases the EU’s democratic deficit as no one can hold stakeholders responsible – apart from themselves. Groups of the civil society elude from basic mechanisms of political control and sanction. Their elites are appointed by a privileged group of members. Their policy and decision makers are responsible to their own “club” only, but not to citizens or the society as a whole. Even if stakeholders feel responsible to the public and commit themselves to common welfare, they still act free of the danger to be deselected by citizens. No code of conduct can overcome this major deficit that is one of the most critical challenges which “governance beyond state” has to answer.

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