

# Are we experiencing a regionalisation of world politics?

## Introduction

In this essay I will argue that we are not experiencing a regionalisation of world politics at the moment. This is because emerging regional hegemony are finding it difficult to enforce regional unity against the dominant multipolar condition. Also, the drive for New Regionalism, born out of neoliberal initiatives to force open inaccessible markets, is stalling as it faces resistance from both nationalist and alter-mondial tendencies. These tendencies are themselves systemic reactions to global crisis. I will examine various regions in order to understand their relationship with regionalisation.

## Context

To begin with we need to define the context of the debate, because regionalism is a contested concept. At the lowest level there's significant disagreement over what defines the region; at a very basic level the region is a territorial unit defined by natural geography, however this fails to express the cultural and political characteristics which also distinguish regions from one another. These factors can be taken into account by an understanding of the region as a social construct. Take Benedict Anderson's definition of the nation as an 'imagined political community'<sup>1</sup> and substitute 'nation' for 'region'. Anderson's social constructivist approach acknowledges the loose nature of borders, which are prone to shift in line with popular identities. It also accounts for geographical abnormalities where communities have moved outside their native territory to settle elsewhere, building outposts of their culture on a separate continent. For example, in Canada there is the province of Québec, whose cultural and historical associations with France separate it from the Anglo-American community.<sup>2</sup>

The different conceptions of a region mean that in most cases the political, cultural, and geographical borders of a region aren't all in alignment. Ankie Hoogvelt talks about this as a problem of 'variable geometry', pointing out that on an institutional level "*there are today several competing, if loose, regional groupings (sometimes no more than initiatives for regional groupings) with part-different, part-overlapping membership.*"<sup>3</sup> It's enough to say that different regional groupings correlate with different conceptions of a region, but Hoogvelt brings it all together to argue that demarcation of regional boundaries reflects overall geopolitical strategy.<sup>4</sup>

For example, the process of enlarging the Shanghai Co-operation Organisation to include India and Pakistan<sup>5</sup> is a political decision with political consequences. Firstly, India is an ally of Russia while Pakistan is an ally of China, if either India or Pakistan were to join the SCO without the other, it would upset the balance of power between Russia and China within the organisation, so they are both invited to join together. Secondly, it's a product of China's increased attention to its south, in line with ideas for creating a 'maritime silk road'.<sup>6</sup> Access to the Arabian sea is important for China's geopolitical strategy, and it uses its influence in the SCO to push that strategy. In another case, mainstream regional groupings of the CSTO, SCO, CIS and EAEU all lack the participation of Turkmenistan, because that country has followed a political strategy of international isolation. This comes despite Turkmenistan's cultural ties with the rest of Central Asia, and its shared history as a constituent republic of the Soviet Union. A common history and culture is not enough on its own for regionalisation to succeed, there must be political will.

Another issue is that literature on regionalisation often splits into three distinct categories: political, economic, and military. Works which focus on the economic dimension (common markets, customs unions, free trade areas) are the most popular, and there's not much work which addresses all three categories together. Even those who take a more systemic view of regional integration still see it in terms of those three categories.<sup>7</sup> The popularity of economic regionalisation is probably due to the real-world advancements made in economic regionalism, vis-a-vis less visibly successful attempts at political and military regionalisation. In the second half of the 20<sup>th</sup> Century trade tariffs between the industrial countries fell from 40% to around 5%,<sup>8</sup> which is material proof of economic integration. The same period in the 20<sup>th</sup> Century also saw the creation of new regional organisations for political integration, but the steady integration of governments has proceeded at a much slower pace than that of markets.

According to a neo-functionalist perspective, economic integration can be seen as the first step on the road towards political integration. The European Union, often taken as a model for regionalisation, was built on economic union first and political union second. This follows the functionalist propositions set out by Ernst Haas. To begin with we separate power from welfare, where economy is concerned with welfare, and government is concerned with power. Then, having defined the goal of integration we bring economy and politics together, *“at which point all governmental activities are coterminous with the achievement of welfare.”*<sup>9</sup>

According to Haas, the transition from economic to political has to be handled carefully in order to prevent spillover - or what he calls 'externalisation'.<sup>10</sup> This is where states continue to conduct business with others outside their region, at the expense of their regional neighbours. Problems which arise from relations external to the region cannot be dealt with internally, and this undermines regional integration. Haas deploys this concept to critique regional integration in Western Europe, but he does show its advantages for anti-colonial blocs because integration can be driven in opposition to an external enemy. In general his understanding is that political integration happens in order to regulate the structural flaws of economic integration. As economies move closer together, growth will remain uneven in different countries, and the effect of integration will be to favour the more advanced economies. In order to balance growth across the region, political mechanisms are introduced to harmonise legal frameworks, create a common economic policy.<sup>11</sup> Those political mechanisms gradually pull governments together in order to better co-ordinate their economies. I would add that political mechanisms are also necessary to discipline states and ensure that they do not undermine regional unity. As regional integration has to tackle inequalities between different economies, this poses a problem for states with robust economies. Such states would be tempted to take advantage of the integration process to make a bid for greater regional dominance. Alternatively, they might consider less-developed economies as free-riders restraining their growth potential. If the costs of integration are too high for either relatively strong or weak economies, they might break out and disrupt the process. Political integration develops to neutralise tensions arising from inequality.

Functionalism as seen through Haas is framed by his view that regional integration is politically desirable. This extends so far as seeing welfare as such a normative goal that its achievement is a technocratic goal, not a political one. I don't necessarily share Haas's view, but nonetheless I recognise that functionalism has a role to play in regional integration theory.

The last point to make about the context is the timeframe defined by the question. Regionalisation is a process which has moved backwards and forwards through time, we can only define what it's doing at the moment by looking at general trends. Regionalisation has historically occurred as a result of empire-building, but today's empires often leave post-westphalian state boundaries intact.

Similarly, military conquest no longer drives regionalisation, now it is mostly driven by economic expansion. One perspective of modern regions is that they still maintain imperial features, which is to say that they have centres of gravity around which institutional density is concentrated.<sup>12</sup> The outer edges are governed as a periphery, they're not given equal status as the core.

Regionalisation can be observed during the Cold War in voting patterns at the UN General Assembly. There were clusters of countries which all had a strong tendency to vote the same way, these produced six blocs:<sup>13</sup>

- Western bloc (USA and its allies)
- Soviet bloc (Soviet Union and its allies)
- Afro-Asian bloc (mostly non-aligned and postcolonial countries)
- Scandinavian bloc (including other neutral countries such as Ireland)
- Imperial bloc (Portugal, Britain, France, Belgium and their former colonies)
- Latin American bloc

Discounting a few outliers such as China, these voting blocs generally aligned with the political divisions of the era. The only explicitly regional blocs were Latin America and Scandinavia, in all other cases regions were split between different blocs. More recent analysis of voting patterns in the General Assembly doesn't point to greater regionalisation, however there is a relatively high level of voting cohesion among the BRICS countries.<sup>14</sup>

What this question asks is whether there's a systemic movement towards regionalisation. Globalisation is a defining trend of this era, and how does that advance or hold back regionalisation? In one way, the regional and the global are in opposed to one another. If regionalisation is a reaction against globalisation, it replaces the nation as a shelter for local economies under which they can weather the storm of global crisis. Countries within the region can benefit "*at the expense of third countries*",<sup>15</sup> and in this respect it's reasonable to counterpose regionalism and multilateralism. However, looked at from the national perspective, regions are throwing away the cover and exposing their economies to crisis from within the region. Nations are protective bubbles, unique environments which nurture their own corporations. They provide a single economic space where the rules of trade are generally the same everywhere. New Regionalism seeks to merge economic spaces together across national boundaries, harmonising trade rules to a common standard. Since the impetus of New Regionalism is market liberalisation, this means bringing those trade rules down to the lowest common denominator. For national corporations this means losing some protections afforded to them by the state – such as preferential treatment or loans in times of hardship. States can intervene in their economy, and although this violates the spirit of free competition, it's tolerated within a state's territorial boundaries. However, as that economic space moves under regional control, the state loses some of its power to intervene, and corporations lose state protections.<sup>16</sup> This is how regionalisation can supplement rather than oppose globalisation.

## **New Regionalism**

One of the prevailing conditions of globalisation today is economic crisis. The global economy is marked by instability, the end of the 'golden era of globalisation'<sup>17</sup> where spare capital for foreign investment is scarce. In Europe, crisis has been used to apply the shock doctrine<sup>18</sup> to vulnerable economies. Countries with weak economies on the European periphery have been the hardest hit. Even though individual crises among the EU member states were individually unique, the solutions

have been uniform – the standard neoliberal trio of privatisation, deregulation, and austerity.

These measures were brought in from a regional level, so the EU has been held responsible for their effects. As unemployment rises and social programmes are cut, popular attitudes towards the EU have soured. Between 2011 and 2013, average public opinion of the EU dropped across Europe.<sup>19</sup> According to one policy memo from the European Council on Foreign Relations:

*“To an increasing number of citizens in southern European countries, the EU looks like the International Monetary Fund did in Latin America: a golden straitjacket that is squeezing the space for national politics and emptying their national democracies of content.”<sup>20</sup>*

The result has been a loss of EU soft power – a shift in its position from hegemony to open dominance. Meanwhile its rule of the outer periphery is losing local consent as both nationalist and socialist movements gain strength. Here are some of the significant changes this year:

- January – Syriza elected to government in Greece on a platform of radical Social-Democracy. Syriza won a second election in September.
- October – Law and Justice elected to government in Poland on a Eurosceptic platform.
- October – Left-wing coalition elected to government in Portugal with support of the Communist Party. Likely for a second election to be called in 2016.
- December – National Front in France gains 27% of votes in local elections, they gain no councils but are now only 2% behind the ruling Socialist Party in terms of vote share.
- December – New party Podemos wins 21% of votes in legislative elections. Likely for a second election to be called in 2016.

The success of Syriza in halting regionalisation has been muted, not least because it already takes a pro-EU position. However, it's enough to state that before the crisis of 2008, the EU was considered a stable institution, and now its future is far less certain. Furthermore, as economic crisis continues, it will continue to produce social unrest and movements to defend popular and national sovereignty. As these movements gain traction they could pose a significant challenge to the regional order in Europe.

If the future of a regionalised world is the decline of modern nation-states, the closest real-world example we have is Kosovo. Through the 19<sup>th</sup> and 20<sup>th</sup> Centuries it was part of the Ottoman empire, then split between Serbia and Montenegro, united under Yugoslavia, divided again during the Second World War, then part of Yugoslavia again, then it was placed under UN administration. Until 2008 it had not existed as a modern nation-state, and while Kosovans do identify as a national group, they have little experience of independent self-rule under their own state.

Yet, as an independent state, a lot of crucial state functions are handed over to international agencies. Police and judicial services are provided by EU Rule of Law Mission, security is also handled by the Kosovo Force – a peacekeeping mission under NATO supervision. The UN Mission in Kosovo established a trust to oversee the privatisation of former Socially-Owned Enterprises, and its work continues today.<sup>21</sup> Economic policy, security forces, the judiciary, these are key sectors of the state and Kosovo lacks complete control over all of them.

Kosovo does have a problem of ethnic conflict, and to some extent the transfer of its sovereignty to international organisations is part of the solution to that. It's a system designed to minimise conflict and violence. However, that doesn't mean Kosovo's experience isn't attractive to other provinces seeking independence. For example, the recent movements for independence of Scotland and

Catalonia both had strong regional dimensions. Both these movements seek independence on the basis of greater regional integration: their new states would remain within the EU,<sup>22</sup> and within NATO. The same position can be found in Canada in 1994/5, where the movement for Québecois independence was supportive of NAFTA.<sup>23</sup>

If they gained their independence, these small new states would be better able to restructure their economies along neoliberal principles; they would be more competitive in relation with modern states. Although national elites in Europe are generally favourable to neoliberalism, their actions are constrained by welfare systems, bureaucracies, historical laws and regulations. Integration faces resistance from the state's own instinct for self-preservation, and national legislatures can still reverse and halt unpopular measures. New Regionalism therefore implies a confrontation between national and regional forces, and this can be resolved by breaking up stubborn nation-states.

Under New Regionalism, political power is centralised on the regional level, and also devolved down to the provincial level. Provinces are less capable of challenging decisions made on a regional level because they are fragmented and power is dispersed among them. The kinds of problems which arise in that relationship are evident from the Greek crisis in early 2015, where Greece was in a weak position vis-a-vis the EU. As such Greek politicians suddenly found themselves accountable not only to their own citizens, but also to the citizens of all other Eurozone countries who had a financial interest in the Greek economy.

What stands in the way of regionalisation is that both recent bids for Scottish and Catalanian independence floundered, leaving Great Britain and Spain intact. In addition to this, the EU is increasingly at risk of externalisation. As the BRICS group build alternative financial institutions, so crisis-hit countries can look beyond their regional partners for funding and support.<sup>24</sup> This undermines New Regionalism in two ways, firstly it replaces regional economic interdependence, and secondly BRICS support comes without conditions for economic restructuring. It means that countries can co-operate without sacrificing control over their own economies.

## **Alternatives**

Until this point I've largely referred to New Regionalism, that wave of regional integration projects begun in the 1980s as part of the rise of neoliberalism. However New Regionalism is not the only model of regionalisation. Outside of the global north there are alter-mondial regional projects such as the ALBA, the EAEU, or the AIIB.

In the case of ALBA, its foundation is in the the 'regionalisation of Venezuela's Bolivarian revolution',<sup>25</sup> as such it takes on the characteristics of that revolution and its historical inspiration. Namely, first the liberation of South American countries from Spanish rule in the early 19<sup>th</sup> Century, and secondly the removal of US influence over the continent in the 21<sup>st</sup> Century. Its purpose is to protect South American countries from a perceived external threat (the USA). The means to achieving this is by greater co-operation between South-American nations. This sets it apart from new regionalist projects, it escapes the neo-functional paradigm because its goal is not political unification.<sup>26</sup>

At the moment, the balance of power in Venezuela has shifted rightwards, which jeopardises the Bolivarian revolution both inside the country and across the rest of the continent. Without Venezuela to sponsor the alliance, it would lack material funding and ideological motivation. Other changes, such as the detente in relations between Cuba and the USA, and the return of a right-wing government in Argentina, mean that the regional climate for ALBA is less friendly. These changes

can't be visibly attributed to US intervention, they're the result of internal processes within South America. Therefore ALBA cannot counter them by rallying closer against the external threat.

The EAEU follows a similar narrative to ALBA of co-operation between sovereign nation-states. It also functions as a counter-hegemonic alliance against the USA and Europe. However, at its core the EAEU is still a project for economic integration and that tension between defending national sovereignty and merging national economies is still present. For example, Belarus's ratification of the union treaty was delayed due to outstanding trade disputes with Russia. The character of the union is also shaped by Russia, which uses the union as a vehicle for strengthening its sphere of influence. It prompts a dilemma for the other member states – particularly Kazakhstan and Kyrgyzstan which both adhere to multilateralism. The lucrative presence of Chinese capital means that these states are unable to fully commit themselves to integration with Russia. Furthermore, infrastructure investments sponsored by the EAEU are not directly aimed at benefiting member states. For example the international transport corridor linking Western China to Western Europe passes through the EAEU. Cargo trains cross the territory of the EAEU, but that is not their destination, they are going to Europe or to China. The EAEU in this case becomes a large transit zone, with member states unable to interact with the large volumes of trade moving over their land.

State intervention in the economy also poses an issue for Belarus, which is not a member of the WTO and provides much higher subsidies for its agricultural sector than Russia or Kazakhstan. As part of the union agreement subsidies are to be restricted, but this affects Belarussian farmers more than it does their Kazakh or Russian counterparts.<sup>27</sup>

There is however a more structural issue with both the EAEU and ALBA and other regional projects, which is that even the most genuine attempts at regional co-operation exist within a capitalist global market. Countries are forced to compete against one another in order to gain a market advantage. In addition, even the leftist governments of South America preside over fragile capitalist economies. In the Venezuelan case, companies were able to wage an 'economic war' against the government by hoarding goods and creating artificial shortages.<sup>28</sup> These vulnerabilities to capitalist restoration are an obstacle to regional alternatives. Enforced co-operation at the loss of potential profit can put a strain on friendly relationships between states.

Furthermore, regional alternatives accommodate and even take advantage of the current international order while building spaces outside of it. The BRICS countries all agree to work with organisations such as the IMF until such time as they can be replaced. It's a condition of dual power, an unsteady alliance between Washington-backed institutions and their multipolar counterparts. Ultimately however the alter-mondial goal of replacing economic regionalisms simply means re-creating those regionalisms under South American, African, Chinese, or Russian leadership. The fundamental contradictions between national and regional economies persist. Therefore political blocs founded on regional solidarity suffer under new imperialisms, the composition of the international bourgeoisie changes, but its character remains the same.

I can also point to the historic stumbling of the African Union and the Arab League. Both organisations were grounded in a popular notion of regional unity, backed by a common culture and a common anti-imperialist struggle. Yet when these organisations emerged to represent the pan-African and pan-Arab movements, they were underfunded and pushed into debt.<sup>29</sup> They suffered at the hands of the nations they sought to protect. Today the ideology of pan-nationalism is faded; superficially adhered to by a few states, ignored by others. National independence was won for African and Arab states, but they are less united as regions today than they were under colonial rule.

## Conclusion

At the moment the world is in a transition period between the decline of a unipolar world order and the rise of a multipolar one. State-building efforts throughout the Global South coincide with the reassertion of national cultures in the face of both economic and cultural globalisation. Meanwhile in the Global North, New Regionalism suffers as economic crisis makes national roads to stability more attractive. Regionalisation is thus at an impasse, unable to move either forwards or backwards.

## Abbreviations

AIIB	Asian Infrastructure Investment Bank
ALBA	Bolivarian Alliance for the Peoples of Our America
BRICS	Brazil, Russia, India, China, and South Africa
CIS	Commonwealth of Independent States
CSTO	Collective Security Treaty Organisation
EAEU	Eurasian Economic Union
IMF	International Monetary Fund
NAFTA	North American Free Trade Agreement
SCO	Shanghai Cooperation Organisation
WTO	World Trade Organisation

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