

Regionalism in World Politics

*Regional Organization and
International Order*



Edited by

**Louise Fawcett and
Andrew Hurrell**

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ABBREVIATIONS AND ACRONYMS

ACC	Arab Co-operation Council
AFTA	Asian Free Trade Area
AMU	Arab Maghreb Union (Union du Maghreb Arabe [UMA] in French)
ANZUS	Australia–New Zealand–USA Pact
APEC	Asia-Pacific Economic Co-operation forum
ARF	ASEAN Regional Forum
ASEAN	Association of South-East Asian Nations
CACM	Central American Common Market (MCCA in Spanish)
CAP	Common Agricultural Policy
CARICOM	Caribbean Community and Common Market
CBI	Caribbean Basin Initiative
CBM	Confidence Building Measure
CET	Common External Tariff
CENTO	Central Treaty Organization
CFE	Conventional Armed Forces in Europe (Treaty)
CIS	Commonwealth of Independent States
CMEA	Council for Mutual Economic Assistance (also known as COMECON)
CSCE	Conference on Security and Co-operation in Europe (became Organization for Security and Co-operation in Europe [OSCE] in December 1994)
CUSFTA	Canada–USA Free Trade Agreement
EAEC	East Asian Economic Caucus
EAI	Enterprise for the Americas Initiative
EC/EU	European Community (European Union from 1 January 1994)
ECO	Economic Co-operation Organization
ECOMOG	Economic Community of West African States Monitoring Group
ECOWAS	Economic Community of West African States
EDC	European Defence Community
EEA	European Economic Area

EFTA	European Free Trade Association
EU	European Union
EMU	European Monetary Union
EPC	European Political Co-operation
EPU	European Payments Union
EMS	European Monetary System
ERM	European Exchange Rate Mechanism
ECSC	European Coal and Steel Community
FDI	foreign direct investment
FTA	free trade area
G-77	Group of 77
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Co-operation Council
GDP	gross domestic product
GNP	gross national product
IAEA	International Atomic Energy Agency
IMF	International Monetary Fund
ISI	import substitution industrialization
LAFTA	Latin American Free Trade Association (ALALC in Spanish)
LAIA	Latin American Integration Association (ALADI in Spanish)
LAS	League of Arab States
<i>Mercosur</i>	Common Market of the South (<i>Mercado Común del Sur</i>)
NACC	North Atlantic Co-operation Council
NAFTA	North American Free Trade Area
NAM	Non-Aligned Movement
NATO	North Atlantic Treaty Organization
NGO	non-governmental organization
NIC	newly industrialized country
NIE	newly industrialized economy
NIEO	New International Economic Order
NTB	non-tariff barrier
OAU	Organization of African Unity
OAS	Organization of American States
OECD	Organization for Economic Co-operation and Development
OEEC	Organization for European Economic Co-operation

OECS	Organization of East Caribbean States
OIC	Organization of the Islamic Conference
ONUCA	United Nations Observer Group in Central America
OPEC	Organization of Petroleum-Exporting Countries
PECC	Pacific Economic Co-operation Council
PfP	Partnership for Peace
PICC	Paris International Conference on Cambodia
SEA	Single European Act
SADC	Southern African Development Community (previously SADCC)
SAARC	South Asian Association for Regional Co-operation
SEATO	South-East Asia Treaty Organization
SPF	South Pacific Forum
UAE	United Arab Emirates
UAR	United Arab Republic
UN	United Nations
UNAMIR	UN Assistance Mission in Rwanda
UNAVEM	UN Angola Verification Mission
UNCTAD	United Nations Conference on Trade and Development
UNFICYP	UN Peacekeeping Force for Cyprus
UNIFIL	United Nations Interim Force in Lebanon
UNMIH	UN Mission in Haiti
UNOGIL	UN Observation Group in Lebanon
UNOMIL	UN Observer Group in Liberia
UNOSOM	UN Operation in Somalia
UNPROFOR	UN Protection Force (Croatia; Bosnia and Hercegovina; and Macedonia).
UNTAC	United Nations Transitional Authority in Cambodia
WEU	Western European Union
WTO	Warsaw Treaty Organization
WTO	World Trade Organization
ZOPFAN	Zone of Peace, Freedom, and Neutrality

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Introduction

Louise Fawcett and Andrew Hurrell

THE period since the late 1980s has witnessed a resurgence of regionalism in world politics. Old regionalist organizations have been revived, new organizations formed, and regionalism and the call for strengthened regionalist arrangements have been central to many of the debates about the nature of the post-Cold War international order.¹ The revival of political and academic interest in regionalism has been associated with a number of developments, including: the end of the Cold War and the erosion of the Cold War alliance systems; the recurrent fears over the stability of the GATT and the multilateral trading order during the long-drawn-out (if ultimately successful) negotiation of the Uruguay Round; the impact of increasing economic integration and globalization; changed attitudes towards economic development in many parts of the developing world; and the impact of democracy and democratization. The political salience of regionalism rose significantly as a result of developments within Europe (the EC decision to press ahead with the completion of the Single Market, the negotiation of the Maastricht Treaty, and enlargement of the Union towards

¹ For many analysts, trends towards regionalism are well established. Dominick Salvatore, for example, believes that '[T]he world has already and probably irreversibly moved into an international trade order characterized by three major trading blocs': Dominick Salvatore, 'Protectionism and World Welfare: Introduction', in Salvatore (ed.), *Protectionism and World Welfare* (Cambridge: CUP, 1993), 10. Peter Drucker believes that the demands of what he calls the 'knowledge economy' 'makes regionalism both inevitable and irreversible': Peter F. Drucker, *Post-Capitalist Society* (London: Butterworth-Heinemann, 1993), 137. Aaron Friedberg argues that '[R]ecent rhetoric notwithstanding, the dominant trend in world politics today is towards regionalization rather than globalization, toward fragmentation rather than unification: Aaron L. Friedberg, 'Ripe for Rivalry. Prospects for Peace in a Multipolar Asia', *International Security*, 18/3 (Winter 1993-4), 5. See also W. W. Rostow, 'The Coming Age of Regionalism', *Encounter*, 74/5 (June 1990); Richard Rosecrance, 'Regionalism and the Post-Cold War Era', *International Journal*, 46 (Summer 1991); and Kenichi Ohmae, 'The Rise of the Region State', *Foreign Affairs* (Spring 1993).

Scandinavia and Central Europe); the successful negotiation and ratification of the North American Free Trade Agreement (NAFTA); and the increased momentum of co-operative efforts within ASEAN and continuing discussions within the Asia-Pacific region over new economic and security agreements (APEC, PECC, ARF). Inis Claude's remark of the early 1960s that '[T]he world is engaged in the process of organizing' is no less appropriate to the post-Cold War world with regionalism forming a central part of that process.² The recent wave of regionalist activity ranges from discussion of a world of regional trading blocs on the one hand, to increased emphasis on subregional co-operation and integration on the other.

Most recent academic discussion of regionalism seeks—quite naturally—to analyse a particular regionalist arrangement, be it the EU, NAFTA, or ASEAN. Again not unnaturally there has been a great deal of attention devoted to the economic issues associated with schemes for free trade and economic integration. There are, however, good reasons for taking a broader perspective: bringing together the many different institutions and ideas to be found under the label of 'regionalism'; seeking to place the revival of regionalism in a broader historical perspective; asking whether there are common factors behind the revival of regionalism in so many different parts of the world; and analysing the cumulative impact of different brands of regionalism on international order.

In the first place, the number, scope, and diversity of regionalist schemes have grown significantly since the last major 'regionalist wave' in the 1960s.³ Writing towards the end of this earlier regionalist wave, Joseph Nye could point to two major classes of regionalist activity: on the one hand, microeconomic organizations involving formal economic integration; and on the other, macro-regional political organizations concerned with controlling conflict.⁴ Today micro-regional schemes for economic integration stand together with arguments for macroeconomic or 'bloc regionalism' built around the triad of Europe, the Americas, and Japan. In

² Inis L. Claude, *Swords into Plowshares* (London: University of London Press, 1964), 3.

³ For quantitative data on increased involvement in regional organizations in the 1980s, see Paul Taylor, *International Organization in the Modern World. The Regional and Global Process* (London: Pinter, 1993), 24–8.

⁴ Joseph S. Nye, *Peace in Parts: Integration and Conflict in Regional Organizations* (Boston: Little, Brown & Co., 1971).

the political field ageing regionalist dinosaurs such as the OAU and the OAS have re-emerged and have been joined both by a large number of micro-regional regional political bodies, and by what one might call meso-regional security groupings such as the Conference on Security and Co-operation in Europe (CSCE, now OSCE) or, more recently, the ASEAN Regional Forum. Some may be formal organizations, but many aim at informal political co-ordination or concertation. Indeed, an important characteristic of the new regionalism is the very wide variation in the level of institutionalization, with many regional groupings consciously avoiding the institutional and bureaucratic structures of traditional international organizations and of the regionalist model represented by the EC.⁵ Finally, forming part of a broader resurgence of questions of identity and belonging, many parts of the world have seen a marked increase in regional awareness or regional consciousness, even if this is not always easily or unproblematically translated in concrete schemes for regional co-operation.

Second, the revival of interest in regionalism and regionalist projects needs to be seen within a global perspective. The fact that regionalist schemes have emerged in so many different parts of the world suggests that broad international forces may be at work and that a single-region focus is inadequate. Whilst intra-regional dynamics remain important, the re-emergence of regionalism needs to be related to changes in the global system: in a state system previously dominated by the struggle between the superpowers; in an economic system in which state policies are ever more shaped by the structure and dynamics of an increasingly (if very unevenly) globalized world economy; in a world political system in which, for many commentators, the boundaries between the 'domestic' and the 'international' have become increasingly blurred and in which transnational flows of ideas and values and transnational patterns of social mobilization become more powerful and more prevalent.

Third, the old divisions between patterns of regionalist organization in the industrialized world on the one hand and in the developing world on the other have been undermined. A central characteristic of many of the most important examples of the new

⁵ The term 'new regionalism' has been used by several writers, including Norman D. Palmer, *The New Regionalism in Asia and the Pacific* (Lexington, Mass.: Lexington Books, 1991; and Björn Hettne, 'Neo-Mercantilism: The Pursuit of Regionness', *Cooperation and Conflict*, 28, 3 (Sept. 1993).

regionalism is that they span the divide between developed and developing countries. North-South regionalism is the most important innovative feature of the inclusion of Mexico within the North American Free Trade Area. But central to debates on regionalism in Asia is the relationship between Japan on the one hand and China and the developing economies of South-East Asia on the other. And in Europe the EC is wrestling with the difficulties of finding a stable relationship between the highly developed regionalist project embodied in the Community and the developing economies and often unstable polities of central Europe and the former Soviet Union.

Fourth, the dividing line between economic and political regionalism becomes ever harder to draw. A central characteristic of the new regionalism is its multidimensional character. If it is important to compare geographically, it is still more important to examine the interrelationship between political, economic, and security issues. Even if the outward form of regionalism is economic in nature (as with the EC, NAFTA, or APEC), the factors that underpin and sustain such projects are often far from solely economic and economic regionalism may carry with it important geopolitical or security consequences. As has been noted for Asia, 'security cannot be considered separately from the regional economy'.⁶ The European example or 'model' has tended to focus too much attention on the specific question of economic integration—certainly very important, but only one part of the regionalist picture. Economic regionalism can often be a mechanism by which broader security and political goals can be pursued. Moreover, even if regionalism is to be built around economic considerations, it is unlikely to prove resilient if there are serious divergences over other issues.

Finally, the proliferation of regionalist arrangements raises complex and difficult questions concerning the character and maintenance of international order. The analysis of regionalism as a principle of international order, which formed such an important element of earlier writings, has only recently begun to reappear. Yet both in the politico-security and the politico-economic spheres questions of stability and order are closely bound with the relationship between regionalist institutions and arrangements on the one hand and global or multilateral bodies on the other.

⁶ Yoichi Funabashi, 'The Asianization of Asia', *Foreign Affairs*, 72/5 (Nov./Dec. 1993), 81.

For all the legitimate scepticism about the prospects for regionalism in many parts of the world (reflected very strongly in several of the chapters in this book), the past decade has seen both a striking reappearance of regionalist rhetoric, as well as evidence of concrete progress in various parts of the world. The analysis of regionalism, even of cohesive and effectively institutionalized regionalism, can no longer be confined to Europe. None of the authors in this volume suggests that there is some unstoppable momentum towards regionalism and several are deeply sceptical as to whether the revival of regionalist rhetoric is likely to be translated into effective and durable institutions. But all are agreed that regionalism is a political phenomenon that needs to be subjected to comprehensive and critical scrutiny and that there have been concrete developments that need to be explained.

This book concentrates on the politics and political economy of contemporary regionalism. As such it is intended to complement both the more narrowly economic literature and the growing number of detailed studies of specific examples of regionalism in different parts of the world. Taking a broad perspective will inevitably involve omissions and problems of selection. Partly for this reason, the book opens with two survey chapters. The first by Louise Fawcett places the new regionalism in historical perspective, provides an overview of the major forms of regionalism in the contemporary international system, and reviews the most important literature on the subject. The second chapter by Andrew Hurrell relates the revival of regionalism to contemporary debates in International Relations theory. It considers the perennial problem of defining regionalism and draws together some of the principal theories that may be deployed to explain the emergence of the new regionalism.

The following three chapters consider the links between regionalism and three broad issues in contemporary international relations. Andrew Wyatt-Walter considers the ways in which new regionalist trends are related to developments in the global political economy. He asks three questions: What do we mean by 'economic regionalism' and 'economic regionalization'? What explains the new economic regionalism? And is the world economy becoming more regionalized? Alan Henrikson sets the revival of regionalist groupings against the parallel revival of the most important global political organization, the United Nations. He analyses both the

scope for a productive partnership between them and the tensions that may emerge. If regionalist projects are related to the powerful forces working towards globalization, they also face challenges from within. James Mayall considers the critical issue of the relationship between identity and political community and the various ways in which this may affect regionalism: on the one hand, the continued strength of national identity working to block any moves towards the dilution of national sovereignty; on the other, the fragmentation of identity and the growth of sub-national communities which may both challenge traditional regionalist structures and, paradoxically, increase the scope for effective regionalism.

The chapters in Part II examine regionalism in various parts of the world. Given the extent to which Europe and the European Community have so often been viewed as an example for regionalist projects elsewhere, this section begins with a chapter by William Wallace. This places the story of the EC within a broad historical perspective and discusses the ways in which it has become ever more problematic to view the European case as a 'model' for other parts of the world. It draws attention to the ways in which many of the same factors that have stimulated regionalism in other parts of the world have complicated the situation in Europe and undermined traditional assumptions and approaches. The two chapters that follow examine areas where region-building has been a central feature of the past few years and where forward momentum has been most apparent: Asia Pacific (Rosemary Foot) and the Americas (Andrew Hurrell). In contrast, the chapter by Charles Tripp examines the Arab Middle East which has by no means remained immune from the recent regionalist enthusiasm, but in which the obstacles and constraints are all too apparent. Finally, the Conclusion seeks to sketch out some of the ways in which contemporary regionalism is related to international order.

This book therefore examines recent developments in regional co-operation in different parts of the world and places them in their historical context. The contributors take a critical look at recent trends towards the new regionalism and regionalization, assessing their origins, their present and future prospects, and their place in the evolving international order.

PART I