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The concept of globalisation is associated with the Washington Consensus. Quite logically, as the vision of a single global economy goes hand in hand with the conviction that one single economic policy fits all, regionalisation is not part of the policy recommendation made by the Bretton Woods institutions, but, rather, is perceived as an obstacle to globalisation. While the latter is seen as the spontaneous result of technological progress, deregulation and market forces, the former is presented as an instrument in the hands of decision makers for delaying necessary reforms and protecting particular interests. It could be argued that, in fact, both globalisation and regionalisation are the result of concomitant spontaneous trends and deliberate political decisions. However, regions are made of countries or people who feel that they share common values or characteristics and may, therefore, decide to address jointly common economic, social or political concerns. In this perspective regions can introduce some democracy in international relations provided that the regional institutions are themselves democratic and give room to initiatives from the people. The project of European constitution offered some provisions in this direction, which, if it would have been possible to make use of them, could have reverted decades of top-down practices.

**Globalisation a reality or an ideology<sup>1</sup>**

In the course of the 1980s the word “globalisation” came into fashion to describe what many felt to be a new and central reality of the times. This “reality” was supposed to be first the result of technological progress that had reduced the costs and the risks of international communications and transports and dramatically increased the capacity to process information. Second, the progressive removal of trade barriers in industrialised countries since World War II and, since the 1980s, the deregulation of financial markets and privatisation were expected to give its full effect to technical progress and managerial rationalisation in the developing world and, after 1990, in Eastern Europe.

*Globalisation, not a new phenomenon nor a new theory*

It cannot be denied that there has been significant technical progress in recent years. But, can it really be claimed that the pace of change has been greater than in the late 19<sup>th</sup> century when the speed of communication between Europe and North America, for example, was reduced in the 1860s from several day’s sailing time to the minute or so that it took to send a telegraph message? This development, in conjunction with the technology of the steamship and railway, led to a boom in foreign investments and to a degree of openness, as measured by the ratio of merchandise trade to GDP, which for many countries was, prior to the first World War, as high or higher than in the early 1990s. The point here is that the rupture in the way of doing business introduced over the last two decades by the new information technology is not without precedent of similar magnitude.

The ideological dimension of globalisation is not new either. Since the word appeared, it has been legitimised by the belief, shared by some policy makers, academics, and entrepreneurs, that open trade and investment regimes would lead not only to faster growth for the world economy but also to increasing convergence of national incomes per head across the world. To achieve these objectives, advocates of globalisation recommended releasing market forces by limiting the economic role of the state to securing the good functioning of markets, and by avoiding interference with market forces. Indeed, the GATT and later the WTO, the IMF and the World Bank were instrumental in imposing this line. The WTO continued to advocate the elimination of trade barriers and in addition started establishing rules that restricted the space or, in other words, the margins of manoeuvre that governments had for conducting agricultural or industrial policies. The World Bank and the IMF did not enact rules but, through conditionality embodied in Structural Adjustment Programmes and debt management schemes, required countries starving for financial resources to reduce state intervention and to liberalise and privatise irrespective of their economic and social national circumstances. “In this normative mode, so to speak, the globalisation agenda turns out to be the traditional neo-classical, neo-liberal agenda updated for a world where geographic distance is alleged to have little significance for business activity”.<sup>2</sup> In fact, geography matters, as we will see below.

The ideology is not new and, worse, globalisation failed to deliver its promises: it did not improve the situation of all throughout the world. The United Nations Secretary General challenged recently this dogma: “Trade is the

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most visible manifestation of globalisation. It has proved its ability to deliver jobs and wealth for some. Yet there is widespread unease, and even distrust, about the new economic and technological space we inhabit. So many people have yet to benefit, and in the developing world there has been great dislocation without a safety net.<sup>3</sup> Maybe, finally, the Harry Kissinger's cynical vision has the merit of reconciling ideology and politics when he describes globalisation as an instrument of the US hegemony: "what is called globalisation is really another name for the dominant role of the United States"<sup>4</sup>

### *Regionalisation, a definition*

If globalisation has a strong normative dimension, regionalisation is interestingly the result of a mix of political will, pragmatism, and of spontaneous economic and cultural forces. Yet, before looking for confirmation of this assertion in the review of some regionalisation experiences, it is worth recalling the flexibility of the concept of region. The boundaries of any region depend upon the choice of those who decide to belong to it. The dictionary gives the following definition of a region: "Region: a relatively large territory, possessing physical and human characteristics that make it a unity distinct from neighbouring regions or within a whole that includes it". Indeed, this definition fits with the practice of using the word region to designate a part of a country as well as a group of countries, small or large, depending on the unifying characteristics retained. The region is therefore likely to be better suited in analysing societal behaviours and in making decisions than the global world from which, by definition, no one can decide to escape.

The concept of regionalism is sometimes used in a broader sense. Indeed, the first part of the definition given above suggests that a region should have a geographical continuity while the second part authorises greater flexibility and, for instance, would make the OECD a region. For political, economic, and cultural reasons, it appears that geography matters and, in this paper, therefore, OECD is considered more a club than a region.

Since time immemorial, human groups, - enlarged families, clans, states - have concluded alliances among themselves to increase their security or, eventually, attack others who threatened them. With the emergence of nation states and the expectation of their citizens of policies that improve their welfare, states have entered into regional economic arrangements to secure stability and to facilitate trade and economic development. At the heart of these arrangements are perceived common interests or needs, strong enough to overcome actual political tensions, nationalist sensitivities or competition.

### *Statistical facts*

It is possible to measure the relative progress of globalisation and regionalisation by comparing the evolution of intra and inter-regional trade flows as well as those of foreign direct investments.

A comparison, for the year 2000, between the shares of intra and inter regional trade in the exports of the world's main regions - Europe and North America, Asia and Pacific, Latin America and the Caribbean, Africa, and Western-Asia - shows that, for Europe, Asia and, to a lesser extent, North America<sup>5</sup> and Latin America, intra regional trade is of particular importance. A comparison with similar data over the last fifty years would show that, contrary to what could be expected given the relentless publicity about the "global village" and global markets, the external trade of these regions evolved towards a much closer integration of the countries within each region rather than towards a global engagement. It is a first important fact.

The same data permit to establish a second important fact that the more a region is industrialised, the more important is its intra regional trade. The regional trade concentration has been a long-standing phenomenon in Western Europe that increased especially during the 1960s-1970s and again in the 1990s with the rapid growth of Eastern Europe exports toward Western Europe. The same phenomenon occurred in Latin America and Asia with the diversification of their economies. For Africa and the Middle East, the very low level of regional integration reflects the countries' continuing dependence on a few commodities exported throughout the world and their low level of industrialisation.

With the liberalisation of capital movements, it was expected that capital flows would have globalised. But, foreign direct investments for which data are available replicate, if slightly less sharply, the pattern of regional trade concentration. Even if FDI data by provenance and destination are not among the most reliable of economic statistics, they suggest indeed that, for Western Europe and North America, FDI is positively, and not negatively, correlated with the structure of trade by partner country. The evolution in Asia and Latin America goes in the same direction. For Europe, in a longer historical perspective, the change in concentration is especially marked. According to Angus Maddison, in 1914, at the end of what could be called the previous phase of "globalisation", just under 19 per cent of the gross value of western European capital invested abroad went to other parts of western Europe, 40 per cent was invested in Latin America, Asia and Africa, 14 per cent in eastern Europe, against 58.7, 12.6 and 3.7 per cent respectively for the period 1990-1997.<sup>6</sup> There is no globalisation of Western European Investments, but increasing concentration in the region.

Statistics confirm the dynamism of regional integration and, also, its sensitivity to development levels. They do not reflect a trend toward globalisation in the trade of goods and in foreign direct investment. This leads

to the conclusion that despite the reality of technical factors that should accelerate globalisation and the strength of the ideology and interests behind globalisation, geography and, therefore, the rationale for regional agreements continue to matter.<sup>7</sup>

### **Economic and social cases for regional arrangements**

Having discussed in the previous section the trends toward globalisation and regionalisation, this section reviews four global issues, hunger, global finance regulation, rules for global enterprises, and sustainable development and suggests that a regional approach would be better than a global one to solve the problems, reach a consensus, and facilitate the involvement of the people.

#### *Hunger*

The scandal of hunger among peasant families calls for regional agreements that would aim at food sovereignty by protecting local food production and supporting family farmers. This view is obviously controversial as the common battle of the developed and developing countries is not protection but “access to market”.

The desire of governments to feed urban citizens at low cost, bilateral pressures of food exporting countries, conditions imposed by International Financial Institutions in the framework of structural adjustment programs or debt alleviation mechanisms, and WTO rules led progressively to food trade liberalisation in most developing countries and countries with economy in transition. This puts the small farmers of these countries in direct competition with farmers from developed countries who have benefited from state support for decades and whose exports are directly or indirectly subsidised. The competition is obviously unfair and the main cause of hunger for poor rural families who, according to FAO, IFAD, and the World Bank, represent more than 70% of those suffering from hunger today. Indeed, because of declining prices and to meet compulsory expenditures such as housing, health care, education, and food, peasants are forced to sell an increasing share of their production, leaving their families without enough to eat and themselves without the resources to buy the equipment and inputs necessary to increase productivity. The dumping of food products on international markets contributes to the impoverishment of small farmers in developing countries while price fluctuations contribute to food insecurity.

Markets do not adjust production to demand for many agricultural products as peasant who cannot shift to other productions tend to increase their offer to compensate the reduction of prices, which create over supply and accelerate the fall of prices. In most of the OECD countries subsidies permit peasants to survive, this is not the case in developing countries. Over supply and subsidies affecting food products deprive prices on international markets of any economic signification, as they do not even reflect the production costs of the most productive agricultural systems. Thus, these prices on international markets cannot be taken as a reference when deciding on agricultural development policies and should not be allowed to determine prices on domestic markets. Developing countries should recover the necessary policy space to conduct their agricultural policies and fight against hunger. In particular, the right to impose duties on food imports should be recognised as part of a strategy to increase food security and concretise the right to adequate food for both small farmers and vulnerable urban dwellers. Import duties are not contrary to the principles and good functioning of a market economy. Many developed countries have, at a certain moment of their development process, protected their agriculture to increase the income of peasants and to provide a market for emerging industries and services.

It is likely that countries could more successfully conduct such policies on a regional basis for, at least, two reasons. The first is that contrary to industry, agriculture is diversified even in poor developing countries. Regional trade of agricultural products could help overcome climatic hazards, promote the harmonisation of food norms, and facilitate further integration in other sectors. Second, a group of countries carries more weight in international negotiations or vis-à-vis financial institutions for obtaining the margin of manoeuvre they feel necessary to fight against hunger.

More generally, the issue of hunger points to the lack of consistency between decisions taken at the IMF and the World Bank or rules established at the WTO, on one side, and the Covenant on Economic, Social and Cultural Rights on the other. If principles guiding different institutions and obligations flowing from international agreements lead to conflicting policies, there should be a hierarchy among them. In the case discussed here, the right to adequate food, one essential human right, should take precedence over trade rules.

This issue of hierarchy among international obligations of the States is important for permitting people to exercise their democratic right to monitor and eventually challenge economic policies or decisions. In the hands of the people and civil society organisations, the human rights, including the economic, social and cultural ones, could indeed become powerful instruments if they have precedent on WTO rules.

### *Global finance regulation*

In the aftermath of the crises of the 1990s, particularly those of Asia and the Russian Federation, renewed attention was given to how to prevent financial crises and how to avoid contagion if a crisis develops in one country. The dynamism of intra-regional trade and financial flows described above, which increases macroeconomic linkages among countries of a same region, gives a permanent actuality to these two issues and strengthens the argument, that regional rather than global institutions should play a central role.<sup>8</sup>

The prevention of financial crises goes through the improvement of prudential regulation, macroeconomic surveillance, and supervision of national financial systems. Immediately after the crises of the 1990s, there was an attempt to design global norms for strengthening these mechanisms. But, it soon appeared that differences in legal traditions would make it difficult to establish such norms and that it would be preferable to leave responsibilities in the hands of existing regional institutions. Mechanisms for setting prudential norms already exist in America, Europe and Asia and could be established for Africa and the Middle East if these regions intended to follow particular rules.

Traditionally, the IMF exercises surveillance. Nevertheless, during the turmoil of the Asian crisis, Japan went as far as proposing an Asian Monetary Fund, (AMF), a regional IMF for regional surveillance and crisis management. Later, Africa, in the framework of its New Partnership for African Development (NEPAD), has decided to exercise regional surveillance, and the Economic Commission for Africa has, since, proposed some preliminary guidelines for peer reviews. Surveillance can certainly be exercised at the regional level, but if the IMF keeps responsibility for crisis management and does not recognise the validity of regional surveillance, countries are likely to be reviewed twice, which is time consuming, and could be confusing if norms differ. This calls either for regional IMFs or for an agreement between the IMF and regional surveillance institutions.

The risk of international contagion in the case of major balance of payments crises could, *a priori*, justify management of these crises by a world institution, such as the IMF. In fact, during the Asian crisis, it was the measures taken by the Federal Reserve, not by the IMF, that prevented a world extension of the crisis. But, from an Asian point of view, the crisis itself was not appropriately managed by the IMF: contagion in the region was not avoided, conditionality delayed the transfer of funds that were immediately needed to prevent the deepening of the crisis, and policies imposed on the countries pushed them into a long recession, at the exception of Malaysia that ignored IMF recipes.<sup>9</sup> Macroeconomic consultation and surveillance under the auspices of the IMF are necessary to guarantee policy coherence among major industrialised countries (meeting of the G7 ministers of finance); but, it is inefficient to try to globally manage the externalities generated by macroeconomic policies on neighbouring countries, regional effects of potential debt standstills and workout procedure. Regional arrangements offer a far more adequate framework and, in particular, may react more rapidly and adequately than the global International Financial Institutions.

Beyond crisis management, regional institution could play a role in resource allocation. There is a good precedent with the European Regional Development Fund that allocates resources to less advanced regions of the EU countries. It played a key role in the development of Ireland, Greece and Portugal and was an element of EU attractiveness for Eastern European countries. The creation of similar funds for Africa, Asia, Latin America and Western Asia would require resources, allocation criteria and institutions for managing them. Resources should come from each region as a mark of regional solidarity and could be based on import duties. They should be supplemented by international public aid. Allocation criteria should be established on a regional basis to better fit country needs and facilitate regional integration. The Regional Commissions have the capacity to host the necessary negotiation and to monitor implementation of the criteria. For managing the funds, regional Banks exist in each region with the exception of Eastern Asia. They have the expertise and the credibility. That being said, the failure of establishing a fund for the diversification of African commodities under the auspices of the African Development Bank illustrates the reluctance of developed countries for funds they do not control. It remains that the poor achievements in development and surveillance of global financial institutions at least authorize to explore other avenues, including the regional ones.

Strong regional financial institutions could serve as buffers in crisis management, provide a better-informed, and appropriate service and finance to small countries. The idea of regional monetary funds, brushed aside by the US Treasury, should be reconsidered and the role and means of Regional Development Banks enlarged. Indeed, “for smaller countries, access to a broad menu of alternatives to manage a crisis or to finance development is relatively more important than “the global public goods” that the largest international organisations provide.”<sup>10</sup> Due to their small size, their negotiating power vis-à-vis large organisations is very limited and regional organisations are more likely to better address their needs. Once again, the regional institutions can avoid the “one fits all policies” more easily than the global ones.

### *Rules for global enterprises*

Enterprises attach great importance to predictability and transparency of the rules to which they have to comply. From this point of view, as they may operate globally, they welcome the global rules related to trade, investments, national competition and intellectual property rights that WTO is promoting. Nevertheless, there are two areas where, in the absence of global rules, regional ones can offer an alternative. First, there is no global rule to regulate international competition. The EU has developed regional competition rules that could inspire the endlessly postponed debate at the global level. Second, recent scandals have shown that existing accounting and reporting mechanisms can be manipulated and provide misleading information to stakeholders who, therefore, lose confidence, which undermines growth and employment.

Also linked to accounting mechanisms but more important for the employees and local development is the practice of certain multinational corporations to manipulate the internal transfer prices of services or goods in order to make losses or benefits appear where more advantageous. This may lead to organising the bankruptcy of a sound subsidiary, leaving creditors and employees without recourse and eventually retirees with under-financed pension liabilities. The liberal answer is that the market will eventually sanction wrong behaviour. It is not convincing. To attempt negotiating a unique accounting system may not be necessary and, in any case, would be very difficult because of differences in legal systems and habits. In existing regional forums, like the UN Regional Commissions and the OECD, comparisons between the national rules applied to auditing entities could already help in the development of criteria and legal obligations that countries concerned with the recent drift of the capitalist system could apply. Certainly, the regional debates should aim at agreements on principles rather than on detailed rules. In the United States, there is a precise list of what the enterprises should not do in reporting on their activities. A good lawyer can demonstrate that the companies did not infringe the precise rules even if the spirit that guided their adoption was violated.

The setting of principles at the regional level would be easier if, at the global level, the debate, the international debate should address the responsibilities of the firms vis-à-vis customers, employees and shareholders and consider if the absolute priority given to shareholders during the last twenty years is not undermining the whole system. It will not be easy “in a political climate in which corporate insiders get pretty much what they want” and the politicians who do their bidding are not likely to pay any price.<sup>11</sup> The United Nations Secretary General, Kofi Annan may have had these issues in mind when he proposed the “Global compact” to the heads of large companies gathered in Davos. It is regrettable that the UN was unable to follow up, in particular with a thorough debate on accounting standards and governance practices. Here is a case where principles should be discussed at the global levels and applied at the national or regional levels depending on the degree of integration of the regional grouping. Such principles would help unions in their effort to protect the rights of the workers.

### *Sustainable development*

Beyond the easy expression of “sustainable development”, action is needed to change behaviours of consumers and producers rather than leaving rules on the book and conducting a few corrective actions. Conducted by enterprises with the dominant objective of short-term maximisation of the value of the stocks and by government striving for GDP growth, economic activities are now threatening the future of our children more than they are building it, a serious threat to human security. It is admitted that if all developing countries, and first of all those of Asia, were to enjoy the pattern of consumption of the United States or Europe, the pressure on natural resources, including air and water, would be unsustainable. This is difficult to say as it could be interpreted as denying other people the right to enjoy American or even European standards. But, it means simply that the model is not adapted to present circumstances: therefore, people from Europe and the United States will have to change their way of life and people from other parts of the world will have to change their implicit model.

More is equated more to better, when in fact more threatens the future. This, also, is particularly difficult to say when so many people are suffering hunger and cannot benefit from their human right to “adequate conditions of living”. But, it is not the lack of food products that causes hunger; it is the inadequate geographical division of their production. If “more” is no longer “better”, to produce more is not the priority. Rather the priority is to better share production capacity, access to production means, and to share them both with all the countries of the world and with future generations. To use René PASSET’s words: “The question becomes: “to produce more? Maybe - but, what, why, for whom and for doing what?” The economic rationality moves to other ground. The criterion is no more the efficiency of the productive apparatus but its capacity to cover human basic needs. ... From competition we move to solidarity”.<sup>12</sup> But then, how to agree on basic human needs, which is closely related to societal values, and how to appreciate the rationality of economic policies? The arbitration between different possible answers can only come from a democratic debate at the end of which the society designs its social goals for a period of time and judges policies on their capacity to meet them

If the protection of our common future goes through changes in consumption patterns and in the production process, there is room for both regional and global action. There are technologies more environmental friendly

than others and it would be worth to make them known and available in the whole world. Changes in consumption patterns are more likely to be feasible at the regional or local levels where new modes of consumption could be developed through a mix of regulations and incentives, technical innovations and initiatives from civil society organisations. Examples already exist of local authorities taking measures to reduce the flow of private cars and improve public transportation, of civil society organisations facilitating dialogue between consumers and peasants that lead to changes in consumption habits.

### **Regional or global Institutions**

To take advantage of regional arrangement and to facilitate coherence between these regional arrangements to mitigate the inconvenient of globalisation and mobilise its advantages call for both consistent and strong institutions. This raises two issues: the choices between global and regional rules and second the relations between regional groups.

#### *Choosing between regional and global institutions*

When choosing between regional or global institutions to address an issue of concern to all countries in the world, the question of diseconomy of scale should be addressed and the principle of subsidiarity applied. In many cases, this is likely to give the advantage to regional institutions for the reasons developed in the first two parts of this paper and, furthermore, global issues do not need necessarily to be given identical answers throughout the world.

When it is considered that a global problem would be better addressed in regional institutions, the issue of coherence among regional approaches and between them and an eventual global one arises. It may be that the coherence needed is simply about finalities and general principles or that closely articulated provisions are necessary. In the example of enterprises given above, accounting and auditing mechanisms may have to be harmonised at the regional level while at the global level only a debate about the relative priority given to consumers, stakeholders and employees may be necessary to avoid misunderstandings about foreign investments. In the case of surveillance, it was suggested that to avoid double inspections the IMF should recognise the validity of regional surveillance, which implies an agreement at the global level on broad principles related to surveillance procedure and criteria.

#### *Historical background of inter regional relationships*

The European Commission was first to establish relations with other regional arrangements. They developed slowly but interesting initiatives in the perspective of globalisation were taken. EEC and ASEAN established informal relations in 1972; they were formalized in 1977. Nevertheless, to date, these relations remain at the level of dialogue on, and reviews of, political, security, and commercial issues despite the importance of ASEAN in EU external trade and the dynamism of Asia. With Latin America, cooperation initiatives focused on cultural and political matters and were more directed to individual countries than to regional groupings of the region until the 1980s. Major changes occurred in the 1980s and 1990s: Europe became aware that its natural cultural links with the region were no longer sufficient to maintain its presence and influence in the region that was becoming less Latin and more American; in addition, Spain and Portugal had joined the Community. Europe helped to restore peace and democracy in Central America through the San José dialogue in 1984. In the 1990s, the emergence of an outward oriented regionalism in Latin America, or “open regionalism”, incited the EU to shift its attention from bilateral relations with countries to relations with regional groupings. To date negotiations with MERCOSUR with the long-term perspective of establishing a free trade agreement are the more advanced.

These developments could not leave the United States indifferent, not only because the Union was playing a political role in Latin America but also because it was exploring with MERCOSUR forms of arrangements between regional entities that might become very attractive for developing countries and change the management of globalisation. A constant goal of American foreign and trade policy is to defend the interest of American farmers and industries, *i.e.* market access and safety for investments, To this end the US (as the EU) has long favoured bilateral agreements with selected countries, yet the renewed dynamism of regional groupings has obliged it to design policies toward the more important among them. They are at the level of dialogue, technical assistance and are supported by lobbies of enterprises active in the region. In the Americas, the USA launched the North American Free Trade Alliance with Canada and Mexico whose implementation started on 1 January 1994 and more recently the Free Trade Area of the Americas (FTAA) that is still in a phase of difficult negotiations. The former is the recognition that even the United States could draw benefits from belonging to a regional free trade alliance and is also seen as a “catalyst for broader international co-operation”. The latter is the traditional pursuit of national interest and also a response to the role that the European Union wants to play in supporting the renewed dynamic of regionalism in Latin America as illustrated by the two following quotations:

“The United States is committed to completing the Free Trade Area of the Americas (FTAA) process by 2005 in order to expand markets for the U.S. goods and services and help insure safe destination for U.S. foreign investments.”<sup>13</sup> “One reason behind the U.S. push to implement the FTAA earlier is the fact that MERCOSUR is set to clinch a free-trade deal with the European Community within the next two years. The United States would like to firm up the FTAA before that happens. . . . MERCOSUR’s turn to Europe has to do with more than just trade and investment. There is also talk for a “little Maastricht” for countries of the Southern Cone, and European know-how and experience is being sought in this regard”<sup>14</sup>.

In the same spirit, it is not surprising to also hear voices from Asia about what model would meet the interests of this region and also that the U.S. wonders about which regional alliance to promote in Asia. Focusing on security issues, Kurt M. Campbell concludes that in Asia “leadership on multilateral initiatives should arise from within the region and then gain support from Washington, rather than the other way around”<sup>15</sup>. This is valid for economic issues as well and echoes a current of thoughts in Japan that calls for a sweeping reconsideration of the fundamental “Follow the U.S.” mindset within the Ministry of Foreign Affairs. Considering that Japan has more in common with China than with the U.S. because of history and geography, remembering that the U.S. opposed a plan for an Asian Monetary Fund that could have prevented the Asian crisis from spreading and interfered in many Asian economic issues, Makoto Taniguchi welcomes the new attitude of Japan vis-à-vis ASEAN + 3 (China, Japan and South Korea) and calls for “regional co-operation in East Asia through the establishment of economic zone [which could] be one of the ways to bring peace and political stability in this region”<sup>16</sup>.

Regionalism could therefore be one of the possible stones on which to build a system of governance of globalisation, a system that EU and the US, are already trying to shape to serve their economic and political interests.

#### *Articulating global and regional levels.*

Certainly, the development over the last decade of what some authors call inter regionalism is particularly important for the management of globalisation in the future. The EU relations with regional groupings, has taken on a new dimension with the Single European Act, 1987, and the Maastricht Treaty, 1992, which gave the Commission a mandate to raise the profile of European external policies. As already mentioned, the conversion of the U.S. to regionalism and the prudent move of Japan toward considering the strategic possibilities of regionalism, challenge the EU leadership in this domain. This has also encouraged regional entities in the developing world, traditionally attached to develop intra regional activities, to enlarge their ambitions to the development of inter regional relations.

Will therefore inter regional relations become the determinant factor of globalisation and the main instrument of its governance? The answer is far from being clear. So far only a few regions have established bilateral dialogue mechanisms, they have not signed any binding agreement. The dialogues cover a broad range of issues: the economy and development, environment, cultural co-operation, political and security matters, but at this stage it is difficult to say that they will play a significant role in determining the future map of commercial and geopolitical relations. For instance, the ASEAN-EU is still to envisage a “Trans-Regional EU-ASEAN Trade Initiative (TREATI) that could lead to a preferential trading agreement in the future. EU and MERCOSUR have exchanged information on tariff barriers and have clarified tariff offers, but doubts linger about the intentions of the EU to finalise a comprehensive agreement on market access which is at the very heart of objectives of the MERCOSUR countries.”<sup>17</sup>

Inter regional relations are still in need of proper practices, clear goals, and concrete results. They have to transform dialogues into negotiations of agreements, to find ways to compensate imbalances between parties and to prove that they have a positive impact on global negotiations. If they succeed, they will have a decisive influence in the management of globalisation, if not, they will remain another layer of discussion, useful but time consuming. To succeed there are at least three conditions. First, once again, the secretariats of the regional groupings should have delegation of authority and clear mandates to take initiatives and explore possible inter regional agreements. This is not often the case as illustrated in a recent encounter between the EU and ASEAN, where Pascal Lamy, the European Commissioner, found himself alone vis-à-vis ministers from each ASEAN country who had divergence among themselves on what to achieve and how. Second, bilateral relations between regional groups should be institutionalised, which means that they take place regularly with an agenda prepared in co-operation between the secretariats. Third, the regional institutions should provide for democratic expression of the people, if not the arrangements made between regions may prove difficult to implement.

#### *And the civil society?*

The world of civil society organisations (CSO) is extremely diverse. They have an impact through the ideas they develop and the actions they conduct. This is well known at the national and local level and on sectoral issues at the regional and global level.

Through their participation in the UN debates and negotiations in particular, CSOs feel now the need to contribute to the world governance, and influence governmental decisions. The involvement of the civil society in United Nations activities began on the occasion of the first global conference on the environment at Stockholm in 1972. Thereafter the civil society has been present to all global conferences. Confined for two decades in lobbying activities, they delivered statements in plenary and volunteered general propositions outside the negotiating rooms. Increasingly, they are now more and more invited to participate in the debates and to make precise proposals in the negotiations even if, the UN remaining an intergovernmental organisation, they are not part of consensus decisions and do not vote.

At the same time, because of the multiplicity of the CSOs and their divisions, the relationship between the UN and the civil society risks becoming unmanageable unless they organise themselves. Representatives of the civil society met in Geneva in June 2003 at the invitation of the United Nations Non-Governmental Liaison Service (NGLS) to discuss the matter. Interestingly, they recommended refraining from participating massively in fashionable global meetings, “redressing the perennial deficit of southern NGO participation in the UN process”, and, interestingly for the purpose of this paper, regionalising their relations with the organisation. They went on to say: “different experiences to date suggest that it is important to avoid a “top-down” approach to regionalisation where the UN chooses its regional partners (however expedient from a political and bureaucratic perspective) as such an approach ... may lack both sustainability and legitimacy. Instead, it was proposed to build gradually on processes and networks that have formed endogenously at the sub-regional and regional levels.”<sup>18</sup>

### **Concluding remarks**

Regional economic arrangements, whatever form they take, recall the necessity of understanding the historical and political context of the socio-economic problems for which they are searching effective policies and strategies. Automatically, they go against the neo-classical approach imbedded in the normative dimension of globalisation that, in its tendency to prescribe “one-size-fits-all” policies, plays down the importance of socio-economic processes that they present as a constraint on policy-makers’ freedom of action.

Regionalisation demonstrates its dynamism through the construction of multiple regional entities or agreements. These entities are now entering into organised relations. The nascent inter regionalism will influence the course of globalisation and its management as much as nation states will have delegate more responsibilities to the region to which they belong. But such a construction needs a democratic pillar, if not the region will be used by the governments as a scapegoat for unpopular decision and the regionally managed global economy may not be more human than the present one. The awareness of the CSO that they have to organise themselves in order to play a role in shaping the evolution of the global and regional governance is an asset for the democracy.

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<sup>1</sup> See Yves BERTHELOT, *Regionalisation and Globalisation, Two Concomitant Dynamics in Need of Coherent Institutions*, a chapter contributed to a book on globalisation edited by Jean-Marc COICAUD, Ali

KAZANCIGIL, and Pierre de SENARCLENS, United Nations University, 2005

<sup>2</sup> “Globalization: A European Perspective”, note prepared by the secretariat of the United Nations Economic Commission for Europe to the Interactive Debate with Heads of UN Regional Commissions at the UNCTAD X Meeting, Bangkok, February 2000.

<sup>3</sup> In the statement of the UN Secretary General at the WTO Summit delivered by Rubens RICUPERO, Secretary General of UNCTAD, in Cancun, 10 September 2003.

<sup>4</sup> Henry KISSINGER, “Globalization and the World Order,” A lecture delivered at Trinity College, Dublin, 12 October 1999.

<sup>5</sup> Intra regional trade in North America is low compared to intra European trade because trade between the different USA States is not taken into account.

<sup>6</sup> Angus MADDISSON, *Monitoring the World Economy 1820-1992*, OECD, Paris 1995, table 3-3, p.63

<sup>7</sup> *Unity and Diversity in Development Ideas: Perspectives from the UN Regional Commissions*, Edited by Yves BERTHELOT, Chapter 1 by Yves BERTHELOT, Table 1.3 and pp. 42-44, Indiana University Press, Bloomington and Indianapolis. 2004

<sup>8</sup> José Antonio OCAMPO, “Recasting the International Financial Agenda”, paper drawing on the work of the author as coordinator of the Task Force of the United Nations Executive Committee on Economic and Social Affairs (1999), as well as joint work with Stephany GRIFFITH-JONES supported by the Swedish Ministry of Foreign Affairs.

<sup>9</sup> For further details on surveillance and crisis management see Yves BERTHELOT, “The international financial architecture – plan for reform”, in *International Social Science Journal*, No 170, (December 2001), p 585-596

<sup>10</sup> José Antonio OCAMPO, see note 7.

<sup>11</sup> See Paul KRUGMAN “The U.S. corporate system still needs fixing” in the *International Herald Tribune* Saturday-Sunday, January 10-11 2004.

<sup>12</sup> René PASSET, Pourquoi la question de l'éthique devient-elle incontournable en économie? Communication to the General Assembly of Political and Ethical Knowledge on Economic Activities, PEKEA, Rennes December 2003.

<sup>13</sup> US-AID. Caribbean Regional Program

<sup>14</sup> Otto J. REICH, Assistant Secretary, Bureau of Western Hemisphere Affairs, U.S: Department of States, *U.S. Policy in the Americas and the Role of Free trade*, [usinfo.state.gov/journals/](http://usinfo.state.gov/journals/) Internet access 28 08 2003

<sup>15</sup> Kurt M. CAMPBELL, senior vice president and director of the International Security program at the Center for Strategic and International Studies, “The Challenges Ahead for U.S. Policy in Asia”, condensed version of a presentation to FPRI's Inter University Study Group on the U.S. and Asia, 30 March 2001

<sup>16</sup> Makoto TANIGUCHI, Director, Research Institute of Current Chinese Affairs, Waseda University, “Without an Independent and Multilateral Foreign Policy, There is no Future for Japan”, in *Sekai*, July 2002

<sup>17</sup> “Global positioning of the European Union and MERCOSUR: Towards a New Model of Inter-regional Cooperation”, Annual Lecture of the Chaire MERCOSUR, Institut d'Etudes Politiques, Paris, 4 April 2002

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<sup>18</sup> Report of the Consultation with Civil Society on “The Crisis in Global Governance: Challenges for the United Nations and Global Society”, Geneva 4-6 June 2003