THE ROLE OF REGIONS IN GLOBALISATION

I. BETWEEN REGIONAL INTEGRATION AND WORLD GOVERNANCE

In the light of the extremely rapid changes occurring at the beginning of this new millennium, a recurrent question for economists and political experts is once more being raised: after several decades of regional integration, are we not now faced with a return in force of a new form of world governance? We might well wonder, if we observe how the pendulum has been swinging over the past three centuries. When worldwide market mechanisms are operating at full power, European countries see increased competition. In contrast, when world mechanisms contract under the effect of political crises or retreats into national identity or protectionism, Europe tends rather to exchange its comparative advantages. This phenomenon was particularly noticeable in the 18th and 19th Centuries in the early stages of capitalism (cf. Objective 2009: “A giant leap for Europe, a small step for the Regions – CPMR – p. 25 to 48).

Since the last world war, this subject has remained somewhat of a taboo. For a lasting pacification of the European continent to bring political advantage to the whole planet, the economic weapon had to be used as a weapon of peace. Since Europe had been the source of two tragic conflicts in the space of less than 30 years, the main priority was to pacify to protect the world from another risk of major conflict. The Marshall plan was introduced to offer the initial conditions for growth and lasting stability. Economic competition with the United States and the rest of the world was not an issue in a world in the process of reconstruction. This was no more the case during the cold war years. Debates were focused more on the developments of the two economic and political blocs that were confronting one another ideologically on the international stage.

Since the Bretton Wood conference in 1944, there have nonetheless been numerous initiatives – mainly by the Americans and some Europeans – to gradually integrate the world economy, by essentially reducing customs duties and, on a more marginal scale, attempting to introduce new rules of good conduct. The general agreement on tariffs and trade (GATT) signed in 1947 underwent 8 rounds of talks with varyingly successful outcomes, until the famous breakdown of the Uruguay Round in the early 90’s which marked the end of this era of trial and error. At the same time, Europe was continuing its successful expansion and integration process, taking it beyond customs integration alone (common market) to concentrate on other phases of its economic integration right up to the Economic and Monetary Union for some Member States. In 1991, the year of the failed Uruguay round, Europe ratified the Maastricht Treaty, which gave it a real leading edge in terms of economic and political integration in the world context. At the same time, the iron curtain came tumbling down, thus marking an end to the political damage inherited from the Second World War. It was no coincidence that one year later, the EU summit in Edinburgh called unanimously for an unprecedented increase in the Union’s internal budget. World integration was at a standstill while European construction was experiencing one of its most euphoric periods. The European model of economic integration was in full swing, where new members were enlarging the market with the most competitive economies while in return benefiting from subsequent

1 ‘Regional integration’ should be taken to mean the integration of States into world-ranking entities such as the European Union, Alena, Mercosur, etc.
resources to secure their development. At the same time, the initial outlines of a forthcoming historic enlargement were already in everyone’s mind.

Meanwhile on other continents, old divides related to colonisation and then the cold war had, with varying degrees of success, begun to be succeeded by mechanisms of regional economic integration. Asean, Mercosur, Alena and the Andean Pact paved the way, later to be followed by numerous more or less embryonic regional integration initiatives, mostly in Africa, Oceania and the Middle East. In the late 1990’s, the first worldwide political debates were beginning to oppose a multi-polar vision of the planet against a more global vision. This debate has not yet been settled.

Since the creation of the WTO on 1st January 1995, the world context has gradually begun to change. In 1995, China acquired observer status sensing that something was at stake here, while already dreaming countries in South-East Asia, South America (Chile, Mexico and Uruguay more recently) attempting to muffle the initial signs of new internal competition. It regularly reaffirms its unity, in research and innovation compared with its main rivals, it is trying to find a fresh impetus while the United States. Halted in its growth by a demographic downturn and an increasingly marked shortfall questioning its competitiveness and growth differential in relation to comparable economic blocs, mainly although it is unable to compete with the rising force of the new world trade heavyweights, it is nevertheless front in the WTO negotiations at the price of some tough internal decisions. With regard to its economy, which makes it a unique model on the planet. Indeed, it is no coincidence that it moves forward as a united strategies that act as vectors of growth.

In this context, Europe’s situation is very different on account of its high degree of regional integration which makes it a unique model on the planet. Indeed, it is no coincidence that it moves forward as a united front in the WTO negotiations at the price of some tough internal decisions. With regard to its economy, although it is unable to compete with the rising force of the new world trade heavyweights, it is nevertheless questioning its competitiveness and growth differential in relation to comparable economic blocs, mainly the United States. Halted in its growth by a demographic downturn and an increasingly marked shortfall in research and innovation compared with its main rivals, it is trying to find a fresh impetus while attempting to muffle the initial signs of new internal competition. It regularly reaffirms its unity,
but on many points appears to be deeply divided as to how the economic chapter should evolve – adoption of a 2007-2013 budget down for the first time since the post-war period; division on how far Euroland should be extended; wide differences in opinion on furthering taxation rules – all against a background of uncertainty with regard to the future of the Constitutional Treaty.

Public opinions are expressing concern. Some have difficulty in taking on board the new deal on globalisation, while a further deepening of European integration is far from being achieved. Attempts to withdraw into national interests are being experienced in most countries against a background of necessary adaptation to change. The fear of relocations, especially in the wake of the enlargements, has not yet subsided, than already the new members are fearing competition from new low-wage countries that also want to have their share of world growth and deepen their relations with the Union.

In this context, two ideological responses are brushing aside traditional divides and now confronting one another, between on the one hand the growing need to continue deepening the process and, on the other, the need for a comprehensive overhaul to adapt to the new world deal. Does this mean the start of a U-turn in European integration or, on the contrary, the beginning of a crisis necessary for any significant step forward? There is no way of telling just yet. In the meantime, in the spring of 2006, despite some long prevarications, the Heads of States and Governments confirmed the priority to be given to the objectives set out in the Lisbon agenda to maintain their comparative advantages in the international context, especially vis-à-vis the United States. In the light of the magnitude of the challenges and the slow pace of certain reforms, we might remain reasonably sceptical about the expected results.

III. WHAT PLACE FOR THE REGIONS IN THIS NEW WORLD ORDER? 2

III.1 Towards a worldwide affirmation of the regional level?

The phenomena of economies catching up in some parts of the world have the induced effect of fostering the emergence of new forms of governance and stronger aspirations for more democracy and greater opposition powers within States. While western societies, especially in Europe, have long been experiencing on-going developments in these areas (need we recall the pioneering role the CPMR has been playing since 1973?), other countries on other continents are witnessing a strengthening of the first sub-national tier of governance in public policies, regardless of the nature of institutional systems in force:

- In India, there is no need to recall the federalist tradition that is highly respectful of linguistic and cultural diversity. However, since the end of economic protectionism in the early 90’s, the driving role played by the regional level in helping along economic development is finding a new lease of life;
- In China, the extreme diversity in growth can no longer be looked at without a more in-depth examination of imbalances between the provinces. While some are specialised in strategic functions within the world economy, others remain sadly on the sidelines of progress. There is no single Chinese integration model into the global economy, but rather several, which vary depending on the specialisations of the different Chinese provinces within the international division of labour (low-wage manufacturing regions, research and innovation centres, business and financial centres, etc.);
- In Latin America, while the regional phenomenon has long been a firm reality in Brazil and Mexico, it is tending to extend gradually to all countries throughout the continent, particularly Argentina, Paraguay and Chile. Regional associations similar to the ones in Europe are in the process of being set up or strengthened;
- In Africa, three countries stand out in terms of affirming the regional level. These are South Africa, which benefits from a pioneering role with its provinces; and to a lesser extent Morocco and Tunisia where the initial outlines of regionalisation are being consolidated;
- Other particularly vast and populated countries, for example Indonesia, are gradually becoming aware that in a modern economy, the only response to the diversity of territories making up the land is to affirm the regional level.
- In the majority of developing countries, affirming the regional level remains somewhat of a pipe dream. However, the international patrons (UNDP, World Bank) are making the emergence of this level one of their main objectives to ensure greater stability in the governance of international aid and to better respond to the fluctuations in power and shortfalls in good governance in the leadership of many States;

2 ‘Region’ should be taken to mean the first sub-national level of government.
In the rest of the Western world, situations still of course vary widely between American federalism, the Australian states and territories or the Japanese model, but no-one would ever dream of hindering the process of gradually devolving and decentralising a certain number of powers.

There exists of course a very wide diversity in regional levels throughout the planet, but no more so than the diversity of States. Between the Tonga Islands, Lesotho and Costa Rica on the one hand, and the United States, Russia and China on the other, these differences can even sometimes seem more marked. Rather than making this type of comparison, the issue is more about inventing and developing systems of public representation in a more open world, where the relationship citizens have with the political world is undergoing a complete revolution, especially under the impact of new information and communications technologies.

III.2 How can the Regions contribute towards a successful globalisation process?

In the global context, there is still much work to be done in terms of identifying common issues at stake for all regional entities. There is no doubt that when it comes to major trade negotiations, most of them are still better off abiding by their respective States. However, they are likely to have special interests which, while not necessarily falling within the priorities of their central governments, are secondary to them, and these they would like to put to advantage on the international scene. It is this work that we essentially need to explore and debate during the Azores seminar.

There are a number of avenues to be explored at present:

a) In terms of governance of international relations:
   - Try out new forms of governance and relations with citizens (participative democracy, overhauled socio-economic partnership, etc.)
   - Reform the way decentralised cooperation is led on a global scale in association with the international patrons (UNDP, World Bank, etc.);
   - Look more closely at public expectations with regard to the different levels of organisation of economic and political activities, from global to local (benchmarking);
   - Express a regional voice in the main international organisations beyond that of representatives of civil society and NGOs;
   - …

b) In terms of economic and trade development:
   - Strengthen their role as a player in their economic development in association with the businesses established in their territory (benchmarking),
   - Assist regional businesses in trade strategies (import/export, industry branch policies, etc.)
   - Attract foreign investments through territorial marketing policies, trade fairs and exhibitions, etc.

c) In terms of sustainable development:

The regional contribution should help to strengthen the objectives adopted at international level. One option for instance could be to organise this contribution in accordance with the five main areas defined by the Millennium Goals, i.e. water, energy, habitat, agriculture and biodiversity.

The nrg4SD network has for example adopted a certain number of principles for action that may serve as a reference for regional action:

- Forestry management;
- Water;
- Sustainable and renewable energies;
- Developing the added value of regional action for international cooperation;
- Minority languages;
- Fair trade;
- Sustainable tourism;
- Sustainable development strategies.
Other ideas may be raised, such as:

- Developing benchmarking for public policies designed to tackle a certain number of global challenges (e.g. climate change);
- Participation of the regional level in global decision-making bodies in the maritime field (IMO/IOPCF for maritime disasters, etc.);
- ...

III.3 Conditions for success

For the Regions to be able to play a role and secure their place in globalisation, they need to be able to meet a number of prerequisites.

- The first concerns their representativeness in the face of international organisations, particularly the different UN bodies. This only currently exists for local authorities and has begun to be structured at regional government level through the nrg4SD network;
- The second concerns the status that Regions are able to obtain with international organisations. Regional governments cannot settle with the same kind of observer status as NGOs for example. Attempts made so far to involve bodies other than national governments in the decision-making process at international level (e.g. the seven groups of partners set up during the Johannesburg Summit) have not proved successful and the IGO (Inter-governmental Organisation) status still remains to be defined;
- The third condition is one that concerns the Regions themselves. They need to consider international relations as a dimension of their regional policy and reorganise their internal organisation chart and budget accordingly.