



UNU-CRIS Occasional Papers

0-2004/4

Regional Integration and Global Governance

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This paper has been published in UNU Nexions, August 2003.

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In our globalised world, societies are affected more and more extensively and deeply by events of other societies. Debates on globalisation raise questions regarding the appropriate political response for dealing with both its negative and the positive effects. One of the fundamental questions is at what level action should be situated. Actions can be taken by the national and local authorities, but as it is often the case, these authorities are limited in their ability to tackle global and thus transnational problems. On the other hand, there are the global worldwide institutions such as the United Nations and the Bretton Woods institutions. And in between both, there are the regional institutions as well (such as the European Union, Mercosur, NAFTA...) and perhaps it is exactly at that level that globalisation is best dealt with.

This may seem surprising as at first sight it could only be the United Nations who as a global institution offers a political answer to globalisation. After all, the United Nations was founded in 1945 in an attempt to create a multilateral world forum where sovereign states can clear up differing opinions and where common actions about peace and development can be stimulated. Today however, the world is dramatically different from that of the post World War II period in which the United Nations was founded. First of all, the geopolitical stability of that system disappeared with the end of the Cold War. Secondly, a lot more countries are now members of the United Nations than used to be the case (from the original 51 the number has raised nowadays to 191 Member States), which means that the functioning of the General Assembly is not getting easier. Thirdly, States now have to share their hegemony on governance and their capacity to regulate economic transformation more and more with local governments, supra-national groupings and non-governmental actors. And finally, as shown in the recent Iraqi crisis, not all States seem to accept multilateralism as the dominant principle on which the world order has to be based.

So how should the United Nations deal with globalisation ? Should one stick to the old model of a club of nations ? Or should one search for alternative models in which other actors, such as regional organisations, can play a role ? The fact is that regional

integration is becoming a major geopolitical process. After the Second World War, a first wave of regionalisation focused on trade and payments liberalisation between neighbouring countries in order to spur inter-country transactions. The current wave of regionalism is different as it is increasingly no longer about trade only, but also about security and regional public goods such as managing water basins, infrastructure, energy and the environment. In addition, Europe has managed to develop a model of integration that incorporates political elements in a deep economic integration. Indeed, what is happening in the European Union is innovative and it has led to a complex multi-level governance system with deep co-operation between states, a devolution of power within states and a strong international legal framework. This has created a political model, often called '*the new regionalism*' that challenges assumptions about governance all over the world. Of course, European integration cannot be seen as the 'model' for the rest of the world. But the underlying idea of multi-dimensional regional integration that implies co-operation along a number of different dimensions such as culture, politics, security, economics and diplomacy deserves to be taken seriously in all political and economic efforts to achieve stability and prosperity in a given region. It is also clear that the new regionalism has consequences for multilateralism. The European Union has 'only' observer status at the UN, but meanwhile it is party to over 50 multilateral agreements concluded under its auspices !

Right from its origins, the UN has struggled with the question of what place supranational regional organisations should and could take in achieving the UN goals. On the one hand, there is the position that regionalism blocks the necessary global and universal approach needed to solve the global problems of today. On the other hand, there is the position that regionalism can serve in realising the overall UN goals. In my view, the later position is indeed the one to be defended if one believes that multilateralism has to be the main organising principle of the world order. New regionalism can play a major role in providing the necessary legitimacy for multilateralism as it is a mechanism that (i) allows small countries to have a voice next to large countries, and (ii) allows poor countries to integrate more easily in the world economy. Also, regionalism can be a way of harnessing the larger countries (superpowers) to recognise their responsibility in playing a constructive role in their region.

Regionalism does not necessarily contradict the universalistic position of the United Nations. It may be considered rather as an attempt to “channel” globalisation at an optimal policy level. Global governance structures may not operate so readily to reflect the interests of individual countries, while national level responses and UN-level (global) may be ineffective. If the answer is regionalism, then a mechanism needs to be found that enables small countries, developing countries as well as “superpowers” to exercise equal weight in decision-making processes. The Belgian Prime Minister Verhofstadt recently formulated a proposal for such a mechanism : his idea is to convert the G8 into a “network of the big regional continental organisations”. In that framework Verhofstadt is thinking about a club of regional groupings such as the European Union, Mercosur, ASEAN, etc... In such a club the *African Union* could have the same weight as for example ‘NAFTA’. And each regional grouping should act as a forum to balance small and big countries interests. As one can imagine there are lots of critical and practical objections to such a proposal, such as : Who is going to stipulate who can become member of what club ? Will the small countries within each of these regional groupings have enough say? Will any alliances be created that again contain the classical North-South contradictions ?

However, the idea of Verhofstadt deserves to be taken seriously as it corresponds to the reality of today, namely that regional organisations are becoming more and more important. But, in my opinion it is the United Nations rather than the G8 that should become the forum in which the world regions can enter into dialogue with one another. As a matter of fact, this is already foreseen in chapter VIII of the United Nations Charter where it is mentioned that there is a possibility to work with regional regulations within the United Nations. Today, regions do play a role within the UN system at different levels. First there are the regional groupings and caucuses that function within the UN (as institutionalised by the Charter). Secondly, there are economic regional substructures set up by the UN. Thirdly, there are non-UN regional organisations that have obtained observer status within the UN. And finally, there is the regional dimension of the composition of the Security Council. Thus, it should be possible to create within the United Nations, a forum in which world regions engage in inter-regional dialogue and where responses to globalisation can be

agreed on a collective basis, and hence can be executed at the level of each of the regions separately. This, however, is not possible without a profound rearrangement of the present existing blocs within the United Nations. My proposal is thus to think about a system in which the existing regional actors such as the European Union become the building stones of a United Nations' forum. This entirely corresponds with what has been said in the still very worthwhile report 'Our Global Neighbourhood' of the United Nations Commission on Global Governance, namely that the challenge for the development of a good working system of 'global governance' consists in enforcing each others global and macro-regional regulations : *"Decentralisation, delegation and co-operation with regional organs can lighten the burden of global organisations, while generating a deeper sense of participation in a common effort"*.

In order to reach an efficient forum where responses to globalisation can be formulated within the context of a strategic pursuit of the millennium goals, a 'global governance' system needs to coexist with a mechanism of financial and economic support to develop a global public goods policy. My second proposal is hence to create a *regional integration fund* at the level of the United Nations. Such an integration fund can be conceived as an instrument to facilitate the integration of small and poorly-developed economies in an economic space at a regional level. This is not a new idea, similar so-called structural funds are already used to guide European integration (cfr. the Structural and Cohesion Funds). Such regional integration funds could act as instruments of solidarity, facilitating the emergence of a more stable regional organisation of the world economy.

This brings me to my third proposal. The worldwide movement towards more regional cooperation and integration may not be restricted to merely economic integration but needs to contain enough political integration. As recently argued by Professor D. Rodrik (Harvard University), economic growth is in the first instance dependent on well-functioning institutions that accompany free trade and secure an efficient functioning of society as a whole. New Regionalism is about such institution building at the level of regions and it is my belief that such regional integration can be simultaneously a "building block" towards a worldwide-globalised open economy as well as a "*dike*" that protects countries from the negative aspects of globalisation.

But, for this to happen, any regional integration initiative needs to prove its 'added value' by taking into account at least the following eight issues :

- it should contribute to peace and security in the region;
- it should contribute to the creation of an appropriate enabling environment for private sector development;
- it should strengthen trade integration in the region;
- it should develop strong public sector institutions and good governance;
- it should reduce social exclusion and foster an inclusive civil society;
- it should develop infrastructure programmes in support of economic growth and regional integration;
- it should build environment programmes at the regional level;
- it should strengthen the region's interaction with other regions in the world.

It should also be noted that New Regionalism has a lot of potential benefits for developing countries. Not only it can contribute to a smooth and gradual integration in the world economy and strengthen their position in WTO, it also provides a framework for public investments at a regional scale.

Regional integration can in my opinion make a significant contribution to realising the challenges of globalisation, while at the same time helping to overcome the problems raised by the processes of world-wide integration. The much needed regulatory framework for globalisation could be best situated at the regional level. But, as emphasised in the above proposals, it should be situated within the framework of the United Nations, as an instrument of legitimising multilateralism.

For this we urgently need new ideas on regulatory frameworks for globalisation and on the UN's possible and potential role in shaping and reforming global governance. One line of thinking could focus on how an organisation such as the United Nations can adapt its procedures in order to enable an increased participation of regional organisations.