

## Does Regionalism challenge Globalisation, or build on it?

Written by Mareike Oldemeinen

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MAREIKE OLDEMEINEN, MAY 13 2010

In a world where the concepts of Globalisation and Regionalism both seem to gain more and more power, it was only a matter of time until the relationship between those two seemingly contradictory processes would become the issue of discussion. What Andrew Hurrell has called the “one world/many worlds relationship”[1] has now become the subject of great academic interest and debate. The two mainstream assumptions that seem to emerge out of that debate either say that Regionalism poses a serious challenge and threat to Globalisation or that that Regionalism builds on Globalisation and that it could only develop the way it did because of Globalisation. If, for the sake of argument, we define Regionalism as “the impact of rising levels of regional social and economic exchange and the links between economic integration, institutions and identity”[2] and Globalisation as “the internationalization of production, capital flows and markets, the emergence of transnational and supranational agencies and the internationalization of culture”[3], then it will become apparent in this essay, that the relationship between the two is not so much about Regionalism challenging Globalisation or building on it. Rather, it will be shown that the more important characteristic of this relationship is that Regionalism represents a stepping-stone on the way to Globalisation; that it offers what one might call a ‘safer’ version of Globalisation – providing the benefits of inter-state trade and exchange while at the same time offering more protection than those states would experience in the global market. This will be shown by first examining why Regionalism neither challenges nor fully builds on Globalisation and by then introducing the concept of ‘open-regionalism’ and by showing how this leads the pathway to Globalisation.

The first argument often made when analysing the relationship between Regionalism and Globalisation is that Regionalism challenges Globalisation. Some fear that Regionalism could “inhibit multilateral trade liberalization”[4] and that it could serve “as a form of resistance to globalization and as a platform where alternative norms and practices can be developed”[5]. The question that is then asked is whether and “to what extent we [are] living in an emerging multiregional system of international relations”[6]. However, these claims are easily outweighed by the evidence that there is to the contrary. First of all, although since the 1980’s one might speak of “the new wave of regionalism”[7], the phenomenon itself is not new. Regionalism, just like Globalisation, has been around “from the development of the earliest political communities”[8] and hence the question why suddenly Regionalism should pose a serious challenge to Globalisation may seem unnecessary. Further, it could be argued that Regionalism simply cannot be seen as a challenge to Globalisation in the sense that it would be a substitute, as Regionalism and Globalisation are by definition two entirely different concepts, where one could never act as a replacement for the other. Globalisation, on the one hand, is an ongoing process that is not largely initiated by states, but one that is constantly happening around us and that is influenced by all sorts of actors, state or non-state, that form part of the international system. Regionalism, on the other hand, is a process that happens on a more conscious level. That is to say, states in a particular region consciously make the effort to form a regional organisation and they themselves are the ones who set up the rules and guidelines of this organisation according to regionally accepted norms and values. Regionalism is a far more voluntary process and also far more influenced and initiated by the states of the region in question. Hence, so far, it has become clear that the claim that Regionalism challenges Globalisation is build on a very weak argument, as, first of all, Regionalism and Globalisation are entirely different concepts that cannot necessarily act as substitutes for one another and, second of all, Regionalism is not a new concept. It was possible for Globalisation to develop in the way it did even with Regionalism present and with states engaging in processes of

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regionalisation whilst at the same time being subject to Globalisation.

The second claim that is made by scholars investigating the relationship of Regionalism and Globalisation is that Regionalism somehow builds on Globalisation. The “multilateral framework in which they [the regional institutions] arose”[9] has often been regarded as vital for the development of these organisations. On closer observation, it has to be said that this is at least partly true. The technological revolution that was brought about by Globalisation definitely forms a vital basis for Regionalism to flourish. Had it not been for the greater ease with which states and individuals can nowadays communicate with each other or send and receive information, it would have been difficult if not impossible to form regional institutions of scale, like the European Union, for example. Moreover, the fact that suddenly due to Globalisation “developments in one region inform and indeed feed into developments in others”[10] has also definitely increased the desire and/or the need for regional cooperation of some sort. So, in a way, it could be argued that “regionalism emerges in response to globalisation”[11] and that thus Regionalism partly builds on Globalisation.

However, let us now turn to the, arguably, more important characteristic of the “one world/many worlds relationship”[12]. As has been shown, Regionalism hardly challenges Globalisation and it really only builds on the *effects* of Globalisation. What is far more striking and apparent, though, is the fact that Regionalism is often used as a stepping-stone on the way to Globalisation and that it also provides what might be called a ‘safer’ version of Globalisation. Richard Stubbs and Geoffrey R. D. Underhill have described the latter phenomenon as “a way of taking advantage of some of the forces set in train by the process of globalization”[13]. This is to say that national firms or organisations that would like to benefit from the effects of Globalisation but that fear the insecurity that comes with it, would have the opportunity to take advantage of international trade on a smaller, regional scale, whilst being provided with more security due to the involvement of regional organisations. Andrew Hurrell captured this trend nicely by saying that “the region is the most appropriate and viable level to reconcile the changing and intensifying pressures of global capitalist competition on the one hand with the need for political regulation and management on the other”[14]. Thus in this way, Regionalism does not challenge Globalisation, but rather “regional cooperation is certainly a good preparation for an open international economy”[15]. This leads on to the second argument, which there was that Regionalism in providing a ‘safer’ version of Globalisation could act as a stepping-stone towards a global economy. As Mario Telò points out: “Larry Summers argues that regional liberalization is the best way towards liberalization and globalization”[16]. This view of Regionalism is often called ‘open-regionalism’ and it “is the dominant theoretical model of the globalisation-regionalism relationship”[17]. As such, it presents “regionalism as a way station to globalization”[18] and it also regards it as standing “more and more in the centre of the globalized economics and world politics”[19]. Hence, Regionalism is not only “a way station to globalization”[20], but its institutions and regional economies can act as a sort of ‘training camp’ for national businesses and organisations that are trying to go global. At a regional level, they can enjoy some of the benefits of Globalisation and test their products on a level of international trade that is still controllable, without having to face the insecurity of the global market.

So does Regionalism challenge Globalisation? Not really. Does it build on it? Partly. But what is more important about “the relationship between “the one world of the international system and the many worlds of different regionalisms”[21] is the purpose that Regionalism serves to the businesses and organisations of a regional institution’s member states. Since Regionalism is concerned with an increase in political and economic cooperation based on shared interests, norms and values in a certain region, this “make(s) it possible for large companies to expand and train for world competition”[22]. It is true that this form of cooperation is a lot easier among a smaller and more similar group of states, however this form of “regional cooperation often becomes a means of enabling regional companies and national economies to be internationally competitive”[23] and the fact that even “the WTO applauds “open-regionalism””[24], shows that it does not challenge Globalisation. Hence, it has been shown that Regionalism is a stepping-stone and not a stumbling block towards Globalisation.

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