

**Governance in the European Union (EU) and the Association of  
the Southeast Asian Nations (ASEAN): A comparative analysis**

Vom Fachbereich Gesellschaftswissenschaften  
der Universität Duisburg-Essen  
zur Erlangung des akademischen Grades

Dr. sc. pol.

genehmigte Dissertation

von

**Oo, Soe Moe**

aus

Yangon, Myanmar

Referent: Prof. em. Dr. Franz Nuscheler

Korreferent: Prof. Dr. Thomas Heberer

Tag der mündlichen Prüfung:

16. April 2008

***To my beloved wife Yu & my parents***

## ABSTRACT

This doctoral research is about the EU and the ASEAN regarding with their developments of policy, politics and polity for transformation of different types of governance in their own way. The EU is regarded as the most successful regional integration project in the modern world because of its unique characteristics like Single Market, European Monetary Union (EMU), its single currency (Euro) and etc. Due to this *sui generis* character of the EU, some argued that there is no other possibly comparable instance of international integration in the global political scene. However, whether or not the EU is a motivating factor and admiring object for all other late comers of regional integration projects, it is undeniable that there are also relatively successful regional integration projects in the world outside the EU realm, for example, the ASEAN in Southeast Asia. It is also very interesting how heterogeneous members of the ASEAN manage to form a regional organization encompassing all countries in the region even though there is a great disparity of development and growth and also deep variances of own interests. At least the ASEAN can also be compared with the EU in the sense to explain why there is absence of war among member states by using both organizations as independent variable in terms of their economic, political and security cooperation. This study is a comparative analysis of different approaches to regional integration between the EU and the ASEAN as well as their changing modes of governance resulting from these approaches respectively. For the comprehensive understanding of politics and policy-making in the EU and the ASEAN, an analytical study of institutional designs, structures and organizational developments was carried out. Focus is to explain the major differences between the EU and the ASEAN and also to study internal factors and major processes, which determine the achievements, failures and stagnations of both organizations in the past decades. For analysis of policy-making and governance in the EU and the ASEAN, case studies on Common Foreign and Security Policy (CFSP) of the EU, Common Agricultural Policy (CAP) of the EU, ASEAN political and security cooperation, ASEAN Free Trade Area (AFTA) and ASEAN Economic Community (AEC) are conducted. It also examines the critical question whether the EU is in fact a system of governance with its own *sui generis* polity or whether it is just a useful instrument of its member states. Simultaneously, this study attempts to give a comprehensive view of the governance approach that has played an important role in the vitalization of regional integration studies in the recent years.

## ACKNOWLEDGMENTS

This doctoral dissertation is the result of many years of research and field data collection works about the EU and the ASEAN. First of all, I would like to mention my deepest gratitude to years long financial support from DAAD (German Academic Exchange Service) for my PhD research in Germany. Without receiving this crucial doctoral scholarship, I could never reach the light at the end of academic tunnel in social science. Also, I am very much grateful to my *Doktorvater* Prof. Franz Nuscheler for his invaluable guidance, help, criticism and supervision throughout the years. My research has also greatly benefited from my affiliation as a PhD candidate at the Institute of Political Science, University of Duisburg-Essen (Campus Duisburg) by participating in a series of research colloquiums, seminars and discussions and I particularly thank to ideas, insights and critical reviews from many anonymous colleagues. Especially, I owe a lot to Prof. Thomas Heberer's doctoral colloquium and he became later my second supervisor.

A number of people and institutions also helped me a lot during my field research trips and writing process. Special notes of my gratitude go to Prof. Dr. Suthiphand Chirathivat (Dean, Chulalongkorn University, Bangkok, Thailand), Prof. Dr. Charit Tingsabadh (Director, Centre for European Studies, Chulalongkorn University, Bangkok, Thailand), Dr. Colin Dürkop (Regional Representative, Konrad-Adenauer-Stiftung), Dr. Tin Maung Maung Than (Institute of Southeast Asian Studies), many valuable staffs of the ASEAN Secretariat, Prof. Dr. Lee Lai To (then Head of the Department of Political Science, National University of Singapore) and Prof. Dr. Kyaw Yin Hlaing of the same department for facilitating me for all possible interviews, academic talks, library sources and office premises. Dr. Paul Pasch (Representative to Malaysia, Friedrich-Ebert-Stiftung) also helped me a lot for providing all possible access to academic conferences and other sources for the continuation of my doctoral studies.

At last but not least, I am deeply indebted to my beloved wife Khin Myo Yu for her unfaltering love, encouragement, support, inspiration, endurances and personal sacrifices over those years during my doctoral study and my everlasting gratitude goes to her. I would also like to thank my parents (Daw Mya Thit & U Nyunt Tin) for their guidance, love and unwavering support to me from childhood throughout this long academic journey. For all possible errors and shortcomings in this dissertation, I bear sole responsibility for its contents.

Soe Moe Oo

September, 2008 (Duisburg, Germany)

## Table of Contents

Abstract	iii
Aknowledgments	iv
List of Tables and Figures	ix
List of Abbreviations	x
<b>I. Introduction</b>	<b>1</b>
1.1 Explaining the Research Topic and Objectives of the Dissertation	1
1.2 What is governance? Origin, Numerous Definitions and Endless Debates	2
1.3 Major Research Questions and Research Methodology	7
1.4 Hypotheses and Thematic Outline of the comparative study	9
<b>II. Theories of Regional Integration and Governance for the anatomy of the EU and the ASEAN</b>	<b>11</b>
2.1 Various Approaches and Definitions of Regional Integration	12
2.1.1 Regionalist Approach	15
2.1.2 Realist Approach	17
2.1.3 Federalist Approach	20
2.1.4 Functionalist School of Thought	21
2.1.5 Transactional Communication Approach	23
2.1.6 Neofunctionalist Approach	25
2.1.7 Neoliberal Institutional Approach	29
2.1.8 Constructivist Approach	31
2.2 Governance Approaches to Regional Integration	33
2.2.1 Liberal Intergovernmentalist Approach	34
2.2.2 Supranational Governance	37
2.2.3 Multilevel Governance	39
2.2.4 Network Governance	43
2.3 Critical Notions for the Process of Integration	45
2.3.1 Causes and Types of Integration	46
2.3.2 Characteristics, Limitations and Degree of Integration	48
2.3.3 Criteria for Successful Integration	52
2.4 Theoretical Relevance to Two Regional Organizations	54
2.5 Conclusion	56

<b>III. Governance in the European Union</b>	<b>59</b>
3.1 The Formation of the EU in historical context	59
3.1.1 Institutional Structure, Major Actors and Basic Socioeconomic and Political Data of the EU	63
3.1.2 Positive and Negative Integration of the EU	66
3.1.3 Trade Integration in the EU	67
3.2 Determinants of Policy Processes in the European Union	69
3.2.1 Treaty Bases	72
3.2.2 Differentiation in the EU Policy Processes	75
3.2.3 Decision-making Procedures of the EU	76
3.2.4 The Efficiency and Effectiveness of the EU Policy Processes	77
3.2.5 Europeanization as a salient feature of the EU	78
3.3 The EU as a Community of Policy-Making	79
3.3.1 Interests, Ideas, Institutions and Issues of EU Policy	83
3.3.1.1 Interests	84
3.3.1.2 Ideas	85
3.3.1.3 Institutions	86
3.3.1.4 Issues	87
3.3.1.5 Initiation of Policy in the EU: National or Institutional Orientation?	88
3.3.2 Policy Negotiation and Policy Coordination in the EU	91
3.4 Low Politics and High Politics of the EU: Assessing the EU's Multiple Policy-Making	93
3.4.1 Common Agricultural Policy of the EU (CAP)	96
3.4.1.1 Context and Formation of the CAP	96
3.4.1.2 Reforming the CAP	97
3.4.1.3 CAP and EU Budget: Claiming the lion's share	98
3.4.1.4 CAP: Supranational venture or a realm of high politics	99
3.4.2 Common Foreign and Security Policy of the EU (CFSP)	101
3.4.2.1 Context and Formation of the CFSP	101
3.4.2.2 CFSP and the NATO	103
3.4.2.3 High Politics of the CFSP	106
3.4.2.4 Iraq Crisis and the CFSP	108
3.4.2.5 The CFSP as a civilizing project	112
3.4.2.6 The CFSP and Iran: Role of the EU as Soft Power	114
3.5 Political Cultures, Democracy and Legitimacy in the EU	116
3.5.1 Common Identity and Political Cultures for Regional Integration	116
3.5.2 Question of the Democratic Deficit	118
3.5.3 Legitimacy and Accountability in the EU	120
3.5.4 Reforming towards a better EU	122

3.6	Reading the White Paper on European Governance of the European Commission	123
3.6.1	White Paper and Reform Agenda	123
3.6.2	Proposals for Change	124
3.6.2.1	Better Involvement	124
3.6.2.2	Better Policies, Regulation and Delivery	125
3.6.2.3	The EU's contribution to Global Governance	128
3.6.2.4	Refocused policies and institutions	128
3.6.3	From Governance to the Future of Europe	132
3.6.4	Critical Review	133
<b>IV.</b>	<b>Governance in the ASEAN</b>	<b>135</b>
4.1	Formation of the ASEAN as a regional organization	135
4.1.1	Cooperation and Integration	136
4.1.2	Institutionalist Perspective to Integrated Communities	139
4.1.3	Behaviour and National Interests of Member States in the ASEAN	141
4.2	Historical Retrospect of Conflict Resolution and Cooperation in Southeast Asia	143
4.2.1	Konfrontasi, Sabah Issue and the ASEAN	144
4.2.2	Cambodia Conflict and the ASEAN	146
4.2.3	ASEAN's Constructive Engagement and Intransigent Myanmar	150
4.2.4	East Timor Crisis and the ASEAN	155
4.2.5	ASEAN Way and Non-Interference Policy	159
4.3	ASEAN: Understanding Policy Processes and Political Cultures in Southeast Asia	160
4.3.1	Behavioural Norms	165
4.3.2	Identity Building	167
4.3.3	Characteristic Features of ASEAN Policy Processes	169
4.3.4	Determining Factors of ASEAN Policy Processes: National or Community Interest?	170
4.3.5	Policy Variances in the ASEAN	171
4.3.6	ASEANization as a Precondition for successful regional integration	171
4.3.7	Unity in Diversity alias a mere regional group of heterogeneous entities	172
4.3.8	Regional Integration, Civil Society, and Democratization in Southeast Asia	176
4.4	Building a Regional Community in Southeast Asia: ASEAN's Experience in a new century	177
4.4.1	ASEAN Economic Community (AEC): Is a real community or Imagined Community for enhancing regional cooperation in Southeast Asia	177

4.4.2	Is Community concept relevant for the ASEAN?	178
4.4.3	Community Building as a change of tendency from cooperation to integration	180
4.4.4	Intra-ASEAN Trade as a parameter of regional integration	182
4.4.5	AFTA: A Scheme to adjust uneven economic development in Southeast Asia and promoting effective governance	190
4.4.6	Still a long way to go and whither the ASEAN	194
4.5	ASEAN's Role in the Asia-Pacific Region	195
4.5.1	The ASEAN and the rising China	196
4.5.2	The ASEAN and Japan	198
4.5.3	ASEAN Regional Forum (ARF)	200
4.5.4	The Asia-Pacific Economic Cooperation (APEC)	203
4.5.5	ASEAN Plus Three (APT): Strategy of Engagement to Major Regional Powers	205
4.5.6	ASEAN's cooperation and efforts in combating terrorism in Southeast Asia	206
4.6	Conclusion	208
<b>V.</b>	<b>Critical Assessment of Governance in the EU and the ASEAN: A Comparative Analysis</b>	<b>210</b>
<b>VI.</b>	<b>Bibliography</b>	<b>224</b>



## List of Tables and Figures

Figure (1)	Governance in the European Union	38
Figure (2)	Multilevel Governance in the European Union (Context and Dimensions)	42
Table (1)	Traditional Identification of core elements for governance types	44
Table (2)	The Basic Socioeconomic and Political Data of the EU Member States	65
Table (3)	Trade Integration in the EU (1994-2004)	68
Table (4)	ASEAN 10: Selected Economic and Social Indicators	175
Table (5)	GDP Growth Rate in ASEAN member states from 1991 to 2002	175
Table (6)	Sectoral Share in GDP: ASEAN Countries, 2001	176
Table (7)	Intra-ASEAN Trade in 2002	185
Table (8)	ASEAN countries' Direction of Exports comparison between 1990 and 2001	186
Table (9)	Intra-ASEAN Trade from year 1990 to 2002	186
Figure (3)	Intra-ASEAN Trade Potential Graph from 1990-2002	187
Table (10)	ASEAN Countries Merchandise Exports	187
Table (11)	ASEAN Countries Merchandise Imports	188
Figure (4)	ASEAN Member Countries Intra-regional Imports in 2002	188
Figure (5)	ASEAN Member Countries Intra-regional Exports in 2002	189
Table (12)	Total Trade Share of CLMV (%) from 1998 to 2000	189
Table (13)	Major Changes in ASEAN's Trade Dependence on East Asia (1985-2001)	190
Figure (6)	Anatomy of ASEAN through its <i>intra-/inter-</i> regional cooperation	219
Table (14)	Brief Outlook of the ASEAN's Successes and Failures throughout its 40 years existence	220
Table (15)	Differences between mode of governance through regional integration and mode of governance through regional cooperation	222

## List of Abbreviations

AEC	ASEAN Economic Community
AEMM	ASEAN Economic Ministers Meeting
AFAS	ASEAN Framework Agreement on Services
AFTA	ASEAN Free Trade Area
AIA	ASEAN Investment Area
AMM	The Annual Minister Meeting of the ASEAN
APEC	Asia-Pacific Economic Cooperation
APT	ASEAN Plus Three
ARF	ASEAN Regional Forum
ASA	Association of Southeast Asia
ASC	ASEAN Security Community
ASC	ASEAN Standing Committee
ASEAN	Association of Southeast Asian Nations
ASEAN-6	Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand
ASEM	Asia-Europe Meeting
ASM	ASEAN Summit Meeting
CAP	Common Agricultural Policy
CEECs	Central and Eastern European Countries
CEMA	Council of Mutual Economic Assistance
CENTO	Central Treaty Organization
CEPT	Common Effective Preferential Tariff
CFSP	Common Foreign and Security Policy
CLMV	Cambodia, Laos, Myanmar and Vietnam
COPA	Confederation of Professional Agricultural Organizations
CoR	Committee of the Regions and Local Authorities
Coreper	Committee of Permanent Representatives
DG	Directorates-General
EC	European Communities
ECB	European Central Bank
ECJ	European Court of Justice
ECSC	European Coal and Steel Community
ECSC	European Coal and Steel Community
EEC	European Economic Community
EPG	Eminent Persons' Group
EMU	European Monetary Union
EP	European Parliament
EPC	European Political Cooperation
ESC	The Economic and Social Council
ESDP	European Security and Defence Policy
EU	European Union
Euratom	European Atomic Energy Community

GATT	General Agreement on Tariffs and Trade (GATT)
GDP	gross domestic product
GEL	General Exception List
GSP	Generalized System of Preferences
HPAEs	High-Performing-Asian Economies
IAEA	International Atomic Energy Agency
IL	Inclusion List
INTERFET	International Force for East Timor
JHA	Justice and Home Affairs
LAFTA	Latin American Free Trade Association
LDCs	Least Developed Countries
MAPHILINDO	Malaysia-Philippines-Indonesia
MEPs	Members of European Parliament
NACC	North Atlantic Cooperation Council
NATO	North Atlantic Treaty Organization
NLD	National League for Democracy
OAS	Organization of American States
OAU	Organization of African Unity
ODA	Official Development Assistance
OMC	Open Method of Coordination
OSCE	Organization for Security and Cooperation in Europe
PAS	Islamic Party of Malaysia
PFP	Partnership for Peace
PMC	Post Ministerial Conference
QMV	Qualified Majority Voting
RTAs	Regional Trade Agreements
SC	Standing Committee of the ASEAN
SEA	Single European Act
SL	Sensitive List
SLORC	State Law and Order Restoration Council
SOM	Senior Officials Meeting
SPDC	State Peace and Development Council
TAC	Treat of Amity and Cooperation
TEL	Temporary Exclusion List
TEU	Treaty on European Union
UN	United Nations
UNSC	United Nations Security Council
UNTAET	United Nations Transitional Administration in East Timor
WMD	Weapons of Mass Destruction
WTO	World Trade Organization
ZOPFAN	Zone of Peace, Freedom, and Neutrality

## **I. Introduction**

This study is a comparative analysis of different approaches to regional integration between the EU and the ASEAN as well as their changing modes of governance resulting from these approaches respectively. For the comprehensive understanding of politics and policy-making in the EU and the ASEAN, an analytical study of institutional designs, structures and organizational developments was carried out. Categories of analysis consist of macro, meso and micro levels of observations relating to policy interests, decision-making processes, institutional and structural changes of both organizations. Focus is to explain the major differences between the EU and the ASEAN and also to study internal factors and major processes, which determine the achievements, failures and stagnations of both organizations in the past decades. For analysis of policy-making and governance in the EU and the ASEAN, case studies on Common Foreign and Security Policy (CFSP) of the EU, Common Agricultural Policy (CAP) of the EU, ASEAN political and security cooperation, ASEAN Free Trade Area (AFTA) and ASEAN Economic Community (AEC) will be conducted.

### **1.1 Explaining the Research Topic and Objectives of the Dissertation**

This doctoral research is about the EU and the ASEAN regarding with their developments of policy, politics and polity for transformation of different types of governance in their own way. The EU is regarded as the most successful regional integration project in the modern world because of its unique characteristics like Single Market, European Monetary Union (EMU), its single currency (Euro) and etc. Due to this *sui generis* character of the EU, some argued that there is no other possibly comparable instance of international integration in the global political scene. However, whether or not the EU is a motivating factor and admiring object for all other late comers of regional integration projects, it is undeniable that there are also relatively successful regional integration projects in the world outside the EU realm, for example, the ASEAN in Southeast Asia. It is also very interesting how heterogeneous members of the ASEAN manage to form a regional organization encompassing all countries in the region even though there is a great disparity of development and growth and also deep variances of own interests. At least the ASEAN can also be compared with the EU in the sense to explain why there is absence of war among member states by using both organizations as independent variable in terms of their economic, political and security cooperation.

- The principal aim of this research is to obtain profound knowledge about regional integration and its impacts after studying the politics and governance of the EU and the ASEAN in comparative perspective.
- To understand comprehensively the policies and politics between two regionally integrated organizations in terms of their policy-making, polity development, institutional bargaining upon their external relations and degree of interdependence.
- To study institutional designs and structures which are mainly based on their political culture and dynamics of regional integration.

- To analyze the problems of cohesiveness and governance of both institutions for their successful regional integration in the age of globalization.
- To find the fundamental differences between two organizations depending upon their own interests and future prospects.

## 1.2 What is governance? Origin, Numerous Definitions & Endless Debates

The term governance has been introduced not very long ago into political science and, more recently, in the debate of practical political discourses when it becomes obvious that the traditional model of the nation-state is no longer sufficient to encounter more and more complex socio-political problems or steering reform policies. The nation-state is facing new challenges like the increasing complexity of social problems, the differentiation of societies accompanied by the rise of new organized interests, the overload and inflexibility of hierarchical structures and the growing international interdependence and competition.<sup>1</sup>

And governance ranks high on the research agenda of political science and international relations and has attracted considerable attention in academic debates. It is not surprising that, because of this expanding interest, there is little agreement on the meaning of the term governance even though this catch-all-phrase term is still to be seen as widely used in many subjects of social science. In international relations, governance has been introduced to exemplify the particularities of governing without governments. In comparative politics, it has the connotation of catching in-depth changes in the way governments exert political power and enter into close relations with societal actors. The term was sometimes used to describe a new process of governing in a polity still dominated by the policy-making of government. Governance is also linked to the operation of governments for analytical and normative grounds by explaining that government still plays a leading role in political steering and decision-making mechanisms.<sup>2</sup>

Even though governance is becoming a word widely used in many interdisciplinary subjects of social science, this word itself has a rather ambiguous meaning. The free encyclopedia *Wikipedia* explains governance as the word deriving from Latin origins that

---

<sup>1</sup> Arthur Benz and Yannis Papadopoulos (2006): "Introduction: Governance and democracy: concepts and key issues", in Arthur Benz and Yannis Papadopoulos (ed): "Governance and Democracy: Comparing national, European and international experiences", Routledge, New York, pp. 2-3.

<sup>2</sup> Beate Kohler-Koch (2003): "Interdependent European Governance" in Beate Kohler-Koch (ed): "Linking EU and National Governance", Oxford, Oxford University Press, pp. 10-11. \*(For more elaborated and thorough discussions about governance development in interdisciplinary research agenda, see Rhodes (1997): "Understanding Governance: Policy networks, Reflexivity and Accountability", Buckingham, Philadelphia, Open University Press; Kooiman (2002): "Governing as Governance", London, Sage; Kersbergen / Waarden, (2004): "Governance as a bridge between disciplines: Cross-disciplinary inspiration regarding shifts in governance and problems of governability, accountability and legitimacy", in European Journal of Political Research 43, pp. 143-171; Benz, Lütz, Schimank, Simonis (ed) (2007): "Handbuch Governance: Theoretische Grundlagen und empirische Anwendungsfelder", Wiesbaden, VS Verlag für Sozialwissenschaften, 1. Auflage Juni 2007; Nuscheler (2008): "Die Konjunktur des Governance-Begriffes", Duisburg, Institut für Entwicklung und Frieden (INEF), Uni Duisburg-Essen.)

suggests the notion of “steering” although this sense of steering with the traditional top-down approach can be distinguished between governance’s “power to” and government’s “power over”.<sup>3</sup> As a word from English language, governance is defined as “the act or manner of governing” by the Concise Oxford Dictionary.<sup>4</sup>

However, *governance* is not synonymous with *government*. Both refer to purposive behaviour, to goal-oriented activities, to systems of rule, but *government* suggests activities that are backed by formal authority, like use of force by police powers to ensure the implementation of duly constituted policies, whereas *governance* refers to activities backed by shared goals that may or may not derive from legal and formally prescribed responsibilities and that do not necessarily rely on police powers to overcome defiance and attain compliance. Governance, in other words, is a more encompassing phenomenon than government. It embraces governmental institutions, but it also brings informal, non-governmental mechanisms whereby those persons and organizations within its range move ahead, satisfy their needs, and fulfill their wants. Governance is, therefore, a system of rule that is as dependent on inter-subjective meanings as on formally sanctioned constitutions and charters. To be more precise, governance is a system of rule that works only if it is accepted by the majority (or, at least, by the most powerful of those it affects), whereas governments can function even in the face of widespread opposition to their policies. Hence it is possible to conceive of governance without government – of regulatory mechanisms in a sphere of activity which function effectively even though they are not endowed with formal authority.<sup>5</sup>

In terms of global arena, governance rests on different forms and levels of international coordination, cooperation and collective decision-making, with international organizations taking on these coordination functions and contributing to the development of global modes of perception. Regimes are used to translate the will to cooperation into internationally binding rules. In such regimes states enter into agreements governing the way in which common problems are dealt with. Therefore, these regimes could rightly be termed as core elements of governance without government. Even hegemonic powers are willing to accept such regimes because they regulate states of affairs that promote their own well-being and which they are unable to regulate on their own.<sup>6</sup>

Philippe C. Schmitter defined governance as a method or mechanism for dealing with a broad range of problems/conflicts, in which actors regularly arrive at mutually satisfactory and binding decisions by negotiating and deliberating with each other and cooperating in the implementation of these decisions. The core property of governance consists of horizontal forms of interaction between actors, who have conflicting objectives, but who are sufficiently independent of each other, so that neither could

---

<sup>3</sup> For more details, See “Wikipedia, the free encyclopedia”, <http://en.wikipedia.org/wiki/Governance>.

<sup>4</sup> The Concise Oxford Dictionary of Current English (1990), 8<sup>th</sup> Edition, Oxford, Oxford University Press, p. 511.

<sup>5</sup> James Rosenau (1992): “Governance, Order, and Change in world politics”, in James Rosenau and Ernst-Otto Czempiel (ed): “Governance without Government: Order and Change in World Politics”, New York, Cambridge University Press, pp. 4-5.

<sup>6</sup> Franz Nuscheler (2002): “Global Governance, Development, and Peace”, in Paul Kennedy, Dirk Messner and Franz Nuscheler (ed): “Global Trends and Global Governance”, London, Pluto Press, p. 160.

impose a solution on the other and however still sufficiently interdependent, so that both would lose if no solution were found. As witnessed nowadays in modern and globalized societies the actors involved in governance are usually non-profit, semi-public, and, at least, semi-voluntary organizations with leaders and members. It is noteworthy that these organizations do not have to be equal in their size, wealth, or capability, but they have to be able to hurt or help each other *mutually*. At this point, it is the insertion of these organizations into something approximating a civil society that is crucial for the success of governance.<sup>7</sup>

As a global organization responsible for regulating good financial governance, the World Bank defines governance at country level as “the exercise of political authority and the use of institutional resources to manage society’s problems and affairs for development”.<sup>8</sup> However, World Bank itself that initially promoted the idea of governance insisted that its recommendations for good governance were *apolitical* and had nothing to do with interfering in the domestic politics of member states. Making such a claim would not make any sense, for instance, for a regional organization like the European Union since its very nature of the EU is to penetrate deeply within the politics of its member states and to bring about a convergence in their policies across a wide range of issues.<sup>9</sup> For better understanding of governance at European level, the European Commission in its White Paper defined governance as “rules, processes and behaviour that affect the way in which powers are exercised at European level, particularly as regards openness, participation, accountability and coherence”.<sup>10</sup> Therefore, governance at different levels and extent of feasibility would provide separate approaches and divergent understandings.

Jan Kooiman attempted to sum up the intertwined meanings of *governing*, *governance* and *governability* in his book “modern governance: new government – Society Interactions” for better understanding of various concepts. *Governing* can be regarded as goal-oriented interventions of political or social actors with the intention to create a more or less predictable and somewhat stable pattern of interaction within a social-political system that is as much as possible in accordance with the wishes or objectives of the intervening actors. *Governance* can be viewed as the pattern or structure that emerges in a social-political system as common result or outcome of the interacting intervention efforts of all involved actors. Moreover, this pattern cannot be reduced to one actor or group of actors in particular because political governance in modern societies can no longer be conceived in terms of external governmental control of society but emerges from a plurality of governing actors. In other words, this emerging pattern forms the rules of the game within a particular system or, the medium through which actors can act and try to use these rules in conformity with their own objectives and interests. *Governability*

---

<sup>7</sup> Philippe C. Schmitter (2006): “Governance in the European Union: a viable mechanism for future legitimation?” in Arthur Benz and Yannis Papadopoulos (ed): “Governance and Democracy: Comparing national, European and international experiences”, Routledge, New York, pp. 161-162.

<sup>8</sup> World Bank (1991): “Managing Development: The Governance Dimensions”, Washington DC, World Bank, August 29, 1991, p. i.

<sup>9</sup> Schmitter (2006), p. 164.

<sup>10</sup> European Commission (2001): “White Paper on European Governance”, COM (2001) 424, Brussels, EU Commission, p. 8.

as the last concept can be described as the total quality of a social-political system to govern itself within the context of broader systems of which it is a part. Therefore, governability combines qualities of governing and of governance in interaction.<sup>11</sup>

There is one concise definition of governance, which comes closest to the concrete fulfillment of overall conceptual understanding of this opaque term. Arthur Benz, the political scientist and co-author of the “*Handbook of Governance*” from University of Hagen (Germany), defined *governance* as the entirety of all forms of collective regulation upon societal circumstances that exists in parallel with each other: ranging from institutionalized civil societal self-regulation over different forms of cooperation of state and private actors to the level of sovereign action of state actors.<sup>12</sup> This definition clarified that governance without government is not the end of the nation-state but the transformation of decision-making process to represent all interests as the state itself is not only *policy-taker*, but also continues to be a *policy-maker*.<sup>13</sup>

As Renate Mayntz correctly argued, problems of *governability* are related to the dynamic and complex character of modern society and actual power distributions as well as to the capacity of highly organized policy fields in resisting political guidance. In short, *governing* is an action whereas *governance* is a mode of social coordination and order for explaining to overcome the conceptual haziness resulting from the mixture of different meanings. In this way, governance is more structural and process-related, which is no longer a hierarchical top-down steering.<sup>14</sup>

In order to avoid ungovernability, therefore, the plurality of competing interests and preferences has to be organized through horizontal coordination and cooperative policy-making covering across institutions, sectors and territories. Accordingly, institutions, forums, or procedures are created at various levels; for example, policy networks, intergovernmental roundtables, conferences, expert committees, and so on, whose major objective is to produce coordination by transcending what could be labeled as insular attitudes. Simultaneously, public bodies lack the sufficient resources like finance, knowledge, organization or authority to produce social coordination through steering from the hierarchy above. Under these circumstances, governance aims to enhance public resources concerning *knowledge* (learning about complex and uncertain causal relations), *organization* (ensuring adequate expertise and capacity to implement policy choices), and *authority* (avoiding blackmailing by veto groups and inducing compliance by policy-takers) in policy-making. Consequently, governance entails the inclusion of non-

---

<sup>11</sup> Jan Kooiman (1993): “Findings, Speculations and Recommendations” in Jan Kooiman (ed): “Modern Governance: New Government-Society Interactions, Sage Publications, London, pp. 257-259.

<sup>12</sup> Arthur Benz, Susanne Lütz, Uwe Schimank, Georg Simonis (2007): “Einleitung”, in Arthur Benz, Susanne Lütz, Uwe Schimank, Georg Simonis (ed): “Handbuch Governance: Theoretische Grundlagen und empirische Anwendungsfelder”, Wiesbaden, VS Verlag für Sozialwissenschaften, 1. Auflage Juni 2007, p. 21.

<sup>13</sup> Franz Nuscheler (2008): “Die Konjunktur des Governance-Begriffes”, Duisburg, Institut für Entwicklung und Frieden (INEF), Uni Duisburg-Essen, pp. 1-14.

<sup>14</sup> Renate Mayntz (1993): “Governing Failures and the problem of governability: some comments on a theoretical paradigm”, in Jan Kooiman (ed): “Modern Governance: New Government-Society Interactions, Sage Publications, London, pp. 9-20.



governmental actors in policy networks, and collaborative relations with them that can be taken into the form of delegation, contracts or partnerships. It can be described as a structure of policy-making that consists of several independent decision-making centers.<sup>15</sup>

Owing to its unique network-like, non-hierarchical, flexible, boundary-crossing characteristics, governance is frequently regarded as politics and policy-making outside institutions, as ‘governance without government’. Nonetheless, this is only partially correct because institutions are relevant for the understanding of governance for several reasons. Firstly, there is mostly an institutional framework that defines who is included and who is not, and which shapes power relations and guides the interactions of actors. Secondly, different actors normally represent collective entities and are subject to the institutional rules governing internal organizational structures and processes. Finally, it is the interplay of formal and informal patterns that formulates the dynamics of governance. Therefore, political institutions are pivotal and should be taken into consideration with regard to governance discussions. Institutions define who is authorized to act and to make collectively binding decisions; they make actors’ behaviour predictable and visible; and they link those who hold power to those who are to be subjected. For this reason, it is noteworthy that governance is not just politics beyond the nation-state; rather it is, in many various instances, coupled to the institutions of the nation-state. At the national and sub-national level, the nation-state sets up the institutional framework for governance. At the European and international context, national institutions influence the linkage between actors from member states and other transnational or private actors, and in that level, of course, European institutions and international regimes are key actors as well. In any level of governance, the degree of institutionalization and of conflict potential between cooperative networks and formal institutions varies. For a better understanding of complexity of governance, therefore, research works that includes different types of governance embedded in different forms of institutional frameworks are essential.<sup>16</sup>

Many factors concerning *structures, actors and modes* of policy-making are the most relevant for a systematic portrait of the major characteristics of governance. In terms of *structures*, governance implies a plurality of decision centers and it is designed to regulate conflicts between social groups, organizations or individuals without a sovereign centralized government. There is no clear hierarchy between these various centers even though structures of governance can be embedded in a formal hierarchy. The core element of decision structures consists of networks, which are relatively stable relationships among formally autonomous organizations or different actors. *Actors* in governance include experts, public actors (government officials and state administrators) who represent different territorial levels, and representatives of private interests (of business groups, lifestyle communities, and so on, depending on the policy area). In spite of the fact that decision-making processes and networks involve *individual actors*, those who define issues and preferences and who actually exert power are *collective actors*. The participation of interest groups is a crucial feature in governance, so that governance

---

<sup>15</sup> Benz and Papadopoulos (2006), p. 2.

<sup>16</sup> *Ibid.*, pp. 3-4.

signified the rise of corporate actors.<sup>17</sup> This public-private partnership, which is in horizontally and vertically networked structures, explains why global governance is not a project involving only governments or international organizations. It also calls for more state-organized multilateralism as well as more cooperation of governmental and nongovernmental actors from the local to the global level.<sup>18</sup> Eventually, governance normally belongs to less formal *modes* of decision-making, within structures that are rarely visible to the public and that are not congruent with the official institutions of representative democracy causing sometimes democratic deficit.<sup>19</sup> Given the complexity and meanings of governance, here it claims not to cover all topics of academic discussions but only attempts to reveal the potential for interdisciplinary relevance of ongoing debates on governance relating to the fields of research agenda within political science.

### 1.3 Major Research Questions and Research Methodology

The major research questions and research methodology used in this study are briefly mentioned as follows.

- What are the strategies and tactics of integration in the EU and the ASEAN and how do they differ to reach their own destination?
- Are there any effects to the relations between the EU and the ASEAN from the impact of the changing developments of European Governance?
- Is the ASEAN becoming a regional community after its enlargement? How it will move forward to reach a success story of regional integration with its own planning of a regional community building efforts?
- To which direction is the EU heading with its eastern enlargement and will the EU keep on growing without becoming obsolescent, meaningless and fragmented?
- Will there be any kind of similar patterns in changing way and development of Governance in Southeast Asia?
- What will be the future role of the regional organizations in world politics by examining the EU and the ASEAN?
- What will be the future prospects of the regional organizations in the age of globalization?
- How important is supranational institutionalism in contrast with intergovernmental support in promoting regional integration?
- What kind of political system is the EU and how political processes in the EU function? How can integration and governance be defined in reflecting the present developments of the EU and the ASEAN?
- At what point, and in what sequences, do the various phenomena associated with integration assert themselves to produce and transform various modes of governance in different parts of the world? For this peculiar question, the transformation and

---

<sup>17</sup> Benz and Papadopoulos (2006), pp. 2-3.

<sup>18</sup> Nuscheler (2002), p. 161.

<sup>19</sup> Benz and Papadopoulos (2006), pp. 2-3.

development of EU and the ASEAN institutional structures and governance are taken into consideration.

This is an empirical study, which is mainly based upon the analysis of two regional organizations: the EU and the ASEAN. This research will be performed by using the methods of quantitative and qualitative comparative analysis together to assess developments, successes, shortcomings and future prospects about the integration within and between two organizations. Henceforth the theories of integration and governance approaches will be applied to understand both organizations as a close interplay between theory and real developments after collecting data, facts and figures. Content analysis of relevant literature and close examination of written materials will also be applied in its research methodology. It will also include rational choice analysis to portray how choices are made between different possible courses of action depending on the rationales of the different actors. The research design will include the following elements:

1. Categories of analysis consist of macro, meso and micro levels of observations in terms of regional integration, decision-making, policy processes, enlargement, institutional and structural changes of both organizations.
2. Observations are made through primary and secondary literature sources as well as semi-structured interviews with some academic think-tanks and administrative staffs of both organizations to acquire some in-depth scope of political phenomena which are prevailing factors for regional cooperation and integration.
3. Theories of integration, governance approaches and institutional analysis will be applied for thorough analysis of institutional developments so-called polity transformation in order to understand behaviour, variances and policy-making of two organizations. Empirical data will be wholly based on the work of primary sources and news reports concerning with the ASEAN and the EU.
4. All findings and observations will be further developed into working hypotheses and propositions in building up a doctoral dissertation after reviewing the validity and generality of all facts and figures by testing and detesting.

#### 1.4 Hypotheses and thematic outline of the comparative study

Working hypotheses of this research agenda are as follows:

- Changing mode of EU governance through its policy and policy-making structures emerges from the convergence of national governments' preferences based on their own interests. By pooling sovereignty of member states through its *sui generis* EU polity, EU governance will continue to transform along the lines of supranational-intergovernmental dichotomy combining the elements of multilevel and network governance.
  
- ASEAN still remains as a weakly institutionalized intergovernmental organization with limited capacity and effectiveness because of its member states' overcautious preservation of their own interests and sovereignty. ASEAN's most fundamental principle like the ASEAN Way actually hinder against implementation of an effective mode of regional governance and the creation of a strong regional community.
  
- EU is moving toward further institutional changes in parallel with the increasing Europeanization of the institutional set up in the member states after its eastern enlargement. The interaction and exchanges between national and European institutions have become increasingly intensive and closely interconnected. National institutions of member states have to adapt their structures and procedures to be consistent with the activities at the EU level.

- Cooperation among European states has changed the system of state interaction and produced a new mode of governance that has partially eliminated state sovereignty. Integration occurs when sovereign states pursue their national interests by negotiating cooperative agreements and bargaining the maximum gains.

The Thematic outlines of this comparative study have been structured in a brief form as follows.

**Chapter Outline**

Part ( I ): Introduction

Part ( II ): Theories of regional integration and governance for the anatomy of the EU and the ASEAN

Part ( III ): Governance in the European Union

Part ( IV ): Governance in the ASEAN

Part ( V ): Critical Review of the EU and the ASEAN : A Comparative Analysis.

Part ( VI ): Bibliography.

## II. Theories of Regional Integration and Governance for the anatomy of the EU and the ASEAN

International politics, like all forms of social life, involves a mixture of conflict and cooperation. In every relations of daily life, even with friends and family, actors both compete and cooperate. Usually in personal affairs the competitive elements are kept under control because it is so important to maintain the cooperative relationship. So do the states similarly in the international arena to avoid the unnecessary conflicts and situations of war. Since the end of the Cold War, scholars of international politics have searched for paradigms that can provide adequate and unique parameters about conflict and cooperation in global politics.<sup>20</sup> According to some scholars, the everlasting struggle between rich and poor countries has become the dominant division in world politics, meaning that the old North-South cleavage has superseded the Cold War East-West division.<sup>21</sup> Others argue that global conflict has become dominated by clashes between different civilizations of various parts of the world<sup>22</sup> or that the dominant mode of conflict in global politics is between liberal democracies and non-democracies.<sup>23</sup> Still others discern the rise of a counter-hegemonic bloc of states seeking to challenge the dominant power of the United States in the coming facets of international politics.<sup>24</sup> Some believe that realism is obsolete because its concepts of anarchy, self-help, and power balancing may have been appropriate to a bygone era since they have been displaced by changed conditions and eclipsed by better ideas. New times call for new thinking. Changing conditions require revised theories or entirely different ones.<sup>25</sup>

What kind of new theoretical changes or revision of old theories can distinctly reflect the international politics in the age of globalization? Obviously, conflicting and cooperating elements in the process of integration in parallel with globalization will be a prevailing phenomenon. So it is pivotal to the study of international politics for the identification and analysis of forces that contribute to the formation and integration of political communities.<sup>26</sup> For better understanding of world politics at the beginning of new millennium, a thorough and careful study of integration theory should be revisited.

---

<sup>20</sup> Erik Voeten. (2000): Clashes in the Assembly, in: *International Organization* 54(2), p.185.

<sup>21</sup> Soo Yeon Kim and Bruce Russett. (1996): The New Politics of Voting Alignments in the United Nations General Assembly, in: *International Organization* 50(4), pp.629-652.

<sup>22</sup> Samuel P. Huntington. (1996): The Clash of Civilizations and the Remaking of World Order, in: *Foreign Affairs* 72(3), pp.22-49.

<sup>23</sup> Francis Fukuyama. (1992): *The End of History and the Last Man*, New York, Free Press, p.xi.

<sup>24</sup> Samuel P. Huntington. (1999): The Lonely Superpower, in: *Foreign Affairs* 78(2), pp.35-49.

<sup>25</sup> Kenneth N. Waltz. (2000): Structural Realism after the Cold War, in: *International Security* 25(1), p.5.

<sup>26</sup> James E. a Dougherty and Robert L. Pfaltzgraff, Jr. (1990): *Contending Theories of International Relations, A Comprehensive survey*, Third Edition, New York, Harper Collins Publishers, Inc., P.431.

## 2.1 Various Approaches and Definitions of Regional Integration

Central to the development of integration theory, it is not sufficiently advanced that there exists either a commonly accepted definition of integration or general agreement on the relevant indicators of integration.<sup>27</sup> There are also some academic controversies, and even different schools of thought, regarding the preferred methods and approaches to integration.<sup>28</sup> Some scholars denote integration as a process toward political unity and economic prosperity among separate identities of the world while a few mentions as a condition or end product, which is resulted from the development of functional organizations. Before examining more details about integration, it is necessary to clarify some twin words such as cooperation, globalization, interdependence and amalgamation, which are comparatively used in related to the basic term integration.

First of all, cooperation is an interaction, where the problem lies not only in the identification of common goals and the methods of reaching them, but also in the achievement of these goals. This interaction, in which no conflict is involved, does not, properly speaking, come into the ambit of politics, which centres on conflict and power, but rather into that of administration. But administration is not only the outcome of successful politics but also offers a method of resolving conflict situations, especially when they are not really acute.<sup>29</sup> Interaction of nation-states combines both antagonism and community of interests. This means that conflict is never fully separated from cooperation nor cooperation from conflict. Indeed, different periods of history combine the two in varying measures, and the difference between the states of peace and war lies merely in the degree to which one of these elements predominates.<sup>30</sup>

Concerning with globalization, while it is thus evident that there can be no easy and uncontested definition of 'globalization', it is nevertheless possible to identify some of the major empirical processes and transformations, which are seen as manifestations of this new 'age of globalization'. Arguably, a reference to 'globalization' contains the assumption that there has occurred an increase in the density of contacts between locations worldwide; that daily life is structured in such a way that social interactions are embedded in global networks; and that 'local happenings are shaped by events occurring many miles away and vice versa'.<sup>31</sup> In an era of ever-increasing global interconnectedness of people, places, capital, goods and services, it is not sufficient, however, to define globalization only in terms of an increase in the density of contacts between locations worldwide; it must also be emphasized that many of those connections have become almost instantaneous.<sup>32</sup> Since 'in the globalized world of today people can

---

<sup>27</sup> Dougherty and Pfaltzgraff. (1990): *Contending Theories*, pp.454-455.

<sup>28</sup> Theodore A. Coulombis and James H. Wolfe, (1978): "Introduction to International Relations: Power and Justice", Englewood Cliffs, N.J., Prentice-Hall, Inc., p.282.

<sup>29</sup> Joseph Frankel. (1988): "International Relations in a Changing World", Oxford, Oxford University Press, pp.108-109.

<sup>30</sup> *Ibid.*, p.154.

<sup>31</sup> Anthony Giddens. (1990): "The Consequences of Modernity", Cambridge, Polity Press, p.64.

<sup>32</sup> Roland Axtmann. (1998) : "Globalization, Europe and the State: Introductory Reflections", in : Roland Axtmann (ed.) : "Globalization and Europe, Theoretical and Empirical Investigations", London, Pinter, pp. 2-5.

by various means relate with one another irrespective of their longitudinal and latitudinal position, as it were on a “supraterritorial” plane<sup>33</sup>, the definition of globalization as ‘a social process in which constraints of geography on social and cultural arrangements recede and in which people become increasingly aware that they are receding’ should be acceptable.<sup>34</sup>

‘Interdependence’ is a term that has been intermittently in vogue for over a century. In contemporary usage it originated as a concept in economics, where it had a comparatively clear meaning, according to which two economies were interdependent when there was a rough equality of power between them and when their mutual interaction was such as to make each significantly vulnerable to actions by the other. Interconnection produced vulnerability and hence acted to restrain what others might do. In its classical form, this was indeed the idea that increasing trade between nations would strengthen peace, an idea common prior to the First World War but often heard since.<sup>35</sup> Global interdependence lies at the heart of the internationalization of domestic politics. It poses a singular threat to the existence of nation-state. Interdependence expands the range of global issues while making their management more difficult, as mutual vulnerabilities reduce states’ autonomy and curtail their control of their own destinies.<sup>36</sup>

Interdependence in world politics is sometimes seen as a cause of war and sometimes as a condition of peace.<sup>37</sup> From one perspective, global interdependence may draw the world’s diverse components together in pursuit of mutual survival and welfare. Awareness of the common destiny of all, alongside the inability of sovereign states to address many shared problems through unilateral national action, may energize efforts to put aside national competition. Conflict will recede, according to this reasoning, as few states can afford to disentangle themselves from the interdependent ties that bind them together in the common fate on which their welfare depends. From another, more pessimistic perspective, interdependence will not lead to transnational collaboration, regardless of how compelling the need or how rewarding the benefits may be. Instead, contact and mutual dependence will breed conflict. Under conditions of fierce competition and resurgent nationalism, the temptation to seek isolation from foreign economic dependence by creating barriers to trade and other transactions may be irresistible. It may also be the temptation to use force.<sup>38</sup>

Interdependence can be defined as a condition of mutual dependence among several persons or groups. It describes a social relationship that may have been formed casually, in the sense that no one planned for it to come about; it is probably the product of

---

<sup>33</sup> Jan Aart Scholte (1996) : “Beyond the buzzword: towards a critical theory of globalization”, in : E. Kofman and G. Youngs (ed.) : “Globalization: Theory and Practice”, London, Pinter, p.45.

<sup>34</sup> Malcolm Waters. (1995): “Globalization”, London, Routledge, p.3.

<sup>35</sup> Fred Halliday. (1994): “Rethinking International Relations”, London, Macmillan Press Ltd, p.14.

<sup>36</sup> Charles W. Kegley Jr. and Eugene R. Wittkopf. (1995): “World Politics, Trends and Transformations”, New York, St. Martin’s Press, pp.552-553.

<sup>37</sup> Jaap de Wilde. (1991): “Saved from Oblivion: Interdependence theory in the First Half of the 20<sup>th</sup> Century, A study on the causality between war and complex interdependence”, Aldershot, Hampshire, Dartmouth, p.1.

<sup>38</sup> Kegley and Wittkopf (1995): World Politics, p.553.



unreasoned social and economic forces that no one controls. Moreover, those in large-scale interdependent relationships may be only dimly conscious of that fact, knowing little or nothing about the individuals or groups with whom they are connected. They may or may not benefit materially from this connection, and so they may or may not find it to their liking. Since interdependence may actually encourage conflict, it is not clearly a prerequisite condition for peace.<sup>39</sup> But conflicts under interdependence are characterized by all kind of constraints, and these constraints may stimulate more sophisticated forms of conflict management than the primitive killing or mutilating of people or the threat to destroy parts of their civilization.<sup>40</sup> In generally speaking about integration, it is the usually purposeful process whereby two or more states merge their economic, social, and political systems to the point that they constitute a single community. An integrated community may be achieved, in the sense that its members generally can expect conflicts to be resolved peaceably among them, without the formal amalgamation of unified institutions of government.<sup>41</sup> Integration implies a more conscious mixing of individuals and groups that have been separated. It also may not be a planned, rational process, but those affected almost certainly are aware of it, either approving or opposing this new mix of peoples in accordance with their own perceived interests.<sup>42</sup>

Amalgamation is used to mean the formal joining of separate political groups through conscious governmental choice. It may or may not express the wishes of the majority of those joined together, but the end result is a new political entity that, in the terms of subject matter, constitutes a “sovereign” state. Historical examples abound: Texas was separated from Mexico in the mid-nineteenth century and, shortly thereafter, amalgamated into the United States. From 1958 to 1968, Egypt and Syria were amalgamated in a state called the United Arab Republic, but which, after Syria’s withdrawal, became two independent states again.<sup>43</sup>

According to the above mentioned connotations, these processes or conditions namely cooperation, globalization, interdependence, integration, and amalgamation of peoples or nation-states are not only conceptually synonymous; but also they are simultaneously applied in a developmental way in the contemporary political, economic and social facets of the world. Cooperation encourages the process of globalization in its own essence of removing some forms of conflict. Interdependence describes a condition in world politics today, one that presents both positive opportunities and also negative prospects for human beings. But it should be acknowledged that the advantages of interdependence outweigh the disadvantages. On the other hand, integration and amalgamation are processes supported by at least some political actors. Integration may or may not lead to amalgamation of separate sovereign states. Conversely, amalgamation does not necessarily either reflect or help induce true social integration.<sup>44</sup>

---

<sup>39</sup> Lloyd Jensen and Lynn H. Miller. (1997): “Global Challenge, Change and Continuity in World Politics”, New York, Harcourt Brace & Company, p.332.

<sup>40</sup> Wilde ( 1991 ) : Saved from Oblivion, p.2.

<sup>41</sup> Jensen / Miller ( 1997 ) : Global Challenge, p.430.

<sup>42</sup> Ibid., p.332.

<sup>43</sup> Ibid., p.332.

<sup>44</sup> Ibid., p.333.

### 2.1.1 Regionalist Approach

Regionalist approach to integration based on the concept that nations situated in a homogeneous geographical area of sharing common concerns and interests can cooperate with each other through a limited membership organization to meet military, political, economic and functional problems. This concept provides a middle-level approach to problem solving, between the extremes of unilateralism and universalism.<sup>45</sup> Regional cooperation through integration process to promote the wealth/welfare dimension has been one of the most distinctive features of macropolitics, and the UN system has been permissive.<sup>46</sup> The United Nations Charter encourages regional integration as complementary to the world organization's objectives and activities, but also provides that all regional actions must be consistent with the purposes and principles of the United Nations particularly to maintain world peace and security.<sup>47</sup>

The proponents of the regionalist approach to peace usually argue that regional integration is a half way house between international anarchy (today's reality) and world integration (tomorrow's dream). They argue that the relative cultural, economic, political, and geographic affinity within a region lends itself to more effective organization. Moreover, nation-states participating in schemes of regional integration can organize – politically and economically – in continent-sized operations, thus minimizing the erosive influence of the superpowers. Functionally oriented regionalists concede that integration works better in the economic sectors of societies but are convinced that with time, patience, and wisdom economic cooperation will spill over into the political sectors.<sup>48</sup> Regionalism, however, is a hybrid, which may stay within the bounds of the existing state structure or become the embryo for a new state system. Region is a geographical concept and the doctrine of regionalism implies that geographical variables are a prime influence on behaviour. While the notion of region may be helpful in individual dimensions, it does not appear to be the great organizing principle when considering multidimensional phenomena.<sup>49</sup>

One can group countries into regions according to a number of criteria – for example, language, religion, culture, population density, and climate. There are some the most commonly used criteria for denoting integration of units or nation-states into a region. They are as follows:<sup>50</sup>

- (1) *Geographical criteria*: grouping nation-states on the basis of their location in continents, subcontinents, archipelagos, etc. – for instance, Europe and Asia.
- (2) *Military/political criteria*: grouping nation-states on the basis of their participation in alliances, or on the basis of ideological and political orientation –

---

<sup>45</sup> Plano, Jack C. and Roy Olton. (eds.) (1988): "The International Relations Dictionary", Fourth Edition, Santa Barbara, California: ABC-Clio Inc., p.309.

<sup>46</sup> Evans, Graham and Jeffrey Newnham (1992): "The Dictionary of World Politics, A Reference Guide to Concepts, Ideas and Institutions", New York, Harvester Wheatsheaf, p.282.

<sup>47</sup> Plano and Olton (1988): The International Relations Dictionary, p.309.

<sup>48</sup> Couloumbis and Wolfe (1978): Introduction to International Relations, pp.294-295.

<sup>49</sup> Olson, William C. and A. J. R. Groom. (1991): "International Relations then and now, Origins and trends in interpretation", London, Harper Collins Academic, p.173.

<sup>50</sup> Couloumbis and Wolfe (1978): Introduction to International Relations, p.284.

- for instance, the communist bloc, the capitalist bloc, NATO, the Warsaw Pact, and the Third World.
- (3) *Economic criteria*: grouping nation-states on the basis of selected criteria of economic development, such as gross national product and industrial output – for instance, industrialized versus transitional versus less-developed states.
  - (4) *Transactional criteria*: grouping nation-states on the basis of volume and frequency of exchange of people, goods, and services, such as immigrants, tourists, trade, and messages – for instance, the United States and Canada, the Western European market area, and etc.

Bruce M. Russett analysed and focused attention on the study of regions for the potential of regional integration and gave classification of regions as:(a) regions of social and cultural homogeneity, (b) regions of states that share similar political attitudes or external behaviour as identified by the voting patterns of governments in the United Nations, (c) regions of political interdependence where countries are joined together by a network of supranational or intergovernmental political institutions, (d) regions of economic interdependence as identified by intra-regional trade as a proportion of a state's national income, and (e) regions of geographical proximity. Such analysis may contribute to the identification of those areas of the world where the potential for further integration is great, as well as areas with little prospect for further integration.<sup>51</sup>

The prolific growth of limited-member organizations since the end of the Second World War has stemmed from a new emphasis placed on regional integration as a means for achieving national interest goals. However, the role of regional alliances has been the most controversial during this period, superimposing several balance of power systems upon the collective security approach of the United Nations. Observers differ as to whether military groups have added to the threat of war or contributed to the maintenance of peace and security. Functional organizations have received the most support and have been the least controversial outgrowths of regionalism, although increasing trade discrimination by rival groups could reverse the trend toward freer world trade. Psychologically, individuals are more likely to give their support to integrated organizations of their respective regions than to a distant world organization. Regional integration may prove to be a “gradualist” approach to the building of international communities and political federations beyond the nation-state.<sup>52</sup>

---

<sup>51</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, p.448.

<sup>52</sup> Plano and Olton (1988): *The International Relations Dictionary*, p.310.

### 2.1.2 Realist Approach

Realist approach has its intellectual roots that can be traced back to the ancient world<sup>53</sup> together with its manifestations extending into, and perhaps beyond, the contemporary world. Any discussion of realist theory in its totality would not be adequate without an examination of endeavors to reinterpret and revise it in light of new circumstances of the current world while maintaining its enduring elements and theoretical assumptions. Therefore, this part of chapter will only portray abridged in form of core propositions of realist theoretical approach to international politics. Among the antecedents of realist theory is the work of Max Weber, whose writings concerned broadly not only with the nature of politics and the state, but also with power as central to politics. Although the richness of Weber's political thought cannot be encompassed in a short description, it could not be wrong to suggest that, with respect to realist theory, many of the formulations contained in his work shaped subsequent generations in their scholarly writings. For Weber, as for later realists, the important characteristic of politics is a struggle for power. The power element of political life is especially visible at the international level because every political structure naturally prefers to have weak rather than strong neighbours. Moreover, as every huge political community is a potential aspirant to prestige, it is also a potential threat to all its neighbours; therefore, the huge political community is latently and constantly endangered simply because it is big and strong. According to Weber, among the dimensions of politics as a struggle for power is that of economics. In Weber's thought, economic policy stands in a subordinate relationship to politics, because of the fact that the power political interests of nations encompass an economic struggle for existence.<sup>54</sup>

No twentieth-century academic writer has had a greater impact on the development of realist theory than Hans J. Morgenthau. He developed many realist concepts such as power, rationally determined national interest, balance of power, and the management of power in an anarchic world. Morgenthau suggested that political relationships are governed by objective rules deeply rooted in human nature. Because these rules are impervious to people's preferences, they can be challenged only at the risk of failure.<sup>55</sup> Morgenthau posited that political leaders 'think and act in terms of interest defined as power' and that historical evidence proves this assumption correct. This concept "interest defined as power' is central to Morgenthau's realist theory provides to evaluate actions of political leaders at different points in history depending on their diverse foreign policies of widely separated nation-states. In his point of view, international politics is a process in which national interests are accommodated or resolved on the basis of diplomacy or war.<sup>56</sup> According to Morgenthau, the concept of the national interest presuppose neither a

---

<sup>53</sup> For a thorough look at the intellectual foundations of realism in world history, see renowned works of the Greek historian Thucydides (400 B.C.): "History of the Peloponnesian War"; the Italian statesman Niccolò Machiavelli (1469-1557): "The Prince"; and the English philosopher Thomas Hobbes (1588-1679): "Leviathan".

<sup>54</sup> James E. Dougherty and Robert L. Pfaltzgraff, Jr. (2001): "Contending Theories of International Relations: A Comprehensive survey", Fifth Edition, New York, Longman, p. 70.

<sup>55</sup> Hans J. Morgenthau (1978): "Politics among Nations: The Struggle for Power and Peace", 5<sup>th</sup> Edition (revised), New York, Knopf, p. 4.

<sup>56</sup> Ibid., p. 5.

naturally harmonious, peaceful world nor the inevitability of war as a consequence of the pursuit by all nations of their national interest. Quite to the contrary, it assumes continuous conflict and threat of war to be minimized through the continuous adjustment of conflicting interests by diplomatic actions.<sup>57</sup>

Morgenthau explained that the meaning of interest defined as power is not easily determined. However, he argued that survival constitutes the minimum goal of foreign policy and the core national interest in a world in which sovereign nations compete for power feloniously. All nations are compelled to protect their territorial integrity, physical gains, political institutions and cultural identity against impingements by other nations. Therefore, national interest is identified with national survival in this way. As long as the world is divided into nations in an anarchic global setting, Morgenthau asserted, the national interest is indeed the last and ultimate word in world politics. Interest, then, is the essence of politics, which is defined as a struggle for power.<sup>58</sup>

As applied to twentieth-century world politics, realism views nation-states as the principal actors in international politics, for they are not accountable to any higher political authority. Furthermore, conflicts of interests among them are assumed to be inevitable. Realism also emphasizes the way the perceived realities of world politics dictate the choices that foreign policy makers, as rational problem solvers of nation-states, must ultimately make. States are the superordinate actors on the stage of the world. That purpose of statecraft is national survival in a hostile environment of anarchical world. Major argument is that no means is more important to that end than the acquisition of power. And no principle is more important than self-reliance – the ultimate dependence of the state on its own resources to promote its interests and protect itself. State sovereignty, a cornerstone of international law, encloses this perspective, providing heads of states and governments the freedom – and responsibility – to do whatever is necessary to advance the state's interests and survival. According to classical realist belief, respect for moral principles is a wasteful and dangerous interference in the rational pursuit of national power.<sup>59</sup>

To many realists, therefore, questions about the relative virtues of the values within this or that *ism* (ideological system) cannot be permitted to interfere with meaningful sense of policy-making. Hence, the ideological preferences of states are neither good nor bad; what matters most is whether one's self-interest is served. Accordingly, the game of international politics takes place under conditions of permanent anarchy and revolves around the pursuit of power: acquiring, increasing, projecting, and utilizing it to bend others to one's will. Not to be too long and oversimplified, the major message of realist approach to international politics can be summarized in the following ten assumptions and related propositions<sup>60</sup>:

---

<sup>57</sup> Hans J. Morgenthau (1952): "Another Great Debate: The National Interest of the United States", *American Political Science Review*, LXVI (December 1952), p. 961.

<sup>58</sup> *Ibid.*

<sup>59</sup> Charles W. Kegley Jr. (1995): "The Neoliberal Challenge to Realist Theories of World Politics: An Introduction", in: Charles W. Kegley Jr.: "Controversies in International Relations Theory, New York, St. Martin's Press, p. 4.

<sup>60</sup> *Ibid.*, pp. 4-5.

1. A reading of world history teaches that people are by nature sinful and wicked.
2. Among all of people's evil ways, no sins are more prevalent, inexorable, or dangerous than are their instinctive lust for *power* and their desire to dominate others.
3. The possibility of eradicating the instinct for power is just idealistic and utopian aspiration.
4. Under such conditions international politics is, as the English sixteenth century philosopher Thomas Hobbes labelled it, a struggle for power, "a war of all against all."
5. The primary obligation of every nation-state in this world environment – the goal to which all other national objectives should be subordinated – is to promote the "*national interest*", defined as the acquisition of power.
6. The anarchical nature of the international system necessitates the acquisition of military capabilities for sufficient self-defence to deter attack by potential enemies.
7. Economics is less relevant to *national security* than military might and is important primarily using as a means to acquiring national power and prestige.
8. Allies might increase the ability of a state to defend itself, but their loyalty and reliability should not be assumed and taken for granted.
9. Nation-states should never entrust the task of self-protection to international organizations or to international law.
10. If all nation-states seek to maximize power, stability will result from maintaining a *balance of power* that is in turn created by continuous alliance groupings.

The realist approach has undergone something of a revival in the past decades with the onset of neorealist work. It is mainly associated with Kenneth Waltz's Theory of International Politics.<sup>61</sup> For Waltz, the international system is better characterized by anarchy instead of hierarchy. Because it is composed of units that are formally and functionally equal states and the key variable is the distribution of capabilities across these units in a given international system. Therefore, state behaviour will vary with this distribution of capabilities so that structural change will alter patterns of conflict and cooperation. Anarchy could produce order, but it inhibits effective and long-standing cooperation amongst states because of the essentially competitive and rational nature of the interstate game. In other words, states (units) survival is always in prior question. Rational states realize this, and so seek to maximize the possibilities for their survival. This is not to say that cooperation never happens. The emergence of alliances and forms of cooperation is a well-established rational means to the end of survival and the nature of this balancing behaviour is consistent and bound up with the issue of relative capabilities. The interests and actions of the most powerful states constitute the nature of the system and any alteration in this distribution of capabilities is possibly to induce changes in unit behaviour.<sup>62</sup>

---

<sup>61</sup> For more details of structural realism and neorealist approach to international relations, see Kenneth N. Waltz (1979): "Theory of International Politics", Reading, Mass: Addison-Wesley.

<sup>62</sup> Rosamond (2000): "Theories of European Integration", p. 132.

Waltz wrote that being unable to conceive of international politics as self-sustaining system, realists concentrate the behaviour and outcomes of that seem to follow from the characteristics they have attributed to men and states. Neorealists, on the other hand, rather than viewing power as an end in itself, see power as a possibly useful means, with states running risks if they have either too little or too much of it. Weakness might invite an attack that greater power would dissuade an adversary from launching such attack. Excessive strength may prompt other states to increase their armaments and pool their efforts for better defence. Power is a certainly useful means, and sensible statesmen attempt to have an appropriate amount of it. In crucial situations, however, the ultimate concern of nation-states is not only for the attainment of power but also for the guarantee of security that becomes an important revision of realist theory.<sup>63</sup>

### 2.1.3 Federalist Approach

The federalist school of thought conceives of integration in legal and institutional terms to reach the destination of global government. For federalist scholars, integration is an end product rather than a process. It stands for a political union among previously sovereign and independent territories, such as was formed in the United States and Switzerland.<sup>64</sup> In federalism the stress is upon a constitutional instrument setting out the relationship and competence of the federal and local bodies within a defined territorial area. It is appropriate for units with cleavages such as language, religion or ethnicity, which nevertheless wish to establish or maintain an element of political unity.<sup>65</sup> World federalists recommend the adoption of federalism on both a regional and a global scale, and they consider the anarchic nation-state system to be primarily responsible for war. They discount arguments that federalism on a global scale is impractical and utopian. They feel that with a reasonable amount of discussion and education, enough people will be convinced that a rational plan for the regulation and governance of humankind should be adopted. Transition to a mutually acceptable model of federalism, according to federalist scholars, should follow a large-scale world conference similar to the one that gave birth to the United Nations.<sup>66</sup>

World federalism represents a frontal attack on the nation-state by proposing to replace it with some central authority. Federalists follow Albert Einstein's conviction that "there is no salvation for civilization, or even the human race, other than the creation of a world government." If people value survival more highly than relative national advantage, as federalists argue, they will willingly transfer their loyalty to a supranational authority to dismantle the multistate system that produces war and threatens to annihilate the human species. "World government," world federalists believe, "is not only possible, it is inevitable because it appeals to the patriotism of men who love their national heritages so

---

<sup>63</sup> Kenneth N. Waltz (1995): "Realist Thought and Neorealist Theory", in: Charles W. Kegley Jr.: "Controversies in International Relations Theory: Realism and the Neoliberal Challenge", New York, St. Martin's Press.

<sup>64</sup> Couloumbis and Wolfe (1978): Introduction to International Relations, p.282.

<sup>65</sup> Olson and Groom (1991): International Relations then and now, p.173.

<sup>66</sup> Couloumbis and Wolfe (1978): Introduction to International Relations, p.282.

deeply that they wish to preserve them in safety for the common good". It is not surprising that ardent nationalists have vociferously attacked the revolutionary federalist "top-down" peace plan since it was first advocated. Because the plan seeks to subvert the nation-state system, it threatens many entrenched interests. Likewise, they challenge the assumption that "necessity" will lead to global institutional innovation, for the need for something will automatically bring it into existence. Although still actively promoted by the United World Federalists (an international nongovernmental pressure group), aversion to war and raised consciousness of its dangers have not mobilized widespread grass-roots enthusiasm for a world government. Other approaches to reforming the world political system have attracted more adherents.<sup>67</sup> In the study of international relations, therefore, proponents of world government have often seen in the monopolization of power at the international level the key to the reduction of violence, and political realists have argued that world government is not possible without the development of far greater consensus at the global level about the scope, purpose, and control of such an international order than has existed in this or preceding centuries.<sup>68</sup>

#### **2.1.4 Functionalist School of Thought**

The concept of functionalism has a great influence upon the succeeding generation in the study of integration theory. Functionalism is a theory of international organization and can be characterized as an issue-specific approach to politics. The idea is to deal with social problems by looking first at their so-called technical aspects. The purpose of this is to sidestep the obstacles formed by nationalistic ideologies and by anachronistic governmental mechanisms. Functionalism is a reaction to the emergence of global interdependence, and its emphasis on the technical management of issues is an attempt to go beyond political boundaries and divisions without disputing them.<sup>69</sup>

Central to functionalism is the work of David Mitrany, whose writings greatly influenced subsequent integration theorists. Mitrany wrote during the years between the two world wars, as well as in the generation following World War II. He suggested that the growing complexity of governmental systems had increased greatly the essentially technical, non-political tasks facing governments. Such tasks not only created a demand for highly trained specialists at the national level, but also contributed to the emergence of essentially technical problems at the international level, whose solution lies in collaboration among technicians, rather than political elites. The growth in importance of technical issues in the twentieth century is said to have made necessary the creation of frameworks for international cooperation. Such functional organizations could be expected to expand both in their numbers and in scope as the technical problems confronting humankind grew in both immensity and magnitude. As a result, organizations for functional collaboration might eventually supersede, or make superfluous, the political institutions of the past.<sup>70</sup>

---

<sup>67</sup> Kegley and Wittkopf (1995): "World Politics", pp.538-539.

<sup>68</sup> Hans J. Morgenthau (1978): "Politics Among nations", New York, Knopf, pp.499-507.

<sup>69</sup> Wilde (1991): "Saved from Oblivion", p.170.

<sup>70</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, p.432.



The functionalist strategy urges the development of piecemeal non-political cooperative organizations, which are established most effectively at the regional geographical level and in the economic, technical, scientific, social, and cultural sectors. These sectors are referred to collectively as functional sectors. The functionalists assume that it is easier to establish narrow-in-scope functional organizations ( in sectors such as energy production and distribution, transportation and communications control, health protection and improvement, labour standards and exchanges, and custom unions ) than to try to develop grandiose political institutions that jeopardize the national sovereignty of member-states. Governments find it difficult to oppose the growth of functional organizations since these non-political bodies are mutually advantageous for the participating states and do not appear to constrict national sovereignty.<sup>71</sup>

In Mitrany's theory there is a doctrine of "*ramification*," whereby the development of collaboration in one technical field leads to comparable behaviour in other technical fields. Functional collaboration in one sector generates a felt need for functional collaboration in another sector. The effort to create a common market, for example, gives rise to pressure for further collaboration on pricing, investment, transport, insurance, tax, wage, social security, banking, and monetary policies. Mitrany assumed that functional activity could reorient inter-national activity and contribute to world peace. Eventually such collaboration would encroach upon, and even absorb, the political sector. Hence, functionalism contrasts sharply with realist theory, which places emphasis upon competition and conflict as a principal, if not the dominant, feature of international politics.<sup>72</sup> In contrast, functionalism begins by questioning the assumption that the state is irreducible and that the interests of governments prevail, and proceed to the active consideration of schemes for cooperation; it is peace-oriented and seeks to avoid a win-lose stalemate framework.<sup>73</sup>

On this reason, the most insightful critics of the security/conflict conception of international politics should be referred to as functionalists' approach to integration.<sup>74</sup> When the integration of states is looked upon as the ultimate solution of the war-problem, functionalism can be regarded as the best strategy to achieve that solution.<sup>75</sup> Functionalism has been presented as an operative philosophy that would gradually lead to a peaceful, unified, and cooperative world. The functionalists begin their argument with the assumption that wars are the product of a crudely organized international system. This system, they maintain, is founded on suspicion and anarchy and considers war an accepted means of settling thorny international disputes. Sovereignty, national exclusivism, and others forms of arbitrary fragmentation of the globe are viewed by the functionalists as an anachronistic and dangerous heritage of the pre-industrial age. They grant that governments have vested interests and that nation-states will not be dismantled voluntarily. Hence, they advocate a gradual approach toward regional or global unity, an

---

<sup>71</sup> Couloumbis and Wolfe (1978): Introduction to International Relations, p.281.

<sup>72</sup> Dougherty and Pfaltzgraff (1990): Contending Theories, p.432.

<sup>73</sup> Groom, A. J. R. and Paul Taylor. (1975): "Functionalism and International Relations," in: A.J.R. Groom and Paul Taylor. (eds.): "Theory and Practice in International Relations: Functionalism", New York: Crane, Russak, p.2.

<sup>74</sup> Couloumbis and Wolfe (1978): Introduction to International Relations, p.280.

<sup>75</sup> Wilde (1991): Saved from Oblivion, pp.182-183.

approach designed to isolate and eventually render obsolete the stubborn but inadequate institutional structures called nation-states. Functionalists, as a matter of strategy, tend to emphasize cooperative aspects of international behaviour and sidestep conflictive aspects. They look at the globe in terms of the politics of cooperation and reason rather than the politics of conflict and irrationality. Gradually, they hope, with the accumulation of a large variety of functional organization linking people and their interests across national boundaries, a transformation in both national attitudes and institutions will take place.<sup>76</sup> Ultimately, this strategy will strive a normative end for the creation of a “working peace system” in which nation-states coexist and interact peacefully for multilateral interests as Mitrany emphasized “the historical task of our times is not to keep the nations peacefully apart but to bring them actively together”.<sup>77</sup>

### 2.1.5 Transactional Communication Approach

The communications approach to integration theory was utilized by Karl W. Deutsch and his associates. Deutsch refers to political integration as a process that may lead to a condition in which a group of people has “attained within a territory a sense of community and of institutions and practices strong enough to assure, for a long time, dependable expectations of peaceful change among its population.” He suggests that “integration is a matter of fact, not of time.”<sup>78</sup> He also maintains that political integration can be compared to power, for we recall that power can be thought of as a relationship in which at least one actor is made to act differently from the way that actor would act otherwise (i.e., if this power were absent).<sup>79</sup> At this point, Deutsch carefully analysed the connection between the process of integration and power with the mutual interdependence of nation-states.

The study of Deutsch and his group is mainly concerned with the relationship between communications and the integration of political communities. They believed that communication is the cement that makes organizations. Communications among people can produce either friendship or hostility depending upon the extent to which the memories of communications are associated with more or less favourable emotions. Nevertheless, in Deutsch’s scheme political systems endure as a result of their ability to abstract and code incoming information into appropriate symbols, to store coded symbols, to disassociate certain important information from the rest, to recall stored information when needed, and to recombine stored information entered as an input into the system. The building of political units depends upon the flow of communications within the units as well as between the unit and the outside world.<sup>80</sup> Communications approach seeks to measure the process of integration by watching the flow of international transactions, such as trade, tourists, letters, and immigrants. It expects,

---

<sup>76</sup> Couloumbis and Wolfe (1978): Introduction to International Relations, pp.280-282.

<sup>77</sup> David Mitrany (1975): ‘The Functional Theory of Politics’, London, Martin Robertson, p.240.

<sup>78</sup> Dougherty and Pfaltzgraff (1990): Contending Theories, p.434.

<sup>79</sup> Karl W. Deutsch (1978): “The analysis of International Relations”, Englewood Cliffs, N.J., Prentice-Hall, pp.198-199.

<sup>80</sup> Dougherty and Pfaltzgraff ( 1990 ) : Contending Theories, p.435.

further, that such transactions will eventually lead to the development of “security communities” or integrated socio-political systems.<sup>81</sup>

Deutsch’s major substantive contribution to integration theory is found in his work on the conditions for political community in the North Atlantic area. Research and analysis undertaken in this work yielded several important conclusions about conditions for forming of security communities. Deutsch and his associates set forth two kinds of security communities: *amalgamated*, in which previously independent political units have formed a single unit with a common government; and *pluralistic*, in which separate governments retain legal independence.<sup>82</sup> Both are characterized by the absence of intra-community wars. The United States is a good example of an amalgamated security community for it has a single federal government exercising central political control over a continent-sized region. Pluralistic security communities, on the other hand, have no central political authority, but the national units that make up these communities do not expect to fight one another and thus do not fortify their borders. Pluralistic security communities are usually larger areas, such as the North American continent and Western Europe.<sup>83</sup>

For as a political community becomes more fully amalgamated, its constituent political units cease to be sovereign states, or even states at all, and political relations among them turn into domestic politics involving merely different provinces, countries, or peoples.<sup>84</sup> A number of conditions, however, appear to be essential for the successful establishment of amalgamated security communities: (1) the main values held by the politically relevant strata in all the participating units should be compatible. Sometimes this compatibility includes a tacit agreement to prevent other incompatible values from acquiring political significance; (2) a distinctive way of life, that is, a set of socially accepted values and of institutional means for their pursuit and attainment; (3) an increase in the political and administrative capabilities of the main political units to be amalgamated; (4) superior economic growth, compared to the recent past of the territories to be amalgamated or compared to neighbouring areas; (5) expectations of joint economic rewards and of strong economic ties as a result of amalgamation; (6) free mobility of persons prior to, or concurrent with, amalgamation; (7) a multiplicity of communications and transactions; (8) a broadening of the political elite in the course of the amalgamation movement. An example of this necessity can be the shift in leadership in Prussia from nobles like von Manteuffel, who was unwilling to work with the middle classes, to someone like Bismarck, who retained the respect of his fellow aristocrats but also knew how to attract and keep middle class support; (9) there must be particular groups or institutions that form unbroken links of communication between several social strata within one unit and between some of the politically relevant strata in several of the units. An example of unbroken links of social communication would be the German financial and industrial

---

<sup>81</sup> Couloumbis and Wolfe (1978): Introduction to International Relations, p.283.

<sup>82</sup> Dougherty and Pfaltzgraff (1990): Contending Theories, pp.435-436.

<sup>83</sup> Karl W. Deutsch (1979): “Tides among Nations”, New York, The Free Press, p.283.

<sup>84</sup> Ibid., p.182.

community that came to link major interests in the Rhineland, Berlin, Darmstadt, Leipzig, and other German centres and states during the 1850s and 1860s.<sup>85</sup>

For the formation of pluralistic security communities three conditions were found essential: (1) compatibility of values among decision-makers, (2) mutual predictability of behaviour among decision-makers of units to be integrated, and (3) mutual responsiveness. Governments must be able to respond quickly, without resort to violence, to the actions and communications of other governments. There are some factors which can also lead to the disintegration of amalgamated political communities. These conditions appear equally effective regardless of whether they occur in large or in small political units within the political community. These are: (1) excessive military commitments; (2) an increase in political participation on the part of a previously passive group; (3) the growth of ethnic or linguistic differentiation; (4) prolonged economic decline or stagnation; (5) relative closure of political elites; (6) excessive delay in social, economic, or political reforms; and (7) failure of a formerly privileged group to adjust to its loss of dominance.<sup>86</sup>

In Deutsch's conception the integrative process is not unilinear in nature. The essential background conditions do not come into existence simultaneously, nor are they established in any special sequence. "Rather it appears to us from our cases that they may be assembled in almost any sequence, so long as all of them come into being and take effect."<sup>87</sup> According to him, pluralistic security communities have succeeded repeatedly where amalgamated communities failed. Requiring far less stringent conditions for success, pluralistic political communities thus seem to offer a particularly promising pathway toward the establishment of widening areas of peace and security in contemporary world.<sup>88</sup> Therefore, for the communications school of thought, integration can be seen both as a process leading toward political unification and as the end product of that process like amalgamated and pluralistic security communities.<sup>89</sup>

### **2.1.6 Neofunctionalist Approach**

Although neo-functionalism is often regarded as the latter descendant from the preceding hypotheses of functionalism, it also represents to question, review and refine inadequacies and limitations of the older one as well as to generate some more accurate conception about integration. Neo-functionalists envisage the outgrowth of integration not only as a process but also as a final outcome. They doubted the functionalist assumption of the ever-growing technical collaboration in all sectors could later bring about the peaceful solutions of political and economic disputes. Neo-functionalists' contributions include the writings about the development of European institutions like those of Ernst Haas and Leon Lindberg as well as those of Joseph Nye who analysed not only the Western European integration but also that of other regions of the world.

---

<sup>85</sup> Ibid., pp.191-192.

<sup>86</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, pp.436-437.

<sup>87</sup> Ibid., p.437.

<sup>88</sup> Deutsch (1979): *Tides among Nations*, pp.196-197.

<sup>89</sup> Couloumbis and Wolfe (1978): *Introduction to International Relations*, p.283.

Ernst Haas defines integration as a process “whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations, and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states.”<sup>90</sup> He conceives of a process of integration in which states cease to be wholly sovereign and so mingle, merge, and mix with their neighbours as to lose the actual attributes of sovereignty.<sup>91</sup> Haas postulates that the decision to proceed with integration, or to oppose it, depends upon the expectations of gain or loss held by major groups within the unit to be integrated. So the values and interests of participants in the process of integration are far more important than the idealistic intentions of the process itself.<sup>92</sup>

Haas assumes that integration proceeds as a result of the work of relevant elites in the governmental and private sectors, who support integration for essentially pragmatic rather than altruistic reasons. Elites having expectations of gain from activity within a supranational organizational framework are likely to seek out similarly minded elites across national frontiers. Haas attempts to refine functionalist theory about integration. Criticizing Mitrany for having taken insufficient account of the “power” element, Haas argued that power is not separable from welfare. He advances the proposition that “functionally specific international programs, or organizationally separated from diffuse orientations, maximize both welfare and integration.” Such programs give rise to organizations whose “powers and competences gradually grow in line with the expansion of the conscious task, or in proportion to the development of unintended consequences arising from earlier task conceptions.”<sup>93</sup>

Central to Haas’s work is the concept of *spill-over*, or what Mitrany called the doctrine of ramification. This is the concept similar to the demonstration effect, which is applied in economics. In his examination of the European Coal and Steel Community (ECSC), Haas found that among European elites directly concerned with coal and steel, relatively few persons were initially strong supporters of the ECSC. Only after the ECSC had been in operation for several years did the bulk of leaders in trade unions and political parties become proponents of the Community. Moreover such groups, as a result of gains that they experienced from the ECSC, placed themselves in the vanguard of other efforts for European integration, including the Common Market. Thus there was a marked tendency for persons who had experienced gains from supranational institutions in one sector to favour integration in other sectors.<sup>94</sup>

In a study of the International Labour Organization, Haas developed a model to which an international organization can transcend national boundaries and thus transform the international system. Governmental policies, the product of the interaction of national

---

<sup>90</sup> Ernst B. Haas. (1958): “The Uniting of Europe: Political, Social, and Economic Forces 1950-57”, Stanford, CA: Stanford University Press, p.16.

<sup>91</sup> Geoffrey L. Goodwin. (1974): “The Erosion of External Sovereignty”, in: Ghita Ionescu (ed.): “Between Sovereignty and Integration”, London, Croom Helm, p.106.

<sup>92</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, p. 438.

<sup>93</sup> *Ibid.*

<sup>94</sup> *Ibid.*, p.439.

actors and their environment, constitute inputs into the international system. The organizations and accepted body of law form the structure of the international system. The structures receive inputs and convert them from tasks into actions. Collective decisions are the outputs of the international system. Such outputs may change the international environment in such a way as to produce either integrative or disintegrative tendencies within the international system. If the weak structures of the international system are inadequate to the tasks given them, their outputs enter an international environment in which national actors are predisposed either to strengthen or to weaken institutions for collaborative action at the international level. In either eventuality, the purposes (defined as consciously willed action patterns) of the actors are likely to produce new functions (defined as the results of actions that may bring unintended consequences). Purposes and functions may transform the international system by (1) producing a form of learning that enhances the original purposes of the actors and thus leads to integration; and (2) resulting in a learning experience that contributes to a reevaluation of purposes and thus leads to disintegration. In summary, although Haas has developed an integration framework that embodies features of systems theory and functionalism, he has sought to point up some of the major limitations as well as the potential utility of functionalism in explaining integration at the international level. Therefore, in addition to his own work on international organizations and integration, Haas provided a critique and elaboration of functionalism.<sup>95</sup>

Making use of Haas's definition, Leon N. Lindberg, one of the distinguished scholars of neo-functionalism, in his work on the European Community, defines integration as "(1) the process whereby nations forego the desire and ability to conduct foreign and key domestic policies independently of each other, seeking instead to make joint decisions or to delegate the decision-making process to new central organs; and (2) the process whereby political actors in several distinct settings are persuaded to shift their expectations and political activities to a new centre." Subsequently, Lindberg viewed political integration as part of a broader process of international integration in which "larger groupings emerge or are created among nations without the use of violence, and in which there is "joint participation in regularized, ongoing decision-making," as a result, or as part of "the evolution over time of a collective decision-making system among nations."<sup>96</sup> The level of collective decision-making – of integration – at any specific time is the product of the past decisions of the system, a system within which decisions are made.<sup>97</sup>

Lindberg also pointed out that study of integration should be necessary to further recognition of integration as a multidimensional phenomenon. The neo-functionalists of recent decades have drawn upon systems theory and decision theory for the study of integration – for the analysis of what Leon Lindberg identifies as the "multiple properties

---

<sup>95</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, pp.439-442.

<sup>96</sup> *Ibid.*, p.433.

<sup>97</sup> *Ibid.*, p.447.

of collective decision-making systems.”<sup>98</sup> Thus, Lindberg views integration as an “interactive multidimensional process” that must be identified, compared, measured, and analysed. The integrative process contains properties that “bear a systematic relationship to each other at any given point in time and, as will be seen later, over time as well.”<sup>99</sup>

Lindberg sets forth a number of variable properties that are applied to describe the extent to which a group of nations engages in collective decision-making for integration process: (a) functional scope of collective decision-making; (b) the stage in decision-making at which collective processes like the choice of options and their implementation are involved; (c) the importance of collective decision-making in determining public allocations; (d) the extent to which demands are articulated into the collective arena for action; (e) the degree to which collective decision-makers have available resources that are adequate to their needs; (f) the continuity and strength of leadership at the level of the collectivity; (g) the extent to which the bargaining modalities of the system help maximize the individual interests of nations or enhance those of the collectivity; (h) the effect of collective decision on the behaviour of individuals; (i) the degree to which collective decisions meet with compliance, apathy, or outright opposition; and (j) the distributive consequences of collective decisions.<sup>100</sup>

Building upon the work of Haas, and of Mitrany before him, Joseph Nye, a well-known scholar about theory of interdependence, tried to refine neo-functional theories of integration. Nye sets forth a theoretical framework based upon a neo-functional approach that, to a greater extent than that of Haas or Mitrany, is not “Eurocentric.” Thus Nye bases his conceptualisation upon an analysis of the conditions for integration drawn specifically from European and non-Western experiences and modifies greatly the notions of “automatic politicisation” and “spill-over.” His contribution lies in developing a neo-functional model based upon “process mechanisms” and “integrative potential.”<sup>101</sup>

Nye suggests that neo-functionalists literature contains seven “process mechanisms,” around which he reconceptualizes and reformulates neo-functional theory. These mechanisms are namely: (1) functionalist linkage of tasks, or the concept of spill-over; (2) rising transactions; (3) deliberate linkage and coalition formation; (4) elite socialization; (5) regional group formation; (6) ideological-identitive appeal; and finally (7) involvement of external actors in the process. Central to Nye’s neo-functional model is what he terms “integrative potential” – that is, the integrative conditions stimulated by the “process mechanisms.” He sets forth four conditions that are said to influence both the nature of the original commitment and the subsequent evolution of an integrative scheme. These conditions are: (1) symmetry or economic equality of units; (2)

---

<sup>98</sup> Leon N. Lindberg (1970): “Political Integration as a Multidimensional Phenomenon Requiring Multivariate Measurement,” in: Leon N. Lindberg and Stuart A. Scheingold. (ed.): “Regional Integration: Theory and Research”, Special Issue, *International Organization*, XXIV, No.4 ( Autumn 1970 ), p.651.

<sup>99</sup> *Ibid.*, p.652.

<sup>100</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, p.447.

<sup>101</sup> *Ibid.*, p.442. \*(For more details about Joseph Nye’s contribution of “process mechanisms” and “integrative potential” with neo-functional approach to integration theory, see Joseph S. Nye. (1971): “Peace in Parts: Integration and Conflict in Regional Organization”, Boston: Little, Brown, pp.56-82. )

elite value complementarity; (3) existence of pluralism; and (4) capacity of member states to adapt and respond.<sup>102</sup>

According to Nye, there are four conditions which tend to characterize the integration process over time: (1) politicisation, or the means by which problems are resolved and competing interests are reconciled or the extent to which the resultant benefits are sufficiently widespread to ensure broadening and deepening support; (2) redistribution, with the crucial issue being the phasing of the changes in status, power, and economic benefits among groups within the integrating unit. Central to the integrative process is the extent to which redistribution, benefiting some regions more than others, is compensated by growth to the benefit of the unit as a whole; (3) redistribution of alternatives or the extent to which, as the integrative process proceeds, decision-makers face pressures to increase the level and the scope of integration and conclude that the alternatives to integration are less satisfactory; and (4) externalisation, or the extent to which members of an integrating unit find it necessary to develop a common position on issues in order to deal with nonmembers, as has happened with the European Community in its various sets of negotiations with outside parties, including the United States. Nye hypothesizes that “the further integration proceeds, the more likely third parties will be to react to it, either in support or with hostility.”<sup>103</sup>

A neo-functionalist model such as that developed by Nye provides a framework for comparing integrative processes in more developed and less developed regions of the world, and for assessing the extent to which microregional, or functionally specific, economic organizations hold potential for further development toward federations. More likely, neo-functionalist model-building can provide, and has provided, more explicit theoretical propositions essential to understanding the limits, as well as the potential, of this segment of theory both in explaining integration and providing a strategy for advancing an integrative process.<sup>104</sup>

### **2.1.7 Neoliberal Institutional Approach**

Neoliberal institutionalism is a school of thought in international relations that seeks to account for the growth of institutionalization in world politics without losing sight of the centrality of states and the operation of rational self-seeking action.<sup>105</sup> It begins with assertions of acceptance of several key realist assumptions but they end with a rejection of realism and furnish with claims of affirmation of the central tenets of the liberal institutionalist tradition. Neoliberal institutionalist approach is particularly associated with Robert Keohane’s work, which attempts to cope with the obvious acceleration of institutionalization in world politics. According to Keohane, the stuff of contemporary international relations is evidently rather more than sovereign self-interested states clashing in line with the billiard ball analogy of classical realism. Institutions can take several forms along the line with nation-states. They may be purposive quasi-

---

<sup>102</sup> Ibid., pp.442-445.

<sup>103</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, pp.445-446.

<sup>104</sup> Ibid., p.446.

<sup>105</sup> Rosamond (2000) *op. cit.*, p. 202.



constitutional orders such as the EU, they may also be issue-specific regimes or they may be simply established norms for interstate interactions. What is crucial for Keohane is that levels of institutionalization affect state behaviour. He emphasized that prevailing institutional arrangements can affect state actions by influencing the flow of information and opportunities to negotiate; the ability of governments to monitor other's compliance and to implement their own commitments – therefore their ability to make credible commitments in the first place; and prevailing expectations about the solidity of international agreements. In other words, neoliberal institutionalism seeks to add or more precisely integrate institutions into this explanatory equation. By this account, nation-states pursue their interests within an anarchic environment, but one notably modified by the presence of institution.<sup>106</sup>

Neoliberal institutionalist theory also agrees to the basic realist assumptions that states are the principal actors; that states act in accordance with their conception of national interest; that power remains an important variable; and that the structure of world politics is anarchic. According to Keohane, neorealists and neoliberal institutionalists, if they are attempting to understand international relations, need to find whatever common ground exists between them on the role of institutions. Keohane, himself in the neoliberal institutionalist camp, acknowledges the fact that international institutions are used by states to pursue their national interests does not demonstrate how significant they will be when interests change. He further goes on to give an assertion that realists and liberal institutionalists agree that without a basis either of hegemonic dominance or common interests, international institutions cannot long survive. In addition, both camps also agree that possibilities exist for international cooperation, but they diverge on the likelihood of its success.<sup>107</sup>

Neoliberal institutionalist conceptualization of progress in terms of human freedom and the importance attributed to liberal democracy, free trade, cognitive changes, communications, and moral norms all indicate that liberals regard individual human beings as the primary international actors. Neoliberalists view states as the most important collective actors in the present era, but they are seen as pluralistic actors whose interests and policies are determined by bargaining among themselves and other actors like international institutions. A key point of this proposition, according to Keohane, is that liberalism is an approach to the analysis of social reality that begins with individuals as the relevant actors and seeks to understand how organizations composed of aggregations of individuals interact.<sup>108</sup>

Moreover, neoliberalists assume that states define their interests in strictly individualistic terms. It is still possible that states may nevertheless work together while these actors pursue their own interests. Keohane founds his analysis of international cooperation on the assumption that states are basically atomistic actors. He argues that states in an

---

<sup>106</sup> Robert O. Keohane (1989): “Neoliberal Institutionalism: A Perspective on World Politics”, in: Robert O. Keohane (ed.): “International Institutions and State Power: Essays in International Relations Theory”, Boulder, CO: Westview, p. 2.

<sup>107</sup> Dougherty and Pfaltzgraff (2001): “Contending Theories of International Relations”, p. 68.

<sup>108</sup> Zacher and Matthew (1995): “Liberal International Theory”, p. 118.

anarchical context are, as microeconomic theory assumes with respect to business firms, rational egoists. Rationality means that states possess consistent, ordered preferences, and calculate costs and benefits of alternative courses of action available in order to maximize their utility in view of these preferences. In sequence, he defines utility maximization atomistically; egoism, according to Keohane, means that utility functions of states are independent of one another: they do not gain or lose utility simply because of the gains or losses of others.<sup>109</sup>

### 2.1.8 Constructivist Approach

Constructivism has become difficult to neglect in the scholarship of contemporary international relations certainly since the end of the Cold War. Perhaps the introduction of constructivism to the EU studies and current debate was the most interesting development in integration theory in the late 1990s. With so much to draw on, it is hardly surprising that rather than there being a single constructivist approach, there are numerous constructivists with different emphases. Constructivist approach represents the link of international theory with long-standing sociological concerns and the social construction of reality. In addition, constructivist approach connects international relations to some important strands in social theorizing.<sup>110</sup> Constructivists hold that political actors – including nation-states – do not always make decisions based on calculations of material benefit. In their view, decision-makers formulate their opinions and take action in a social context – in relationship with other people. These groups operate according to certain norms of behaviour; they consider some ideas are more acceptable than others; and they agree on certain facts about the world. Constructivists, in sum, explore the ways group norms, ideas, and even cultures shape, and sometimes change, the identities and interests of political actors.<sup>111</sup>

Constructivists argued that structural properties such as anarchy are not fixed and external to the interaction of states. Instead, anarchy is a social construct, something that is inter-subjectively understood by states and which is reproduced through their interactions. Therefore, state behaviour does not just derive from the anarchic international environment; it also helps to make it.<sup>112</sup> So all constructivists agree that the structures of international politics are outcomes of social interactions, that states are not static subjects, but dynamic agents, that state identities are not given, but reconstituted through complex, historical overlapping and often contradictory practices – and therefore

---

<sup>109</sup> Joseph M. Grieco (1995): “Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism”, in: Charles W. Kegley Jr.: “Controversies in International Relations Theory, New York, St. Martin’s Press, p. 159.

<sup>110</sup> Rosamond (2000) op. cit., p. 171.

<sup>111</sup> Jeffrey T. Checkel (2003): “Social Construction and European Integration”, in: Brent F. Nelsen and Alexander Stubb. (eds.): “The European Union: Readings on the Theory and Practice of European Integration” (Third Edition), Houndmills, Palgrave Macmillan, p. 351.

<sup>112</sup> Alexander Wendt (1992): “Anarchy is what states make of it: the social construction of power politics”, *International Organization*, Vol. 46, No. 2, Spring 1992, pp. 391-425.

variable, unstable, constantly changing; that the distinction between domestic politics and international relations are tenuous.<sup>113</sup>

Social interaction is the mechanism for the reproduction of structures in international system. This means that constructivists object to the rationalism that characterizes the mainstream perspectives in international relations. This is because constructivists treat the interests and identities of actors as endogenous to interaction. Constructivists, to be precise, treat interests as socially constructed – as derivatives of processes of social interaction. They also maintain that identities are socially constructed, that actors' accounts of self and other and of their operational context are also the products of social interaction.<sup>114</sup>

It also starts to show how constructivists' approaches might make a difference in the study of EU governance. The linkages between constructivist investigation and the fluid image of multilevel governance offers an obvious way in which the insights of a branch of international relations can connect with policy work that deals with symbols, norms, understandings and belief systems. Thomas Christiansen argued that the emerging reality of post-territorial, multilevel governance in Europe couldn't be captured by conventional concepts. It is crucial, he continues, to depict the fluidity of the system that is structured through institutions, the economy and identity: and whose agents operate at and between several levels of actions.<sup>115</sup>

Constructivists call the constitutive effects of social norms and institutions as crucial factors. They point out that many social norms not only regulate behaviour, they also constitute the identity of actors in the sense of defining who we are as members of a social community. The norm of sovereignty, for example, not only regulates the interactions of states in international affairs, it also defines what a state is in the first place of its existence. Constructivists focus on the social identities of actors in order to account for their interests. Constructivism holds that collective norms and understandings define the fundamental rules of the game in which they find themselves in their interactions. However, it does not mean that constitutive norms cannot be violated or will never change. Major argument is that the properties of social agents cannot be described without referring to the social structure in which they are embedded.<sup>116</sup>

As a result, the EU as an emerging polity is anticipated not just to constrain the range of choices available to nation-states, but the way in which they define their interests and even their identities. EU membership matters particularly because that membership influences the very way in which actors see themselves and are seen by others as social beings. For example, Germany, France, Belgium and the Netherlands are no longer

---

<sup>113</sup> Torbjørn L. Knutsen (1997): "A History of International Relations Theory", 2<sup>nd</sup> Edition, Manchester, Manchester University Press, pp. 281-282.

<sup>114</sup> Rosamond (2000) op. cit., pp. 172-173.

<sup>115</sup> Thomas Christiansen (1997): "Reconstructing European Space: From Territorial Politics to Multilevel Governance", in K.E. Jorgensen (ed.): "Reflective Approaches to European Governance", Basingstoke, Macmillan, p. 54.

<sup>116</sup> Thomas Risse (2004): "Social Constructivism and European Integration", in: Antje Wiener and Thomas Diez (eds.): "European Integration Theory", Oxford and New York, Oxford University Press, p. 163.

individual European states in simple sense. They are EU states in the sense that their statehood is increasingly defined by their EU membership. The EU constitutes states in Europe as long as it maps the political, social, and economic space enabling private and public actors to define their interests and go about their business. EU membership implies the voluntary acceptance of a particular political order as legitimate and entails the recognition of a set of rules and obligations as binding force among its members. It includes that the EU law is the constitutional order without constitution and also, therefore, the law of the land. In this way, constructivists emphasize that the EU deeply affects discursive and behavioural practices of its member nation-states and it has become part of the social furniture with which social and political actors have to deal on a daily basis. Such point of view implies that EU membership imposes socialization effects. At least but not last, actors need to know the rules of appropriate behaviour in the EU and to take them for granted in the sense that norms become normal.<sup>117</sup>

In short, there are at least three ways in which social constructivism contributes to a better understanding of the European Union. Firstly, accepting the mutual constitutive relation of agency and structure allows for a much deeper understanding of Europeanization including its impact on statehood in Europe. Secondly, stressing the constitutive effects of European law, rules, and policies enables to understand how European integration shapes social identities and interests of actors. Thirdly, emphasizing on communicative practices permits us to examine more closely how Europe and the EU are constructed discursively and how actors try to come to grips with the meaning of European integration.<sup>118</sup> Constructivist insights might also be useful to generate theoretical propositions, for example, on collective identity constructions, their causes and their effects on the integration process.<sup>119</sup>

## **2.2 Governance Approaches to Regional Integration**

In recent years, the term governance has received much attention in research on regional integration. Concepts of governance are also increasingly used in domestic politics and in international relations. However, tremendous usage of this term goes daily hand in hand with a loss of precise meaning in itself.<sup>120</sup> Jachtenfuchs and Kohler-Koch viewed that governance should be narrowly defined in a way that does not include all kinds of goal-oriented action irrespective of its social context although it does not belong only to the acts and omissions of governments within territorial states. For this purpose, they defined governance as ‘the continuous political process of setting explicit goals for society and intervening in it in order to achieve these goals’. Governance therefore includes setting goals and making decisions for the whole collectivity, consisting of individuals and groups that have not explicitly agreed to them.<sup>121</sup>

---

<sup>117</sup> Risse (2004): “Social Constructivism and European Integration”, pp. 163-164.

<sup>118</sup> Ibid., pp. 165-166.

<sup>119</sup> Ibid., p. 174.

<sup>120</sup> Markus Jachtenfuchs and Beate Kohler-Koch (2004): “Governance and Institutional Development”, in: Antje Wiener and Thomas Diez. (eds.): “European Integration Theory”, Oxford and New York, Oxford University Press, p. 97.

<sup>121</sup> Ibid., p. 99.

Changes in governance also transform the course and trend of regional integration. The way policy is made will change the institutional framework in a broader sense. In the case of the EU, for example, regional integration implies not only the explicit constitutional decisions about the relationship between the EU and its member states but also incremental and informal changes in that relationship. In this sense, the EU itself acts as a unique institution in which all member states are embedded through a system of information and assessment in almost every field of politics and policy-making. As a consequence, member states need to observe each other mutually and constantly remind one another of their obligations and duties as members of a larger community. However, this does not mean that those obligations and duties are always perfectly observed even though there is pressure for mutual information and congruity in such a system of multilevel governance. In short, the structure of the EU polity *ceteris paribus* is responsible for the way political processes occur and what policy outcomes come about. For this reason, it can be argued that *polity determines politics and policy*.<sup>122</sup> In the following parts, it will attempt to explore the various approaches of governance and their core prepositions: liberal intergovernmentalism, supranational governance, multilevel governance and network governance. It also points out the fact that the contribution of governance perspective can provide a more comprehensive and better understanding of very modern phenomenon in regional studies like the development of the EU polity comparing with other approaches such as classical regional integration theory.

### 2.2.1 Liberal Intergovernmentalist Approach

Among attempts to theorize European integration as a two-level game, the ultimate example may be the one provided by Andrew Moravcsik's liberal intergovernmentalist analysis. Moravcsik thoroughly utilizes a model of a two-level game to explain European integration consisting of a liberal theory of national preference formation and an intergovernmentalist account of strategic bargaining between states. The former, which theorizes *the demand side* that is the demand for integration results, views national preferences arising in the contexts provided by the domestic politics of the member nation-states. This again represents a clear departure from classic intergovernmentalism, which sees national interests arising in the context of the sovereign state's perception of its relative position in the states system. For Moravcsik, national interests are best regarded as consequences of a state-society interaction. He elaborated that national interests emerge through domestic political conflict as societal groups compete for political influence meanwhile national and transnational coalitions form and new policy alternatives are possible for governments. Therefore, an understanding of domestic politics is a precondition for, not a supplement to, the analysis of strategic interaction among states.<sup>123</sup>

As formulated by Moravcsik, interests are then bargained in an intergovernmental fashion i.e. *the supply side*. While the demand side of the process focuses the advantages of cooperative activity and the coordination of policy, the supply side demonstrates the

---

<sup>122</sup> Ibid., pp. 100-101.

<sup>123</sup> Andrew Moravcsik (1993): "Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach", *Journal of Common Market Studies* 31 (4), p. 481.

restricted range of possible integration outcomes. At the center of Moravcsik's framework is – an assumption of state rationality. This is a preposition shared with realist perspective, but Moravcsik further developed the idea that rational state behaviour does not emerge from fixed preferences, but rather from dynamic political processes in the domestic polity.<sup>124</sup>

Moravcsik presented three assumptions about the particular bargaining environment of the EU. Firstly, it is a situation that states enter into voluntarily and which is non-coercive, particularly since the major history-making decisions are made by unanimity rather by qualified majority voting (QMV). Secondly, repeating institutionalism, interstate bargaining in the EU takes place in an information-rich setting. The environment is rich of information in two ways: there is widespread knowledge about the technicalities of the EU policy-making and states have a clear idea of the preferences of and constraints upon other states. Thirdly, the transaction costs of EU bargaining are low because of the long timeframe of negotiations and the innumerable possibilities for issue linkages, trade-offs and sub-bargains.<sup>125</sup>

Liberal intergovernmentalism therefore sets up concrete propositions on the determinants of preference formation, bargaining, and institutional choice in European integration. Moravcsik examined whether national preferences have been driven by general geopolitical ideas and interests or by issue-specific economic interest, whether substantive integration outcomes have been shaped by supranational entrepreneurship or intergovernmental bargaining, and whether EU institutions reflect federalist ideology, the need for technocratic management, or an interest in securing credible member state commitments.<sup>126</sup> Liberal intergovernmentalism generally argued that European integration could be best understood as a series of rational choices made by national leaders. These choices responded to constraints and opportunities originating from the economic interests of powerful domestic constituents, the relative power of each state in the international system, and the role of institutions in strengthening the credibility of interstate commitments.<sup>127</sup>

Liberal intergovernmentalism maintains that the preferences of national governments in European integration are mainly issue-specific. As long as main engine of European integration has been predominantly economic, so have state preferences. While the general interest in European integration resulted from the pressure to cooperate for mutual benefit from economic gains in an expanding and globalizing international economy, concrete preferences emerged from a process of domestic conflict in which specific sectoral interests, adjustment costs and sometimes, geopolitical concerns played a critical role and reflected primarily the commercial interests of powerful economic procedures in market integration and secondarily the macro-economic preferences of

---

<sup>124</sup> Ibid., p. 483.

<sup>125</sup> Ibid., p. 498.

<sup>126</sup> Frank Schimmelfennig (2004): "Liberal Intergovernmentalism", in: Antje Wiener and Thomas Diez. (eds.): "European Integration Theory", Oxford and New York, Oxford University Press, p. 78.

<sup>127</sup> Moravcsik (1998): "The Choice for Europe", p. 18.

ruling governmental coalitions – as it was shown in the case of monetary integration.<sup>128</sup> Put another way, domestic interests, reflecting mainly the competitiveness of the national economy, acted as a filter between the structural incentives of the international economy and the national preferences in European integration. As a result, governments pursue integration as a means to secure commercial advantages for producer groups, subject to regulatory and budgetary constraints. This driving force of integration generates distributional conflict among the member states.<sup>129</sup>

Liberal intergovernmentalism portrays the most relevant bargaining processes in European integration as processes of intergovernmental bargaining concerning with the distribution of gains from substantive cooperation. To be more precise, they have in the past consisted of hard interstate bargaining, in which credible threats to veto proposals, to withhold financial side-payments, and to form alternative alliances excluding recalcitrant governments carried the day. The outcomes contemplated the relative power of states – more precisely patterns of asymmetrical interdependence. Henceforth, those who gained the most economically from integration compromised the most on the margin to realize it, whereas those who gained the least or for whom the costs of adaptation were highest imposed conditions.<sup>130</sup>

In this way, institutional choice is driven by member governments – and by their concern about each other's future compliance with the substantive deals concluded. In other words, by transferring sovereignty to international institutions, governments effectively remove issues from the influence of domestic politics, which might build up pressure for non-compliance if costs for powerful domestic actors are high. They also remove issues from decentralized intergovernmental control, which may be too weak to secure compliance, in particular if powerful member states violate the rules. Liberal intergovernmentalism holds that state governments call the tune in European integration. They pursue diverse interests generated at the national, domestic level; they engage in hard interstate bargaining; and they are in driving seat of the integration process.<sup>131</sup>

As Frank Schimmelfennig labeled, liberal intergovernmentalism is a theoretical school with no disciples and a single teacher: Andrew Moravcsik. There are a number of salient characteristics of liberal intergovernmentalism. Firstly, it constructs on intergovernmentalism, a traditional school of thought in European integration studies, but provides a much more sophisticated and rigorous theoretical underpinning. Secondly, it becomes a grand theory seeking to explain the major steps of European integration in historical milestones like historic Treaty-makings. Thirdly, it is a kind of parsimonious theory that can be summarized in a few general propositions, which claim to explain the core of European integration. In addition to all the foregoing, there is widespread agreement that liberal intergovernmentalism is able to explain much of state behaviour in the EU.<sup>132</sup>

---

<sup>128</sup> Ibid., p. 3.

<sup>129</sup> Schimmelfennig (2004): "Liberal Intergovernmentalism", p. 79.

<sup>130</sup> Moravcsik (1998) op. cit., p. 3.

<sup>131</sup> Schimmelfennig (2004): "Liberal Intergovernmentalism", p. 80.

<sup>132</sup> Ibid., p. 75.

## 2.2.2 Supranational Governance

In 1990s the growing emphasis on governance rather than integration and the recognition of segmentation and diversity across the policy spectrum in the EU studies has produced a new theoretical approach developed by Alec Stone Sweet and Wayne Sandholtz namely supranational governance.<sup>133</sup> They embedded their framework as a less state-centric approach and more supranational alternative to the influential work on liberal intergovernmentalism developed by Andrew Moravcsik. For this reason, Stone Sweet and Sandholtz deploy the image of demand and supply sides to integration. The role of transnational exchange is mostly central to generating demands for regulation and governance capacity at the European level. Supranational institutions usually work to supply these things. The emphasis on transnational exchange and the development of social interaction between actors across borders recalls Karl Deutsch's concept of community building in the international system.<sup>134</sup>

Stone Sweet and Sandholtz are less interested in the extent to which these transactions create identities or have major cognitive impacts in the process of European integration. Rather, they are more concerned with how these transactions become institutionalized and, therefore, how they create effective channels for demands to be generated. This is the key variable in their analysis of supranational governance. Variability in levels of transborder transaction and intra-EU exchange might help to explain why some policy areas are more supranationalized than others. However, differing levels of transnational interaction do not explain patterns of supranationalism in their own right. Demands generated in the transnational domain stimulate a response from the decision-making institutions. Again, Stone Sweet and Sandholtz borrow from the institutionalist vocabulary to consider how institutions can reproduce tendencies to expand governance and rule-making. They viewed intergovernmental bargaining and decision-making as embedded in processes that are provoked and sustained by the expansion of transnational society, the pro-integrative activities of supranational institutions, and the growing density of supranational rules. As a consequence, these processes gradually, but inevitably, reduce the capacity of the member states to control outcomes.<sup>135</sup>

Stone Sweet and Sandholtz employed a continuum (see Figure.1) that stretching from intergovernmental politics through to supranational politics. Intergovernmental politics represents the ideal type of international bargaining among states where the EU operates as an international regime in the strictest sense of that terminology. On the other hand, the supranational end of the continuum represents centralized control of governance capacity over policy areas across the constituent member states. Different policy domains could therefore be placed at relevant points along the continuum in relations to three variables: (1) the intensity of formal and informal EU-level rules, (2) the EU-level governance structures and (3) the level of development of transnational society. Then,

---

<sup>133</sup> More detailed description of supranational governance, see Alec Stone Sweet and Wayne Sandholtz (eds.) (1998): "European Integration and Supranational Governance", Oxford, Oxford University Press.

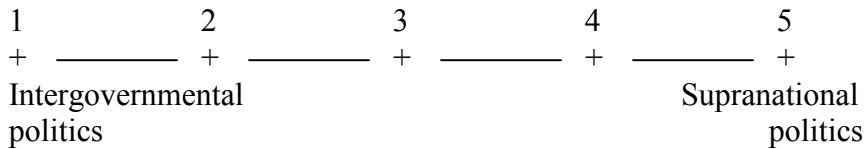
<sup>134</sup> Rosamond (2000) op. cit., pp. 126-127.

<sup>135</sup> Ibid., p. 127.



growth in one element of the supranational trio factors creates conditions that favour the growth of the other two.<sup>136</sup>

Figure (1): Governance in the European Union



Note: From left to right, the continuum measures the increasing influence of three factors on policy-making processes and outcomes within any given policy sector. These factors are: (1) the intensity of formal and informal EU-level rules, (2) the EU-level governance structures and (3) the level of development of transnational society.

(Source: heavily leaned on Alec Stone Sweet and Wayne Sandholtz (eds.) (1998): “Integration, Supranational Governance, and the Institutionalization of the European Polity”, in: Alec Stone Sweet and Wayne Sandholtz (eds.): “European Integration and Supranational Governance”, Oxford, Oxford University Press, p. 8.)

Stone Sweet and Sandholtz put a lot of emphasis on the role of non-state actors operating in transnational space. A mixture of cross-border interactions and organized interest group activity is regarded as an important stimulus for change largely because actors in rational pursuit of their interests begin to engage in various forms of transnational activity. Therefore, firms engaging in significant amounts of cross-border activity have an interest in the regionalization of various relevant aspects of economic governance. In the same way, transnational activity is the generator of spillovers because the growth of supranational rules and the increased responsiveness of central institutions of governance reduce the costs of transactions. In addition, the existence of particular patterns of rules and decision-making creates a strong institutional logic for persistence of those patterns. There is also an emphasis on external economic stimuli, most remarkably in the form of changes to the global economic environment that are captured by the idea of globalization. Transnational actors are viewed as the agents who bring forward the agendas set by globalization into the EU system of polity. Perhaps, firms that are facing competitive threats on the world markets may lobby for the further liberalization of the European market space. This emphasis on transnationalism also poses a direct challenge to intergovernmental accounts of EU governance. At the heart of Stone Sweet and Sandholtz’s argument is the claim that instead of being the generator of integration, intergovernmental bargaining is more often its product. This is a challenging proposal for a research agenda to test the extent to which non-state actor transactions drive through the

<sup>136</sup> Rosamond (2000), p. 127.

growth of European level governance. It is much interesting about the way in which Stone Sweet and Sandholtz incorporate elements of earlier integration theory to emphasize governance rather than integration as the dependent variable and seek to generate something similar to a grand theory.<sup>137</sup>

### 2.2.3 Multilevel Governance

The general purpose the EU studies are supposed to fix up something about politics more broadly, rather than developing a series of specific claims about the EU. However, despite the numerous attempts to use the EU for answering broader and more general questions about politics, it still remains persistently distinctive. Therefore, the arrival of the governance turn in EU studies may reflect an alternative answer to the enduring question: ‘Of what is the EU a matter?’. All studies of the EU thrown into the disciplines of comparative politics and policy analysis also find it out the observation that the EU is not necessarily a precise analogue for the processes of politics within nation-states. In reality, the EU may be read as a hybrid form: neither political system nor international organization, but something in-between. Attempts to combine a reading of the EU in policy process terms with recognition of its peculiarities are collided with the compelling metaphor of multilevel governance. The multilevel governance point of view seeks to avoid two traps: state-centrism and the traditional supranational treatment of the EU as only operating and functioning at the European level in the institutional arena of Brussels and Strasbourg.<sup>138</sup>

A number of scholars have started to establish an alternative approach to the EU in response to the inability of the state-centric approach to recognize or explain the independent influence of supranational institutions and the mobilization of domestic actors directly in the European arena. Instead of a bifurcated model of politics across state-centric and supranational levels, they conceptualize the EU as a single, multilevel polity.<sup>139</sup>

The vivid point of departure for this multilevel governance approach is the existence of overlapping competencies among multiple levels of governments and the interaction of political actors across those levels. The executives of the member states i.e. heads of the governments, while powerful, are only one set among a variety of actors in the European polity. States are not a sole and only exclusive link between domestic politics and intergovernmental bargaining in the EU. Instead of the two level game assumptions adopted by state centrists, advocates of multilevel governance posit a set of overarching, multilevel policy networks. Moreover, the structure of political control is variable, not constant, across policy areas.<sup>140</sup>

---

<sup>137</sup> Rosamond (2000) op. cit., pp. 127-128.

<sup>138</sup> Ibid., p. 110.

<sup>139</sup> Gary Marks et al., (1996): “Competencies, Cracks and Conflicts: Regional Mobilization in the European Union”, in: Gary Marks et al., “Governance in the European Union”, London, Sage, p. 41.

<sup>140</sup> Ibid.

The multilevel governance approach does not deny the view that national governments and national arenas are important, or that these still remain the most important pieces of the European jig-sawed puzzle. Nevertheless, when one asserts that the state no longer monopolizes European level policy-making or the aggregation of domestic interests, a very different polity with three distinct characteristics comes into focus. *Firstly*, according to the multilevel governance approach, decision-making competencies of the EU are shared by actors at different levels rather than monopolized by national governments of member states. In other words, supranational institutions – above all, the European Commission, the European Parliament, and the European Court of Justice – have independent influence in policy-making that cannot be usually derived from their role as agents of national executives. National governments play a very important role, however, as stated by multilevel governance model, the independent role of European level actors should also be analyzed to explain European policy-making.<sup>141</sup>

*Secondly*, it is important to note that collective decision-making among states involves a significant loss of control for individual national governments. Lowest common denominator outcomes are available only on a subset of EU decisions, particularly those concerning the scope of regional integration. Decisions concerning rules and regulations to be enforced across the EU have a zero-sum character and necessarily involve gains or losses for individual states.<sup>142</sup>

*Thirdly*, political arenas are interconnected with each other rather than nested. While national arenas remain crucial arenas for the formation of national government preferences, the multilevel governance model rejects the view that subnational actors are nested exclusively within them. Rather, subnational actors operate in both national and supranational arenas, creating transnational associations in the process. National governments could no longer monopolize links between domestic and European actors. In this perspective, complex interrelationships in domestic politics do not stop at the national state but extend to the European level by far. The separation between domestic and international politics, which lies at the heart of the state-centric model, is rejected by the multilevel governance approach. National governments are an integral and powerful part of the EU, but they no longer render the sole interface between supranational and subnational arenas, and they share, rather than monopolize, control over many activities that take place in their respective territories.<sup>143</sup> In sum, for multilevel governance, authority is shifted away from national governments in a tripartite way: upwards, as the most direct result of European integration; downwards, due to subnational empowerment; and sideways to, for example, public-private partnerships. So states are just one participant among a variety of actors influencing decision-making at various levels, and do not necessarily possess a final say by definition.<sup>144</sup>

---

<sup>141</sup> Liesbet Hooghe and Gary Marks. (2003): “Multi-Level Governance in the European Union”, in: Brent F. Nelsen and Alexander Stubb. (eds.): “The European Union: Readings on the Theory and Practice of European Integration” (Third Edition), Houndmills, Palgrave Macmillan, pp. 284-285.

<sup>142</sup> *Ibid.*, p. 285.

<sup>143</sup> Hooghe and Marks. (2003): “Multi-Level Governance in the European Union”, p. 285.

<sup>144</sup> Tanja E. Aalberts (2004): “The Future of Sovereignty in Multilevel Governance Europe – A Constructivist Reading”, *Journal of Common Market Studies*, Volume. 42, Number. 1, p. 28.

Theoretical attempts to the EU that engage with the notion – the normal politics of sovereignty is a politics of absolutes – usually fall into the trap of imagining either the withering away of the state or sticking with its stubborn resilience. As mentioned above, multilevel governance does not hold that nation-states are unimportant. In fact, multilevel governance approach is consistent with a rather more pluralistic view of the state as an arena in which different agenda, ideas, and interests are contested. Autonomy and control may be at stake but states remain crucially important even though they are melded into the multilevel polity by their leaders and the actions of numerous subnational and supranational actors. However, proponents of multilevel governance approach acknowledged that they do not have particular expectations of the dynamics of the EU polity beyond a sense that the boundaries between various levels of governance (European, national, regional, local and etc) as shown in the Figure (2), will become less clear-cut. Nevertheless, multilevel governance is an attempt to depict complexity as the principal feature of the EU's political system and its emphasis on variability, unpredictability and multi-actorness tends to set adherents of this approach in opposition to the contemporary intergovernmentalists.<sup>145</sup>

Overall, multilevel governance approach entails a concept of the EU as consisting of overlapping competencies among multiple levels of governments and the interaction of political actors across these levels. In addition, multilevel governance pulls the private sphere into the political arena. Simultaneously, it leads to a loss of the so-called gate-keeping role of the nation-state, as the traditional representation via state executives is curtailed. Hence multilevel governance eradicates the conventional distinction between domestic and international politics.<sup>146</sup> In sum, multilevel governance appears to combine insights from intergovernmentalism and supranationalism. However, as it seems to stand in between, rejecting the 'either-or' discussion with interstate bargaining and transnational coalition-building as mutually exclusive option and regarding the EU as an intermediate arrangement in its own right.<sup>147</sup>

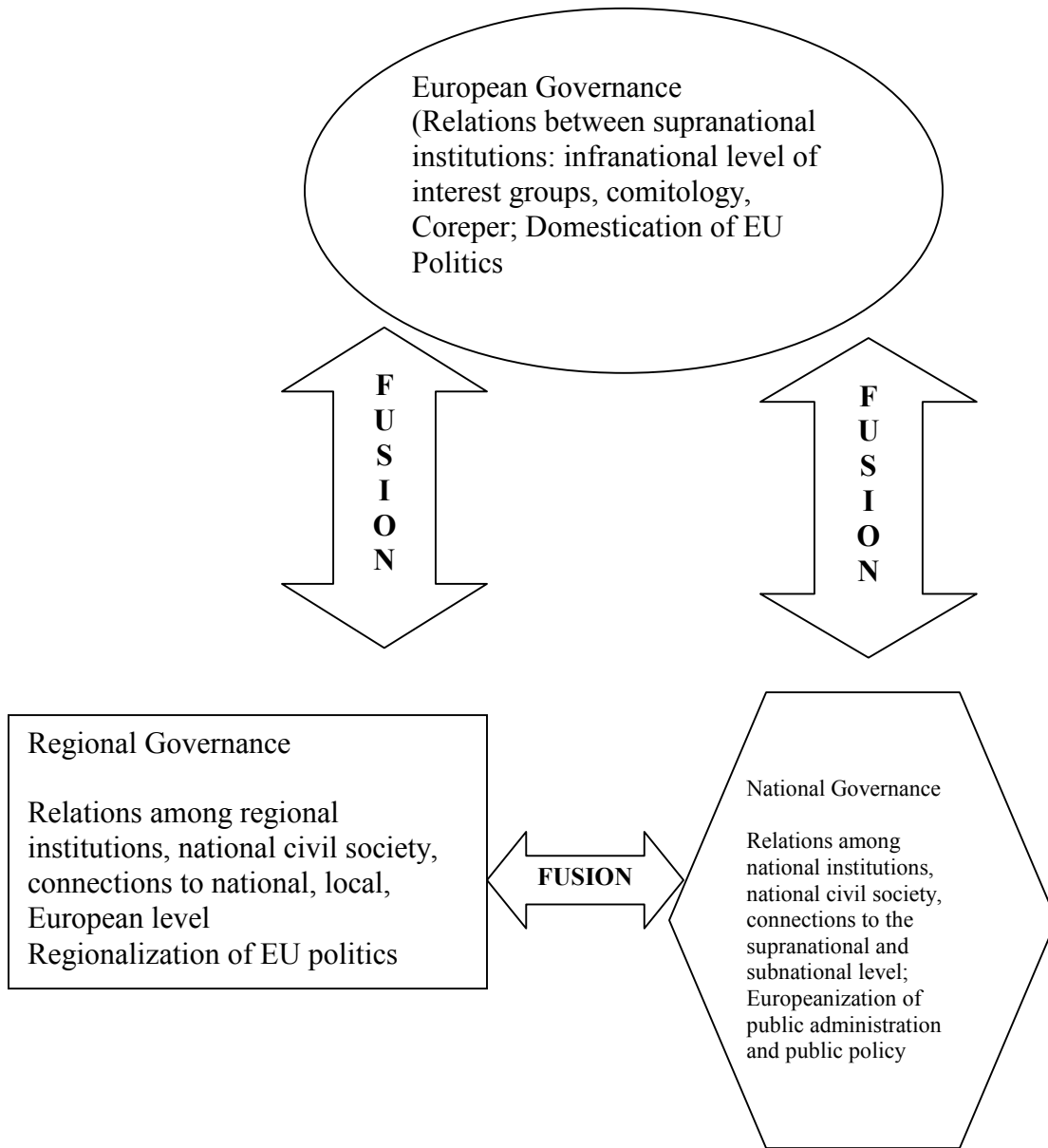
---

<sup>145</sup> Rosamond (2000) op. cit., p. 111.

<sup>146</sup> Aalberts (2004) op. cit., p. 24.

<sup>147</sup> Ibid., p. 30.

Figure (2): Multilevel Governance in the European Union (Context and Dimensions)



Source: José M. Magone (2003): “Introduction: The Role of the Regions in European Union Multilevel Governance”, in: José M. Magone (ed.): “Regional Institutions and Governance in the European Union”, Connecticut: Westport and London, Praeger, p. XX.

## 2.2.4 Network Governance

In the past decades, the EU has been transformed immensely and the result is that the scope and the density of its rules have been increased and its institutions have been extensively reformed. As a result, many EU analysts even come to remark the EU as a new form of institution in international relations. Undoubtedly, the EU activities have reconstructed the traditional architecture of territorial disposition in Europe. To an ever growing extent, the EU institutions are becoming responsible for the authoritative allocation of values. Nonetheless, there is also overwhelming agreement that the EU neither qualifies as a state, as it lacks legal sovereignty, nor can be reduced to an international organization since its rules take precedence over domestic laws. Moreover, the institutional configuration of the EC differs from both nation-states and international organizations. The EU is a *sui generis* political system in this sense. In such a political system, such critical questions should be examined how values are legitimately allocated in the European Union and how the ways and means of allocation, that is, the governance of the EU, impinge upon the member states.<sup>148</sup>

It needs to clarify first what is meant when the term governance is talked in the EU. According to Rainer Eising and Beate Kohler-Koch, “governance is about the structured ways and means in which the divergent preferences of interdependent actors are translated into policy choices ‘to allocate values’, so that the plurality of interests is transformed into coordinated action and the compliance of actors is achieved”. They further argued that governance is not synonymous with a new process of governing and proposed to distinguish between different ideal-types in terms of modes of governance: statism, corporatism, pluralism and network governance. Among these different modes of governance, network governance is peculiar one, for Eising and Kohler-Koch, because it bears several new characteristics. Constructing on the debates in international relations and comparative politics, these ideal types can also be distinguished by the ways in which they combine four elements that are at the core of any kind of governing: the role of state as compared to other actors, the rules of behaviour, the patterns of interaction and the level of political action. These are further detailed as shown in the Table (1) of traditional identification of core elements of governance types.<sup>149</sup>

---

<sup>148</sup> Rainer Eising and Beate Kohler-Koch (1999): “Introduction: Network governance in the European Union”, in: Beate Kohler-Koch and Rainer Eising (eds.): “The Transformation of Governance in the European Union”, London and New York, Routledge, p. 3.

<sup>149</sup> Eising and Kohler-Koch (1999) op. cit., p. 5.

**Table (1): Traditional Identification of core elements for governance types**

	<i>Statism</i>	<i>Pluralism</i>	<i>Corporatism</i>	<i>Network</i>
<i>Role of the State</i>	Authority	Referee	Mediator	Activator
<i>Dominant Orientation</i>	Pursuit of common national interests	Pursuit of individual interests	Integrating/conflicting group interests	Coordinating Related interests
<i>Patterns of Interaction</i>	Command and control based on majority rule	Competition and bargaining	Negotiations for reaching consensus	Multilateral negotiations to approximate positions
<i>Dominant actors</i>	States	State actors and multitude of interest groups and parties	States actors and functional associations	State actors and multitude of stake holders
<i>Level and scope of political allocation</i>	Central level covering all issue areas	Overall and issue specific at respective government level	National or sub-national level covering specific issue areas	Functionally specific agreements cutting across different levels

Source: Eising and Kohler-Koch (1999: 6).

The core idea of network governance is that political actors consider problem-solving the essence of politics and that the setting of policy-making is defined by the existence of highly organized social sub-systems in a given political setting. In such a political setting, efficient and effective governing has to pay tribute to the specific rationalities of these sub-systems. Eising and Kohler-Koch explained that the 'state' is vertically and horizontally segmented and its role has changed from authoritative allocation 'from above' to the role of an 'activator'. Governing the European Union involves bringing together the relevant state and societal actors and building issue-specific constituencies. Therefore, in these *patterns of interaction*, state actors and a multitude of interest organizations are involved in multilateral negotiations about the allocation of functionally specific 'values'. As a consequence, within the networks *the level of political action* varies from the central EU-level to decentralized subnational levels in the member states. The dominant mode of orientation of the all actors involved is towards the upgrading of common interests in the pursuit of individual interests. Incorporated in this concept is the idea that interests are not given as it is assumed in ideal-type assumptions about pluralism and corporatism, but that they may evolve and get redefined in the process of negotiations between the participants of the network governance.<sup>150</sup>

As Beate Kohler-Koch wrote, governing is about fitting new regulatory mechanisms into an environment that is functioning according to its own regulatory logic and has so far been unwilling or unable to change. European integration, therefore, is a project of transformation in a highly complex constellation. Unilateral steering cannot alone do introducing new and sometimes quite deviant regulatory principles. Neither the institutions nor the predominant ideas of European cooperation provide a hierarchical system of governance. The Community is likely to be a negotiating system, specifically a negotiating system with a variable geometry because, depending on the issue at stake, different actors have to be taken into account. Therefore, it is not only member governments who negotiate; various public and private actors are also part of the game.<sup>151</sup>

### 2.3 Critical Notions for the process of integration

Critical examination of integration through its dimensions and behaviour in international politics is far more complex than general debate about academic clarifications for its definition. Concerning with this task, a number of questions will be raised on the classification and conceptualisation of integration. The most crucial questions will be these namely: (1) What are the major causes for the outgrowth of integration? (2) Can integration be regarded as a multidimensional or unidimensional phenomenon? (3) What are the basic types of integration by which theory can be interpreted differently and how these types relate with each other? (4) Is the process of integration consisting of various types applicable to all regions or only to a specific part of the world? (5) What are the major criteria for successful integration? By attempting to answer these questions, it can

---

<sup>150</sup> Ibid., pp. 5-6.

<sup>151</sup> Beate Kohler-Koch (1999): "The Evolution and Transformation of European Governance", in: Beate Kohler-Koch and Rainer Eising (eds.): "The Transformation of Governance in the European Union", London and New York, Routledge, p. 25.



be derived a number of important notions about the process of integration. Among these questions, the most fundamental one is whether integration is a unidimensional or multidimensional phenomenon. Most of the early theoretical work conceived of integration as a unidimensional phenomenon, which could be measured on a single aggregate continuum. However, later scholars such as Leon Lindberg and Joseph Nye questioned this assumption and seem to have persuaded that integration cannot be adequately described in unidimensional terms. As Donald Puchala put it, “We have come to recognize that regional integration is a multidimensional phenomenon, much more complex than originally imagined.” Hence those attracted to this interpretation began to apply multivariate measurement procedures for the purpose of delineating the dimensions of the phenomenon, which could be used to classify it. Nevertheless, others have questioned the empirical foundation of this posture and contended that all available empirical evidences indicate that international integration is unidimensional, i.e., all of the ‘subdimensions’ are in fact highly interrelated.<sup>152</sup> Whether integration is a multidimensional or unidimensional situation, it definitely has its own salient features like major purposes or causes that lead to integration, certain types or forms, degrees and limitations for its formation. For the classification of basic types or dimensions of integration, there may also be some disagreements for plausible categorization. Even when it can be possible to classify concrete types of integration, it will further need to establish some universal norms for the successful implementation of integrated process.

### **2.3.1 Causes and types of Integration**

The major purposes leading to the process of integration in world politics can be generally outlined as follows: (1) regulations of multilateral relations primarily through techniques of peaceful settlement of disputes among nation-states of the integrated community; (2) minimization or, at the least, control of international conflict (war) among members of the integrated community; (3) promotion of cooperative, development activities among nation-states for the social and economic benefit of certain regions or of humankind in general; and finally (4) collective defence of a group of nation-states through the integrated community against external threat.<sup>153</sup>

It also needs to refer essentially two contradictory assumptions that explain the fundamental causes for political integration. First, political systems gain and retain cohesiveness because of widely shared values among their members and general agreement about the framework of the system. Such systems are based on procedural consensus, or general agreement about the political framework and the legal processes by which issues are resolved, and substantive consensus, or general agreement about the solutions to problems the political system is called upon to solve. If there is greater the procedural and substantive consensus, there will have greater the integration of the political system. Second, as an alternative assumption different from the first one, it has been argued that political systems become or remain cohesive because of the presence, or

---

<sup>152</sup> Charles W. Kegley Jr. and Llewellyn D. Howell Jr. (1975): “The dimensionality of regional integration: Construct validation in the Southeast Asian Context”, in: *International Organization* 29(4), p.999.

<sup>153</sup> Couloumbis and Wolfe (1978): Introduction to International Relations, p.252.

threat, of force. On this ground, political realists emphasized for recognition of the importance of coercive power in the integration of political communities.<sup>154</sup>

Assuming that integration is indeed multidimensional, what components of integrative behaviour are the most significant and meaningful empirically and, furthermore, what relationships obtain among these dimensions? Here again, the literature is fraught with disagreement. Some theories suggest that it is most meaningful to categorize integration in a tripartite fashion which differentiates economic, social and political integration as distinct basic types; others posit a political amalgamation/intergovernmental cooperation/mass community differentiation for the concept; and still others submit that regional integration should be subdivided and demarcated in a framework which separates cohesion, communications, power, and structure of relationships as essential types of integration.<sup>155</sup>

Recognizing that the conceptualisation of integration posed a major analytic problem, Joseph Nye sought to avoid the excessive generality of integration connoted by common definitions by “disaggregating the concept of integration into different types and developing specific indices for the various subtypes.”<sup>156</sup> His resultant typology broke the concept down into three basic dimensions: economic integration (formation of a transnational economy), social integration (formation of a transnational society), and political integration (formation of transnational political interdependence). These types were further disaggregated into subtypes, each of which could be associated with a clear measurement of the condition of integration for that subtype at a given point in time.<sup>157</sup>

Depending upon these dimensions, after reviewing regional integrated organizations that have arisen since World War II, these can be apparently divided into two basic types and perhaps a third, hybrid type. The first type is regional defence organizations, such as the North Atlantic Treaty Organization (NATO), the Central Treaty Organization (CENTO), and the Warsaw Treaty Organization (Warsaw Pact). The second type comprises economic organizations (also referred to in the literature as functional organizations), such as the European Communities (EC), the Council of Mutual Economic Assistance (CEMA), and the Latin American Free Trade Association (LAFTA). Hybrid regional organizations carry out multifunctional activities. Sometimes it is difficult to determine whether these are primarily political, economic, military, or cultural. Examples of the hybrid type are general-purpose institutions such as the Organization of American States (OAS), the Arab League, the Organization of African Unity (OAU), and the Association of Southeast Asian Nations (ASEAN). Hybrid organizations contain elements of political and economic and occasionally military and cultural cooperation.<sup>158</sup>

---

<sup>154</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, pp.431-432.

<sup>155</sup> Kegley and Howell (1975): *The dimensionality of regional integration*, p.1000.

<sup>156</sup> Joseph S. Nye Jr., (1968): *Comparative Regional Integration*, in: *International Organizations* 22 (4), p.856.

<sup>157</sup> *Ibid.*, p.875.

<sup>158</sup> Coulombis and Wolfe (1978): *Introduction to International Relations*, p.285.

Furthermore, it can also be fabricated into three major types of regional integration namely (a) societal interdependence, (b) attitudinal integration, and (c) intergovernmental cooperation. The first and most important type of regional integration is intersocietal interdependence. It is important to note that this type is composed of both economic and political involvement, at both the governmental and subnational levels: Trade ties, service exchanges between domestic groups, and both institutional and security integration between polities of respective regions. In this type, the level of economic integration covaries with, and is highly interdependence with, the level of political integration. Secondly, attitudinal integration constitutes a separate category of integrative behaviour. It refers clearly to the extent to which attitudes of friendship and identity exist between states. Two important variables in this type are mass (social) integration and political affect, and both refer to the images citizens of states hold toward foreign societies and polities. But it also suggests that attitudinal integration may be independent of societal, economic, or political integration; two societies may be integrated “attitudinally” while concurrently achieving a low level of political or functional integration. Finally, intergovernmental cooperation type reflects to the extent to which the governments of states are able to cooperate in diplomatic arenas other than the central organizations, which link their states together. Two influential variables in this type are the level of elite social interaction and the frequency of official intergovernmental consultation. The level of intergovernmental cooperation at the diplomatic level may be unrelated to the level of both attitudinal evaluations and economic interdependence.<sup>159</sup>

### **2.3.2 Characteristics, limitations and degree of Integration**

An integrated political community must possess certain structural characteristics. Firstly, integration among states will typically produce a collective configuration of decision-making that will be closer to the supranational ideal type rather than the international. For instance, collective decisions might be taken by a majority of the membership and the strict unanimity principle would be abandoned. The need for policy integration will be particularly important if the nascent community is responsible for the allocation of goods and services between the constituent units. This will certainly be the case in those instances where political community building is predicted upon economic integration via custom unions and common markets.<sup>160</sup>

In the second place, at a minimum, integration presupposes the existence of a security community, that is to say a system of relationships which has renounced force and coercion as means of settling disputes among the ingredients of the integrated unit. Beyond this requirement, economic interdependence will encourage the participants to engage in the kinds of collective action referred to above in order to promote mutual interests. Regionalism – expressed both in terms of similarity and proximity – will further enhance these tendencies. As integration proceeds, new tasks, responsibilities and mandates will be taken on by the central institutions. This ‘organizational task

---

<sup>159</sup> Kegley and Howell (1975): The dimensionality of regional integration, p.1014-1016.

<sup>160</sup> Evans and Newnham (1992): The Dictionary of World Politics, p.145.

expansion', as it has been called, will be positively correlated with the integration process.<sup>161</sup>

Thirdly, in an integrated community, political processes will take on characteristics often associated with intrastate, rather than interstate, politics. For instance, political parties and interest groups will start to press demands and articulate interests at the centre as well as at the periphery. Indeed, eventually they will prefer to concentrate upon the former locus of power. Groups representing economic, social, environmental and religious interests will develop in addition to more traditional party arrangements. If economic integration has been a key preliminary to political community building then these groups may well be associated with wealth-welfare issues. The 'rules of the game' for these groups will broadly include a willingness to work within the system in order to achieve their goals and specifically a commitment to pluralism as a political style. This pluralistic characteristic of the political processes will give rise to transnational politics as an increasingly significant section of the population within the member states perceive that more and more of their expectations and aspirations are being met within the integrated structure.<sup>162</sup>

As a final characteristic, a political integrated community should possess the capability to command the loyalties and affections of the majority of the population of its constituent units. Historically in the formation of nation-states, nationalism provided the ideological and attitudinal infrastructure for this loyalty transfer. Contemporary efforts at building communities 'beyond the nation state' have the double task of providing a new focus while combating the centrifugal impulses of nationalism. Functionalism and neo-functionalism have paid particular attention to this aspect of integration; the functionalist's logic tries to suggest that there will be a progressive transfer of loyalty away from the constituent states towards the new community on the basis of a utilitarian calculation of where the wealth-welfare policy issues are really being handled.<sup>163</sup>

Although integration in world politics is still firmly representing as a prudent concept to establish a perpetual peace and development, there are some major weaknesses and limitations about the theoretical framework of integration. These limitations came out of the two leading concepts about integration – functionalism and neo-functionalism. Among the alleged deficiencies of functionalism are the following: (1) that it is difficult, if not impossible, to separate the economic and social tasks from the political; (2) that governments have shown themselves unwilling to hand over to international authority tasks that encroach upon the political; (3) that certain economic and social tasks do not "ramify" or "spill-over" into the political sector; and (4) that the road to political integration lies through political "acts of will," rather than functional integration in economic and social sectors. In another critique of functionalism, it was also concluded that at least in light of the Western European experience since World War II, there is little evidence to suggest that technology and economic growth, in a shrinking world, by themselves will produce integration through functional cooperation. Moreover, political

---

<sup>161</sup> Ibid.,

<sup>162</sup> Evans and Newnham (1992): *The Dictionary of World Politics*, pp.145-146.

<sup>163</sup> Ibid., p.146.

influences and pressures have proven to be of major importance in effecting the integrative process because there has been little or nothing that is “non-political” in nature in the integration process of Western Europe.<sup>164</sup> The record, moreover, indicates that even where conditions are conducive, there is no guarantee that the sector integration will proceed automatically. Even in Europe, high hopes have alternated with periods of disillusionment. When momentum has occurred, *spillover*, involving either the deepening of ties in one sector or their expansion to another to ensure the members’ satisfaction with the integrative process, has led to further integration. But there is no inherent expansive momentum in integration schemes. *Spillback* (when a regional integration scheme fails) and *spillaround* (when a regional integration scheme stagnates or its activities become encapsulated) are also possibilities.<sup>165</sup>

In the critique of neo-functionalism, it differs from functionalism in a number of important respects. First, it is a theory of regional rather than global integration, and specifically a theory of how this process has been achieved in Western Europe since 1945. The main weakness inherent in the regional concentration is that a certain breadth of vision is thereby lost. Secondly, neo-functionalists have been much more concerned with institution building than were the original functionalists. On this reason, Mitrany criticized neo-functionalists as ‘federal-functionalists’. Notwithstanding, neo-functionalism is distinctly oriented towards the political aspects and implications of integration.<sup>166</sup> But it is also not adequate for the study of Third World integrative systems. In contrast to industrialized countries, Third World developing states are likely to have fewer goals that can be satisfied by integration. For example, expectations of economic gains from rising levels of trade, facilitated by the lowering or removal of tariff barriers, have furnished a major motivation for the formation of customs unions, especially in Western Europe. However, the structure of trade and production in much of the Third World, based historically upon the supply of agricultural products and raw materials to advanced industrialized states, has hindered the prospects, at least in the short run, for economic complementarity of a level sufficient to promote integration within the Third World by the formation of customs unions or Common Markets comparable to the European Community. Even in areas such as Latin America and the Arab world, where the existence of a common language and common cultural values would appear to be conducive to integration, the fact that national economies are oriented outward toward the industrialized areas of the world rather than toward each other poses a serious obstacles to regional integration. Therefore, integration modes adequate to Third World conditions differ substantially from those having relevance for industrialized states. Depending upon these weaknesses, Ernst Haas, a leading scholar in the neo-functional school of thought, also criticized that some proponents of neo-functionalism are obsolete because they do not address “the most pressing and important problems on the global agenda of policy and research.” But neo-functionalism is not considered to be wrong, but instead to be inadequate in light of the “turbulent field” of international relations, with its numerous global issues in the late twentieth century. Finally, it can be assumed that there is no widely accepted deductive model about integration in which

---

<sup>164</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, pp.458-459.

<sup>165</sup> Kegley and Wittkopf (1995): *World Politics*, p.544-545.

<sup>166</sup> Evans and Newnham (1992): *The Dictionary of World Politics*, p.215.

definitions and conditions for integration as well as processual steps and transformation rules are universally set forth.<sup>167</sup>

Degree of integration is also an important symbol for the development of integrated process. Some stressed that degree of integration adds a significant dimension to socio-political strength of the integrated community by referring simply to the sense of belonging and identification of peoples of the individual participants. At the state level, this often translates into nationalism. In most cases, the greater the degree of homogeneity and uniformity, the greater the degree of perceived integration. This, in turn, contributes to a sense of belonging among individual units in the process. Homogeneous ethnic, religious, linguistic, or cultural background adds to a sense of identity and to achieve inter-societal integration. On the other hand, technical and organizational identity as well as shared values for mutual interests are also important particularly for perceived economic integration.<sup>168</sup> The level of economic interaction between and among nation-states of the community can serve as a reliable indicator of their degree of political integration.<sup>169</sup> Although it is generally true that great integration leads to an enhanced sense of identity between and among integrated units but a lack of integration need not necessarily imply a lack of identity. There are numerous cases where a low degree of integration leads to an uncertain or questionable degree of unity that is disintegration. Yugoslavia and the Soviet Union are two cases in point. In both countries, immense internal diversity led many citizens to identify more with their own ethnic group than with the state itself. This sense of allegiance to a group other than the Yugoslav or Soviet state led to secession, the collapse of the Yugoslav and Soviet states, and warfare between ethnic groups. Both cases prove that too low a degree of integration can be disastrous for a state. However, it is impossible to specify how and why a sense of identity develops, or what the key factor or factors are influential upon a sense of belonging. In some cases, a low degree of integration across a wide number of variables will be sufficient to lead to a sense of belonging. In other cases, a high degree of integration in a single area will be necessary.<sup>170</sup>

Degree of integration can be fluctuated depending upon three categories of its aimed tasks: (1) that which has, as its essential function, to take advantage of opportunities, or deal with problems, within the ambit of the existing state system; (2) that which envisages the rebuilding of the existing state system; and (3) that which goes beyond or escapes from either the existing or a refurbished state system. Within the existing state system there is a variety of ways in which a greater degree of integration can be sought without substantial structural impact. At the lowest level, *cooperation* involves an agreement to undertake a specific task without any thought of task expansion or spillover into other areas. Where there is a process of continuous adjustment by governments, through a process of intensive consultation within an international institution designed to serve important goals that can only be achieved together, then *coordination* results, while

---

<sup>167</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, pp.459-460.

<sup>168</sup> Daniel S. Papp. (1997): "Contemporary International Relations: Frameworks for Understanding", Needham Heights, Allyn and Bacon, p.450.

<sup>169</sup> Kegley and Howell (1975): *The dimensionality of regional integration*, p.1016.

<sup>170</sup> Papp (1997): *Contemporary International Relations*, p.450.

*harmonization* involves the joint setting of standards and goals, again, frequently, in an institutional framework. However, this is not usually the case in parallel national action, where complementary or compatible legislation and practices are instituted separately by different actors in order to reduce the impact of frontiers. *Association*, on the other hand, is usually more formal and has greater structural implications. Paradoxically, it can enable both integration and separation to be pursued at the same time, promoting integration in certain domains, but restricting it in others, thereby denying the ‘functional imperative’ of task expansion and spillover.<sup>171</sup> The amalgamation of these processes can produce and sustain a *Concordance System*<sup>172</sup> at the international level – that is, “an international system wherein actors find it possible consistently to harmonize their interests, compromise their differences, and reap mutual rewards from their interactions.”<sup>173</sup> In such a system governments remain important actors, but so do actors from the subnational, transnational and supranational arenas. Attitudes of the actors tend to be pragmatic and characterized by a high degree of mutual sensitivity and responsiveness, with a willingness to acknowledge, and act to promote, the greater good of the whole. Moreover, a concordance system depends, for its successful operation, upon a large degree of popular support – a permissive climate.<sup>174</sup> Another analysis suggested that greater degree of political integration has generally implied a relationship of community among people within the same political entity. That is, they are held together by mutual ties of one kind or another, which give the group a feeling of identity and self-awareness. Others pointed out that the degree of integration can be reflected by the process of the formation and development of institutions through which certain values are authoritatively allocated for a certain group of political actors or units. In short, integration at the international level is conceptualised as the institutionalisation of the political process among two or more states. These reflect a growing sense of inter-relatedness between, or among, political or economic structures. The degree by which integration occurs can be measured by using indicators of the growth of decisional capabilities within a specific unit.<sup>175</sup>

### 2.3.3 Criteria for successful Integration

With commendable caution, integration theorists attempted to find out a concrete statement of which factors or conditions must be considered “*necessary and sufficient*” to bring about successful integration. They doubt that the successful isolation of a number of recurrent historical themes amounts to a truly “scientific” statement of a process. If certain conditions are regarded as ‘*essential*’, that means success seems to be extremely improbable in their absence. Though essential, these factors may also be *insufficient*: even if all of them were present, it cannot be definitely known whether *any other conditions* might be required which should also be necessary to count down. A similar consideration applies to those conditions that can be named *helpful* but not essential: it is

---

<sup>171</sup> Olson and Groom (1991): *International Relations then and now*, p.172.

<sup>172</sup> Donald J. Puchala (1972): “Of Blind Men, Elephants and International Integration”, *Journal of Common Market Studies* 10(3), p. 278.

<sup>173</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, p.434.

<sup>174</sup> Olson and Groom (1991): *International Relations then and now*, p.172.

<sup>175</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, p.434.

because integration occurred in their absence, and might well recur in this way in future cases.

Within the context of critical examination for these factors, the general findings are as follows. Successful integration is attained when the subjective criterion of certain elite expectations is met: if the expectations of key elites in the region converge toward demands for peaceful change and other benefits thought to be obtainable only through the union, integration is underway. Objectively speaking, integration can be considered achieved when the states in the region cease to prepare for war against one another, a condition which can be easily verified from military statistics and plans. It could be said that the “integration threshold” is passed when both criteria can be positively met, but since the subjective index is not considered easily verifiable, not much practical value is expected of the concept.<sup>176</sup> In general, integration theorists hold that persons adopt integrative behaviour because of expectations of joint rewards or penalties. Initially, such expectations are developed among elite groups both in the governmental and private sectors. Successful integration depends upon a people’s ability to “internalise” the integrative process – that is, for member elites, rather than external elites, to assume direction of an integrative process.<sup>177</sup>

A range of conclusions was also derived for successful integration from the concept of social communication. First of all, successful integration is held to depend on the prevalence of mutually compatible self-images and images of the other actors participating in the process of unification. This involves first and foremost successful predictions on the part of one nationally identified elite of the behaviour pattern of other elites active in the region. It is this type of sympathy feeling among the crucial actors which is held of importance, not verbal commitment to common symbols and propositions, such as “freedom,” “peace” or “welfare.” Further, successful integration tends to take place around a “core area,” a region possessing superior administrative skills, military power, economic resources and techniques, as well as capacity for receiving and assimilating the demands of other regions so as to satisfy them. Actors in the weaker areas look to the core area for leadership and help in the satisfaction of their demands; sympathetic response on the part of the elites active in the core area then begets progressive integration without in the least implying any “balance of power” among participating units. A great deal of stress is placed on the “capacity” of the administrative system and the attitudes prevailing in the core area actively to respond to the needs expressed by others. According to communication approach, successful integration equals the balance of load and capability in the network of social communication.<sup>178</sup>

Successful integration for all types of integrated communities is more likely if improvement of the communications network takes place before the actual burdens are spelled out in terms of political demands. They note also that war among the participating actors should cease to be a respectable mode of policy before the achievement of political

---

<sup>176</sup> Ernst B. Haas (1960): “The Challenge of Regionalism”, in: Stanley Hoffmann (ed.): “Contemporary Theory in International Relations”, Englewood Cliffs, N.J., Prentice-Hall, Inc., p.225.

<sup>177</sup> Dougherty and Pfaltzgraff (1990): *Contending Theories*, p.434.

<sup>178</sup> Haas (1960): *The Challenge of Regionalism*, p.225.



union. Further, the nature of the elite structure is singled out as being of crucial importance. It is desirable for successful integration that a broadening of elites vertically in each political unit take place before the act of union, that rigid social stratification be weakened, that mass participation in public life increase. But it is equally desirable that horizontal contacts among elites of similar status and outlook in all the political units be made to flourish. Hence internal democratisation was a prerequisite for the successful integration. Moreover, close “international” ties among political parties, trade associations, labour unions, religious organizations and the like are essential for larger regional integration. In other words, the conditions and consequences associated with democracy and pluralism in modern western society emerge as crucial elements in the process of international integration.<sup>179</sup>

The record of integrative experiments demonstrates that the factors promoting or inhibiting successful integration efforts are many and their mixture complex. It is not enough that two countries choose to interact cooperatively. Research indicates that the probability that such cooperative behaviour will culminate in integration is remote in the absence of geographical proximity, steady economic growth, similar political systems, supportive public opinion led by enthusiastic leaders, cultural homogeneity, internal political stability, similar experiences in historical and internal social development, compatible forms of governmental and economic systems, similar levels of military preparedness and economic resources, a shared perception of a common external threat, bureaucratic compatibilities, and previous collaborative endeavours. Although not all of these conditions must be present for integration to occur, the absence of more than a few considerably reduces the chances of success. The integration of two or more societies is, in short, not easily accomplished.<sup>180</sup>

#### 2.4 Theoretical Relevance to Two Regional Organizations

Having stated that, many theoretical and governance approaches over the years attempted to examine and figure out what is regional integration and what kind of governance it generates in different forms in various parts of the world. It is, however, not only the purpose of theoretical insight that varies, but also the area, or the object of particular approaches, which emphasize on specific function like institutional set-up or member states cooperation. Moreover, theoretical approaches may be different along the lines of so-called 3 P: *polity, policy and politics*.<sup>181</sup>

- (1) Theory tackling with *polity*. Polity refers to the political community, political structures and its institutions. For example, approaches falling into this category in the EU studies are those analyzing the nature of the beast i.e. those explaining

---

<sup>179</sup> Haas (1960): *The Challenge of Regionalism*, pp.225-226.

<sup>180</sup> Kegley and Wittkopf (1995): *World Politics*, p.544.

<sup>181</sup> Thomas Diez and Antje Wiener. (2004): “Introducing the Mosaic of Integration Theory”, in: Antje Wiener and Thomas Diez. (eds.) (2004): “European Integration Theory”, Oxford and New York, Oxford University Press, p. 18.

- how the EU's institutional structure came about, or those trying to find constitutional alternatives on the basis of normative considerations.
- (2) Theory handling with *policy*. Policy concerns with the actual measures taken to tackle concrete problems, and theoretical approaches in this area analyze and compare their content, or critically reflect on them. It includes aspects such as policy style, policy-making modes, the general problem-solving approach and policy content.
  - (3) Theory dealing with *politics*. Politics comprises the process of policy-making and the daily struggles and strategies of political actors in negotiating and encountering with each other for their own interests. It is about the bargaining among many participants like governments, particular interest groups, or supranational institutions for the dominance of a specific style of how decisions are reached.

As shown above, it would empirically difficult to stick strictly to one of those areas. Any discussion of polity is likely to involve constitutional frames in which policy-making takes place, or which limits the content of policy, as well as the implication of constitutional arrangements for politics. Nevertheless, approaches are likely to emphasize one or the other, and not deal with all three poles of politics in same treatment. Moreover, to the extent that they desire to explain, they will use polity, policy and politics either as the *explanandum* (what is to be explained) or the *explanans* (the explaining factor).<sup>182</sup>

As a result, deciding which theory is right and most suitable is not the case of deciding which theory's assumptions about actors, institutions and information are closest to the reality. How good a theory is depending on the fact how much and how efficiently it can explain a particular set of facts. However, some theories are good, some are more efficient and some are more extensive, and all tend to be good and useful at explaining different spectrums of broader international relations and political science. For instance, the liberal intergovernmentalist approach uses some simple assumptions, and from these assumptions it produces a rather persuasive explanation of the major history-making bargains. However, this theory is unlikely to explain effectively the more complex environment of day-to-day politics in the EU. The institutionalist approach also aims for parsimony over extensiveness, with some simple assumptions being applied to a limited set of case studies, and it is good at predicting outcomes when the rules are fixed and information is complete. The supranational governance approach uses a more complex set of assumptions and is more able to explain a broader set of policy outcomes from the EU system. As a result, the power of the different theories can only be judged where they produce clearly identifiable and opposing sets of predictions about the same empirical phenomenon. Unfortunately, however, as Simon Hix noted, this situation is rare in the EU politics as it is in many areas of social science.<sup>183</sup>

Furthermore, it has been argued that the uniqueness of the EU is also a barrier to theorizing the EU in general terms. Therefore, some argued that the most appropriate way to view the EU is as a new polity rather than as a phenomenon of international relations.

---

<sup>182</sup> Diez and Wiener. (2004), pp. 18-19.

<sup>183</sup> Simon Hix (2005) op. cit., pp. 17-18.

In fact, no single theory could adequately explain and capture all developments and dimensions of the emerging EU polity. In recent years, the study of regional organizations particularly the EU has, to a large scale, shifted from the study of integration to the study of governance. This idea has significant purchase in international relations, but it also has been a huge theme in recent policy analytical literature. The governance turn in the EU studies is certainly about deploying policy analytical tools to the EU, but it also encourages serious thinking about the application of the conventional categories of politics. Therefore, while the theoretical literature on governance treats the EU as a polity, it also uses the EU as a laboratory for the exploration of possible transformations in policy-making on a much wider scale.<sup>184</sup>

In the late 1990s, while the emphasis of regional integration studies shifting from grand integration theories to governance approaches, the EU itself at the end of the century looked less and less like a system of cooperating nation-states and more and more like a domestic political system with some rather unique characteristics.<sup>185</sup> As a result of these developments, many began to speak of European governance as a special political phenomenon that demanded adequate explanation. On the other hand, the ASEAN is still no more than a struggling system of cooperating various nation-states in Southeast Asia. Traditional theoretical insights of realist, neoliberal institutionalist, liberal intergovernmentalist and constructivist approaches could well explain and capture virtually all of ASEAN's formation and latest developments in the new century.

There should have no doubt about the revival of integration theory in current studies of regional organizations particularly concerning with governance turn. Indeed, it was not always so (for example, demise of integration theory was witnessed in 1970s and early 80s concerning with then European Community studies) and the recent phase of theoretical reflexivity and innovation owes much to the spillover effects into EU studies of creative and different way of thinking across the political sciences. Theories of integration and governance approaches are also important because they grapple with one of the most remarkable experiments of the twentieth century. As Rosamond concluded, contemplating the sources of apparently radical dislocations in patterns of governance in Europe and elsewhere in the world and seeking to shed lights upon the processes of institutional creativity and economic enmeshment that have been occurring is a vitally important enterprise – not just an academic game in contemporary studies of political science.<sup>186</sup>

## 2.5 Conclusion

Integration is a highly persuasive process in the contemporary macropolitical system. Integration is both a process and an end state. The aim of the end state sought when actors integrate is a political community. The process or processes include the means or instruments whereby that political community is achieved. There is an important proviso that must be fulfilled necessarily. The process of integration should be voluntary and

---

<sup>184</sup> Rosamond (2000) op. cit., pp. 17, 109.

<sup>185</sup> Hooghe and Marks. (2003): "Multi-Level Governance in the European Union", p. 281.

<sup>186</sup> Rosamond (2000) op. cit., p. 197.

consensual. Integration, which proceeds by force and coercion, is imperialism. Although historically empire-building has some of the characteristics currently attributed to integration, most integration theorists have been insistent that the process of integration should be regarded as non-coercive. Taking a historical perspective, the most significant attempts at building political communities in the past have been directed towards the creation of nation-states. Moreover, national sentiments have often preferred to describe this as unification rather than integration. Current study with its emphasis upon integration between state actors, can present comprehensive view of the process if necessary caution is paid to the nation-building purposes of earlier eras.<sup>187</sup> Therefore, lessons should be taken from the past in which most of political integrated events happened due to the more prevalent way through coercion or by force. But it should not be confused about integration with the coercive political unification. Process of integration should only be referred to the peaceful ways and means for the creation of possible new types of human communities, which can bring together future developments in their economic, political and social infrastructure.

It will also be rather formidable subject to assess integration of nation-states whether it can provide a pathway to peace and prosperity in global order. According to Immanuel Kant's vision of "perpetual peace" which was expressed more than two hundred years ago, the three elements: democracy; economic interdependence; and international law and international organizations will eventually lead to the peaceful resolution of conflicts. Each element is essential to maintain the structure of stable peace. If each of three elements lacks, the achievement of peace would be less hopeful. This vision can provide a possibility of peace through the collaboration and integration of nations-states, which are driven by democratic polities consistent with the fundamental norms and standards of international society. The immediate effect of this process will furnish most peaceful and pragmatic techniques for the change of international system from anarchy to a rational and proper global order.

For those who are not optimistic about the feasibility of supranational integration and a possible new world order, but who despair of the ability of nation-states to solve their security problems in the nuclear age and achieve the welfare of their people in an age of overpopulation, scarcity of food, and environmental pollution, integration within and among nation-states might be a reasonable outlet with stable peace for a world without borders, a unified global society. In short, the advocacy of integration frequently tends to become a plea for a world beyond the contemporary nation-state. It is an excuse for changing international behaviour and building a better, more cooperative, and more harmonious world order, for subordinating power politics to welfare politics and national interests to planetary interests, for recognizing before it is too late that humanity shares a common destiny. For this reason, the implementation of integration for a better and less conflict-prone 'world politics' – while acknowledging the continued existence of states – will produce behaviour among them as if they had already been abolished. On the other

---

<sup>187</sup> Evans and Newnham (1992): *The Dictionary of World Politics*, p.145-146.

hand, the process of collective cooperation and problem solving through integrated community will overcome the defects of the state system.<sup>188</sup>

At the same time, attempts to force integration will only heighten the resistance of those who are the ingredients of the community. It is because they fear that they will be treated unfairly in local, national, regional, or global contexts. If large numbers of people feel alienated from increasing political integration because they are destitute, they will not support movement toward more global governance. Thus the future of world peace requires addressing “the structures of mass destitution” no less than the weapons of mass destruction. Moreover, the drawbacks of integration may also generate recurring pressures for disintegration. Simultaneously, the shortcomings of an overly decentralized political system in a world that is functionally interdependent generate pressures for integration. The state is only one of many actors in this process, whether the pressure is for more global governance or more subnational control. The state’s territorially limited and narrow definition of self-interest and sovereignty makes it sometimes an obstructive force for the successful implementation of integration process.<sup>189</sup> However, with the end of the Cold War and on the basis of the successful integrated experiences of the EU and other regional organizations in coming years will further promote the development and revival of integration theory in the international system.

---

<sup>188</sup> John Spanier (1992): “Evaluation of Interdependence: “New” or “Old” Strife?” in: Herbert Levine (ed.): “World Politics Debated, A Reader in Contemporary Issues”, New York, McGraw-Hill, Inc., pp.75-76.

<sup>189</sup> Robert C. Johansen (1995): “Swords into Plowshares: Can Fewer Arms Yield More Security?”, in: Kegley, Charles W. Jr. (ed.): “Controversies in International Relations Theory, Realism and the Neoliberal Challenge”, New York, St. Martin’s Press, pp.256-257.

### III. Governance in the European Union

#### 3.1 The Formation of the EU in historical context

The European Union (EU) is unique in contemporary world as a successful integrated organization in the context to which the economies of separate, highly developed 15 Western European states have been systematically and thoroughly integrated into a single market. Formed in 1993 under the Maastricht Treaty, The EU seeks to have its member states join together in a political and economic union; adopt a single common currency; share the same set of policies on social and domestic issues; and have a common foreign and defence policy. In short, the EU seeks to become a true United States of Europe. The EU did not just come into existence within a short time. Nearly a half-century of preparation preceded its creation. The EU began in the 1950s and 1960s as the European Community (EC), a group of Western European states that was primarily an economic entity.<sup>190</sup>

At its inception, the EC consisted of three communities: the European Coal and Steel Community (ECSC) which was created in 1951, the European Atomic Energy Community (Euratom) which was established in 1957, and the European Economic Community (EEC) which was also formed in 1957. Since 1968, these three have shared common organizational structures. The members of the EU are Belgium, France, Germany, Italy, Luxembourg, and the Netherlands (who were the original “Six”), Denmark, Ireland, and the United Kingdom who joined in 1973, Greece in 1981, and Portugal and Spain in 1986. In 1994, the EU reached agreement with Austria, Finland, Norway, and Sweden on the terms of membership beginning in 1995. Each of these countries must hold a national referendum on EU membership in order to join it.<sup>191</sup> Along this trend, it was expected that these efforts for further enlargement would bring all of Western European countries into the sphere of EU. However, people of Norway rejected the proposal to become a EU member in a national referendum and Switzerland could not reach agreement on its terms of accession. With the end of the Cold War, a number of Central and Eastern European countries from former communist bloc were also willing to join the EU. Intensive debates for further enlargement of the EU were dominant phenomena in the late 1990s as a major consideration for the existing members, candidate countries and for the organization itself. After a decade long preparations to meet the accession criteria for entering the EU, ten countries from Eastern and Southern Europe (Czech republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia) became new members in 2004. Romania and Bulgaria also joined the EU as the newest members in year 2007. At present, EU consists of altogether twenty-seven member states.

The EU possesses great symbolic achievement compared with other regional integrated organizations because its degree of integration is far greater than that of a simple

---

<sup>190</sup> Papp (1997): Contemporary International Relations, p.280.

<sup>191</sup> Kegley and Wittkopf (1995): World Politics, p.164.

common market. The EU embodies deep regional integration including harmonization of social welfare, environmental and other policies, as well as legal rules and standards. Cooperation in transportation, energy, education and other infrastructure projects is undertaken under its umbrella. There has also been an ambitious pursuit of monetary union and a single currency. Political union is the ultimate goal of some members. The EU holds wide legislative powers and is presumed supreme to national laws in some areas. Tighter integration requires that a greater degree of national sovereignty be relinquished to the EU, a matter of much concern to some members such as the United Kingdom. The method behind the integration process has been to form a framework system first and then act according to it.<sup>192</sup>

The EU is governed by a quadripartite institutional system, which is consisting of an Executive Commission, a Council of Ministers, a European Parliament, and a Court of Justice. The Commission is the EU bureaucracy and initiates the Union's policies. It also proposes legislation, manages the budget of the EU, and represents the EU in international trade negotiations. The Council of Ministers is the most powerful political body which accepts or rejects the policy initiatives of the Commission only by unanimous agreement; unanimity is also required in the Council for certain important decisions. The Council of Ministers is comprised the representatives usually cabinet ministers drawn from the member states of the EU. The European Parliament is directly elected and acts more in an advisory and oversight role, although its power has been growing. The European Court adjudicates disputes concerning EU law.<sup>193</sup>

Looking back over the EU's history, several generalizations<sup>194</sup> about the integrative process are clear. In the first place, the success to date of economic integration is perhaps best explained in terms of the competitive edge and profitability to be found in economics of scale for advanced industrial societies. That is, in the second half of the twentieth century, it was in the clear economics self-interest of the comparatively small states of Western Europe to combine their markets if they were to compete effectively with such economic superpowers as the United States (which has itself constituted a "common market" ever since the 1789 adoption of its Constitution that prohibited its states from creating trade barriers among themselves). The dynamics of a free market system produce a continual demand for ever-larger economic units in the modern world, with the fewest possible restraints on the wide-scale movement of capital, labour, and goods. The Common Market, therefore, has served the self-interest of its creators by adapting to the requirements of competitiveness in the modern world.

Second, the European Union has been built from the very beginning upon a faith that gradualism could produce the organic growth of integration. The process started with what was simplest and most manageable, then provided an outline for beginning a far more complex process in the Treaty of Rome. That treaty amounts to a constitutional

---

<sup>192</sup> Yeung, May T., Nicholas Perdakis and William A. Kerr (1999): "Regional Trading Blocs in the Global Economy: The EU and ASEAN", Northampton, Massachusetts, Edward Elgar Publishing, Inc., pp.38-39.

<sup>193</sup> Ibid., p.39.

<sup>194</sup> For detail assessment of EU's integrated process can be seen in Jensen and Miller (1997): Global Challenge, pp.338-340.

agreement on broad structural arrangements within which policy continues to evolve. It is assumed that not all problems have to be solved at once. What was an insoluble issue of high politics in the early years may not seem so by tomorrow, simply because a social process of cooperative interaction has extended its roots more deeply in the intervening period. The goal of achieving a fully integrated internal market by December 1992 only became realistic in the late 1980s, when it could be built upon three decades of gradual movement in that direction.

Third, European integration has also been based upon respect for political pluralism. Such respect is assumed in functionalist theory, which opposes the potentially coercive amalgamation of high politics traditionally associated with conquest and imperialism. Within the European Union, important political differences remain among the elites and among different ideological groups. Some have viewed the EU's relationship with certain third world countries as increasingly one of economic imperialism. Others on the political right have feared that integration will centralize ever more economic decisions in a distant bureaucracy of "Eurocrats" unmoved by considerations of nationalism. At the moment, it is impossible to know whether these kinds of objections can ever gain the support necessary to pull the EU apart; but it should be noted that a diversity of political interests is always assumed to exist within a pluralistic, democratic society. The issue is whether they can be peacefully accommodated in ways that are at least minimally acceptable to all. If that does happen within the EU, then it can be concluded that enough spillover has occurred to produce a measure of political, in addition to economic, integration.

Fourth, integration would presumably move forward to the point that the members constitute what Deutsch and his associates defined as a pluralistic security community. Individuals and groups throughout the European Union now possess "dependable expectations of peaceful change" when political conflicts arise between them. No one suppose warfare will break out between them, as it had several times among many of them in the not-so-distant past as the history witnessed.

Many would argue that the EU's dynamism, and particularly its goal of completing its integration as a common market by 1992, helped accelerate the sudden collapse of communism throughout Eastern Europe in 1989. By the same token, these dramatic developments to the East instantly confronted the EU with unprecedented challenges, for it immediately became a magnet attracting most, if not all, the states of Europe into its orbit. Yet, because of the great differences in their recent economic histories, the two halves of Europe cannot merge economically without difficult, perhaps painful, periods of adjustment for which earlier enlargements of the EU are not appropriate models. While most, if not all, the reformed states of Eastern Europe seek closer ties with the EU, most observers believe that admission would first entail the creation of some kind of associate status for these nations until they are ready, economically and politically, for full membership.

The EU also has some other issues to be handled with great caution. One problem is how to designate its future shape when it makes its major task for widening and deepening of



further integration. The establishment of monetary union throughout common market will also be a tackled issue. Monetary union entails significant challenges in the reconciliation of the vast differences in financial strength and macroeconomic policy within the EU. Developing effective corrective measures for an operational monetary union will require considerable inventiveness. Moreover, the pursuit of deep integration is met with an absence of consensus in public opinion. Members who resent the tight bureaucracy of and interference from EU in national standards and ways of doing things often resist any reduction in national sovereignty. Fears of German domination are also present among some EU members as the process of deepening integration continues.<sup>195</sup>

Another big issue of the EU will be concerned with defence. The key question is whether the European Union can and will create its own defence identity without undermining NATO, the backbone of Western security upon which most EU countries have relied. This topic will lead to a controversial debate between the EU and the USA who is the chief architect of the NATO. Most of the leading countries of the EU regard the European integration process will also determine the future viability and role of the major organizations in Europe – the United Nations and the Organization for Security and Cooperation in Europe (OSCE) and the NATO. They also viewed that in the absence of a Common Defence, and with uncertainty over NATO's role, cooperation among European nations within those multinational bodies will be confined to ad hoc responses in a situation of progressive renationalisation of security and defence policies – in particular on the part of those nations whose cooperation is required most. Depending upon these considerations, NATO's future viability in Europe will be largely determined by how it accommodates an emerging European defence entity and develops into a more binary organization built around a stronger and broader EU-US relationship.<sup>196</sup>

In less than forty years, the EU has transformed the economic and political life of Europe in many respects. Whether it is also transcending the nation-state system by inventing post-Westphalian political structures remains an intriguing question. While the economies of member states are increasingly integrated into a single market, the amalgamation of their separate political systems is much less certain. That is largely because the integration effort has been pursued via the approach of functionalism, which deliberately avoids attacking the high political issues of amalgamation head-on.<sup>197</sup> Similarly, the EU has often been characterized as being inward-looking, reactive rather than proactive and less dedicated to the cause of multilateralism due to its internal preoccupation.<sup>198</sup>

Although the EU incorporates some supranational elements, the term 'pooled sovereignty' better captures its essence, because states remain paramount in its institutional structures and decision-making procedures. Through their participation in the

---

<sup>195</sup> Yeung, Perdakis and Kerr (1999): *Regional Trading Blocs*, pp.43-44.

<sup>196</sup> Uwe Nerlich (1995): "The relationship between a European common defence and NATO, the OSCE and the United Nations", in: Laurence Martin and John Roper. (eds.): "Towards a common defence policy", Paris, the Institute for Security Studies of Western European Union, pp.71-72.

<sup>197</sup> Jensen and Miller (1997): *Global Challenge*, p.335.

<sup>198</sup> Yeung, Perdakis and Kerr (1999): *Regional Trading Blocs*, p.30.

supranational integrated organ on the one hand, pooled sovereignty of member states characterizes a central property of the EU on the other. Indeed, no transfer of authority to a central body has occurred. Instead, critical decisions are still made in the Council of Ministers, where states dominates, and most decisions of the EU still depend on national governments for implementation. Sovereignty is nonetheless shared, in the sense that decision-making responsibility is now spread among governments and between them and the EU's institutions.<sup>199</sup>

Therefore, it may be useful to define *integration* and *unity* as they applied to the EC before 1993 and now to the EU. Integration was the process of reducing barriers to trade and other forms of interchange between EC members and of creating EC political and economic institutions that could aid in this process. When the EC evolved into the EU in 1993, this process of integration had moved a long way. Unity, by comparison on the other hand, was and is the objective of having all EU states have common political, economic, social, foreign, and defence policies, that is, of creating a true United States of Europe. Despite the change in name from the EC to the EU, and despite the considerable progress that has been made in European integration, neither the EC nor the EU achieved unity.<sup>200</sup>

### **3.1.1 Institutional Structure, Major Actors and Basic Socioeconomic and Political Data of the EU**

The EU has grown out of three originally separate Communities (ECSC, EEC, and Euratom), each with its own institutional structures. These were formally merged in 1967 as a single collective organization. The major elements originally comprised of: a collective executive of kinds – the European Commission; a collective forum for representatives of member governments – the Council (of Ministers); a mechanism for binding arbitration and legal interpretation – the European Court of Justice (ECJ); and a parliamentary chamber – the European Parliament (EP) – with members of elected from the political parties of the member states, which was later by direct election. In addition, the Economic and Social Committee (ESC) provided a forum for consulting other sectors of society. The powers, main duties and responsibilities of these actors are set out in the EU's various treaties, and have been periodically revised.<sup>201</sup> These EU institutions function the process of governing in collaboration with the member states' governments.

Among the EU institutions, the Council brings together the governments of the member states, and is organized into several sectoral councils of national ministers, for instance, the Council of Agriculture Ministers). The Council performs both executive and legislative functions: it sets the medium and long-term policy agenda, and is the dominant so-called second chamber in the EU legislative process. The Council made its decisions usually by unanimity, but applies a system of qualified majority voting (QMV) on a number of important issues (where the votes of the member states are weighted according

---

<sup>199</sup> Kegley and Wittkopf (1995): World Politics, p.169.

<sup>200</sup> Papp (1997): Contemporary International Relations, p.280.

<sup>201</sup> Helen Wallace (2000): "The Institutional Setting", pp. 9-10.

to their size and a large majority is needed for decisions to pass). Also each government in the Council chooses its members of the Commission, and the governments collectively nominate the Commission President.<sup>202</sup> National officials in the committees and working groups of the Council are usually responsible for preparing meetings of ministers. Traditionally, the most important of these committees has been the Committee of Permanent Representatives (Coreper), composed of the heads and deputies of the member states' permanent representatives resided in Brussels. These committees meet each other weekly at least to agree items on the Council agenda, and to identify those that need to be discussed as well as endorsed by ministers.<sup>203</sup>

The European Commission is comprised of a political college of 27 commissioners (one from each member state) and a bureaucracy of 36 Directorates-General (DG) and other administrative services. The Commission is responsible for initiating policy proposals and monitoring the implementation of policies once they have been adopted, and is hence the main executive body of the EU.<sup>204</sup>

The other major representative institution in the EU is the European Parliament (EP). The EP is made up of 785 MEPs, who are selected in European wide elections every five years. The EP possesses various powers of legislative consultation, amendment and veto under the EU's legislative procedures. The EP can also amend the budget of the EU. The EP can also scrutinize the exercise of executive powers by the Commission and the Council, votes on the Council's nomination for the Commission President and the full Commission College, and also has the power to overthrow the whole Commission with a vote of censure. The highest judicial authority in the EU is the European Court of Justice (ECJ), which works closely with the national courts to oversee the implementation of the EU law. The EU also has an independent monetary authority – the European System of Central Banks – that includes the European Central Bank (ECB) and the central banks of the member states in Economic and Monetary Union (EMU).<sup>205</sup>

The European Council began its existence in the occasional summit meetings of heads of states and governments of the EU member states. From 1974 onwards, under the pushing of Giscard d'Estaing, then French President, European Councils were put on the agenda to a regular basis, meeting at least twice a year. Successive treaty reforms have brought the European Council on to a more formal basis. However, it remains the case that the European Council operates to an extent outside the main institutional structure of the EU. The location and preparation of its meetings, together with the drafting of its conclusions, depend essentially on the presidency-in-office of the Council, and therefore the agenda of its sessions is much influenced by the preferences of the government in the presidency.<sup>206</sup>

These institutions produce five types of policy in the EU<sup>207</sup>:

---

<sup>202</sup> Hix (2005) op. cit., pp. 7-8.

<sup>203</sup> Wallace (2000): "The Institutional Setting", p. 17.

<sup>204</sup> Hix (2005) op. cit., p. 8.

<sup>205</sup> Ibid.

<sup>206</sup> Wallace (2000): "The Institutional Setting", p. 20.

<sup>207</sup> Hix (2005) op. cit., p. 8-9.

- Regulatory policies: these are rules on the free movements of goods, services, capital and persons in the single market, and concerns with the harmonization of many national production standards, such as environmental and social policies, and common competition policies.
- Expenditure policies: these policies involve the transfer of resources through the EU budget, and include the Common Agricultural Policy, socioeconomic and regional cohesion policies, as well as research and development policies.
- Macroeconomic policies: these policies are pursued in the EMU, where the ECB manages the money supply and interest rate policy, while the Council is responsible for exchange rate policy and the coordination and scrutiny of national tax and employment policies.
- Citizen policies: these are rules that extend and protect the economic, political and social rights of the EU citizens and include cooperation in the field of Justice and Home Affairs (JHA), common asylum and immigration policies, police and judicial cooperation and the provisions for EU citizenship.
- Foreign policies: these are aimed at ensuring that the EU speaks with a single coherent voice on the world stage, and include trade policies, external economic relations, the Common Foreign and Security Policy (CFSP), and the European Security and Defence Policy (ESDP).

Table (2): The Basic Socioeconomic and Political Data of the EU Member States

Basic Socioeconomic Data				Political Data	Representation in the EU		
Member state	Date joined	Population in Million (2003)	GDP per head in Euro	Territorial Structure	Votes in the Council under QMV	No. of Commissioners	Members of European Parliament (2004)
Austria	1995	8.1	27700	Federal	10	1	18
Belgium	1952	10.4	26570	Federal	12	1	24
Bulgaria	2007	7.8	7450	Unitary	10	1	18
Cyprus	2004	0.7	19690	Unitary	4	1	6
Czech Republic	2004	10.2	15880	Unitary	12	1	24
Denmark	1973	5.4	27700	Unitary	7	1	14
Estonia	2004	1.4	11020	Unitary	4	1	6
Finland	1995	5.2	24910	Unitary	7	1	14
France	1952	59.6	25770	Regional	29	1	78
Germany	1952	82.5	24940	Federal	29	1	99
Greece	1981	11.0	18700	Unitary	12	1	24
Hungary	2004	10.1	13970	Unitary	12	1	24

Ireland	1973	4.0	30590	Unitary	7	1	13
Italy	1952	57.3	23960	Regional	29	1	78
Latvia	2004	2.3	9530	Unitary	4	1	9
Lithuania	2004	3.5	10800	Unitary	7	1	13
Luxembourg	1952	0.4	46560	Unitary	4	1	6
Malta	2004	0.4	17450	Unitary	3	1	5
Netherlands	1952	16.2	26900	Unitary	13	1	27
Poland	2004	38.2	10920	Regional	27	1	54
Portugal	1986	10.4	17100	Unitary	12	1	24
Romania	2007	21.8	7460	Unitary	14	1	35
Slovakia	2004	5.4	11970	Unitary	7	1	14
Slovenia	2004	2.0	17450	Unitary	4	1	7
Spain	1986	40.7	21770	Regional	27	1	54
Sweden	1995	8.9	25700	Unitary	10	1	19
United Kingdom	1973	59.3	27080	Unitary/ Regional	29	1	78
EU 15		379.4	25210			15	570
EU 27		453.7	22940		345	27	785

Source: Eurostat & Hix (2005) op. cit., pp. 10-11.

Table (2) shows some basic socioeconomic and political data of the EU member states and their representation in the EU institutions. As the data demonstrate, no member state is either physically in size or economically or politically powerful enough to dominate the EU. In this sense, every member state is a minority in the EU political system.<sup>208</sup>

### 3.1.2 Positive and Negative Integration of the EU

As mentioned above, the EU is a *sui generis* regional organization in the contemporary world. Its uniqueness also belongs to its special characters of positive and negative integration. Negative integration – the removal of national barriers – can be distinguished from positive integration, which can be defined as the establishment of common ways of intervening in economies of member states. Though the EU possesses both types of integration, it must be acknowledged that the EU itself has more success in the former but not that much in latter. Since the time of revival of European integration in mid-1980s, the strategy chosen by European elites in driving the momentum of the EU was quite successful because it relied on negative rather positive intervention. Completion of Single market also reinforces this insight by witnessing the then EC Commission publishing a paper calling for measures under certain categories: the removal of physical, technical and fiscal barriers.<sup>209</sup>

<sup>208</sup> Hix (2005) op. cit., p. 9.

<sup>209</sup> Keohane and Hoffmann (1990) op. cit., p. 299.

Positive integration requires the introduction of an active, supranational policy for its success. Typically, the EU has negotiated a policy format, and the task is to put it into operation in the member states. Positive integration often entails market-correcting rules in economic policy areas. It means that policy is designed to limit damaging effects of market processes. Key aspect is the agreed policy template needs to be downloaded to the member state level and the Commission has to ensure that legislation is properly implemented. Otherwise, the Commission has authority to refer laggard governments to the ECJ if it is necessary. The supremacy of European law is indicative of the hierarchical nature of this type of positive integration. There also exists a pronounced coercive dimension in these arrangements and it is the member governments that have to ensure that market correction is put into practice effectively.<sup>210</sup>

Unlike positive integration, negative integration relates to areas where the removal of national barriers suffices to create a common policy. National legislation is often not required to impose policy into practice. In fact, European legislation is even unnecessary in some cases as the rules may be embedded in the treaties themselves. The Commission is delegated extensive powers and the jurisprudence of the ECJ can be relied upon to enforce the framework of rules, such as those formulated in the supranational treaties. Negative integration is, in this sense, typically concerned with market making. Put another way, EU level rules are designed to allow the efficient functioning of the market. In short, the market-making character of negative integration creates a much more horizontal process of policy adjustment in member states associated with Europeanization. In negative integration it is the competition amongst rules or amongst socio-economic actors that accounts for Europeanization rather than the need for national policy to comply with EU policy templates, like under positive integration.<sup>211</sup>

### **3.1.3 Trade Integration in the EU**

In accordance with supranationalist argument of increasing volume of transnational activities as a parameter of regional integration, trade integration of the EU and intra-EU trade in particular should be taken a look to view how the EU pursues its economic integration. The brief analysis of the EU trade integration also shows the economic rationality of economic integration in the EU concerning with the establishment of the Economic and Monetary Union (EMU). The costs and benefits of forming a single currency union differ depending on the degree of economic integration of the states involved in that regional project. The benefits of monetary union increase as trade between the member states increases. More economic integration means removal of the transaction costs of currency exchange among member states. Moreover, as trade increases the cost of surrendering the exchange rate as an instrument of national macroeconomic policy declines. As the structural conditions of the economies level out, with the more efficient allocation of resources due to the single currency and the gradual synchronization of economic cycles, the likelihood of asymmetric shocks falls.

---

<sup>210</sup> Bulmer and Radaelli (2005) op. cit., p. 344.

<sup>211</sup> Ibid., pp. 344-345.

Therefore, as trade integration increases, the need to use an independent exchange rate falls back.<sup>212</sup>

In the middle of 1990s the level of imports and exports of goods (excluding services) between the member states varied considerably as shown in Table (3). For the larger economies intra-EU trade accounted for less than a quarter of total GDP, while for many of the smaller economies intra-EU trade claimed for more than half of total GDP. For example, Germany, the core economy of the EU, trade with the rest of the world was almost as large as trade with the rest of the EU. Put it other way, when the decision was taken to launch EMU, on the basis of simple economic cost-benefit calculations the smaller states were more likely to benefit than the larger states. The empirical data also suggests that between 1994 and 2001 trade integration in the EU progressed faster for the Euro zone states than for the non-Euro zone countries, as shown in the case of the UK where there was even a decline in trade with the rest of the EU as a percentage of the GDP of the UK. As Hix pointed, the economic benefits of EMU membership might be endogenous to the creation of EMU. Therefore, once a political decision has been made to join EMU, the economics will follow and trade integration will increase as a result of adopting the single currency.<sup>213</sup>

In sum, economic logic might be able to explain why EMU was launched in the 1990s, but it only offers a partial explanation of why certain states joined and others did not. Economic data suggests initially that EMU should have been launched only between the core member states. Empirical data could not be able to explain why Spain and Italy joined when they had comparatively low levels of trade integration and potentially divergent economic cycles, meanwhile Denmark did not join despite its comparatively high level of trade integration. These questions are more conveniently and convincingly answered only by politics rather than economics.<sup>214</sup>

Table (3): Trade integration in the EU (1994 — 2004)

	Intra-EU trade (value of imports plus exports as % of GDP)		Non-EU trade (value of imports plus exports as % of GDP)	
	1994	2001	1994	2001
<b>“Euro 12”</b>	<b>1994</b>	<b>2001</b>	<b>1994</b>	<b>2001</b>
Belgium	83.6*	113.5	29.3*	44.5
Luxembourg	—	94.5	—	20.0
Ireland	80.2	83.0	34.1	46.8
Netherlands	65.0	75.3	27.7	39.0
Austria	33.7	49.6	16.8	26.8

<sup>212</sup> Hix (2005) op. cit., p. 320.

<sup>213</sup> Ibid., p. 321.

<sup>214</sup> Ibid., pp. 322-323.

Portugal	39.6	44.8	12.5	13.4
Finland	30.4	36.2	24.0	26.3
Spain	22.8	31.9	11.5	14.4
Germany	23.1	31.8	16.3	25.5
France	23.6	31.1	13.5	18.2
Italy	20.9	23.9	14.5	19.4
Greece	20.8	16.5	11.4	16.2
“Other EU states”				
Denmark	35.4	40.9	17.3	20.2
Sweden	33.6	37.7	23.8	25.6
United Kingdom	24.1	22.6	18.7	19.7

\* Belgium and Luxembourg combined.

Source: Hix (2005) op. cit., p. 322.

### 3.2 Determinants of Policy Processes in the European Union

The EU is an emerging polity in which policy processes, decision-making procedures and policy-making have significant impact on its member countries and also determine ‘who gets what, when and how’<sup>215</sup> in present day European society. The EU is not a ‘state’ in the traditional Weberian meaning of the word because it lacks a ‘monopoly on the legitimate use of coercion’ as this power of coercion such as police and security forces still remains in the hands of the national governments of the EU member states. Indeed, the EU is a new and complex political system produced by the process of European integration. This EU political system is highly decentralized and diffused on the basis of voluntary commitment of the member states and its citizens in administering various forms of nation-state’s power.<sup>216</sup>

Decisions are, according to David Easton, the outputs of the political system, which is based on the idea of political life as a boundary maintaining set of interactions embedded in and surrounded by other social systems that continually influence it.<sup>217</sup> Moreover, political interactions can be distinguished from other sorts of interactions by the fact that they are oriented primarily toward a process by which values are authoritatively allocated within a society.<sup>218</sup> Peterson and Bomberg defined decisions as choices or solutions that

<sup>215</sup> H.D. Lasswell (1950): “Politics: Who Gets What, When, How”, New York, Peter Smith.

<sup>216</sup> Simon Hix (2005): “The political System of the European Union” (second edition), New York, Palgrave Macmillan, p.4.

<sup>217</sup> David Easton (1965): “A Framework for Political Analysis”, Engelwood Cliffs, NJ: Prentice Hall, p. 25.

<sup>218</sup> Easton (1965), p. 50.



end some uncertainty or reduce contention. Whenever there is a choice, the end result is a decision. However, a decision is not the same as a policy, which is an action or inaction by public authorities facing choices between alternative courses of public action. Therefore, policies are product of decisions about what to do, how to do it, and how to decide what to do. In short, decisions can be labeled as the building blocks of policies.<sup>219</sup> Decision-making can simply be defined as the act of choosing the best option among available alternatives about which uncertainty of losses and gains coexist. In terms with the constructivist approach, decisions are socially constructed and therefore decision makers construct their national interest within the boundary of their understanding of their environments, nature of their domestic and foreign policy objectives and security goals as well as relations among the various important states, international institutions and other actors.<sup>220</sup>

The policy process in the EU is the product of a competition between the national and the transnational arenas to provide effective or authoritative results in regional and global dimensions. The sense of movement in the policy process and a kind of uncertainty about its outcomes are the usual phenomena of policy pendulum which swings between the national political arenas of the participating member countries, on the one hand, and the transnational arena, with its regional and global context on the other hand.<sup>221</sup> There are multiple issues embedded in the policy process and the consequence is a policy-making process characterized by conflicts of distributional nature, resource dependencies and various nested games for the centralization of governance functions.<sup>222</sup>

It will always be an interesting question how complex it is to generalize in which way the EU functions on daily basis connecting national, sub-national, intergovernmental and supranational institutions and actors interacting with each other in bringing collective forms of decision-making at different levels for achieving variety of their own interests. It will enable to understand more about the jigsaw puzzle of modern time regional organization like the European Union. The close analysis of decision-making and policy processes in the EU will be worthy for having a better understanding of regional integrated communities in the globalized world. At this point, determinants of and differentiation in the policy processes, which in turn come out of different decision-making procedures, will also be examined in the EU. The ongoing debate about democratic legitimacy, reform politics and accountability in the EU will also be explored.

As Helen Wallace pointed out, the policy process of the EU political system operates like a kind of 'political market place'. There is no clear structure of authority or hierarchy of power in this system. There are no visible fundamental rules about who can participate in the policy process or how or when. To be sure formal procedures provide a sort of

---

<sup>219</sup> John Peterson and Elizabeth Bomberg (1999): "Decision-Making in the European Union", London, Macmillan Press Ltd, p. 4.

<sup>220</sup> Jutta Weldes (1999): "Constructing National Interests: The United States and the Cuban Missile Crisis", Minneapolis, University of Minnesota Press, pp. 12-14.

<sup>221</sup> Helen Wallace (2000): "*The Policy Process: A Moving Pendulum*", in: Helen Wallace and William Wallace (eds.): "Policy-Making in the European Union" (Fourth Edition), Oxford and New York, Oxford University Press, p. 41.

<sup>222</sup> Ben Rosamond (2000): "Theories of European Integration", London, Macmillan Press Ltd, p. 106.

structure; however, it is the informal politics that determine the outcomes. Apparently, it sounds like a common understanding of the fact that all politics originated from a mixture of the formal and the informal, and most political processes in democratic countries depend on bargaining and brokerage. But the balance between these formal and informal politics is distinctive in the context of European integration. These formal procedures have become increasingly complicated over the years and the dense web of committees that have emerged to advise the Commission, and to help in its implementation of policy, known as nowadays ‘comitology’, symbolizes this procedural complexity. They are subject to recurrent redefinition and constantly vulnerable to the changes of political and economic context. As a result, the informal processes have to bear rather more political weight than in a long-established polity with firmly established rules and practices.<sup>223</sup>

One of the defining characteristics of the EU is the openness of opportunities for access, opportunities taken by a great number of national officials, by many representatives of organized sectoral interests, by regional and local authorities, and a range of other interest groups, even individuals who think that they have something to contribute and can benefit from the process. A question that arises at this stage is whether the outcome is to make policy formulation, which is particularly vulnerable to strategic manipulation by those who are able to define their preferences coherently and to bargain them through effectively.<sup>224</sup>

The EU decision-making and policy processes are multifaceted in nature and it is difficult to cover the sheer range and complexity of its processes: a host of actors, operating within the context of numerous EU and national level institutions, interact with one another on the basis of an array of different rules and procedures. In order to bring an overall perspective to the complexity of the EU policy processes, several factors can be identified as being important in determining the particular intermingling of actors and channels in any specific context. Neill Nugent analyzed these determining factors in details as follows: (1) the treaty base, (2) the proposed status of the matter under consideration, (3) the degree of generality or specificity of the policy issue, (4) the newness, importance, controversiality or political sensitivity of the issue in question, (5) the balance of policy responsibilities between EU and national levels, and (6) the perceptions of prevailing political and economic circumstances.<sup>225</sup>

In short, the EU policy process is the one that produces varied outcomes, with significant differentiations among member states. Therefore, it is crucial to understand the national institutional settings as to get a grip on the EU-level institutions for better understanding of the EU policy processes as a whole. In other words, the EU policy process requires to be viewed through several sets of spectacles. Different lenses may be necessary depending on the division of powers and influences between these different levels and

---

<sup>223</sup> Helen Wallace (1997): “Introduction”, in: Helen Wallace and Alasdair R. Young (eds.): “Participation and Policy-Making in the European Union”, New York, Oxford University Press, pp. 10-11.

<sup>224</sup> Ibid., pp. 11-12.

<sup>225</sup> For more details about factors determining the EU policy processes and how a multiplicity of actors interact with each other via a myriad of channels, see Neill Nugent (1994): “The Government and politics of the European Union” (Third Edition), Durham, NC, Duke University Press, pp. 297-304.

arenas of policy developments. Certainly it should focus on what happens in and through the EU institutions and how far do the particular features of the EU's institutional system produce a distinct kind of policy process. Therefore, a peripheral vision will be useful to look at thoroughly the country-level processes (both national and local), regional and global level for understanding a fluid and dynamic way of policy processes in the EU.<sup>226</sup>

### 3.2.1 Treaty bases

Treaties of the EU are written monuments, which rule the operation of decision-making and policy processes of its political system. The EU does not yet have a formal constitution and ambitious efforts for establishing such a legal framework still need to overcome many obstacles. There are three 'founding treaties' of the EU: the Treaty of Paris and the two Treaties of Rome. These founding treaties were added and amended by three further subsequent treaties in the 1960s and 1970s in ways that affected the powers of the institutions of the EU. One of them merged the Commissions and the Councils of the three Communities (EEC, ECSC and Euratom) in 1967, while the other two in 1970 and 1975 were related to the budgetary provisions. Since then there were no major revisions of the Treaties for another decade. From the mid-1980s, however, there were four new treaties: the Single European Act (SEA), the Treaty on European Union (TEU), the Amsterdam Treaty and the Nice Treaty consequently.<sup>227</sup>

Moravcsik argued that the making of treaties and their subsequent reforms are the outcome of careful bargaining and agreement among the member state governments in intergovernmental conferences.<sup>228</sup> One consequence of multiple contending actors in the EU is that the treaties provide ample room for interpretation. The treaties are discussed vehemently to reach a solution or an agreement in interstate negotiations, in which there is a powerful incentive for allowing deliberate ambiguity on points of contention so that each government can claim success in representing national interests. The basic treaties of the EU have provided legitimacy for Commission initiatives in several policy areas, yet they are not clear enough to give the Commission wider authority in designing institutions. This has been mentioned as a 'treaty base game' in which the Commission legitimates its preferences by referring to a prior treaty commitment.<sup>229</sup>

At its outset, the requirement of unanimity procedure in the EU tends to produce lowest common denominator treaty bargains. However, the process of European integration has been able to proceed because different governments have placed different focus on various issues, and therefore have been prepared to lose on some issues in return for

---

<sup>226</sup> Helen Wallace (2000): "The Institutional Setting: Five Variations on a Theme", in: Helen Wallace and William Wallace (eds.): "Policy-Making in the European Union" (Fourth Edition), Oxford and New York, Oxford University Press, pp. 7-8.

<sup>227</sup> Stephen George and Ian Bache (2001): "Politics in the European Union", Oxford and New York, Oxford University Press, p. 216.

<sup>228</sup> Andrew Moravcsik (1998): "The Choice for Europe: Social Purpose and State Power from Messina to Maastricht", Ithaca, NY: Cornell University Press, pp. 18-19.

<sup>229</sup> Liesbet Hooghe and Gary Marks (2003): "Multi-Level Governance in the European Union", in: Brent F. Nelsen and Alexander Stubb (eds.): "The European Union: Readings on the Theory and Practice of European Integration" (Third Edition), Houndmills, Palgrave Macmillan, p. 293.

winning on other issues that are more important to their national interests. In this way, the resulting package deals have steadily added more and new competences to the EU and also delegated increasing executive powers to the Commission. For instance, the Treaty of Paris (signed in 1951 and came into effect in 1952), which founded the European Coal and Steel Community (ECSC), was in essence a deal between France and Germany. France sought to acquire a framework for planned production and distribution in its own coal and steel industry as a return for its allowance to German reconstruction and reindustrialization. For securing these objectives, the member state governments delegated certain powers to a new supranational body: the High Authority, the precursor of the Commission. The idea was mainly to ensure the decision-making efficiency by delegating to a supranational body for taking responsibility to generate policy ideas and management of policy on daily business. This idea of combining intergovernmental decision-making with policy initiative and management by supranational executive – the so-called ‘Monnet Method’ – offered the model for the making of future treaties.<sup>230</sup>

The Treaties of Rome (signed in 1957 and came into effect in 1958), which established the European Economic Community (EEC) and the European Atomic Energy Community (Euratom), was again a bargain between the German goal of a common market and the French aim of protection for agricultural products through the Common Agricultural Policy (CAP) in the EEC. For achieving these aims, the EEC treaty delegated policy initiation in the common market and administration of the CAP to the Commission. The package of the Single European Act (SEA) was signed in 1986 by European heads of government and came into effect in 1987. Its main economic goal was to establish a single market by 31 December 1992. The Commission played a crucial leading role by detailing how the single market could be achieved and by preparing treaty reforms. The SEA also introduced provisions for intergovernmental cooperation in foreign policy, which is known as European Political Cooperation (EPC), although member states decided that the Council should hold the executive authority.<sup>231</sup> As Moravcsik correctly noted, the SEA was the new impulse toward European integration with optimism and new institutional momentum by replacing malaise and stagnation of an era of Europessimism and Eurosclerosis in the late 1970s and early 1980s. The SEA linked further liberalization of European trade with some institutional procedural reforms. It expanded more use of qualified majority voting (QMV) in the Council of Ministers to regulatory issues connecting with the realization of the internal market by the 1992 deadline. The SEA also granted slightly greater powers to the European Parliament by introducing a new legislative procedure known as the cooperation procedure.<sup>232</sup>

In terms of EU treaties, the EU is mainly based on the Treaty on European Union (TEU), which was signed in 1991 and came into effect in 1993. The TEU also institutionalized the Commission’s plan for Economic and Monetary Union (EMU) and the new currency of Euro. The TEU is made up of several components – Common Provisions, the Treaties of the three European Communities (EC) (known as the first pillar of the EU), Provisions on a Common Foreign and Security Policy (CFSP) officially known as the second pillar

---

<sup>230</sup> Hix (2005): “The political System of the European Union”, p. 32.

<sup>231</sup> *Ibid.*, pp. 32-33.

<sup>232</sup> Moravcsik (1998): “The Choice for Europe”, pp. 314-315.

of the EU, Provisions on Cooperation in the Fields of Justice and Home Affairs (JHA) known as the third pillar of the EU, and a series of protocols and declarations. One of the most crucial points in its functions of the TEU is the formulation of several different decision-making procedures and specification of the circumstances in which they are to be used. Therefore, the TEU plays the role of fundamental importance in shaping the nature of the EU's policy processes and in determining the powers exercised by institutions and actors within the processes.<sup>233</sup>

The Amsterdam Treaty (signed in 1997 and came into effect in 1999) modified the TEU in various ways and introduced several institutional reforms, High Representative for CFSP, and provisions for enhanced cooperation. In particular, it moved policy on visas, immigration and asylum from the third pillar to the first EC pillar, and it renamed the third pillar as 'Police and Judicial Cooperation in Criminal Matters'.<sup>234</sup>

The Nice Treaty (signed in 2001 and came into effect in 2003) was principally aimed at reforming the EU institutions in preparation for the enlargement of the EU and accession of Central, Eastern and Southern European countries. It also introduced reform of Commission and Council in terms of voting weights, European Charter of Fundamental Rights and expansion of majority voting. Finally, the 'Treaty establishing a EU Constitution' (signed in 2004 but not yet ratified; indeed glimmer of hope for revival in process after France and the Netherlands voted against it in mid-2005) would formalize the allocation of policy competences between the EU and the member states. The Constitution would also introduce some more reforms in the decision-making procedures among institutions like the weighting of votes in the Council, two new offices (a single chair of the European Council and an EU Foreign Minister), the number of Commissioners, and the power of the European Parliament in the legislative and budgetary procedures.<sup>235</sup>

In fact, the ratification process of the 'Treaty establishing EU Constitution' even showed the highlight of a member state's threat of unilateral noncompliance. Probably the most effective sanction against supranational institutions may be the revision of mandate given authority to them. In order to do so, the ability of member states to control supranational institutions by reforming the rules and procedures in their mandate depend critically on the voting rules for institutional change and the default condition in the event that member states fail to agree on such a change. The threat of treaty reform and revision is, to some extent, sounds like the ultimate threat, but the institutional barriers to carrying the threat through – calling of an intergovernmental conference, agreement by unanimity procedure, ratification by member states, are high. For this reason, the threat of treaty revision is essentially the nuclear option – excessively effective, but difficult to use this

---

<sup>233</sup> Nugent (1994): "The Government and politics of the European Union", p. 299.

<sup>234</sup> A. Duff (1997): "The Treaty of Amsterdam: Text and commentary", London, Federal Trust/Sweet & Maxwell, pp. xxiii-xxv.

<sup>235</sup> Hix (2005): "The political System of the European Union", p. 34.

option in reality – is therefore, a relatively ineffective and non-credible means of member state control.<sup>236</sup>

The development of the EU treaties is about the history of selective delegation of political and administrative powers by the member state governments to the Commission. Member states learned from past mistakes, which further suggest for treaty reforms in the EU. When signing treaties, governments are not able to predict the precise implications of treaty provisions and new decision-making rules, or exactly how the Commission will act when granted new powers. It was evident in the cases of Treaties of Rome and the SEA. As a consequence, the governments were more reluctant during the period of interstate negotiations in the TEU, Amsterdam and Nice for delegating more powers to the Commission in new or highly sensitive policy areas. It even turned out that they reformed the legislative procedures to restrict the agenda-setting powers of the Commission in those areas where policy initiative has already been handed over to the Commission.<sup>237</sup>

### 3.2.2 Differentiation in the EU Policy Processes

The EU policy processes vary over the years because the EU is distinctly a highly differentiated polity.<sup>238</sup> Further enlargement of the EU with the inclusion of Central and Eastern European countries and successful launching of the Economic and Monetary Union will even make the EU's governance more complex and transform its policy processes more unconventional. As Peterson and Bomberg argued, the challenge of understanding the EU is best handled by examining decision-making and policy processes at different levels of governance using different lenses or theoretical models. Two kinds of contrasts are visible. Firstly, different actors and factors govern the making of different types of EU decisions and policy processes. Secondly, there exists a vast amount of differences between policy sectors from their initiation, formulation and implementation, for example, the Common Agricultural Policy (CAP) with the Common Foreign and Security Policy (CFSP). The EU policies are the outcome of numerous sequential decisions taken at different levels in a multi-level system. It is an important task for any analysis of the EU to explain how the decision-making and process processes of the EU change over the time. The EU's tendency of unpredictability faithfully corresponds to these changes, which are needed to break through political impasse among member state governments.<sup>239</sup> Therefore, EU decision-making should be approached as 'actor-centered' with clarification derived from the different interests and varied strategies of numerous actors in the EU policy process.<sup>240</sup>

---

<sup>236</sup> Mark A. Pollack (2003): "Delegation and Agency in the European Community", in: Brent F. Nelsen and Alexander Stubb (eds.): "The European Union: Readings on the Theory and Practice of European Integration" (Third Edition), Houndmills, Palgrave Macmillan, p. 275.

<sup>237</sup> Hix (2005): "The political System of the European Union", pp. 34-35.

<sup>238</sup> R.A.W Rhodes (1997): "Understanding Governance: Policy Networks, Governance, Reflexivity and Accountability", Buckingham, Open University Press, p. 7.

<sup>239</sup> Peterson and Bomberg (1999): "Decision-Making in the European Union", pp. 252-253.

<sup>240</sup> Simon Hix (1998): "The Study of the European Union II: the "New Governance" Agenda and Its Rival", *Journal of European Public Policy*, Vol. 5, No.1, p. 48.

The differentiation of EU policy processes occurs because of the nature of decision-making beyond the nation-state and it swings back and forth between the country and the transnational arenas. The transnational arena includes both European and broader global or multilateral frameworks, which provide chances for the resolution of policy problems beyond the state. Choices are made depending on different kinds of factors to assign and to affect policy responsibilities. These factors are the contextual – when and where; the functional – what; the motivational – why; and the institutional – how. To explain more in details, contextual factors derive from the broad circumstances in Europe over the decades since the end of Second World War like transformation of nation-state with European integration and globalization. Functional factors derive from some of the core functions of politics that recur across the Europe to meet demands for socio-economic adjustment. Motivational factors concern with the rationales of the actors involved in the EU to achieve specific goals or to resolve specific problems. Institutional factors relate to particular patterns of institutions, both formal and informal, political, but also judicial, which are formed around the EU. EU institutions render both opportunities and constraints in channeling and structuring the behavior of political actors from the participating countries. Therefore, institutional factors are crucial for understanding the EU policy processes over the time.<sup>241</sup>

### 3.2.3 Decision-making Procedures of the EU

There are two types of decision-making procedures in the EU: (1) the budgetary procedure, which adopts the annual budget of the EU and (2) the various legislative procedures. The budget is divided into compulsory and non-compulsory items of expenditure. Compulsory expenditure consists mainly of agricultural expenditure, which remains the largest single item in the budget. The European Parliament (EP) can only propose modifications to the compulsory items by an absolute majority of its members. However, it has the right to amend the draft budget for non-compulsory items with the effect that the EP has a final say on these items of expenditure within the constraints imposed by the multi-annual financial perspectives. The balance between compulsory and non-compulsory expenditure in the budget is obviously of considerable importance in determining the level of influence that the EP can exercise.<sup>242</sup>

The Commission initiates the budgetary procedure by presenting the Preliminary Draft Budget to the Council of Ministers. The Council adopts the Draft Budget and then sends it back to the EP for a first reading. It is entitled to propose modifications to compulsory expenditure and amendments to non-compulsory expenditure. Once adopted by the full members of the EP, the Draft Budget goes back to the Council for its second reading. At this stage, the Council has the final word on compulsory expenditure but returns the Draft to the EP, indicating its position on the EP amendments to non-compulsory expenditure. At its second reading, the EP has the final word on non-compulsory spending within the limits of an agreed maximum rate of increase, a percentage determined by the Commission each year on the basis of the level of economic growth, inflation, and government spending. Then the EP has to adopt or reject the Budget. If it is adopted, the

---

<sup>241</sup> Wallace (2000): “*The Policy Process: A Moving Pendulum*”, pp. 42-45.

<sup>242</sup> George and Bache (2001): “*Politics in the European Union*”, p. 220.

EP President signs it into law and then the Commission has the responsibility for implementing the budget.<sup>243</sup>

There are four main legislative procedures under the EC pillar: consultation; cooperation; co-decision; and the assent procedure. Co-decision is now the most common procedure for EC legislation, although consultation and cooperation remain for some matters. The assent procedure covers measures for which the agreement of the EP is required. The Economic and Social Council (ESC) provides a formal input into EC decision-making for organized economic and social interests. The Committee of the Regions and Local Authorities (CoR) allows a formal input into decision-making for the representatives of member states' regional and local authorities.<sup>244</sup>

### 3.2.4 The Efficiency and Effectiveness of the EU Policy Processes

The diversity of competing interests across the member states, reinforced by the nature of the EU's complex decision-making system, means that successful policy development is most of the time heavily dependent on key actors, that is, member state governments. If these key actors are not very keenly prepared to compromise, effective decision-making will be very difficult. As compromises render the bases for agreements in policy processes and decision-making, package deals are often formulated by linking one policy arena to another to guarantee the various interests of all participants.<sup>245</sup>

The EU policy processes are often criticized for being bulky, slow and difficult to handle. But it is not always so and there exist different procedures for allowing certain types of decisions to be made when it is necessary. Decision-making is likely to be at its slowest point when a proposal creates difficulties of principle for a state or states, and this combined with a decision-making process, which is not subject to a fixed time schedule and in which QMV cannot be applied in the Council of Ministers. In such a situation, it will be very difficult for progress to be made. The EU does not have a fixed, central authoritative point where general priorities can be formulated and alternatives between competing options can be made. There is no adequate framework or mechanism for determining and implementing an overall policy view in which the requirements of various policy sectors are evaluated and measured carefully in relation to one another in terms of available resources. One important point is the critical judgments about how the EU functions, decision-making and policy processes ought to be placed in the context of the very considerable degree of cooperation and integration that has been achieved so far. There is also no comparable international scheme where individual nations have voluntarily transferred so many policy responsibilities to a collective organization of states and in doing so, have surrendered extent amount of their national sovereignty. Therefore, it is unsurprising to see in such a *sui generis* form of institution like the EU for having a lot amount of tensions, competitions, pressures and desires in cooperation and

---

<sup>243</sup> Brigid Laffan and Michael Shackleton (2000): "The Budget: Who Gets What, When, and How", in: Helen Wallace and William Wallace (eds.): "Policy-Making in the European Union" (Fourth Edition), Oxford and New York, Oxford University Press, p. 214.

<sup>244</sup> George and Bache (2001): "Politics in the European Union", p. 231.

<sup>245</sup> Nugent (1994): "The Government and politics of the European Union", p. 329.



integration which are so often challenged by caution, uncertainties, conflicts and competition.<sup>246</sup>

### 3.2.5 Europeanization as a salient feature of the EU

The European Union like other international organizations is made up of a number of member states. They are key actors in making EU as a new form of political system, and their role in this process is central to understanding the integration process and policy-making. Simultaneously, European integration also has had serious impacts upon the member states – the phenomenon – that has come to be termed ‘Europeanization’. This phenomenon is also a very salient characteristic of the EU comparing with other regional organizations. This fuzzy word is, therefore, all about regional integration and its impact on member states. It usually based on the proposition that integration creates a new multilevel politics thereby recalibrating how domestic actors respond to integration. Although there are numerous definitions of Europeanization in analyzing EU and its form of governance, the renowned and well-accepted one says that Europeanization is the process of influence deriving from European decisions and impacting member states’ policies and political and administrative structures. It comprises the following elements: the European decisions, the processes triggered by these decisions as well as the impacts of these processes on national policies, decisions processes and institutional structures.<sup>247</sup>

For EU member states, Europeanization even represents an even greater economic challenge than globalization since it involves integrating in a single market – and not simply opening to external competition – national markets for goods, capital, services, and labour in addition to eliminating national currencies in favour of a single currency Euro. As a consequence, it has often intensified the competitive pressures from globalization as it has added its own specifically European pressures.<sup>248</sup>

Regarding with Europeanization, member states have responded quite differently to identical EU input even under similar external and internal context conditions. The most obvious reason is that national and subnational actors have considerable variations of interests when implementing an EU policy and therefore that costs of adaptation and outcomes differ. It makes a difference whether alterations are restricted to modifications within a given pattern of sector regulation or whether they have effects at the core of national administrative traditions. Moreover, the specific problem-solving approach of a particular country and its capacity for administrative reform are important. Decades long EU attempts for a harmonized and competitive system have left a stigma on national systems but they have had no unifying effect. It all applies to policy regulation and administrative structures. Certainly, policy-making at the EU level has forced

---

<sup>246</sup> Nugent (1994): “The Government and politics of the European Union”, pp. 334-338.

<sup>247</sup> Bulmer and Lequesne (2005): “The European Union and its Member States: An Overview” op. cit., pp. 1-12.

<sup>248</sup> Vivien A. Schmidt (2005): “The Europeanization of National Economies?”, in: Simon Bulmer and Christian Lequesne (eds.): “The Member States of the European Union”, Oxford and New York, Oxford University Press, p. 367.

governments to adapt. It also shows the intensity of participation of national institutions in the processes of preparing, negotiating, implementing, and controlling European level decisions. However, the shift in attention and resources and the requirements of adaptation have not led to dramatic changes and modifications in the overall system design of the member states. Traditional national patterns are resilient and apparently flexible enough to be capable of sufficiently coping with the challenges from the European level.<sup>249</sup>

### 3.3 The EU as a Community of Policy-Making

The EU is a genuine community in the view of transactional communication approach to regional integration, associated most distinctly with the works of Karl W. Deutsch.<sup>250</sup> Regional integration becomes the achievement of a sense of security within a specific region, so that war is no longer possible as a means of resolving international conflicts and differences although nation-states are not necessarily dissolved. Therefore, regional integration is defined as being about the achievement of security within a region or among a group of nation-states. In that way, successful regional integration is about the radical reduction of possibility of war and eliminating the likelihood of states using violent ways to resolve their disputes and differences.<sup>251</sup> The focus was on the operation of security communities – mainly political communities within which the expectation of war was diminished. The definition of security community was bound up in scope with the concept of regional integration emphasized by Deutsch and his colleagues. Security communities are defined as groups of people that had become integrated. Moreover, integration was clarified as the attainment within a territory of a ‘sense of community’ and of institutions and practices strong enough and widespread enough to assure for a durable period, dependable expectations of peaceful change among its population.<sup>252</sup>

The German sociologist Ferdinand Tönnies<sup>253</sup> made a famous distinction between ‘*Gemeinschaft*’ and ‘*Gesellschaft*’ regarding with this view of international politics relating to regional integration as community building. *Gemeinschaft* (community) was defined as a situation when people are held together by common sentiments and common loyalties. Relationships with non-members of the group are considerably less significant than the sense of kinship that develops within the group. *Gesellschaft* (society) denotes a condition that binds people less through trust and more through a mixture of self-interest, division of labour and contract. The major difference is often through of as equivalent to

---

<sup>249</sup> Jachtenfuchs and Kohler-Koch (2004) op. cit., p. 110.

<sup>250</sup> Karl W. Deutsch is the best representative of this transactional communicative approach to regional integration and he has also laid down many rudiments in the studies of international politics and nation building that converge in his analysis of integration. For more details about Deutsch’s classic works in international relations, see Deutsch (1966): “Nationalism and Social Communication: An inquiry into the Foundations of Nationality” second edition, Cambridge, MA: MIT Press; as well as Deutsch et al., (1957): “Political Community and the North Atlantic Area: International Organization in the light of Historical Experience”, Princeton, NJ: Princeton University Press.

<sup>251</sup> Rosamond (2000): “Integration”, pp. 42-43.

<sup>252</sup> Deutsch et al., (1957): “Political Community”, p. 5.

<sup>253</sup> Cited in the book of Ben Rosamond (2000): “Integration”, p. 43.

that between non-contractual allegiance and quasi-contractual obligation. Deutsch stressed *Gemeinschaft* as a condition of regional integration. The end result of integration, from this perspective, is a sense of community – a qualitative leap from pacts, treaties and alliances among nation-states. The principal argument of this approach to regional integration was that a sense of community among states would be a function of the level of communication between states.<sup>254</sup> Therefore, the routine to construct a regional or international *Gemeinschaft* is to establish a network of mutual transactions among nation-states through a polity of policy-making for common interests. Mutual transactions or communications were for Deutsch a necessary, but still insufficient, prerequisite for the development of a political community. Henceforth, trade, travel, telecommunications and postal links might, in themselves, lead to mutual relevance but, without creating mutual responsiveness, would fail to engender a sense of community. The transactional communicative approach was much widely criticized for its methodological focus on transaction flow indices that did not provide a sufficient picture of the multi-faceted integration process, which marches on its full strength after the Cold War. However, this approach highlighted the crucial role of the socio-psychological aspects of community formation.<sup>255</sup>

Deutsch's emphasis of political integration did not insist on the presence of any specific institutional structure but rather depended on a historical process of social learning in which individuals, usually over several generations, learn to become a people.<sup>256</sup> For Deutsch, mutually learning responsive transactions resulted from a complex learning process from which shared symbols, identities, habits of cooperation, memories, values and norms would emerge.<sup>257</sup> Deutsch mostly relied on the analytical separation of the legal state from the sociological nation. This imposed a direct challenge to traditional realist conceptions that tended to conflate the ideas of nationhood (identity) and statehood (government) through the perspectives such as the national interest. In such a view, governments oversee peoples in a complex known as the nation-state. For realists, countries are united by common interests on the international stage and these interests are determined considerably by governments although there may have some characterizations of internal diversity amongst countries. Contrary view, which was much developed by Deutsch, is that common identities are the product of intensive transactions and communications. It emphasized that the development of multiple interactions among different peoples may be the basis for increased mutual understanding and, therefore, of a widespread sense of security.<sup>258</sup>

The policy-makers who made the model of an integrated European Community a reality have related to the idealized rhetoric as their conceptual framework in creating a stable structure for bargaining in international arena. Therefore, there have confusion about the term regional integration. The working definition employed by Deutsch and his colleagues is of the creation and maintenance of intense and diversified patterns of

---

<sup>254</sup> Rosamond (2000): "Integration", pp. 43-44.

<sup>255</sup> Cram (1997): "Policy-making", p. 8.

<sup>256</sup> Deutsch (1966): "Nationalism", p. 174.

<sup>257</sup> Ibid., pp. 96-97.

<sup>258</sup> Rosamond (2000): "Integration", pp. 45-46.

interaction among previously autonomous units. These patterns may partly be concerned with economic in character, partly social, and partly political: definitions of political integration all imply accompanying high levels of economic and social interaction. The question of expectations, of common identity or consciousness, of the emergence of a 'sense of community', is the most contending, because it is the most difficult to measure.<sup>259</sup> The development of functional linkages through informal economic and social interaction among separate West European countries time after time creates socio-psychological tendencies and learning processes that in turn lead to assimilation of integration of a single community. In the course of time, these phenomena induce elite-led attempts to institutionalize and formalize the initial functional linkages. This formal institution-building is a means to preserve the community that creates intense patterns of communication reciprocally.<sup>260</sup> Daniel Frei viewed this as an essential component of political integration along side with social interaction and institutionalized political decision-making.<sup>261</sup>

William Wallace further argued by distinguishing between formal and informal integration, which suggest that in certain cases region-building is accomplished in the first instance by informal economic interactions that states later consolidate and develop.<sup>262</sup> Wallace made a distinction between informal and formal integration. Informal integration consists of those intense patterns of interactions that develop without the impetus of deliberate political decisions, following the dynamics of markets, technology, communication networks, and social change. Formal integration comprises those changes in the framework of rules and regulations, which encourage – or inhibit, or redirect – informal flows. Informal integration is a continuous process or in other words, a flow: it creeps unawares out of the myriad transactions of private individuals pursuing private interests. Formal integration is discontinuous process: it proceeds only decision by decision, bargain by bargain, and treaty by treaty.<sup>263</sup>

European integration has proved throughout the time to be a more continuous process than earlier studies suggested. The Eastern enlargement of the EU not only provides a major challenge for the EU itself, but also a puzzle for conventional theories of European integration. The major question is why EU member states particularly bigger three like Germany, the UK and France should decide in favour of the EU enlargement. A majority of EU member states had initially opposed to enlargement including France and all southern European states. However, the 1993 Copenhagen European Council formulated conditions of admission and agreed that the associated countries should become members of the EU if they fulfill the required standards, which are later known as Copenhagen criteria.<sup>264</sup>

---

<sup>259</sup> William Wallace (1990): "Introduction: the dynamics of European integration", in: William Wallace (eds.): "The Dynamics of European Integration", London and New York, Pinter Publishers, p. 9.

<sup>260</sup> Rosamond (2000): "Integration", pp. 46-47.

<sup>261</sup> Daniel Frei (1985): "Integrationprozesse: Theoretische Erkenntnisse und Praktische Folgerungen", in: Werner Weidenfeld (eds.): "Die Identität Europas", Bonn, Europa Union, pp. 113-131.

<sup>262</sup> Rosamond (2000): "Integration", p. 47.

<sup>263</sup> William Wallace (1990): "Introduction", p. 9.

<sup>264</sup> Risse (2004): "Social Constructivism", p. 172.

Schimmelfennig argued that the EU is composed of a liberal community of states committed to the rule of law, human rights, democracy, and to a social market economy. His major argument quite resembles with the concept of security communities based on a collective identity of its member states like transactional communicative approach. Since the values of the community consist of its members, the members undertake a normative obligation to become states that share the collective identity of an international community and adhere to its constitutive values and norms.<sup>265</sup> In this way, these states are entitled to join the community. Putting it differently, the collective identity of the EU as a liberal community explains the puzzle of eastern enlargement to a larger extent. Rhetorical commitment to community values entrapped EU member states to offer accession negotiations to the CEECs despite the initial objections against the eastern enlargement. These initial and materially derived preferences also explain why the enlargement negotiations are such a bothersome process and why there still lacks of necessary policy and institutional reforms of the EU to prepare the community for twenty-five or more new members.<sup>266</sup>

The EU as a community of policy-making operates neither as a political ‘market’ – characterized by arms-length transactions among independent entities – nor as a ‘hierarchy’, in which the dominant mode of regulation is authoritative rule. Instead, the EU best suits to the example what sociologists refer to as a network form of organization, in which individual units are defined not by themselves but in relation to other units. Actors in a network have a preference for interaction with one another, rather than with outsiders, partly because of intense interactions that create incentives for self-interested cooperation and for the maintenance of reputations for reliability. The community policy-making can best be visualized as an elaborate set of networks, closely linked in some ways, partially decomposed in others, whose results depend on the political style in the ascendant at the moment. When conditions are favorable and leadership strategies appropriate, as they have been since 1985 for overall policy-making in the EU, the political style of supranational character will be able to make connections between points in the network, and allow an expanded conception of tasks. When the conditions are less benign or strategies become inappropriate like the recent rejections of French and Dutch voters to the EU constitution in 2004, the results are policy stagnation and separation of policy spheres for effective reforms.<sup>267</sup>

Although the process of policy-making in the European Union as a regional community is supranational, all of the interstate bargaining and coalition building continue to take place within the context of agreements between member state governments. The revival of a supranational style of decision-making and the strengthening of EU institutions in recent years by one treaty to another resulted most immediately from decisions by member state governments to push for their own interests, for instance, in removing

---

<sup>265</sup> Frank Schimmelfennig (2001): “Liberal Norms, Rhetorical Action, and the Enlargement of the EU”, *International Organization*, 55(1), pp. 58-59.

<sup>266</sup> Risse (2004): “Social Constructivism”, p. 172.

<sup>267</sup> Robert O. Keohane and Stanley Hoffmann (1990): “Conclusions: Community politics and institutional change”, in: “William Wallace (eds.): “The Dynamics of European Integration”, London and New York, Pinter Publishers, pp. 281-282.

internal economic barriers and implementing some institutional changes that would allow further more reforms and effective policy-making. However, it is not to conclude that a state-centric perspective will ever be enough to provide utmost satisfactory explanation of the whole puzzle about the EU and how it functions. Although such an explanation should begin with intergovernmental prerogatives, the analysis must eventually go beyond these interstate bargains to the domestic political processes of the member states, on the one hand, and to the constraints of international institutions, on the other. Nevertheless, these interstate bargains will still remain as the necessary preconditions for European integration in parallel existence with supranational institutions in foreseeable future.<sup>268</sup>

### **3.3.1 Interests, ideas, institutions and issues of EU policy**

Post Second World War initiatives for European integration project mainly rested on a number of explicit factors, which their proponents claimed as core European values: plural societies, limited and democratic government, mixed private and public economies. On this core foundation was constructed not only the framework of formal institutions which defined Europe and the rising tide of informal interactions which this open framework permitted and enhanced, but also a rhetoric of European identity and community intended to underpin the hard bargaining of economic and political interests with a symbolic ‘cement’ of shared loyalty and purpose.<sup>269</sup>

For better understanding of the process of EU policies development, it will be necessary to examine the incentives to cooperate, which induce policy-makers to attach their own goal satisfaction to the creation and sustaining of EU policy regimes. Therefore, interests, ideas, institutions and issues of EU policy should be taken a closer look to understand the ways in which institutional setting of the EU has been shaped and these various goals are pursued. Deviating from much of the literature on EU policy integration that focus on policy convergence as either a prerequisite or a desired outcome of agreement, Helen Wallace emphasized instead the importance of congruence, that is to say the compatibility of the policy actors’ preferences as the rudiment for establishing a shared policy regime. Various policy actors may have different preferences, but none of them choose the same collective action. Congruent preferences imply conditional commitments to collective regimes while convergence of preferences may produce longer-term stability of policy regimes. Persistently different, but congruent preferences and purposes would help to look for differences between one member state and another in the way that collective regimes are implemented. Interests define some preferences and purposes; but they only explain partially why EU policies have emerged in some domains, but not in others. Ideas play a role as well and help to understand the impact of ideas on the process of EU policy-making. Thus it needs to identify not only when and how a particular set of congruent interests favor a collective EU policy, but also the impacts of particular ideas

---

<sup>268</sup> Robert O. Keohane and Stanley Hoffmann (1991): “Institutional Change in Europe in the 1980s”, in: Robert O. Keohane and Stanley Hoffmann (eds.): “The New European Community: Decisionmaking and Institutional Change”, Boulder, Westview Press, p. 17.

<sup>269</sup> William Wallace (1990): “Introduction”, p. 16.

or doctrines in fostering EU policy cooperation and modifying institutional setting. Policy-makers have to react to issues when they arise and to events as they happen. Even though contingent issues are sometimes the prompt to policy-makers, issues and events cannot always be thoroughly defined in terms of pre-existing interests or ideas.<sup>270</sup>

### 3.3.1.1 Interests

It is widely agreed that interests and self-interests have often played a crucial role in determining the outcomes of the EU policy-making. In each area of policy debate, therefore, it is necessary to establish where the different interests of the different participants set the parameters for the agreements that may be struck – or resisted. Interests inform the calculated reasoning of the policy actors in relation to particular policy predicaments, in connection to the costs and benefits of the available courses of action, and regarding with the nature of the institutional arrangements as well. According to Helen Wallace, there are five assumptions implied to the kinds of interests that bear on European policy-making:<sup>271</sup>

- (1) Interest satisfaction is a major element of the process. The development and sustainability of European policies require the satisfaction of multiple interests depending on the range of actors involved. Positive cost-benefit analyses of particular policies – and their achievement – incline to generate a willingness to develop the policy regime further.
- (2) National interests or state interests are existing in the process, necessarily because the governments of the member states are powerful participants, and it is among the functions of governments to articulate the interests of the member states that they represent. Nevertheless, governments are also the incumbent power-holders, and have more partisan concerns, using the EU arena for narrow ends of domestic party competition sometimes. Moreover, it is not always easy to establish agreement within countries where the national interest lies.
- (3) Plural nature of organized interests is engaged in efforts to influence the EU policy process, some of which have easier access to the process than others. This differentiation in access may prejudice the process towards the recognition of some interests rather than others.
- (4) Nested games play a crucial part in the process, because the same actors are frequently involved in bargaining at different locations for political action, i.e. positions in EU discussion may be designed to influence outcomes in national discussion. The interests that are relevant in one location of political action will be different from those relevant in a different one. A particular course of action may be rational at one stage, however, irrational at another level.
- (5) Actors in the EU policy-making often tend to settle for satisficing, rather than optimizing, strategies, suggesting a fluidity to their definitions of interests, partly because bargaining is iterated, partly because factors other than calculus of interest may influence their choices of action. In particular, calculations of benefits and costs tend to be spread over time and across policy domains in a form of assumed diffuse reciprocity, and not specific reciprocity.

---

<sup>270</sup> Helen Wallace (2000): “The Policy Process”, pp. 57-58.

<sup>271</sup> *Ibid.*, pp. 58-59.

### 3.3.1.2 Ideas

Ideas have an important influence in explaining the outcomes of the EU policy-making. The early neofunctionalist studies highlighted the relevance of shared bodies of ideas in structuring policy debate. For instance, the role of the EU in its early days as an agent of modernization and the embedding in the EU of a kind of cross-class compact between Christian and social democrats emerging from contending ideas that shaped policy indeed. These ideas defined the range of conceivable policy regimes and forged the policy agenda in particular directions. Over the years different ideas have taken ground and been pursued through the EU policy-making. A distinct example was the shift in 1980s towards the widespread acceptance of a form of neo-liberalism as the basis for pushing market integration forwards, although it never completely banished the doctrine of social responsibility as a guide for policy.<sup>272</sup>

In this way, the role of ideas is probably more important in the EU than in any other system of governance, given the Union's ambitions to transform and modernize European political economies. To put it explicitly, ideas are 'shared causal beliefs'<sup>273</sup>: accepted knowledge about which policy measures will cause desirable outcomes to happen. In particular, neo-liberal ideas such as inflation and wage control, stable interest rates, monetarism encouraged and inspired the decisions to launch the so-called 1992 project to complete the internal market. In the same way, the creation of the Euro and EMU was underpinned by the emergence of a new consensus opposed to demand management and wedded to the idea of sound money as the single most important goal of economic policy.<sup>274</sup>

More recently there has been the emergence of a new variant of European social democracy being articulated through the EU institutions. It still remains to be seen whether and how this might generate a new prevailing idea or a softer version of neo-liberalism. Another alternative possibility is that the EU policy process may be acquiring the more programmatic features associated with the policy and political processes inside the member states. The socio-economic ideas that have impacts on particular policy decisions, and they have also shaped approaches to policy-making more generally, not least in terms of the emergence of a distinctive EU approach to market regulation. Similarly, it can be observed in other areas the impact of ideas in shaping policy preferences. Ideas and paradigms have been in contention in the debates and controversies about which policy to pursue, sometimes subjected to empirical tests and the weight of expertise, and at the other times held hostage to political judgments and even political prejudices. Therefore, ideas, beliefs, values, and worldviews have permeated the EU policy-making and its process, even though their impact has often been implicit rather than explicit.<sup>275</sup>

---

<sup>272</sup> Helen Wallace (2000): "The Policy Process", pp. 59-60.

<sup>273</sup> Kathleen McNamara (1998): "The Currency of Ideas: Monetary Politics in the European Union", Ithaca, NY: Cornell University Press, p. 4.

<sup>274</sup> Peterson and Bomberg (1999): "Decision-Making", p. 11.

<sup>275</sup> Helen Wallace (2000): "The Policy Process", pp. 60-61.



### 3.3.1.3 Institutions

Institutional settings make a significant difference to the ways in which EU policies are developed and implemented. The institutional dynamics have varied over time and they operate in different ways for different member countries. These dynamics facilitate and sometimes enhance certain kinds of policy modes or substantive outcomes rather than others. The EU has already attained a number of specific institutional configurations that set the parameters for how interests are defined, ideas are propagated, and issues are addressed. The institutional structures of the EU vary considerably from one case to another – both in the narrow sense that, for instance, the Commission is heavily engaged in some domains and not others, and in the broader sense that the same institutional structures operate differently or have different impacts depending on the case. Notwithstanding, the institutional dynamics and inertias play a critical role in shaping the policy-making process of the EU. One possible explanation for this institutional variations may lie in the mix of institutions and functions that can be seen in any given policy domain. Another may be related to the differences between the policy actors who are involved in the domain in process. Different accounts of the EU are presented as a kind of competition between different institutional approaches. Rather different institutional approaches rest on and generate different logics of appropriateness in relation to the policy dilemmas for which they provide the institutional settings.<sup>276</sup>

Evidently, ‘*institutions matter*’ in the EU context and its policy-making. This role of the EU institutions is recognized both from proponents favoring an intergovernmentalist perspective and from those who emphasize the central role of semi-autonomous supranational institutions. Institutions have been characterized in a number of ways: as passive structures; as actively shaping expectations and norms; and as purposive actors seeking to influence the development of the EU policy-making. Traditionally, analyses that focus on the role of supranational institutions have been described as leading to direct conflict with analyses, which adopt an intergovernmental approach. Nevertheless, this can no longer be the case in present day because of more and more sophisticated role of the EU institutions in its day-to-day politics. The notion of institutions recognized as passive structures, that is as providing the norms, values and procedures, changeable only with unanimous consent, within which the daily business of policy choices and major constitutional decisions are taking, is quite consistent with the intergovernmentalist perspective that focuses predominantly on the structural leadership exerted by national governments in international negotiations.<sup>277</sup>

EU institutions provide a framework within which to negotiate major ‘history-making’ decisions by ensuring a shared negotiating forum, joint decision procedures, a set of shared legal and political norms, institutions to monitor cooperation and defection and,

---

<sup>276</sup> Helen Wallace (2000): “The Policy Process”, p. 62.

<sup>277</sup> Cram (1997): “Policy-making”, pp. 170-171. (For more details about predominant intergovernmental analysis of the EU on the basis of national governments’ influence in international negotiations, see Andrew Moravcsik (1993): “Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach”, in: *Journal of Common Market Studies* 31(4), pp. 473-524.

not least, by disseminating ideas and information to all participants in the process of policy-making. In consistent with international regimes theory, the critical role played by the EU institutions in providing a passive structure that enhances the efficiency of intergovernmental decision-making is recognizable.<sup>278</sup>

The most interesting debate on the significance of the EU institutions is not about whether or not they have a role to play in the EU's policy-making. Rather, the important question is whether the role played by the EU institutions is simply that assigned to them by national governments of the EU member states, and strictly limited by these member states, or whether the EU institutions have developed a role for themselves which extends beyond that delegated authority to them by member states. Even within the liberal intergovernmentalist approach, the decisions of supranational institutions like the European Court of Justice are acknowledged to have had a greater impact than many national governments either expected or desired.<sup>279</sup> However, the EU institutions also operate under similar constraints in the same way like national governments which do not always possess full or adequate information with which to accurately predict the impact of past policy participation and the processes of learning and adaptation within the policy process are crucial weapons in the various actors' battle to minimize losses and maximize profits by reducing any surprises. Therefore, the understanding of the importance of policy learning and adaptation, in informing the actions of both the EU institutions and those of the member states in the process of policy-making, is important for any rounded explanation of the manner in which European integration has proceeded.<sup>280</sup>

#### **3.3.1.4 Issues**

It is the issues of policy, and the impact of events, that test the capacities and reveal many of the key features of the process of European policy-making. It is only when faced with choices over specific issues that policy-makers are forced to consider whether the European policy arena is likely to be more or less productive and more or less acceptable than the available possible options. When issues arise, or events unfold, policy-makers draw their attention on prevailing ideas and paradigms, assess their interests, define the range of possible response, and begin to formulate their preferences about where and how to set up policy actions. Neither the previous policy nor the existing accumulation of ideas, or the prevailing paradigms, will necessarily provide a useful guide to policy responses and action for the current issues. The EU sometimes has difficulties in responding certain issues when the prevailing paradigm had been shattered. Such situations can be seen during Former Yugoslavia break-up and accession negotiations for eastern enlargement. Issues sometimes produce knee-jerk responses, or are the pretext for a reappraisal of ideas or of interests. Some issues get on to the agenda for the necessity of possible European level resolution. Some issues have been driven from the European arena itself while others by the emergence of a body of ideas; some by events, some by external pressures, and some by a combination of several impulses. A variety of issues will be necessary to be examined for specifying the ways in which interests and ideas

---

<sup>278</sup> Moravcsik (1993) op. cit., p. 508.

<sup>279</sup> Ibid., p. 513.

<sup>280</sup> Cram (1997): "Policy-making", pp. 176.

generate preferences, or to assess the varying ways in which different issues are channeled through the EU institutions.<sup>281</sup>

Comparing with the most national systems of governments, the EU seems to be a relatively open market for influence and access. Such open competition for scarce resources leads to shifting coalitions and few frozen cleavages that lead to permanent coalitions.<sup>282</sup> It is plausible to suggest that most EU policy networks remain relatively unstable issue networks, or the polar opposites of policy communities. The memberships of issue networks are not drawn from a stable community but rather they are fluid and defined by specific issues that arise on the EU's agenda. Comparing with their national equivalents, EU policy networks seem to be more complex, multi-participatory and unstable.<sup>283</sup>

### **3.3.1.5 Initiation of Policy in the EU: National or Institutional Orientation?**

Policy-making in the EU spills across the boundaries of member nation-states by penetrating deep into previously domestic aspects of national politics and administration. According to William Wallace's words, policy-making within the EU should be described as 'post-sovereign'. This post-sovereign politics embodies the principle of mutual interference in each other's internal affairs, now even extending to mutual inspection of each other's judicial procedures. It rests much on mutual trust and collective consent for implementing European law and regulation through national administrations. Member states represented by respective national governments remain central to the EU policy-making. However, they are no longer the only significant actors – and are not always the predominant actors in its process. Their actions are constrained by institutional frameworks, and even weakened sometimes by the intervention of institutionally autonomous actors such as the Commission, the ECJ, even at the margins the EP. More important is they are constrained by their diminished control of their own governments, administrations, and national political processes, as information on their own negotiating objectives being traded in transnational and transgovernmental interactions in return for information on the intentions of others in order to obtain best possible outcomes.<sup>284</sup>

In the traditional areas of the EU policy, which are subject to traditional Community methods, the formal right of policy initiative and policy design rests with the Commission. However, the Commission does not formulate policy proposals itself alone. Normally, its officials draw on a wide range of sources in developing policy ideas and crafting policy proposals deriving from suggestions put forward at some stage by one or other governments. Again, these national suggestions are flanked by ideas emanating through other channels within the system. The Commission operates a system of advisory committees and expert groups through which it collects opinions on possible course of

---

<sup>281</sup> Helen Wallace (2000): "The Policy Process", pp. 61-62.

<sup>282</sup> Wolfgang Wessels (1997): "The Growth and Differentiation of Multi-Level Networks: A Corporatist Mega-Bureaucracy or an Open City?", in: Helen Wallace and Alasdair R. Young (eds.): "Participation and Policy-Making in the European Union", New York, Oxford University Press.

<sup>283</sup> Peterson and Bomberg (1999): "Decision-Making", p. 23.

<sup>284</sup> William Wallace (2000): "Collective Governance", p. 532.

policy initiatives and promotes processes of deliberation. Many of these include experts from the member states precisely in order to ascertain that the policy experiences and preferences of the member states are fed in to the deliberative process of policy-making. Moreover, the services of the Commission comprise officials who are seconded national experts from the member states again, precisely to ensure that relevant knowledge and experience is incorporated into policy formulation and policy design. This channel of expertise renders opportunities for member governments to feed their preferences into the process in an effective way, if they so choose. One of the essential skills of successful negotiation is the ability to shape the foundations of the proposal on the table for achieving own national interests. Some governments may exert for exporting their ideas to the Commission, in the hope that a proposal, formally articulated by the Commission, can incorporate their preferences in the framework of collective interest. Other governments may play a lesser role in the phase of policy-making, either sitting on the fence until proposals become fully articulated or listing problems rather than attempting to solve them.<sup>285</sup>

In the EU, policy-making is part of a wider political process, and politics permeates the way that EU policies are made. In traditional type of nation-state public policy-making, governmental bodies are responsible for devising and delivering suitable public policies, and are held accountable through the electoral process for what they have achieved, or failed to achieve. In contrast, in the contemporary EU case, the provision of public policy is diffused between country and transnational levels of activity with very specific and extensive public policy powers attributed to EU institutions. Moreover, the normal channels of political accountability are lacking, or at least in only a weakened form. Therefore, it is important to note that some aspects of the EU as a policy arena make a significant difference to its politics comparing with traditional nation-states. In many European countries, this political arena encompasses different levels and layers of politics; and that arena is invaded increasingly by cross-boundary influences and interactions. However, the center of the political process is still country-based. Simultaneously, those who exercise political power, or who seek to influence those with political power, often have to seek their policy instruments from outside the political territory in which they are mainly located. At the same time, the transnational public policy processes are embedded in political institutions that are less clearly defined, and much less authoritative, than those of a traditional state. As Helen Wallace pointed out, the policy process of the EU is as the junction-box, that is as a concentrated point of intersection, interaction, and filtering, between country-based institutions and processes, and the wider international context. Hence, the institutions of the EU provide the interface between the many policy inputs on one hand and demands from across the member states of the EU, and from the global arena on other hand.<sup>286</sup>

Looking across the broad range of Community policy-making of the EU, it reveals the imprints of national governments' successes in setting the agenda for policy initiation and

---

<sup>285</sup> Helen Wallace (2005): "Exercising Power and Influence in the European Union: The Roles of Member States; in: Simon Bulmer and Christian Lequesne (eds.): "The Member States of the European Union", Oxford, Oxford University Press, pp. 29-30.

<sup>286</sup> Helen Wallace (2000): "The Institutional Setting", pp. 35-36.

design. These successes depend to some extent crucially on how far governments, or parts of governments, exploit their points of access to the formative phases of policy development. These include generally the channels to particular parts of the Commission – an individual Commissioner and her/his cabinet, a particular directorate-general, or a specialized service. In this way, there is a risk that the Commission could find itself captured by the pressure emanating from the member states and lose its institutional independence. The formal procedure is that Commissioners on taking office have to swear an oath of independence and not to take instructions from the governments of the countries from which they come, and the same principle applies to officials in the services of the Commission. Nevertheless, this deliberate neutrality came under amounting challenge during the Constitutional Convention discussion about how the composition of the college should be determined. The insistence from some member governments on having *only* one Commissioner from each member state evoked that the college should have a representative character, and those Commissioners might be expected to act on behalf of the countries from which they come. Proposals designing to reduce the size of the college to somewhat fewer than the number of member states were intended to counteract this view of incorporating national representation within the Commission. By reaching out a commitment to retaining the current system of one Commissioner per member state until 2014, the 2004 October agreement on the Constitutional Treaty sought a balance between these different approaches.<sup>287</sup>

There are two major views looking at the EU in terms of its nature. The first argument is that the EU is an intergovernmental organization and therefore the Commission is only an agent of the member states, acting on their behalf and in accordance with their will. On this view, the Commission is the like the secretariat of any other international organization and its function is to make it easier for member state governments to find agreement on the details of cooperation with each other. For helping this assertion, other EU institutions such as the EP and the Court of Auditors also monitor the activities of the Commission, providing member states with the information that they need to keep a check on it. Second argument as another alternative to the first view is that the Commission is the prime mover of the process of European integration and it can act and does act autonomously to provide policy leadership to the EU. Proponents of this argument pointed out key factors that allow the Commission to do so: for example, the Commission has the sole right of initiative in the legislative process of the EC, its ability to locate allies among influential interest groups, and its powers under the competition clauses of the Treaties to act against monopolies. Moreover, the Commission can also act to put the Europeanization of policy sector onto the agenda of governments. By including domestic interests at the EU level through instruments such as advisory committees, the Commission attempts to win converts to the idea that an issue can best be handled at the European level. However, any action to Europeanize a policy sector will produce counter-pressures from groups that benefit from the status quo. The Commission can find a solution to break down the opposition by threatening the use of existing powers under the competition clauses of the Treaties if actors of the sector will not cooperate to find a negotiated way forward.<sup>288</sup>

---

<sup>287</sup> Helen Wallace (2005): “Exercising Power”, p. 30.

<sup>288</sup> George and Bache (2001): “Politics in the European Union”, pp. 236-237.

Sometimes the Commission has been fiercely criticized in its role as manager of EC policies and finances. Since policy implementation is never straightforward within member states, it becomes increasingly difficult to achieve policy objectives in a union of twenty-five member states, where the Commission also needs to depend on national governments and national administrations for effective compliance. Therefore, it has been noted that the Commission is better adapted to proposing policies and legislation than to implementing them once they were agreed. Still, the debate over the role of the EU institutions particularly the Commission in policy-making remains central to explanation about the nature and momentum of European integration. If the Commission can reveal itself as an autonomous actor, the argument that the EU is an intergovernmental appliance will be eroded. The debate is still inconclusive until right now even after the EU's enlargement and it further opens to the future empirical studies for attaining definite answer. Furthermore, the multiple increase of actors involved in the policy process, giving rise to the term governance, has created the Commission's task even more difficult. However, the impact of these factors will lead to the wider debate about the legitimacy and management deficit of the EU.<sup>289</sup> Even though there are a lot of ongoing discussions about the democratic deficit, Beetham and Lord pointed to the spectrum of legitimacy deficit, of which the democracy deficit was only one aspect. Another aspect as feeding the legitimacy deficit was performance as they identified: 'the ability of the EU to deliver effective policy in the areas it undertakes, to meet some basic criteria of effective decision-making, and to demonstrate a capacity for correction and renewal in the event of failure'.<sup>290</sup>

### **3.3.2 Policy Negotiation and Policy Coordination in the EU**

The phases of policy negotiation and policy coordination in the EU are essentially important for sharing power and exercising authority to exert necessary influence by member states together with the EU institutions. These phases were mostly played out through the Council of Ministers and the European Council, including many preparatory working groups and high-level groups of national officials. Through these phases, member governments make their strenuous efforts to influence the outcomes for the best serving of their national interests in the policy-making of the EU. In this way, the national coordinating procedures of governments are mainly directed towards this phase of policy negotiation. Many meetings of working groups and committees that prepare the ministerial level of the Council provide the forums for most of the negotiations among officials from member governments on EU policies. They are indeed not only the most active and intensive interface for member governments within the EU system but also very large proportion of business transactions in more or less final form on EU legislation, policy coordination, and funding programs.<sup>291</sup>

---

<sup>289</sup> George and Bache (2001): "Politics in the European Union", pp. 239-243.

<sup>290</sup> David Beetham and Christopher Lord (1998): "Legitimacy and the European Union", London and New York, Longman, pp. 23-24.

<sup>291</sup> Helen Wallace (2005): "Exercising Power", p. 31.

Policy coordination served as a mechanism of transition from nationally rooted policy-making to a collective regime binding for the whole EU. This policy coordination approach might be seen as a useful tool for the advocates of the strong EU. The approach rests very much on expertise and the accumulation of technical arguments in favor of developing a shared approach. It also depends on efforts to use expertise to promote modernization and innovation. The main characteristics of this approach are: (a) the Commission as the pathfinder of networks of experts or epistemic communities; (b) the engagement of independent experts as promoters of ideas and techniques; (c) the formal meetings of high-level groups in the Council, in brainstorming rather than negotiating mode; and (d) holding dialogues with specialist committees in the EP. This approach is later being developed not only as a transitional mechanism, but also as a policy mode of new governance in its own right. The major objective is not to establish a single common framework, but rather to share experience and to encourage the spread of best practice. This can also be expected to be a typical mode in future EU policy-making as an alternative to the formal reassignment of policy powers from national to EU level.<sup>292</sup>

One particular example of policy coordination as a new mode of governance in the EU is the so-called ‘open method of coordination’ (OMC). This method, which was formally approved by the Lisbon European Council in March 2000, consists of the collective monitoring of the domestic policies of the member states. Coordination of each others’ domestic policies, particularly in the area of economic policy, had been regarded as a key part of member state decision-making since the Treaty of Rome. Nonetheless, the Lisbon European Council formalized the breadth and widened the operation of the OMC: through the agreement on basic policy guidelines by heads of governments, the presentation and monitoring of national policy plans, and provisions for the European Council and the Commission to warn member states if they violated formal rules and deviated too far from the guidelines. At the end of 2002, the OMC penetrated into a wide range of policy areas, including macroeconomic, employment, research, social, enterprise, education and pension reform. OMC is viewed as a departure from the conventional EU method of delegating, agenda-setting and monitoring to the Commission, decision-making by low-level meetings of the Council, and the possibility of formal sanctions by the European Court of Justice for breach of EU-level agreements. Decision-making under OMC is centralized in the European Council and the preparatory work is carried out by prime ministers’ personal offices, the secretariat of the Council and the relevant divisions of the Commission. Moreover, the policy guidelines are also not forcefully binding and the watchwords of the OMC are consensus, benchmarking and flexibility.<sup>293</sup>

OMC itself attempts to initiate an interactive process of mutual learning on the basis of diverse national experiences with reform experiments. In addition, it also avoids strict regulatory requirements and allows experiments that are adapted to local circumstances, while fostering policy improvement, and possibly policy convergence, through

---

<sup>292</sup> Helen Wallace (2000): “The Institutional Setting”, pp. 32-33.

<sup>293</sup> Simon Hix (2005): “The political system of the European Union”, p. 37.

institutionalized mutual learning processes. This method is also contrary to traditional, top-down and command and control-type regulation backed by hard-law sanctions.<sup>294</sup>

OMC is principally concerned with two things. The first is the agreement of a common set of goals, which the member state governments have promised to achieve independently and without recourse to EU legal instruments. The second thing involves ‘naming and shaming’, whereby the governments regularly monitor each other’s progress towards the agreed goals, and publicly appraise or rebuke each other as it is respectively. This has some consequence, as governments do not want to be embarrassed for their failures to honor commitments made to their EU colleagues. Nevertheless, governments are also reluctant to enforce and implement the agreement in a filed whereby voters or powerful vested interests such as liberalization of labor markets oppose a radical reform. As Simon Hix concludes, the record of OMC in the area of structural economic reform is mixed with the result of some governments such as Denmark and Finland undertaking quite radical reforms while others notably France, Germany and Italy lagging behind in many areas. The fact of the lack of recourse to the usual channels of enforcement via the Commission and the ECJ also has some implications to such a mixed result.<sup>295</sup> Consequently, policy convergence at the domestic level is unlikely to occur without having either collective interests or incentives or potential punishments for member states that do not share the common interest. In the same way, the final policy outcome in each member state whether it is through the OMC or the traditional method is always shaped by its domestic institutional structure and the interests, power and resources of the political actors within this structure.<sup>296</sup>

### **3.4 Low Politics and High Politics of the EU: Assessing the EU’s multiple policy-making**

Throughout the historical development of European integration, member state governments constantly have considerable differences between the realms of ‘high politics’ and ‘low politics’.<sup>297</sup> High politics concerns with issues that touch on the fundamental definition, national prestige, identity, foreign policy, security and defence of the nation-state. On the other hand, low politics covers issues of economic and welfare policies that are not as threatening to the viability of the nation-state, such as European economic integration, the single market program, and EU social and environmental regulation. Therefore, governments are more willing to allow supranational policy competences on low politics issues than issues in high politics arena. For example, formulation of common EU foreign policy, the free movement of persons and the related issues of immigration and policing are issues of high politics. It is because these policies are central to the definition of the nation-state, concerning with who is part of the social

---

<sup>294</sup> Burkard Eberlein and Dieter Kerwer (2004): “New Governance in the European Union: A Theoretical Perspective”, *Journal of Common Market Studies*, Volume 42. Number 1. March 2004, p. 123.

<sup>295</sup> Hix (2005) op. cit., p. 247.

<sup>296</sup> Ibid., p. 38.

<sup>297</sup> Stanley Hoffmann adopted a model of international politics that had its roots in realism by classifying between ‘low and high’ politics for his strong criticism to neofunctionalism. For more details, see Hoffmann (1966): “Obstinate or Obsolete? The Fate of the Nation State and the Case of Western Europe”, *Daedalus*, 95(4), pp. 862-915.



contract between state and citizens, who has the rights to enjoy social welfare and freedoms of national citizenship, and who has the right to be protected by the forces of the state.<sup>298</sup>

The process of European integration is a matter of ongoing profound interest for European governments and member states are still endeavoring to arrive at a consensus on the appropriate location of their new supranational entity in the global stage. Sometimes, tension comes up and it can be explained well by the fact that the stakes of integration were raised by incursions of supranationality into areas of controversy. Such occurrence led Hoffmann forty years ago to draw on the distinction between high and low politics to explain why integration was possible in certain technocratic and uncontroversial areas and why it was likely to generate conflict in matters where the autonomy of governments or national identity were at stake. For instance, the removal of national barriers to the operation of single market suited into the category of low politics because it would not threaten the position of national elites, and therefore particular definitions of ‘vital national interest’ are not menaced. In critical areas, where national interests were deemed to be at stake, Hoffmann argued that ‘nations prefer the certainty, or the self-controlled uncertainty, of national self-reliance, to the uncontrolled uncertainty of the untested blender’.<sup>299</sup>

Initially, the member state governments as part of the single market program were less willing to remove physical borders on the movement of persons than those against the movement of goods, services and capital. However, when the time comes they could no longer oppose the pressure for taking a common action, at which point they chose to cooperate through informal intergovernmental measures – first through informal mechanisms and then in a separate intergovernmental pillar in the EU. Under these negotiations and accommodations, arrangements were made to preserve national sovereignty in two ways: decisions are taken by unanimity, which permits any government to veto a measure that threatens a vital national interest; and decisions do not have direct effect in domestic law – they need to be transposed into domestic law by national parliaments and are justifiable to do so only in domestic courts.<sup>300</sup>

Hoffmann claimed that high politics was virtually immune from the penetration of integrative impulses of spillover as argued by neofunctionalists. He viewed this as an autonomous sphere of political activity.<sup>301</sup> In other words, governments were actually prepared to cooperate in the realm of low politics because it was a way of retaining control over areas where intersocietal as opposed to interstate transaction was becoming the norm.<sup>302</sup>

However, Hoffmann’s arguments did not pass without criticism. Major attention was focused on his distinction between high and low politics. The vivid observation was that

---

<sup>298</sup> Hix (2005) op. cit., p. 364.

<sup>299</sup> Hoffmann (1966) op. cit., p. 882.

<sup>300</sup> Hix (2005) op. cit., p. 364-365.

<sup>301</sup> Hoffmann (1966) op. cit., p. 865.

<sup>302</sup> Rosamond (2000) p. 77.

his assertion of the autonomy of the high politics realm was thrown into doubt by the EC experience throughout the 1970s as European Political Cooperation (EPC) brought into existence in the sphere of foreign policy. Certainly, Hoffmann's thesis might be further taken into question in the advent of the Treaty commitments agreed at Maastricht in 1992. Both the development of the Common Foreign and Security Policy (CFSP) and the commitment to enact Economic and Monetary Union (EMU) within a scheduled specific period can be taken as examples where member states are willing to surrender their control over issues of central importance to national sovereignty. Hoffmann's critique of the automatic process of spillover might still be correct, but the EU's polity development was clearly something rather more complex than a straight intergovernmental system.<sup>303</sup>

As Webb remarks, governments are not capable of constructing a consistently highly orchestrated and impenetrable national front all the time.<sup>304</sup> Moreover, member state preferences are deeply immersed in a set of domestic level bargains and trade-offs and cannot be reduced to a simple set of national interests. Such observation is also consistent with the recent governance turn in theorizing about the EU.<sup>305</sup> Therefore, it is plausible statement that the EU's multiple policy-making is multinational or multilateral in character. It is a composite of many features derived from the different interests, traditions and rules of the participating countries. It is not only that the participants are numerous, but also that they bring to the forum different languages, different discourses, different cultures, and different habits of work. Over times a predominant style of behaviour in policy-making emerged on the basis of an amalgam of these various features. This renders the participants with some different ways of building opportunities for policy influence and encourages certain kinds of behaviour and constrains others. One of the features that make the EU salient from other transnational policy arenas is that it extends across so many policy domains. One important feature of this multiple policy-making of the EU is that the policy process has some significantly different characteristics depending on the nature of the policy domain. The other consequence of the multifunctional nature of EU policy-making is that some of the bargaining involves cross-sectoral trade-offs among member states. Each of these domains involves different kinds of societal actors, different ways of viewing the relationships between the communal forces and the special interests to be satisfied, different kinds of governmental behaviour, and different kinds of electoral resonance.<sup>306</sup>

Generally, there are two fundamental policy-making processes in the EU. *Firstly*, most regulatory and expenditure policies and some citizen and macroeconomic policies are adopted through supranational (quasi-federal) processes: where the Commission is the executive (with a monopoly on policy initiative); legislation is adopted through a bicameral procedure between the Council and the EP (the Council usually acts by QMV);

---

<sup>303</sup> Rosamond (2000), p. 79.

<sup>304</sup> Carol Webb (1983): "Theoretical Prospects and Problems", in: Helen Wallace, William Wallace, and Carol Webb (eds.): *Policy-Making in the European Community*, Second Edition, Chichester, John Wiley and Sons, p. 23.

<sup>305</sup> Rosamond (2000), p. 79.

<sup>306</sup> Helen Wallace (2000): "Analysing and Explaining Policies", in: Helen Wallace and William Wallace (eds.): *Policy-Making in the European Union* (Fourth Edition), Oxford and New York, Oxford University Press, pp. 75-76.

and law is directly effective and supreme over national law and the ECJ has full powers of judicial review and legal adjudication. Secondly, most macroeconomic, citizen and foreign policies are adopted through intergovernmental processes: where the Council is the main executive and legislative body (and the Council usually acts by unanimity rule); the Commission can also generate policy ideas but its agenda-setting powers are limited; the EP only has the right to be consulted by the Council; and the ECJ's powers of judicial review are restricted.<sup>307</sup>

### 3.4.1 Common Agricultural Policy of the EU (CAP)

#### 3.4.1.1 Context and formation of CAP

Agricultural policy looks like a minor issue comparing with foreign policy issues or economic development. However, the Common Agricultural Policy (CAP) is the largest item of EU expenditure and it was the first genuinely supranational policy of the EU. The reason is quite simple that several member states still maintain a sentimental attachment to rural society, and the EU public is increasingly concerned about food safety and animal rights. Consequence is that political stakes are high when it comes to the making and reform of the CAP. The Treaty of Rome set up the CAP as a central policy of then the European Economic Community (EEC). Article 33 of the treaty laid out its objectives as follows: (a) to increase agricultural productivity, by promoting technical progress and ensuring rational development of agricultural production and the optimum utilization of the factors of production, particularly labor; (b) to ensure a fair standard of living for the agricultural community, in particular by increasing the individual earnings of persons engaged in agriculture; (c) to stabilize markets; (d) to ensure the availability of supply; and (e) to ensure that supplies reach consumers at reasonable prices. These objectives are wholly consistent with public expenditure goals such as *allocation* and *redistribution* of resources and *market stabilization*.<sup>308</sup>

The original goals of the CAP had been carried through and the allocation objective was no longer necessary as goods could be supplied by open market at cheap prices. Similarly, the redistribution of resources to farmers had made some farmers better off than others, and better off than many other sections of society. In addition, the markets no longer need to be stabilized and although the CAP consumed ever-greater share of resources i.e. the budget of the EU, its utility to EU taxpayers and small farmers had fallen while its counterproductive effects to global agriculture markets increased. As a result, the CAP was no longer sustainable in its original form in the early 1990s. There are more and more demands for reform of the CAP from consumer and environmental groups, several member state governments of the EU and a number of foreign governments.<sup>309</sup>

---

<sup>307</sup> Hix (2005) op. cit., p. 9.

<sup>308</sup> Ibid., pp. 281-282.

<sup>309</sup> Ibid., p. 283.

### 3.4.1.2 Reforming the CAP

Initially the CAP attempts to provide an internal market and common prices for agricultural products. It is prominent amongst EU policies in its complexity, conflicting objectives and status as a cornerstone of the EU. Unlike almost all of the other EU policies, agriculture has been mostly unaffected to liberalization and marketisation. The CAP has never really attempted to make European farmers internationally competitive. Rather, it has evolved into a social policy to keep them on the land. In the same way like other social policies, the benefits that flow from the CAP have come to be seen as entitlements, which may be reduced only if compensation is given to so-called ‘losers’. In spite of some reforms in the 1990s, it is noteworthy how the CAP is unchanging throughout the times: no other major EU policy is defined by treaty articles which are in essence the same today as they were in 1957. Considerably, many EU member states have been able to neglect meaningful reforms of the CAP and therefore avoiding the ugly work of both satisfying the farm lobby and managing agricultural trade relations in an international environment dominated by liberal multilateralism.<sup>310</sup>

In 1992 the EU member states agreed the first major reforms of the CAP since 1957, which had been negotiated and drafted through the Agriculture Council by Ray MacSharry, then the Irish agricultural commissioner. Again in July 1997 the EU agriculture commissioner, Franz Fischler, disclosed proposals for further CAP reforms, as part of the Commission’s Agenda 2000 budget package to prepare for EU enlargement. Fischler proposed for extending the MacSharry reforms by increasing the price cuts on cereals and beef and introducing price cuts for milk, olive oil and wine. His major proposals also include to transform the CAP from a policy of price support to one of income support; and to strengthen the non-welfare objectives of the policy i.e. environmental protection, food safety and animal welfare.<sup>311</sup> The EU’s eastern enlargement also challenged the CAP considerably. Fischler claimed that his 1998 reform package provided a ‘much-needed example to Eastern candidates for EU membership. The European model of agriculture no longer justifies artificially high prices’. This line of argument justified EU plans not to offer compensation payment schemes to east European farmers until 2006 at the earliest.<sup>312</sup>

Policy-making of the CAP is made by an iron triangle of agriculture ministers, agriculture officials in the Commission, and European-level farming interests. Each element of this triangle has a sharing interest in defending the interests of the others; subsidies to farmers; the centrality of the CAP in the EU decision-making process for agriculture commissioners and the Agriculture Directorate-General; and the independence of the Agriculture Council and the protection of domestic supporters of the agriculture ministers. In the contrary, there are few incentives for consumers to mobilize for attempting to break the iron triangle, as the cost of the CAP to each individual consumer or taxpayer is less than the cost of organizing an anti-CAP campaign. However, this status quo of relationship of the iron triangle has been undermined by two developments.

---

<sup>310</sup> Peterson and Bomberg (1999): “Decision-Making”, pp. 120-121.

<sup>311</sup> Hix (2005) op. cit., p. 283-284.

<sup>312</sup> Quoted in *European Voice*, 26 March – 1 April 1998.

Firstly, social, economic and political changes in Europe have reduced the power of agricultural interests. There has been a dramatic change in the status of agriculture in national economies of member states since 1970s. Between 1970 and 2000 the share of agriculture as a percentage of the labour force of the member countries dropped from over 20 per cent in seven member states and 10 to 20 percent in three of the other states to less than 10 per cent in all member states but two (Greece and Portugal), with an average of just 4.3 per cent across the EU. In addition, income from agriculture only accounted for 1.7 per cent of EU GDP in 2001.<sup>313</sup>

### **3.4.1.3 CAP and EU Budget: Claiming the lion's share**

The CAP costs European taxpayers over Euro 40 billion (\$47 billion) annually, or around 40% of the total EU budget. This is a very large sum, given that farming accounts for less than 2% of the EU's workforce. However, the share of the budget devoted to CAP spending has fallen remarkably: it was 70% twenty years ago. Furthermore, the CAP has been reformed significantly, most recently in 2003, when a deal was reached to complete the switch of most CAP subsidies from price supports to direct income payments. When these reforms have been fully implemented, some 90% of EU farm support will be classified as non trade-distorting. However, it has not lessened demands for more changes in the CAP. The world's big agricultural exporters demand greater access to the EU market, meaning sharply lower tariffs on farm imports. Within the EU itself, countries such as Britain that get few farm subsidies want the radical changes in the CAP while those such as France that are big net recipients of the CAP determined to preserve it. The CAP is even criticized by people who want to protect Europe's countryside and its small farmers. As much as 80% of its subsidies go to the richest 20% of farmers, and the biggest single recipients of CAP payments tend to be giant agribusinesses and big, wealthy landowners. France is Europe's largest farm producer and also the biggest beneficiary from the CAP, taking around a quarter of the lion's share of all EU farm subsidies. When there is a contentious debate for the EU budget in 2007-2013, the French government keeps saying, in both the EU budget and the Doha global trade negotiations, that it cannot touch the CAP, it is partly making a point about sticking to the October 2002 deal. That deal was struck in October 2002 Summit between then German Chancellor Gerhard Schröder and French President Jacques Chirac to freeze CAP spending in real terms until 2013. That deal was subsequently endorsed by all EU leaders including even British Prime Minister Tony Blair who has offered to reform the British rebate in exchange for a fundamental reform of the CAP in December 2005 EU budget negotiations. However, France stuck firmly to the 2002 deal as France's Europe Minister Catherine Colonna said, "We all agreed to the 2002 reform and it cannot be changed until 2013".<sup>314</sup> Under the mediation of German new Chancellor Angela Merkel, the budget deal was finally reached as all members agreed to keep spending on the CAP unchanged until 2013 but they also accepted the proposal for a review of the entire budget in 2008. In short, this budget was a characteristic exercise in national self-interest and splitting

---

<sup>313</sup> Hix (2005) op. cit., pp. 285-286. (For more details of the changing status of agriculture in the EU member states, see European Commission (2002): "Agricultural Situation in the European Union: 2002 Report", Luxembourg, Office for Official Publications of the European Union.)

<sup>314</sup> "Europe's farm follies", *The Economist*, December 8<sup>th</sup> 2005.

differences. For many years, the salient features of the EU have included an obsession with detail, a preference for incremental change, an inability to do things until the last minute, habit-forming dependency on France and Germany, and a shaky commitment to enlargement sometimes.<sup>315</sup>

In addition, some argued that the CAP also offends against the principle of subsidiarity. Since the principle of subsidiarity as well as the aim of fostering economic growth in all member states, it can sometimes justify financing things at the European level rather than national one. But the list is quite short and it might include the European Commission itself, as policeman of the single market; a few pan-European transport projects; common border controls; research that tends often to be insufficiently funded nationally; and, probably, some foreign aid as a single EU aid budget could avoid much of the duplication that confronts recipients of European aid, although the EU aid program has frequently been criticized for being ineffectively delivered. As some of these items are now national concern, a sensible EU budget might even be bigger in certain areas. There are also arguments saying that most Europeans would be better off if there were no farm support at all. Nevertheless, if there is to be some cuts, it should certainly be dispensed nationally, because only national governments have the expertise and the political authority to administer what has increasingly turned into a personal income-support system for one particular interest group within the EU. Actually, as it showed quite often in the past, the CAP spending is not only divisive within the EU but also has helped to turn the whole EU budget into what the 2003 Sapir report<sup>316</sup>, “An Agenda for a Growing Europe”, memorably termed “a historic relic”.<sup>317</sup>

#### **3.4.1.4 CAP: Supranational venture or a realm of high politics**

As mentioned above, farming interests are strongly represented at the national and European levels. In most member states the corporatist relationship between national farmers associations and agriculture ministers ascertains that farmers play a central role in the making of national agricultural policies. At the European level, the Confederation of Professional Agricultural Organizations (COPA) is the most well-funded, well-staffed and highly-organized among all the supranational sectoral associations.<sup>318</sup> Nevertheless, the agrarian interest groups did not have the power or the means to influence the terms of the 1992 CAP reforms significantly, at either national or European level. Their representational monopoly made them capable to shape some aspects of agricultural policy-making by pointing out the possible economic and social consequences of decisions, but they have found it uneasy to influence the overall parameters of policy or to formulate their own alternative proposals. National elections have played much more important role and also pushed agricultural interests to work through national channels,

---

<sup>315</sup> “Cries and gestures”, *The Economist*, December 20<sup>th</sup> 2005.

<sup>316</sup> A high-level expert group chaired by Belgian Economist André Sapir delivered the findings of a study report under the assignment from then the EU Commission President Romano Prodi on 17 July 2003 proposing the re-nationalization of the CAP and regional funding, while introducing more flexibility into the EU's budgetary policy. This report is quite controversial and also famous for its success in annoying many EU commissioners.

<sup>317</sup> “A modest proposal”, *The Economist*, December 14<sup>th</sup> 2005.

<sup>318</sup> Hix (2005) op. cit., p. 286.

by focusing on individual members of the Council of Ministers. Hence, the role and power of COPA was more as a vector of the original CAP than as a channel for reform, despite its crucial importance in securing the acceptance of the CAP in the 1960s.<sup>319</sup>

As the CAP depends on mostly representational monopolies, the formal structures for channeling organized functional interests into the policy process provide legitimacy. However, the classical instruments of public accountability, including judicial review, are virtually absent in the CAP, a policy sphere more normally typical of high politics. The mainly managerial and technocratic mode of policy-making creates the illusion that all problems can be resolved on the basis of technical considerations, assuming that the objectives of policy are settled. In this way, the process makes it virtually impossible to develop really redistributive policies or to address normative issues.<sup>320</sup>

Although the CAP is one of the EU's only genuinely common policies, making the sense that it effectively replaces national policies, it is in reality highly decentralized with considerable discretion held by national agricultural ministers and their ministries. In fact, logically, the main problem is a classic '*pooled sovereignty, divided accountability*' problem: national administrations, not EU institutions, are mainly responsible for spending controls and the policing of fraud. The broader point of view is that regardless of the reputed virtues of governance by policy networks, the CAP is symbolic of the management and legitimacy deficits to which this form of governance can give rise.<sup>321</sup>

Therefore, the CAP still sits in a kind of a halfway house between the intergovernmental and the truly supranational, marked by limitations, and fundamental contradictions. However, both the member state governments and the Commission have exploited these contradictions for their own purposes in contrary to many expectations. Indeed, the political paradoxes of the CAP are the main source of its stability, since it provides the means for member governments to defend nationally defined agricultural policies, with their persistent elements of protection, welfare, and electoral preoccupations. In addition, the most powerful organ of the EU, the Council of Ministers, is comprised of politicians with exclusively national constituents. Its dependence on forms of unanimity decision-making gives a very effective guarantee to the status quo, while at the same time promoting compromises, which have secured continuation of commitment to European integration.<sup>322</sup>

---

<sup>319</sup> Elmar Rieger (2000): "The Common Agricultural Policy: Politics against Markets", in: Helen Wallace and William Wallace (eds.): "Policy-Making in the European Union" (Fourth Edition), Oxford and New York, Oxford University Press, p. 198.

<sup>320</sup> Ibid., p. 189.

<sup>321</sup> John Peterson (2004): "Policy Networks", in: Wiener, Antje. and Thomas Diez. (eds.): "European Integration Theory", Oxford and New York, Oxford University Press, p. 130.

<sup>322</sup> Rieger (2000) op. cit., p. 206.

### 3.4.2 Common Foreign and Security Policy of the EU (CFSP)

#### 3.4.2.1 Context and formation of the CFSP

In the early 1990s, the European Community (EC) and the European Union (EU) are interchangeable terms referring to the same organization. Indeed, these two terms are totally different in their deep sense. The EC is a system for legislating due to the Community method of decision-making, which balances between member states and EU institutions. By contrast, the EU is a symbolic construct, created by the TEU or Maastricht Treaty in 1992, which itself made the EC as one pillar of a grander edifice known as the European Union. Two separate pillars established for the Common Foreign and Security Policy (CFSP, pillar II) and the Justice and Home Affairs (JHA, pillar III) produce legislation relatively rarely. Decision-making within both pillars is essentially intergovernmental and almost always requires unanimity.<sup>323</sup>

Analysis of foreign policy-making in the EU is further complicated by an institutional division between frameworks for making economic policy and for coordinating foreign policy. Responsibility for external economic relations has largely been entrusted to European Community bodies, while the member state governments have established some common positions on some foreign policy issues in an intergovernmental framework initially European Political Cooperation (EPC) and since 1992 Maastricht Treaty, the CFSP. Decisions taken in both frameworks should be consistent. Simply speaking, consistency means that policies decided in both frameworks should not rule out each other, or pursue incompatible objectives. Consistency can also be seen as a two-step process: first a foreign policy is formulated in the CFSP framework; then the Community's economic instruments and resources are used to implement it.<sup>324</sup>

The institutional structure of the CFSP, as established under the Maastricht Treaty, is similar to that of EPC. The European Council sets the broad guidelines: the Council of Foreign Ministers takes decisions to implement them. The Political Committee prepares the work for the Council concerning with CFSP items and Coreper passes the Political Committee's positions on to the Council. The Political Committee depends on the work of European foreign ministry officials and CFSP working groups. Some are joint EC and CFSP groups; others are CFSP only. The European Commission is fully associated while the EP is informed of the CFSP issues, and can make recommendations, but its views do not have to be incorporated into CFSP decisions. Moreover, the CFSP does not fall under ECJ jurisdiction.<sup>325</sup>

What became the CFSP at Maastricht had used to then be EPC that was a process launched by the 1970 Luxembourg Report of the foreign ministers of the then EC six member countries, who decided for the necessity of intensified 'political cooperation' and

---

<sup>323</sup> Peterson and Bomberg (1999) *op. cit.*, p. 228.

<sup>324</sup> Karen E. Smith (2004): "The Making of EU Foreign Policy: The Case of Eastern Europe" (Second Edition), Houndmills, Palgrave Macmillan, p. 4.

<sup>325</sup> Karen E. Smith (2003): "European Union Foreign Policy in a Changing World", Oxford, Polity Press, pp. 37-38.



‘the mechanism in an initial phase for harmonizing their different views on international affairs’. EPC developed steadily to some operational level with meetings at official, ambassadorial, directorial and ministerial levels out of the framework of the European Treaties. Therefore, at that time, Foreign Affairs Council and the new European Council (meeting of heads of states and governments, held first in 1975) had to deal in two separate spheres: ‘in the Council of the Communities and in the context of Political Cooperation’. It was hence difficult for actual cooperation due to its very informal nature. These impractical complications were gradually removed remarkably in 1986 by the Single European Act (SEA). Still its major objective lay in creating the Single Market, the SEA also brought the informal European Council into the treaty structure with the ambitious objective to formulate and implement a European foreign policy. It was the first time that the EPC was indirectly mentioned in a treaty text. However, it was until the Maastricht Treaty of 1992 that the CFSP was not yet created within the treaty framework. Maastricht also induced the concept of a common defence policy, possibly leading ultimately also to a common defence, and provided that the EU should have a military capability at its disposal through recourse to the entirely separate Western European Union (WEU; it was founded in 1948, one year before NATO and effectively succeeded as the basis for the defence of western Europe). The decision-making processes in CFSP remained undoubtedly intergovernmental as the Commission was only granted full associational status, which is lesser than that of the member states’ governments. This distinction made the CFSP setting apart as the second pillar with different decision-making procedures applied from those in the first EC pillar. The Amsterdam and Nice Treaties also further clarified and continued the existence of pillar system in the EU.<sup>326</sup>

It is worthwhile to see what European foreign policy means in current world before going into details of the CFSP and assessing its stature as a common foreign policy. As defined by Christopher Hill, European foreign policy is ‘the ensemble of the international activities of the European Union, including output from all three of the EU’s pillars, and not just that relating to the CFSP’. But it cannot be assumed that this mass of activity will be in itself coherent all the time because it constitutes effective strategic choices of nation-states. However, there has also evidence that those who control the reins of decision-making, whether in the Commission, the Council Secretariat or the Presidency foreign ministry, are very aware of the necessity to pull the threads together and to avoid *excessive inconsistency*. Moreover, it can also be observed in national capitals of many EU member states that a kind of conscious aspiration and enthusiasm exists to achieve a common European foreign policy, across a wide range of substantive activity, involving bilateral and multilateral relations with third party states and organizations in the international system. Formulating a single foreign policy is still a long way; however, it is not unreasonable to talk of the European Union’s foreign policy existing alongside those of the member states and acting as a centripetal force.<sup>327</sup>

---

<sup>326</sup> Brian Crowe (2003): “A Common European foreign policy after Iraq?”, *International Affairs* 79(3), pp. 533-534.

<sup>327</sup> Christopher Hill (2004): “Renationalizing or Regrouping? EU Foreign Policy since 11 September 2001”, *Journal of Common Market Studies*, Volume. 42, Number 1, p. 145.

The milestone of the Amsterdam Treaty was not only introducing a new form of decision-making in Common Strategies but also the creation of the new post of High Representative for the CFSP, marking the beginning of the recognition that an effective CFSP needed more coherence and possibly even leadership than could be provided by six-month rotating presidencies of varying quality and priorities. Javier Solana, former Spanish foreign minister and more recently Secretary-General of NATO, was appointed as the first High Representative for the CFSP. However, guidance for the specific functions and about the level of the new created post was not given other than that it was to be combined with that of the existing Secretary-General of the Council and that it was to assist the presidency and the Council.<sup>328</sup> Moreover, the Amsterdam Treaty may lead to a significant extension of QMV within pillar II, particularly providing its new forms of flexibility. How the Treaty is implemented will determine more rather than what the Treaty mentions: whether the newly created Policy Planning Unit and High Representative ratchet up foreign policy cooperation, or end up being labeled as institutional gadgets, still open questions.<sup>329</sup> Meanwhile, however, it is not easy to deny the argument of the former Belgian Prime Minister, Leo Tindermans, that, ‘Although it makes a number of technical improvements, the Amsterdam Treaty will not make any substantial difference to the CFSP’.<sup>330</sup>

The major impact of the Nice Treaty on the CFSP was to give formal status to the EU’s new Military Committee and the senior/ambassadorial-level Brussels-based Political and Security Committee, which was to be responsible for the day-to-day management of the CFSP, with the possibility of decision-making authority being delegated to it from the ministerial level. This is the only level at which the EU decisions for the control of military operations are formally made. Therefore, the CFSP was and still remains to be an intergovernmental negotiating process in the charge of the six-monthly rotating presidency, with all the inefficiencies inherent in that.<sup>331</sup>

#### **3.4.2.2 CFSP and The NATO**

The North Atlantic Treaty Organization (NATO) was created in 1949 by the United States and its allies bordering the North Atlantic. In post Second World War period, the twin problems of European security – ‘keeping the Russians out and the Germans down’ – were resolved by the NATO alliance under the hegemonic leadership of the United States.<sup>332</sup> The original members of NATO, in addition to the United States who also signed the North Atlantic Treaty were Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, the Netherlands, Norway, the United Kingdom and Portugal. Later alliance was joined by Greece and Turkey in 1952, West Germany in 1955 (the reunified

---

<sup>328</sup> Crowe (2003) op. cit., p. 534.

<sup>329</sup> Peterson and Bomberg (1999) op. cit., p. 231.

<sup>330</sup> EP (1998): “Report on the Gradual Establishment of a Common Defence Policy for the European Union (Brussels), PE 224.862/final, DOC\_EN/RR/352/352586, 30 April (Rapporteur: Mr. Leo Tindermans), p. 12.

<sup>331</sup> Crowe (2003) op. cit., p. 534.

<sup>332</sup> Fritz W. Scharpf (2002): “Legitimate Diversity: The New Challenge of European Integration”, Cahiers Européens de Sciences Po 1/2002, p. 10.

Germany after 1990 also remained in alliance) and Spain in 1982 respectively. France withdrew its forces from the NATO command in 1966 without withdrawing from the alliance. According to the treaty, the signatory nations agreed to consult together if the security of any member state was threatened and to regard a military attack against one as an attack against all. Further, the treaty committed the allies to use military force “to restore and maintain the security of the North Atlantic area.”

Obviously, the primary purpose of NATO was and is to provide security for its members. Although it was not specifically stated in the North Atlantic Treaty, NATO countries were primarily concerned about the threat of Soviet aggression, and NATO designed its policies to counter the USSR. In this sense, it was a purely integrated alliance organization for military purposes and can also be labelled as a pluralistic security community. But with the demise of the USSR, many people argue that NATO is an intergovernmental organization whose time has passed and that it should be disbanded.<sup>333</sup> With the end of the Cold War and without a common enemy that means the Soviet Union, the reason to consolidate the diverse member states for collective security is not an urgent necessity and the very existence of NATO became a subject of debate which raised a fundamental question – does NATO still serve a purpose.

NATO’s advocates argued that even though the Soviet threat is gone, security threats to Europe remained and that NATO was a valuable vehicle for integrating the defence policies of its members.<sup>334</sup> Some analysts reasoned that it was useful to preserve NATO if it were restructured not to contain enemies but to control allies. For that, all the countries in Europe would be required to coordinate their defence policies. This would incorporate the East European and former Soviet republics pursuing democratisations into a European-wide framework through their participation in the alliance.<sup>335</sup> The existing value of NATO further reveals during the Bosnian conflict. Agreeing to the UN request for enforcing the “no-fly zone” over Bosnia and former Yugoslavia in 1993, and later in 1995 taking over all functions of the peacekeeping operation in Bosnia from the hands of the UN, NATO enhances regional peace and security and played a major role as a leading military alliance in Europe.

NATO’s history as an integrated military organization during and after the Cold War points out the strengths and weaknesses of its existence. On the one hand, NATO’s military structure provides a degree of security for its member states that they, acting as individual sovereign entities, could not attain for themselves. Throughout the Cold War period, the NATO alliance, under the leadership of the United States, provided all member states with protection from a possibility of Soviet invasion. On the other hand, because of the continuing demand on the part of individual states for their rights of sovereignty, policies undertaken by NATO are often hesitant and ineffective. At the same time, the members of the alliance were consistently reluctant to involve NATO in “out of area” conflicts, like the one of Gulf War. More recently, NATO countries also disagreed on how best to respond to terrorism, whether Eastern European states should be admitted

---

<sup>333</sup> Papp (1997): *Contemporary International Relations*, p.83.

<sup>334</sup> *Ibid.*, P.85.

<sup>335</sup> Kegley and Wittkopf (1995): *World Politics*, p.481.

to NATO, and what policies to adopt toward nascent conflicts in Europe. Eventually, NATO's members worked out most of their differences on these issues, but only after extensive discussions.<sup>336</sup>

The changing position of NATO can be seen in the conversion from a military alliance designed for defence against a predetermined enemy to a larger collective security community focused primarily on the political dimensions of security. At this point, NATO's members generally varied more over how best to achieve their common objective – collective security – than over what that objective should be. The 1991 Rome Summit moved in this direction by drafting “The Alliance’s New Strategic Concept.” The Rome Declaration announced formation of a new North Atlantic Cooperation Council (NACC) “to build genuine partnership among the North Atlantic Alliance and the countries of Central and Eastern Europe.”<sup>337</sup>

Complex issues also surround a future European security structure. In a dramatic move in response to the changing European geostrategic landscape, NATO offer limited military “partnerships” to virtually any European country that was interested, including Russia and the former Warsaw Pact states. It described the Partnership for Peace (PFP) proposal as a first step toward possible – not automatic – NATO membership for the old Soviet-bloc states. The NATO defence ministers accepted this position, but stopped short of offering NATO's former East Bloc full membership. The new partners will participate in NATO peacekeeping missions and crisis-management operations, but the plan does not guarantee the security of the new partners' borders – a privilege NATO's existing members enjoy. This decision to restructure NATO thus redirects NATO in a fundamental way and shifts East-West security relationships in a fundamentally new direction. But the ultimate consequences of the Partnership for Peace for European security are uncertain. Initiated at a time when NATO is rendering its role on a continent in political transition, the new plan raises fears among its opponents that it could disrupt and disintegrate the alliance itself.<sup>338</sup>

These adjustments in role and mission reflected an effort, of course, to keep NATO alive even though the Cold War had died. The old NATO was built on the joint will to resist Soviet Aggression. The new NATO sought to survive by preparing to contain ethnonational conflicts and foster disarmament and by remaining a vehicle for preserving U.S. involvement in European security.<sup>339</sup> However, given the novel requirements for deterrence as opposed to the mere defence of territory in the nuclear age, it was not enough to wait until an attack was imminent to activate NATO's treaty provisions. All members recognized the need for consultation and military planning if the enemy were to be deterred from initiating a conflict; over time, that meant the considerable integration of troops and weapons systems as well as the planning of strategy, which required complex organizational structures unlike any known for earlier alliances.<sup>340</sup>

---

<sup>336</sup> Papp (1997): *Contemporary International Relations*, p.85.

<sup>337</sup> Kegley and Wittkopf (1995): *World Politics*, p.482.

<sup>338</sup> *Ibid.*, p.174.

<sup>339</sup> *Ibid.*, p.482.

<sup>340</sup> Jensen and Miller (1997): *Global Challenge*, p.417.

Further needs will drive the NATO for making some transformations to be more than a military alliance in its functional aspect. To strive as a collective security for the whole area of all participants, it needs more cohesiveness and less variance among its members. It is because all of next structural reforms will be necessary the unanimous political consensus of all members. It should avoid the actions, which can lead to the disruption of the relationship among members. For example, France's withdrawal of its forces from NATO command in 1966 decreased the integrated strength of the military alliance. Indeed NATO combines dual aspects of functional interdependence in its political structure (the member states are politically sovereign and NATO only organizes consensus among its members) and integrated nature in its military functions (forces of member states are under central allied command and operate as a synchronized unit). Originally when it was established in 1949, NATO is just only an integrated military alliance organ. After fifty years later, NATO has become a structural condition of security necessity, which combined the functional style of political integrative behaviour together with integrated military interdependence.

#### **3.4.2.3 High Politics of the CFSP**

For Stanley Hoffmann, one of the most knowledgeable of post-war political scientists, foreign policy was the ultimate expression of high politics. Unlike welfare sectors where market economic integration was a viable policy goal, foreign policy marked out areas of key importance to the national interest in which nations prefer the self-controlled uncertainty of national reliance rather than the uncontrolled certainty of policy integration. In consistent with Hoffmann's view, foreign policies indeed are still primarily national in orientation and widely perceived as the one of the ultimate expressions of national sovereignty.<sup>341</sup>

Although the member states have been reluctant to surrender much power to the second pillar i.e. the CFSP, as they usually perceive it as the taking away of nation-state's sovereignty, there are other challenges that presently exert pressure on the unity and sovereignty of the nation-state. In the EU, there are other challenges that arise from the growth of regionalism and ethno-nationalism that provide an alternative allegiance for citizens from the traditional nation-state. In addition, the growth of militant and politicized religious movements turning into violent means and ends beyond the borders of the EU member states (and within to some extent) also challenges the unity of the nation-state. Should some of these recent challenges remain unresolved or get worse, they are likely to spill over in the form of refugee flows, which will increasingly strain the cultural homogeneity of the traditional European nation-state. Since the end of the Cold War, the nation-state is continuously faced with tremendous challenges that have weakened its traditional grip of power. In that perspective, the CFSP within and beyond the borders of the EU may play a role in strengthening the nation-state.<sup>342</sup>

---

<sup>341</sup> Stanley Hoffmann (1995): "The European Sisyphus: Essays on Europe 1964-1994", London and Boulder, CO: Westview, p. 84.

<sup>342</sup> G. Pinar Tank (1998): "The CFSP and the Nation-State", in: Kjell A. Eliassen (eds.): "Foreign and Security Policy in the European Union", London, SAGE Publications Ltd, p. 16.

In generally speaking, the CFSP remained confined to diplomatic gestures or economic actions. The EU still lacks one of the essential prerequisites of great-power status: a military capability that could be deployed in the pursuit of political goals. More fundamentally, the CFSP continues to suffer from basic problems of identity, interests, and institutions. It was not *still* legitimated by any common European identity, shared between average Europeans, thus making it difficult for CFSP decision-makers to persuade their fellow citizens for relinquishing national for 'European interests'. In institutional terms, the Monnet method simply did not function except in the first pillar of the EU. Still, foreign policy appeared to be high politics and responsible only to intergovernmental decision-making, when amenable to cooperation at all.<sup>343</sup> For these reasons, it remains quite difficult to reject Hoffmann's long standing claim that 'there is no common European outlook. Nor is there a common project, a common conception of Europe's role in international affairs'.<sup>344</sup>

The operationalization of the CFSP, like the EPC as predecessor before it, has been often seriously hindered by very considerable discrepancies in power and interests between its member states. The most apparent variance is between so-called the EU *Big Three*: Germany, France and the UK, on the one hand, and all other member states on the other. After reunification, Germany becomes the largest EU member country and occupied critical geopolitical intersection as a bridge between the EU and the East European countries. Germany remained a benevolent major power despite restrictions on its ability to wield military capability. As the EU's biggest net budgetary contributor by far, Germany's inclination over the CFSP increased in line with decisions taken in the post-Maastricht period usually to pay for the CFSP joint actions out of the European Community's budget. In the meantime, France and the UK are still the EU's only nuclear powers. While Germany pursues intensively for a permanent seat in the United Nations Security Council (UNSC), the British and the French are for the present privileged members of a powerful club restricted to China, Russia, the USA and themselves. So it is clear that no major diplomatic or particularly military initiative under the CFSP would be possible without large British and French support.<sup>345</sup>

The pressures exerted on the nation-state through the first pillar are an extra reason for revoking more integration in the second pillar. Not only national interests and national differences that make it difficult to achieve a cohesive approach in foreign and security policy, but also there are also international systemic factors that make states unwilling to yield power in the second pillar policy-making of the EU. Overcautiousness for losing national interest has consistently hindered attempts at joint action, diminishing the credibility of the CFSP.<sup>346</sup> Indeed, the loss of economic sovereignty as a result of economic integration and common trade policies in the first pillar has reinforced the resolve of the member states to maintain their solid control over foreign and security policies. The mixture of supranational and intergovernmental decisions rules, as set up by

---

<sup>343</sup> Peterson and Bomberg (1999) op. cit., p. 240.

<sup>344</sup> Hoffmann (1995) op. cit., p. 90.

<sup>345</sup> Peterson and Bomberg (1999) op. cit., p. 236.

<sup>346</sup> Tank (1998) op. cit., p. 20.

the recent EU treaties like Maastricht, Amsterdam and Nice, may be capable to adopt common policies to some extent, but they are not adequate to produce decisive actions in the CFSP realm.<sup>347</sup>

Although integration and fragmentation are contradictory impulses to each other, both seem to weaken the nation-state. Integration within the EU threatens to further diminish the nation-state's role while fragmentation within the nation-state will ruin the unity and sovereignty of national power. A strengthened version of the CFSP could in reality serve multiple purposes like promoting greater regional stability and lessening the pressures placed on the nation-state. Nonetheless, essential to this key success will be the consent of the governed, without which nation-states cannot yield greater sovereignty to the EU. The development of a real European security and defence identity requires a vision of a common future together with the institutional machinery to assure its competency and effectiveness. It depends mostly on the capacity of European citizens to regard European integration as a legitimate and desirable goal for the member states, which in turn relies on efficiency and transparency in all three pillars of the EU.<sup>348</sup>

#### 3.4.2.4 Iraq Crisis and the CFSP

As it has shown itself during the crisis leading up to war with Iraq, everything seems to be far from practice of a common EU foreign policy while it even embodies the essential characteristics of the concept of the CFSP and its latent weaknesses. The EU's failure to develop a common policy over Iraq has been indifferent for many years and it has been humiliatingly exposed only when the crisis broke out in full scale. Previously Iraq issue was deliberately *not* brought forward within the EU discussions, either at ambassadorial (Committee of Permanent Representatives, Political and Security Committee) or at ministerial (Council of Ministers) level. There was ineffective superficial discussion and the occasional minimalist declaration to demonstrate that the EU was at least aware that there was an Iraqi problem. But the UK and France, two EU member states who possess permanent seats in the UNSC, made sure that the subject was confined for resolving only under the roofs of the UN in New York. The other member states also kept silent or neglect at their own irrelevance partly out of respect for the primacy of UN over the EU obligations for the UK and France. However, the more underlying motive was particularly because they knew that any attempt to forge a common EU position on Iraq would be more damaging than helpful to a still fragile CFSP which was making some progress in other conflict areas, notably the Balkans and even then Middle East.<sup>349</sup>

The war against Iraq is supposedly part of the USA's wider war against terrorism. Iraq was identified as a possible target for US military expansion in the US President's state of the Union address delivered in 2002. In that speech, Iraq was along with North Korea and Iran labeled part of an 'axis of evil'. This axis was referred to states that supported terrorism by providing safe haven for terrorists and arming them in order that they may carry out their evil deeds especially attacking American interests far and near. These

---

<sup>347</sup> Hix (2005) op. cit., p. 405.

<sup>348</sup> Tank (1998) op. cit., p. 20-21.

<sup>349</sup> Crowe (2003) op. cit., p. 534-535.

states did not oblige to international law and sought to produce Weapons of Mass Destruction (WMD) technology. The US brought the case against Iraq to the UNSC in early February 2003. At that time, then the US Secretary of State Colin Powell presented the case at the UN for an invasion of Iraq. Mainly it was about Iraq's violations of various UN resolutions; continuous efforts to develop WMD since the end of the Gulf War that liberated Kuwait in 1991. And Iraq never hesitated to use these WMD and was also known in the past to have done so. The US claimed that there were a plenty of evidence to suggest that Iraq was willing to or had shared weapons technology with terrorists like Al Qaeda. Despite huge criticism and strong opposition from governments around the world, including US's close allies such as France and Germany, the Bush administration decided to go to war with the support of a *coalition of the willing*.<sup>350</sup>

It would have been absolutely remarkable if the EU had been able to formulate and actively to pursue a cohesive united policy in dealing with the Iraq crisis. Iraq was, after all, an issue that concerned with taking positions on, inter alia, the choice between war and peace, the legitimate use of military action for an international crisis, democratic control, the nature of the transatlantic relationship, the viability and future of the UN, stability in the whole region of the Middle East, and the effects on the world economy since Iraq is the second largest oil exporting country – on top of all of the above-mentioned points, namely the war against terrorism and the attempt to stop proliferation of WMD. More than anything else, the Iraq crisis also brought a familiar question that is the most difficult one to answer for European foreign policy: whether to accept the US leadership which has been the mainstay of the post-Second World War World and collaborate with it; or whether rather to develop an independent line of policy even in opposition to the US. For these reasons, it would be wrong to blame the EU not being able to set up an effective CFSP just because of the Iraq problem, which at this stage of the CFSP's development was simply too tough a test.<sup>351</sup>

It would be useful to take a look upon the attitudes of the US policy-makers in the Iraq crisis. Throughout the crisis, the US administration argues that time was running out. Above all, the only place time was really running out was in the socially constructed world created in mindsets of certain US policy makers. In their view, then Iraqi President Saddam Hussein was an imminent threat to international peace and security by arming for an attack against the US or assisting terrorists to procure WMD. Regardless of how remote the possibility, finally the zero-sum view of the US neo-conservative views won out. With the goal of power maximization being the main component of realism, the concept could not sufficiently explain these actions of the US policy-makers. In turn the US lost some respect in the international community and also lost power in aggregate although it won the war at first stage. Moreover, the US administration provided an impetus for other major global rivals to emerge and challenge US hegemony, because it acted upon forcefully upon what turned out to be the minimal scale of risk to the US national security. The US administration's many intelligence organizations filed reports indicating that Iraq was not an immediate threat to the American national security. In

---

<sup>350</sup> Michael J. Williams (2005): "On Mars and Venus: Strategic Culture as an intervening Variable in US and European Foreign Policy", Münster, LIT Verlag, pp. 89-90.

<sup>351</sup> Crowe (2003) op. cit., p. 535.



spite of all these factors, the US policy-makers viewed Iraq as a real threat so they acted in that way. Power maximization, within the context of cultural realism may offer a better answer than traditional realist or neorealist approach to understand the US policy blunder in Iraq. It was in the minds of elites i.e. the US policy-makers that Iraq represented a threat to US power and security. Within this cultural strategic mindset, it may be easier to understand the US actions if things were looked at through that way. On the other hand, European elites, looking at the situation with the belief that conflict can be avoided, that negotiation is always an option and that use of force is not an effective policy tool, will build a different reality and a different strategy to solve the problem in sight.<sup>352</sup>

The trouble is that Iraq is *not* the only issue on which the CFSP has been tested and found ineffective over time. For instance, at the same January 2003 meeting of the General Affairs and External Relations Council at which Iraq issue was so divisive, European ministers disagreed with each other in terms of foreign policy matter on so simple and hardly central an issue as whether the Zimbabwe President Robert Mugabe should be invited to a Franco-African summit (and subsequently an EU-African Summit in Portugal). Such an invitation was certainly prevented by the spirit of the EU foreign policy, and would have been by the letter too, had the decision imposing sanctions not literally just expired, one year on from its introduction. As the situation in Zimbabwe in the meantime had only become worse, the failure to renew the sanctions in accordance with the EU's approach up to that point was unlikely to be a consistent and thought-through approach of the CFSP. If the EU could not maintain a common approach even on far less threatening international issue like Zimbabwe, critics argued what could be expected of it on Iraq, which is a far more complicated crisis and also raised far wider fundamental issues of global peace and security than violations of human rights and good governance, the issues in Zimbabwe.<sup>353</sup>

The US insisted that the military operation would be multilateral and multinational. Looking back into history, throughout the Cold War, the US engaged in alliance politics pursuing multilateral solutions. There has been no ground recently for claims that the US acted unilaterally. The US acted in crises according to its preferences favoring support, which needs not to be institutionalized. Without the British and the various other nations composing the coalition, regardless of how negligible or small their contributions, the US would not have invaded Iraq. It can be argued that America's strategic culture required, in a certain sense, that the US acquire partners regardless of their ability to contribute to the mission.<sup>354</sup>

The CFSP was virtually silent throughout the Iraq crisis. The EU itself collectively has had the capacity neither to support the US position on Iraq nor to oppose it – despite the fact that the overwhelming majority of European opinion increasingly showed itself to be opposed to an attack on Iraq. It is not unreasonable to ask why there exists such a paralysis of the CFSP, when so many endeavors were being vested into the development of Europe's foreign policy-making system, and into the acquisition of a common defence

---

<sup>352</sup> Williams (2005) op. cit., p. 92.

<sup>353</sup> Crowe (2003) op. cit., p. 535.

<sup>354</sup> Williams (2005) op. cit., p. 91.

capability. The most obvious reason is the divergence in domestic interests of the EU Big Three – Germany, France and the UK on their mindsets about Iraq – which make up an informal core of the EU for setting up the effective CFSP. For example, the British Prime Minister Tony Blair used his dominance over Parliament and his own Labour Party to insist on allying and identifying with US policy. Without Blair's personal conviction and determined support for Iraq war, it is hardly possible that even a pragmatic Labour Cabinet would have gone that much so far on awkward position for one of its ideological opponents. On the side of Germany from the very beginning of the crisis, then German Chancellor Gerhard Schröder used public antipathy to both war and to American President Bush to help himself for re-election in September 2002. His choice of defiance to US policy made a very deep frost in the US-German relations and made it very difficult to reach agreement with the UK over Iraq as well.<sup>355</sup>

However, news disclosures after the Iraq war showed the real nature of the power politics among the cooperation of nation-states. Countries that publicly opposed against the Iraq war privately facilitated it. For example, Germany secretly provided more significant intelligence assistance to the American military than its government has publicly acknowledged. It includes Iraqi government's detailed defence plan, which was secretly obtained by the German intelligence shortly before the war. In the months before the Iraq war, the US Defence Ministry wrote a classified list of which nations had joined President Bush's 'coalition of the willing' to topple Saddam Hussein and support the war. While Germany had loudly opposed the war, it did not obstruct the United States military's efforts and even offered limited cooperation to American military. Therefore, Germany was listed as '*noncoalition but cooperating*' in terms of Pentagon choice of word for that kind of list which is not public. Other examples are Saudi Arabia and Egypt that were more supportive but did not want to be perceived as facilitating the attack so they were labeled as 'silent partners' in that Iraq war.<sup>356</sup>

During the Iraq crisis, French position is also very interesting. Initially, France chose a middle position logically because of its long-term holding interests in Middle East. As a permanent member of the UNSC, France was not about to give Bush and Blair carte blanche by supporting openly the war. In the same way, it did not wish to box itself into the corner of vehement opposition to military action, if it could be possible to avoid. In the events approaching to the war, the relentless pressure driven by Bush's determination to overthrow Saddam Hussein and Blair's equally important political necessity for UN legitimacy, finally has moved French cover and pushed France to side with one final definite choice. By making somewhat surprise of the Americans themselves, who had assumed that the French preference to realpolitik would finally lead them to side with the winners, President Chirac and then Foreign Minister de Villepin picked up the blunt opposition with Anglo-American stand. In order to do so, French allied with Germany and Russia, but split both NATO and the EU. As Hill classified, the motives for such a policy choice were probably a mixture of sincere belief in the dangers of a war; a desire to stay on side with Middle Eastern and domestic opinion; and a firm determination not

---

<sup>355</sup> Hill (2004) op. cit., p. 152.

<sup>356</sup> "German Intelligence Gave U.S. Iraqi Defense Plan, Report Says", by Michael R. Gordon, *The New York Times*, February 27, 2006.

to allow London and Washington always setting the agenda of international politics. In doing so, they decided to accept the immediate damage to the image of European foreign policy for the possible longer-term gain of forging a distinctive European identity in the world, while heightening the awareness of European public of why the CFSP might be essential for them. On the other hand, however, it was apparently a political gamble, which put at risk the carefully constructed institutions and common political understandings which have held the West together over half a century.<sup>357</sup>

In this way, it will not be wrong to conclude that the 15 member states of the EU truly vary in their views on the Iraq crisis, with Italy and Spain showing more sympathy for the US approach, and Greece and the other neutrals at the other end of spectrum. The pro-Americanism of the accession countries demonstrated the weakness of the EU's power of attraction once accession has been conceded. What this split in the EU shows is that the member states are neither *regrouping* around a common position, however cautious, nor *renationalizing*,<sup>358</sup> in a sense that individual states returning back to their old backyards of fortifying their domestic interests with single actions. Rather, this Iraq crisis shows that EU disunity of a dramatic but possibly temporary kind, which is mostly among governments than peoples.<sup>359</sup>

#### **3.4.2.5 The CFSP as a civilizing project**

The CFSP policy regime is, according to Hanns W. Maull, transforming the EU foreign policy as a civilizing project in recent years. Since 1998, the EU has been developing an institutional framework and military capabilities to formulate and pursue a common European Security and Defence Policy (ESDP). This attempt was actually driven by policy failures of the EU in the former Yugoslavia and in Rwanda. From previous crises, the lesson learned was that military intervention might be necessary under some circumstances to prevent large-scale atrocities and killings and to deal with the threats, which state failures and civil wars may pose to peace, stability and security in the neighbourhood of the EU. The logic of military preparation and intervention, which the ESDP has been pursuing henceforth, has not been part of a militarization of the CFSP, but a response to a new international environment marked by pervasive state failure and the emergence of new security threats like international terrorism and cross border crimes.<sup>360</sup>

In this context, the EU has also been attempting to work for a better international order. This is indeed a normative project, but one rooted in universally accepted, cosmopolitan values of freedom, democracy, and human rights. The civilizing of international relations that has been the key aspect of European efforts to exert regional and international

---

<sup>357</sup> Hill (2004) op. cit., pp. 152-153.

<sup>358</sup> Christopher Hill clarified between these two terms regarding with the CFSP: Regrouping means 'a renewed determination to address the gaps and weaknesses of the collective system' while Renationalization refers to 'fallen back definitively on their own resources and separate strategies'. [Hill (2004) op. cit., p. 144.]

<sup>359</sup> Hill (2004) op. cit., pp. 153-154.

<sup>360</sup> Hanns W. Maull (2006): "The Perils of NOT Conceiving EU foreign Policy as a Civilizing Project", *International Politics and Society* 1/2006, Friedrich-Ebert-Stiftung, pp. 164-172.

influence via the EU has been based on normative values of principled multilateralism and support for international law and institutions. It has also been promoted largely through voluntary association. In reality, the most important contribution of the EU as a civilian power model for making a better international order has been its enlargement into Central and Eastern European countries. If the EU is to cope with future political and security challenges, it will be necessary to construct a vibrant and robust international order although it sounds too idealistic. However, any political order ultimately relies on its ability to enforce its norms. The challenge in politics for the CFSP is to domesticate both states' and social actors temptation to choose the use of force. This is all about of civilizing politics and the EU is trying to this goal through a foreign policy role concept or building a kind of identity as a civilian power. Even if the EU fails to develop a capacity to promote and secure a civilized international order, it will have to take whatever alternatives the other world powers see suited.<sup>361</sup>

However, there are also counterarguments to this civilizing power of the EU concept. The civilian power model is not unique in international relations: small countries tend to rely on persuasion rather than coercion. It is more unusual for states with considerable resources to choose to behave like civilian powers – for example, in the way Japan and Germany did in the post Second World War period. Moreover, it could be argued that rich and well-resourced countries – or collectivities of them like the EU – emanate power and could never truly engage in persuasion, which implies recognition of equality between the actors involved. However, there is nonetheless a continuum from persuasion to coercion, and what matters is where the EU will put itself on it in future.<sup>362</sup>

The EU has the potential to play as a major force in shaping the global events. However, the EU has only utilized this potential more in the economic field rather than in the political and security spheres. The EU is the world's largest trader, and through its Common Commercial Policy, the EU has used its power to promote global free trade. The Single Market has been established and opened to the world through multiple trade agreements with almost every region of the world. In addition, the EU has played a crucial role in the World Trade Organization (WTO) and worked intensively to defend and promote its legitimacy and identity. Nevertheless, the EU has still been less capable to speak with a single and coherent voice on global political and security issues. While the EU has taken action on a number of non-sensitive issues, such as political and economic support of the newly emerged democracies in Central and Eastern Europe, it has been incapable of acting consistently and decisively through the CFSP when it faced with critical challenges to the EU's security, as witnessed during the crises of Yugoslavia break-up and Iraq war. However, having shown many incapacitated instances in which the CFSP cannot produce a common position for tackling major international crises, it is still remarkable to note that the nation-states of Europe with deep historical variances and legacies have agreed to establish common foreign policy under the collectivity of the EU. Time will judge how the '*soft civil power*' that the EU aims to build up through its trade, aid, human rights, crisis management and peace-keeping missions throughout the world

---

<sup>361</sup> Maull (2006), pp. 164-172

<sup>362</sup> Smith (2003) op. cit., p. 22.

may turn out to be just as influential in shaping the preferences of the EU member states and the events of the world as the more obvious ‘hard military power’ of the US.<sup>363</sup>

#### **3.4.2.6 The CFSP and Iran: Role of the EU as Soft Power**

Iran has mattered so much to Europe for many years. Especially for the past few years, Iran has become the biggest test of the EU’s ability to affect important global issues like nuclear proliferation and energy security. It is also challenging whether or not that most characteristic EU foreign policy instrument – soft power – can work out effectively beyond the immediate borders of the EU’s neighbourhood. For the proponents of the EU for such concept, soft power is a slower, more reliable and civilized way of exercising influence in global crises than the use of military force – hard power. The imminent question is how will the evidence with Iran strengthen or weaken this concept of the CFSP of the EU?<sup>364</sup>

Indeed, soft power has also had some achievements in last years. It should be noted that Iran has conceded to soft power by agreeing to negotiate for its nuclear ambitions. It may have slowed Iran’s secret plans in the past years by delaying the confrontation over Iran’s nuclear programme to 2006 rather than 2003, a time when many European countries were so divided to get a common agreement with the US over the invasion of Iraq. The attempts of the EU to solve the nuclear problem with Iran have also soothed to remedy some of the transatlantic wounds left by Iraq war, which in its turn pushed to rally the Americans behind the EU. In fact, it could not have been predicted in 2003, when some members of the Bush Administration were thinking whether Iran should be the next target after Iraq. The decision of the so-called EU Three (Germany, France and the UK) in year 2003 to persuade Iran for giving up its efforts that the US and the Europe believe is aimed at making Iran a nuclear weapons power. On the side of Iran, it argued that its nuclear activities are aimed only at generating electricity, but this claim was disputed by the Americans and many Europeans, who quoted some 18 years of clandestine nuclear activity of Iran, and since that activity was discovered, an unwillingness to provide the International Atomic Energy Agency (IAEA) inspectors with much of the information they have asked for.<sup>365</sup>

Negotiations led by EU three with Iran and backed by the US collapsed in August 2005, when Iran resumed work to convert uranium ore to gas for later enrichment. In January 2006, by removing IAEA seals on its pilot enrichment plant at Natanz, Iran stepped forward for more confrontation with the West. Growing evidence that Iran is working on ways to deliver nuclear warheads by missile, and calls by Iranian President for Israel to be ‘wiped off the map’ of the Middle East, have heightened the alarm at international community and also helped drag its traditional allies – Russia and China – off the fence. A Russian compromise, to enrich uranium on its soil for Iran so as to create more space for more talks, was brushed aside. In fact, Iran had used these talks for attempting to divide Russia and China from Europe and America. The consequence was the rare

---

<sup>363</sup> Hix (2005) op. cit., pp. 404-405.

<sup>364</sup> “Playing soft or hard cop”, *The Economist*, January 19<sup>th</sup> 2006.

<sup>365</sup> “3 EU nations want Iran taken to UN”, by Richard Bernstein, *The New York Times*, January 13, 2006.

diplomatic unity of the five permanent members of the UNSC – the US, the UK, China, Russia and France – agreed to call on the 35-nation board of the IAEA, meeting in emergency session, to report Iran’s past illicit nuclear activities to the UN. If Iran pursues and continues with its uranium enrichment program for bomb building, it can expect diplomatic isolation and even worse, economic and political sanctions.<sup>366</sup>

Once the matter is to be discussed on the UNSC agenda, the US will certainly push for economic sanctions against Iran’s belligerency. However, European diplomats have said that a more moderate approach is also possible, beginning probably with a resolution calling Iran to do what it has failed to do until now: providing full access to its nuclear plants to IAEA inspectors, and also to make a full accounting of the work it has done until now, including the work it carried out during the 18 years when its program was clandestine. On the EU side, Europeans have long been wary of sanctions option, on the ground that they might have the effect of hurting ordinary Iranians without stopping Iranian regime and its nuclear weapons program. Moreover, sanctions would send the cost of crude oil even higher, imposing a steep economic cost on the West.

As Iran case shows, EU soft power approach may have been effective at changing the behaviour of America, and possibly Russia and China. Although its original purpose was to change the behaviour of Iran by drawing it into a gentle web of mutual rights and obligations, it sustained itself as a policy. Critics of soft power also pointed out one issue as a major weakness that soft power has nothing to offer. If Iran wanted a security guarantee, then Europe, which has no significant military forces in the world and in its region, was in no position to provide such guarantee. For that purpose, only America could do that. However, this does not mean that the attempt to use soft power was not wholly effective although it might suggest that European soft power would never have worked alone on its own. There always had to be a hard power component, for example, perhaps an Iran-American deal on security to match an Iran-Europe one on trade and proliferation. But for supporters of soft power, the point is to supplant the brutal use of force in resolving world crises. It is a better way of managing global tensions by the EU as a rival to the US but not as the best deputy. In sum, the crisis with Iran has exposed rather than reconciled the old deep transatlantic differences. They are possibly to get sharper over near future when there is no progress for such a crisis. As Robert Kagan argued, both hard and soft powers have their own characteristic flaws. Hard power advocates can be too quick to pull the trigger and use the force as arguably as shown in Iraq case. On the other hand, for soft power proponents, diplomatic talking will never be ending,<sup>367</sup> military action is inconceivable and there is never a trigger to pull – as in Iran case.

---

<sup>366</sup> “A rare diplomatic unity”, *The Economist*, February 2<sup>nd</sup> 2006.

<sup>367</sup> For more details of transatlantic strategic difference between the US and Europe, see Robert Kagan (2003): “Power and Paradise: America and Europe in the New World Order”, London, Atlantic books.

### 3.5 Political Cultures, Democracy and Legitimacy in the EU

Political cultures, democracy and legitimacy of EU institutions play critical role in the EU for long-term success of this unique experiment of regional integration in Europe. In general overview, a dominant mode of political culture in the EU can be classified as the liberal democratic principle intertwined with open market economy that sustains the European nation-states to their all round developments and full survival without having any kind of violence, war and conflict among its members since the end of Second World War. The so-called Copenhagen criteria for the accession of new member countries from the Central and Eastern Europe into the EU demand several political and economic requirements like guarantee of democracy, rule of law, human rights and respect for minorities; the existence of a functioning market economy; and capacity to withstand competitive pressure and market forces within the Union. It will be safe to conclude that accession criteria called for the establishment of a common political culture in Europe via regional integration project of the EU by pushing the candidate countries fulfilling the political commitment consistent with existing members of the EU.

EU policy processes and decision-making spills across state boundaries, penetrating deep into previously domestic aspects of national politics and administration. It embodies the principle of mutual interference in member countries' domestic affairs, even extending mutual inspection of each other's judicial procedures. It works on the basis of mutual trust and collective consent for implementation of European regulations, laws and procedures through national administrations in collaboration with EU's supranational institutions. States are no longer the only predominant actors although they behave a key role to the EU policy processes.<sup>368</sup> Exactly at this point, the legitimacy problem begins in the EU as many of EU institutions that sit in the driving seat of its daily business are quite aloof from general European public and not necessarily bears the burden of direct accountability like national governments.

#### 3.5.1 Common Identity and Political Cultures for Regional Integration

As major achievements in building a regional common identity, the EU is so far most successful regional organization in the world by attaining its internal market, its own Economic and Monetary Union and common currency: Euro. Therefore, the EU's common identity has frequently been characterized as *sui generis* or unique organization in the world. Indeed, the EU's distinctive identity building derives from its unusual institutions and decision-making procedures, which are totally different from national institutions although it lacks some basic components and identities of nation-states.<sup>369</sup> Virtually all actors in the EU policy process have multiple identities, and may play multiple roles. None of Commissioners or Commission officials wholly relinquishes their national identities, links and loyalties in making policy of the EU. EU Commissioners are

---

<sup>368</sup> William Wallace (2000): "Collective Governance: The EU political process", in: Helen Wallace and William Wallace (eds.): "Policy-Making in the European Union" (Fourth Edition), Oxford and New York, Oxford University Press, p. 532.

<sup>369</sup> Karen E. Smith. (2003): "European Union Foreign Policy in a Changing World", Oxford, Polity Press, pp. 15-18.

mostly recruited by national governments, and many return to national political life after serving their term of office.<sup>370</sup>

Although the EU represents as a common visible identity of the whole Europe nowadays, there still exist numerous interests and traditions, which divide the lines among Europe's nation-states and provide a complex pattern of national attitudes towards European integration. These national divisions can be categorized along the lines of cultural, economic and political differences. For instance, cultural differences are such as weak versus strong national identities, Catholic versus Protestant, North versus South, East versus West and homogeneous versus multi-ethnic societies. Economic differences refer to rich versus poor, urban versus rural, industrial versus agricultural, center versus periphery, high versus low employment, large versus small income inequalities, etc. Political differences are large versus small populations, long versus short democratic traditions, consensual versus majoritarian, liberal versus social/Christian democratic welfare states, Anglo-Saxon versus Rhineland models of capitalism. On the other hand, possessing a strong national identity will not necessarily mean to be ardent supporter of European integration. Actually, it may come out contrary.<sup>371</sup>

As social constructivism insists, human beings do not exist independently from their social environment and its collectively shared systems of meanings i.e. political cultures in broader sense. Many European integration studies from constructivist perspective, therefore, focus intensely on the EU as a two-way process of policy-making and institution-building at the European level on one hand whereas it in turn gives feed back into the member states, their political processes and structures. As a result, the EU as an emerging polity will not only limit the range of choices available to nation-states, but also meddle in the way they define their national interests and even their identities. On this assumption, EU membership matters most in the way in which actors see themselves and are looked by others as social beings. Germany, France, and Italy are no longer individual European states. They are the EU member nations in the sense that their statehood is increasingly defined by their membership in the EU.<sup>372</sup>

The term 'Europeanization' may be helpful in explaining the impact of the EU on member states in terms of collective identity formation and accommodating contrast political cultures. It should not also be overlapped in their sense of meaning between European integration and Europeanization. The distinction is quite clear: European integration is concerned with political and policy developments at the supranational level whereas Europeanization refers to the consequences of this process mainly for member states and politics within them.<sup>373</sup> Radaelli defined Europeanization as "processes of (a) construction (b) diffusion and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, and 'ways of doing things' and shared beliefs and

---

<sup>370</sup> Wallace (2000): "Collective Governance", p. 529.

<sup>371</sup> Hix (2005): "The political System of the European Union", pp. 152-154.

<sup>372</sup> Thomas Risse (2004): "Social Constructivism and European Integration", in: Antje Wiener and Thomas Diez (eds.): "European Integration Theory", Oxford and New York, Oxford University Press, pp. 160-163.

<sup>373</sup> Simon Bulmer and Christian Lequesne (2005): "The European Union and its Member States: An Overview", in: Simon Bulmer and Christian Lequesne (eds.): "The Member States of the European Union", Oxford and New York, Oxford University Press, pp. 11-12.



norms which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourse, identities, political structures and public policies”<sup>374</sup>.

Some argue that a European polity is impossible, because there is no European people, no common European history or common sharing myths on which collective European identity could be constructed. They quoted some fundamental concepts of collective identities taking cultural variables such as membership in ethnic groups as a given which then develop into national identities during the process of nation building. This argument went even further if the causal connection between culture and identity is seen as a one-way street, then there is no possibility to build up such a supranational identity in Europe with the EU. Therefore, collective identities will still remain firmly with the nation-state as the best connection between territory and people on the basis of culture and history. However, Europe and European nation-states are both imagined communities and people could feel a common sense of belonging to be a part of both communities without necessarily choosing and affiliating to some primary identifications. It is true that many people in Europe still believe that Europe lacks a *demos*, one visible indicator of strong identification with common identity of Europe in public opinion. But ‘country first, but Europe too’, is the dominant mode in most of the EU member states, and people do not perceive this as contradictory. Therefore, it can be argued that the European polity does not require a *demos* which will replace a national with European identity, but one in which national and European identities coexist and complement each other.<sup>375</sup>

### 3.5.2 Question of the Democratic Deficit

Among the institutions of the EU, the European Parliament (EP) used one of the strongest arguments to ensure an increase in its powers by saying that the EU suffers a degree of democratic deficit which can only be remedied by giving more authority in decision-making to the only directly and democratically elected institution i.e. the EP. This argument even gained more force with the inclusion of Qualified Majority Voting (QMV) into the Council of Ministers. As long as it is possible for any member state to use its veto power for rejecting any proposal, it could be argued that national parliaments, at least in principle, will be able to exercise democratic control by mandating their ministers not to accept the deals except under specified circumstances. Once such a control and indirect power of national parliaments on decision-making in the Council relinquishes, the debate about democratic deficit grew even wider and the argument for substituting it by increasing powers of the EP grew stronger.<sup>376</sup>

There is no single concrete definition of the democratic deficit in the EU even though the thematic debate is overwhelming among all EU subjects. However, there is a standard version of depicting democratic deficit in the EU by describing some claims. Firstly, the EP is too weak and increases in the powers of the EP have not sufficiently compensated

---

<sup>374</sup> C. Radaelli (2003): “The Europeanization of Public Policy”, in: K. Featherstone and C. Radaelli (eds.): “The Politics of Europeanization”, Oxford, Oxford University Press, p. 30.

<sup>375</sup> Risse (2004): “Social Constructivism and European Integration”, pp. 166-167.

<sup>376</sup> George and Bache (2001): “Politics in the European Union”, pp. 269-270.

for the loss of national parliamentary control because the Council still dominates the EP in the legislation process and adoption of the Budget, and EU citizens are not well connected to their members of the EP as to their national parliamentarians. Secondly, there are no European elections in which EU citizens can vote on EU policies, except in periodic referendums on EU membership or treaty reforms. National elections are competed on domestic agenda rather than European issues. And EP elections are also not about Europe since the media and political parties usually treat them as mid-term national contests. Thirdly, the EU is too distant from its citizens who normally don't understand the EU's way of doing business in policy processes and decision-making. Finally, there is policy drift in the EU because many EU policies are not supported by a majority of citizens in many member states.<sup>377</sup>

Governance beyond the nation-state through international institutions like the EU can help improving social welfare and democracy at the same time. If it is so, the EU should not be a problem because it is even a part of solution to the problems of modern democracy. There are two ways of description for identifying a democratic deficit in the international institutions. One point is about institutional deficits in the EU and other international organizations that can be adjusted through meaningful reforms with the right political will. Another point rejects the democratic process beyond the nation-state simply on the fact that the EU cannot meet the social prerequisites for democracy. Michael Zürn laid out a third position, which agrees the necessity of social prerequisites but also at the same time focuses the dynamics and complexities of the relationship between political institutions and social attitudes. This position perceives the dynamics of relationship as the potential for enhancing democracy beyond the nation-state through institutional reform, which targets to meet the social prerequisites for democracy.<sup>378</sup>

Zürn further questioned what kind of institutional policy would facilitate the development of democratic governance beyond the nation-state in the EU. He answered for that a policy combining a mixture of different democratic components. To obtain the ideal combination it needs to make two categorical distinctions: one pertaining to the constitutive processes of a democracy and the other to the constitutive actors of a democracy. The key point is to find out the appropriate mixture of components for a given political community. Moreover, it is necessary to focus on three aspects for the democratization of the EU – first, the democratization of territorial representation in international bargaining; second, the strengthening of other components of the democratic process; and finally, institutional solutions that would strengthen the transnational demos.<sup>379</sup> Instead of assuming a European demos as a prerequisite for true democracy, European democratic identity can be constructed through the practice of democratic competition. In that scenario, citizens accept being on the losing side in one particular competition with the expectation that they will be on the winning side next

---

<sup>377</sup> Hix (2005): "The political System of the European Union", pp. 177-178.

<sup>378</sup> Michael Zürn (2000): "Democratic Governance Beyond the Nation-State: the EU and Other International Institutions", *European Journal of International Relations* Vol. 6(2), pp. 190-191.

<sup>379</sup> Zürn (2000): "Democratic Governance", pp. 201-203.

time in near future.<sup>380</sup> In short, the EU polity can genuinely become democratic only if competitive elections determine the direction of the EU policy agenda.<sup>381</sup>

Democratic deficit debate will continue to exist as long as the EU is viewed as a future nation-state. That problem can cease to exist, suggested by Vivien Schmidt, rather if the EU were seen as a regional state. She argued that such a regional state with shared sovereignty, variable boundaries, common identity, compound governance, and a fragmented democracy in which the EU level guarantees governance *for* and *with* the people through the measures of effective governing and consultation of diverse interests, while leaving to the level of national government *by* and *of* the people through the means of political participation and citizen representation. And that perspective will diminish the democratic deficit at the EU level. However, Schmidt also reminds that it should be aware of greater democratic deficit problems at the national level since there will have demands for national democratic practices for better ideas and political discourses.<sup>382</sup>

### 3.5.3 Legitimacy and Accountability in the EU

Theoretical approach for EU legitimacy considers from two fundamental points of view to the identification of legitimacy namely: input and output legitimacy. The first viewpoint focuses on the supranational institutional framework of the EU and the degree to which the European citizens identify themselves with it. The latter point concentrates on rational common interests and views the legitimacy of the EU as deriving from the degree to which it is able to produce policies that in turn serves the interests of the European citizens. Therefore, any approach of these two, which stresses only on institutional perspective, lacks another crucial source of legitimacy in the EU, namely its ability to address and propose good solutions to the issues that really matter to the EU citizens.<sup>383</sup> According to this EU dual legitimacy principle, EU laws and policies derive their legitimacy, on one hand, from directly elected members of the EP at the EU level and on the other hand from the democratically elected governments of the member states who are accountable to their national demos. There have also been a long time efforts to make the EU more legitimate by rendering more powers to the EP.<sup>384</sup>

As Helen Wallace pointed out, institutional loyalties depend more on cognitive attachment rather than on affective commitment. Many of those engaged in the institutional structures are members of one kind of elite or another. It means that the policy process operates at a distance from raw politics and the wider population of the political system. Legitimacy in such a system can only be attained mainly through the impacts of policy in fulfilling policy demands or resolving policy dilemmas of general public. Many of policy outcomes produce a kind of clientelism around the EU policy

---

<sup>380</sup> Jürgen Habermas (1995): "Remarks on Dieter Grimm's 'Does Europe Need a Constitution?'" , *European Law Journal*, Vol. 1, No. 3, November 1995, pp. 303-307.

<sup>381</sup> Hix (2005): "The political System of the European Union", p. 180.

<sup>382</sup> Vivien A. Schmidt (2004): "The European Union: Democratic Legitimacy in a Regional State?" , *Journal of Common Market Studies*, Vol. 42, No. 5, December 2004, p. 975.

<sup>383</sup> Stefan Fröhlich (2004): "The Difficulties of EU Governance: What way forward for the EU Institutions?" , Frankfurt am Main, Peter Lang, pp. 15-16.

<sup>384</sup> *Ibid.*, p. 87.

process and its components based on member states. It should be further questioned how sustainable such pattern will be in future has already become a subject of lively debate among public asking across the Europe about legitimacy and accountability in the EU polity.<sup>385</sup> The EU will still remain as a polity with many features, which can also found out within a fully developed democratic political system i.e. nation-state. Fritz Scharpf, therefore, portrays the EU's character as the one resting on output-oriented legitimacy while lacking input-oriented legitimacy. He further argues that such characteristic provides government for the people, but does not necessarily represent government by the people. In other words, the absence of political accountability and lack of a strong sense of common political identity in Europe leads to the legitimacy of politically salient European decisions to depend on the effectiveness of policies in achieving consensual goals.<sup>386</sup>

In the case of the EU, where Intergovernmental Conferences (IGC) and the European Council meetings negotiate on virtually all internationalized issues areas, the problem of non-transparency is particularly visible. It is almost impossible for citizens to hold specific governments or representatives accountable for political outcomes. Zürn suggests that different persons, each having their own legitimacy, should represent different levels of the system in such a multilevel polity like the EU. This would mean that the national representatives of the Council of Ministers in the EU would be elected by their national constituencies directly in elections separate from that of national governments. It would make the Council of Ministers' chain of legitimization shortened but it would transform it at the same time into a legitimate collective body. Both the national governments and the national representatives in the Council of Ministers then would have to be accountable for their policies individually to the public. This would definitely lead to occasional conflicts, which would have the much desired effect of promoting transparency and accountability, and make it clear to the public what their role is within the multilevel system. It would also make easier for the EU public of all member states to decide who is accountable for what policy on any failure.<sup>387</sup>

The institutional outcome in the Amsterdam Treaty and the development of policies since then are products of deliberate strategies by supranational actors, not belonging to the control of national governments and administrative elites of member states. As a result of the activities and policy ideas over the years promoted by the EU institutions, the member state governments were persuaded to convince that replacing intergovernmental procedures with supranational mechanisms would improve the credibility and accountability of the EU decision-making and policy processes. When the new agenda-setting powers were once delegated to supranational actors, these institutions at the European level have been eager to apply them to their maximum extent.<sup>388</sup> A fully developed civil political community will facilitate democratic process, which is indeed also part of it. On this two-way causal relationship, democratic multilevel politics may

---

<sup>385</sup> Helen Wallace (2000): "The Policy Process", p. 63.

<sup>386</sup> Fritz W. Scharpf (1999): "Governing in Europe: Effective and Democratic?", Oxford, Oxford University Press, pp. 6, 22.

<sup>387</sup> Zürn (2000): "Democratic Governance", pp. 204-205.

<sup>388</sup> Hix (2005): "The political System of the European Union", pp. 369-370.

eventually create an orientation towards a public interest beyond the nation-state. However, democratic governance beyond the nation-state without having fully developed demos would fulfill the demand for a collective identity much less completely than did the nation-state.<sup>389</sup>

#### **3.5.4 Reforming towards a better EU**

A better EU can only become to exist through its effective and efficient institutions. During the Convention on the Future of Europe, a variety of alternative models for the EU reforms were proposed. These proposals consist of a classic parliamentary model, with a contest for the Commission President in the EP elections and the translation of the electoral majority in the European Parliament into the formation of the Commission; and a presidential model, with some form of direct or indirect election of the Commission President. Nevertheless, neither model was favorable for the member state governments, which perceived that the potential costs for any alternative democratic model of electing the Commission would be considerably higher than the value of benefits. These potential costs tend to be the loss of member states' power to choose the members of the other branch of the EU executive, and the possible politicization of the Commission.<sup>390</sup>

For this reason, the most relevant issue in the Convention for drafting the EU Constitution is still how to reform the institutions of the EU. There is no doubt that the EU is characterized by a lack of political leadership with regard to prospective thinking, steering capacity and consistent action. But the debate soon indicated that the election of the Commission President would have to be balanced by the reform of the intergovernmental structures of the EU. The most controversial proposal was the appointment of the President of the European Council. This proposal could only get approval only if it would guarantee that the Commission and the EP would receive more powers. The issue was dominating the institutional debate for the reforms of the EU. Clearly, the EU needs a visible European executive. The powers for taking action in the EU of 25 countries and more will considerably depend on the ability of the political leadership to define goals, clarify agenda-setting and push for their implementation in daily business of the EU. The executive must have the authority to take the policy initiative and coordinate the actions of the member state governments. In the enlarged EU, reforms for both directly elected EP and the bureaucracy in the Commission, of course, is relatively imminent. Their institutional structures do not need to change dramatically while their numbers of composition must be kept in conformity with changing size of the Union. The same reform procedure does not imply to the Council of Ministers, where all the member states are represented, and the European Council above it, where heads of states and governments meet every three months. These organs are the most powerful set of institutions of the EU, sharing both executive and legislative powers. And it is apparent that they are in urgent need of institutional reforms. At this point the Convention has only achieved a mixed record – blocked by the member states themselves.<sup>391</sup>

---

<sup>389</sup> Zürn (2000): “Democratic Governance”, p. 212.

<sup>390</sup> Hix (2005): “The political System of the European Union”, p. 62.

<sup>391</sup> Fröhlich (2004): “The Difficulties of EU Governance”, pp. 126-127

In fact, EU's institutions remain disconnected and each wastes energy on constant turf of wars with the other by sharing responsibility for the executive branch of the EU. This in turn makes it hard and almost impossible for the EU to produce coherent policies, especially in formulation of common foreign policy. The debate between dichotomy of 'intergovernmentalists' who favor a stronger Council, and 'supranationalists' who prefer a bigger role for the Commission and the Parliament, have also been dominating the Convention. It seems that one of the major tasks of the Convention or the EU future reforms is certainly to look for ways and means of getting the various institutions to work more closely together in a pragmatic, results-driven spirit.<sup>392</sup>

### 3.6 Reading the White Paper on European Governance of the European Commission

The European Commission presented the White Paper on European Governance on 25<sup>th</sup> July 2001 to the general European public.<sup>393</sup> It contains a set of recommendations on how to enhance democracy in Europe and increase the legitimacy of the institutions. Promoting new forms of European Governance is one of the Commission's four strategic objectives. European Governance can be best understood as the rules, processes and practices that affect how powers are exercised at the European level. There are many challenges to be encountered by the European Union (EU) for better and more democratic European Governance. As a remedy to eradicate the democratic deficit in the EU, the White Paper proposes opening up the policy-making process to get more people and organisations involved in shaping and delivering EU policy. In short, this White Paper mainly concerns with proposals suggesting how effective the EU can be in using the powers given by its citizens.

#### 3.6.1 White Paper and Reform Agenda

There are *five principles of good governance* on which proposals for change are principally underpinned in the White Paper. They sustain democracy and the rule of law in the member states and they apply to all levels of government - global, European, national, regional and local. These principles are as follows:

( 1 ) Openness: To work in a more open manner and actively communicate about what the EU does and the decisions it takes by using language that is accessible and understandable for the general public.

( 2 ) Participation: To improve the quality of EU policies with greater participation by citizens, institutions, and governments concerned throughout the policy chain.

( 3 ) Accountability: To take responsibility for what they perform in Europe not only from EU Institutions but also from Member States and all involved in policy-making process.

---

<sup>392</sup> Charles Grant (2002): "Restoring Leadership to the European Council", Centre for European Reform, Policy Brief, London. (available at; [www.cer.org.uk](http://www.cer.org.uk))

<sup>393</sup> The White Paper on European Governance, The European Commission of the European Union, 25<sup>th</sup> July 2001, Brussels.

( 4 ) Effectiveness: EU policies must be effective and timely in order to meet its objectives.

( 5 ) Coherence: Policies and actions must be coherent and implied with a consistent approach within a complex system.

With the proposals based on these principles of good governance, the EU must also revitalise the Community method by following a less top-down approach and complementing its policy tools more effectively with non-legislative instruments like social dialogue, structural funding, and action programmes. **The Community method** guarantees both the diversity and effectiveness of the Union. It ensures the fair treatment of all Member States from the largest to the smallest. It provides a means to arbitrate between different interests by passing them through two successive filters: the general interest at the level of the Commission; and democratic representation, European and national, at the level of the Council and European Parliament. The Community method has served the Union well for almost half a century. It can continue to do so, but it will need to consider extending the Community method to areas currently ruled by intergovernmental decision-making procedures.

### **3.6.2 Proposals for Change**

The proposals for change can be divided into four sections. The first one focuses on improving involvement in shaping and implementing EU policy. A second section emphasizes at improving the quality and enforcement of EU policies. A third one calls for a stronger link between European Governance and the role of the Union in the world. Finally, it examines the role of the Institutions of the EU.

#### **3.6.2.1 Better Involvement**

The process of EU policy-making must be more open and easily understandable to its citizens. For this reason, they must have access to reliable information on European issues and be able to scrutinise the policy process in its various stages. Providing more information and more effective communication are pre-conditions for generating a sense of belonging to Europe. The aim should be to create a transnational space where citizens from different countries can discuss what they perceive as being the important challenges for the Union. This should help policy-makers to stay in touch with European public opinion, and could guide them in identifying European projects which mobilise public support. Henceforth the White Paper proposed that the European Institutions should jointly continue to develop EUR-LEX as a single on-line point in all languages, where people can follow policy proposals through the decision-making process. Council and the European Parliament should make information available more rapidly about all stages of the co-decision process, particularly concerning the final, so-called conciliation phase. The Member States should promote public debate on European affairs. Another prerequisite is the participation of civil society, which plays an important role in giving voice to the concerns of citizens and delivering services that meet people's needs. **Civil society** includes trade unions and employers' organisations; non-governmental organisations; professional associations; charities; grass-roots organisations; organisations that involve citizens in local and municipal life with a particular

contribution from churches and religious communities. Civil society itself must follow the principles of good governance for better involvement.

The current working system of the EU does not allow for adequate interaction in a multilevel partnership; a partnership in which national governments, their regions and cities fully involve in European policy-making. Therefore each Member State should foresee adequate mechanisms for wider consultation when discussing EU decisions and implementing EU policies with a territorial dimension. The Commission should organise a more systematic dialogue with representatives of regional and local governments through national and European associations at an early stage in shaping policy. It will definitely bring **greater flexibility** into how community legislation can be implemented in a way which takes account of regional and local conditions. As a more decentralized and flexible approach, the Commission recommends the launching of **target-based tripartite contracts** concluded between the Member States, the regional and local authorities and the Commission.

The Institutions and national authorities must reinforce their efforts to consult better on EU policies. Better consultation will complement better policy-preparation and decision-making of the Institutions. Prime necessity is a **reinforced culture of consultation and dialogue**; a culture which is adopted by all European Institutions and which associates particularly the European Parliament in the consultative process, given its role in representing the citizens. At this point, European political parties are also an important factor in European integration and contribute to European awareness and voicing the concerns of citizens. Creating a culture of consultation can be achieved by **a code of conduct that sets minimum standards**, *focusing on what to consult on, when, whom and how to consult*. Those standards will reduce the risk of the policy-makers just listening to one side of the argument or of particular groups getting privileged access on the basis of sectoral interests or nationality, which is a clear weakness with the current method of ad hoc consultations. These standards should improve the representativity of civil society organisations and structure their debate with the Institutions. The Commission must also establish **partnership arrangements** going beyond the minimum standards in selected areas committing the Commission to additional consultation in return for more guarantees of the openness and representativity of the organizations consulted. The Commission will also develop a more systematic and pro-active approach to working with key networks to enable them to contribute to decision shaping and policy execution. It will also examine how the framework for trans-national co-operation of regional or local actors could be better supported at EU level.

### **3.6.2.2 Better policies, regulation and delivery**

Better policy-making, policy-formulation and policy-implementation is one of the proposals of White Paper. The policies and legislative procedures of the EU are getting increasingly complex. The level of detail in EU legislation also means that adapting the rules to technical or market changes can be complex and time-consuming. Overall the result is a lack of flexibility, damaging effectiveness. A slow legislative process is compounded by slow implementation. The Union needs to improve the quality of its



legislation, including better implementation and enforcement. If rules are not supported or inadequately enforced, the Institutions as a whole are called into question. As a more inclusive approach to policy shaping, the Union needs to boost confidence in the **expert advice** which plays an increasingly significant role in preparing and monitoring decisions. Recent food crises and some unprecedented moral and ethical issues arisen from the advent of bio-technology have highlighted the importance of informing people and policy makers about what is known and where uncertainty persists. These issues become more acute whenever the Union is required to apply the precautionary principle and play its role in **risk assessment and risk management**. The Commission will publish guidelines on collection and use of expert advice to provide for the accountability, plurality and integrity of the expertise used so that it is clear what advice is given, where it is coming from, how it is used and what alternative views are available. Over time these guidelines could form the basis for a common approach for all Institutions and Member States although expertise is usually organized at a national level. It is essential that resources be put together and working better in the common interest of EU citizens.

The EU must pay constant attention to improving the quality, effectiveness and simplicity of its regulatory acts. Effective decision-making also requires the combination of different policy instruments through enhanced co-operation to meet Treaty objectives. The Commission acknowledged that time-consuming consultation is also necessary to avoid the tension between faster and better decision-making because investment in good consultation upstream may produce better legislation which is adopted more rapidly and easier to apply and enforce. **Seven factors** are necessary for achieving improvements.

First, proposals must be prepared on the basis of an effective analysis of whether it is appropriate to intervene at EU level and whether regulatory intervention is necessary.

Second, legislation is often only part of a broader solution combining formal rules with other non-binding tools such as recommendations, guidelines, or even self-regulation within a commonly agreed framework.

Third, the right type of instrument must be selected and used for more effective legislation to achieve the Union's objectives. In cases with a need for uniform application and legal certainty across the Union, the use of regulations should be considered. Texts so-called framework directives should be used to reach rapid agreement between the Council and the European Parliament. Whichever form of legislative instrument is chosen, more use should be made of primary legislation limited to essential elements (basic rights and obligations, conditions to implement them).

Fourth, under certain conditions, implementing measures may be prepared within the **framework of co-regulation**. Co-regulation implies that a framework of overall objectives, basic rights, enforcement and appeal mechanisms, and conditions for monitoring compliance is set in the legislation. It combines binding legislative and regulatory action with actions taken by the actors most concerned, drawing on their practical expertise. Co-regulation should only be used where it clearly adds value and serves the general interest. It is only suited to cases where fundamental rights or major political choices are not called into question. It should not be used in situations where rules need to apply in a uniform way in every Member State. Where co-regulation fails to deliver the desired results or where certain private actors do not commit to the agreed

rules, it will always remain possible for public authorities to intervene by establishing the specific rules needed.

Fifth, Community action may be complemented or reinforced by the use of the so-called “**open method of co-ordination**”. This method is a way of encouraging co-operation, the exchange of best practice and agreeing common targets and guidelines for Member States, sometimes backed up by national action plans as in the case of employment and social exclusion. It relies on regular monitoring of progress to meet those targets, allowing Member States to compare their efforts and learn from the experience of others. It should not be used when legislative action under the Community method is possible.

Sixth, a stronger culture of **evaluation and feedback** is needed in order to learn from the successes and mistakes of the past.

Seventh, the Commission entrusted itself not to undermine the Treaty principles of subsidiarity and proportionality or the proposal’s objectives because of inter-institutional bargaining.

The Commission called for a **comprehensive programme of simplification of existing rules** - regrouping legal texts, removing redundant or obsolete provisions, and shifting non-essential obligations to executive measures. Simplification at EU level must be accompanied by a similar commitment from Member States for the simplification of their national rules, which give effect to EU provisions.

The Commission proposed that the creation of further autonomous **EU regulatory agencies** in clearly defined areas will improve the way rules are applied and enforced across the Union. Such agencies should be granted the power to take individual decisions in application of regulatory measures. They should operate with a degree of independence and the EU Treaties allow some responsibilities to be granted directly to agencies. This should be done in a way that respects the balance of powers between the Institutions and does not impinge on their respective roles and powers. Agencies can be granted decision making power in areas where a single public interest predominates and the tasks to be carried out require particular technical expertise (e.g. air safety). They cannot be given responsibilities for which the Treaty has conferred a direct power of decision on the Commission (e.g. in the area of competition policy) and in areas in which they would have to arbitrate between conflicting public interests, exercise political discretion or carry out complex economic assessments. The Commission will consider and define the criteria for the creation of new regulatory agencies on a case by case basis and set out the Community’s supervisory responsibilities over such agencies. The regulation creating each agency should set out the limits of their activities and powers, their responsibilities and requirements for openness. Currently, proposals are before Council and the European Parliament for three agencies: a European food authority, a maritime safety agency and an air safety agency with only the latter having a clear power to take individual decisions.

The Union is based on the rule of law and **EU law is part of the national legal order** and must be enforced as such. Monitoring closely the application of Community law is an essential task for the Commission if it is to make the Union a reality for businesses and citizens. The Commission will therefore pursue infringements with vigour. In this

context, individual complaints about breaches of Community law are important. The Commission has already adopted measures to improve and speed up internal procedures for handling such complaints and these should now be codified and published. It will propose twinning arrangements between national administrations to share best practice in implementing measures within particular sector, drawing on the experience with applicant countries, and promote the awareness on Community law among national courts and lawyers. Criteria will also be established and the Commission will use them in prioritising the investigation of possible breaches of Community law. For this purpose, Member States must step up their efforts to improve the quality of transposition and implementation. They must contribute to improving the knowledge of Community law; encourage national courts to take a more active role in controlling the application of Community rules. They should increase the capacity for dispute settlement through networks of ombudsmen or mediators.

### **3.6.2.3 The EU's contribution to global governance**

The proposals in the White Paper have been drawn up against the background of enlargement, but they also offer a useful contribution to global governance. The Union's first step must be to reform governance successfully at home in order to enhance the case for change at an international level. In applying the principles of good governance to the EU's global responsibilities, the Union should be more accessible to and improve the dialogue with governmental and non-governmental actors from other parts of the world when developing policy proposals with an international dimension. This is already part of its strategy for sustainable development, but it must go hand in hand with a commitment by such actors as to their representativity and that they will assume their responsibilities in responding to global challenges. It should aim to improve the effectiveness and legitimacy of global rule making, working to modernize and reform international and multi-lateral institutions in the medium to long term. The goal should be to boost the effectiveness and enforcement powers of multi-lateral institutions. In the short term, the Union should build partnerships with other countries in order to promote greater co-operation and coherence between the activities of existing international organizations and increase their transparency. To achieve these objectives, the Commission proposes a review of the Union's international representation under the existing Treaties in order to speak more often with a single voice and propose changes at the next Inter-Governmental Conference.

### **3.6.2.4 Refocused policies and institutions**

Connecting the EU to its citizens means identifying clear policies and objectives within an overall vision of where the Union is going. People need to understand better the political project which underpins the Union. For this purpose, the Institutions and the Member States must work together to set out an overall policy strategy. They must refocus the Union's policies and adapt the way the Institutions work under the existing Treaties.

***Refocusing policies*** means that the Union should identify more clearly its long-term objectives. These may, with the overall objectives of sustainable development, include improving human capital, knowledge and skills; strengthening both social cohesion and competitiveness; meeting the environmental challenge; supporting territorial diversity; and contributing to regional peace and stability. Improved focus will help to guide the reform of policies in preparation for a successful enlargement and ensure that expanding the Union does not lead to weakening or dilution of existing policies.

In setting priorities and ensuring coherence of the Union's policies, the Institutions must guard against decisions on future policies which are inspired by short-term thinking on long-term challenges. This is a real risk as in the near future institutional reform, important policy choices, budgetary bargaining and enlargement could all coincide. It is likely to stretch the Union's capacity to show leadership through a coherent vision of the future. The Union must also continue to ensure that it had adequate resources to carry out the tasks assigned to it.

The Commission have taken important steps to strengthen its capacity for strategic planning and policy setting as one of the three pillars of the on-going administrative reforms. They are reflected through key events each year that promote a political debate within the framework of the Commission's five year strategic objectives. Firstly, the Commission's Annual Policy Strategy at the start of each year focuses on identifying strategic priorities with a 2 to 3 year horizon. It enables a medium term, more coherent approach, and provides an essential reality check to ensure that the necessary resources are available. Secondly, The Commission President in his annual State of the Union address in the European Parliament surveyed the progress made against the Commission's strategic priorities and indicated new challenges on the horizon. This is complemented by the annual Synthesis Report to the Spring European Council which covers the Union's economic, social and environmental policies. Thirdly, the annual report on the implementation of the Amsterdam Protocol on Subsidiarity and Proportionality will be oriented towards the main objectives of European Union policies. It will investigate the extent to which the Union has applied the proportionality and subsidiarity principles in pursuing its main goals. The Commission also recommended that attempts to structure a better debate on policy coherence need to be built on a dialogue between the Institutions on future objectives and priorities for the Union.

***Refocusing the Institutions*** is necessary to deliver better policies. The Union must revitalise the Community method and all of its institutions should concentrate on their core tasks: the Commission initiates and executes policy; the Council and the European Parliament decide on legislation and budgets - whenever possible in Council using qualified majority voting, the European Council exerts political guidance and the European Parliament controls the execution of the budget and of the Union's policies. This means changes in the way the Institutions work. A lot could be done already in the short term without amending existing Treaties.

**The Commission** must focus on its Treaty tasks of policy initiation; execution; guardian of the Treaty; and international representation of the Community. It must establish an

enhanced dialogue with European and national association of regional and local government, better and more open consultation of civil society, better use of expert advice, and better impact assessment will help to improve the quality of policy proposals. The Commission's role in initiating policy and steering the long-term agenda can be particularly effective in preparing the **European Council** Summits. These Summits, which now take place four times a year, bring together the fifteen Heads of State and Government and the Commission President and formulate major guidelines for the Union. The European Council should strengthen its focus on strategic objectives for the Union in partnership with the Commission. It should not deal with the day to day detail of EU policies. The requirement for consensus in the European Council often holds policy-making hostage to national interests in areas which Council could and should decide by a qualified majority of Member States.

**The Council of Ministers** should assume more its political responsibility for decision-making within the Community method. A greater effort to ensure the consistency in different sectoral Councils is needed. The Council, in particular the General Affairs Council composed of Ministers for Foreign Affairs, has lost its capacity to give political guidance and arbitrate between sectoral interests, particularly where this involves resolving disputes between different home departments over the position to be taken on EU proposals. There is a need for the Council to develop its capacity to co-ordinate all aspects of EU policy both in the Council and at home. This would help the European Council to refocus its activity on shaping strategic objectives and monitoring more effectively the Union's success in achieving them. The Council and the European Parliament must also make greater efforts to speed up the legislative process. When legally possible, Council should vote as soon as a qualified majority seems possible rather than pursuing discussions in the search for unanimity. In appropriate cases, the Council and the European Parliament should attempt to agree proposals in one rather than two readings with the assistance of the Commission. This may reduce the time needed to adopt legislation by six to nine months.

**The European Parliament** and all national parliaments of the Union and the applicant countries should become more active in stimulating a public debate on the future of Europe and its policies. The European Parliament and its committees regularly seek public and expert views through consultation and public hearings, improving the quality of its policy deliberation. Member States should exchange best practice on the application of the Protocol to the Amsterdam Treaty on the role of national parliaments in the European Union. The strong relationship between changes at national level, EU policies and global developments cannot simply find its response in Brussels. These changes should be discussed in a national context and in each national parliament. The Commission would welcome public debates, jointly organised by the European and national Parliaments, on the Union's policies. Moreover, the European Parliament should enhance its control on the execution of EU policies and the implementation of the budget. This means departing from the present emphasis on detailed accounting with more policy-oriented control based on political objectives. The areas in which co-decision should apply must be reviewed in order to reinforce the role of the European Parliament.

It must also be clearer who is responsible for policy execution. This constitutes the precondition for making the EU system more open and accountable to all European citizens. The main responsibility for executing policy and legislation by adopting implementing regulations or decisions is normally conferred on the Commission. The conditions under which the Commission adopts those executive measures should be reviewed. In the end, this should lead to a situation where (a) legislation defines the conditions and limits within which the Commission carries out its executive role, and (b) a simple legal mechanism allows Council and European Parliament as the legislature to monitor and control the actions of the Commission against the principles and political guidelines adopted in the legislation. This change would make decision-making simpler, faster and easier to understand. It would improve accountability, helping Council and the European Parliament to make political judgements on how well the executive process is working.

**The European Court of Justice** guarantees respect for the rule of law and it has the final affirmation in interpreting the application of Community law to the Union and its Member States. Despite long-standing co-operation with the European Court of Justice, national lawyers and courts should be made more familiar with Community law, and assume responsibility in ensuring the consistent protection of rights granted by the Treaty and by European legislation. The Commission will continue to support judicial cooperation and the training of lawyers and judges in Community law, but Member States themselves will have to step up their efforts in this field. Whenever there are possible breaches of Community law by a Member State, a lengthy legal action against that member state is not always the most practical solution. The main aim of taking action against an infringement is to oblige the offending Member State to remedy its breach of Community law. Yet even after a ruling by the European Court of Justice further legal steps may be required before national courts in order to enforce the compatibility of national law with fundamental Community principles.

**The Committee of the Regions** should play a more proactive role in examining policy, for example through the preparation of exploratory reports in advance of Commission proposals. It must organise the exchange of best practice on how local and regional authorities are involved in the preparatory phase of European decision-making at national level. The Committee of the Regions should also review the local and regional impact upon certain directives of legislation, and to report to the Commission on the possibilities for more flexible means of application. The Commission will then consider a more systematic approach to allow such flexibility for some parts of Community law.

**The Economic and Social Committee** must play a role in developing a new relationship of mutual responsibility between the Institutions and civil society, in line with the changes to article 257 of the EC Treaty agreed at Nice. According to these changes, the Economic and Social Committee shall consist of representatives of the various economic and social components of organised civil society, and in particular representatives of producers, farmers, carriers, workers, dealers, craftsmen, professional occupations, consumers and the general interest. In order to do this, its organisation and role will have to be reconsidered. Member States should take this new role into account when appointing members to the Committee. Like the Committee of the Regions, the Economic

and Social Committee should be more active by developing opinions and exploratory reports in order to help shaping policies at a much earlier stage than at present. The Treaty currently provides for both committees to give their opinion after, rather than before, proposals have been transmitted to the legislature, which minimises their impact. Working arrangements between the Commission and the Economic and Social Committee, similar to those under discussion with the Committee of the Regions, are currently being finalised to give effect to a more proactive role.

If these orientations proposed in the White Paper are followed the need to maintain existing committees, notably regulatory and management committees which composed of Member States' administrations assisting the Commission for the exercise of implementing powers, will be put into question. Therefore a review of existing committees would have to be undertaken and their continued existence assessed. This assessment should take account of the need for expert advice for the implementation of EU policies. This adjustment of the responsibility of the Institutions, giving control of executive competence to the two legislative bodies and reconsidering the existing regulatory and management committees touches the delicate question of the balance of power between the Institutions. It should lead to modifying Treaty article 202 that permits the Council alone to impose certain requirements on the way the Commission exercises its executive role. That article has become outdated given the co-decision procedure, which puts Council and the European Parliament on an equal footing with regard to the adoption of legislation in many areas. Consequently, the Council and the European Parliament should have an equal role in supervising the way in which the Commission exercises its executive role. The Commission intends to launch a reflection on refocusing institutions in the upcoming Inter-Governmental Conferences.

### **3.6.3 From governance to the future of Europe**

The overall goal of the Commission in presenting the White Paper is to integrate the people of Europe while fully respecting individual national identities. In order to meet this goal, the major requirement is to reform the European Governance or to renew the European political process. Five political principles – openness, participation, accountability, effectiveness and coherence underpin the proposals in this White Paper. They should guide the Union in organising the way it works and in pushing reforms forward within the current Treaty, but they also provide markers for the debate on the future of Europe. Together they allow better use of the principles of proportionality and subsidiarity by using the right combination of instruments to deliver policies that are matched to the objectives pursued, by limiting legislation to its essential elements, and to the use of contracts to take greater account of local conditions. Carrying these actions forward does not necessarily require new Treaties. It is first and foremost **a question of political will**. But what will really change if these proposals are implemented? At the heart of the proposed reform of governance is the refocusing of the Institutions - the Commission, the Council, and the European Parliament. This refocusing of institutional roles is an important step in preparing and managing a successful enlargement. Both the proposals in the White Paper and the prospect of further enlargement lead in one direction: **a reinvigoration of the Community method**. This means ensuring that the

Commission proposes and executes policy; the Council and the European Parliament take decisions; and national and regional actors are involved in the EU policy process.

In setting out the consequence of better European governance for the Institutions, the White Paper is drawn into the debate on the future of Europe. Reforming European governance also sketches a path towards future Treaty changes at the next Inter-Governmental Conference - it presents the outlines of a model for the Union's future political organisations. Firstly, it proposes for **dividing powers between the legislature and the executive**, the model follows that of national democracies. At European level, separating these two roles would make it easier to apply the principles of subsidiarity and proportionality. In the context of a gradual extension of the areas where decisions are taken jointly by the Council and the European Parliament (the so-called co-decision procedure), those two Institutions should enjoy equal roles. At that same time, this clarification of roles must allow the Commission to assume full executive responsibility. Secondly, the Union needs **clear principles identifying how competence is shared between the Union and its Member States**. The White Paper has highlighted a tangible Europe that is in full development; a Union based on multi-level governance in which each actor contributes in line with his or her capabilities or knowledge to the success of the overall exercise. In a multi-level system the real challenge is establishing clear rules for how competence is shared - not separated; only that non-exclusive vision can secure the best interests of all the Member States and all, the Union's citizens. This White Paper responds to the expectations of the Union's citizens as a starting point of a process. It should enable them to see the Union as an instrument through which they can bring about change. The reflections on these reforms will now continue; they will be completed by the wider process of constitutional reform to be initiated at the future meetings of European Councils and Inter-Governmental Conferences.

#### 3.6.4 Critical Review

The proposals of the White Paper stand as the very beginning of the long and complicated process of changing the way European Union works for its citizens. The White Paper provides open-ended political guidelines to those who will undertake this long and difficult work but it still lacks concrete measures how to implement its ambitious objectives. This Paper is a structured document followed from the consequences of unfinished works in Nice. It also attempted to encounter some obstacles arising from the Treaty of Nice. The Nice declaration created the basis for the coming Inter-Governmental Conferences to revise the Union's Treaties and prompted the general debate on future of Europe. The Nice declaration identifies four specific areas as necessary to be examined: (a) the role of the national parliaments, (b) simplification of the Union's Treaties, (c) incorporation of the Charter of Fundamental Rights in the Treaties and (d) more precise demarcation of responsibilities between the Union and the Member States.<sup>394</sup> The White Paper called on the legitimacy of the national parliaments to be enhanced for better law-making by cooperating effectively between the European Parliament and the national parliaments. It also shows the Commission's strong

---

<sup>394</sup> Michel Barnier. (2001): Why Europe matters, Personal note from Michel Barnier, Brussels. pp. 3-4.



commitment to promote the participation of the local and regional players in the European decision-making process, through enhanced cooperation among the various levels of government. It is still difficult to make further simplifications of the Union's Treaties without changing their meaning, which was stated by the Nice declaration. Indeed all of the present complexities are the outcomes of political choices made by different actors based on their different interests. Any simplification would call these into question and therefore it is necessary to make clear first among all participants as who wants what for whom in which way before starting future clarifications of present Treaties.<sup>395</sup>

In its proposals for refocusing the Union's Institutions, the White Paper maintains the key concept as emphasized by the declaration of Nice, which recognises the need to improve and to monitor the democratic legitimacy and transparency of the Union and its Institutions. In order to do so, it emphasized to stabilise the triangular institutional balance between the Commission, the European Parliament and the Council of Ministers. To be more effective and democratic Union, the method of integration strongly recommended by the White Paper is the Community method. It also called for the stronger role of the Committee of the Regions and the Economic and Social Committee in shaping policy as observers between the civil society and the Institutions of the Union. The application of five principles of good governance will reinforce the political vision of the subsidiarity and proportionality principles, namely the willingness to take decisions at the most suitable level and, when they are proper to the European Union, to ensure that they reflect the local reality of each situation and respect the identity of each Member State. From the conception of policy to its implementation, the Union must tackle at subsidiarity issues with equal emphasis on proportionality. Nowadays, the European Union is changing its agenda by extending to foreign policy and defence, migration and the fight against terrorism. It will no longer be judged solely by its ability to remove barriers to trade or to complete an internal market; its legitimacy today depends on involvement and participation. This means that the linear model of dispensing policies from above must be replaced by a virtuous circle, based on feedback, networks and involvement from policy creation to implementation at all levels.

---

<sup>395</sup> Memo from the Secretariat General of the CPMR (Conference of Peripheral Maritime Regions of Europe), Reactions to the European Commission's White Paper on European Governance, September 2001, pp. 1-5.

## **IV. Governance in the ASEAN**

### **4.1 Formation of the ASEAN as a regional organization**

Before the outbreak of Asian Financial Crisis in 1997, the ASEAN (Association of Southeast Asian Nations) can be regarded as one of the most successful regional organizations in the developing world after thirty years of its existence. Despite there are some kind of its notable achievements in political, diplomatic, and economic spheres, it is also not exempt from flaws to be a good model for regional cooperative schemes. Currently the ASEAN is passing through a testing period of transition and transformation. For the ASEAN, there are several major events occurred since the end of the Cold War. These events include the enlargement of the ASEAN (from ASEAN-6 to ASEAN-10), the initiative and attempts for establishing the ASEAN Free Trade Area (AFTA), the creation of the ASEAN Regional Forum (ARF), and the proposals for the formation of the ASEAN Economic Community (AEC) and the ASEAN Security Community (ASC).

ASEAN was founded on 8th August, 1967 in Bangkok by five non-communist Southeast Asian countries namely Indonesia, Malaysia, the Philippines, Singapore and Thailand. Their founding motto is an impressive one: to “accelerate the economic growth, social progress, and cultural development in the region” and to “promote regional peace and security”. Since its establishment from 1967, the ASEAN invited all of the remaining countries in the region to join the Association. However, it was almost impossible to achieve this ambitious goal due to the Indochina conflict which directly affected to Vietnam and Laos and at the time Myanmar (previously known as Burma) and Cambodia were members of the Non-aligned movement so afraid to participate in the ASEAN (which was informally known as Pro-West and anti-Communist organization in the region) at the cost of their neutral posture. Brunei joined the ASEAN in 1984. Henceforth the decade long ambition was successfully implemented only after the end of the Cold War and countries that stood outside the orbit of the ASEAN finally joined the Association: Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia in 1999 respectively.

The inclusion of Vietnam, Laos, Myanmar and Cambodia into the ASEAN represents a distinct enlargement in the type of states within the organization and fulfils the long-term objective of the ASEAN founding fathers – to represent as an effective regional integrative organ for the whole region of Southeast Asia and to transform from ASEAN 6 to ASEAN 10. This kind of combination can be labelled as the ‘unity in diversity’ since it is a project to be implemented in a region of heterogeneous entities. It is because its member states are very diverse in their political and economic structures. ASEAN is the combined organization of different political systems – democratic countries like the Philippines and Thailand together with communist centralized governments of Laos and Vietnam as well as semi-democratic or autocratic ruling machinery running countries like Indonesia, Malaysia, Singapore and Cambodia and also one military dictatorship country

like Myanmar and finally traditional form of monarchical government in Brunei.<sup>396</sup> Indeed, the general scene of Southeast Asia at the outset of ASEAN formation was deeply divided in many ways and not conducive to effective regional cooperation. Therefore, the viability of the ASEAN at its inception was largely doubted.

After Cambodia became the tenth member country of the ASEAN in April 1999, the long-term objective of the ASEAN founding members to encompass the whole region of Southeast Asia into the circle of organization was finally fulfilled before the end of the twentieth century. Nevertheless, this fulfillment of long-term objective also leads to new challenges that the ASEAN must address for its compatibility with the new century. Due to vast differences in political, economic and institutional development of the new members (Cambodia, Laos, Myanmar, and Vietnam: CLMV) comparing with the old members: ASEAN-6 (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand), the enlargement of the ASEAN will have major political and economic impacts and implications for both sides.<sup>397</sup> Therefore all ASEAN members should recognize the political, economic and security components of transformation into an enlarged association as well as develop a comprehensive vision that encompasses interests of both old and new members.

Before going into a thorough study of a regional organization like the ASEAN it is necessary to review basic concepts, which influence its process and development in the past. It will never be inappropriate to take an abridged survey what is the difference between regional integration and regional cooperation to know whether such a regional organization is successful or not in achieving its purposes and objectives. It will also be requisite to evaluate its core values of strategic culture that prevails in making major decisions and policy-making for its own security.

#### 4.1.1 Cooperation and Integration

Firstly it will be a rudimentary procedure to differentiate between cooperation and integration if one gets the impression that the study of regional integration is the same as the study of regional cooperation, of regional organizations, of regional systems and subsystems, or of regionalism.<sup>398</sup> The study of regionalism or regional cooperation or regional organizations furnishes simply materials on important activities of actors or on their beliefs. The study of regional integration is concerned with the *outcomes or consequences* of such activities in terms of a “new deal” for the region in question even though these activities could of course be analyzed for other purposes as well.<sup>399</sup>

---

<sup>396</sup>For more details, see Clark D. Neher (1999): “Southeast Asia in the new international era”, Boulder: Westview Press; John Funston (ed) (2001): “Government and Politics in Southeast Asia”, Singapore: Institute of Southeast Asian Studies; and William Case (2002): “Politics in Southeast Asia, Democracy or Less”, Richmond, Surrey: Curzon Press.

<sup>397</sup> Carolyn L. Gates and Mya Than (2001): “ASEAN Enlargement: An introductory Overview”, in: “*ASEAN Enlargement: Impacts and Implications*” edited by Mya Than and Carolyn L. Gates, Singapore: Institute of Southeast Asian Studies, pp. 1-2.

<sup>398</sup> Ernst B. Haas ( 1970 ): “The Study of Regional Integration: Reflections on the Joy and Anguish of Pretheorizing”, in: *International Organization*, Autumn/1970, p. 607.

<sup>399</sup> *Ibid.*, p. 611.

Integration is denoted by some scholars as a process toward political unity and economic prosperity among separate identities of the world while a few mention as a condition or end product which is resulted from the development of functional organizations. Cooperation is an interaction, where the problem lies not only in the identification of common goals and the methods of reaching them, but also in the achievement of these goals. This interaction, in which no conflict is involved, does not, properly speaking, come into the ambit of politics, which centers on conflict and power, but rather into that of administration. But administration is not only the outcome of successful politics but also offers a method of resolving conflict situations, especially when they are not really acute.<sup>400</sup> Interaction of nation-states combines both antagonism and community of interests. This means that conflict is never fully separated from cooperation nor cooperation from conflict. Indeed, different periods of history combine the two in varying measures, and the difference between the states of peace and war lies merely in the degree to which one of these elements predominates.<sup>401</sup> In generally speaking about integration, it is the usually purposeful process whereby two or more states merge their economic, social, and political systems to the point that they constitute a single community. An integrated community may be achieved, in the sense that its members generally can expect conflicts to be resolved peaceably among them, without the formal amalgamation of unified institutions of government.<sup>402</sup> Integration implies a more conscious mixing of individuals and groups that have been separated. It also may not be a planned, rational process, but those affected almost certainly are aware of it, either approving or opposing this new mix of peoples in accordance with their own perceived interests.<sup>403</sup>

As Du-Chel Sin stated, “wenn man Integration als eine Spezialform der Kooperation darstellt, die, langfristig betrachtet, eine Auflösung des Staatensystems zur Folge haben kann, während bei der Kooperation gerade die Stärkung der Nationalstaaten im Vordergrund steht. Kooperation ist damit Voraussetzung für Integration”.<sup>404</sup> Also Manfred Mols described that “ Regionale Integration ist daher nicht einfach ein einsamer Beschluß der Regierenden. Dies jedenfalls nicht unter dem Vorzeichen einer gewährleisteten Stabilität. Wo sich nicht an die eigentümliche Mischung aus Raum, Kultur und projektiven Interessen anknüpfen läßt, bleibt sie ein politisches Artefakt. Jeder konkrete Regionalismus symbolisiert immer diese Einheit, die geographisch, historisch-kulturell und zielgerichtet in einem ist. Reine politische Integration oder reine wirtschaftliche Integration bleiben für sich Kooperationskonglomerate ohne Tiefenstruktur. Für sich genommen ist Regionalismus also eine mehrfach abgesicherte

---

<sup>400</sup> Joseph Frankel (1988): *International Relations in a Changing World*, Oxford, Oxford University Press, pp. 108-109.

<sup>401</sup> Joseph Frankel (1988): *International Relations in a Changing World*, p. 154.

<sup>402</sup> Lloyd Jensen and Lynn H. Miller (1997): *Global Challenge, Change and Continuity in World Politics*, New York, Harcourt Brace & Company, p. 430.

<sup>403</sup> *Ibid.*, p. 332.

<sup>404</sup> Du-Chel Sin (2000): *Die ASEAN und die EU: Eine vergleichende Analyse der regionalen Integrationsprozesse*, Frankfurt am Main, Peter Lang GmbH, Europäischer Verlag der Wissenschaften, p. 10.

Identitätsgröße, regionale Integration damit ein Vorgang bzw. ein Interaktionsgeflecht, das die Identitätspotentiale handlungsleitend aktiviert. Wir könnten auch sagen: Regionale Integration ist die Ausstattung des Regionalismus mit einer adäquaten Organisationsform bzw. einem angemessenen Prozeß des Zusammenfindens”.<sup>405</sup>

Haas wrote that the study of regional integration is concerned with explaining how and when states cease to be wholly sovereign, how and why they voluntarily mingle, merge, and mix with their neighbors so as to lose the factual attributes of sovereignty while acquiring new techniques for resolving conflict between themselves. Regional cooperation, organization, systems, and subsystems may help describe steps on the way; but they should not be confused with the resulting condition. He considered integration as a process for the creation of political communities defined in institutional and attitudinal terms.<sup>406</sup>

The study of regional cooperation, for instance, may be considered as a part of the study of regional integration or as a separate interest. Regional cooperation is a vague term covering any interstate activity with less than universal participation designed to meet some commonly experienced need. Such activities often contain lessons and data for the study of regional integration. But judgements as to whether cooperation is “successful” must be based on criteria very different from those appropriate to the study of integration.<sup>407</sup>

The study of regional organizations sums up activities of interstate cooperative enterprises and links to these activities observations concerning institutional evolution. Integration studies derive much of their information from the activities of international organizations including non-governmental groupings. Some integration theorists even prefer to use measures of organizational tasks and institutionalization as indicators of integration or disintegration. Still, the study of organizations seeks to pinpoint the “success” of such entities in terms, which make the organizations the centers of concern rather than to focus on their impact on the members.<sup>408</sup>

Integration studies must rely on the study of comparative politics and economics because the regional organizations through which integrative/disintegrative activity is carried on are properly considered intervening variables which help explain the real concern, the attainment of the possible later conditions in which the region may find itself. Some writers refer to regional subsystems and regional systems. If they mean an especially intense network of international links within a defined geographical compass, they are talking about regional cooperation, transactions, or organizations though at a higher level of abstraction. A “regional system” is no more than a figure of speech summing up and describing such interactions. To be useful for dealing with the essentially dynamic

---

<sup>405</sup> Manfred Mols (1996): *Integration und Kooperation in zwei Kontinenten: das Streben nach Einheit in Lateinamerika und in Südostasien*, Stuttgart, Franz Steiner Verlag, p. 78.

<sup>406</sup> Haas (1970): *The Study of Regional Integration*, pp. 610-611.

<sup>407</sup> *Ibid.*, p.611.

<sup>408</sup> Haas (1970): *The Study of Regional Integration*, pp. 611.

concerns of the integration the portrait of the totality as a “system” must yield to the analysis of the separate strands of which the system is made up.<sup>409</sup>

Regional “subsystems” involve descriptions of the particularly intense interactions in a given locale explained largely in terms of the inputs of the “system” that is the global network of international relations. Regional subsystems, then, are devices for explaining the interdependence between local ties and concerns and the larger world which constrain them. This may be terribly important in helping to explain why regional integration efforts do or do not progress; but since the basic concern is not the explication of integration, the concepts and measures appropriate in one realm do not carry over into the other. Further, the phenomenon of “regionalism” is sometimes equated with the study of regional integration. Regionalism can be a political slogan; if so, it is ideological data that the student of integration must use. Regionalism can also be an analytical device suggesting what the world’s “natural” regions are ( or ought to be? ). As such it has so far not helped students of the processes of regional integration or disintegration because the actors who make integrative decisions do not always worry about the naturalness of their region.<sup>410</sup>

Henceforth there are many approaches to the study of integration and disintegration in international politics and they attempt to explain for the identification and analysis of forces that contribute to the formation and development of integrated communities. Inevitably conflicting and cooperating elements in the process of integration throughout many regions of the world will be a prevailing phenomenon in the study of international relations. For better understanding of world politics at the beginning of new millennium, a thorough and careful study of integration theory should be revisited.

#### **4.1.2 Institutional Perspective to Integrated Communities**

While the body of international institutions that promotes liberal values is a central dependent variable of liberal scholarship, it is also seen by liberals as an important independent variable that affects the likelihood of further cooperation. Such institutions take a variety of forms ranging from transactional values or belief systems to substantive regimes to international organizations. One approach contends that there is an international society of states held together by at least a minimal set of rules and formal institutions that are based on common interests and values. Within the international society school there is a “pluralist” position – states accept certain norms and laws for the mutual protection of sovereignty and the facilitation of commerce – and a “solidarist” position – states accept norms and rules to realize common values that go beyond self-preservation and sovereignty.<sup>411</sup> Whether there is any approach which is in conformity with pluralist or solidarist position, constructing integrated communities implies developing shared understandings about peaceful conduct, whereby interests previously

---

<sup>409</sup> Ibid., pp. 611-612.

<sup>410</sup> Haas ( 1970 ): The Study of Regional Integration, p. 612.

<sup>411</sup> Mark W. Zacher and Richard A. Matthew ( 1995 ): “Liberal International Theory: Common Threads, Divergent Strands”, in: Charles W. Kegley Jr.: Controversies in International Relations Theory: Realism and the Neoliberal Challenge, New York, St. Martin’s Press, pp. 133-134.

pursued through war are instead pursued through peaceful means. Such understandings that are major prerequisites in building up these communities can only be possible through the ways and means by focusing on institutions, norms and the intra-communal process of identity building.

How do regionally integrated institutions play a role to the changing of states' behaviour and interests? Neo-liberal institutionalist theories claim that institutions can mitigate anarchy and facilitate cooperation by providing information, reducing transaction costs, helping to settle distributional conflicts and, most importantly, reducing the likelihood of cheating.<sup>412</sup> This takes a rationalist, utility-maximizing and sanction-based view of how institutions may affect and transform state interests and behaviour. In this view, institutions do not merely 'regulate' state behaviour, they can also 'constitute' state identities and interests. Neo-liberal institutionalism accepts that institutions can constrain state action, but it does not concern itself with studying whether institutions may define/create or redefine/recreate the interests of states.<sup>413</sup> The focus is restricted to how existing state interests are pursued by rational state actors through cost-benefit calculations and choice of actions which offer maximum gain ( utility maximization ). Constructivists, on the other hand, argue that state interests are not a 'given, but themselves emerge from a process of interaction and socialization.<sup>414</sup> Such a kind of approach resembles more with a view of sociological than rational in its notion to institutional cooperation.

One argues that by establishing, articulating and transmitting norms that define what constitutes acceptable and legitimate state behaviour, international organizations may be able to shape state practices. Even more remarkable, however, international organizations may encourage states and societies to imagine themselves as part of a region. This suggests that international organizations can be a site of interest and identity formation. Particularly striking are those cases in which regional organizations have been established for instrumental reasons and later and unexpectedly gained an identity component by becoming a new site for interaction and source of imagination.<sup>415</sup>

This sociological approach to study the development of a regionally integrated community would mean going beyond the study of how states pursue or hope to realize their national interests through utility-maximizing functional measures ( such as reduction of tariffs, or creating a dispute-arbitration mechanism ) and investigating the extent to which the said regional institution also facilitates:

- the development of trust, especially through norms of conduct;
- the development of a 'regional culture' built around common values such as democracy, developmentalism or human rights;

---

<sup>412</sup> Robert Keohane and Lisa Martin (1995): "The Promise of Institutional Theory", in: *International Security*, Vol. 19, no.1 ( Summer/1995 ), p. 47.

<sup>413</sup> Amitav Acharya (2001): "Constructing a Security Community in Southeast Asia: ASEAN and the problem of regional order", London and New York, Routledge, p. 22.

<sup>414</sup> Jeffrey T. Checkel (1998): "The Constructivist Turn in International Relations Theory", in: *World Politics*, Vol. 50 (January/1998), p. 326.

<sup>415</sup> Emanuel Adler (1997): "Seizing the Middle Ground: Constructivism in World Politics", in: *European Journal of International Relations*, Vol.3, no.3 ( 1997 ), p. 345.

- the development of regional functional projects that encourage belief in a common destiny ( examples include common currency, industrial projects ); and
- the development of social learning, involving ‘redefinition’ and ‘reinterpretation’ of reality, exchange of self-understandings, perception of realities and normative expectations among the group of states and their diffusion from country to country, generation to generation.<sup>416</sup>

Adopting such a framework does not necessarily lead to a more positive evaluation of institutions. But it certainly provides for a broader canvas. For example, rationalist assessment of ASEAN’s record has criticized it for never invoking its formal dispute-settlement mechanism, the ‘High Council’ provided under the Treaty of Amity and Cooperation. But an adequate evaluation of ASEAN’s role in dispute settlement must look into its norms and processes of interaction, which are less tangible but may have a more significant impact in keeping intramural peace. By investigating the sociological and inter-subjective questions and linkages often ignored by rationalist theories, such an approach looks beyond the formal bureaucratic apparatus and legal-rational mechanisms of institutions. Earlier theories of international organizations and regional cooperation, especially regional integration theory, ‘remained closely tied to the study of formal organizations, missing a range of state behaviour that nonetheless appeared regulated and organized in a broader sense’. But as recent institutionalist theories (including neo-liberal theories) acknowledge, the existence of formal institutional structures or legal-rational modes of cooperation do not exhaust the possibility of multilateralism and community building. Multilateralism could involve the ‘less formal, less codified habits, practices, ideas, and norms of international society’. These could be developed through consultations, dialogue and socialization; indeed, the absence of formal legal-rationalistic cooperation may be more desirable (especially in the case of developing countries sensitive to the issue of sovereignty) than the establishment of a formal intergovernmental authority.<sup>417</sup>

#### **4.1.3 Behaviour and National Interests of Member States in the ASEAN**

Although the ASEAN prided itself on its ‘unity in diversity’, enlargement substantially increased its political and economic variety, and the diversity of strategic views among its members. The Association’s political spectrum broadened with the inclusion of the communist governments of Vietnam and Laos, and of Myanmar’s authoritarian military regime, just as liberal democracy was becoming more entrenched in the Philippines and Thailand. While original members exerted subtle pressure on Yangon for more reforms through ASEAN’s constructive engagement to Myanmar, the Association also acknowledged that the political profile of its new members could not be ignored. The limited institutional capacity of the new entrants, an important consideration given that the Association’s chairing responsibilities rotated between members, risked further strain on the ASEAN’s cohesion. Given their past international isolation, it was likely that the

---

<sup>416</sup> Amitav Acharya (2001): “Constructing a Security Community in Southeast Asia”, p. 23.

<sup>417</sup> Ibid., pp. 23-24.



newcomers would feel uncomfortable with the ASEAN's familial atmosphere, and with its practice of consensus-building and compromise.<sup>418</sup>

The merging of ASEAN-6 with CLMV into a new model of ASEAN-10 is indeed the process of combination and harmonization of different levels of development in political and economic structures of the Association. Meanwhile the ASEAN-6 has clearly recognized the potential strategic advantages and political and economic benefits of expanding the organization to the whole of Southeast Asia. Firstly, an enlarged ASEAN can increase its diplomatic and economic weight in the international community. Secondly, it is likely to beef up ASEAN's strategic credibility, enabling it to address regional issues more effectively. Thirdly, ASEAN's market size will increase by 38 percent (in terms of population which will be around 500 million people) with the entry of the four new members, which can expand regional economies of scale. Fourthly, the regional division of labour is likely to intensify, which may stimulate greater productive specialization and efficiency, potentially reduce inflation pressures, and affect Southeast Asian migration patterns.<sup>419</sup>

ASEAN's enlargement promised to extend to the whole of Southeast Asia the peaceful and prosperous culture of cooperation established by the Association's original members. ASEAN's vast range of cooperative activities would open channels of communication between countries, benefit bilateral relations and emphasize shared interests. But enlargement's expectations went beyond the original vision of achieving cooperation between former adversaries. It was intended to increase ASEAN's diplomatic standing by allowing it to speak for the whole of Southeast Asia. It was also designed to bolster the Association's standing in relation to China by incorporating the strategically significant and populous Vietnam, and by reducing Beijing's influence in Myanmar.<sup>420</sup>

Although there are some advantages of broadening the organization, the ASEAN-6 also fears the development of a dual-track system that could breed greater division and ignite latent animosities between the "haves" – the richer, more developed and older members of the ASEAN – and the "have-nots", the newer members (CLMV). With the emergence of the Asian financial crisis from the second half of 1997, this previously simple equation has become complicated, as the growth path and political evolution of some of the older ASEAN members have been interrupted; and some like Indonesia and perhaps Malaysia are experiencing discontinuous change. Nevertheless, on the whole, the ASEAN-6 remains far ahead of the newer members in terms of economic development (gross domestic product per capita and general living standards), institutional development, technologies, and integration in global trade and capital markets, among other things.<sup>421</sup>

The two groups in the same organization (ASEAN-6 and CLMV) are also divided by geography – between mainland Indochina and Myanmar and archipelago Southeast Asia

---

<sup>418</sup> Jeannie Henderson (1999): "Reassessing ASEAN" ( Adelphi Paper no. 328 ), London and New York, Oxford University Press for the International Institute for Strategic Studies, p. 34.

<sup>419</sup> Carolyn L. Gates and Mya Than ( 2001 ): "ASEAN Enlargement: An introductory Overview", p. 2.

<sup>420</sup> Henderson (1999): "Reassessing ASEAN", pp. 33-34.

<sup>421</sup> Gates and Mya Than (2001): "ASEAN Enlargement: An introductory Overview", p. 2.

(excluding Thailand) – history, and political / economic systems, which had led to hostilities in the recent past. The rise of a dichotomized ASEAN would affect its ability to work as an organization and to move towards its shifting objectives. It would also further erode its international credibility, particularly after the organization’s ineffective handling of high-profile regional problems in the 1990s, such as the persistent cross-border “haze” outbreaks caused by fires in Indonesia, financial and economic crises, and its responses to challenges posed by membership of Myanmar and Cambodia.<sup>422</sup>

The main concern of the older members about enlargement can be distilled into one fundamental question: Can an ASEAN-10 continue to function with a high degree of cohesion and trust built up among its original members in order to achieve its organizational objectives? Implicitly, the ASEAN-6 fears the evolution of a two-tier or dual-track system, which would have negative consequences for the organization as a whole and for the realization of the objectives of individual members. To reduce the probability of such a development, the older members have recognized that they must help the new members to accelerate the processes of growth and structural change, and to move from a central management to a market system as quickly as possible. Consequently, initiatives have been taken by the organization and its older members to establish training and assistance programs to integrate CLMV into the ASEAN and to catalyze institutional change in and improve domestic conditions of the CLMV.<sup>423</sup>

#### **4.2 Historical Retrospect of Conflict Resolution and Cooperation in Southeast Asia**

In order to understand the conflict resolution and cooperation in Southeast Asia region, it will be necessary to focus the analysis on the patterns and categories of conflicts in the region; the ways and means of respective players’ cooperation and conflict management; and their mechanisms of cooperation in political, economic and security arena. Conflicts in Southeast Asia can be typified into *intraregional conflicts* and *intrastate conflicts*. Some causes of *intraregional conflicts* are rooted in the colonial period while boundaries of states were drawn up by colonial powers irrespective of sheer differences in ethnic, religious and cultural affinities. Many of decolonized independent states of Southeast Asia inherited these disputes and carried forward to their present times added by the momentum of the power blocs’ rivalries and ideological conflicts in the Cold War period. These intraregional conflicts are, for example, Konfrontasi between Indonesia and Malaysia, Sabah issue between Malaysia and the Philippines, and also Cambodia conflict between ASEAN and Vietnam.

*Intrastate conflicts* in Southeast Asia arise mostly from colonial legacies in the same way like intraregional conflicts. Intrastate conflicts can be roughly defined as conflicts among actors internal to a state. Some of these conflicts belong to disputes over territories and boundaries while the others to secession movements of minorities that envisaged establishing a new state based on their communal identities. These conflicts are essentially identity-relating conflicts where state boundaries do not coincide with identity

---

<sup>422</sup> Gates and Mya Than (2001): “ASEAN Enlargement: An introductory Overview”, p. 4.

<sup>423</sup> Ibid.

groups, and where such groups want to have their own territories. The common feature is that they involve complex issues such as communal identity, language, religion, culture, and economic and political survival of a particular group. These issues are the reason in one way or another contributing to the increasing numbers of secession movements in Southeast Asia. Intrastate conflicts can also arise when a political group in a country aims to change the existing government with a new form of government that is based on a new agenda like more political openness or democratization or economic liberalization. Vivid examples of such conflicts are East Timor crisis from 1999 to 2002 and democratization movement in Myanmar from 1988 to present.

#### **4.2.1 Konfrontasi, Sabah issue and the ASEAN**

Looking back to the historical development of the ASEAN, its formation was an attempt to institutionalize the reconciliation between Malaysia and Indonesia. Most of countries are newly emerged independent states and decolonization status had left a number of territorial disputes behind and the most serious regional tension at that time in the region was the undeclared war - the Konfrontasi or Confrontation - launched by Indonesia's President Sukarno against the new Federation of Malaysia between 1963 and 1966. Instead of an expansionist war, Indonesia waged the Confrontation intentionally to destabilize Malaysia through limited military action, economic sanctions and propaganda. It was purposed for domestic political reasons, and ended after Sukarno was replaced by Suharto.<sup>424</sup> Michael Leifer noted that the ASEAN was contemplated in practical terms as a by-product of institutionalized regional reconciliation.<sup>425</sup> Another underlying motive forming the association is to create a framework to build certainty and trust into relations within Southeast Asia - but its founding fathers had no definite and detailed plans for achieving this aim. The Bangkok Declaration, the founding document of the ASEAN, claimed for the countries of Southeast Asia 'a primary responsibility for strengthening the economic and social stability of the region and ensuring their peaceful and progressive national development', and stated that 'they are determined to ensure their stability and security from external interference'.<sup>426</sup>

However, the viability of this ambitious objective was at the time welcome with scepticism because the region still lacked internal cohesion since most countries in the region suffered from internal instability or were only nascent states. Several members of ASEAN were involved in territorial claims against one another and the instability of the external environment, principally due to the Vietnam War, was tending to cause cooperation in the region almost impossible.<sup>427</sup> Represented initially as an undertaking in economic cooperation, its governments have shown a primary concern with politically expressed security cooperation. ASEAN's performance in such cooperation, which lacks a military dimension, may be assessed with reference to two interrelated spheres: the

---

<sup>424</sup> Jeannie Henderson (1999): "Reassessing ASEAN", Adelphi Paper 323, London: Oxford University Press, p.15.

<sup>425</sup> Micheal Leifer (1989): "ASEAN and the Security of South-East Asia", London: Routledge, p. vii.

<sup>426</sup> Henderson (1999): "ASEAN", p.15.

<sup>427</sup> May T. Yeung, et al (1999): "Regional Trading Blocs in the Global Economy, The EU and ASEAN", Cheltenham: Edward Elgar Publishing Ltd, pp. 45-46.

intramural, comprising its sub-regional membership and the extramural, extending within and beyond Southeast Asia.<sup>428</sup>

There were two unsuccessful attempts to form a regional organization in Southeast Asia before the establishment of the ASEAN. These were the formation of the Association of Southeast Asia (ASA) in 1961 and MAPHILINDO in 1963. Both were failed because of prevailing bilateral tensions and disputes among participant countries. The major default of the ASA was because of the dispute between the Philippines and Malaysia for the possession of Sabah and the unsuccess of MAPHILINDO was due to the animosity of Indonesia through its policy of Konfrontasi to newly formed Malaysian Federation. Remarkably, intra-regional conflicts had claimed responsibility as for making regional organizations to be stagnated or disintegrated or dysfunctional.

The ASEAN was created by its founding member countries with a common desire to establish a regional device for conflict resolution and prevention of war among each other. The idea of ASEAN itself was originated in the course of intra-regional dialogue leading to the end of confrontation between Indonesia and Malaysia. It was followed by the decision of Indonesia to relinquish the policy of confrontation and then a threat to regional stability was ended. After modeling a regional order based on the principle of non-use of force in order to prevent recurrence of situations like Konfrontasi, the ASEAN faced a new challenge arising from a conflict among its members. It was a boiling dispute between Malaysia and the Philippines for claiming to the ownership of former British colony of North Borneo (Sabah). Sabah is a state within the Malaysian Federation and the claim of the Philippines for its possession made worse the bilateral relations between Kuala Lumpur and Manila. Although the dispute dates back to 1961, the immediate cause for inflaming an intense crisis between two countries was reports appearing in Manila press in March 1968 that the Philippines was preparing an imminent invasion of Sabah. Though the government of the Philippines denied all of these alleged plot for its pursuit of Sabah, the relationship between two countries reached into a crisis. It was also a major test for the very survival of the ASEAN barely six months after its creation in August 1967.<sup>429</sup>

Initially other ASEAN members stayed silent on the dispute and kept the issue separate from the ASEAN, hoping that this would limit the dispute's damaging effects on the nascent regional organization. Soon after bilateral talks between Malaysia and the Philippines in June 1968 collapsed, followed up by a suspension of diplomatic relations and Malaysia's denial to participate in any further ASEAN meetings where the Philippines might raise the Sabah issue, the connection between the ASEAN and the bilateral dispute between its members could no longer be ignored. At this point, Thailand and Indonesia played a critical role in mediating die-hard partners of the ASEAN and pushed them for exercising more restraint for the sake of their association. At the end of 1969, Malaysia and the Philippines resumed diplomatic relations and put behind the dispute. Such a kind of flexibility from both sides reflected the priority given to the

---

<sup>428</sup> Leifer (1989): ASEAN, p. 150

<sup>429</sup> Amitav Acharya (2001): "Constructing a Security Community in Southeast Asia: ASEAN and the problem of Regional Order", London: Routledge, pp. 48-49.

existence of the ASEAN and gave the ASEAN a new confidence and sense of purpose. As Amitav Acharya noted, ‘the avoidance of any further escalation of the Sabah dispute was all the more significant because it took place at a time when the degree of economic interdependence within the region was not significant enough to serve as a constraint on interstate tensions’. ASEAN members succeeded in the prevention of deeper crisis by means of direct and indirect measures of diplomacy, pressure, mediation and restraint. Therefore, the Sabah issue is a major milestone in the ASEAN’s history of conflict avoidance and also indicates an approach which was to be known later as the ASEAN Way of crisis management.<sup>430</sup>

#### 4.2.2 Cambodia Conflict and the ASEAN

ASEAN's founding charter Bangkok Declaration states that membership is open to all countries in the region of Southeast Asia -- a warm gesture toward Hanoi though Vietnamese government repeatedly rejected it. Before Vietnam's invasion and occupation of Cambodia in December 1978, integration of the three Indochinese states and ASEAN into a wider and larger regional organization was discussed within the ASEAN community as a viable solution to regional conflicts. After its reunification, Vietnam requested observer status at ASEAN meetings and the official proposal to join the association was emerged at the ASEAN Summit meeting held in January 1976 in Bali. However, it was understandable at the time that the inclusion of communist states within a grouping of free-market countries was unprecedented, and the idea was interpreted to be more a goodwill expression than a serious proposition.

During the period from 1976 to 1978, ASEAN had many differences with Vietnam and these were not only symbolic but also real in substance. For example, the ASEAN proposed in 1971 to establish Southeast Asia as a Zone of Peace, Freedom, and Neutrality (ZOPFAN) and invited Vietnam to support the proposal. Hanoi refused but countered with its own proposal, calling instead for a region of peace, independence, and neutrality. Apparently, the Vietnamese objected to the term *freedom* because of their sensitivity and vulnerability to criticism on human rights issues. The term *independence*, on the other hand, was promoted by the Vietnamese as a concept opposing all foreign military bases in Southeast Asia, an idea that some ASEAN countries like Thailand and the Philippines did not share.<sup>431</sup>

Throughout the Second Indochina War, each ASEAN state pursued its own Vietnam policy. Malaysia and Indonesia maintained strict neutrality, whereas Thailand and the Philippines contributed personnel and materiel support to South Vietnam. Perceptions of Vietnam as a possible threat to the region also varied among member nations. Indonesia and Malaysia viewed Vietnam as a buffer against Chinese expansionism, whereas Thailand, wary of possible repetition of historic patterns of confrontation with Vietnam, turned to China for protection following the war's end and the subsequent withdrawal of the United States forces from Thailand.

---

<sup>430</sup> Acharya (2001): “Security Community”, p.50.

<sup>431</sup> “US Library of Congress Country Studies: ASEAN and Vietnam”,  
<http://countrystudies.us/vietnam/63.htm>.

Following the Vietnam's invasion of Cambodia on 25 December 1978, the ASEAN members were united in their condemnation of Hanoi. They took the lead in mobilizing international opinion against Vietnam, and, in the UN General Assembly, they annually sponsored resolutions calling for withdrawal of Vietnamese troops and for internationally supervised elections. The ASEAN nations also were instrumental in preventing the Vietnam-sponsored Heng Samrin regime in Phnom Penh from taking over Cambodia's UN seat. In June 1982, ASEAN played a crucial role in persuading three discordant Cambodian combating groups to merge into a coalition resistance government.

ASEAN's position on Cambodia was important to Hanoi, because it was through ASEAN's efforts at the UN that the world's attention continued to focus on Cambodia in the late 1980s. The Vietnamese government, therefore, realized that ASEAN as having the power to confer upon them or to deny them legitimacy in Cambodia. Vietnamese diplomats sought to convince the ASEAN countries that the invasion of Cambodia was intended to eliminate the threat posed by Pol Pot's alignment with China. Rather than have its activity in Cambodia perceived as potentially damaging to ASEAN's security, Vietnam wanted to assure ASEAN members that it was in the group's interest to join with Vietnam in countering the Chinese threat to the region. Cultivating goodwill with key ASEAN members was an important part of this strategy. Thus, in 1978 Vietnam and the Philippines agreed to negotiate but failed to settle their conflicting claims to the Spratly Islands. Vietnamese Foreign Minister Nguyen Co Thach, during a late-1982 visit to Indonesia, took a conciliatory position in discussing Vietnam's and Indonesia's competing claims to the Natuna Islands, and in 1984 Hanoi made a similar gesture to Malaysia in order to help resolve their conflicting claims over Amboyna Cay. In 1987, however, resolving the war in Cambodia remained the key to any further resolution of differences between Vietnam and ASEAN.<sup>432</sup>

The Cambodian conflict during the period of Vietnamese's decade-long invasion and occupation posed a considerable threat to the ASEAN since the time of its formation. Differences among ASEAN members how to deal with the crisis also seriously challenged the ASEAN's dedicated norm of peaceful settlement of intra-regional disputes without interference from outside powers.<sup>433</sup> In many aspects, Cambodian conflict is typical of the conflicts arisen in the regions of strategic interests for the major powers of the world in the culmination of Cold War. Even though the prime culprit of this conflict has been a third world developing country i.e. Communist Vietnam, rival groups of Cold War and regional powers fuelled the intensity of crisis and prolonged it unresolved.

At the beginning, the conflict was bilateral (Khmer-Vietnamese) and domestic (Intra-Khmer), but later it became internationalized by the dynamics of deep-seated Thai-Vietnamese and Sino-Vietnamese antagonisms, and global Sino-Soviet and Soviet-American rivalries.<sup>434</sup> Vietnam's ambition to become the predominant power in

---

<sup>432</sup> "US Library of Congress Country Studies: ASEAN and Vietnam", <http://countrystudies.us/vietnam/63.htm>.

<sup>433</sup> Acharya (2001): "Security Community", p.80.

<sup>434</sup> Muthiah Alagappa (1993): "Regionalism and the Quest for Security: ASEAN and the Cambodian Conflict", in: *Journal of International Affairs*, Winter 1993, Volume 46, No. 2, p.450.

Southeast Asia and to neutralize the Chinese threat required political, economic and military resources far beyond its means. For this reason, Vietnam entered into an alliance with the Soviet Union. For the Soviets, this alliance had the potential to create insecurity for China on its southern rim, and Moscow tried to become a major player through Hanoi in Southeast Asia. Access to military facilities in Vietnam also facilitated Soviet strategic competition with the United States. Sino-Soviet and US-Soviet rivalries therefore sustained the Cambodian conflict.<sup>435</sup>

Vietnam's invasion also challenged the ASEAN's principle against military cooperation within the grouping because this principle was under pressure as the ASEAN members perceived a direct military threat to one of their member countries from the instability in Indochina. It also ceased Cambodia's existence as a buffer between Thailand and Vietnam and cross-border operations into Thailand by Vietnamese forces in chasing Khmer guerrillas made Thailand the frontline state of ASEAN in that conflict. The exodus of ethnic-Chinese refugees from Indochina to the shores of Indonesia and Malaysia was seen by respective countries as the paramount instability to their delicate social and demographic balances, leading to calls within ASEAN for some forms of collective military response to Vietnam.<sup>436</sup>

There were different approaches held by ASEAN members for solving the Cambodia conflict. One is a regional approach strongly supported by Malaysia and Indonesia reflecting in the so-called Kuantan agreement after Indonesian President and Malaysian Prime Minister met on 26-28 March 1980 in the Malaysian town of Kuantan. In their view, China is a real long-term threat to the region and therefore Vietnam could be a stockade against the Chinese aggrandizement in Southeast Asia. The Kuantan agreement includes elements of a possible trade-offs between the security interests of ASEAN and those of Vietnam. Main point is that Vietnam was to oblige ASEAN's desire to end its dependence on the Soviet Union and in return ASEAN will support to a political settlement of the Cambodia conflict as recognition to the security interests of Vietnam in Indochina. This regionalist outlook conflicted with another approach representing strategic perspectives of Thailand and Singapore, which were labelled as the hard-liners against Vietnam in the ASEAN group. Both countries viewed Vietnam supported by the Soviet Union as a regional troublemaker and major threat to regional peace and security of Southeast Asia. Thailand as a frontline state in the conflict and Singapore as a small and vulnerable country for security threats attempted to internationalize the conflict with a view to isolate and punish Vietnam with the help of China, the USA and the international community rather than emphasizing on a regionalist approach. Therefore, this gulf between two approaches underscores an intra-ASEAN divide for conflict resolution.<sup>437</sup>

---

<sup>435</sup> Ibid. pp.451-452. Vietnam joined the eastern bloc of Council for Mutual Economic Assistance (COMECON) in June 1978 and signed a twenty-five-year Treaty of Friendship and Cooperation with the Soviet Union on 3<sup>rd</sup> November 1978. For more details on this Soviet-Vietnamese alliance, see Douglas Pike (1987): *Vietnam and the Soviet Union: Anatomy of an Alliance*, Boulder, CO: Westview Press.

<sup>436</sup> Acharya (2001): "Security Community", p. 81.

<sup>437</sup> Ibid., p.84.

After the regionalist approach based on a formula of accommodation with Vietnam preferred by Malaysia and Indonesia became ineffective, ASEAN moved closer towards its strategy of internationalizing with the help of great powers to reach a final settlement to the conflict. A peace agreement ending the conflict in Cambodia was eventually adopted at the reconvened Paris Conference on Cambodia in September 1991. While the Cold War was drawing closer to an end and major shifts in policy assessments and positions of great powers like the US, China and Soviet Union, the international context provided a more conducive solution to the conflict. ASEAN as a regional group in its own involvement and efforts for peace process was somewhat mangled due to its intramural disunity and external pressures although there were two Jakarta Informal Meetings sponsored by ASEAN and two meetings of the Paris Peace Conferences on Cambodia in 1989 and 1991.

Moreover, ASEAN's actions during the Cambodian conflict also symbolically undermined the proposal of ZOPFAN which asserted ASEAN's perception of building a regional order free from the interference of outside powers and regional autonomy i.e. regional solutions to regional problems managed by the ASEAN states. To encounter the threats posed by the Soviet Union and Vietnam during the conflict to the region, ASEAN itself aligned with China and the US because it could no longer manage its regional security domain on its own means. It also clearly revealed the limitations and restraints on the conflict resolution skills of small powers like ASEAN states in achieving their professed goals.<sup>438</sup>

On one hand, ASEAN's handling of Cambodia conflict underscored the diverse individual interests of member states and the need to define institutional principles for the ASEAN to articulate a coherent organizational position. The necessity to policy coordination greatly improved the ways and mechanisms of consultation, consensus and cooperation which later became the basic fundamentals of the ASEAN way of conflict resolution. However, at the same time, the Cambodia conflict was also a major threat to the regional cohesion and ASEAN's unity itself due to diverse strategic perspectives between its member states, particularly between Thailand and Indonesia.<sup>439</sup> Thailand rejected the regionalist approach of Indonesia and acted on its own way defined in the parameter of its national interests. Indeed these steep divisions among members of the ASEAN are real dangers of an effective regional community building and integration. According to Ali Alatas, then Foreign Minister of Indonesia, it is 'a widespread but historically incorrect assumption that Cambodian conflict is the cement of ASEAN'. In his own view, 'the Cambodian issue had been divisive to the ASEAN'.<sup>440</sup>

---

<sup>438</sup> Shaun Narine (2002): "Explaining ASEAN: Regionalism in Southeast Asia", London, Lynne Rienner Publishers, Inc., p. 60.

<sup>439</sup> Narine (2002): Explaining ASEAN, pp. 58-60.

<sup>440</sup> 'Live and let live', interview with Ali Alatas, Indonesian Foreign Minister, *Far Eastern Economic Review*, 11 July 1991, p.13.



### 4.2.3 ASEAN's Constructive Engagement and Intransigent Myanmar

Admission to Myanmar as a new member became a major challenge to the ASEAN's non-interference policy in the era after the Cold War. In September 1988 a military government came into power after crushing a wave of nationwide pro-democracy demonstrations against the former Burmese Socialist Program Party (BSPP) regime headed by General Ne Win. The junta formed a new government under the name of the State Law and Order Restoration Council (SLORC) { which was renamed again as the State Peace and Development Council (SPDC) in 1997 }. The junta allowed the first parliamentary elections in three decades in May, 1990 and there was a landslide victory won by the country's democratic opposition party, the National League for Democracy (NLD) led by Daw Aung San Suu Kyi (who won Nobel Peace Prize in 1991). However the SLORC did not recognize the election results and refused a transfer of power to the civilian government.

These domestic developments in Myanmar occurred at a time when ASEAN's own leadership in the Cambodian peace process was being undermined by intra-mural differences and also overshadowed by the role of the Great Powers and the UN. ASEAN also had begun to face questions about its unity and relevance in the post-Cambodia conflict. The situation in Myanmar and the question of democracy and human rights it posed, seemed to be a recipe for potential discord between ASEAN and its dialog partners. Although the rise of new military dictatorship in Myanmar led to an international outcry and condemnation especially from Western countries like USA and the European Union, ASEAN countries saw the Myanmar situation in very different terms. Western condemnation of the SLORC's abuse of human rights and violation of democratic process was viewed by the ASEAN as outside interference in the internal affairs of a regional country. ASEAN's response to the Myanmar situation was to put forward the concept of 'constructive engagement' previously employed in a different context in the case of South Africa.<sup>441</sup>

The decision in May 1997 to allow the entry of Myanmar into ASEAN, which took place in July of that year after considerable international debate and lobbying by both proponents and opponents, was the culmination of over half a decade of Myanmar's interest in the organization after two decades of studious avoidance. This was a major foreign policy change by the SLORC, which had moved away from the essentially isolationist perceptions of the BSPP regime. At that time, and before the SLORC seemed almost perpetually frozen in its authoritarian mold, there were those who would have welcomed such membership because Myanmar had been so secluded for about thirty years from most international dialogue that exposure to outside views and more transparency in international relations would have been conceived as progress, even for a regime that had come to power in a bloody coup.<sup>442</sup> About Myanmar's participation in the organization and its underlying motive, some critics also argued that Myanmar want

---

<sup>441</sup> Acharya (2001): "Security Community", pp. 108-109.

<sup>442</sup> David I. Steinberg (2001): "Burma, The State of Myanmar", Washington, D.C., Georgetown University Press, p. 237.

to refrain the political and economic pressure from the Western powers by activating under the integrated shield of the ASEAN.

However, ASEAN has not achieved the goals that it set for Myanmar's incorporation in 1997. It was hoped that participating in ASEAN would ease Myanmar away from its isolationist stance and could, over time, encourage greater openness in its society. Through its membership, Myanmar is exposed to over 250 meetings a year, including at head-of-government and ministerial levels. Nonetheless, the country has been a relatively silent partner in ASEAN's major forums.<sup>443</sup> Also, there are no positive political developments deviating from the authoritarian and undemocratic trend after being a new member of the ASEAN for seven years. Therefore, the main objective of the ASEAN for accepting Myanmar as a new member to persuade for undertaking political liberalization has not yet succeeded.

Among the ASEAN members, ASEAN operated through an informal system of consensus based on coordination and non-interference policy in the internal affairs of the member states. By including Myanmar in their orbit ASEAN's member states saw opportunities for trade and investment that could be pursued within their context. Led by Thailand, they developed the rather ambiguous slogan of "constructive engagement", which theoretically was to transform Myanmar into a more open society through increasing trade, investment, and economic relations, but which in practice seemed more devoted to pursuing short-term profit-making than to fostering long-term political reform. Most member states themselves could not be accused of devout adherence to an international (or Western) standard of democracy, and military rule in Myanmar may have seemed to some of those governments a better alternative than the chaos or communist control that the SLORC continued to stress would have taken place had it not come to power.<sup>444</sup>

ASEAN's policy of constructive engagement had its basis also in the concerns of some of its members regarding the growing international criticism of their record in the area of human rights and democracy. The Myanmar crisis unfolded at a time when human rights and democracy were emerging as a major issue in the relationship between the ASEAN members and their Western 'dialog partners'. Some also pointed out that ASEAN's diplomatic engagement of the Myanmar regime was limited and half-hearted. While officials in ASEAN responded to the criticism of constructive engagement by arguing that the policy had delivered results in extracting concessions from the regime, such as the release of some political prisoners, some argued that the policy had actually little to show for itself. Whether or not this policy is productive in dealing with Myanmar, critics argued that the real driving force behind the policy was the economic interests of some ASEAN members, such as Thailand and Singapore,<sup>445</sup> in taking profits from the natural resources of Myanmar which is the world's largest exporter of teak and has some amount of offshore oil and gas deposits.

---

<sup>443</sup> Henderson (1999): "ASEAN", pp. 36-37.

<sup>444</sup> Steinberg (2001): "Burma", pp. 237-238.

<sup>445</sup> Acharya (2001): "Security Community", pp. 110-111.

While ASEAN had consistently applied its non-interference doctrine in justifying its engagement policy, there were more other political and strategic considerations at work behind the decision for granting membership to Myanmar. One of the major concerns was with the growing Chinese influence in the country, witnessing closer economic and military ties between the two countries over the years since the end of the Cold War. By accepting Myanmar as a member, ASEAN was attempting to prevent that country from sliding into a Chinese sphere of influence and at worse, becoming an arena of Sino-Indian competition. Another important factor that appeared to have helped ASEAN to overcome intramural differences over Myanmar was the US decision to impose sanctions against Myanmar. The US action also made the ASEAN almost impossible to delay its admission since that would mean surrendering to US pressure and thereby compromise its goal of regional autonomy.<sup>446</sup>

A distinct irony of ASEAN's policy of constructive engagement is that it could not be regarded as strict non-interference. Notably, it implied a particular kind of interference in support of Myanmar's authoritarian regime. Moreover, it is hard to believe that the decision to admit Myanmar would not further strengthen the domestic position of military government vis-à-vis the intra-state pro-democratic opposition. Instead, a strict policy of non-interference would have meant taking a neutral position towards Myanmar. The grant of membership gave the regime a greater sense of international legitimacy although there was a strong outcry from several media and human rights advocacy groups. Not surprisingly therefore, ASEAN's move was perceived as an official authorization for regional approval to an international pariah.<sup>447</sup>

The admission of Myanmar has revealed two major implications for ASEAN's norms concerning with non-interference. The policy of 'constructive engagement' was compliant with this norm but the events leading and following to ASEAN's admission of Myanmar periled the political and diplomatic, if not economic, costs of maintaining this norm. The loss of international goodwill for ASEAN was the major damage whereas the European Union's denial to negotiate a new economic treaty with ASEAN was an economic cost. Moreover, the intra-ASEAN debate surrounding the admission of Myanmar showed that ASEAN's consensus on the inviolability of this norm was corroding, especially as a result of democratization within some of its member states. For instance, Thailand and the Philippines, the two most open polities in the ASEAN today, were also the least enthusiastic supporters of Myanmar's admission shows how changes in domestic politics can affect regional norms in ASEAN. Upholding the norms of non-interference and regional autonomy occupies a more central place in ASEAN's approach to regional order than attempting to obtain a more positive international image and developing a regional effort to promote human rights and democracy. The advocates of constructive engagement argued that such a policy would improve Myanmar's economic position and thereby finally bring about a peaceful domestic political change. But this argument still remains to go a long way to be further proven.<sup>448</sup>

---

<sup>446</sup> Ibid., p. 113.

<sup>447</sup> Acharya (2001): "Security Community", pp. 113-114.

<sup>448</sup> Ibid, pp. 114-115.

The case of Myanmar underscored the spillover effects of the political stalemate in a member country of the ASEAN damaging the image of the organization as well as inviting mounting international pressure originated from the concerns of human rights and democracy. After having a hard time with Myanmar, ASEAN toned down its policy of non-interference and decided to intervene though it is very slightly in form. In the middle of the 2000, it had become conspicuous that all measures taken so far like economic sanctions from the US and the EU, Japan's quiet diplomacy and the ASEAN's constructive engagement failed to bring about tangible improvement in human rights and democracy in Myanmar. When the UN Secretary General Kofi Annan appointed Razali Ismail as a UN special envoy to Myanmar who is a Malaysian career diplomat and a close associate of Malaysian Prime Minister Mahathir Mohamad, ASEAN decided to halt its principle of non-interference and started to actively mediate between the opposing sides. It openly urged the military leaders to hold talks with the opposition leader Daw Aung San Suu Kyi and to speed up the democratization.<sup>449</sup>

The open rhetoric of the ASEAN's retreat from its non-interference policy was in 2003 when Malaysian Prime Minister Mahathir Mohamad said that Myanmar might have to be expelled if it continued to defy international pressure to release Daw Aung San Suu Kyi. Such a sanctioning tone had arisen shortly after the Myanmar military government detained again the opposition leader on May 30, 2003. Pressure from the US and the EU to Myanmar junta has also been amounting because of its stubborn denial for the immediate release of Daw Aung San Suu Kyi and implementing democratic reforms. The EU's diplomatic bickering with the ASEAN over Myanmar descended to a new acrimonious low in June 2004 when the biennial Asia-Europe Meeting (ASEM) Summit planned to be held in October in Hanoi had been put at risk over the EU's insistence that military-ruled Myanmar should not be allowed to attend that summit. The ASEAN countered that if Myanmar could not participate, neither could the EU's 10 new member countries. An ASEM Finance Ministers' meeting scheduled in July and ASEM Economic Ministers' meeting planned in September had already been cancelled over the dispute, which had threatened to cast a near-permanent shadow over diplomatic ties between the ASEAN and the EU.<sup>450</sup>

Although the EU's threat of boycotting to the Summit before, the fifth ASEM Summit was held in Hanoi as scheduled from 8-10 October 2004 and representatives of Myanmar's junta were allowed to attend for the first time. Myanmar was also formally inducted into ASEM along with other new members of Laos, Cambodia from the ASEAN and EU's 10 new member countries. In its final communiqué, ASEM expressed a vague hope that Myanmar regime's spurious national reconciliation process would succeed and looked forward to the early lifting of restrictions on political parties. Neither it did mention the plight of Myanmar's detained pro-democracy leader Daw Aung San

---

<sup>449</sup> Kamarulzaman Askandar, Jacob Bercovitch, and Mikio Oishi (2002): "*The ASEAN Way of Conflict Management: Old Patterns and New Trends*", Asian Journal of Political Science Volume. 10, Number.2 (December 2002), p. 36.

<sup>450</sup> 'Myanmar set to keep poisoning Europe-Asia relations' by Pascale Trouillaud, *Agence France-Presse (AFP)*, 5 July 2004; 'ASEM Summit to go ahead, compromise to be reached on Myanmar; EU official', *Agence France-Presse (AFP)*, 2 July 2004.

Suu Kyi nor condemn the junta's continuing egregious abuses of human rights. Much of the blame for this outcome may be laid on leading Asian countries, particularly China, which maintains normal political and trade relations with Myanmar. Japan's Prime Minister Junichiro Koizumi also said that ASEM membership would encourage Myanmar in a positive direction. The EU, on its side, has called for a common position by saying that present situation in Myanmar is unacceptable. However, differences on how best to proceed, influenced by commercial considerations and disagreements on tactics, also undermine for taking effective actions against the Myanmar's junta. For instance, France doesn't support any additional EU sanctions imposing on Myanmar because it fears that its investments in Myanmar, including those of Total Oil, may be hurt with more sanctions.<sup>451</sup> Ironically, all of these behaviours are counterproductive for the goal of democratic reforms in Myanmar and only reinforce the junta's attempt to obtain legitimacy in the international community.

Soon after receiving the admission into the ASEM, Myanmar's military government made a major political shake-up on 19 October 2004 by ousting the Prime Minister General Khin Nyunt who is one of the less unpleasant faces in the authoritarian regime and also known as a relative moderate among die-hards of the junta.<sup>452</sup> It suggests that hardliners in the junta are tightening their grip on power and this shake-up also shatters the ASEAN's expectation of national reconciliation and democratization in Myanmar before Myanmar takes over the ASEAN's rotating presidency in 2006. In other words, ASEAN's policy of constructive engagement failed again in preventing Myanmar's retrogression.<sup>453</sup>

Before holding the ASEAN Summit on 29-30 November 2004 in Vientiane, Laos, some ASEAN members like Indonesia (then chair of the ASEAN), Malaysia and Thailand expressed their concerns about Yangon's latest developments. As a sign of showing interest to the increasing pressure from its fellow members of the ASEAN, Myanmar government released some political prisoners before that Summit. Many critics, however, are still skeptical to this gesture and suggested that this prisoners' release could be intended for buying more time in relaxing some international pressure. Some also suggest that ASEAN Troika mechanism should be reactivated in tackling with Myanmar junta as well as signaling more intense pressure. Troika is categorically comprised of representatives from the past, present and future ASEAN chairs and it played a useful role to some extent in resolving the Cambodian conflict in 1990s.<sup>454</sup> The ASEAN foreign ministers formally approved Thailand's concept of an ASEAN Troika in 1999. Partly modelled on the EU Troika, the Southeast Asian version is an ad hoc body at the ministerial-level comprising the past, present and future chairmen in order to address and cooperate more effectively on issues affecting regional peace and stability. Even though the Troika has yet to prove its effectiveness, the proposal can be considered as one of

---

<sup>451</sup> Simon Tisdall (2004): "Asia's inertia buoys Burma's military junta", *The Guardian*, October 12, 2004.

<sup>452</sup> "An ugly regime becomes even uglier", *The Economist*, October 21, 2004.

<sup>453</sup> Zaw Oo (2004): "Is history repeating itself in Myanmar?", *International Herald Tribune*, October 23, 2004.

<sup>454</sup> Win Min (2004): "ASEAN must tackle Burma issue or pay the price", *The Irrawaddy* (online commentary), November 26, 2004. < <http://www.irrawaddy.org/aviewer.asp?a=4159>>

ASEAN's most important attempts at the institutionalised management of regional order and a clear indicator of a changing security culture. Before its official launch, Troika approach was used successfully to end the political impasse over the 1997 coup in Cambodia. However, Cambodia is not an ASEAN member at that time. Therefore, it will be more difficult for ASEAN to intervene in a member country because agreement to accept the device of Troika is required by the target state. Myanmar will be the test case for ASEAN Troika and ASEAN Way itself.<sup>455</sup> Bowing to the immense pressure given by fellow ASEAN members as well as international community, Myanmar decided in mid-2005 to relinquish its rotating chairmanship of the ASEAN for 2006. By employing all possible means to achieve the political reform in Myanmar, the ASEAN should engineer itself to find the best approach in dealing with its most intransigent member of the group in near future.

#### 4.2.4 East Timor Crisis and the ASEAN

ASEAN's response to the East Timor crisis in 1999 raised serious questions about the capacity of ASEAN for effective preventive diplomacy in solving the intraregional and intrastate conflicts. It revealed a severe testing of the ASEAN way of conflict management and also intensified the damage to the credibility of the ASEAN. As Sebastian and Smith remarked, 'East Timor became ASEAN's millstone when the Association failed to speak up and stop the rampage.'<sup>456</sup> More important is that initial failures of the key ASEAN member-states to respond early and collectively to the bloodshed in East Timor have not only cost the Association's international standing but also stipulated the external powers like Australia to manage the problem of regional order in Southeast Asia.<sup>457</sup>

Geographically, East Timor is half of a small mountainous tropical island in the Indonesian archipelago, about 400 miles north of Australia. Historically, first settled by the Portuguese in the seventeenth century, the island was divided in 1859, with Portugal taking the eastern half and the Dutch the western. While the Dutch pulled out soon after the Second World War, leaving West Timor to Indonesia, the Portuguese remained in the east. After centuries of Portuguese rule, the 800,000 people of East Timor, though ethnically similar, were distinguished from the West Timorese by their strong Catholicism and their use of the Portuguese language. With the overthrow of fascism in Portugal in 1974 by the Armed Forces' Movement, East Timor's independence became an issue and Portugal made it clear that it would no longer rule the colony. Seizing the opportunity of power vacuum, Indonesia stepped up preparations for a full-scale invasion of East Timor and duly annexed in December 1975. From that period until 1999, East Timorese resistance carried on and almost one-third of the population died under the iron

---

<sup>455</sup> Jörn Dosch (2003): "Changing security cultures in Europe and Southeast Asia", in: *Asia Europe Journal*, Vol.1 No. 3, December 2003, p. 493.

<sup>456</sup> L.C. Sebastian and A.L. Smith (2000): "*The East Timor crisis: a test case for humanitarian intervention*", in D. Singh (ed): *Southeast Asian Affairs 2000*. Singapore: Institute of Southeast Asian Studies, p. 79.

<sup>457</sup> Jürgen Haacke (2003): "*ASEAN's diplomatic and security culture: a constructivist assessment*", *International Relations of the Asia-Pacific*, Volume 3 Number 1, February 2003, p. 71.

fist rule of the Indonesia.<sup>458</sup> During the period of Indonesian occupation of East Timor, ASEAN countries generally supported Indonesia for its claims to the tiny island state and regarded the issue as an internal affair of Indonesia in compliance with the norms of the ASEAN.

After the fall of Indonesia's dictator General Suharto, his successor President B. J. Habibie offered to let the United Nations organize a referendum in East Timor allowing East Timorese to vote on whether they wish to establish an independent state or to remain within Indonesia. Indonesian military leaders were unwilling and unhappy for such a kind of offer. A UN supervised referendum on this issue was held on 30 August 1999. Indonesian military paid local Timorese to join armed militias for collaborating with the army in support of the anti-independence side. In a ruthless campaign of violence and intimidation, they first tried to influence the result of the UN referendum and then launched a frenzy of terrorism when voters chose in favour of independence. In five months of excessive destruction in 1999, troops and militias looted and torched tens of thousands of private homes and public buildings, smashing electricity generators and sabotaging or stealing equipment. Eighty-five percent of the country's schools and three-quarters of its health infrastructure were destroyed.<sup>459</sup> The situation of brutal killings and massive violations of human rights called for the international condemnation and finally the Indonesian government conceded to accept the intervention of the UN peacekeeping force.

Meanwhile members of the ASEAN were reluctant to spearhead the multinational peacekeeping force to stop the violence that was unleashed by the pro-Jakarta militia and ensure that the wishes of the people of East Timor were implemented, partly because they did not want antagonise the big brother in the region whose active involvement and support is indispensable for the very existence of ASEAN. The ASEAN's genesis and survival since 1967 have been predicated on the informal cardinal principle of non-interference in each other's internal affairs. Like in so many occasions in the past, ASEAN once again lost a golden opportunity to take the lead in sending a multinational force under UN auspices. This underscores the strong signal to the outside world that ASEAN was incapable of managing the affairs of Southeast Asia.<sup>460</sup>

Therefore events in 1999 created dilemmas for ASEAN with regard to the East Timor crisis. ASEAN continued its support for Indonesia for various reasons. Most of ASEAN members were afraid of the success story from the case of East Timor's claim for independence will lead to the disintegration of Indonesia and will also encourage secession movements in other ASEAN countries. They also concerned about the possible refugees outflows to neighbouring states which can instigate regional instability. After the NATO's bombings in Yugoslavia in 1999, ASEAN was also very sceptical that Western states are using human rights concerns as a pretext for external intervention in

---

<sup>458</sup> Jonathan Steele (2002): "*Nation Building in East Timor*", World Policy Journal, Summer 2002, pp. 76-77.

<sup>459</sup> Ibid., p.77.

<sup>460</sup> G.V.C. Naidu (1999): "*The East Timor Crisis*", Strategic Analysis: A Monthly Journal of the IDSA, Vol. XXXIII No. 9, December 1999. < [http://www.ciaonet.org/olj/sa/sa\\_99nag01.html](http://www.ciaonet.org/olj/sa/sa_99nag01.html)>

the affairs of the third world developing countries. Malaysian Prime Minister Mahathir Mohamad was the most outspoken in this kind of scepticism and he also accused the West for its duplicitous use of intervention on the grounds of human rights violations. The major concern was who would determine when the use of force against a sovereign state was justified and such a view was generally accepted in the region.<sup>461</sup> He argued that that humanitarian intervention could wholly undermine the region's principle of non-intervention and weaken political and social cohesion and empowering the Western countries to call into question the legitimacy of governments and regimes which disagree with them.<sup>462</sup>

When plans for the establishment of an international peacekeeping force under Australian command were underway, Indonesia set the conditions to have troops from other ASEAN states joining the force with the apparent purpose of minimizing Australian control. Some ASEAN members like Thailand and Malaysia showed their interest to contribute some troops if the UN approved its mandate. The International Force for East Timor (INTERFET) was formed and authorized under Chapter VII of the UN Charter. It became later United Nations Transitional Administration in East Timor (UNTAET) to which some ASEAN members like Thailand, Malaysia, the Philippines, and Singapore have contributed civilian and military personnel.

The new members of the ASEAN didn't provide any logistic or military assistance to UN-sponsored East Timor operations. At this case, it can be apparently seen that ASEAN was divided on this issue of UN-mandated intervention. Myanmar opposed advertently to any external intervention not only in East Timor but the whole of Southeast Asia while Vietnam was also unwilling for supporting any role of UN intervention in the region. As Haacke remarked, "the participation of ASEAN members in an intervention force clearly marked a significant moment in the evolution of the 'ASEAN Way' even if it is important to recognize that only some ASEAN members participated, and even then only as individual states".<sup>463</sup>

In reality, the participation of ASEAN states in the UN-led peacekeeping force has several underlying reasons. First of all, they wanted to rescue the abrupt downfall of Indonesia's international standing which would also affect directly to the reputation and image of the ASEAN itself. The Nation newspaper of Thailand reminded that any treatment to Indonesia as a pariah state would greatly damage a wounded ASEAN which has been trying to recoup its losses since the admission of Myanmar two years ago.<sup>464</sup> Secondly, they would like to demonstrate a measure of solidarity with Indonesia by participating in the force which was led by Australia as the external power and to show the potent capacity of addressing regional problems on their own terms. Thai Deputy Foreign Minister Sukhumbhand Paribatra desperately called for the immediate action against the external intervention by saying "We in ASEAN have been saying since 1971

---

<sup>461</sup> Narine (2002): "Explaining ASEAN", pp. 172-173.

<sup>462</sup> Alan Dupont (2000): "ASEAN's response to the East Timor Crisis", *Australian Journal of International Affairs*, vol. 54, no.2, p. 165.147

<sup>463</sup> Haacke (2003): "ASEAN's diplomatic and security culture", p. 68.

<sup>464</sup> K. Chongkittavorn (1999): "ASEAN peace-keepers must go to Timor", *The Nation*, 13 September.



that we want the region to be free from outside interference. Now a problem has arisen that can lead to outside interference in regional affairs. So we must do something about it. We cannot logically stand still and do nothing – we must put our words into action”.<sup>465</sup> Thirdly, some of participating countries had their own visions in the context of intra-ASEAN regional politics. For example, Thailand and the Philippines, the most ardent supporters for changing version of ASEAN Way, were the members of the ASEAN who sent larger numbers of contingent to East Timor. Thai government also had the aim of playing as an important regional actor by actively committing for peaceful solutions of conflicts in Southeast Asia. For these reasons, Thailand not only contributed the largest number of troops apart from Australia but also assumed the responsibility of deputy commander of the INTERFET.

Even though some ASEAN countries sent their troops to participate in the INTERFET, none of these governments believed that such participation will set a new norm of humanitarian intervention as a transformation in the ASEAN Way. Rather they worried for the outsiders’ interference in regional affairs at the expense of surrendering their sovereignties and therefore took actions by themselves in collaborative way with UN and Australia. In spite of the fact that Thai government supported a more proactive role of the ASEAN in regional affairs, it also questioned about the capacity of the ASEAN to pursue the new norm of intervention without having the assistance of major powers or consent from the UN.<sup>466</sup> Like then Malaysian Foreign Minister Datuk Seri Syed Hamid Albar said, Kuala Lumpur was wary of new concepts which might compromise sovereignty in the name of humanitarianism.<sup>467</sup> Former Indonesian Foreign Minister Ali Alatas also suggested that any new norm of humanitarian intervention should be based on the principles of legitimacy and universal applicability.<sup>468</sup> The Philippines, another country which supported the intervention, also stated two conditions for humanitarian intervention: first, a UN Security Council resolution and, second, an invitation from the country to be intervened in.<sup>469</sup>

ASEAN countries rebuked with strong resentment to the assertive claim of Australia to manage regional order in Southeast Asia when Australian Prime Minister John Howard formulated his so-called Howard Doctrine, which envisioned a more proprietary role for Australia to act as America’s deputy in the regional affairs. Malaysian Deputy Prime Minister Abdullah Badawi said that there is no need for any country to play as a leader, commander or deputy for this region. Concurrently it also reflected the reluctance among ASEAN countries for supporting humanitarian intervention and the development of a peacekeeping force in the region even if mandated by the United Nations. In this context, ASEAN countries have been careful not to aggravate Indonesian government further. For instance, the Philippines voted against the UN Human Rights Commission resolution whether to launch an international inquiry into human rights violations and brutal atrocities committed by Indonesian Army and militia men in East Timor (though the

---

<sup>465</sup> The Nation, 15 September 1999.

<sup>466</sup> Haacke (2003): “*ASEAN’s diplomatic and security culture*”, p. 70.

<sup>467</sup> D. Wong (1999): “*KL wary of new concept*”, The Straits Times, 21 November.

<sup>468</sup> A. Alatas (2000): “*Jakarta’s diplomacy challenges*”, The Straits Times, 2 April.

<sup>469</sup> L. Baguioro (1999): “*Intervene only if you are invited to do so*”, The Straits Times, 21 November.

resolution was passed). Manila explained to justify its vote by claiming that it followed the ASEAN policy of non-interference in other members' internal affairs.<sup>470</sup>

In sum, East Timor reveals the dilemmas of humanitarian intervention for ASEAN. Its case was widely regarded among ASEAN members as a special case and not as a precedent for the resolution of intrastate conflicts in Southeast Asia notwithstanding that some member states contributed troops and participated in INTERFET and UNTAET. It can be argued that ASEAN is still far away from the undertaking of collective responsibility on its own for managing a regional conflict through the norm of humanitarian intervention.<sup>471</sup> The ineffectiveness in handling the crisis and paralysis over East Timor have further reduced the credibility of ASEAN in its leading role in the ARF (ASEAN Regional Forum). It highlighted the notion that external powers like Australia were able to interfere at a time for enforcing the regional order and security. The situation may also have encouraged China to test its influence in the region and insert dominance of its foreign policy. Indeed, ASEAN countries are not able to accept such a precedent that allowing intervention into one member state invites intervention into all.<sup>472</sup> The problems was that ASEAN's fixation with keeping a tone of unity and avoiding to offend one another has made itself incapable to take decisive action in such a regional crisis. Still, ASEAN will need to find a way for taking a more proactive approach for resolving future crises. Otherwise, it may well suit for external powers intervening again in regional affairs and the ASEAN will be itself falling into the category of irrelevance.

#### 4.2.5 ASEAN Way and Non-Interference Policy

The weak socio-political cohesion of the region's new nation-states, the legitimacy problems of several of the region's postcolonial governments, interstate territorial disputes, intra-regional ideological polarization and intervention by external powers were marked features of the geopolitical landscape of Southeast Asia. These conflicts posed a threat not only to the survival of some of the region's new states, but also to the prospects for regional order as a whole. Some critics pointed to the persistence of intra-ASEAN disputes and ASEAN's failure to develop concrete institutional mechanisms and procedures for conflict resolution.<sup>473</sup>

ASEAN was the institutional product of regional conflict resolution or more precisely conflict management. The institutional form chosen by ASEAN's members was strictly intergovernmental and informal. Its founding document was a multilateral declaration and not a treaty nor was it a legal regime embodying a commitment to some form of political integration. ASEAN's institutions developed slowly; a modest increase in

---

<sup>470</sup> S. Suh (1999): "Unease over East Timor: Indonesia's neighbours question their roles", Asia Week, October 15, 1999 Vol. 25 No. 41.

<sup>471</sup> Haacke (2003): "ASEAN's diplomatic and security culture", pp. 70-71.

<sup>472</sup> Narine (2002): "Explaining ASEAN", p. 174.

<sup>473</sup> Amitav Acharya (2001): "Constructing a Security Community in Southeast Asia", pp. 4-5.

obligation and precision was not accompanied by any increase in delegation from member states to the organization, however.<sup>474</sup>

The institutional design and procedures of ASEAN – the ASEAN way – are normally described as starkly different from the formal legalism of most Western international institutions. Relations among ASEAN’s members emphasize “informality rather than a legalistic framework, adopting the principles of accommodation and consensus in decision making and non-interference in the domestic affairs of its members, and accommodating the needs of members at different levels of economic development.” Two principles lie at the core of ASEAN’s official ideology and standard operating procedures: *musyawarah* (consultation) and *mufakat* (consensus). These two terms are taken to characterize decision making in village society in Southeast Asian countries. The first defines a process of decision making that involves painstaking and lengthy discussion and consultation in which decisions emerge from the bottom up. That process aims to achieve eventual consensus – unanimity or near-unanimity – as a much-valued result. This alleged transfer of a domestic decision-making style (clearly informal and antilegal) to international negotiation implies a strong cultural component in the choice of international institution, at least in the rhetoric of ASEAN’s members.<sup>475</sup>

ASEAN’s tendency to deal with intra-mural conflicts by ‘sweeping them under the carpet’, rather than resolving them, and its slow pace and modest record in developing economic cooperation, could be cited as further testimony to the limitations of the ASEAN Way. Moreover, in the late 1990s, ASEAN had been criticized for not dealing effectively with human rights issues, or transnational problems such as the forest fires in Indonesia that have caused severe air pollution among neighbouring states. In the wake of the Asian economic crisis, ASEAN’s critics have also highlighted its inability to provide a united front in dealing with the challenges of globalization. Intra-ASEAN differences over long-standing norms such as non-interference, evident in the wake of the expansion of its membership to include all ten countries of Southeast Asia, have aggravated perceptions of ASEAN’s weaknesses. The ASEAN Way of soft institutionalism and dialogue process seemed ineffective in laying the foundations of an Asia Pacific regional order.<sup>476</sup> In short, the ASEAN, one of the most successful regional organizations in the developing world after its three decades of existence, now needs to reassess its institutional structure and formulate appropriate transformation to be in conformity with the new challenges and opportunities arising in the Asia-Pacific region.

### **4.3 ASEAN: Understanding policy processes and political cultures in Southeast Asia**

The origins of the ASEAN cannot be understood without examining the history of Southeast Asia. Southeast Asia in the pre-colonial period was occupied with internal conflicts among its countries with each other and interference of external powers. Geographical locations made communication difficult between the states of the region.

---

<sup>474</sup> Kahler (2000): “Legalization as Strategy: The Asia-Pacific Case”, pp. 551-552.

<sup>475</sup> Kahler (2000): “Legalization as Strategy: The Asia-Pacific Case”, p. 552.

<sup>476</sup> Acharya (2001): “Security Community”, p. 6.

However, there were interactions between the divergent parts of the region and it could even be argued that there were the beginnings of a weak sense of regional community.<sup>477</sup>

Regional societies in Southeast Asian countries were heavily influenced by Indian and Chinese cultures. European colonialism also strengthened divisions within the region by orienting the colonized states toward their colonizers. After the Second World War, many Southeast Asian countries regained their independence and returned to normal status to overcome many barriers for a sense of regional identity. The experience of colonialism deeply affected the Southeast Asian countries in their perception of regionalism and to external environment. More or less differing degrees, many leaders of Southeast Asian countries view the international system as predatory, with powerful states waiting to exploit the internal weaknesses of weaker states. The suspicion and concerns of Southeast Asian states to external powers overwhelmingly prevail through out the Cold War period. This perception of external threat played a crucial role in shaping and building of a regional community in Southeast Asia.<sup>478</sup> Therefore, predominate mode of political culture in Southeast Asian countries can be simply described as the overcautious dealing with external threats to their national security whereas accommodating with major powers for their survival.

The policy process in the ASEAN is the pure product of competition and cooperation between member countries, which are firmly in the driver seats of decision-making. Supranational institutional structure is very fragile and the ASEAN is very loosely institutionalized comparing with the EU. Almost all of decision-making patterns in the ASEAN are clearly intergovernmental and formal rule and procedures taken place at the highest level of the member state governments. However, there are multiple issues embedded in the policy process and it occurs sometimes conflict of interests among member countries in dominating policy agenda of the ASEAN to benefit for their national interests.

It can be argued that the concept of an ASEAN identity was to be derived substantively from its socialization process while identity is normally thought of originating from its traditional cultural heritage. The ASEAN Way itself stemmed not so much from preordained cultural sources like Javanese or other else but from incremental socialization. It emerged not merely from the principles of interstate relations agreed to by the founders of the ASEAN, but also from a subsequent and long-term process of interaction and adjustment. Hence, in the case of ASEAN, it is evident that culture created norms and norms also created culture. Then Malaysian Foreign Minister Abdullah Badawi pointed out that ASEAN's norms have become very much part of the ASEAN culture.<sup>479</sup>

---

<sup>477</sup> Amitav Acharya (2000): "The Quest for Identity: International Relations of Southeast Asia", Singapore, Oxford University Press, pp. 17-42.

<sup>478</sup> Shaun Narine (2002): "Explaining ASEAN: Regionalism in Southeast Asia", London, Lynne Rienner Publishers, pp. 9-10.

<sup>479</sup> Amitav Acharya (2001): "Constructing a Security Community in Southeast Asia: ASEAN and the problem of regional order", London and New York, Routledge, pp. 71-72.

The Association of Southeast Asian Nations ( ASEAN ) was founded in 1967 to “accelerate the economic growth, social progress, and cultural development in the region” and to “promote regional peace and security.” The founding countries of the ASEAN are Malaysia, Indonesia, the Philippines, Singapore, and Thailand.<sup>480</sup> At its inception, the ASEAN was an association based upon the political motivation to present a united front to the perceived threat of communist expansionism based in Indochina. At that time, a co-ordinated response to communist underground movements posing similar threats to their existing governments and social systems was seen as necessary for their survival. It was the means to prevent states being picked off one by one as predicted by the then generally accepted ‘Domino Theory’. Brunei acceded in 1984 and later Vietnam in 1995. The latter’s membership finally put an end to the ‘communist threat’ chapter of ASEAN’s history. With that hurdle cleared, the way was opened for the membership of Laos and Myanmar in 1997. At least, war-torn Cambodia became the last and 10<sup>th</sup> member state of the ASEAN in 1999.<sup>481</sup>

The inclusion of Vietnam, Myanmar, Laos and Cambodia into the ASEAN represents a marked enlargement in the type of state within the organization and fulfils the long-term objective of the ASEAN founding fathers – to represent as an effective regional integrative organ for the whole region of Southeast Asia and to transform from ASEAN 6 to ASEAN 10. This integration can be labelled as the unity in diversity. It is because its member states are quite variant in their political and economic structures. ASEAN is the combined organization of different political systems – democratic countries like Indonesia, the Philippines, and Thailand together with communist centralized governments of Laos and Vietnam as well as autocratic ruling machinery running countries like Malaysia, Singapore and Cambodia and also one military dictatorship land like Myanmar and finally feudal monarchical Brunei.

Looking behind to the historical development of the ASEAN, its founding Bangkok Declaration states the organization’s objectives as being practical cooperation in the ‘common interest areas’ of economies, science and administration. The viability of this economic cooperation objective was at the time met with scepticism because the region lacked internal cohesion since its principal countries suffered from internal instability or were only nascent states. Several members of ASEAN were involved in territorial claims against one another and the instability of the external environment, primarily due to the Vietnam War, was not conducive to cooperation of the region.<sup>482</sup>

In the 1970s economic growth within the region began to accelerate and economic concerns began to gain priority over politics. But up to the 1980s the ASEAN had achieved little economic integration. Its main role was, therefore, redefined: its new focus was on increasing economic cooperation and coordinating common economic interests. The ASEAN was not institutionalised and there was no creation of central organization whose policies were legally binding upon members. Some criticized the ASEAN as being distinguishable from other regional integrated organizations in that it is a flexible

---

<sup>480</sup> Ibid., p.86.

<sup>481</sup> Yeung, Perdikis and Kerr (1999): Regional Trading Blocs, p.45.

<sup>482</sup> Ibid., pp.45-46.

agreement. This flexibility reflects the preferences of its members. It can be characterized as a loosely connected association based upon decentralized and consensus decision-making. The sovereignty and independence of each member are respected. The ASEAN did not emulate the western concept of regionalism based on certain rules and regulations for integration; instead, a 'club of principles' was constructed which encompassing broad standards of behaviour under a relatively weak system of monitoring and enforcement.<sup>483</sup>

Recently the ASEAN has successfully lowered some of the tariff and trade barriers that existed between its member states, but as is the case with all integrated organizations, demands for national sovereignty have lessened the effectiveness of the ASEAN. This was well-demonstrated in 1992 when the leaders of the ASEAN agreed to form a free trade area known as AFTA (the ASEAN Free Trade Area), but because of concerns over national sovereignty and domestic politics, decide not to implement it for 15 years. Thus, even in the absence of great power rivalry, the functioning of an integrated regional organization has been impaired by states' claims for sovereignty. On the other hand, unlike other integrated organs, the ASEAN only rarely has been accused of being a tool used by one of its members to achieve a national objective.<sup>484</sup> Compared with newly admitted member states to old members of the ASEAN, it exhibits broad differences in levels of development, population, economic organization, development strategies, resource endowments and political institutions. However, their combined strength presents a dynamic force in the Asian economy.<sup>485</sup>

Some kind of disagreements exists about the degree to which ASEAN policies served as the catalyst that fuelled the region's impressive economic growth during the 1970s and 1980s. Although some opponents of the ASEAN assert that the organization played little or no role, whereas the ASEAN supporters claim that it played a major role in regional affairs. At a minimum, it appears that the ASEAN did help establish a climate of confidence about the region that helped attract external investment to Southeast Asia. This was an impressive achievement, especially because it came on the heels of the U.S. defeat in Vietnam when confidence in the stability of the region was at low ebb. ASEAN states also played a significant role in bringing about Vietnam's 1989 withdrawal from Cambodia. At that time, the six ASEAN countries presented the Vietnamese with a relatively unified non-communist Southeast Asian perspective on the conflict, and they worked behind the scenes to set up conditions to aid the Vietnamese withdrawal.<sup>486</sup>

Despite its successes, all is not perfect within ASEAN. Some ASEAN states have occasionally expressed concern about the intention of their fellow members. For example, before Vietnam joined ASEAN, Indonesia expressed concern that Thailand wanted to use the organization as a tool to provide its security from Vietnam. Similarly, despite Vietnam's political and economic reforms that have moved it away from doctrinaire communist practices, some quarters in ASEAN remain concerned that Vietnam's different political, economic, and social structures could worsen strains within

---

<sup>483</sup> Ibid., p.46.

<sup>484</sup> Papp (1997): Contemporary International Relations, p.86.

<sup>485</sup> Yeung, Perdakis and Kerr (1999): Regional Trading Blocs, p.46.

<sup>486</sup> Papp (1997): Contemporary International Relations, p.86.

ASEAN. And most ASEAN states are concerned that Indonesia's sheer size will allow it to dominate ASEAN.<sup>487</sup> The ASEAN, whose economic success was once the envy of the world, is struggling to lure back foreign investment which has largely been going to the Northeast Asia. Even among ASEAN members, investment has spread unevenly with Singapore and Malaysia receiving most of its shares while countries such as Laos, Myanmar and Cambodia languishing on the sidelines.

After decades of presenting a public face of solidarity, the ASEAN is grappling with a number of internal disputes, including how to deal with military-ruled Myanmar and differences over reducing trade barriers. The most striking one is the problem arising after the admission of Myanmar into the organization. The military regime of Myanmar has been sharply criticized by the West for denying political rights to pro-democracy opposition party and its overwhelming victory in 1990 general election. This junta is also being severely denounced for its violation of human rights and the continuation of practices about forced labour within the country. Even within its orbit, some ASEAN members are also uneasy and suspicious about Myanmar's participation in the organization. Some analysts regard that Myanmar tried to refrain the political pressure from the Western powers by activating under the integrated shield of the ASEAN.

Whatsoever, Myanmar issue also jeopardized ASEAN's relationship with the EU. Myanmar's dilemma about its political stalemate has begun to poison ASEAN's relations with the EU, not merely complicated it. According to its records, the EU was the ASEAN's second largest export market and the 3<sup>rd</sup> largest trading partner after Japan and the United States. EU exports to ASEAN were estimated at US\$ 45.7 billion in 1997, up from US\$8.9 billion in 1987. EU imports from ASEAN were valued at US\$ 46 billion in 1997, demonstrating a balanced EU-ASEAN trade. But after the 1997 financial crisis, European exports to ASEAN decreased by 40% in 1998 producing a US\$ 21 billion deficit for Europe, a trend that has continued until now.<sup>488</sup> The turnout also clearly illustrated the chilly relations between the two integrated blocs since the ASEAN admitted Myanmar's membership in 1997, shortly before the region was battered by the economic crisis of 1997.

It will be an interesting question why the ASEAN accepted Myanmar as one of its member states although there were rising objection from the Western democratic powers for its admittance. There is no attractive incentive from Myanmar for the ASEAN in economic and political aspects. In its history, Myanmar persistently exercised a strict isolation policy from the world economy. Present military dominated government has also been unable to formulate a consistent development strategy for the country. However, some leading countries of the ASEAN especially Malaysia and Indonesia strongly advocated Myanmar's membership to the organization. Their main reason is to create the association with the participation of all Southeast Asian countries for implementing effective cooperation in the region and representing with one common voice of the ASEAN 10 in the international arena. They also argued that some political

---

<sup>487</sup> Ibid., pp.86-87.

<sup>488</sup> "Myanmar tops agenda of ASEAN-EU talks", Cable News Network, December 11, 2000.

and economic issues can be resolved through the constructive engagement after integration.

Latest developments about the ASEAN's reconciliation attempts with the relations to the EU occurred on the 13<sup>th</sup> ASEAN-EU Ministerial Meeting held in December, 2000 in Laos. At this meeting, the EU insisted to continue its pressure on the ASEAN to shift its stance on Myanmar. Although the ASEAN has a code of non-interference in the internal affairs of member states, some member countries notably Thailand and the Philippines to some extent, are becoming frustrated by the impact of Myanmar's membership in the organization. These ministers from both organs reviewed the ASEAN-EU relations and agreed to enhance and deepen the existing cooperation to the mutual benefit of the ASEAN and the EU and all their peoples. They also committed themselves to promote and protect all human rights, including the right to development, and fundamental freedoms. As a remarkable achievement of this meeting, the intransigent military government of Myanmar bowed to the pressure and agreed to make a dialogue with the opposition political party for future compromise.

In spite of its economic discrepancies and some internal problems, the cohesive strength of the ASEAN 10 should be acknowledged as a synergic force in Asia as well as in the world politically and economically. To be more effective and efficient in its multifunctional aspects, the predominant issue of the ASEAN will be how to reconcile itself, its positions and its role with the ever-changing global economy, particularly after the Asian financial crisis occurred in 1997. In the past, the economic growth of the ASEAN was the outcome of good management upon its resource endowments, good fiscal discipline and the outward-orientated economic policy and development strategy of the ASEAN 6. To rebuild such a kind of prosperity in future, the ASEAN and its participating member states will be necessary to redefine their policy focus and agenda for further development. In order to strive with the evolution of the Asia-Pacific region and repercussions of the globalization, the ASEAN must develop a 'multi-dimension faceted and outward oriented economic and political strategy. Otherwise, the region will not be resilient enough and will be increasingly vulnerable to economic shocks and its impacts occurred in the global economy.

#### **4.3.1 Behavioural Norms**

All of the states in the world rely on norms of behaviour, which are the basis of their actions to reach their own national interests. There are various definitions and functions of norms in scholarly presentation. According to a widely used definition, norms are 'standards of behaviour defined in terms of rights and obligations'. The chief function of norms in this sense is to prescribe and proscribe behaviour. Norms help actors to distinguish between 'normal' and 'abnormal' behaviour and 'to coordinate expectations and decrease uncertainty, to influence decision making, and to legitimate their actions and the actions of others'. Norms contribute to international order by forbidding actions, which are subversive of collective goals, by providing a framework for dispute settlement, and by creating the basis for cooperative schemes and action for mutual benefit. Moreover, norms not only establish expectations about how particular actors will



behave, they also ‘teach’ states, which are exposed to norms, new interests and identities.<sup>489</sup>

Norms have an independent effect on state behaviour, redefining state interests and creating collective interests and identities. This is key to understanding the constructivist claim that agents ( states ) and structures ( international norms ) are mutually reinforcing and mutually constituted.<sup>490</sup> Norms help to coordinate values among states and societies. By making similar behavioural claims on different states, norms do create parallel patterns of behaviour among states over wide areas. This helps ensure that the principles and practice of peaceful conduct and war avoidance are shared among states and contribute to the development of a sense of community. Moreover, the existence of an integrated community implies that the norms of the given group of states have already had a constitutive effect, by transforming the identity of states from being that of egoistic and sovereignty-bound actors to members of a social group sharing a common habit of peaceful conduct.<sup>491</sup>

In Southeast Asia, the norms that underpin ASEAN regionalism include both the legal-rational and social-cultural variety – the two may be differentiated in terms of their primary sources. The most common sources of legal-rational norms in international relations are the universal principles of the Westphalian state system, which constitute the basis of modern international law. All international and regional organizations are based on the Westphalian norms of respect for sovereignty, non-interference in internal affairs, non-use of force in interstate relations and the pacific settlement of disputes. Socio-cultural norms, on the other hand, are usually more specific to a group ( in the sense that they are more likely to reflect the historical and cultural milieu of the actors ), which may explain why they may be effective even as informal instruments.<sup>492</sup>

As Michael Leifer pointed out, the origins of ASEAN were mainly concerned with the political and security role to be based on a common adherence to conventional international norms, which consists of respect for justice and the rule of law in the relationship among countries of the region and adherence to the principles of the United Nations Charter.<sup>493</sup> Distinct from these legal-rational norms, the ASEAN process was also distinguished by the principle of consensus, which has meant that policy initiatives can only arise on the basis of a common denominator. What enables the ASEAN members to assert the ‘unique’ character of their own brand of regionalism, especially when compared with the legal-rational institutionalism of Western regional institutions (such as the European Union), is not just their adherence to the legal norms of non-interference and non-intervention, but the principle and practice of consensus that is ‘justified with reference to a regional cultural style which has enthroned consensus as the *modus operandi* of the Association’.<sup>494</sup>

---

<sup>489</sup> Ibid., p. 24.

<sup>490</sup> Jeffrey T. Checkel ( 1998 ): “The Constructivist Turn in International Relations Theory”, p. 328.

<sup>491</sup> Amitav Acharya ( 2001 ): “Constructing a Security Community in Southeast Asia”, p. 24.

<sup>492</sup> Ibid., p. 25.

<sup>493</sup> Michael Leifer ( 1989 ): ASEAN and the Security of South-East Asia, London and New York, Routledge, p. 24.

<sup>494</sup> Ibid., p. 27.

### 4.3.2 Identity Building

For realism and most liberal theories, state interests are shaped by material forces and concerns, such as power and wealth; perceptual, ideational and cultural factors derive from a material base. According to constructivists, intersubjective factors, including ideas, culture and identities, play a determining, rather than secondary, role in foreign policy interactions. Like norms, collective identities can make and redefine state interests and move them beyond the logic of power politics. The collective identity of a social group, like the notion of culture, is not a given that is derived exclusively or even largely from fixed or preordained material sources. Identity is an intersubjective notion. Simply stated, it refers to the 'basic character of states'. Identity formation entails developing a collective sense of not only 'who we are', but also 'how we differ from others'. It also involves securing outside recognition of the community's own distinctiveness.<sup>495</sup>

Karl W. Deutsch viewed the development of integrated communities as an exercise in identity building, defined as 'some degree of generalized common identity or loyalty'. He also pointed out that 'identification' as one of the instruments of integration, with 'identification' being defined as 'the deliberate promotion of processes and sentiments of mutual identification, loyalties, and 'we'-feelings.'<sup>496</sup> The construction of identity is central to the kind of 'we feeling' that Deutsch identified as a key factor of integrated communities. The notion of identity runs deep into the heart of constructivist approaches because of its central claim that the development of a collective identity can ameliorate the security dilemma among states.<sup>497</sup>

Just as norms 'are contested and made and remade through politics', collective identities are made and remade through interactions and socialization, rather than being exogenous to those processes. For example, until recently, our understanding of the idea of 'region' relied heavily on such immutable or preordained features such as geographic proximity, a given physical location, cultural and linguistic similarities among the peoples, and a common historical experience. Today, there is a much greater tendency among scholars to define regions as imagined communities, created by processes of interaction and socialization which may lead to different conceptions of what constitutes a given region at different points of time.<sup>498</sup>

The question of collective identity of a social grouping can be examined from several points of reference. One is to look at the overlapping ambit of the national identities of individual member states, and their respective constitutive norms. In the context of ASEAN, for example, this would mean ascertaining the compatibility and overlap between the national identity and preferred norms of one member country, say Thailand,

---

<sup>495</sup> Amitav Acharya (2001): "Constructing a Security Community in Southeast Asia", pp. 26-27.

<sup>496</sup> Karl W. Deutsch (1988): *The Analysis of International Relations*, 3<sup>rd</sup> Edition, Englewood Cliffs, NJ: Prentice Hall, pp. 271-272.

<sup>497</sup> Amitav Acharya (2001): "Constructing a Security Community in Southeast Asia", p. 27.

<sup>498</sup> Ibid.

and those of another, say Myanmar. A second point of reference is the collective identity of a group taken as a whole, for example the notion of the ASEAN Way, which is developed through socialization and which forms the basis of its collective action. The two points of reference can reinforce each other, but may evolve separately. In other words, a group can develop an identity and approach of its own even if their national identities and constitutive norms remain different. The ASEAN Way, in other words, can develop and function despite differing kinds of national identity prevailing among its members.<sup>499</sup>

While there can be several indicators of collective identity, three are especially important. The first is a commitment to multilateralism, including a desire to place an expanding number of issues on the multilateral agenda which have been previously tackled through unilateral or bilateral channels. A second measure of collective identity is the development of security cooperation, including collective defence, collaboration against internal threats, collective security and cooperative security measures. Third, identity formation can be sensed from the boundaries and membership criteria of the group.<sup>500</sup>

In this respect, ASEAN regionalism in general, and the expression ‘ASEAN Way’ in particular, may be viewed as a continuing process of identity building which relies upon conventional ‘modern’ principles of interstate relations as well as traditional and culture-specific modes of socialisation and decision making prevalent in the region. The founders of ASEAN had little conception of a regional identity. But they clearly hoped to develop one through regional cooperation. ASEAN came to play a critical role not only in developing a sense of regional identity, but also laying down the boundaries of Southeast Asia as a region. It drew upon the indigenous social, cultural and political traditions of its members and borrowed, adapted and redefined principles and practices of cooperation from the outside world. Sometimes, supposedly foreign principles and models of regionalism, after having been rejected for lacking ‘relevance’ in the Southeast Asian context, have been subsequently incorporated into the ASEAN framework after being redefined and adjusted so as to conform to the needs and aspirations of ASEAN’s member.<sup>501</sup>

Moreover, the supposedly cultural underpinnings of ASEAN regionalism have been developed and refined in a self-conscious way through years of interaction since ASEAN’s formation. All these remain very much part of an ongoing process. ASEAN regionalism began without a discernible and pre-existing sense of collective identity among the founding members, notwithstanding some important cultural similarities among them. Whether such an identity has developed after more than thirty years of interaction is debatable. But this should not detract from the serious nature of the efforts by ASEAN members to overcome their security dilemma and establish a security community through the development of norms and the construction of an ASEAN identity that would be constitutive of their interests.<sup>502</sup>

---

<sup>499</sup> Amitav Acharya (2001): “Constructing a Security Community in Southeast Asia”, pp. 28-29.

<sup>500</sup> Ibid., p. 29

<sup>501</sup> Amitav Acharya (2001): “Constructing a Security Community in Southeast Asia”, p. 28.

<sup>502</sup> Ibid.,

### 4.3.3 Characteristic features of ASEAN Policy Processes

Characteristic features of ASEAN policy can be derived from its organizational set up, its decision-making procedures, and its limited institutionalization. ASEAN was created with a relatively loose institutional structure. The Annual Minister Meeting (AMM) of the ASEAN foreign ministers can be called the organization's main decision-making body. The AMM was further supported by ASEAN Standing Committee (ASC), which handled the daily affairs of the organization. The ASC rotated between members annually and was chaired by the foreign minister of the host nation and comprised of the ambassadors of the respective ASEAN states stationed in the host nation. ASEAN National Secretariats were created as part of the Foreign Ministries of the ASEAN countries.<sup>503</sup> After the Bali Summit in 1976, the ASEAN was restructured and reorganized structure has the following features:

- (1) ASEAN Summit Meeting (ASM) is the supreme decision-making body of the ASEAN. Up to 2002, there have been eight ASMs since 1976 when the first ASM was held in Bali.
- (2) The AMM is the de facto governing body of ASEAN and is held regularly once a year in the capital cities of the member countries in alphabetical and rotational order. The AMM is the highest decision-making body for ASEAN to formulate policy matters for all forms of intra-regional cooperation, the coordination of policy implementation and also to make final decisions on proposals submitted by the Standing Committee (SC). In addition to the SC, the AMM is also supported by a Senior Officials Meeting (SOM), which is made up of senior officials of the Ministries of Foreign Affairs of the member countries. The Post Ministerial Conference (PMC) is held immediately after the AMM and it is the most important forum for consultation with ASEAN's dialogue partners, which comprise the foreign Ministers of ASEAN and all dialogue partners.
- (3) ASEAN Economic Ministers Meeting (AEMM) was instituted in 1976 to manage regular meetings and activities relating to ASEAN economic matters. The AEMM is responsible for formulating policy guidelines; accelerating ASEAN economic cooperation; monitoring and reviewing previously agreed projects; and consultations between member states regarding economic cooperation. The meetings are held every six months or on ad hoc basis.
- (4) The Meeting of Other Ministers, which was established after 1976, is a forum for the ministers to formulate policies and accelerate activities on matters other than economic.
- (5) A Standing Committee (SC) was created to carry out the day-to-day business of the ASEAN and to follow up on the projects agreed upon at annual AMMs.

---

<sup>503</sup> Narine (2002): "Explaining ASEAN", p. 16.

- (6) The ASEAN Secretariat takes direct responsibilities for all matters directed to it by AMM and SC. The Secretary-General has held the rank of minister since the Summit Meeting in 1992.<sup>504</sup>

The ASEAN's tendency to limit institutionalization has been evident in its informality of decision-making and aversion to formal institutions. The ASEAN Way is featured by the concept and practice of consensus building. Consensus building is a common characteristic of decision-making in the ASEAN and its origin traced back to a particular style of decision-making within Javanese village society. This process has two intertwined components: *musyawarah* (consultation) and *mufakat* (consensus). The principle of consensus in decision-making is a safety device to ensure member states that their national interests will not be compromised and nothing will be done against their will. In this sense, the ASEAN Way may be portrayed as a pragmatic and highly deliberate attempt to gloss over national differences that could not be reconciled within a multilateral regional framework.<sup>505</sup>

#### **4.3.4 Determining Factors of ASEAN policy processes: National or Community Interest?**

The ASEAN is the basic foundation of a meaningful regional identity in Southeast Asia. However, that identity is not shared equally by all of the member states because the level of commitment to the ASEAN identity differs from one country to another. This differentiation reflects both circumstances of individual member states and the level of socialization to ASEAN that a state has undergone.<sup>506</sup> At this stage, it should be questioned which factor is more important in determining ASEAN policy processes: national interest or community priority? The answer is simple: ASEAN is highly intergovernmental regional organization and that's why most of policy processes emphasize for enhancing national interests of individual member states instead of giving priority to regional community building.

ASEAN's fundamental norms are aimed for protecting and fostering the sovereignty of its members. Sovereignty is again the foundation on which ASEAN is constructed, is the generative institution from which all of other norms and practices of the ASEAN derives. In other words, it means that the ASEAN regional identity does not hinder the ASEAN states from putting narrow national interests above regional community interests. Even though ASEAN members have adopted organization's norms, a strong sense of regional community is not the inevitable result. Therefore, common interests and objectives that are crucial to the formation of a strong regional institution are often missing in the ASEAN.<sup>507</sup>

---

<sup>504</sup> Mya Than (2005): "Myanmar in ASEAN: Regional Cooperation Experience", Singapore, Institute of Southeast Asian Studies, pp. 51-53.

<sup>505</sup> Acharya (2001): "Constructing a Security Community", pp. 67-69.

<sup>506</sup> Narine (2002): "Explaining ASEAN", p. 3.

<sup>507</sup> Narine (2002): "Explaining ASEAN", p. 4.

#### **4.3.5 Policy Variances in the ASEAN**

Different policies vary in the ASEAN along the lines of different forms of regional cooperation namely; political and security cooperation; economic cooperation and finally functional cooperation. ASEAN's political and economic cooperation significantly improved after the fourth ASEAN Summit in 1992 in Singapore. Indeed, ASEAN was formed to bring about regional reconciliation after the end of the Indonesian confrontation with Malaysia. The main idea was for regional states to put aside their quarrels, improve the atmosphere and substance of regional relations, and focus on economic development.<sup>508</sup> In addition, the ASEAN played a crucial role in resolving Cambodia's conflict during the period from 1979 to 1991. In terms of political cooperation, it can be argued that the major achievement of the ASEAN is the avoidance of conflict and improvement of political relations among and between member states. Peace between member states enables them to focus their energies and resources on economic and social development. Economic cooperation of the ASEAN is wide-ranging and covers many areas like trade, investment, food, agriculture, forestry, transport and communications, tourism and etc. Functional cooperation of the ASEAN includes areas like culture and information, environmental protection, rural development and poverty, science and technology, social development, and the ASEAN University Network. The ASEAN's functional cooperation has always been overshadowed by its political, security and economic cooperation. It is expected that the ASEAN will have more active cooperation in functional areas in near future although it is still not yet a priority comparing with political, security and economic arenas.<sup>509</sup>

#### **4.3.6 ASEANization as a Precondition for successful regional integration**

Deriving from the communicative approach, the concept of ASEANization can be best understood both as a milieu-goal and a struggle for the full respect of the ASEAN and its member states' identities by great powers. Regarding with the first point, the recognition by the regional powers of principles and norms of international society such as sovereignty, non-intervention, non-interference, the peaceful settlement of conflict provide and guarantee a better chance to strengthen national resilience, and thus to safeguard ASEAN members' security, political independence and political autonomy. For example, the historic proposal for a Zone of Peace, Freedom, and Neutrality (ZOPFAN) represented such a political rather than strictly legal initiative. Likewise, successful economic and social development would also enhance the legitimacy of regimes and reinforce national resilience. Certainly, ASEAN's attempts to extend its diplomatic and security culture to the wider Asia represents a scale of endeavour to win full recognition of its standings as a successful diplomatic community. The everlasting desire for recognition of ASEAN form of regionalism, its way of crisis management like ASEAN Way, members' identity though different political and economic systems and

---

<sup>508</sup> Interview with Dr. Mya Than (Visiting Fellow at the Institute of Security and International Studies (ISIS), Chulalongkorn University, Bangkok) conducted on 23 August 2003 in Singapore.

<sup>509</sup> Mya Than (2005): "Myanmar in ASEAN", pp. 15-50.

respect from major powers has been strengthened by the impressive economic growth patterns most ASEAN economies achieved in the 1980s and early 1990s. It has been becoming a yardstick of the ASEAN for assessing the true extent of the recognition it earned for its role in regional politics by the way how much it can draw regional powers into its orbit of ASEAN-proposed institutional and normative frameworks.<sup>510</sup>

ASEAN still lacks internal progress in its management of ASEANization among its member states. ASEAN is quite successful in engaging with major powers by participating in regional forums like ASEAN plus Three (APT), ASEAN Regional Forum (ARF), Asia-Pacific Economic Cooperation (APEC). However, the ASEAN still lagged far behind in its own management of adaptation and imposing positive changes on its member states, that is, no progress of internal ASEANization. It has achieved to some extent in external dimension for imposing ASEANization on non-member states like the US, the EU, three powers of East Asia: Japan, China and Korea to join several regional forums in which the ASEAN is acting like a prime mover. However, the ASEAN itself couldn't manage to reconcile and transform some less progressed member countries for positive changes in recent years. The vivid example is the ASEAN's encounter with the uncompromising member state: Myanmar.

Having said that, the ASEAN has indeed partially achieved ASEANizing regional order in East Asia. The use of force to settle unresolved territorial conflicts has been largely averted and further delegitimized. Moreover, ASEAN has managed to extend some of the principles of its own intramural model of political and security cooperation to regional institutions like ARF or APT. However, a full extent of successful ASEANization process in regional matters will still need tacit understanding and consent from major powers like the US or China in settling multilateral issues. Therefore, it is still difficult to conclude how it will turn out with the process of ASEANizing regional order in East Asia in the period of new century.<sup>511</sup>

#### **4.3.7 Unity in diversity alias a mere regional group of heterogeneous entities**

ASEAN was founded on 8th August, 1967 in Bangkok by five non-communist Southeast Asian countries namely Indonesia, Malaysia, the Philippines, Singapore and Thailand. Their founding motto is an impressive one: to “accelerate the economic growth, social progress, and cultural development in the region” and to “promote regional peace and security”. Since its establishment from 1967, the ASEAN invited all of the remaining countries in the region to join the Association. However, it was almost impossible to achieve this ambitious goal due to the Indochina conflict which directly affected to Vietnam and Laos and at the time Myanmar (previously known as Burma) and Cambodia were members of the Non-aligned movement so afraid to participate in the ASEAN (which was informally known as Pro-West and anti-Communist organization in the

---

<sup>510</sup> Jürgen Haacke (1998): “Collective Foreign and Security Policy: The Emergence of an ASEANized Regional Order in East Asia?” (Working Paper), March 1998. (available online at <http://www.ciaonet.org/haj02>), p. 2

<sup>511</sup> Haacke (1998) op. cit. p. 11.

region) at the cost of their neutral posture. Brunei joined the ASEAN in 1984. Henceforth the decade long ambition was successfully implemented only after the end of the Cold War and countries that stood outside the orbit of the ASEAN finally joined the Association: Vietnam in 1995, Laos and Myanmar in 1997, and Cambodia in 1999 respectively.

The inclusion of Vietnam, Laos, Myanmar and Cambodia into the ASEAN represents a distinct enlargement in the type of states within the organization and fulfils the long-term objective of the ASEAN founding fathers – to represent as an effective regional integrative organ for the whole region of Southeast Asia and to transform from ASEAN 6 to ASEAN 10. This kind of combination can be labelled as the ‘unity in diversity’ since it is a project to be implemented in a region of heterogeneous entities. It is because its member states are very diverse in their political and economic structures. ASEAN is the combined organization of different political systems – democratic countries like the Philippines and Thailand together with communist centralized governments of Laos and Vietnam as well as semi-democratic or autocratic ruling machinery running countries like Indonesia, Malaysia, Singapore and Cambodia and also one military dictatorship country like Myanmar and finally traditional form of monarchical government in Brunei.<sup>512</sup> Indeed, the general scene of Southeast Asia at the outset of ASEAN formation was deeply divided in many ways and not conducive to effective regional cooperation. Therefore, the viability of the ASEAN at its inception was largely doubted.<sup>513</sup>

After Cambodia became the tenth member country of the ASEAN in April 1999, the long-term objective of the ASEAN founding members to encompass the whole region of Southeast Asia into the circle of organization was finally fulfilled before the end of the twentieth century. Nevertheless, this fulfilment of long-term objective also leads to new challenges that the ASEAN must address for its compatibility with the new century. Due to vast differences in political, economic and institutional development of the new members (Cambodia, Laos, Myanmar, and Vietnam: CLMV) comparing with the old members: ASEAN-6 (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand), the enlargement of the ASEAN will have major political and economic impacts and implications for both sides.<sup>514</sup>

After the enlargement, ASEAN-10 economies are widely varied in their categories. It consists of 4 High-Performing-Asian Economies (HPAEs) namely Singapore, Malaysia, Thailand and Indonesia (World Bank’s dubbing before the Asian financial crisis), 3 Least Developed Countries (LDCs) like Cambodia, Laos and Myanmar, together oil-rich small sultanate of Brunei and two other developing countries namely the Philippines and

---

<sup>512</sup>For more details, see Clark D. Neher, “Southeast Asia in the new international era”, (Boulder: Westview Press, 1999); John Funston (ed), “Government and Politics in Southeast Asia”, (Singapore: Institute of Southeast Asian Studies, 2001); and William Case, “Politics in Southeast Asia, Democracy or Less”, (Richmond, Surrey: Curzon Press, 2002).

<sup>513</sup> Interview with Dr. Suthiphand Chirathivat (Dean, Faculty of Economics, Chulalongkorn University, Bangkok, Thailand) conducted on 23 July 2003 in Bangkok.

<sup>514</sup> Carolyn L. Gates and Mya Than, “ASEAN Enlargement: An introductory Overview”, in Mya Than and Carolyn L. Gates (eds): “*ASEAN Enlargement: Impacts and Implications*”, (Singapore: Institute of Southeast Asian Studies, 2001), pp. 1-2.



Vietnam. The economies of the new ASEAN members are much smaller compared with the older ones, although Vietnam has larger gross domestic product (GDP) than Brunei, the smallest economy in the ASEAN-6. In 2000, GDP of Vietnam, the largest of the new members, was US\$31.3 Billion, compared with that of the Philippines, the smallest of the ASEAN-5, which was US\$75.9 Billion (*see Table 4*).

GDP of Laos was only US\$1.7 Billion in year 2000, which was the lowest among ASEAN-10. Including new members, therefore, it increases the divergence and disparities of the size of the ASEAN economies. *Table (4)* also shows the grave differences in per capita income between ASEAN-6 and CLMV countries. Laos's per capita income in 2001 was US\$ 300, which was big less than half of Indonesia's per capita and only one-seventh of Singapore.

GDP growth rates of the ASEAN member countries were quite high compared with other developing countries as shown in *Table (5)*. As can be seen in *Table (4)*, the average GDP growth rate of Malaysia, for example, was 8.7% from 1991 to 1996 before the Asian financial crisis and a deep low 3.2% from 1997 to 2002 after the crisis. Data also showed Indonesia and Thailand are still struggling to recover from the hardships of the Asian financial crisis. The growth rates of the new members were satisfactory although they were not as high as those of some old members before the Asian crisis but perform a lot better in the period after the crisis.

While the sizes of the economies of CLMV countries are relatively small, their populations are not negligible. Vietnam and Myanmar have a large number of populations like Thailand and Philippines. The population in the ASEAN-10 is 39 percent larger than the ASEAN-6, amounting to 527 Million populations. Regarding the structure of production in the ASEAN economies, agriculture is the dominant sector among the new members. In 2001, the share of agriculture in GDP is as high as 50.9% for Laos, 42.2% for Myanmar and 36.9% for Cambodia as shown in *Table (6)*. The share of agriculture in GDP in Vietnam was only 23.6% though it is still higher than those of the ASEAN-6. Among the old members, the Philippines' agricultural share to GDP makes up of 15.2%, the highest among ASEAN-6, followed up by Indonesia at 16.4% and Thailand 10% respectively.

Looking into the selected social indicators, it shows that Vietnam has better scores of education and healthcare among new members. Adult literacy rate in Vietnam was 94% in 1995, the same ratio as those of old members: the Philippines, Thailand, and Singapore. Myanmar also has a high adult literacy rate. Life expectancy at birth of Laos and Cambodia are lower than that of Myanmar and Vietnam. From these indicators, one may conclude that Vietnam is not much different from some old members of the ASEAN while other new members are still lagging behind. However, the infrastructure in Vietnam is much less developed comparing with ASEAN-6.<sup>515</sup> At the same time new members are expected to continue moving towards greater economic openness, a process

---

<sup>515</sup> Nattapong Thongpakde (2001): "Impact and Implications of ASEAN Enlargement on Trade", in Mya Than and Carolyn L. Gates (eds): ASEAN Enlargement, Impacts and Implications, Singapore: ISEAS, pp. 46-50.

encouraged by trade liberalisation through AFTA. Cambodia, Laos and Myanmar are poorest countries of Southeast Asia and have great difficulties in fulfilling their ASEAN obligations comparing with other members. It will have implications for ASEAN's pursuit for deeper regional integration and it will also reflect the genuine nature of the ASEAN, which is a mere regional group of heterogeneous entities.<sup>516</sup>

Table (4): ASEAN-10: Selected Economic and Social Indicators

Countries	Area Sq Km ('000)	GDP (US Dollar Billion) in 2000	GDP per capita (US\$) 2001	GDP Growth Rate		Population (million) 2001	Life Expec-tancy (yrs)	Adult Literacy Rate in 1995	Rural Population in poverty 1980-95
				1991-1996	1997-2002				
Brunei	5.7	6.5	18,600	2.0	1.4	0.3581	74.3	88	n.a
Malaysia	330	90.0	3,330	8.7	3.2	23.3	70.9	83	22
Indonesia	1,905	145.3	690	7.9	2.0	209	63.0	84	27
Singapore	1	91.5	21,500	8.5	4.2	4.0	74.9	91	0
Thailand	513	122.6	1,940	8.0	0.7	62.4	69.2	94	34
Philippines	300	75.9	1,030	2.8	3.3	81.2	66.5	95	54
Cambodia	181	3.4	270	6.2	4.1	13.0	51.9	35*	n.a
Laos	237	1.7	300	6.5	5.9	5.2	51.3	57	85
Myanmar	677	4.0	n.a	5.9	6.3	51.1	57.9	83	40
Vietnam	332	31.3	410	8.4	6.1	77.7	65.5	94	60

n.a= not available / \*1993 data

Source: World Development Indicators 2003; Economic Intelligence Unit (EIU); ADB, Key Indicators of Developing Asian and Pacific countries, 1996; and World Bank, Social Indicators of Development, 1996; CIA World Fact Book for Brunei.

Table (5): GDP Growth Rate in ASEAN member states from 1991 to 2002  
(in percentage)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Cambodia	7.6	7.0	4.1	4.0	7.6	7.0	1.0	1.5	6.9	5.4	5.3	4.5
Laos	4.0	7.0	5.9	8.2	7.1	6.9	6.5	4.0	7.3	5.9	5.6	5.8
Myanmar	-0.7	9.7	5.9	6.8	7.2	6.4	4.0	5.7	5.8	10.9	6.2	5.4
Vietnam	6.0	8.7	8.1	8.8	9.5	9.3	8.8	4.4	4.7	6.8	5.8	6.2
Thailand	8.1	8.2	8.5	8.6	8.8	5.5	-0.4	-10.5	4.4	4.6	1.8	4.1
Malaysia	8.6	7.8	8.4	9.3	9.4	8.6	7.7	-7.4	6.1	8.3	0.4	4.2
Indonesia	8.9	7.2	7.3	7.5	8.2	8.0	4.7	-14.2	0.8	4.8	3.3	3.8
Singapore	7.3	6.2	10.4	10.5	8.9	7.5	8.5	0.1	5.9	9.9	-2.0	3.0
Brunei	4.0	-1.1	0.5	1.8	3.0	3.5	2.2	-4.0	2.6	2.8	1.5	3.0
Philippines	-0.6	0.3	2.1	4.4	4.7	5.9	5.2	-0.6	3.4	4.4	3.2	4.1

Source: Asian Development Outlook 2002; International Monetary Fund; Regional Outlook Southeast Asia 2002-2003 & 2003-2004, ISEAS; Economic Intelligence Unit; ASEAN Secretariat; CIA: The World Fact Book.

<sup>516</sup> Jeannie Henderson (1999): "Reassessing ASEAN" (Adelphi Paper no. 328), London and New York, Oxford University Press for the International Institute for Strategic Studies, pp. 40-44.

Table (6): Sectoral Share in GDP: ASEAN Countries, 2001

Countries	Agriculture	Industry	Services
Brunei	2.8	44.4	52.7
Cambodia	36.9	21.9	41.2
Indonesia	16.4	46.5	37.1
Laos	50.9	23.4	25.7
Malaysia	8.5	49.1	42.4
Myanmar*	42.2	18.1	39.6
Philippines	15.2	31.2	53.6
Singapore	0.1	31.6	68.3
Thailand	10.0	44.2	45.8
Vietnam	23.6	37.8	38.6

\* Data for Myanmar pertain to year 2000, instead of 2001.

Sources: World Development Indicators 2003.

#### 4.3.8 Regional Integration, Civil Society, and democratization in Southeast Asia

Regional integration and community building efforts in Southeast Asia over decades bring some positive results in the region like democratization in some countries, reinforcing civil society and improvement of human rights situation. The major impact of democratization cannot be denied in the region and the ASEAN agenda also includes human rights and democracy. Although partly responding to pressures from outside (mainly the Western countries), this is also the result of the growing realization of some ASEAN members that meaningful cooperation between the ASEAN and the international community would require narrowing the gap between them on the understanding of human rights and democracy. Previously, some ASEAN policy-makers and scholars rejected the Western style liberal democracy on the grounds that Western pressure to promote democracy would undermine the foundations of regional order in Southeast Asia, which is based on the inviolability of state sovereignty and the doctrine of non-interference in the internal affairs of member states. One of the effects of democratization can be labeled that the ASEAN's consensus on human rights and democracy, which is widely perceived to be a justification for authoritarian rule in the region, has since unraveled.<sup>517</sup>

Civil society means those institutions and groupings that are outside of government. There are some nuances in different definitions, but the essential characteristics of civil society lies in its autonomy from the state. It is also vivid that such independence is relative, and as no individual can be isolated, so no institution within a societal framework stands completely alone. If civil society is strong and if citizens band together for the common good based on a sense of community or programmatic trust and efficacy,

<sup>517</sup> Acharya (2001): "Constructing a Security Community", pp. 154-155.

then this trust and efficacy somehow and in some way translate into overall trust in the political process of democracy or democratization and lead to the diffusion of the centralized power of the state. Civil society is therefore seen as an essential characteristic of political pluralism.<sup>518</sup> Indeed, regional integration efforts increased the transnational transactions and opened the eyes of general public that in turn strengthen the civil society institutions in Southeast Asia.

#### **4.4 Building a regional community in Southeast Asia: ASEAN's experience in a new century**

ASEAN was one of the most dynamic regional cooperative schemes in the world prior to the Asian financial Crisis of 1997-1998. Since then after the Asian financial crisis, ASEAN leaders have been aware of the increasingly competitive global environment especially because of the tremendous challenge from China in trade and investment. They also became realized to bridge the growth gaps between old member states (ASEAN-6: Singapore, Thailand, Malaysia, Indonesia, the Philippines and Brunei) and new members (CLMV: Cambodia, Laos, Myanmar and Vietnam) for remedying a two-tiered ASEAN.<sup>519</sup> The Asian Crisis has also significantly stagnated the economic growth experienced by the ASEAN countries (mainly ASEAN-6) in the past decades. Simultaneously it highlighted the institutional weaknesses and ineffectiveness of loose cooperation in the ASEAN and pointed out the necessity of rebuilding the association to be a more effective and efficient regional organization.

##### **4.4.1 ASEAN Economic Community (AEC): Is a real Community or Imagined Community for enhancing regional cooperation in Southeast Asia**

At the ASEAN Summit in November 2002, Singaporean Prime Minister Goh Chok Tong proposed the idea of an *ASEAN Economic Community (AEC)*. From then onwards, there has been an intense discussion and debates about this proposal for real implementation among national governments, think tanks and the ASEAN Secretariat. Like any other ideas newly introduced, its vision and acceptance in the region will mainly be assessed in terms of prospective costs and benefits to be paid by all member states of the ASEAN. In principle, ASEAN leaders agreed to explore the possibility of transforming ASEAN into an AEC by 2002. Henceforth, the proposal is welcome in the region as a logical next step of the ASEAN integration based on the existing regional programs like the ASEAN Free Trade Area (AFTA), the ASEAN Framework Agreement on Services (AFAS), and the ASEAN Investment Area (AIA), and also in consistence with the implementation of

---

<sup>518</sup> David I. Steinberg (2001): "Burma, The State of Myanmar", Washington, D.C., Georgetown University Press, p. 102.

<sup>519</sup> Interview with Dr. Leebouapao (Deputy Director General, Department of Macroeconomic Analysis, National Economic Research Institute, Vientiane, Laos) on 20-21 August 2003 in Singapore at the ASEAN Roundtable 2003 Roadmap to an ASEAN Economic Community, Institute of Southeast Asian Studies.

the Hanoi Plan of Action towards ASEAN Vision 2020. The proposed AEC could also offer a pragmatic ASEAN roadmap to strengthen ASEAN's effectiveness in trade and investment creation in dealing with the growing interdependence of all ASEAN economies.<sup>520</sup>

Finally all ASEAN leaders at the Summit held in October 2003 in Bali, Indonesia approved this ambitious proposal of the AEC by signing the Declaration of ASEAN Concord II (Bali Concord II). Bali Concorde II revealed that the AEC would be the realization of the end-goal of economic integration as outlined in the ASEAN Vision 2020, to create a stable, prosperous and highly competitive ASEAN economic region in which there is a free flow of goods, services, investment and a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities in year 2020. It also laid out AEC should be based on a convergence of interests among ASEAN members to deepen and broaden economic integration efforts through existing and new initiatives with clear timelines. Moreover, it emphasized the interdependence of the ASEAN economies and the need for ASEAN member countries to adopt "Prosper Thy Neighbour" policies in order to ensure the long-term vibrancy and prosperity of the ASEAN region.<sup>521</sup>

Southeast Asian economic cooperation through the institutional mechanism of the ASEAN has not been much impressive in the past decades. Many will be sceptical to the realization of the AEC because it is considered ambitious but a lot of difficulties and challenges waiting ahead and beyond horizon for successful implementation. Whatsoever the AEC would be a real vision or an illusion in paving the way for the successful Southeast Asian regional integration, ASEAN countries have seen now a more comprehensive and deepening way of regional cooperation as a necessary and inevitable process which would also bring substantial benefits and big challenges to them.

#### **4.4.2 Is Community concept relevant for the ASEAN?**

A regional community refers to an imagined community of states adhering to the peaceful process of resolving conflicts among them and pursuing cooperative measures with one another to achieve common goals and benefits. It is an imagined community<sup>522</sup> because despite the complex diversities of players in the region of Southeast Asia, there is a general perception, or shared imagination, so to speak, that relative peace, prosperity and security may be attained by cooperating with each other and by ruling out the threat or the actual use of force in settling their disputes. This kind of political/security/economic community may be in the form of a formal organization of states with a permanent secretariat or an informal grouping of states with no permanent secretariat but with a regular process of constant dialogues and consultations. Since such

---

<sup>520</sup> Institute of Southeast Asian Studies (ISEAS) (2003): "Concept Paper on the ASEAN Economic Community", Singapore, ISEAS, 26 February 2003, p.4.

<sup>521</sup> Declaration of ASEAN Concord II (Bali Concord II), October 7<sup>th</sup> 2003, ASEAN Secretariat.

<sup>522</sup> Benedict Anderson (1991): "Imagined Communities, Reflections on the Origins and spread of Nationalism", 2<sup>nd</sup> Edition, London: Verso.

a community may be viewed as an imagined community, it is also socially constructed, which takes time for its own evolutionary process.<sup>523</sup> The existence of a regional community, however, will not necessarily mean the extinction of conflicts among nations. The occurrence of disputes is a reality in every community but the essence of community building is to find peaceful solutions of these disputes and to maintain prevalence of peace among members of the community.

The concept of collective identity is a requisite to the notion of community building. While there can be several indicators of collective identity, three are essentially important. The first paradigm is a commitment to multilateralism, including a desire to place an expanding number of issues on the multilateral agenda that have been previously tackled through unilateral or bilateral channels. A second measure of collective identity is the development of political, economic and security cooperation: including an agenda for political coordination and cooperation for ensuring peace and stability in the region; collective security and collaborative defense against internal and external threats; and economic interdependence, meeting multilateral interests and collaboration for achieving prosper-thy-neighbour principle. Thirdly, identity formation can be perceived from the boundaries and membership criteria of the group like defining what constitutes a region and who is included and who is excluded in that group.<sup>524</sup>

Among the sub-regional groupings in the Asia Pacific, only the ASEAN experienced a relative success in regional cooperation. Originally ASEAN did not envision the creation of a political or economic or security community in the region. Its main goal was to achieve economic, social and cultural cooperation and to reduce tensions among Southeast Asian's non-communist states. In the Bangkok Declaration, the five founding fathers affirmed their determination to “ensure their stability and security from external interference” and to “preserve their national identities”.<sup>525</sup> Throughout 36 years of its existence until Bali Concord II for envisaging an ASEAN Regional Community in Southeast Asia, ASEAN evolved only as a regional association through its loose cooperation and different institutional strategy. To become a real effective regional community, ASEAN still needs a long way to go for more transformation, institutionalization and changing of its regional code of conduct.

Its main principle of conflict management – the ASEAN Way – is consultation and consensus building and non-interference in internal affairs. The process is characterized by informality and it serves to forge a general consensus that accommodates the differing views of all participants before a formal final decision is made. Those norms are unique to ASEAN and therefore constitute an identity marker that can be seen as an indicator of community. With regard to the community concept, the code of regional conduct enshrined in the Treaty of Amity and Cooperation (TAC), which set out behavioural norms

---

<sup>523</sup> Rommel C. Banlaoi (1999): “The ASEAN Regional Forum and Security Community Building in the Asia Pacific: Lessons from Europe?”, National Defense College of the Philippines, Occasional paper, November 1999, p.4.

<sup>524</sup> Amitav Acharya (2001): “Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order”, London and New York: Routledge, p. 29.

<sup>525</sup> Banlaoi (1999): “The ASEAN Regional Forum”, p.6.

for regional relations: respect for territorial integrity and sovereignty, non-interference in internal affairs, peaceful resolution of conflicts and the non-use of force, has also united the ASEAN members. It can be regarded as the strongest identity marker so far to define the ASEAN community.<sup>526</sup>

Despite the existence of various disputes among its members, ASEAN has prevented the occurrence of serious armed confrontation among them. Its success in handling the Cambodian Crisis enhanced ASEAN's credibility as a diplomatic and security community in Southeast Asia whereas its failure in tackling Asian Financial Crisis and East Timor Crisis also witnessed weaknesses of a regional organization. ASEAN is steadily evolved to become a security community because its members have ruled out the threat or the use of force in settling their disputes.<sup>527</sup> The enlargement of ASEAN by admitting Vietnam, Laos, Cambodia and Myanmar as new members further strengthened 'One Southeast Asia' concept as an indicator of regional community encompassing all ten countries of the region.

#### **4.4.3 Community Building as a change of tendency from Cooperation to Integration**

For realism and most liberal theories, material forces and concerns such as power and wealth usually shape state interests. In their way of interpretation, perceptual, ideational and cultural factors are derived from a material base. According to constructivists, intersubjective factors, including ideas, culture and identities, play a determining, rather than secondary, role in foreign policy interactions. Like norms, collective identities can make and redefine state interests and move them beyond the logic of power politics. The collective identity of a social group, like the notion of culture, is not a given that is derived exclusively or even largely from fixed or preordained material sources. Identity is an intersubjective notion. Simply stated, it refers to the 'basic character of states'. Identity formation entails developing a collective sense of not only 'who we are', but also 'how we differ from others'. It also involves securing external recognition for the community's own distinctiveness and sheer existence.<sup>528</sup>

Karl W. Deutsch viewed the development of integrated communities as an exercise in identity building, defined as 'some degree of generalized common identity or loyalty'. He also pointed out that 'identification' as one of the instruments of integration, with 'identification' being defined as 'the deliberate promotion of processes and sentiments of mutual identification, loyalties, and 'we-feelings.'<sup>529</sup> The construction of identity is central to the kind of 'we-feeling' that Deutsch identified as a key factor of integrated communities. The notion of identity runs deep into the heart of constructivist approaches

---

<sup>526</sup> Tobias Nischalke (2002): "Does ASEAN measure up? Post-Cold War diplomacy and the idea of regional community", in: *The Pacific Review*, Vol. 15, No. 1, 2002, pp. 92-110.

<sup>527</sup> Banlaoi (1999): "The ASEAN Regional Forum, p.6.

<sup>528</sup> Acharya (2001): "Security Community", pp. 26-27.

<sup>529</sup> Karl W. Deutsch (1988): *The Analysis of International Relations*, 3<sup>rd</sup> Edition, Englewood Cliffs, NJ: Prentice Hall, pp. 271-272.

because of its central claim that the development of a collective identity can ameliorate the security dilemma among states.<sup>530</sup>

Just as norms ‘are contested and made and remade through politics’, collective identities are made and remade through interactions and socialization, rather than being exogenous to those processes. For example, until recently, our understanding of the idea of ‘region’ relied heavily on such immutable or preordained features such as geographic proximity, a given physical location, cultural and linguistic similarities among the peoples, and a common historical experience. Today, there is a much greater tendency among scholars to define regions as imagined communities, created by processes of interaction and socialization which may lead to different conceptions of what makes up of a given region and its boundary lines at different points of time.<sup>531</sup> Some argued that regions are not natural entities – they are, at a very fundamental level, socially intertwined and constructed. Put another way, they are imagined communities or at least putative imagined communities.<sup>532</sup>

The question of collective identity of a social grouping can be examined from several points of reference. One is to look at the overlapping ambit of the national identities of individual member states, and their respective constitutive norms. In the context of ASEAN, for example, this would mean ascertaining the compatibility and overlap between the national identity and preferred norms of one member country, say Thailand, and those of another, say Myanmar. A second point of reference is the collective identity of a group taken as a whole, for example the notion of the ASEAN Way, which is developed through socialization and which forms the basis of its collective action. The two points of reference can reinforce each other, but may evolve separately. In other words, a group can develop an identity and approach of its own even if their national identities and constitutive norms remain different. The ASEAN Way, in other words, can develop and function despite differing kinds of national identity prevailing among its members.<sup>533</sup>

While there can be several indicators of collective identity, three are especially important. The first is a commitment to multilateralism, including a desire to place an expanding number of issues on the multilateral agenda that have been previously tackled through unilateral or bilateral channels. A second measure of collective identity is the development of deeper economic cooperation, including collective norms through interdependence; meeting multilateral interests and collaboration for achieving prosperity neighbour principle. Third, identity formation can be sensed from the boundaries and membership criteria of the group.<sup>534</sup>

---

<sup>530</sup> Acharya (2001): “Security Community”, p. 27.

<sup>531</sup> Ibid.

<sup>532</sup> Ben Rosamond (2001): *Regional Integration in Europe and Asia*, ASEF University Library, p. 9. [http://www.asef.org/asef-uni/3\\_infohub/infohub\\_m\\_library.html](http://www.asef.org/asef-uni/3_infohub/infohub_m_library.html) (For more details about imagined communities and elaboration of nationalism, see Benedict Anderson (1991): *Imagined Communities, Reflections on the Origins and spread of Nationalism*, 2<sup>nd</sup> Edition, London: Verso.

<sup>533</sup> Acharya (2001): “Security Community”, pp. 28-29.

<sup>534</sup> Ibid., p. 29.



In this respect, ASEAN regionalism in general, and the expression ‘ASEAN Way’ in particular, may be viewed as a continuing process of identity building which relies upon conventional ‘modern’ principles of interstate relations as well as traditional and culture-specific modes of socialization and decision making prevalent in the region. The founders of ASEAN had little conception of a regional identity. But they clearly hoped to develop one through regional cooperation. ASEAN came to play a critical role not only in developing a sense of regional identity, but also laying down the boundaries of Southeast Asia as a region. It drew upon the indigenous social, cultural and political traditions of its members and borrowed, adapted and redefined principles and practices of cooperation from the outside world. Sometimes, supposedly foreign principles and models of regionalism, after having been rejected for lacking ‘relevance’ in the Southeast Asian context, have been subsequently incorporated into the ASEAN framework after being redefined and adjusted so as to conform to the needs and aspirations of ASEAN’s member.<sup>535</sup>

Moreover, the seemingly cultural underpinnings of ASEAN regionalism have been developed and refined in a self-conscious way through years of interaction since ASEAN’s formation. All of these will remain very much part of an ongoing process. ASEAN regionalism began without a discernible and pre-existing sense of collective identity among the founding members, notwithstanding some important cultural similarities among them. Whether such an identity has developed after more than thirty years of interaction is debatable. But this should not detract from the serious nature of the efforts by ASEAN members to overcome their dilemma and obstacles of effective integration and establish a genuine regional community through the development of norms and the construction of an ASEAN identity that would be indispensable of their interests.<sup>536</sup>

#### **4.4.4 Intra- ASEAN Trade as a parameter of Regional Integration**

Intra-regional trade flows are a major parameter of the region’s cooperation in trade. In ASEAN, a relatively low level of intra-regional trade can also be seen despite the increase in the share of exports and imports within the region during the last decade. Merchandise exports within the region as a share of the group’s total exports increased from 20.1 percent in 1990 to 24 percent in 2002. There was also favourable increase in intra-ASEAN imports between 1990 and 2002 from 16.2 percent to 23.6 percent. Intra-regional imports and exports account for about one fifth of ASEAN’s total trade in year 2002 (*see Table 7*). As shown in *Figure (3) and (4)*, Singapore accounts for one third of the region’s intra-regional imports and exports in 2002, while Malaysia accounts for virtually one quarter of intra-regional trade.

In 2002, exports from the ASEAN countries to the world (including intra-regional trade) reached \$406.6 Billion. The major exporting countries are Singapore (\$128.5 Billion), Malaysia (\$93.4 Billion), Thailand (\$66.9 Billion) and Indonesia (\$58 Billion). Simultaneously, these four countries are also the principal importing members of the

---

<sup>535</sup> Ibid., p. 28.

<sup>536</sup> Acharya (2001): “Security Community”, p. 28.

ASEAN group by representing Singapore \$110 Billion, Malaysia \$75 Billion, Thailand \$63.4 Billion and Indonesia \$34.8 Billion. Regional imports from the world (including intra-regional trade) reached \$341 Billion, yielding a positive trade balance of \$65.6 Billion (*see Table 10 and 11*).

However, intra-ASEAN trade flows between 1990 and 2002 is not significant in comparing with the amounts and growth ratio of total trade and extra-ASEAN trade flows as shown in *Figure (3)*. Import dependence in the ASEAN has been less than export dependence in most of these years (*see Table 7, 8 and 9*). Consequently, the ASEAN-6 have depended on imports and machinery and materials from the industrialized countries for production; and ASEAN does not provide major markets for the old members, although intra-ASEAN trade has been rising.<sup>537</sup> *Table (8)* shows ASEAN countries' direction of exports comparison between 1990 and 2001 with their major trading partners. ASEAN's biggest export market continues to be the US with the European Union coming in second and Japan a close third.

Compared with the ASEAN-6, new members (i.e. CLMV countries) depend more on the ASEAN market as illustrated in *Table (12)*. For Cambodia, the share of trade to ASEAN market was 33.9 percent; while it was 48 percent, 29.8 percent, and 22.2 percent for Laos, Myanmar and Vietnam respectively. It shows that Cambodia and Laos keep stronger trade relations with ASEAN than Myanmar and Vietnam. The share of imports of the ASEAN new members was higher than that of exports while ASEAN-6 accounts for more export dependence (*see Table 10 and 11*).

For many ASEAN countries China has become a major trading partner and also an important market in the last two decades. As shown in *Table (13)*, major changes in ASEAN countries' trade dependence on East Asia and other fellow ASEAN members over the period from 1985 to 2001 are remarkable. For a number of ASEAN countries the market shares of Singapore and Malaysia have been declining most rapidly. This does not necessarily mean that China or other countries have overtaken their important position in various ASEAN markets. Intra-ASEAN trade has traditionally been dominated by Malaysia and Singapore and by the bilateral trade between these two countries. Singapore and Malaysia are also the two largest exporters in ASEAN. Their combined exports accounted for 54.6% of total ASEAN exports in 2002 while the exports of the older ASEAN members (ASEAN-6) amounted to 94.7% of total ASEAN exports. Exports of CLMV (new ASEAN members) only accounted for about 5% of total ASEAN exports in 2002. Nevertheless, the growth of exports from the CLMV countries has been very dramatic and this is in large part because of their low cost base. Exports of Vietnam, for instance, increased from a mere \$407 Million in 1985 to close to \$17 Billion in 2002.<sup>538</sup>

---

<sup>537</sup> Nattapong Thongpakde (2001): "Impact and Implications of ASEAN Enlargement on Trade", p. 50.

<sup>538</sup> Hadi Soesastro (2003): "ASEAN Economic Community: Concept, Costs and Benefits", Singapore: ISEAS, pp. 6-7 (Paper presented at the ASEAN Roundtable 2003 Roadmap to an ASEAN Economic Community 20-21 August 2003 Singapore).

All members hailed the establishment of AFTA among ASEAN countries as an engine for the promotion of regional competitiveness and economic efficiency. In mid-1990s, the ASEAN shares of the CLMV's trade were 35%, 54%, 58% and 21% respectively. During the period from 1998 to 2000 (*see Table 12*), these shares declined along with intra-ASEAN trade. For Cambodia and Vietnam, these shares recently declined significantly because both countries signed bilateral trade agreements with the United States and therefore, their exports to the United States have expanded substantially. Generally it may indicate that Laos and Myanmar might gain a rather large welfare benefit from joining AFTA since trade creation would considerably outweigh trade diversion.<sup>539</sup>

Although there has been more differentiation in the commodities produced in these economies and thus creating more scope for greater complementarity between them, the increased size and greater diversity in terms of political orientation, economic development and readiness towards economic liberalization within the grouping have made the decision making process more time consuming and therefore slowed down the progress of economic integration. The effectiveness of AFTA as a preferential trading arrangement could be undermined with the proliferation of bilateral FTAs initiated by some ASEAN member countries.<sup>540</sup>

Recently Singapore has already concluded an FTA with New Zealand, Japan, Australia and the US. Negotiations are currently under way to forge FTAs with other countries. It has also been reported that the Philippines and Thailand are negotiating with the US while Malaysia and Myanmar are also on the way to FTA with Japan and India respectively. Although these extra-ASEAN FTAs could bring some indirect benefits for the ASEAN countries, they could also present some risks and challenges for ASEAN as a preferential economic grouping. These FTAs could be perceived by other ASEAN countries as providing "backdoor" entries for non-ASEAN countries to the region and thus as undermining the effectiveness of AFTA. Critics have alleged that Singapore's FTA partners will be able to gain tariff-free access into ASEAN markets through Singapore, without providing reciprocal access to the ASEAN countries. Whether this perception is baseless or not, it could hinder intra-ASEAN trade relationships. Parallel to this problem is the risk that increased extra-regional trade could occur at the expense of intra-regional trade. There is a strong possibility that trade diversion effects will be significant resulting from the bilateral free trade agreements, as many of the goods and services traded within ASEAN will be substituted by similar goods and services produced by the extra-ASEAN partners.<sup>541</sup>

The increased intensity of trade within ASEAN member states can also lead to enhance interdependence with each other. Some also concluded that increase in intra-ASEAN and

---

<sup>539</sup> Vo Tri Thanh(2003): "The ASEAN Economic Community: Perspective from ASEAN's Transitional Economies", Singapore: ISEAS, p. 6 (Paper presented at the ASEAN Roundtable 2003 Roadmap to an ASEAN Economic Community 20-21 August 2003 Singapore).

<sup>540</sup> Jose L. Tongzon (2003): "The Role of AFTA in an ASEAN Economic Community", Singapore: ISEAS, p. 10. (Paper presented at the ASEAN Roundtable 2003 Roadmap to an ASEAN Economic Community 20-21 August 2003 Singapore).

<sup>541</sup> Jose L. Tongzon (2003): "The Role of AFTA in an ASEAN Economic Community", p. 10.

extra-ASEAN trade in the last decade has been witnessing the increased competitiveness of ASEAN countries by supplying for the regional markets. However, intra-ASEAN merchandise trade now accounts for nearly 25% of ASEAN's total trade, slightly up from 21.4% in 1993. This may seem relatively low and some academics have argued that the 1997 Asian financial crisis had adversely affected intra-regional trade more than trade with the rest of the world. Moreover, there still exist a substantial number of non-tariff barriers to intra-ASEAN trade. Nevertheless, the implementation of the ASEAN Free Trade Area should lead to a pick-up in intra-ASEAN trade from 2002 onwards.<sup>542</sup> Fostering a stronger intra-regional trade through the AEC can help enhancing the growth performance of member countries. Trade expansion leading to higher growth may help the less developed countries in the ASEAN catch up with the income per capita levels of the more advanced economies in the region.<sup>543</sup>

Table (7): Intra-ASEAN Trade in 2002  
(Billion Dollars and percentage)

	Value	Share in total exports/imports (%)				Annual percentage change		
		1990	1995	2000	2002	1995-00	2001	2002
ASEAN (10)								
Total exports	405	100.0	100.0	100.0	100.0	6	-10	5
Intra-exports	97	20.1	25.5	24.0	24.0	5	-12	8
Extra-exports	308	79.9	74.5	76.0	76.0	6	-9	4
Total imports	353	100.0	100.0	100.0	100.0	1	-8	5
Intra-imports	83	16.2	18.8	23.7	23.6	5	-12	9
Extra-imports	270	83.8	81.2	76.3	76.4	-1	-7	4

Source: WTO, International Trade Statistics 2003

<sup>542</sup> ISEAS (2003): "Concept Paper on the ASEAN Economic Community", Singapore, 26 February 2003, p.4.

<sup>543</sup> Interview with Dr. Jutamas Arunanondchai (Senior Researcher, Fiscal Policy Research Institute, Ministry of Finance, Bangkok, Thailand) on 20-21 August 2003 in Singapore at the ASEAN Roundtable 2003 Roadmap to an ASEAN Economic Community, Institute of Southeast Asian Studies.

Table (8): ASEAN countries' Direction of Exports comparison between 1990 and 2001  
( % of Total )

To From	DMCs		China		Japan		United States		European Union		Others	
	1990	2001	1990	2001	1990	2001	1990	2001	1990	2001	1990	2001
Southeast Asia	29.1	34.1	1.9	4.5	18.3	13.4	19.6	18.2	15.8	15.0	15.3	14.9
Cambodia	82.9	6.3	0.4	1.3	7.6	1.0	0.0	64.2	5.0	24.8	4.1	2.3
Indonesia	18.4	28.9	3.2	5.5	42.5	20.9	13.1	15.3	12.0	13.8	10.6	15.7
Laos	69.0	45.0	9.1	1.6	7.1	1.5	0.1	0.9	9.4	25.6	5.3	25.4
Malaysia	40.0	35.5	2.1	4.3	15.3	13.3	16.9	20.2	15.4	13.6	10.3	13.0
Myanmar	49.0	48.4	8.1	4.4	6.9	3.4	2.3	16.6	6.9	14.5	26.8	12.7
Philippines	14.2	24.0	0.8	2.5	19.8	15.7	37.9	28.0	18.5	19.3	8.9	10.6
Singapore	34.7	43.4	1.5	4.4	8.8	7.7	21.3	15.4	15.0	13.4	18.7	15.8
Thailand	19.3	28.0	1.2	4.4	17.2	15.3	22.7	20.3	22.7	16.1	17.0	15.9
Vietnam	25.3	20.0	0.3	6.8	13.5	17.5	0.0	7.6	6.8	26.8	54.1	21.3

DMCs = Developing member countries of the Asian Development Bank

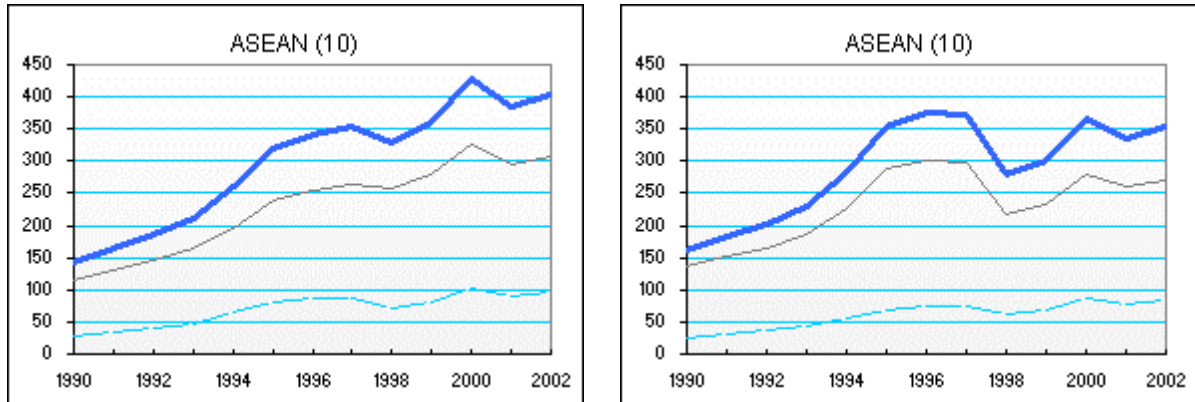
Source: Asia Development Outlook 2003.

Table (9): Intra-ASEAN Trade from year 1990 to 2002 (Value amount in Billion Dollars)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Intra-Exports	29	35	39	47	65	82	87	88	72	80	103	90	97
Extra-Exports	115	130	147	165	197	239	254	265	258	279	325	296	308
Total-Exports	144	165	186	212	262	321	341	353	330	359	428	386	405
Intra-Imports	26	32	37	44	55	67	74	75	63	68	87	77	83
Extra-Imports	136	152	164	187	226	288	303	297	216	232	281	260	270
Total-Imports	162	184	201	231	281	355	376	372	279	300	367	337	353

Source: WTO, International Trade Statistics 2003

Figure (3): Intra-ASEAN Trade potential Graph from 1990-2002 ( Billion Dollars )



Total exports                   —■—  
 Intra-exports                   - - -■- - -  
 Extra-exports                   —■—

Total imports                   —■—  
 Intra-imports                   - - -■- - -  
 Extra-imports                   —■—

Source: WTO, International Trade Statistics 2003

Table (10): ASEAN Countries Merchandise Exports (in Billion of US \$)

Country	1996	1997	1998	1999	2000	2001	2002
Brunei	2.593	2.662	1.891	2.539	3.904	3.643	3.708
Indonesia	50.188	56.298	50.371	51.242	65.406	57.364	57.971
Malaysia	76.88	77.561	71.85	84.097	98.429	87.981	93.364
Philippines	20.543	25.228	29.496	34.210	37.295	31.243	34.383
Singapore	129.552	129.757	110.271	116.629	139.747	124.505	128.519
Thailand	54.667	56.725	52.878	56.801	67.889	63.190	66.886
Cambodia	0.644	0.862	0.816	1.016	1.396	1.525	1.717
Laos	0.317	0.313	0.337	0.302	0.33	0.31	0.312
Myanmar	0.938	0.975	1.065	1.14	1.644	2.322	3.012
Vietnam	7.255	9.185	9.361	11.54	14.448	15.027	16.706
ASEAN-6 Total	334.423	348.231	316.756	345.516	412.671	367.926	384.832
CLMV Total	9.154	11.335	11.579	13.998	17.818	19.184	21.747
ASEAN Total	343.577	359.565	328.335	359.514	430.489	387.110	406.579

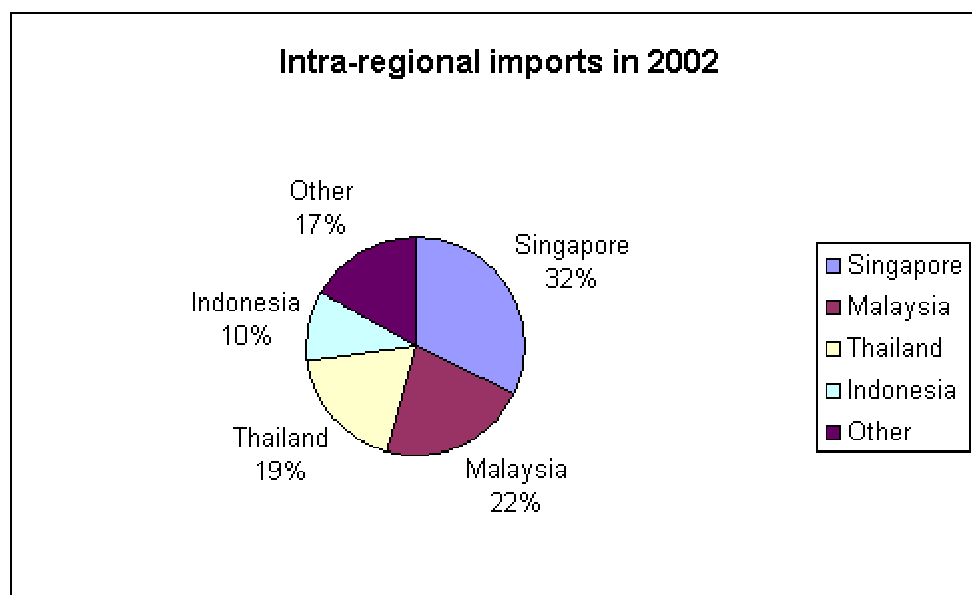
Source: ASEAN Secretariat (ASEAN Surveillance Coordinating Unit Database)

Table (11): ASEAN Countries Merchandise Imports (in Billion of US \$)

Country	1996	1997	1998	1999	2000	2001	2002
Brunei	2.345	2.015	1.314	1.25	1.047	1.125	1.48
Indonesia	44.24	46.223	31.942	30.598	40.366	34.669	34.824
Malaysia	72.862	74.131	54.169	61.452	77.575	69.598	75.043
Philippines	31.885	36.355	29.524	29.252	30.377	28.496	33.975
Singapore	123.9	125.092	95.925	104.642	127.457	109.752	109.920
Thailand	70.815	61.349	40.643	47.529	62.423	60.665	63.433
Cambodia	1.072	1.092	1.179	1.49	1.935	2.052	2.311
Laos	0.690	0.648	0.553	0.554	0.535	0.523	0.522
Myanmar	1.869	2.107	2.451	2.188	2.169	2.595	2.323
Vietnam	10.03	10.432	10.35	10.568	15.387	14.546	17.76
ASEAN-6 Total	346.047	345.165	253.517	274.723	339.245	304.306	318.106
CLMV Total	13.661	14.279	14.533	14.8	20.026	19.716	22.916
ASEAN Total	359.708	359.444	268.05	289.523	359.271	324.022	341.022

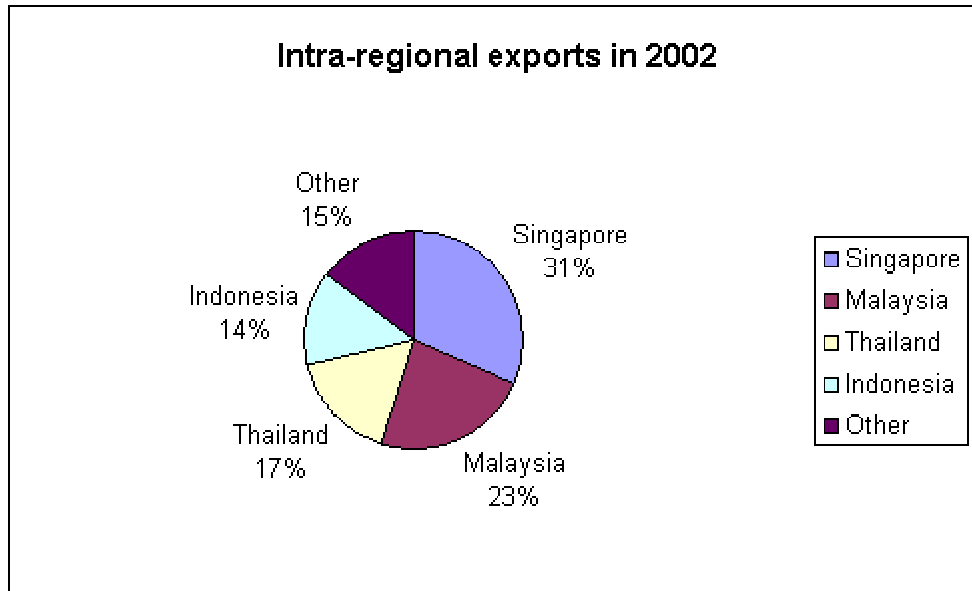
Source: ASEAN Secretariat (ASEAN Surveillance Coordinating Unit Data)

Figure(4): ASEAN member countries Intra-regional Imports in 2002



Source: ASEAN Secretariat (ASEAN Surveillance Coordinating Unit Database)

**Figure (5): ASEAN member countries Intra-regional Exports in 2002**



Source: ASEAN Secretariat (ASEAN Surveillance Coordinating Unit Database)

**Table (12): Total Trade Share of CLMV (%) from 1998 to 2000.**

	Cambodia	Laos	Myanmar	Vietnam
Cambodia	-	0.0	0.0	1.3
Laos	0.0	-	0.0	0.4
Myanmar	0.0	0.0	-	0.0
Vietnam	10.9	2.7	0.0	-
ASEAN	33.9	48.0	29.8	22.2
ASEAN+3	44	72.4	59.0	51

Total Trade = Sum of imports and exports. Table shows as total trade share of a country in the top row with a partner in the left-hand column.

Source: Sakakibara, Eisuke and Sharon Yamakawa (2003): Regional Integration in East Asia: Challenges and Opportunities, World Bank working paper No. 3079, Washington D.C., Table 4.1.



Table (13): Major Changes in ASEAN's Trade Dependence on East Asia, 1985-2001

	Export markets increasing in relative importance		Largest declining market share
	Largest	Second Largest	
Brunei	Korea	<b>China</b>	Singapore
Cambodia	Thailand	Hong Kong	Vietnam
Indonesia	Malaysia	<b>China</b>	Korea
Malaysia	<b>China</b>	Hong Kong	Singapore
Laos	Thailand	Vietnam	<b>China</b>
Philippines	Taiwan	<b>China</b>	Malaysia
Singapore	<b>China</b>	Vietnam	Malaysia
Thailand	<b>China</b>	Indonesia	Malaysia
Vietnam	<b>China</b>	Taiwan	Hong Kong

Source: Ng, Francis and Alexander Yeats (2003): Major East Asian Trade Trends, World Bank working paper No. 3084, Washington D.C., Table 6.1.

#### 4.4.5 AFTA: A Scheme to adjust uneven economic development in Southeast Asia and promoting effective governance

Though ASEAN was established as an organization of *political security project*<sup>544</sup> in 1960s, it gradually transformed itself into an effective regional mechanism through constructing a sense of regional community intertwined with closer economic cooperation in the region. The recent proliferation of regional trading blocs is distinctive with the signing of numerous new and overwhelmed preferential trade agreements (PTAs) since 1990. There remains, however, an ongoing debate between economists and politicians as to whether regional trade agreements (RTAs) represent “building” or “stumbling” blocks<sup>545</sup> to the prosperity of world trade. The welcome for the opportunities of this new wave of regionalism is supposed to bring broad in scope or content while some fear that kind of regional economic integration will undermine progress towards global free trade expounded by the General Agreement on Tariffs and Trade (GATT) and more recently the World Trade Organization (WTO). However, there are also some positive outlooks to these regional arrangements and see any trade

<sup>544</sup> Franz Nuscheler (1999): “Entwicklungssprünge, Disparitäten und Konfliktpotentiale im südostasiatischen Tigergehege”, in: Werner Kreisel (eds): “Perspektiven für eine zukunftsfähige Regionalentwicklung im asiatisch-pazifischen Raum”, Hamburg: Abera Verlag, p.22.

<sup>545</sup> J. Bhagwati (1991): “The World Trading System at Risk”. Princeton, NJ: Princeton University Press, p. 77.

liberalization as good whatever its source and PTAs as a second best means of achieving trade liberalization when multilateral negotiations stall.<sup>546</sup>

One of the more recent and trade-related regional developments was in the Southeast Asian region where members of the Association of Southeast Asian Nations (ASEAN) agreed in 1992 to establish the ASEAN Free Trade Area (AFTA) that currently has a membership of ten countries and a population of over 500 million. Moreover, the recent emergence of China as an economic power in the region following its membership of the WTO has led to a renewed vigour among ASEAN nations to pursue the goal of regional cooperation.

In an overall view, the last thirty years has witnessed a strong economic performance from ASEAN countries. One reason for this vivid success was that the prime engine of growth was rather extra-regional trade than intra-regional and questions, therefore, arose about the need of Southeast Asian regional grouping to intensify their synergy.<sup>547</sup> Krugman introduced the notion of a “natural trading block” based on geographical proximity that could be both efficient and welfare increasing. He also noted however, that an RTA based on being a member of a political club could induce regional bias to trade patterns that can be welfare reducing if trade diversion is greater than trade creation.<sup>548</sup> This raises the question of whether ASEAN has any real economic rationality over its mere political and symbolic meaning.

Economic cooperation among ASEAN members produced mediocre results until the formation of the ASEAN Free Trade Area (AFTA) in 1992. ASEAN’s pattern of economic cooperation and the reasons for its limited achievements are familiar: inward-looking economic policies and economies at different levels of income and industrialization. The absence of formal regional institutions and the failure to negotiate precise and binding obligations reflected those shortcomings rather than creating them. Although the ASEAN economies were among the most successful in the developing world by the 1990s, very little of that success could be attributed to intra-regional trade liberalization.<sup>549</sup>

ASEAN’s interest in intra-regional trade cooperation increased in the early 1990s, in response to several developments. The changing orientation of ASEAN economies towards manufacturing provided scope for greater intra-ASEAN division of labour. In addition, the establishment of the North American Free Trade Area and the advent of the EU Single Market raised fears within ASEAN of rising protectionism. This fear was compounded by the stalemate in the Uruguay Round of GATT talks towards the late 1980s, a stalemate blamed by Singapore’s Prime Minister, Goh Chok Tong, on the two

---

<sup>546</sup> World Bank (1999): “Trade Blocs”, New York: Oxford University Press, pp. 104-105.

<sup>547</sup> Robert J.R. Elliott and Kengo Ikemoto (2003): “AFTA and the Asian Crisis, Help or Hindrance to ASEAN Intra-Regional Trade?”, Manchester: School of Economics, the University of Manchester, p.4.

<sup>548</sup> Paul. R. Krugman (1991): “Is Bilateralism Bad?”, in :E. Helpman and A. Razim E (eds.): “International Trade and Trade Policy”, Cambridge: MIT Press, pp. 9-23.

<sup>549</sup> Miles Kahler (2000): “Legalization as Strategy: The Asia-Pacific Case”, in: *International Organization*, Volume. 54, Number. 3, Summer 2000, p. 553.

largest economic powers in the world, the USA and the European Union, who could 'hold the entire multilateral trading system to ransom' over a 'single issue like agriculture'. ASEAN also feared a declining flow of investment from the West as the collapse of communism led to the opening up of East European economies.<sup>550</sup>

In response to these developments, ASEAN leaders in January 1992 at their Fourth Summit announced plans to form an ASEAN Free Trade Area (AFTA) within fifteen years. In fact the formation of APEC (Asia-Pacific Economic Cooperation) in 1989 had also been an important stimulus to the ASEAN to establish its own free trade area. In so doing, a number of initiatives to promote regional economic cooperation were adopted. These included cooperation in securing greater foreign investment through creating an ASEAN Investment Area (AIA), liberalization of the service sector including tourism, maritime transport, air transport, telecommunications, construction, business and financial services, and cooperation in intellectual property matters encouraged through creating an ASEAN Patent System and an ASEAN Trademark System.<sup>551</sup>

The evolution and scope of AFTA and these other measures suggested the influence of the ASEAN Way, including a preference for informality, non-adversarial bargaining, consensus building and non-legalistic procedures for decision-making. Therefore, some argued that AFTA was to be based 'more on networks of personal contacts and social obligations than on formal institutions and legal commitments'. The negotiations leading to AFTA could be described as one of developing 'a vaguely worded statement which did not violate any of the participants' basic interests and, therefore, to which all participants could agree'. This allowed AFTA to be moved forward at a 'pace with which all governments felt comfortable'. In a similar way, disputes were to be settled through informal discussions behind closed doors and without resort to formal dispute-settlement mechanisms as found in the EU or NAFTA.<sup>552</sup>

AFTA was to be realized within fifteen years from 1 January 1993. The main instrument to reduce tariffs imposed by members on all manufactured and processed agricultural products to 0 to 5 per cent by 2008 was the Common Effective Preferential Tariff (CEPT). As such, the CEPT largely determines the pace (through normal and fast-track reduction of tariffs) and scope of trade liberalization within the group; and it provides for a phased reduction of tariffs. The CEPT consists of four lists. First is the Inclusion List (IL), which is composed of goods that are subject to immediate tariff reduction so as to fulfil the 0 to 5 per cent tariff target by the specified target date. Second is the Temporary Exclusion List (TEL) which permits a temporary exclusion of specified goods from tariff reduction, but they are to be transferred to the IL in stages, in five annual and equal instalments between January 1996 and January 2000, and reduced to the 0 to 5 per cent target range in the accelerated package by 2000. Third is the Sensitive List (SL) which is composed mainly of unprocessed agricultural products that are to be phased into

---

<sup>550</sup> Acharya (2001): "Security Community", p.142.

<sup>551</sup> Interview with Dr. Ramonette B. Serafica (Research Advisor, Regional Economic Policy Support Facility, The ASEAN Secretariat, Jakarta, Indonesia) on 20-21 August 2003 in Singapore at the ASEAN Roundtable 2003 Roadmap to an ASEAN Economic Community, Institute of Southeast Asian Studies.

<sup>552</sup> *Ibid.*, pp. 142-143.

the IL between 2001 to 2003 and reduced to the 0 to 5 per cent target range by 2010. Fourth is the General Exception List (GEL), which is consistent with World Trade Organization (WTO) regulations. It permanently excludes from tariff reduction those goods that are of concern for national security, protection of public morals, health, human, animal and plant life, and protection of art, culture, environment, historical and archaeological heritage.<sup>553</sup>

The primary objective of AFTA is to enhance the competitiveness of the ASEAN in the world market. It also aims to expand intra-ASEAN trade and to gain economies of scale and specialization to further deepen economic cooperation. In other words, AFTA can also be regarded as the most visible sign of tendency changing from loose cooperation to closer and effective regional integration in Southeast Asia. Moreover, it is anticipated that greater foreign direct investment will flow into the region as a result of ASEAN economic integration.<sup>554</sup> AFTA was designed in part to deflect competitive pressure within the region, particularly China and India. Widespread economic liberalization in Asia had removed both the distinctive policy and cost advantages of ASEAN. Substantial unilateral liberalization in ASEAN member economies and the prospects of greater intra-regional trade argued for accepting more binding obligations to liberalize trade.<sup>555</sup>

In 1997, although the ASEAN members were facing the devastating regional economic crisis they decided to speed up the CEPT timetable. At the Hanoi Summit in 1998, the six original ASEAN members agreed to accelerate the CEPT schedule for the products under the normal track by one year from 2003 to 2002, and set a target to achieve a minimum of 90 percent of tariff lines within 0-5 per cent by 2000. Owing to the difference in their economic structure from the original members and the later date of membership accession, the four new members presented different deadlines for the CEPT scheme. Originally the deadline for the reduction of CEPT tariff lines to between 0-5 per cent was 2006 for Vietnam and 2008 for Laos and Myanmar. With the agreement at the Hanoi Summit, the CEPT program for the new member countries was also accelerated to 2003 for Vietnam and to 2005 to Laos and Myanmar. Cambodia, the latest ASEAN member, submitted its CEPT package on 1 January 2000, and will complete its AFTA commitment in 2010.<sup>556</sup>

In an overall view, AFTA may contribute to ASEAN's collective competitiveness and expand the appeal of ASEAN's internal market to foreign investors, and prevent the diversion of investment to other areas such as China and India. For ASEAN, the economic liberalization programs of the new members provide new economic opportunities at a time when traditional Western markets are turning protectionist. An expanded ASEAN also helps the competitiveness of the original ASEAN-6 by providing

---

<sup>553</sup> Carolyn L. Gates and Mya Than ( 2001 ): "ASEAN Enlargement: An introductory Overview", p. 6.

<sup>554</sup> Nattapong Thongpakde ( 2001 ): "ASEAN Free Trade Area: Progress and Challenges", in: Mya Than (eds): ASEAN Beyond the Regional Crisis, Challenges and Initiatives, Singapore, Institute of Southeast Asian Studies, p. 51.

<sup>555</sup> Miles Kahler ( 2000 ): "Legalization as Strategy: The Asia-Pacific Case", p. 553.

<sup>556</sup> Nattapong Thongpakde ( 2001 ): "ASEAN Free Trade Area: Progress and Challenges", p. 52.

them with a cheaper source of raw materials and production locations, an important benefit out of the Generalized System of Preferences (GSP).<sup>557</sup>

In particular, ASEAN-6 stand to benefit from the GSP privileges of the new members (except Myanmar which does not enjoy GSP privileges as a result of Western sanctions) by using them as export platforms to the rest of the world for textiles, garments and the electronic assembly industry. It also enables them to free their resources for developing more sophisticated industries in keeping with their evolving comparative advantage. The new members are also expected to derive major benefits from expansion although they will suffer from a loss of customer revenues. It will end their economic isolation (a common feature of all of them, albeit for different reasons). They benefit from investments from the original ASEAN-6, especially in their labour-intensive manufacturing sectors as well as in infrastructure. Moreover, the new members can take advantage of ASEAN's collective bargaining system; membership will mean that their access to world markets can be negotiated multilaterally, rather than individually.<sup>558</sup> Through their participation in a free trade area, it will increase transnational production among members in a more and more globalized economy as well as it will also foster greater economic interdependence in the area which is a major aspect of regional integration.

#### **4.4.6 Still a long way to go and whither the ASEAN**

Nowadays, the concept of region and regionalism in Southeast Asia is becoming a major theme to be discussed in accordance with the rapidly changing events in countries of the region as well as concerning with their relations to other major powers of Asia-Pacific region. Actually this concept is still vaguely defined and not yet strongly rooted in the minds and souls of people of the region even though the ASEAN exists more than three decades as representative association of Southeast Asia. Focus should be given to the studies of regional cooperation and conflict resolution, which are more promising for achieving effective solutions to occasional crises of the region as well. Studies of regional cooperation and conflict will continue to be hot spots of international politics notwithstanding a new millennium of globalization with rapid technological change and war against international terrorism.

It can be argued that regional cooperation was possible among sovereign states, but only when it was to fulfill their different national interests; member states were quick to halt regional cooperation or reverse integration when it no longer met their needs. ASEAN's community building efforts will still need to go a long way and it must reinvent itself and be more flexible in dealing with member nations' internal problems if it is to remain relevant with changing global situation. Recent discussions within ASEAN about Myanmar's military government showed that the regional association was relaxing its widely criticized policy of non-interference in its members' internal affairs. As former Indonesian foreign minister Ali Alatas pointed, the informal adoption of the principle of

---

<sup>557</sup> Acharya (2001): "Security Community", p. 122.

<sup>558</sup> Acharya (2001): "Security Community", p. 122.

enhanced interaction in 1998 by ASEAN should continue to be honoured and further refined. This principle calls for the group to comment on domestic issues that portray all member states in a negative light. Alatas also added that ASEAN should be able to develop an agreed mechanism through which member states could work together to help a member country in addressing internal problems with clear external implications.<sup>559</sup> If the development of a regional community is a gradual and evolutionary process, then there can have some optimism about ASEAN's future prospects of identity-building because ASEAN has some of its own community indicators as well as failures and successes in the past of its experience. However, any failure of ASEAN to reach at a consensus on more extensive and effective rules of behaviour and regional code of conduct will hinder the regional association from making any further progress.

#### **4.5 ASEAN's Role in the Asia-Pacific Region**

Since the end of the Cold War, ASEAN seek to engage in an active agenda for political and security cooperation in the Asia-Pacific region. By collaborating with major powers in the region, ASEAN attempted to exploit its unique advantage by taking the formal political initiative to advocate its own model of multilateralism. ASEAN was able to play a central diplomatic role in promoting and defining the new multilateral structure for two reasons. First, the Association was an acceptable interlocutor to all the major regional powers. Neither the United States nor Japan wished to take the lead in the undertaking, while China would have been most reluctant to join any multilateral venture formally initiated by either power. China's problematic relations with the US and Japan were based in part on the suspicion that they were engaged in a tacit policy of containment at China's expense. Second, the ASEAN model was particularly appropriate for the post-Cold War era in which regional tensions were no longer expressed in a tangible and imminent common threat that called for a countervailing military coalition. To that extent, the undertaking made no unpalatable political or economic demands on potential members.<sup>560</sup>

ASEAN also supported the concept of an Asia-Pacific community premised on US strategic, political and economic engagement, and on recognition of China as a major power in the region. It played a leading procedural role in the ASEAN Regional Forum (ARF) and endorsed the formation of the Asia-Pacific Economic Cooperation (APEC). The enlargement process of the ASEAN also allowed to maintain its diplomatic centrality and to speak for 'one Southeast Asia' by representing its 500 million people.<sup>561</sup> Recently ASEAN has taken another important step by deciding to pursue the establishment of an East Asian economic community. This initiative was motivated in part by disillusionment with the perceived lack of U.S. support for countries affected by the 1997 financial crisis. Moreover, the ASEAN nations wish to further integrate China while securing from it a

---

<sup>559</sup> ASEAN-Myanmar Policy, AFP news 7<sup>th</sup> January 2004.

<sup>560</sup> Michael Leifer (1996): "The ASEAN Regional Forum: Extending ASEAN's model of regional security", (Adelphi Paper no. 302 ), London and New York, Oxford University Press for the International Institute for Strategic Studies, pp. 26-27.

<sup>561</sup> Henderson (1999): "Reassessing ASEAN", p.57.

greater commitment to the regional affairs. But the idea of a regional economic community still faces powerful obstacles. Long-time rivalry between China and Japan is not amenable to ASEAN's mediation efforts and ASEAN members and China disagrees over the participation of non-East Asian nations. Due to intensive lobbying by Japanese and Singaporean leaders, Australia, India, and New Zealand were invited to participate in the East Asian Summit. But this does not reconcile the geographic scope of the East Asian Community, as China still desires the group to keep out non-East Asian nations, including the United States.<sup>562</sup> Within the Asia-Pacific, there is no other historical example of a group of lesser states assuming such a diplomatic centrality in fostering a multilateral security arrangement that involved all major regional powers. That centrality would also seem to be at odds with the experience of the nineteenth-century Concert of Europe, since the very notion of a concert is based on the role of major powers as defining members. In fact, ASEAN can take such a crucial role in shaping regional cooperation because the major Asia-Pacific powers have been incapable of forming a concert arrangement among them.<sup>563</sup>

#### 4.5.1 The ASEAN and the Rising China

The rising power in Asia-Pacific as the twenty-first century approaches is definitely China. China's successful post-Cold War economic reforms have provided it with a historic opportunity to realize a sense of national destiny, which many regional states view with a careful recognition. It has also modernized its economy by opening up to the capitalist world, including that of the Asia-Pacific, which has reciprocated by opening up to China.<sup>564</sup> In any part of the globe, small and fragmented states direct their attention towards larger neighbours who would, by their presence alone, become a source of apprehension. The states of Southeast Asia are only too well aware of the disparity that exists between themselves and a populous and relatively homogenous state with a long tradition of centralized rule. Size, organization and resources distinguish China from its southern neighbours who remain ethnically and politically divided and, in some cases, beset by the kind of mutual suspicion that prevent cooperation among them. The observation of one critic wrote that "In Southeast Asia the realization of the fact of the new powerful China ... is causing the nations of the region to explore the possibility of closer cooperation, but still dividing them as to whether this should be directed against Chinese influence, or seek to accommodate with it."<sup>565</sup>

China welcomed the enlargement of the ASEAN and stated that it would be more closely connected to China. China's claims in the South China Sea made it the only major power

---

<sup>562</sup> Amitav Acharya (2007): "ASEAN at 40: Mid-Life Rejuvenation?", in: *Foreign Affairs* (From *foreignaffairs.org* - author update, August 15, 2007), p. 2.

<sup>563</sup> Interview with Mr. Dhannanjaya Vishakan Sunoto (Director, Bureau for Programme Coordination and External Relations, ASEAN Secretariat, Jakarta, Indonesia) on 20-21 August 2003 in Singapore at the ASEAN Roundtable 2003 Roadmap to an ASEAN Economic Community, Institute of Southeast Asian Studies.

<sup>564</sup> Leifer (1996): "The ASEAN Regional Forum", p.54

<sup>565</sup> Leonard C. Sebastian (2000): "Southeast Asian Perceptions of China: The Challenge of Achieving a New Strategic Accommodation", in Derek da Cunha (eds): "Southeast Asian Perspectives on Security", Singapore, Institute of Southeast Asian Studies, pp. 158-159.

to pose a direct challenge to the territorial interests of Southeast Asian countries, and the ASEAN expected to emerge from enlargement better able to command the attention and respect of its massive neighbour. However, while enlargement increased ASEAN's weight in terms of population, as well as economically, this would not automatically gain Beijing's respect. Expansion, together with economic crisis and upheaval in Indonesia, make it more difficult for the ASEAN to present itself as a cohesive force, and complicate its efforts to forge a common approach to China.<sup>566</sup> In admitting Myanmar without a guaranteed way of weakening its reliance on Beijing, the ASEAN gambled with the organization's capacity to reach consensus on response to Chinese assertiveness in the South China Sea. Myanmar does not have claims there, diminishing its right to speak on the issue. Given Beijing's support for the Yangon regime, Myanmar could be reluctant to join any ASEAN consensus to censure China, or could be pressured by Beijing into not doing so. Laos and Cambodia, as non-claimants with positive but less dependent relationship with China, would be unlikely to challenge the positions of claimant states.<sup>567</sup>

The ARF, as an annual occasion, appears to have had some moderating influence on China's assertiveness in the South China Sea, but not necessarily through any intrinsic institutional qualities, so far. China has been willing to put its assertiveness on hold to engage in a united front strategy with the ASEAN as a tacit diplomatic partner to resist pressures from the US and Japan. On the other hand, China as the rising regional power, has attracted the most attention in exploring the merits of the new-found multilateralism in Asia-Pacific, and in the degree to which that multilateralism may be capable of inducing members into the canons of good regional citizenship.<sup>568</sup>

China initially opposed multilateralism in Asia-Pacific security relations. It was fearful that the ARF could be manipulated by larger powers like the USA to apply pressure on China to compromise on its territorial claims and constraint its legitimate geopolitical role. Moreover, China was suspicious that the ARF might develop into a tool in the hands of the Western powers for interfering in the domestic affairs of the Asian member states. Furthermore, the possibility that the ARF could develop into an anti-Chinese bandwagon of its smaller neighbours was, and remains, unsettling to many Chinese strategists who see engagement in multilateral security cooperation as a novel enterprise with no precedent in Chinese history. Concerning with Chinese attitudes towards multilateralism, one concluded that the Chinese expect that bilateral relations and the balance of power among the major powers will continue to be the primary factors affecting stability in the Asia-Pacific, not a multilateral security structure. The majority of Chinese specialists portray multilateralism as largely irrelevant – or potentially damaging – to efforts aimed at solving or managing most of the key disputes in the Asia-Pacific region.<sup>569</sup>

But after being a reluctant player in multilateral security dialogues in the Asia-Pacific region, China too came to take a more supportive role in the ARF. Chen Jian, the Chinese

---

<sup>566</sup> Henderson (1999): "Reassessing ASEAN", pp. 57-58.

<sup>567</sup> *Ibid.*, pp. 58-61.

<sup>568</sup> Leifer (1996): "The ASEAN Regional Forum", p. 56.

<sup>569</sup> Acharya (2001): "Security Community", p. 183.



Assistant Foreign Minister, stated that China would support ARF ‘as a new approach to regional security, an approach different from Cold War mentality, an approach which seeks to strengthen peace through dialogue and cooperation. China supports the ASEAN Way of seeking cautious and incremental progress in the ARF’s security agenda, in contrast to the fast-track approach favoured by the ARF’s Western members. In China’s view, the primary aim of the ARF should be ‘to explore political dialogue and pursue confidence-building’. While it has opposed a role for it in conflict resolution, China does accept that the ARF ‘can only move in a progressive way and make incremental progress’ which includes preparing ‘the groundwork for future cooperation’. China has come to acknowledge the usefulness of the ARF as the only multilateral venue available to it where it can discuss and share its security concerns and approach with Asia-Pacific countries. However, China is unlikely to embrace multilateralism in near future whenever that approach conflicts its interests and its role as a rising power in the region.<sup>570</sup>

#### 4.5.2 The ASEAN and Japan

In the new century, the ASEAN-10 could become an experimental field – or possibly even a breakthrough – for Japan’s diplomacy, which so far has been used mainly to extend financial and technical assistance to developing nations. Japan’s participation in the ARF causes little concern with regard to its determination to play a more active role in regional security. Together with the ASEAN, Japan can allay the fears of its neighbours, even China and South Korea, which are also members of ARF.<sup>571</sup> While supporting US strategic, political and economic engagement in Asia, the ASEAN has seen itself as a potential kingmaker, prodding Japan towards political and economic leadership. Tokyo’s readiness to assume such a role is a precondition for any pan-Asian grouping. Japan has, however, recognized the potential conflict between Asian leadership and its support for the US in Asia, complicating efforts to respond to ASEAN’s overtures.<sup>572</sup>

ASEAN’s enlargement laid the basis for closer relations, given Tokyo’s explicit and, among the Association’s Western partners, unique, encouragement of ASEAN-10. Japan did not ask the ASEAN to exclude Myanmar, and its bilateral approach to the Yangon regime is less punitive than that of other Western powers. For example, it provides aid on the basis of case-by-case approval. Myanmar’s admission into the ASEAN has not disrupted Tokyo’s dialogue partnership with the Association in any respect. While Tokyo has asked ASEAN countries individually to press Myanmar to reform, it has not used Japan-ASEAN fora to do so. Tokyo’s efforts to normalize Cambodia’s international status also were consistent with its encouragement of ASEAN-10. Ironically, Japan’s proposal, which paved the way for elections in Cambodia, was an example of Japanese leadership in Asia – but on a matter which it was ASEAN’s responsibility to manage. As

---

<sup>570</sup> Ibid., pp. 183-184.

<sup>571</sup> Takano Takeshi (1999): “The ASEAN-10 and Regional Political Relations”, in: Sekiguchi Suelo and Noda Makito (eds): “Road to ASEAN-10: Japanese Perspectives on Economic Integration”, Tokyo, Japan Center for International Exchange, p. 32.

<sup>572</sup> Henderson (1999): “Reassessing ASEAN”, p. 62.

a result, Tokyo did not receive widespread recognition for its initiative, either from within Southeast Asia, or from outside it. Japan encouraged ASEAN to admit Cambodia at the Summit in December 1998, before all ASEAN members had agreed on the timing.<sup>573</sup>

Meanwhile, a continued constructive engagement approach toward some of the regional states, especially Myanmar and Cambodia, is essential. Japan, though it basically follows ASEAN's policies, has its own position in dealing with these countries. For example, Tokyo decided in 1998 to resume financial assistance to Yangon after ten years of suspension. Financial assistance of approximately US\$ 20 million will be extended to Myanmar, criticism from inside and outside Japan notwithstanding.<sup>574</sup> Japan defended its new policy as serving the basic human needs of Myanmar citizens like assistance for repairing the superannuated Baluchaung hydroelectric power plant and Yangon International Airport. A senior Japanese Foreign Ministry official said: "This is not a simple ODA (Official Development Assistance) project. It is an emergency humanitarian project for Myanmar citizens. At the same time, it has a strategic significance. We want to encourage dialogue between Suu Kyi's NLD and the SPDC through ODA like this. In the case of Myanmar, we are keeping in mind that democratization more strongly than in the case of any other Asian country when we use ODA."<sup>575</sup>

Simultaneously ASEAN's stance between Japan and China (two economic giants of Asia) is also important for the development of its regional integration. A reform-oriented China should be welcomed not only by ASEAN but also by Japan. Engaging China in regional as well as international affairs peacefully and incrementally benefits enormously both ASEAN and Japan. Both must take the lead in engaging China with the world, thereby building stable and constructive relationships not only in the bilateral context but also among all the Asia Pacific nations.<sup>576</sup>

As Lee Hsien Loong, Deputy Prime Minister of Singapore, stated ASEAN's relations between China and Japan that a reorientation of Southeast Asia's economic linkages toward China is inevitable. But Japan is still the world's second largest economy. Japan still leads the world in many manufacturing industries. China's economic weight is catching up with Japan, but it will take China much longer to overtake Japan in innovation, efficiency and technology. China's progress, at the same time, will encourage Japan to reform in order to maintain influence in the region. This competitive dynamic is already visible.<sup>577</sup> For ASEAN, Japan is an easy-to-manage partner because its political influence is minimal and its economic aid is substantial. Japan's declining economic

---

<sup>573</sup> Ibid., pp. 62-63.

<sup>574</sup> Takano Takeshi (1999): "The ASEAN-10 and Regional Political Relations", p. 32.

<sup>575</sup> The Japan Times, March 8, 2002. ("Myanmar aid stalled but not finished" by Hisane Masaki).

<sup>576</sup> Takano Takeshi (1999): "The ASEAN-10 and Regional Political Relations", p. 31.

<sup>577</sup> "Interview with Lee Hsien Loong: A reorientation toward China" by Michael Richardson, International Herald Tribune, 27<sup>th</sup> February, 2002.

power might create friction, but that will be managed easier than China's growing but less predictable influence in politics and economics of the Asia-Pacific region.<sup>578</sup>

#### 4.5.3 ASEAN Regional Forum (ARF)

The ARF, which held its first working session on 25 July 1994 in Bangkok, was the first intergovernmental multilateral security initiative that covered the entire Asia-Pacific region. Its heterogeneous membership includes the ten members of the ASEAN and thirteen other governments.<sup>579</sup> It is the only 'regional' security framework in the world today in that all the major players of the international system (including the USA, Russia, Japan, China and the EU) are represented. Wide membership has been matched by a thin institutional framework, which is deeply influenced by the ASEAN model. As one observer remarked, the ARF was "so underinstitutionalized and therefore the members don't even call themselves members." The ARF began (and continues) without a secretariat (ASEAN provided the services of a secretariat) and with no clear obligation to convene between the forum's annual meetings. Its operational conventions resemble those of ASEAN: consensus (and nonvoting); progress at a pace comfortable to all participants.<sup>580</sup>

ASEAN countries are well aware that they cannot depend just upon the soft constraints of the ARF for their future security. Hence some form of balance of power in the Asia-Pacific with an American military component is regarded as essential, though this may not be articulated often or by all publicly, and there may be different emphases on the nature and mode of management of this balance.<sup>581</sup> No ASEAN country sees the ARF as a substitute for balance of power mechanisms in the short term. But because the ASEAN states cannot individually or collectively aspire to defense self-reliance, a policy of military balancing would amount to increase dependence on external security guarantees. To prevent this, a balance of power approach has to be supplemented by multilateral security dialogues and cooperation. To this end, multilateral diplomacy may be used to enhance the prospects for a more predictable and constructive relationship among the major powers.<sup>582</sup>

---

<sup>578</sup> Sekiguchi Suelo (1999): "Prospects for Intra-and Extraregional Relations", in: Sekiguchi Suelo and Noda Makito (eds): "Road to ASEAN-10: Japanese Perspectives on Economic Integration", Tokyo, Japan Center for International Exchange, p. 211.

<sup>579</sup> At its first meeting in 1994, there were only 18 founding members namely ASEAN-6 (Brunei, Malaysia, Indonesia, Singapore, Thailand and the Philippines) and the USA, Canada, Japan, South Korea, Australia, New Zealand, the EU, Russia, China, Papua New Guinea, Vietnam and Laos. Myanmar, Cambodia and India subsequently joined the group, increasing its membership at the end of 1997 to twenty-one, and finally Mongolia and North Korea were again admitted in 2000. [ For more details about the ARF, see Michael Leifer (1996): "The ASEAN Regional Forum"; Miles Kahler (2000): "Legalization as Strategy: The Asia-Pacific Case", pp. 555-556; & Amitav Acharya (2001): "Constructing a Security Community in Southeast Asia", pp. 172-179. ]

<sup>580</sup> Kahler, Miles (2000): "Legalization as Strategy: The Asia-Pacific Case", in: *International Organization*, Volume. 54, Number. 3, Summer 2000, p.555.

<sup>581</sup> Daljit Singh (1997): "ASEAN and the Security of Southeast Asia", in Chia Siow Yue and Marcello Pacini (eds): "ASEAN in the New Asia: Issues & Trends", Singapore, Institute of Southeast Asian Studies, p. 139.

<sup>582</sup> Acharya (2001): "Security Community", p. 181.

The ASEAN acts as a caucus within the ARF, and so its ability to reach consensus on strategic issues is important to how they are treated within the Forum at large. ASEAN's expansion has political and operational implications for the regional security dialogue because the Association's greater diversity of strategic outlook could make it more difficult to reach agreement on issues of substance. At an institutional level, ASEAN's enlargement has rekindled the issue of its capacity – and right – to chair the ARF. New members intend to take up their chairing responsibilities when alphabetical rotation begins in 2001, with Cambodia assuming the ASEAN chair in 2002, and hosting the ARF in 2003. While the admission of Myanmar, Cambodia and Laos into the ARF was accepted without reference to their domestic political situations, membership and chairing are not equivalent functions.<sup>583</sup>

The limited organizational capacity of ASEAN's new members means that they may be unable to ensure that progress is made during their year as chair. The chair of the ARF's 1997 meeting, Malaysian Foreign Minister Badawi, was instrumental in obtaining agreement for the ARF chair could facilitate preventive diplomacy but, given the resource limitations and credibility questions concerning some of ASEAN's new members, this is unlikely to succeed. The region will need to confront the irony that, at least nominally, its weakest and least stable nations may assume responsibility for guiding the security dialogue, while its strongest and most stable ones cannot.<sup>584</sup>

The ARF's approach to regional security cooperation is the cautious and incremental one derived from the ASEAN Way and ASEAN's security culture.<sup>585</sup> This was evident from a document entitled 'The ASEAN Regional Forum: A Concept Paper' circulated by ASEAN at the second ARF meeting held in Brunei on 1 August 1995. The paper, which has served as a blueprint for the ARF, envisaged three categories of security cooperation: confidence building, preventive diplomacy and conflict resolution (later changed to 'elaboration of approaches to conflicts' as a concession to China which did not want multilateral action to resolve territorial disputes and also warned against rapid institutionalization of the ARF.<sup>586</sup> The model of a weakly institutionalized and continuing dialogue on security in the Pacific is regarded by some as the principal achievement of the ARF. Although China's deep suspicion of precise and binding multilateral commitment threatened the ARF, its supporters claim that China's "comfort level" has shifted over time with participation in the forum and that China's incorporation in such a

---

<sup>583</sup> Henderson (1999): "Reassessing ASEAN", p. 68-69.

<sup>584</sup> Ibid., p. 69.

<sup>585</sup> At this point, 'Security Culture' is a wider spectrum of the term 'strategic culture' whose relationship is generally between culture and strategy, in particular, how the culture or world views of the political-military decision-makers influence their strategic choices at the highest political level ( in terms of relating means to political ends ) and military options and doctrines at the operational or tactical level. It goes beyond the focus on the use of force or military power in interstate political relations. See Chin Kin Wah ( 2000 ): "Reflections on the Shaping of Strategic Cultures in Southeast Asia", in Derek da Cunha (eds): "Southeast Asian Perspectives on Security", Singapore, Institute of Southeast Asian Studies, pp. 4-5

<sup>586</sup> Acharya (2001): "Security Community", p. 174.

framework, however loose and imprecise, is valuable for regional cooperation and conflict management.<sup>587</sup>

From the very beginning, the ASEAN members sought to ‘dominate and set the pace’ of ARF, and occupy ‘the driver’s seat’ while recognizing ‘the concerns and interests of outside powers’.<sup>588</sup> The non-ASEAN states within the Forum had conceded the title ‘ASEAN Regional Forum’ as a transitional measure only, expecting that in time the structure would become known as the Asian Regional Forum, reflecting its true scope and membership. That prospect has become a source of tension within the ARF as ASEAN insists on retaining the central diplomatic role, supported by China, which fears that US interests might dominate the enterprise.<sup>589</sup>

As a severe criticism, Michael Leifer mentioned the ARF to be a ‘highly imperfect diplomatic instrument for coping with the new and uncertain security context’.<sup>590</sup> According to him, the prerequisite for a successful ARF may well be the prior existence of a stable balance of power. The central issue in the case of the ARF is whether, in addition to diplomatic encouragement for a culture of cooperation driven partly by economic interdependence, the region shows the markings of a stable, supporting balance or distribution of power that would allow the multilateral venture to proceed in circumstances of some predictability. The ARF’s structural problem is that its validity seems to depend on the prior existence of a stable balance, but it is not really in a position to create it.<sup>591</sup>

Meanwhile one critic argued that the cooperative security measures undertaken by the ARF conformed to the ‘Asian Way’ because their design and development has been in accord with the ‘Asian Way’ – i.e., they have involved evolutionary developments from extant regional structures rather than the importation of Western modalities or the creation of new structures; decisions are made by ‘consensus after careful and extensive consultations’ rather than by voting; and the implementation of particular measures eschews legalism and is left to voluntary compliance.<sup>592</sup>

While espousing the norms of multilateralism and cooperative security by participating in the ARF, the ASEAN countries do see a stable balance among the major powers of the Asia Pacific region as a key ingredient of regional order. Regional security requires an ‘equilibrium among them [ the major powers ] and between them and Southeast Asia’. On the other hand, their recognition of the need for a balance among the major powers of the Asia Pacific region is a qualified one. A careful reading of the ASEAN states’ position would suggest that a distinction is made between balance of power as an *outcome* and balance of power as an *approach*. For the ASEAN states, the balance of power as an actual situation or state of affairs is certainly preferable. On the other hand, a

---

<sup>587</sup> Kahler ( 2000 ): “Legalization as Strategy: The Asia-Pacific Case”, p. 556.

<sup>588</sup> Acharya (2001): “Security Community”, p. 174.

<sup>589</sup> Leifer ( 1996 ): “The ASEAN Regional Forum”, pp. 26-27.

<sup>590</sup> Ibid., p. 55.

<sup>591</sup> Ibid., pp. 57-58.

<sup>592</sup> Acharya ( 2001 ): “Security Community”, pp. 173-174.

multilateral forum like the ARF may also be able to help create a 'situation of equilibrium' among the major powers through the creation of norms and habits of cooperation.<sup>593</sup>

#### 4.5.4 The Asia-Pacific Economic Cooperation (APEC)

The Asia-Pacific Economic Cooperation (APEC) has been one of the institutions established in the post Cold War period for the purpose of regional dialogue and cooperation. APEC predates the ARF and it is also a product of the end of the Cold War, the decline in the economic confidence of the United States, and the relative shift of economic power to East Asia. APEC is not a security organization but indirectly it plays an important role for regional security. Rapid economic growth and interdependence underpin security in East Asia. Conflicts within and between states can arise if economics go wrong. It is in everyone's interest to see the present virtuous circle of prosperity leading to more guaranteed security which in turn contributes to more continuous prosperity.<sup>594</sup>

In November 1989, at Australia's initiative, a new form of multilateral economic structure, APEC, had emerged which has since been sustained in institutional form through a small secretariat based in Singapore. APEC assumed a political significance in November 1993 when, following a proposal by US President Bill Clinton, annual meetings of heads of government were added to those of its economic ministers. APEC's formation reflected regional concerns about developing restrictive trading blocs outside Asia, as well as the burgeoning sense of self-confidence among Asia-Pacific states that came from their astounding economic achievements which the World Bank was to describe, somewhat less than accurately, as the 'East Asian Miracle'.<sup>595</sup> APEC currently has 21 members: Australia; Brunei; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; South Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Taiwan; Thailand; USA; Vietnam.<sup>596</sup>

Unlike the ARF, APEC does not rely on ASEAN as its 'driving force'. APEC is not chaired exclusively by ASEAN countries, nor does the ASEAN consensus necessarily determine the position which its members take in APEC. Strains within the Association are thus less likely to slow APEC's agenda. ASEAN's enlargement has underscored the loose relationship between the Association and APEC since Cambodia, Laos and Myanmar will not be admitted before 2007 at the earliest. As a result of enlargement, the ASEAN is divided in APEC between accepted countries – the ASEAN-6 and Vietnam – and non-accepted ones.<sup>597</sup>

---

<sup>593</sup> Acharya (2001): "Security Community", pp. 179-180.

<sup>594</sup> Singh (1997): "ASEAN and the Security of Southeast Asia", pp. 135-136.

<sup>595</sup> Leifer (1996): "The ASEAN Regional Forum", p. 25.

<sup>596</sup> APEC website: <http://www.apec.org/>

<sup>597</sup> Henderson (1999): "Reassessing ASEAN", pp. 71-72.

Nonetheless, APEC has played an important role in promoting trade and investment liberalization in the region. As a result of these efforts, APEC markets are considerably more open today than they were ten years ago, creating new opportunities for all participant countries. APEC has also played a complementary role to the International Monetary Fund and other international financial institutions in fostering a rapid Asian economic recovery.<sup>598</sup> APEC encourages its members to pursue appropriate macroeconomic policies that stimulate domestic demand, and microeconomic policies to promote financial and corporate restructuring and attract investment. On the other hand, APEC is promoting increased transparency, openness and predictability based on the rule of law. APEC seeks to eliminate impediments to trade and investment by encouraging member economies to reduce barriers, adopt transparent, market-oriented policies and address such issues as unequal labor productivity, restricted mobility of business persons and outdated telecommunications regulatory practices.<sup>599</sup>

In its first years APEC emphasized consultation and dialogue, rather than binding commitments, a trajectory that clearly placed it in a nonlegalized mold that resembled other regional institutions. This pattern matched the preferences of ASEAN and of China, the two key constraints on the ARF's construction as well. APEC's institutional design has included a prominent role for informal advisory groups, such as the Pacific Economic Cooperation Council, the Eminent Persons Group, and the APEC Business Advisory Council, but it remains an intergovernmental group. Its small secretariat relies heavily on working groups to arrive at consensus.<sup>600</sup>

As the name of APEC itself indicates, its precise character as an institution has been a matter of debate since its foundation. One defends APEC as a process that constraints and informs governments through ongoing dialogue, a process that also explicitly engages the private sector, which has been the source of Pacific economic integration. Another labeled APEC as an 'open economic association that represents economic integration without formal institutions'. Unlike the ASEAN, whose members were all Asian developing countries, or the ARF, in which sovereignty costs produced a broader consensus against legalization, APEC contained what one critic calls two "competing logics" that coalesced around the dimensions of legalization: Asian preferences for "lack of specificity in agreements" and "an informal, incremental bottom-up approach to regional cooperation" were juxtaposed with Western models based on "formal institutions established by contractual agreements."<sup>601</sup>

---

<sup>598</sup> Interview with Rahmi Yossinilayanti (Technical Assistant, Programme Coordination and External Relations, The ASEAN Secretariat, Jakarta, Indonesia) on 20-21 August 2003 in Singapore at the ASEAN Roundtable 2003 Roadmap to an ASEAN Economic Community, Institute of Southeast Asian Studies.

<sup>599</sup> APEC website: <http://www.apec.org/>

<sup>600</sup> Kahler (2000): "Legalization as Strategy: The Asia-Pacific Case", pp. 557-558.

<sup>601</sup> Ibid., p. 556-557.

#### 4.5.5 ASEAN Plus Three (APT): Strategy of Engagement to Major Regional Powers

The meetings between ASEAN and three Northeast Asian countries: China, Japan and South Korea were started in 1996 as part of the Asia-Europe Meetings (ASEM) and later they become known as ASEAN Plus Three (APT). Due to the 1997 Asian financial Crisis and the failure of the existing Asia Pacific regional institutions to manage the crisis, APT became the premiere forum for financial regionalism in East Asia. Moreover, the development of APT has been fuelled by regional antipathy toward the IMF's handling of the crisis, and the willingness of Southeast Asian countries to engage their economies with the more robust economies of Northeast Asia. Difficulties in the development of international trading agreements and the regional desire to integrate China into East Asia have also fostered the APT process.<sup>602</sup>

In the aftermath of the 1997 Crisis, ASEAN has been left weakened by paramount internal diversities and failure to deepen ASEAN integration. It was under immense pressure to prove its relevance with the changing regional situation. In order to remedy this weakness, APT provides a great opportunity for ASEAN to improve its credentials as a regional actor. Some successes and shows of goodwill in APT context at the initial stage have been indeed easier to achieve than substantial progress in the various long-run projects of ASEAN integration. In addition, APT process vividly provides a chance for ASEAN countries to confront the trend of increasing bilateralization and diversification of its members' relations with the two poles of East Asia – China and Japan – and therefore represent and coordinate interests of Southeast Asia vis-à-vis these two poles more effectively.<sup>603</sup>

As APT grouping is getting more and more institutionalized, there is a possibility that in the future the thirteen countries may be holding ministerial meetings in all areas, ranging from the social to the cultural and environmental fields. There are some suggestions that APT forum may one day replace ASEAN as the pre-eminent locus for regional cooperation.<sup>604</sup> A process similar to the European cooperation would probably arise across the region, though the idea of a constructing a larger union is still far beyond the horizon of East Asia. Like participating in ARF, APT also encouraged ASEAN countries to contend with a rising China, hoping to benefit from the enormous Chinese market. On the other hand, China needs indeed stability – both internally and externally – for its continuous growth and progress. Therefore, from the Chinese perspective, engaging and stabilizing ASEAN is also very important.<sup>605</sup>

---

<sup>602</sup> Shaun Narine (2003): "The idea of an "Asian Monetary Fund": The Problems of Financial Institutionalism in the Asia-Pacific", in: Asian Perspective, Vol.27, No.2, pp. 82-83.

<sup>603</sup> Markus Hund (2003): "ASEAN Plus Three: towards a new age of pan-East Asian regionalism? A skeptic's appraisal", in The Pacific Review, Vol.16, No. 3, pp.395-396.

<sup>604</sup> Tobias Nischalke (2002): "Does ASEAN measure up? Post-Cold War diplomacy and the idea of regional community", in: The Pacific Review, Vol. 15, No. 1, 2002.

<sup>605</sup> Eric Teo Chu Cheow (2002): "Towards an East Asian Model of Regional Cooperation", in: International Politics and Society 4/2002, p. 152. (downloaded from <http://www.fes.de/ipg/REDAKTIONE.HTM>)



APT can bring several tangible benefits not only for ASEAN countries but also for the three Northeast Asian bigger participants. APT has a combined population and market of almost two billion people, with more than 1.45 billion in Northeast Asia and more than 500 million in Southeast Asia. The purchasing power of the East Asian countries and ASEAN differ from the very high end in Japan, South Korea and Singapore to the lower end in pockets of China and in many areas in Southeast Asia. This giant market has, however, high potential for growth, growing consumer demand and increasing purchasing power. Potential for economic synergies abounds in terms of establishing production and manufacturing chains across the whole region, which could take into account the comparative advantages and the economies of scale of these diverse regional countries. Therefore, cooperation through APT process carries the perspective of common growth and prosperity throughout the region. Strategically, ASEAN needs a bigger Asian entity to regain its former momentum of regional growth. A larger and more diverse market would definitely stimulate the growth of ASEAN through exports and foreign investments as well. It would also accelerate an impetus for the laggard countries within ASEAN as a bigger and liberalized market would provide both pressure and incentive simultaneously.<sup>606</sup>

Many of APT members favour more to a pro-Western Asia-Pacific tendency for East Asian cooperation than exclusive forms of East Asian regionalism. Rather China prefer to the latter typology due to its foreign policy paradigm of multipolarity. Concerning with economic integration in APT, China's proposed Free Trade area with the ASEAN led to a dividing line for the ongoing APT. It has triggered fierce competition between Japan and China for influence and Japan is stepping up its political and economic stronghold in the region to balance the rise of China. It looks like that Japan and China become strategic opponents rather than harbingers of community building in East Asia because of their contending behaviour vis-à-vis ASEAN. In spite of its divisions and uncertainties, the dynamic of APT has already had an impact on the political and economic arena of East Asia. Meanwhile, ASEAN members can be comfortable with the North Asian giants, which are struggling for influence in the region and also competing with each other to accommodate their Southeast Asian neighbours at the best they can. ASEAN members should be able to enhance its political stature in relation to China and Japan by advantaging politically and economically from their strategic rivalry.<sup>607</sup>

#### **4.5.6 ASEAN's cooperation and efforts in combating terrorism in Southeast Asia**

In the aftermath of September 11 terrorist attacks in America, the Bombings in Bali and Marriot Hotel in Indonesia, the threat of terrorism has become a dominant theme in the ASEAN's agenda of cooperation in countering transnational crime in the region. The ASEAN leaders formulated a strong declaratory position on the issue of terrorism at their summit in November 2001. Terrorism was denounced in ASEAN's press statements as a formidable challenge not only to regional and international peace and stability but also to

---

<sup>606</sup> Cheow (2002): "Towards an East Asian Model of Regional Cooperation", p.153.

<sup>607</sup> Hund (2003): "ASEAN Plus Three, p. 411.

economic development of countries.<sup>608</sup> The ASEAN Declaration on Joint Action to Counter Terrorism was approved by the heads of states and governments at this summit. It declared their commitment to counter, prevent and suppress all kinds of terrorism in compliance with international law and the UN Charter. It called for regional efforts to combat terrorism and to introduce counterterrorism measures, which include the improvement of national mechanisms to fight terrorism, the ratification of all anti-terrorist conventions, more cooperation among law enforcement agencies and better exchanges of information among countries.<sup>609</sup> However, the real implementation of all these broad recommendations was still in question because no concrete steps were taken since then after that summit.

Moreover, it can be argued that the ASEAN's declaration on terrorism was not derived from a real consensus among the member countries because of diverse interests between Indonesia on the one hand and Malaysia, the Philippines and Singapore on the other. This situation made efforts difficult for the attainment of a regional agreement and the formulation of tangible measures in combating terrorism. Malaysia's Prime Minister Mahathir Mohamad and the Philippines President Gloria Macapagal-Arroyo quickly supported the American war on terrorism by using it as an excuse for domestic political benefits. Mahathir described the opposition Islamic Party of Malaysia (PAS) as a party of Islamic extremists by taking advantage of September 11 scenario. Arroyo also responded without hesitation in countering domestic Islamic insurgent group called Abu Sayyaf as an international terrorist organization and took US military assistance in fighting against that group on Basilan Island. Singapore feared the consequences on its business confidence and economic progress from a possible terrorist attack on its island so took vigorous measures encountering terrorism. Meanwhile, Indonesian President Megawati Sukarnoputri had more difficult situation than its neighbours in countering terrorism in the country in light of domestic opposition from numerous Islamic groups against the US. Initially, Indonesia gave unconditional support for the US after September 11 attacks but later backtracked from the position because of opposition from domestic Muslim organizations whose support the government also requires in its political arena. Indonesia's ambivalent stance and lack of political will in combating terrorism sometimes made annoyed to the US and also frustrated its other neighbours. For example, Singaporean Senior Prime Minister Lee Kuan Yew in February 2002 said that city-state would be at risk of terrorist attacks as long as leaders of regional extremist cells were still at large in Indonesia.<sup>610</sup>

The US and the ASEAN signed a joint declaration on counterterrorism at the 35<sup>th</sup> ASEAN Ministerial Meeting in July 2002 in Brunei. The agreement was a political statement that confirmed ASEAN's commitment to the war against terrorism. Still, it failed to include concrete measures against terrorism and the declaration was a non-

---

<sup>608</sup> Press Statement by the Chairman of the Seventh ASEAN Summit and the Fifth ASEAN+3 Summit, Bandar Seri Begawan, Brunei, 5 November 2001.

<sup>609</sup> ASEAN Declaration on Joint Action to Counter Terrorism, Bandar Seri Begawan, Brunei, 5 November 2001.

<sup>610</sup> Ralf Emmers (2003): "ASEAN and the securitization of transnational crime in Southeast Asia", *The Pacific Review*, Vol. 16 No. 3, p. 429.

binding agreement that might also be similar to the Anti-terrorism Accord reached by Indonesia, Malaysia and the Philippines in May 2002 and later signed by Cambodia and Thailand. The US-ASEAN declaration did not include significantly military operations or the deployment of American troops in Southeast Asia. Before this statement, Indonesia and Vietnam rejected any clause that might allow the involvement of American forces in the region on the ground that will undermine the principles of national sovereignty and non-intervention in the affairs of other states. Having shown from bomb attacks in Indonesia and recent arrests of terrorist ringleaders throughout the region, it comes to believe that Southeast Asia has become a second front in the war against terrorism. However, the ASEAN's response against terrorism was limited and sometimes not effective in overall view.<sup>611</sup>

#### 4.6 Conclusion

ASEAN has achieved some positive images during its four decades long existence. Firstly, there has been no major armed confrontation or war among ASEAN fellow members since 1967 despite occasional border skirmishes such as between Myanmar and Thailand in 2001 as well as political tensions arising from bilateral territorial disputes notably between Malaysia and Singapore. Secondly, ASEAN played a very crucial role as a regional interlocutor in solving the years long Cambodian conflict by bringing the disputing parties to the negotiating table in 1989 and reaching a peace accord in 1991. Finally, ASEAN built up itself as Asia's only multipurpose regional organization since the end of the Cold War by providing the platform that engages a rising China and other major players from East Asia. It should be noted that China might not have joined the ASEAN Regional Forum (ARF) unless there is neutral facilitating role of the ASEAN as China is deeply suspicious of the US participation in the Forum.<sup>612</sup>

However, the ASEAN is also not exempt from hindrance for accelerating its efforts to accomplish a greater regional cooperation. The Asian financial crisis of 1997 brought a series of setbacks for the ASEAN. This crisis severely crippled the economies of three of ASEAN's founding members: Indonesia, Malaysia, and Thailand, which were defenseless in coping with the crisis. Even after recovering from the crisis, ASEAN nowadays has many new challenges to tackle. It is still far away to match effectively the enormous economic dynamism of China and India. Its policy of constructive engagement in dealing with Myanmar has been unable to bring any positive political changes in that military ruled country. ASEAN has also been incompetent in facing with severe air pollution in Southeast Asia skies caused by annual forest fires from Indonesia. Critics have argued that the organization is becoming increasingly irrelevant due to its ironclad commitment to national sovereignty and a longstanding policy of noninterference. Responding to criticisms that the old ASEAN way no longer works, the association is trying to reform and strengthen itself. The ASEAN Charter, a constitutional document that will be ready

---

<sup>611</sup> Ibid., pp. 429-430.

<sup>612</sup> Amitav Acharya (2007): "ASEAN at 40: Mid-Life Rejuvenation?", in: Foreign Affairs (From *foreignaffairs.org* - author update, August 15, 2007), pp. 1.

by the end of 2007, plays a major role in this process. The nongovernmental Eminent Persons' Group (EPG), which is composed of old hands of the ASEAN, is responsible for formulating that ASEAN Charter. EPG brought some bold ideas and recommended a formal dispute-settlement mechanism in all arenas of regional cooperation, especially regarding with economic and political issues; decision-making by majority vote rather than consensus in areas other than security and foreign policy; and steps to monitor compliance with ASEAN's objectives, principles, decisions, agreements, and timetables. Contrary to the ASEAN's present principal rules of engagement, the EPG even proposed sanctions against members who are in "serious breach" of any of these terms of the charter, including loss of membership rights and privileges or, in extraordinary circumstances, expulsion from the organization. Nevertheless, it would still be difficult to reach that end point of sanctions mechanism recommended by the EPG because member governments might turn it down without hesitation when they got their hands on the EPG report. But ASEAN is in some ways reinventing itself and it will continue to play an influential role in the region. Despite its shortcomings, ASEAN remains the most successful regional organization in the developing world and the hub of multilateral diplomacy in Southeast Asia.<sup>613</sup>

---

<sup>613</sup> Ibid., pp. 1-2.

## V. Critical Assessment of Governance in the EU and the ASEAN: A Comparative Analysis

This study is a comparative analysis of different approaches to regional integration between the EU and the ASEAN as well as their changing modes of governance resulting from these approaches respectively. For the comprehensive understanding of politics and policy-making in the EU and the ASEAN, an analytical study of institutional designs, structures and organizational developments was carried out. Categories of analysis consist of macro, meso and micro levels of observations relating to policy interests, decision-making processes, institutional and structural changes of both organizations. Focus is to explain the major differences between the EU and the ASEAN and also to study internal factors and major processes, which determine the achievements, failures and stagnations of both organizations in the past decades. For analysis of policy-making and governance in the EU and the ASEAN, case studies on Common Foreign and Security Policy (CFSP) of the EU, Common Agricultural Policy (CAP) of the EU, ASEAN political and security cooperation, ASEAN Free Trade Area (AFTA) and ASEAN Economic Community (AEC) have been done.

The term of governance is synthetic and can be seen everywhere in the current EU literature: it comes out of a mix of factors, including political leadership, institutional decision-making and competition, state-society relations, electoral politics, and etc.<sup>614</sup> Simplest definition is that governance is the imposition of overall direction or control on the allocation of valued resources.<sup>615</sup> Major questions are: how valued resources are legitimately allocated and dispersed in the EU and how do these ways and means of allocation, that is, the governance of the EU, impose upon the member states? Why sovereign governments in Europe have chosen repeatedly to coordinate their core political and economic policies by surrendering and pooling their sovereignty within an international institution? Further critical question, therefore, centers on whether the EU is in fact a system of governance with its own *sui generis* polity or whether it is just a useful instrument of its member states.

This study attempts to give a comprehensive view of the governance approach that has played an important role in the vitalization of regional integration studies in the recent years. Governance can be roughly understood as the intentional regulation of social relationships and the underlying conflicts by reliable and durable means and institutions, instead of the direct use of power and violence. In this way, governance is to regard as the ability to make collectively binding decisions. Reviewing the governance in the EU is

---

<sup>614</sup> Promoting new form of European Governance is a strategic objective of the EU Commission and for that purpose the Commission published a White Paper on European Governance on 25<sup>th</sup> July 2001 for further debate among EU population. According to the Commission, European Governance can be best understood as the rules, processes and practices that affect how powers are exercised at the European level. There are many challenges to be encountered by the EU for better and more democratic European Governance. As a remedy to eradicate the democratic deficit in the EU, the White Paper proposes opening up the policy-making process to get more people and organisations involved in shaping and delivering EU policy. In short, this White Paper mainly concerns with proposals suggesting how effective the EU can be in using the powers given by its citizens.

<sup>615</sup> Peterson and Bomberg (1999) op. cit., p. 5.

not a competing approach to classical integration theory but a complement itself. Both integration theory and governance approach inquire two different but complementary questions: the former on the causes and outcomes of polity development while the latter on forms, outcomes, problems and development paths of governance in the EU polity. In the first case, the shape of the EU polity is the dependent variable while it is the independent variable for the governance approach.<sup>616</sup>

The governance agenda in international relations mainly emphasizes on the structuring of state behaviour by international institutions so international regimes play a leading role in explaining the cooperation of actors. In comparative politics, however, it is more related to the growing segmentation of both society and the state resulting from socio-economic dynamics. Even though both approaches differ in their origins and emphases, both have one thing in common that they stress new process of governing somehow in the absence of a central authority. All in all, governance is particularly concerned with the structured ways and means in which the divergent preferences of interdependent actors are translated into policy choices to allocate values, so that the plurality of interests is transformed into coordinated action and the compliance of actors is achieved.<sup>617</sup>

## EU

If international politics is no longer based on the core principle of sovereign statehood, how are governance and its changing different modes being conducted in the contemporary globalizing world? But it cannot be argued that it is the beginning of the demise of state because the persistence of state sovereignty will continue to exist in parallel with a new structure of governance in respective forms.

There are some key arguments to European integration and its dimensions of changing modes of governance. Most relevant ones are (1) Supranational governance, (2) Intergovernmental governance, (3) Multilevel governance, and (4) Network governance.

( 1 ) Major argument of **supranational approach** to European integration and its governance is that regional integration evolves as a gradual process and supranational institutions are political actors in their own right in that process. Supranational governance involves the loss of sovereignty from member states to some extent and gradual development of own authority for the EU itself. It maintains that the emergence of a new polity above the level of the state can be seen although states still exist as major actors. Integration is to some extent driven by institutional dynamics and supranational laws that provide constraints for member states.<sup>618</sup>

---

<sup>616</sup> Markus Jachtenfuchs (2001): "The Governance Approach to European Integration", *Journal of Common Market Studies*, Vol. 39, No. 2, June 2001, pp. 245-257.

<sup>617</sup> Rainer Eising and Beate Kohler-Koch. (1999): "Introduction: Network governance in the European Union", in: Beate Kohler-Koch and Rainer Eising (eds.): "The Transformation of Governance in the European Union", London and New York, Routledge, pp. 4-5.

<sup>618</sup> Thomas Christiansen (2001): "European and regional integration", in: John Baylis and Steve Smith (eds): "The Globalization of World Politics: An Introduction to International Relations", New York, Oxford University Press, p. 500.

( 2 ) **Intergovernmental approach** poses that the EU is controlled by governments of member states which are working with each other as partners. This state-centric model holds that states are ultimate decision makers, delegating limited authority to supranational institutions to achieve specific policy goals. It looked at European integration as a series of ‘bargaining’ among national governments of member states which will reflect own national interests. To some extent, supranational institutions arise but they only serve the utmost aim of national governments by assisting and facilitating negotiations among states.<sup>619</sup> Intergovernmentalists formulate the EU as the framework for the execution of inter-state politics by different means and supranational laws that reflect the interests of powerful member states.<sup>620</sup>

( 3 ) **Multilevel governance** concept rested on two essential points. First, the national central governments could no longer monopolize the contacts between the country and the EU levels of policy-making.<sup>621</sup> Decision-making competencies are shared by actors at different levels rather than monopolized by states. Still, national governments play an important role but the independent role of European-level actors like European Commission and European Parliament must also be considered to explain European policy-making.<sup>622</sup> Secondly, the engagement and participation at the European level created an opportunity to reinforce a phenomenon of regionalization in parallel with Europeanization.<sup>623</sup> It will have the implication that domestic politics of member states were being partially reshaped as a consequence of EU policy-making.<sup>624</sup> Subnational actors operate in both national and supranational arenas, creating transnational associations in the process. In this point, complex interrelationships in domestic politics do not stop at the national state but extend to the European level.<sup>625</sup>

( 4 ) The core idea of a **network type of governance** is that political actors consider problem-solving as the essence of politics and that the setting of policy-making is defined by the existence of highly organized social sub-systems. Therefore, such a setting requires efficient and effective governing which has to pay tribute to the specific rationalities of these sub-systems. The state is vertically and horizontally segmented and its role has changed from authoritative allocation from above to the role of an activator in the EU network governance structure. As a result, the level of political action ranges from the central EU level to decentral sub-national levels in the member states. The dominant orientation of the participant actors is towards the upgrading of common interests in the

---

<sup>619</sup> Nelsen and Stubb (2003) op. cit., pp. 283-284.

<sup>620</sup> Christiansen (2001) op. cit., p. 500.

<sup>621</sup> Helen Wallace. (2000): “The Institutional Setting: Five Variations on a Theme”, in: Helen Wallace and William Wallace (eds.): “Policy-Making in the European Union” (Fourth Edition), Oxford and New York, Oxford University Press, p. 31.

<sup>622</sup> Nelsen and Stubb (2003) op. cit., p. 285.

<sup>623</sup> Europeanization can be defined as the emergence and development of distinct structures of governance at the European level, that is, of political, legal, and social institutions associated with political problem solving that formalize interactions among the actors, and of policy networks specializing in the creation of authoritative European rules. It involves the evolution of new strata of politics that interact with older ones (Risse, Green Cowles and Caporaso 2001: 3).

<sup>624</sup> Wallace op. cit., pp. 31-32.

<sup>625</sup> Nelsen and Stubb (2003) op. cit., p. 285.

pursuit of individual interests. Important in this concept is the idea that interests are not given but that they may evolve and get redefined in the process of negotiations among the participants of the network.<sup>626</sup>

A broader view of network governance is characterized by *consociation* as the basic principle of organizing political relations on one hand and the pursuit of individual interests as the constitutive logic of the polity.<sup>627</sup> It is a kind of micro-constitutionalism of the EU by assuming that society constituted by a number of sub-systems that broadly function depending on their own autonomous logic. For maintaining the efficiency of its operating system, the autonomy of these sub-systems should be respected.<sup>628</sup>

Some critics question the assumption that intergovernmental and supranational approaches are the two extremes of a continuum, which means, they are a zero-sum game (one balances or cancels out the other) and therefore they cannot exist together. However, such a very stark contrast of two approaches is coexisting together in the EU polity. It can be argued, for instance, that governments cooperate out of their own need, and that this is not a matter of surrendering sovereignty, but pooling as much of it as is necessary for the joint performance of a particular task for seeking their own interests. Major changes in EU policy and policy-making structures emerge from the convergence of national governments' preferences rather than external or internal pressure.<sup>629</sup> EU is moving toward further institutional changes in parallel with the increasing Europeanization of the institutional set up in the member states after its eastern enlargement. The interaction and exchanges between national and European institutions have become increasingly intensive and closely interconnected. National institutions of member states have to adapt their structures and procedures to be consistent with the activities at the EU level.

The EU can be described as an experiment of regional integration in pooling sovereignty through its *sui generis* forms of multilevel and network governance, not in the way of transferring it directly from states to supranational institutions. In other words, the EU governance lies at a point somewhere between supranational-intergovernmental dichotomy by combining the elements of multilevel and network governance. It is possible to conclude that cooperation among European states has changed the system of state interaction and produced a new mode of governance but it has not eliminated state sovereignty. Integration occurs when sovereign states pursue their national interests by negotiating cooperative agreements and bargaining the maximum gains.

---

<sup>626</sup> Eising and Kohler-Koch (1999) op. cit., pp. 5-6.

<sup>627</sup> Ibid., pp. 21-23.

<sup>628</sup> Jachtenfuchs (2001) op. cit., pp. 254-255.

<sup>629</sup> John McCormick. (1999): "Understanding the European Union: A Concise Introduction", London, Macmillan, pp. 11-12 & 18.



## ASEAN

The fact that ASEAN regional cooperation mostly remains under state-centric model underlines the necessity for more reconciliation between regional and national interests to promote effective governance in the ASEAN. There also exists a lack of consensus among the ASEAN member states on how the ASEAN should restructure its own identity. Major obstacle in that matter is the perceived relationship between state sovereignty and regional integration. Governance in the ASEAN can be understood as an *elite-driven intergovernmental approach* comparing with the EU's multi-tiered governance structure. An important question emerges as to whether the EU and the ASEAN member states can learn from each other's experience in developing their approach to regional governance. How do the EU and the ASEAN proceed in their ways about reconciling state-centric views of sovereignty with regional integration?

Although political systems in the ASEAN range from democracies to semi-democracies and authoritarian regimes, most of the ASEAN countries share the basic characteristics of *elite governance* political systems where political power was largely in the hands of elites despite there exists some level of citizen participation.<sup>630</sup> In order to maintain elite rule and its legitimacy, political elites usually rely on two key policy instruments – growth and distribution. On the one hand, political elites require the support of citizens to uphold their right to rule and ensure political order by creating material wealth for citizens – the notion of performance legitimacy, which remains prevailing phenomenon in many ASEAN member states. On the other hand, elite rule is sustained by means of unity and accommodation between members of the elite or governing coalitions. Therefore, political elites selectively distribute economic benefits to their elite partners as a primary means to achieve elite unity.<sup>631</sup>

The ASEAN's formation and development is mainly driven by a sovereignty-obsessed politics of regional security and influence, not particularly by a politics of economic interdependence and deep aspects of regional integration project like the EU.<sup>632</sup> The ASEAN pattern of regional integration is a bottom-up principle without much paper work and legal bindings. It is a kind of elite-driven, flexible, informal and non-binding and therefore leading to less competing capacity compared with the EU. However, it can still produce some economic outcomes if it succeeds in lowering its transaction costs for ASEAN free trade area. To some extent, this pattern is more suited to invite extremely heterogeneous states to become new members and therefore does not lead to political exclusion. Yet, it cannot largely improve collective bargaining power of regional

---

<sup>630</sup> Duncan McCargo (1998): "Elite governance: business, bureaucrats and the military", in: Richard Maidment, David Goldblatt and Jeremy Mitchell (eds.): "Governance in the Asia-Pacific", London and New York, Routledge, p. 127.

<sup>631</sup> Helen E.S. Nesadurai (2003): "Globalisation, Domestic Politics and Regionalism: The ASEAN Free Trade Area", London and New York, Routledge, pp. 43-44.

<sup>632</sup> Shaun Narine (2002): "Explaining ASEAN: Regionalism in Southeast Asia", London, Lynne Rienner Publishers, pp. 67, 174.

organization relative to the individual bargaining power of countries. Such a scenario can clearly be seen during Asian financial crisis.<sup>633</sup>

First major steps of the ASEAN towards economic regional integration were only initiated in the early 1990s by implementing AFTA (ASEAN Free Trade Area) and formulating the 1996 Protocol concerning the establishment of an economic Dispute Settlement Mechanisms. The former requires member states to fulfill the commitment of ambitious tariff reductions according to a scheduled timetable and the latter represents the first ever institutionalization of non-consensual ASEAN decision-making. Nowadays, the ASEAN is under tremendous pressure to move forward by launching more binding and legalized economic integration for attracting more foreign direct investment as well as finding external markets for their exports. If regional economic liberalization within the ASEAN is to progress beyond its present status, it will be necessary for a further change of policy from the ASEAN Way which is still the organization's *modus operandi*. However, such a development is unlikely to happen in the foreseeable future due to overriding sovereignty concerns of member states. Therefore, ASEAN is likely to remain as a *weakly institutionalized intergovernmental organization* with limited effectiveness due to the member states' overcautious preservation of internal and external sovereignty. In terms of the current studies of contemporary regional integration and governance, the ASEAN case suggests that the European experience has limited relevance outside Europe.<sup>634</sup> It can also be argued that the most fundamental beliefs underpinning ASEAN like the ASEAN Way actually hinder against successful implementation of an effective mode of regional governance and the creation of a strong regional community.

According to John Dosch and Manfred Mols, *integration* as a process means tight ramified and multiple interactions between involved actors on a broad span of policy issues and concerns. Integration as a product or condition refers to the existence of a new centre of decision-making with all its legal and institutional consequences, including a new focus of political loyalty and identification beyond the original non-states. Taking both aspects into account, integration means continued, intensified, and hardly reversible cooperation which leads finally to a noticeable transfer of national sovereignty to a new power centre, respectively to an appropriate institutional structure. In principle, regional integration is also based on the process of 'a point of no return'.<sup>635</sup> To be in conformity with this definition, the important question is whether the ASEAN is ready to leave a sort of reversible cooperation and go for deeper integration among its members. It has never been easy for the ASEAN to answer this central question related to its present and future. In fact integration efforts in the ASEAN are responses to both internal and external forces.<sup>636</sup> The question of how regional integration should be enhanced and performed

---

<sup>633</sup> Rolf J. Langhammer. (2002): "EU's Experiences of Economic Integration: Reflections on the Rationale, Achievements And Limits of a Top-Down Integration Model", in: Apirat Petchsiri, Paveena Sutthisripok, and Pakprapai Thontiravong (eds.): "Comparative Regional Integration: ASEAN and the EU", Monograph Series Volume 2(2002), Bangkok, Chulalongkorn University, p. 33.

<sup>634</sup> Morten F. Greve. (2004): "ASEAN Down the 'EU Way'?" (Book Review Essay), *Cooperation and Conflict: Journal of the Nordic International Studies Association*, Vol. 39(2), pp. 209-210.

<sup>635</sup> Dosch, Jorn/ Mols, Manfred (1994): 'Why ASEAN Co-operation Cannot Work as a Model for Regionalism Elsewhere - A Reply'. ASEAN Economic Bulletin 11, no.2 ( November 1994 ): p.214.

<sup>636</sup> Chirathivat. (1997): p.212.

successfully in the ASEAN is directly related to its *good governance* throughout the region as well as its *effective and efficient institutional structure*.

Comparing the European Union with the ASEAN, political integration was always in the background of economic integration in Europe. In this respect, economic integration served as a vehicle to tie members of the European Union to each other and thus facilitate the shift in political sovereignty to the supranational level, as it is envisaged today by a common foreign and security policy. The ASEAN, on the other hand, never had political integration or confederationist fine-tuning on its agenda. Nor is it likely that the ASEAN member countries will be prepared to surrender political sovereignty in future.<sup>637</sup> In order to improve political cooperation among its members, the ASEAN may require a paradigmatic change in its style of integration. So far, ASEAN mainly focused on the liberalization of trade and economic cooperation as a moderate level of integration. Institutional-building or political coordination have still played a subordinate role and institutionalization or positive integration may contribute to internal cohesion.<sup>638</sup> Hopefully, an intensification of intergovernmental cooperation and economic interdependence in the region will gradually lead to the formation of a new, supranational political system which also results in the transformation of the national states of the association.<sup>639</sup>

### **Reading and rethinking the ASEAN: A Regional Community or Not.**

There are *three* dominant theoretical interpretations of the ASEAN:

#### **Constructivist perspective**

( 1 ) ASEAN conforms the basis of a regional community of Southeast Asian States because it embodies fundamental norms, values, and practices that have, over time, socialised the ASEAN states into adopting a shared regional identity. This community consists of states that share common norms and values. These norms include both *regulatory* norms (by laying out the rules and specifying the criteria by which states can pursue their interests ) and *constitutive norms* ( by defining the roles and identities that determine how a state understands its own interests ). They reflect a common approach to regional conflict solution and community building.<sup>640</sup>

---

<sup>637</sup> Langhammer, Rolf J. (1997): 'What can ASEAN learn from the experience of European Integration? An EU Perspective', in: Chia Siow Yue and Joseph L.H. Tan ( Eds ): ASEAN & EU: Forging New Linkages and Strategic Alliances, Singapore, Institute of Southeast Asian Studies, pp.235-236.

<sup>638</sup> Kux, Stephan ( 1999): 'Regional Integration and Globalization: Is the European Union a Global Player?', in: Mahncke, Dieter/ Kesbonchoo-Mead, Kullada/ Vajrasthira, Prathoomporn/ Hrbek, Rudolf ( Eds ): ASEAN and the EU in the International Environment, Baden-Baden, Nomos Verlagsgesellschaft, p.230.

<sup>639</sup> Ibid., p.223.

<sup>640</sup> Amitav Acharya (2000) & (2001) op. cit.

Constructivism takes into account the importance of culture, ideas, ideology and socialization. State leaders are key actors in international politics, but cultural norms, values and identities (embedded in specific historical contexts) can shape or define their policy preferences. Constructivism rests on the basic assumption that the international system is socially constructed. Ideology, history and socialization matter. For example, material capabilities do not explain why 500 British nuclear weapons are less threatening to the United States than 5 North Korean nuclear weapons.<sup>641</sup>

### **Realist point of view**

( 2 ) ASEAN is an instrument of its member states. The organization is designed to pursue the narrow self-interests of its member states. From this perspective, any sense of community within Southeast Asia is illusory and impractical. ASEAN had never been more than an intergovernmental entity with a strong disposition against any supranational tendency. ASEAN's regional identity was largely the by-product of members' interests that were shared but rarely held truly in common. Even though ASEAN practised the politics of consensus, but this practice has never entailed full uniformity in foreign policies of member states. Therefore, the utility of realism is still relevant in ASEAN whose policy mix is closer to the realist than the institutionalist pole.<sup>642</sup>

# The reality of the ASEAN lies between these polar positions and that, in practice, the second positions is slightly closer to reality while the association is also trying to extend their capacity of community-building in Southeast Asia. The norms and ideals that ASEAN embodies are important to its members but they emphasize the independence and sovereignty of states. As such, the most fundamental beliefs underpinning ASEAN actually mitigate against the creation of a strong regional community.<sup>643</sup>

### **Neoliberal institutionalism (NI)**

( 3 ) NI is an approach that has received a great deal of attention in Southeast Asian regional studies. As a distinct theoretical perspective and a challenger to realism, this theory was first advanced by Robert Keohane, whose work stresses the importance of rationalism in explaining international regime formation and the existence of institutional institutions. This rationalist perspective draws on insights from economics in its emphasis on the virtue of transaction-cost reduction. Neoliberal institutionalists argue that the benefit of institution building as a more effective way to cope with uncertainty rationally by helping states to achieve their objectives more efficiently. Institutions are significant; they provide information, which could help states overcome their worst-scenario assumption of each other's intentions in an uncertain, anarchic world. Information concerning the economic gains to be achieved from cooperation can help settle distribution conflicts and assure member states that gains are evenly divided over time.<sup>644</sup>

---

<sup>641</sup> Alexander Wendt (1998) op. cit.

<sup>642</sup> Shaun Narine 2002; Michael Leifer 1989, 1996, 2000; Jürgen Rüländ 2000; N. Ganesan 1995.

<sup>643</sup> Narine 2002.

<sup>644</sup> Keohane and Martin (1998) op. cit., pp. 390-391.

*N-I* shows some relevance in the study of ASEAN regionalism based on economic cooperation manifest in the institutionalisation and implementation of the ASEAN Free Trade Area (AFTA). However, realists and constructivists alike have seen little utility in neoliberal institutionalism, which have not been very relevant in explaining ASEAN's successes or failures especially in the political and security arena. And they also pointed out that the emergence and consolidation of ASEAN took place with fairly low levels of intra-mural transactions and interdependence.<sup>645</sup>

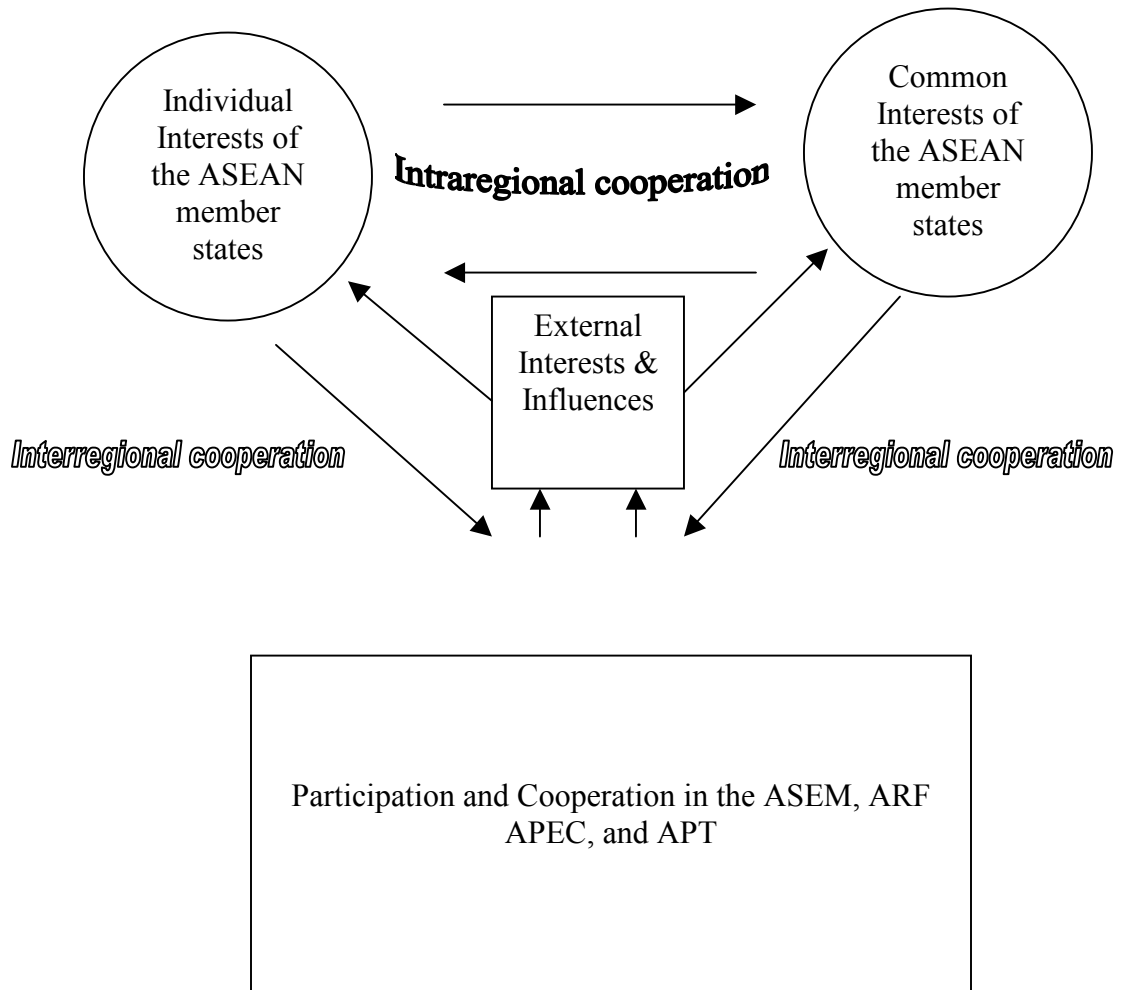
## ***Classification of the ASEAN Way***

- ❖ Non-interference and Non-intervention
- ❖ Consensus-based decision-making originated from Musyawarah (consultations)  
  
Mufakat (consensus) practised in *kampong* (village) spirit of togetherness
- ❖ Informality and organisational minimalism
- ❖ National and regional resilience
- ❖ Respect for national sovereignty
- ❖ Renunciation of threat or use of force
- ❖ Peaceful settlement of differences, disputes and conflicts

---

<sup>645</sup> Sorpong Peou (2002) op. cit.

**Figure (6): Anatomy of ASEAN through its *intra-/inter-* regional cooperation**



Source: Author's own.

*Intraregional cooperation* = Two and more individual actors within a same region Cooperate with each other in political, economic and security arena.

*Interregional cooperation* = Two collective actors from two different regions ( like the EU and the ASEAN ) *plus* more other actors (like China, US, Japan and etc) cooperate with each other in political, economic and security arena.<sup>646</sup>

<sup>646</sup> Sebastian Bersick (2004): "Auf dem Weg in eine neue Weltordnung?: Zur Politik der interregionalen Beziehungen am Beispiel des ASEM-Prozesses", Baden-Baden, Nomos Verlagsgesellschaft, p. 53.

**Table (14): “Brief Outlook of the ASEAN’s successes & failures throughout its 40 years existence”**

<u><b>Achievements</b></u>	<u><b>Setbacks</b></u>
<p>( 1 ) ASEAN was instrumental in bringing the decade-long Vietnamese-Cambodian conflict to the negotiation table in 1988 and reaching a peace agreement in 1990. Vietnam, then seen as an obstacle to regional stability, is now a valued member of the ASEAN.</p> <p>( 2 ) Since the time of its establishment in 1967, no ASEAN members has engaged a fellow ASEAN member in major armed confrontation despite occasional border skirmishes (notably between Thailand and Myanmar in 2001) and bilateral territorial disputes and political tensions among its some member states.</p> <p>( 3 ) ASEAN was able to survive as Asia’s only multipurpose regional organization even though regional powers like China and India failed in their own attempts at regional institutional building.</p> <p>( 4 ) ASEAN is successful in providing the platform for building broader regional mechanisms like ASEAN Regional Forum (ARF) and ASEAN Plus Three (APT) to engage a rising China and other major players in East Asia. Without ASEAN’s neutral facilitating role, China might now have joined the ARF, established in 1994 as the only official multilateral security forum.</p> <p>( 5 ) ASEAN did successfully organize a regional response (including China) for containing the deadly contagious Severe Acute Respiratory Syndrome (SARS) outbreak in 2003.</p>	<p>( 1 ) Asian Financial Crisis of 1997 severely crippled the economies of three of ASEAN’s founding members: Indonesia, Malaysia and Thailand. ASEAN failed to respond the crisis effectively by giving its members a helping hand and it highlighted political and economic fragility of Southeast Asia.</p> <p>( 2 ) ASEAN’s policy of “constructive engagement” with Myanmar (a member of the ASEAN) has failed to bring tangible positive results of political reforms in military-ruled country. Its main principle of “<i>ASEAN Way</i>” and non-interference policy effectively stands in the way for this failure in dealing with Myanmar’s ruling junta.</p> <p>( 3 ) ASEAN still lacks effective dispute settlement and enforcement mechanism (with sanctioning authority) for handling bilateral political and territorial issues among its member states.</p> <p>( 4 ) ASEAN is powerless and not yet succeeds in tackling severe haze pollution in Southeast Asian skies caused by Indonesia’s annual forest fires.</p>

Sources: Acharya 2007, 1-3; Author’s own.

Therefore, the EU and the ASEAN governance pattern will continue to develop along the lines of assumptions as follows:

- Changing mode of EU governance through its policy and policy-making structures emerges from the convergence of national governments' preferences based on their own interests. By pooling sovereignty of member states through its sui generis EU polity, EU governance will continue to transform along the lines of supranational-intergovernmental dichotomy combining the elements of multilevel and network governance.
- ASEAN still remains as a weakly institutionalized intergovernmental organization with limited capacity and effectiveness because of its member states' overcautious preservation of their own interests and sovereignty. ASEAN's most fundamental principle like the ASEAN Way actually hinder against implementation of an effective mode of regional governance and the creation of a strong regional community.
- EU is moving toward further institutional changes in parallel with the increasing Europeanization of the institutional set up in the member states after its eastern enlargement. The interaction and exchanges between national and European institutions have become increasingly intensive and closely interconnected. National institutions of member states have to adapt their structures and procedures to be consistent with the activities at the EU level.



- Cooperation among European states has changed the system of state interaction and produced a new mode of governance that has partially eliminated state sovereignty. Integration occurs when sovereign states pursue their national interests by negotiating cooperative agreements and bargaining the maximum gains.

**Table (15): Differences between mode of governance through regional integration and mode of governance through regional cooperation**

<b>Parameters</b>	<b>Regional Co-operation (ASEAN)</b>	<b>Regional Integration (EU)</b>
Institutional Characteristics	Reliance on purely intergovernmental forms of decision-making	Presence of autonomous supranational institutions that initiate and enforce common policies
Forms of decision-making	Consensual decision-making (i.e. states have veto over decisions)	Extensive use of qualified majority voting (i.e. states have no veto over decisions)
Degree of legal integration	Arbitration and dispute settlement of individual cases	Permanent court system developing a supranational legal order
Extent of political integration	Concentration on economic cooperation among states	Development of a political union with a system of economic, social and political rights for citizens
Range of issues covered	Emphasis on trade, investment, and related economic issues	Expansion of competences into much wider areas (single currency environment like Euro zone, JHA, etc.)

Presence of democratic procedures	Minimal, if any, involvement of parliaments and citizen participation	Establishment of a democratic process, based on a directly elected parliament
Foreign policy co-operation	Co-ordination of external relations limited to participation in multilateral trade negotiations	Development of a common foreign, security and defence policy
Dominant approach	Bottom-up	Top-down
Dominant mode of governance	Intergovernmental and Elite-driven	Act of competition between Supranational and Intergovernmental governance combining with the network and multilevel elements

Source: Heavily leaned on Thomas Christiansen (2001): “European and regional integration”, in: John Baylis and Steve Smith (eds): “The Globalization of World Politics: An Introduction to International Relations”, New York, Oxford University Press, p. 515.

## Bibliography

- “3 EU nations want Iran taken to UN”, by Richard Bernstein, *The New York Times*, January 13, 2006.
- “A modest proposal”, *The Economist*, December 14<sup>th</sup> 2005.
- “A rare diplomatic unity”, *The Economist*, February 2<sup>nd</sup> 2006.
- “ASEAN-Myanmar Policy”, AFP news 7<sup>th</sup> January 2004.
- “Cries and gestures”, *The Economist*, December 20<sup>th</sup> 2005.
- “Declaration of ASEAN Concord II (Bali Concord II)”, October 7<sup>th</sup> 2003, ASEAN Secretariat.
- “Europe’s farm follies”, *The Economist*, December 8<sup>th</sup> 2005.
- “German Intelligence Gave U.S. Iraqi Defense Plan, Report Says”, by Michael R. Gordon, *The New York Times*, February 27, 2006.
- “Interview with Lee Hsien Loong: A reorientation toward China”, by Michael Richardson; *International Herald Tribune*, 27<sup>th</sup> February, 2002
- “Myanmar tops agenda of ASEAN-EU talks”, Cable News Network (CNN), December 11, 2000.
- “Playing soft or hard cop”, *The Economist*, January 19<sup>th</sup> 2006.
- “Wikipedia, the free encyclopedia”, <http://en.wikipedia.org/wiki/Governance>.
- Aalberts, Tanja E. (2004): “The Future of Sovereignty in Multilevel Governance Europe – A Constructivist Reading”, *Journal of Common Market Studies*, Volume. 42, Number. 1.
- Acharya, Amitav (1999): “Realism, Institutionalism, and the Asian Economic Crisis”, in: *Contemporary Southeast Asia*, Vol. 21, No. 1 ( April 1999 ).
- Acharya, Amitav (2000): “The Quest for Identity: International Relations of Southeast Asia”, Singapore, Oxford University Press.
- Acharya, Amitav (2001): “Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order”, London and New York: Routledge.
- Acharya, Amitav (2007): “ASEAN at 40: Mid-Life Rejuvenation?”, in: *Foreign Affairs* (From [foreignaffairs.org](http://foreignaffairs.org) - author update, August 15, 2007).
- ADB, Key Indicators of Developing Asian and Pacific countries, 1996.
- Adler, Emanuel. (1997): “Seizing the Middle Ground: Constructivism in World Politics”, in: *European Journal of International Relations*, Vol.3, no.3 ( 1997 ).
- Anderson, Benedict. (1991): “Imagined Communities, Reflections on the Origins and spread of Nationalism”, 2<sup>nd</sup> Edition, London: Verso.
- Anwar, Dewi Fortuna. ( 2001 ): “ASEAN’s Enlargement: Political, Security, and Institutional Perspectives”, in: Mya Than and Carolyn L. Gates ( eds ): “ASEAN Enlargement: Impacts and Implications”, Singapore, Institute of Southeast Asian Studies.
- APEC website: <http://www.apec.org/>

- ASEAN Secretariat (1997): "ASEAN Economic Co-operation: Transition & Transformation", Singapore, Institute of Southeast Asian Studies.
- ASEAN Secretariat (ASEAN Surveillance Coordinating Unit Database).
- Axtmann, Roland (1998): "Globalization, Europe and the State: Introductory Reflections", in : Roland Axtmann (ed.) : "Globalization and Europe, Theoretical and Empirical Investigations", London, Pinter.
- Axtmann, Roland. (ed.) (1998): "Globalization and Europe, Theoretical and Empirical Investigations", London, Pinter.
- Banlaoi, Rommel C. (1999): "The ASEAN Regional Forum and Security Community Building in the Asia Pacific: Lessons from Europe?", National Defense College of the Philippines, Occasional paper, November 1999.
- Barnier, Michel. ( 2001 ): Why Europe matters, Personal note from Michel Barnier, Brussels.
- Baylis, John. and Steve Smith. (eds) (2001): "The Globalization of World Politics: An Introduction to International Relations", New York, Oxford University Press.
- Beate Kohler-Koch, Beate (2003): "Interdependent European Governance" in Beate Kohler-Koch (ed): "Linking EU and National Governance", Oxford, Oxford University Press.
- Beate Kohler-Koch, Beate (2003): "Linking EU and National Governance", Oxford, Oxford University Press.
- Beetham, David. and Christopher Lord. (1998): "Legitimacy and the European Union", London and New York, Longman.
- Benz, Arthur and Yannis Papadopoulos (2006): "Introduction: Governance and democracy: concepts and key issues", in Arthur Benz and Yannis Papadopoulos (ed): "Governance and Democracy: Comparing national, European and international experiences", Routledge, New York.
- Benz, Arthur and Yannis Papadopoulos (ed) (2006): "Governance and Democracy: Comparing national, European and international experiences", Routledge, New York.
- Benz, Arthur, Susanne Lütz, Uwe Schimank, Georg Simonis (2007): "Einleitung", in Arthur Benz, Susanne Lütz, Uwe Schimank, Georg Simonis (ed): "Handbuch Governance: Theoretische Grundlagen und empirische Anwendungsfelder", Wiesbaden, VS Verlag für Sozialwissenschaften, 1. Auflage.
- Benz, Arthur, Susanne Lütz, Uwe Schimank, Georg Simonis (ed) (2007): "Handbuch Governance: Theoretische Grundlagen und empirische Anwendungsfelder", Wiesbaden, VS Verlag für Sozialwissenschaften, 1. Auflage.
- Bersick, Sebastian. (2004): "Auf dem Weg in eine neue Weltordnung?: Zur Politik der interregionalen Beziehungen am Beispiel des ASEM-Prozesses", Baden-Baden, Nomos Verlagsgesellschaft.
- Bhagwati, J. (1991): "The World Trading System at Risk". Princeton, NJ: Princeton University.
- Bulmer, Simon and Christian Lequesne (eds.) (2005): "The Member States of the European Union", Oxford and New York, Oxford University Press.
- Bulmer, Simon. and Christian Lequesne. (2005): "The European Union and its Member States: An Overview", in: Simon Bulmer and Christian Lequesne (eds.): "The

- Member States of the European Union”, Oxford and New York, Oxford University Press.
- Bulmer, Simon. J. and Claudio M. Radaelli (2005): “The Europeanization of National Policy”, in: Simon Bulmer and Christian Lequesne (eds.): “The Member States of the European Union”, Oxford and New York, Oxford University Press.
- Case, William. (2002): “Politics in Southeast Asia, Democracy or Less”, Richmond, Surrey: Curzon Press.
- Checkel, Jeffrey T. ( 1998 ): “The Constructivist Turn in International Relations Theory”, in: World Politics, Vol. 50 ( January/1998 ).
- Checkel, Jeffrey T. (2003): “Social Construction and European Integration”, in: Brent F. Nelsen and Alexander Stubb. (eds.): “The European Union: Readings on the Theory and Practice of European Integration” (Third Edition), Houndmills, Palgrave Macmillan.
- Cheow, Eric Teo Chu. (2002): “Towards an East Asian Model of Regional Cooperation”, in: International Politics and Society 4/2002 (downloaded from <http://www.fes.de/ipg/REDAKTIONE.HTM>).
- Chirathivat, Suthiphand. (1997): “What can ASEAN learn from the Experience of European Integration? As ASEAN Perspective”, in: Chia Siow Yue and Joseph L.H. Tan (eds ): “ASEAN & EU: Forging New Linkages and Strategic Alliances”, Singapore, Institute of Southeast Asian Studies.
- Christiansen, Thomas. (1997): “Reconstructing European Space: From Territorial Politics to Multilevel Governance”, in K.E. Jorgensen (ed.): “Reflective Approaches to European Governance”, Basingstoke, Macmillan.
- Christiansen, Thomas. (2001): “European and regional integration”, in: John Baylis and Steve Smith (eds): “The Globalization of World Politics: An Introduction to International Relations”, New York, Oxford University Press.
- CIA: The World Fact Book.
- Coulombis, Theodore A. and James H. Wolfe. (1978): “Introduction to International Relations: Power and Justice”, Englewood Cliffs, N.J., Prentice-Hall, Inc.
- Cowles, Maria Green, James Caporaso, and Thomas Risse (eds.): “Transforming Europe: Europeanization and domestic change”, New York, Cornell University Press.
- Cram, Laura (1997): Policy-making in the European Union: Conceptual lenses and the integration process, London, Routledge.
- Cunha, Derek da. (eds) (2000): “Southeast Asian Perspectives on Security”, Singapore, Institute of Southeast Asian Studies.
- Deutsch, Karl W. (1966): “Nationalism and Social Communication: An inquiry into the Foundations of Nationality”, second edition, Cambridge, MA: MIT Press.
- Deutsch, Karl W. (1979): “Tides among Nations”, New York, The Free Press.
- Deutsch, Karl W. (1988): The Analysis of International Relations, 3<sup>rd</sup> Edition, Englewood Cliffs, NJ: Prentice Hall.
- Deutsch, Karl W. et al., (1957): “Political Community and the North Atlantic Area: International Organization in the light of Historical Experience”, Princeton, NJ: Princeton University Press.
- Diez, Thomas and Antje Wiener. (2004): “Introducing the Mosaic of Integration Theory”, in:, Antje Wiener and Thomas Diez. (eds.) (2004): “European Integration Theory”, Oxford and New York, Oxford University Press.

- Dosch, Jorn and Manfred Mols. (1994): "Why ASEAN Co-operation Cannot Work as a Model for Regionalism Elsewhere - A Reply". ASEAN Economic Bulletin 11, No.2 (November 1994 ).
- Dougherty, James E. and Robert L. Pfaltzgraff, Jr. (1990) : Contending Theories of International Relations, A Comprehensive survey, Third Edition, New York, Harper Collins Publishers.
- Dougherty, James E. and Robert L. Pfaltzgraff, Jr. (2001): "Contending Theories of International Relations: A Comprehensive survey", Fifth Edition, New York, Longman.
- Duff, A. (1997): "The Treaty of Amsterdam: Text and commentary", London, Federal Trust/Sweet & Maxwell.
- Dupont, Alan (2000): "ASEAN's response to the East Timor Crisis", *Australian Journal of International Affairs*, vol. 54, no.2.
- Easton, David (1965): "A Framework for Political Analysis", Engelwood Cliffs, NJ: Prentice Hall.
- Eberlein, Burkard and Dieter Kerwer (2004): "New Governance in the European Union: A Theoretical Perspective", *Journal of Common Market Studies*, Volume 42. Number 1. March 2004.
- Economic Intelligence Unit (EIU), London. < <http://store.eiu.com/> >
- Eising, Rainer. and Beate Kohler-Koch (1999): "Introduction: Network governance in the European Union", in: Beate Kohler-Koch and Rainer Eising (eds.): "The Transformation of Governance in the European Union", London and New York, Routledge.
- Eliassen, Kjell A. (eds.) (1998): "Foreign and Security Policy in the European Union", London, SAGE Publications Ltd.
- Elliott, Robert J.R. and Kengo Ikemoto (2003): "AFTA and the Asian Crisis, Help or Hindrance to ASEAN Intra-Regional Trade?"; Manchester: School of Economics, the University of Manchester.
- EP (1998): "Report on the Gradual Establishment of a Common Defence Policy for the European Union (Brussels), PE 224.862/final, DOC\_EN/RR/352/352586, 30 April (Rapporteur: Mr. Leo Tindermans).
- Etzioni, Amitai (1995): "Old Chestnuts and New Spurs," in Amitai Etzioni (ed.), "New Communitarian Thinking: Persons, Virtues, Institutions, and Communities", London: University of Virginia Press.
- European Commission (2001): "White Paper on European Governance", COM (2001) 424, Brussels, EU Commission.
- European Commission (2002): "Agricultural Situation in the European Union: 2002 Report", Luxembourg, Office for Official Publications of the European Union.
- European Voice*, 26 March – 1 April 1998.
- Evans, Graham and Jeffrey Newnham (1992): "The Dictionary of World Politics, A Reference Guide to Concepts, Ideas and Institutions", New York, Harvester Wheatsheaf.
- Featherstone, K. and C. Radaelli (eds.) (2003): "The Politics of Europeanization", Oxford, Oxford University Press.
- Frankel, Joseph. (1988): *International Relations in a Changing World*, Oxford, Oxford University Press.

- Frei, Daniel. (1985): "Integrationprozesse: Theoretische Erkenntnisse und Praktische Folgerungen", in: Werner Weidenfeld (eds.): "Die Identität Europas", Bonn, Europa Union.
- Fröhlich, Stefan. (2004): "The Difficulties of EU Governance: What way forward for the EU Institutions?", Frankfurt am Main, Peter Lang.
- Fukuyama, Francis. (1992): *The End of History and the Last Man*, New York, Free Press.
- Funston, John. (ed) (2001): "Government and Politics in Southeast Asia", Singapore: Institute of Southeast Asian Studies.
- Galtung, Johan (1968): "Small Group Theory and the Theory of International Relations: A Study in Isomorphism", in Morton A. Kaplan (ed), "*New Approaches to International Relations*", New York: St. Martin's.
- Ganesan, N. (1995): "Testing Neo-liberal institutionalism in Southeast Asia", *International Journal*, 50/4 (Autumn 1995).
- Gates, Carolyn L. and Mya Than (2001): "ASEAN Enlargement: An introductory Overview", in Mya Than and Carolyn L. Gates (eds.): "*ASEAN Enlargement: Impacts and Implications*", Singapore: Institute of Southeast Asian Studies.
- George, Stephen and Ian Bache. (2001): "Politics in the European Union", Oxford and New York, Oxford University Press.
- Giddens, Anthony. (1990): "The Consequences of Modernity", Cambridge, Polity Press.
- Goodwin, Geoffrey L. (1974): "The Erosion of External Sovereignty", in: Ghita Ionescu (ed.): "Between Sovereignty and Integration", London, Croom Helm.
- Grant, Charles (2002): "Restoring Leadership to the European Council", Centre for European Reform, Policy Brief, London. (available at; [www.cer.org.uk](http://www.cer.org.uk))
- Greve, Morten F. (2004): "ASEAN Down the 'EU Way'?" (Book Review Essay), *Cooperation and Conflict: Journal of the Nordic International Studies Association*, Vol. 39(2).
- Grieco, Joseph M. (1995): "Anarchy and the Limits of Cooperation: A Realist Critique of the Newest Liberal Institutionalism", in: Charles W. Kegley Jr.: "Controversies in International Relations Theory, New York, St. Martin's Press.
- Groom, A.J.R and Dominic Powell (1994): "From World Politics to Global Governance, A Theme in Need of a Focus," in: A.J.R. Groom and Margor Ligat (eds): "Contemporary International Relations: A Guide to Theory", London: Pinter Publishers.
- Groom, A.J.R. and Paul Taylor. (1975): "Functionalism and International Relations," in: A.J.R. Groom and Paul Taylor. (eds.): "Theory and Practice in International Relations: Functionalism", New York: Crane, Russak.
- Groom, A.J.R. and Paul Taylor. (eds.) (1975): "Theory and Practice in International Relations: Functionalism", New York: Crane, Russak.
- Haacke, Jürgen (1998): "Collective Foreign and Security Policy: The Emergence of an ASEANized Regional Order in East Asia?" (Working Paper), March 1998. (available online at <http://www.ciaonet.org/haj02>).
- Haas, Ernst B. (1958): "The Uniting of Europe: Political, Social, and Economic Forces 1950-57", Stanford, CA: Stanford University Press.
- Haas, Ernst B. (1958): "The Uniting of Europe", Stanford, CA: Stanford University Press.

- Haas, Ernst B. (1960): "The Challenge of Regionalism", in: Stanley Hoffmann. (ed.): "Contemporary Theory in International Relations", Englewood Cliffs, N.J., Prentice-Hall, Inc.
- Haas, Ernst B. (1970): "The Study of Regional Integration: Reflections on the Joy and Anguish of Pretheorizing", in: International Organization, Autumn/1970.
- Habermas, Jürgen. (1995): "Remarks on Dieter Grimm's 'Does Europe Need a Constitution?'"', *European Law Journal*, Vol. 1, No. 3, November 1995.
- Halliday, Fred (1994): "Rethinking International Relations", London, Macmillan Press Ltd.
- Henderson, Jeannie. (1999): "Reassessing ASEAN" (Adelphi Paper no. 328), London and New York, Oxford University Press for the International Institute for Strategic Studies.
- Hill, Christopher. (2004): "Renationalizing or Regrouping? EU Foreign Policy since 11 September 2001", *Journal of Common Market Studies*, Volume. 42, Number 1.
- Hix, Simon. (1998): "The Study of the European Union II: the "New Governance" Agenda and Its Rival", *Journal of European Public Policy*, Vol. 5, No.1.
- Hix, Simon. (2005): "The political System of the European Union" (Second Edition), New York, Palgrave Macmillan.
- Hoffmann, Stanley. (1966): "Obstinate or Obsolete? The Fate of the Nation State and the Case of Western Europe", *Daedalus*, 95(4).
- Hoffmann, Stanley. (1995): "The European Sisyphus: Essays on Europe 1964-1994", London and Boulder, CO: Westview.
- Hoffmann, Stanley. (ed.) (1960): "Contemporary Theory in International Relations", Englewood Cliffs, N.J., Prentice-Hall, Inc.
- Hooghe, Liesbet. and Gary Marks. (2003): "Multi-Level Governance in the European Union", in: Brent F. Nelsen and Alexander Stubb. (eds.): "The European Union: Readings on the Theory and Practice of European Integration" (Third Edition), Houndmills, Palgrave Macmillan.
- Hund, Markus (2003): "ASEAN Plus Three: towards a new age of pan-East Asian regionalism? A skeptic's appraisal", in *The Pacific Review*, Vol.16, No. 3, 2003.
- Huntington, Samuel P. (1996): The Clash of Civilizations and the Remaking of World Order, in : *Foreign Affairs* 72(3).
- Huntington, Samuel P. (1999): The Lonely Superpower, in : *Foreign Affairs* 78(2).
- International Monetary Fund. < <http://www.imf.org/> >
- ISEAS (2002): Regional Outlook Southeast Asia 2002-2003, Singapore, ISEAS.
- ISEAS (2003): "Concept Paper on the ASEAN Economic Community", Singapore, ISEAS, 26 February 2003.
- ISEAS (2003): Regional Outlook Southeast Asia 2003-2004, Singapore, ISEAS.
- Jachtenfuchs, Markus. (2001): "The Governance Approach to European Integration", *Journal of Common Market Studies*, Vol. 39, No. 2, June 2001.
- Jachtenfuchs, Markus. and Beate Kohler-Koch. (2004): "Governance and Institutional Development", in: Antje Wiener and Thomas Diez. (eds.): "European Integration Theory", Oxford and New York, Oxford University Press.
- Jensen, Lloyd. and Lynn H. Miller. (1997): "Global Challenge, Change and Continuity in World Politics", New York, Harcourt Brace & Company.



- Johansen, Robert C. (1995): "Swords into Plowshares: Can Fewer Arms Yield More Security?", in: Charles W. Kegley Jr. (ed.): "Controversies in International Relations Theory, Realism and the Neoliberal Challenge", New York, St. Martin's Press.
- Jorgensen, K.E. (ed.) (1997): "Reflective Approaches to European Governance", Basingstoke, Macmillan.
- Kagan, Robert. (2003): "Power and Paradise: America and Europe in the New World Order", London, Atlantic books.
- Kahler, Miles ( 2000 ): "Legalization as Strategy: The Asia-Pacific Case", in: *International Organization*, Volume. 54, Number. 3, Summer 2000.
- Kahler, Miles (2000): "Legalization as Strategy: The Asia-Pacific Case", in: *International Organization*, Volume. 54, Number. 3, Summer 2000.
- Kaplan, Morton A. (ed.) (1968): "New Approaches to International Relations", New York: St. Martin's.
- Kegley, Charles W. Jr. (1995): "Controversies in International Relations Theory: Realism and the Neoliberal Challenge", New York, St. Martin's Press.
- Kegley, Charles W. Jr. (1995): "The Neoliberal Challenge to Realist Theories of World Politics: An Introduction", in: Charles W. Kegley Jr.: "Controversies in International Relations Theory, New York, St. Martin's Press, p. 4.
- Kegley, Charles W. Jr. and Eugene R. Wittkopf (1995): "World Politics, Trends and Transformations", New York, St. Martin's Press.
- Kegley, Charles W. Jr. and Llewellyn D. Howell Jr. (1975): "The dimensionality of regional integration: Construct validation in the Southeast Asian Context", in: *International Organization* 29(4).
- Kennedy, Paul, Dirk Messner and Franz Nuscheler (ed) (2002): "Global Trends and Global Governance", London, Pluto Press.
- Keohane, Robert and Martin, Lisa (1995): "The Promise of Institutional Theory", in: *International Security*, Vol. 19, no.1 (Summer/1995).
- Keohane, Robert O. (1989): "Neoliberal Institutionalism: A Perspective on World Politics", in: Robert O. Keohane (ed.): "International Institutions and State Power: Essays in International Relations Theory", Boulder, CO: Westview.
- Keohane, Robert O. (ed.) (1989): "International Institutions and State Power: Essays in International Relations Theory", Boulder, CO: Westview.
- Keohane, Robert O. and Stanley Hoffmann. (1990): "Conclusions: Community politics and institutional change", in: "William Wallace (eds.): "The Dynamics of European Integration", London and New York, Pinter Publishers.
- Keohane, Robert O. and Stanley Hoffmann. (1991): "Institutional Change in Europe in the 1980s", in: Robert O. Keohane and Stanley Hoffmann (eds.): "The New European Community: Decisionmaking and Institutional Change", Boulder, Westview Press.
- Keohane, Robert O. and Stanley Hoffmann. (eds.) (1991): "The New European Community: Decisionmaking and Institutional Change", Boulder, Westview Press.
- Kersbergen, Kees van and Frans van Waarden, (2004): "Governance as a bridge between disciplines: Cross-disciplinary inspiration regarding shifts in governance and problems of governability, accountability and legitimacy, in *European Journal of Political Research* 43.

- Kim, Soo Yeon and Bruce Russett (1996): The New Politics of Voting Alignments in the United Nations General Assembly, in : *International Organization*, Volume. 50, No.4, Autumn 1996.
- Knutsen, Torbjørn L. (1997): "A History of International Relations Theory", 2<sup>nd</sup> Edition, Manchester, Manchester University Press.
- Kofman, E. and G. Youngs. (ed.): "Globalization: Theory and Practice", London, Pinter.
- Kohler-Koch, Beate and Rainer Eising. (eds.) (1999): "The Transformation of Governance in the European Union", London and New York, Routledge.
- Kohler-Koch, Beate. (1999): "The Evolution and Transformation of European Governance", in: Beate Kohler-Koch and Rainer Eising (eds.): "The Transformation of Governance in the European Union", London and New York, Routledge.
- Kooiman, Jan (1993): "Findings, Speculations and Recommendations" in Jan Kooiman (ed): " Modern Governance: New Government-Society Interactions, Sage Publications, London.
- Kooiman, Jan (2002): "Governing as Governance", London, Sage.
- Kooiman, Jan (ed) (1993): "Modern Governance: New Government-Society Interactions", Sage Publications, London.
- Kreisel, Werner. (eds.) (1999): "Growing Gaps?: Perspektiven für eine zukunftsfähige Regionalentwicklung im asiatisch-pazifischen Raum", Hamburg: Abera Verlag.
- Krugman, Paul. R. (1991): "Is Bilateralism Bad?", in: E. Helpman and A. Razim E (eds.), "International Trade and Trade Policy", Cambridge: MIT Press.
- Laffan, Brigid. and Michael Shackleton. (2000): "The Budget: Who Gets What, When, and How", in: Helen Wallace and William Wallace (eds.): "Policy-Making in the European Union" (Fourth Edition), Oxford and New York, Oxford University Press.
- Langhammer, Rolf J. (1997): "What can ASEAN learn from the experience of European Integration? An EU Perspective", in: Chia Siow Yue and Joseph L.H. Tan (eds.): "ASEAN & EU: Forging New Linkages and Strategic Alliances", Singapore, Institute of Southeast Asian Studies.
- Langhammer, Rolf J. (2002): "EU's Experiences of Economic Integration: Reflections on the Rationale, Achievements And Limits of a Top-Down Integration Model", in: Apirat Petchsiri, Paveena Sutthisripok, and Pakprapai Thontiravong (eds.): "Comparative Regional Integration: ASEAN and the EU", Monograph Series Volume 2(2002), Bangkok, Chulalongkorn University.
- Lasswell, H.D. (1950): " Politics: Who Gets What, When, How", New York, Peter Smith.
- Leifer, Michael. (1989): ASEAN and the Security of South-East Asia, London and New York, Routledge.
- Leifer, Michael. (1996): "The ASEAN Regional Forum: Extending ASEAN's model of regional security", ( Adelphi Paper no. 302 ), London and New York, Oxford University Press for the International Institute for Strategic Studies.
- Leifer, Michael. (2000): "Singapore's Foreign Policy: Coping with Vulnerability", London, Routledge.
- Levine, Herbert (ed.): "World Politics Debated, A Reader in Contemporary Issues", New York, McGraw-Hill, Inc.

- Lindberg, Leon N. (1970): "Political Integration as a Multidimensional Phenomenon Requiring Multivariate Measurement," in: Leon N. Lindberg and Stuart A. Scheingold. (eds.): "Regional Integration: Theory and Research", Special Issue, *International Organization*, XXIV, No.4 (Autumn 1970).
- Lindberg, Leon N. and Stuart A. Scheingold. (eds.) (1970): "Regional Integration: Theory and Research", Special Issue, *International Organization*, XXIV, No.4 (Autumn 1970).
- Magone, José M. (2003): "Introduction: The Role of the Regions in European Union Multilevel Governance", in: José M. Magone (ed.): "Regional Institutions and Governance in the European Union", Connecticut: Westport and London, Praeger.
- Magone, José M. (2003): "Regional Institutions and Governance in the European Union", Connecticut: Westport and London, Praeger.
- Maidment, Richard, David Goldblatt and Jeremy Mitchell (eds.): "Governance in the Asia-Pacific", London and New York, Routledge.
- Marks, Gary., Francois Nielsen, Leonard Ray and Jane Salk. (1996): "Competencies, Cracks and Conflicts: Regional Mobilization in the European Union", in: Gary Marks, Fritz W.Scharpf, Philippe C. Schmitter, and Wolfgang Streeck.: "Governance in the European Union", London, Sage.
- Marks, Gary., Fritz W.Scharpf, Philippe C. Schmitter, and Wolfgang Streeck. (1996): "Governance in the European Union", London, Sage.
- Martin, Laurence and John Roper. (eds.) (1995): "Towards a common defence policy", Paris, the Institute for Security Studies of Western European Union.
- Mauil, Hanns W. (2006): "The Perils of NOT Conceiving EU foreign Policy as a Civilizing Project", *International Politics and Society* 1/2006, Friedrich-Ebert-Stiftung.
- Mayntz, Renate (1993): "Governing Failures and the problem of governability: some comments on a theoretical paradigm", in Jan Kooiman (ed): "Modern Governance: New Government-Society Interactions, Sage Publications, London.
- McCargo, Duncan. (1998): "Elite governance: business, bureaucrats and the military", in: Richard Maidment, David Goldblatt and Jeremy Mitchell (eds.): "Governance in the Asia-Pacific", London and New York, Routledge.
- McCormick, John. (1999): "Understanding the European Union: A Concise Introduction", London, Macmillan.
- McNamara, Kathleen. (1998): "The Currency of Ideas: Monetary Politics in the European Union", Ithaca, NY: Cornell University Press.
- Memo from the Secretariat General of the CPMR, Reactions to the European Commission's White Paper on European Governance.
- Mitrany, David (1975): "The Functional Theory of Politics", London, Martin Robertson.
- Mols, Manfred ( 1996 ): *Integration und Kooperation in zwei Kontinenten: das Streben nach Einheit in Lateinamerika und in Südostasien*, Stuttgart, Franz Steiner Verlag.
- Moravcsik, Andrew. (1993): "Preferences and Power in the European Community: A Liberal Intergovernmentalist Approach", *Journal of Common Market Studies* 31 (4).
- Moravcsik, Andrew. (1998): "The Choice for Europe: Social Purpose and State Power from Messina to Maastricht", Ithaca, NY: Cornell University Press.

- Morgenthau, Hans J. (1952): "Another Great Debate: The National Interest of the United States", *American Political Science Review*, LXVI (December 1952).
- Morgenthau, Hans J. (1978): "Politics among Nations: The Struggle for Power and Peace", 5<sup>th</sup> Edition (revised), New York, Knopf.
- Morgenthau, Hans J. (1978): "Politics Among nations", New York, Knopf.
- Mya Than (2005): "Myanmar in ASEAN: Regional Cooperation Experience", Singapore, Institute of Southeast Asian Studies.
- Mya Than (eds.) (2001): ASEAN Beyond the Regional Crisis, Challenges and Initiatives, Singapore, Institute of Southeast Asian Studies.
- Mya Than and Carolyn L. Gates (eds.) (2001): "ASEAN Enlargement: Impacts and Implications", Singapore, Institute of Southeast Asian Studies.
- Narine, Shaun (2002): "Explaining ASEAN: Regionalism in Southeast Asia", London, Lynne Rienner Publishers.
- Narine, Shaun (2003): "The idea of an "Asian Monetary Fund": The Problems of Financial Institutionalism in the Asia-Pacific", in: Asian Perspective, Vol.27, No.2.
- Neher, Clark D. (1999): "Southeast Asia in the new international era", Boulder: Westview Press.
- Nelsen, Brent F. and Alexander Stubb. (eds.) (2003): "The European Union: Readings on the Theory and Practice of European Integration" (Third Edition), Houndmills, Palgrave Macmillan.
- Nerlich, Uwe (1995): "The relationship between a European common defence and NATO, the OSCE and the United Nations", in: Martin, Laurence and John Roper. (eds.): "Towards a common defence policy", Paris, the Institute for Security Studies of Western European Union.
- Nesadurai, Helen E.S. (2003): "Globalisation, Domestic Politics and Regionalism: The ASEAN Free Trade Area", London and New York, Routledge.
- Ng, Francis and Alexander Yeats (2003): "Major East Asian Trade Trends", World Bank working paper No. 3084, Washington D.C.
- Nischalke, Tobias (2002): "Does ASEAN measure up? Post-Cold War diplomacy and the idea of regional community", in: The Pacific Review, Vol. 15, No. 1, 2002.
- Nugent, Neill. (1994): "The Government and politics of the European Union" (Third Edition), Durham, NC, Duke University Press.
- Nuscheler, Franz (1999): "Entwicklungssprünge, Disparitäten und Konfliktpotentiale im südostasiatischen Tigergehege", in: Werner Kreisel (eds.): "Growing Gaps?: Perspektiven für eine zukunftsfähige Regionalentwicklung im asiatisch-pazifischen Raum", Hamburg: Abera Verlag.
- Nuscheler, Franz (2002): "Global Governance, Development, and Peace", in Paul Kennedy, Dirk Messner and Franz Nuscheler (ed): "Global Trends and Global Governance", London, Pluto Press.
- Nuscheler, Franz (2008): "Die Konjunktur des Governance-Begriffes", Duisburg, Institut für Entwicklung und Frieden (INEF), Uni Duisburg-Essen.
- Nye, Joseph S. (1971): "Peace in Parts: Integration and Conflict in Regional Organization", Boston: Little, Brown.
- Nye, Joseph S. Jr., (1968): "Comparative Regional Integration", in: *International Organizations* 22 (4).

- Olson, William C. and A. J. R. Groom. (1991): "International Relations then and now, Origins and trends in interpretation", London, Harper Collins Academic.
- Papp, Daniel S. (1997): "Contemporary International Relations: Frameworks for Understanding", Needham Heights, Allyn and Bacon.
- Peou, Sorpong (2002): "Realism and constructivism in Southeast Asian security studies today: a review essay, *The Pacific Review*", Vol. 15, No. 1.
- Petchsiri, Apirat, Paveena Sutthisripok, and Pakprapai Thontiravong (eds.): "Comparative Regional Integration: ASEAN and the EU", Monograph Series Volume 2(2002), Bangkok, Chulalongkorn University.
- Peterson, John and Elizabeth Bomberg (1999): "Decision-Making in the European Union", London, Macmillan Press Ltd.
- Peterson, John. (2004): "Policy Networks", in: Wiener, Antje. and Thomas Diez. (eds.): "European Integration Theory", Oxford and New York, Oxford University Press.
- Plano, Jack C. and Roy Olton. (eds.) (1988): "The International Relations Dictionary", Fourth Edition, Santa Barbara, California: ABC-Clio Inc.
- Pollack, Mark A. (2003): "Delegation and Agency in the European Community", in: Brent F. Nelsen and Alexander Stubb (eds.): "The European Union: Readings on the Theory and Practice of European Integration" (Third Edition), Houndmills, Palgrave Macmillan.
- Puchala, Donald J. (1972): "Of Blind Men, Elephants and International Integration", *Journal of Common Market Studies* 10(3).
- Radaelli, C. (2003): "The Europeanization of Public Policy", in: K. Featherstone and C. Radaelli (eds.): "The Politics of Europeanization", Oxford, Oxford University Press.
- Rhodes (1997): "Understanding Governance: Policy networks, Reflexivity and Accountability", Buckingham, Philadelphia, Open University Press.
- Rhodes, R.A.W. (1997): "Understanding Governance: Policy Networks, Governance, Reflexivity and Accountability", Buckingham, Open University Press.
- Rieger, Elmar (2000): "The Common Agricultural Policy: Politics against Markets", in: Helen Wallace and William Wallace (eds.): "Policy-Making in the European Union" (Fourth Edition), Oxford and New York, Oxford University Press.
- Risse, Thomas, Maria Green Cowles, and James Caporaso (2001): "Europeanization and Domestic Change: Introduction"; in: Maria Green Cowles, James Caporaso, and Thomas Risse (eds.): "Transforming Europe: Europeanization and domestic change", New York, Cornell University Press.
- Risse, Thomas. (2004): "Social Constructivism and European Integration", in: Antje Wiener and Thomas Diez (eds.): "European Integration Theory", Oxford and New York, Oxford University Press.
- Rosamond, Ben. (2000): "Theories of European Integration", London, Macmillan Press Ltd.
- Rosamond, Ben. (2001): "*Regional Integration in Europe and Asia*", ASEF University Library. [http://www.asef.org/asef-uni/3\\_infohub/infohub\\_m\\_library.html](http://www.asef.org/asef-uni/3_infohub/infohub_m_library.html)
- Rosenau, James (1992): "Governance, Order, and Change in world politics", in James Rosenau and Ernst-Otto Czempiel (ed): "Governance without Government: Order and Change in World Politics", New York, Cambridge University Press.

- Rosenau, James and Czempiel, Ernst-Otto (ed) (1992): "Governance without Government: Order and Change in World Politics", New York, Cambridge University Press.
- Rüland, Jürgen. (2000): "ASEAN and the Asian Crisis: theoretical implications and practical consequences for Southeast Asian regionalism", *The Pacific Review*, Volume. 13, Number. 3.
- Sakakibara, Eisuke and Sharon Yamakawa (2003): "Regional Integration in East Asia: Challenges and Opportunities", World Bank working paper No. 3079, Washington D.C.
- Sapir, André. et al., (2003): "An agenda for a growing Europe: Making the EU Economic System Deliver", (Report of an Independent High-Level Study Group established on the initiative of the President of the European Commission), Brussels, the EU Commission. (<http://www.euractiv.com/ndbtext/innovation/sapirreport.pdf>)
- Scharpf, Fritz W. (1999): "Governing in Europe: Effective and Democratic?", Oxford, Oxford University Press.
- Scharpf, Fritz W. (2002): "Legitimate Diversity: The New Challenge of European Integration", *Cahiers Européens de Sciences Po* 1/2002.
- Schimmelfennig, Frank. (2001): "Liberal Norms, Rhetorical Action, and the Enlargement of the EU", *International Organization*, 55(1).
- Schmidt, Vivien A. (2004): "The European Union: Democratic Legitimacy in a Regional State?", *Journal of Common Market Studies*, Vol. 42, No. 5, December 2004.
- Schmidt, Vivien A. (2005): "The Europeanization of National Economies?", in: Simon Bulmer and Christian Lequesne (eds.): "The Member States of the European Union", Oxford and New York, Oxford University Press.
- Schmitter, Philippe C. (2006): "Governance in the European Union: a viable mechanism for future legitimation?" in Arthur Benz and Yannis Papadopoulos (ed): "Governance and Democracy: Comparing national, European and international experiences", Routledge, New York.
- Scholte, Jan Aart (1996): "Beyond the buzzword: towards a critical theory of globalization", in: E. Kofman and G. Youngs. (ed.): "Globalization: Theory and Practice", London, Pinter.
- Sebastian, Leonard C. (2000): "Southeast Asian Perceptions of China: The Challenge of Achieving a New Strategic Accommodation", in: Derek da Cunha (eds ): "Southeast Asian Perspectives on Security", Singapore, Institute of Southeast Asian Studies.
- Severino, Rodolfo C. (2003): "Regional Integration in Europe and in Asia", in *Asia Europe Journal*, Volume 1, Number 4, December 2003.
- Shaun Narine (2002): "Explaining ASEAN: Regionalism in Southeast Asia", London, Lynne Rienner Publishers.
- Sin, Du-Chel ( 2000 ): Die ASEAN und die EU: Eine vergleichende Analyse der regionalen Integrationsprozesse, Frankfurt am Main, Peter Lang GmbH, Europäischer Verlag der Wissenschaften.
- Singh, Daljit (1997): "ASEAN and the Security of Southeast Asia", in Chia Siow Yue and Marcello Pacini (eds): "ASEAN in the New Asia: Issues & Trends", Singapore, Institute of Southeast Asian Studies.

- Smith, Karen E. (2003): "European Union Foreign Policy in a Changing World", Oxford, Polity Press.
- Smith, Karen E. (2004): "The Making of EU Foreign Policy: The Case of Eastern Europe" (Second Edition), Houndmills, Palgrave Macmillan.
- Soesastro, Hadi (2003): "ASEAN Economic Community: Concept, Costs and Benefits", Singapore: ISEAS. (Paper presented at the ASEAN Roundtable 2003 Roadmap to an ASEAN Economic Community 20-21 August 2003 Singapore).
- Spanier, John (1992): "Evaluation of Interdependence: "New" or "Old" Strife?" in: Levine, Herbert (ed.): "World Politics Debated, A Reader in Contemporary Issues", New York, McGraw-Hill, Inc.
- Steinberg, David I. (2001): "Burma, The State of Myanmar", Washington, D.C., Georgetown University Press.
- Stone Sweet, Alec and Wayne Sandholtz. (eds.) (1998): "European Integration and Supranational Governance", Oxford, Oxford University Press.
- Stone Sweet, Alec and Wayne Sandholtz. (eds.) (1998): "Integration, Supranational Governance, and the Institutionalization of the European Polity", in: Alec Stone Sweet and Wayne Sandholtz (eds.): "European Integration and Supranational Governance", Oxford, Oxford University Press.
- Sueo, Sekiguchi (1999): "Prospects for Intra-and Extraregional Relations", in: Sekiguchi Sueo and Noda Makito (eds): "Road to ASEAN-10: Japanese Perspectives on Economic Integration", Tokyo, Japan Center for International Exchange.
- Sueo, Sekiguchi and Makito, Noda (eds): "Road to ASEAN-10: Japanese Perspectives on Economic Integration", Tokyo, Japan Center for International Exchange.
- Takeshi, Takano (1999): "The ASEAN-10 and Regional Political Relations", in: Sekiguchi Sueo and Noda Makito (eds): "Road to ASEAN-10: Japanese Perspectives on Economic Integration", Tokyo, Japan Center for International Exchange.
- Tank, G. Pinar. (1998): "The CFSP and the Nation-State", in: Kjell A. Eliassen (eds.): "Foreign and Security Policy in the European Union", London, SAGE Publications Ltd.
- Thanh, Vo Tri (2003): "The ASEAN Economic Community: Perspective from ASEAN's Transitional Economies", Singapore: ISEAS. (Paper presented at the ASEAN Roundtable 2003 Roadmap to an ASEAN Economic Community 20-21 August 2003 Singapore).
- The Concise Oxford Dictionary of Current English (1990), 8<sup>th</sup> Edition, Oxford, Oxford University Press.
- The Japan Times, March 8, 2002. ("Myanmar aid stalled but not finished" by Hisane Masaki).
- The White Paper on European Governance, The European Commission of the European Union, 25<sup>th</sup> July 2001, Brussels.
- The World Bank (1999): "*Trade Blocs*", New York: Oxford University Press.
- The World Bank: Social Indicators of Development, Washington, DC, 1996.
- The World Bank: World Development Indicators, Washington, DC, 2003.

- Thongpakde, Nattapong. ( 2001 ): “ASEAN Free Trade Area: Progress and Challenges”, in: Mya Than (eds): ASEAN Beyond the Regional Crisis, Challenges and Initiatives, Singapore, Institute of Southeast Asian Studies.
- Thongpakde, Nattapong. (2001): “Impact and Implications of ASEAN Enlargement on Trade”, in Mya Than and Carolyn L. Gates (eds): “ASEAN Enlargement, Impacts and Implications”, Singapore: ISEAS.
- Tongzong, Jose L. (2003): “The Role of AFTA in an ASEAN Economic Community”, Singapore: ISEAS. (Paper presented at the ASEAN Roundtable 2003 Roadmap to an ASEAN Economic Community 20-21 August 2003 Singapore).
- Voeten, Erik. (2000): Clashes in the Assembly, in : *International Organization*, Volume.54, No.2, Spring 2000.
- Wah, Chin Kin. (2000): “Reflections on the Shaping of Strategic Cultures in Southeast Asia”, in Derek da Cunha (eds): “Southeast Asian Perspectives on Security”, Singapore, Institute of Southeast Asian Studies.
- Wallace, Helen (2005): “Exercising Power and Influence in the European Union: The Roles of Member States; in: Simon Bulmer and Christian Lequesne (eds.): “The Member States of the European Union”, Oxford, Oxford University Press.
- Wallace, Helen, William Wallace, and Carol Webb. (eds.) (1983): Policy-Making in the European Community, Second Edition, Chichester, John Wiley and Sons.
- Wallace, Helen. (1996): “Politics and Policy in the European Union: the Challenge of Governance”, in: Helen Wallace and William Wallace. (eds.): Policy-Making in the European Union”, Oxford: Oxford University Press.
- Wallace, Helen. (1997): “Introduction”, in: Helen Wallace and Alasdair R. Young (eds.): “Participation and Policy-Making in the European Union”, New York, Oxford University Press.
- Wallace, Helen. (2000): “Analysing and Explaining Policies”, in: Helen Wallace and William Wallace (eds.): “Policy-Making in the European Union” (Fourth Edition), Oxford and New York, Oxford University Press.
- Wallace, Helen. (2000): “The Institutional Setting: Five Variations on a Theme”, in: Helen Wallace and William Wallace (eds.): “Policy-Making in the European Union” (Fourth Edition), Oxford and New York, Oxford University Press.
- Wallace, Helen. (2000): “*The Policy Process: A Moving Pendulum*”, in: Helen Wallace and William Wallace (eds.): “Policy-Making in the European Union” (Fourth Edition), Oxford and New York, Oxford University Press.
- Wallace, Helen. and Alasdair R. Young (eds.) (1997): “Participation and Policy-Making in the European Union”, New York, Oxford University Press.
- Wallace, Helen. and William Wallace. (eds.) (1996): “Policy-Making in the European Union”, Oxford: Oxford University Press.
- Wallace, Helen. and William Wallace. (eds.) (2000): “Policy-Making in the European Union” (Fourth Edition), Oxford and New York, Oxford University Press.
- Wallace, William. (1990): “Introduction: the dynamics of European integration”, in: William Wallace (eds.): “The Dynamics of European Integration”, London and New York, Pinter Publishers.
- Wallace, William. (2000): “Collective Governance: The EU political process”, in: Helen Wallace and William Wallace (eds.): “Policy-Making in the European Union” (Fourth Edition), Oxford and New York, Oxford University Press.



- Wallace, William. (eds.) (1990): "The Dynamics of European Integration", London and New York, Pinter Publishers.
- Waltz, Kenneth N. (1979): "Theory of International Politics", Reading, Mass: Addison-Wesley.
- Waltz, Kenneth N. (1995): "Realist Thought and Neorealist Theory", in: Charles W. Kegley Jr.: "Controversies in International Relations Theory: Realism and the Neoliberal Challenge", New York, St. Martin's Press.
- Waltz, Kenneth N. (2000): Structural Realism after the Cold War, in : *International Security* 25(1).
- Waters, Malcom. (1995): "Globalization", London, Routledge.
- Webb, Carol (1983): "Theoretical Prospects and Problems", in: Helen Wallace, William Wallace, and Carol Webb (eds.): Policy-Making in the European Community, Second Edition, Chichester, John Wiley and Sons.
- Weidenfield, Werner. (eds.) (1985): "Die Identität Europas", Bonn, Europa Union.
- Weldes, Jutta. (1999): "Constructing National Interests: The United States and the Cuban Missile Crisis", Minneapolis, University of Minnesota Press,
- Wendt, Alexander (1992): "Anarchy is what states make of it: the social construction of power politics", *International Organization*, Vol. 46, No. 2, Spring 1992.
- Wessels, Wolfgang. (1997): "The Growth and Differentiation of Multi-Level Networks: A Corporatist Mega-Bureaucracy or an Open City?", in: Helen Wallace and Alasdair R. Young (eds.): "Participation and Policy-Making in the European Union", New York, Oxford University Press.
- Wiener, Antje. and Thomas Diez. (eds.) (2004): "European Integration Theory", Oxford and New York, Oxford University Press.
- Wilde, Jaap de. (1991): "Saved from Oblivion: Interdependence theory in the First Half of the 20<sup>th</sup> Century, A study on the causality between war and complex interdependence", Aldershot, Hampshire, Dartmouth.
- Williams, Michael J. (2005): "On Mars and Venus: Strategic Culture as an intervening Variable in US and European Foreign Policy", Münster, LIT Verlag.
- World Bank (1991): "Managing Development: The Governance Dimensions", Washington DC, World Bank, August 29, 1991.
- World Bank (1999): "*Trade Blocs*", New York: Oxford University Press.
- World Trade Organization, International Trade Statistics 2003.
- Yeung, May T., Nicholas Perdikis and William A. Kerr (1999): "Regional Trading Blocs in the Global Economy: The EU and ASEAN", Northampton, Massachusetts, Edward Elgar Publishing, Inc.
- Yue, Chia Siow and Pacini, Marcello. (eds) ( 1997 ): "ASEAN in the New Asia: Issues & Trends", Singapore, Institute of Southeast Asian Studies.
- Yue, Chia Siow and Tan, Joseph L.H. ( eds ): "ASEAN & EU: Forging New Linkages and Strategic Alliances", Singapore, Institute of Southeast Asian Studies.
- Zacher, Mark W. and Richard A. Matthew (1995): "Liberal International Theory: Common Threads, Divergent Strands", in: Charles W. Kegley Jr.: Controversies in International Relations Theory: Realism and the Neoliberal Challenge, New York, St. Martin's Press.

Zürn, Michael. (2000): “Democratic Governance Beyond the Nation-State: the EU and Other International Institutions”, *European Journal of International Relations* Vol. 6(2).

### **Newspapers and magazines**

Agence France-Presse (AFP)  
International Herald Tribune  
The Economist  
The Guardian  
The Irrawaddy online Edition  
The Japan Times  
The New York Times