

Working Paper

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RESEARCH DIVISION GLOBAL ISSUES | WP NR. 03, DECEMBER 2018

The Political Limits of Regional Integration

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Abstract

Regional integration has often been portrayed as an option to enhance the welfare of the participating societies. Larger markets and the harmonization of rules and norms contribute to raising economic efficiency. However, that logic has been called into question, particularly in OECD countries: Citizens have evaluated regional integration projects with a simple cost-benefit matrix: Economic gains against a partial loss of autonomy.

Discussing globalization, Dani Rodrik has illustrated the choices societies face at a theoretical level with a trilemma. He argues that democracy, the nation state and deep economic integration are incompatible. Only two out of three goals are simultaneously achievable. Neither the combination of the nation state and deep integration, which he labels "Golden Straitjacket", nor the combination of deep integration and democracy, which he calls "Global Governance", appear to be viable options.

The third option, however, permits the accommodation of diverging preferences of societies. The goal to be sacrificed is hyper-globalization. In essence, Rodrik's model can be applied to regional integration in general and European integration in particular. "Ever closer union" forces European societies to harmonize their preferences. The diversity of European societies, with their strong and differing preferences, suggests that a new approach to integration could stabilize the process politically. The loss of income accompanying that approach can be interpreted as the price to be paid for political autonomy.

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1. Introduction

The debates on the future of the EU and the future of international economic relations have clear parallels. In both cases, the question must be answered as to what level of autonomy societies want to retain for the further development of their foreign economic policy. There is a conflict between economic efficiency and democratic self-determination. The deepening of the international division of labor and the expansion of supranational regulation touch the core of democratic societies: Are voters still permitted to make decisions that are suboptimal from a radical liberal economic perspective? Or is there room for diverging national preferences? If not, have a "factual constraint Europe" and a "factual constraint globalization" prevailed and thus abolished democratic decision-making processes?

Sovereignty in the 21st century has developed into a surprisingly asymmetric concept. On the one hand, societies have lost the ability to adopt and implement regulation, but on the other, they are still held liable if supranational regulation - whether at regional or local level - fails. It is not surprising that politicians today find it difficult to communicate the benefits of this asymmetric sovereignty to their constituents.¹

Supranational regulation has often - contrary to expectations - not led to sustainable behavior. In Europe, the European Commission and the European Central Bank (ECB) ignored the rapidly growing Greek public debt for years. In the EU, the creation of a supranational institution for monetary policy has not led to a reduction in risks, but rather to uncontrolled debt growth in Greece, Ireland, Italy and Spain. Without monetary union, the significant expansion of debt in individual economies - both private and public - would presumably not have been accepted by the financial markets much earlier. At the very least, rising interest rates would have sent unmistakable signals to borrowers.

In this paper, I will analyze the relationship between the nation state, deep integration and democracy. Whilst the European Union probably no longer serves as a model for other regions with regard to the utility of regional integration, there are still many issues of interest to other countries. The current debate, to avoid the term crisis, on the future of the European project serves as an illustration to other countries. The key question of this paper is: Are there political limits to regional integration, and if they exist, how can they be addressed?

The paper is organized as follows. In section two, I will discuss competing concepts of regional and global integration. The conflicting approaches of Bob Keohane, Andrew Moravcsik and Dani Rodrik serve to illustrate the dilemma of integration, whether regional or global. In section three, the focus will be on the prevailing, if difficult, logic of European integration. By way of conclusion, I will suggest an approach to regional integration that puts democratic choice, rather than economic efficiency, at the core of the integration process.

¹ Sir Mervyn A. King, former governor of the English central bank, commented on the problem of the liability of nation states with a famous remark: "Global banks are international in life but national in death" (*The Economist*, 12 October 2013, Special Report World Economy, p. 6).

2. Conflicting goals in regional and global integration

The EU today suffers from the same problems as the cooperation between states at the global level: both historical traditions and today's preferences differ too much for a very deep integration process. Despite many years of discussion on the future of integration processes, progress – outside Europe – has been limited. There is no advancement of global governance, and Europe itself is unsure which steps should be taken next. Part of the problem, both in Europe and at the global level, is the unresolved issue of ownership and liability in the organization of supranational structures.

It is worth asking what form accountability should take at the supranational level. Unselfishness is even rarer in international relations than in the national sphere, as can be seen, for example, from the tenacious defense of European agricultural policy, which causes economic damage to poorer states and has nevertheless lasted for 40 years. Constructing supranational regulation on the assumption of altruistic behavior is not a viable approach. It therefore makes sense, both in Europe and at global level, to rely on the principle of subsidiarity: Only where no solution to the problem is possible without supranational regulation should this approach be adopted (Frieden et al. 2012, p. 51).

2.1 Co-operation without hegemony

Multilateral cooperation, defined as the cooperation of at least three states, has been called for by renowned academics since the 1980s. Robert O. Keohane published his authoritative work on the concept of multilateral cooperation in 1984. The increasing interdependence of nation states leads to a growing interest in supranational cooperation. Since the increasing interdependence of economies weakens the individual nation states and numerous problems can no longer be solved at the national level, it is necessary to cooperate at the global level. The states participating in global governance are regaining their autonomy, which has been lost in some cases, through supranational cooperation. The representatives of this school, neoliberal institutionalism, thus see a simultaneity of growing interdependence and the resulting factual compulsion to cooperate. Power and divergent preferences of societies do not play a central role in this concept. Above all, Keohane assumes two things: On the one hand, he expects societies to move inexorably towards a further deepening of globalization. A partial rejection of further globalization and the adoption of different economic policy concepts are not expected from the advocates of this approach. A global convergence of world society is assumed: at the end of the integration process there is a cosmopolitan society in which uniform norms and

rules apply. On the other hand, the rivalry of states, which is so central in the concept of the realist school of international relations, plays no role. For Keohane, the conflict and the struggle for power and influence are largely relics of earlier epochs.

After the collapse of the USSR, expectations seemed to be confirmed. The states of the world, freed from the Cold War, intensified their cooperation. But the undivided euphoria lasted only a few years. The 1990s can be described as a golden era for global governance. Confidence characterized the debates on multilateral cooperation. At the latest, however, the failure of the climate summit in Copenhagen in December 2009 showed very clearly that global governance is in a structural crisis. The success of Paris in December 2015 and the concept adopted there to combat climate change are certainly a ray of hope and have improved the prospects for global cooperation, at least in that policy field. However, there has been no interaction with other policy areas - especially trade and financial policy. Moreover, the future of global governance stands and falls with the further development of globalization. If the interdependencies become smaller, this will also reduce the chances of governance beyond the nation state. The assumption that the continuation of globalization is irreversible is not tenable. There is no historical imperative for the continuation of globalization (Stein 2016, p. 305).

Some observers see in the EU proof of the willingness of states to renounce sovereignty and to bundle it at the supranational level. Ian Goldin suggests that the EU continues to be an exception:

“The EU represents a striking exception to the unwillingness of countries to cede sovereignty. In areas that many nations regard as sacrosanct - including security, migration, foreign affairs, finance and carbon emissions - a core of European countries have given up sovereignty” (Goldin 2013, p. 68).

Goldin, a proponent of neoliberal institutionalism, has clearly underestimated the persistent forces within the member states of the EU. In the years 2015 and 2016 it became clear that the willingness to harmonize - for example migration policy - in the EU is only very limited. Basically, the willingness to renounce sovereignty in migration issues is limited to Germany. In some other areas, such as foreign policy, a relatively small number of EU states is willing to pool sovereignty.

2.2. Preferences matter

Keohane's and other representatives of neoliberal institutionalism's considerations, however, have a decisive weakness: The existence of common interests is regarded as given (Moravcsik 1997, p. 522). This is not plausible. The interests of an oil-exporting state differ seriously from those of an importing state. A country like the US, which is a large exporter of patents and other forms of intellectual property, has different foreign economic policy objectives than a country like South Africa, which is a net importer of intellectual property.

Andrew Moravcsik attempted in 1997 to develop a new grand theory of international relations. The debate is extremely relevant to the question of this paper. Moravcsik demands that the different preferences of societies be examined and taken seriously. For him, the preferences of states are the most important determinants of international relations (Moravcsik 1997, p. 513).

How does Moravcsik defend his concept? He has three assumptions. First, he believes that individuals and private groups are the most important actors in international politics. They are on average risk averse, rational and organise collective action in such a way that

different interests are taken into account. This liberal theory is based on a bottom-up approach: the expectations of individuals and social groups form the basis on which politics is formulated (ibid., p. 516 f.). The definition of the interests of individuals is crucial. Liberal theory rejects the (utopian) assumption that an automatic harmony of interests exists between individuals and social groups (ibid., p. 517). At this point, there is a contradiction between the expectations of cosmopolitan and liberal theory: cosmopolitan approaches assume a convergence of interests, liberal theory insists on divergence of interests.

Secondly, Moravcsik sees national politics not as an autonomous actor, but as a representative institution exposed to a constant struggle for construction and reconstruction, for appropriation and reconquest by social forces (ibid., p. 518). In this process, however, he neither assumes that all individuals and groups have an equal, symmetrical influence on state politics, nor does he assume that the structures of the institutions are irrelevant. Social tensions are transmitted via representative institutions and result in the different preferences of states in international politics.

Thirdly, he assumes that the arrangement of interdependent state preferences determines state action in international politics (ibid., p. 520). States need a purpose for their action that decides whether they provoke a conflict, propose cooperation or take another foreign policy measure.

Moravcsik proposes a simple message of the liberal approach: The most important determinant of national foreign policy is what states want (ibid., p. 521). He himself admits that this statement has a simplistic appeal, but points out that in both realism and neorealism divergent preferences of states are regarded as irrelevant, secondary or endogenous. One can agree with him that social preferences are often given too little importance in the analysis of international relations.

This is by no means to say that the formulation of preferences succeeds perfectly. In any case, there are no homogeneous preferences of societies. This can be seen very clearly when we look at American foreign policy. Walter Russell Mead has suggested that American foreign policy should be seen as a permanent conflict of four schools of thought. He selected four former American presidents and named foreign policy schools after them: Jeffersonians, who advocate the promotion of human rights and the enlightenment; Hamiltonians, who put the promotion of American economic interests in the foreground; Wilsonians, who emphasize the benefits of international cooperation; and Jacksonians, who promote the hard enforcement of American interests (Mead 1999). All four schools exist simultaneously in the United States, and the main question is which group will prevail at a given point in time. In 2018, the Jacksonians, led by Donald Trump, are more powerful than the other schools of thought.

The consideration of the preferences of states is both necessary and helpful in explaining the change in international relations. The preferences of societies can change. Recently, this became clear in the choices made by British and American voters. The liberal approach, however, does not see citizens' votes as a problem, but as an expression of democratic processes. Politics has the task of translating these preferences into foreign and foreign economic policy, but has recently frequently encountered limits. Choices are described as either non-existent ("no alternative") or dangerous ("picking cherries"). But are there really no alternatives?

2.3. The impossible trinity of integration

Despite all the contradictions, the difficulties in further developing regulations beyond the nation state are not surprising. The ever-increasing interdependencies between sovereign states lead to a growing need for cooperation, but at the same time, the (social) costs of

cooperation grow. The economist Ronald Coase stated in the 1960s that rational actors will cooperate if the costs of negotiating, monitoring and implementing agreements are low (Brummer 2014, p. 4). In other words, states make their own decisions about participation in institutions and participation in agreements that seem useful to them (Rodrik 2016b).

If this logic is applied to today's global economy and the European integration process, it becomes clear that the costs of agreeing and implementing supranational regulation are too high. Governments are reluctant to further develop global regulation or European integration because the political costs of agreeing to global or European rules outweigh the benefits.

In this context, Alexander Wendt's (2003, p. 506) assessment that an internationalization of political authority can be observed through the creation of institutions such as the UN, the EU or the WTO is not convincing. He ignores the fact that the sovereignty of nation states is not transferred permanently but only temporarily to supranational organizations. This perspective is confirmed by current developments in the EU, but also by President Trump's policy. Sovereign states can cooperate at the supranational level, but are free to decide to end their cooperation.

At the same time, the nation-state, which is repeatedly described as a historical phase-out model that is not up to the challenges of globalization, is being criticized. The advocates of supranational regulation argue that today's global age does not call for more codetermination, but for a concentration of supranational power (Zimmer 2016). It is often claimed that the nation state is too large to perform some of the functions of the state, but above all too small for many others (Alesina 2003, p. 313).

What is overlooked, however, is that democratic self-determination is not a mistake that prevents markets from functioning. The interaction of democracy and the market is one of the central questions of our time: How much market, how much democracy are appropriate and necessary? The implementation of radical market-based solutions is just as unpromising as the complete elimination of market mechanisms and thus of competition and the economic autonomy of individual citizens.

Harvard economist Dani Rodrik highlighted the tension between democracy, globalization and the nation-state more than 15 years ago. It is impossible to simultaneously attain the current system of nation states, a democratic order and comprehensive globalization (understood as the abolition of all barriers to economic exchange) (Rodrik 2002, p. 1).

Dani Rodrik has been analyzing the relationship between globalization, democracy, and the nation-state for years and finds that at best two of the three goals can be achieved. It is a classic trilemma. Deep globalization, Rodrik speaks of hyper-globalization, democracy and national self-determination are mutually exclusive. Rodrik sees three options:

1) Democracy can be restricted to increase economic efficiency. Although the nation-state remains intact, its citizens renounce democratic decision-making processes. This is due to the fact that political decisions that would reduce economic efficiency are excluded. Democracy is limited to the possibility of confirmation: There is no longer any choice between divergent (economic) policies. Rodrik (2011, p. 200 f.) describes this arrangement as a "golden straitjacket": securing prosperity takes precedence over democratic decision-making.

Rodrik names the consequences of such a decision: Governments would have to implement exactly the economic policies that investors want: These include limiting the role of the state, privatization, low taxes, flexible labor markets, deregulation and far-reaching openness of the economy. The "golden straitjacket" characterizes the world economy before the First World War: socio-political issues stood in the background, and governments focused solely on economic growth. Cross-border capital movements were unrestricted and national monetary policies were linked by the strict mechanisms of the gold standard.

2) The second option is the globalization of democracy: the nation state disappears in this model; the sovereignty of the nation states is dissolved in a larger space. This can be the EU or the whole world. In this model, called "global governance" by Rodrik, democratic processes remain possible, but they take place in a cosmopolitan world society. Ultimately, in this model, too, the space for national approaches is reduced.

The stumbling block of this model is the prerequisite for the willingness to recognize supranational authority. Global majority rule requires the willingness of societies to accept this cosmopolitanization of democracy. The question arises as to what room there could be for smaller societies in this model. Rodrik himself is skeptical about the prospects of this concept:

There is simply too much diversity in the world for nations to be shoehorned into common rules, even if these rules are somehow the product of democratic processes.

Global standards and regulations are not just impractical, they are undesirable" (Rodrik 2011, p. 204).

According to Rodrik, global regulation inevitably leads to rules based on the lowest common denominator. Ultimately, weak and ineffective sets of rules emerge.

3) The third way renounces deep globalization and emphasizes the strengthening of democratic legitimacy in the nation states. Rodrik calls this the "Bretton Woods compromise". In the process, globalization, i.e. the increase in economic efficiency through an ever more far-reaching division of labor, is restricted.

The Bretton Woods model is thus the only remaining option - if neither the nation state nor democratic procedures are to be abandoned. The old Bretton Woods system made it possible to liberalize trade in goods while at the same time abandoning the comprehensive liberalization of capital movements. The loose rules of Bretton Woods - applied from the late 1940s to the early 1970s - allowed societies to pursue their own paths of economic development. There was room for tailor-made economic policies, now called policy spaces by observers from developing countries. In Bretton Woods, the advantages of globalization à la carte are evident. Bretton Woods was by no means marked by economic stagnation: the USA, Western Europe and Japan grew rapidly in the 1950s and 1960s. The national regulation of the financial markets had remarkable stabilizing effects that are often overlooked today. Bank collapses were successfully avoided.

This third variant of Rodrik's trilemma is attracting a lot of support today. A political message of recent years has been that many people do not want to do without the nation state. In the EU, but also in other parts of the world, interest in the organization of societies in smaller, manageable units is returning. The secession movements in the EU (Scotland, Catalonia) prove this thesis. But the desire for smaller political units is not limited to Europe. Since the Second World War, the number of independent states has almost tripled. The UK vote to withdraw from the EU has underlined the relevance of this question: Some societies prefer to organize in smaller spaces and reject the creation of supranational structures above the nation-state.

Rodrik's concept and his recommendation reflect the model of international relations shaped by Immanuel Kant. In his "Eternal Peace", Kant envisioned a world of sovereign and cooperating states. These should be democratically constituted. Kant (1950, p. 13) speaks of "equality of citizens". According to Kant (ibid., p. 19), international law should be based on "a federalism of free states", which form a League of Nations but not a State of Nations.² Kant's vision can be applied to Europe as well as to the whole world. A federation of sovereign states gives these societies room for their own choices. Kant rejects the path of deep integration, i.e. the establishment of a central state of different peoples. From

² Alexander Wendt assumes that Kant rejected a world state because the technology of the time prevented this perspective (Wendt 2003, p. 493).

this perspective, both an EU in which the formerly sovereign member states dissolve and a world society without nation states are not desirable.³

Arthur A. Stein has criticized Rodrik's concept. Globalization, nation-state and democracy are not incompatible, Stein argues. If citizens in all democracies shared the same regulatory preferences, global rules could be agreed without endangering democracy (Stein 2016, p. 312). But precisely this prerequisite for the success of global governance is not convincing: governance beyond the nation state can undoubtedly succeed if majorities in the participating states have the same preferences. The central question is, however, what happens if these preferences differ?

The trend towards global economic integration combined with political disintegration is by no means new. Since 1946, the number of sovereign states has risen from 76 to 193. If controversial states - such as Abkhazia, Kosovo, and Somaliland - are added, the number of independent states rises to over 200. This creates a contradictory picture: on the one hand, countries in the EU, for example, unite, while on the other, groups within nation states demand independence under international law.

Economic developments provide an explanation for this puzzle. Globalization has reduced the costs of small-scale economies (Alesina 2003, p. 309). While before the far-reaching liberalization of international trade a large domestic market was decisive for the economic rise of a country - the German Customs Union from 1834 to 1871 and the subsequent foundation of the empire prove this - today even small economies are able to successfully participate in the international division of labor. The best examples are relatively small countries such as Switzerland and Singapore: independent, rich and very well integrated into the world economy. Paradoxically, the EU is promoting the trend towards the disintegration of large states: The Catalan separatists hope that the secession will lead to a reduction in transfer payments to the Spanish central government. At the same time, membership of the EU and the associated economic integration would facilitate participation in an international division of labor.

³ Kant is also opposed to unrestricted migration movements. The philosopher calls for the restriction of "cosmopolitan citizenship" to general hospitality and supports the right to visit, but not to stay. However, Kant (1950, p. 24) notes that strangers can only be rejected if they are not threatened with "extinction".

3. The logic of European integration

In principle, the same concerns expressed by Dani Rodrik about the incompatibility of far-reaching economic integration, the nation state and democracy also apply to the EU. Even in the further development of the EU there is a tension between democracy, the nation state and deep integration. So far, the path of integration in Europe has followed the pattern of the "golden straitjacket". The deepening of the EU into a political union is postulated as inevitable and desirable.

The idea of a uniform set of rules for the countries of Europe is not new. Already Napoleon wanted to subject the continent to a unified set of rules at the beginning of the 19th century and insisted on uniformity, not on diversity. This set free counter-movements. Whilst Napoleon wanted to create a new, uniform legal system for large parts of the continent, his opponents insisted on preserving the constitutional, legal and social differences that distinguished the individual nations from each other (Mazower 2012, p. 4).

As early as the 19th century, the diversity of Europe proved to be an obstacle to centralization and standardization. For a long time, however, little attention was paid to this fundamental problem. It still characterizes the European integration process to this day. The proponents of deep integration assume that the different historical experiences and preferences of European societies are not an obstacle to far-reaching integration.

This perspective of the proponents can be compared with the assessments of managers who propagate mergers of large companies. The comparison drawn by Bernhard Pieper and Peter Schmidt is therefore somewhat pointed, but not absurd. The efforts of the EU Commission to create a unified European economic area show clear parallels to the numerous failed mergers, but also to the failure of centrally planned economic systems (Pieper and Schmidt 2016, p. 187). All three approaches have in common that they pursue purely economic development paths whilst ignoring historical and cultural differences. Specific corporate cultures have just as little place as different political preferences.

In Europe, sovereignty has so far remained essentially at the level of nation states. Europe is still a society of states and not a state in the making. Robert Jackson stresses that the EU is the child and not a sister, let alone a parent of the member states. According to Jackson (1999, p. 451 f.), the EU continues to be a union of sovereign states. The former French Prime Minister, Manuel Valls, underlined exactly this position in an article for the Financial Times in October 2016. In addition to his opposition to the continuation of the TTIP negotiations, Valls stressed that the "United States of Europe" would never exist, as each country had its own history, language and culture to prevent this. However, it is possible to create a "sovereign Europe", a federation of strong and self-confident nation states (Valls 2016).

Therefore, any transfer of sovereignty in the EU - possibly on a temporary basis - is decided by a member state and can be revoked at any time at its discretion. This right of member states is enshrined in Article 50 of the Lisbon Treaty: Ultimately, a sovereign member of the EU can decide to leave the Union. The level and intensity of international cooperation may change, but the nation state retains the authority to decide whether or

not to participate. The vote of the British population on 23 June 2016 confirmed these seemingly hypothetical considerations. Although it is still unclear what future relationship Britain and the EU will have, it has become apparent that no power in Europe can prevent the British from exercising their right to self-determination.

Graf von Kielmansegg (2014) pointed out that European policy, especially in Germany, has been shaped by cartel formation since the 1950s. The major parties have never held divergent positions in European policy - with a few exceptions such as Turkey's accession. Voters were largely incapacitated in European politics - and this was done with good reason and the best of intentions. In Germany, a "sacralization of the European project" has emerged (von Kielmansegg 2014). Politicians and journalists in Germany today take it for granted that reasonable and decent people unreservedly support both European integration and the euro (Behnke 2014).

In the other EU countries, however, the willingness to deepen the Union is much less pronounced than in Germany. This is probably mainly due to the fact that the nation state in France or the Netherlands, for example, is perceived much more positively than in Germany. Unsurprisingly, democratic decision-making processes can be organized much more effectively at the national level than in large supranational communities. To make matters worse, a "European public spirit" (von Kielmansegg 2014) has hardly developed. Solidarity is organized within national systems of social security.

In Europe, however, historical continuities are often overlooked. Economic and political integration are often seen as instruments for overcoming the dark sides of European history. This ignores the fact that the twofold expansion of Europe - internally through ever closer cooperation, externally through the constant expansion of the territory encompassing the EU - is by no means free of precursors. The use of expansion to achieve political goals has long been widespread in Europe, but the means have changed: The Freiburg historian Wolfgang Reinhard (2016) points to the change from the military expansion of earlier epochs to today's soft power of the EU, i.e. the possibility of influencing other states without using economic or military power.

To this day, the EU is not an oversized superstate, but a close, special network of sovereign and democratically constituted states. Proponents of further integration often justify Europe's current problems on the grounds that the member states have so far had too much autonomy. The solution to the problem is therefore a determined further deepening of the EU. Today's demand for "more Europe" inevitably affects the sovereignty and social autonomy of the member states. Hans-Jürgen Papier, former President of Germany's Federal Constitutional Court, identifies the risks associated with further deepening of the EU:

"If, in the well-intentioned urge for more Europe, one crosses the borders drawn by the democratic principle and the member states no longer have any room for their own political shaping of economic, cultural and social living conditions, one sacrifices basic values of the nation-state constitution: namely the democratic principle and the parliamentary-democratic system of government" (Papier 2016, own translation).

Oliver Zimmer, a Swiss historian teaching in Oxford, has pointed out that the EU is by no means better suited than nation states to solving global problems:

"There is no valid reason why an organization like the EU should be better able to cope with global challenges than stable, democratically constituted nation states that cooperate with each other on the basis of common interests - also in the sense of 'give and take'" (Zimmer 2016, own translation).

The affective ties of its citizens speak for the nation state. Despite all hopes for the "United States of Europe", the nation state remains the political home of its citizens (Klein 2016). In Germany, however, a different, negative perception of the nation state dominates. In Germany, the nation state is often equated with (extreme) nationalism. The former German Foreign Minister Joseph Fischer makes this exemplary clear: He quotes the former

French President Mitterrand, who equated nationalism and war ("le nationalisme, c'est la guerre") and therefore called for a deepening of European integration and a more powerful Europe. Joseph Fischer calls a possible return to the nation state absurd:

"It is absurd to think that Europe's historic nation-states are an answer to the globalized political, economic, and technological realities of the twenty-first century. If Europeans believe that, then they must be willing to pay the price for less integration, in the form of declining prospects and new dependencies. The most important global decisions in this century will not be made democratically in Europe, but unilaterally in China or elsewhere" (Fischer 2016).

It remains unclear why the very idea of the nation state should be absurd. More importantly, Fischer's plea for Europe rests on two pillars. On the one hand, he believes that the renunciation of a deepening of integration would entail material disadvantages. The equation of economic integration and material prosperity follows the pattern known from the debate on globalisation.

On the other hand, however, he proposes overcoming the nation-state by creating a larger nation-state. This new state should have more power to stand up to China. What is remarkable is that Fischer attests to the democratic character of the decision-making processes at European level, which is perceived differently by many people in the EU. At the same time Fischer conceals the fact that the EU, too, would define itself as a nation-state in distinction to other states and could therefore be just as susceptible to nationalistic aberrations as today's nation-states. This problem could only be solved by creating a world society without nation states (Wendt 2003).⁴

Fischer's position shows a widespread but far from convincing perspective. The material advantages of Europe are emphasized. This is both dishonest and dangerous. It is dishonest because it is intended to give the impression that European integration benefits all its citizens equally. However, this is incorrect. Not all the inhabitants of Germany benefit from integration without exception, but some, presumably many. However, these well-organized winners succeed in creating the impression that it is not they who have gained, but the whole of Germany (Sauernheimer 2015, p. 9). It is dangerous because European integration will thus become a business model. If European integration is defended by saying that it is a good deal, then this is a reason for asking to recalculate (Behnke 2014). The material benefit must then be compared with the costs. A calculation would then have to be made for each citizen: How much does Europe benefit me, how much does it cost me? Probably some Britons made this calculation when deciding for or against the EU. Other voices, more or less vehemently opposed to the supposedly unstoppable further deepening of the EU, are increasingly audible. The sociologist M. Rainer Lepsius spoke out against "a new Versailles" in a subtle irony in 2012. He presumably alluded to the creation of a European state - in the style of the founding of the German Reich in 1871 in the Hall of Mirrors in Versailles - which the advocates of deepening called for. Lepsius may also have alluded to the reparation payments of the German Reich after the First World War associated with the name Versailles. The historian Arnulf Baring had already described the common currency as "Versailles without war".⁵

Wolfgang Streeck has repeatedly criticized the EU in recent years. He warned that democracy in Europe would become an "institutional homogenization project" (Streeck 2013, p. 65). For Streeck (ibid., p. 66), societal heterogeneity is not only characteristic of Europe

⁴ Wendt proposes a five-stage plan for achieving a world society, the construction of which is reminiscent of Béla Balassa's typology of regional integration. In both models, the previously existing states dissolve into a new state (Wendt 2003, pp. 517 - 528; cf. Balassa 1961).

⁵ Handelsblatt, 5 May 2012, available at <http://www.handelsblatt.com/meinung/kommentare/gastkommentar-der-euro-war-und-ist-eine-schnapsidee/6590282.html>

for the foreseeable future, but also positive. After the British vote in favor of leaving the EU, he promoted understanding. The creation of a European state was by no means a promising option:

""Grandeur (Großstaaterei) appears today as a modernization project that has become outdated since it proved incapable of moderating the process of opening up to the world in such a way that it reflects the different local capacities, interests and needs on a continent as diverse as Europe"" (Streeck 2016a, own translation).

For the time being, the EU not only lacks important elements of democratic structures, it is also not an imagined community (Anderson 1983). The Western European welfare states functioned in the past because people saw themselves as part of a national collective, but most of their members they never saw. People imagine their nation as a place-like entity and remain - for all their cosmopolitanism - place-centred beings. The EU fails at the task of binding citizens to itself:

""For this astonishing feat of human projection - seeing oneself as part of a nation usually comprising several million people - functions only thanks to real localization. In contrast, the European Union is and remains for most people a cultural space. The affective difference that results from this difference is enormous"" (Zimmer 2016).

In Europe and other regional integration projects, therefore, the question arises as to how to weigh the goods: What are the economic and political benefits of integration, and what are the costs involved? The Greek philosophers of antiquity emphasized the advantages of small and homogeneous communities (Alesina 2003, p. 303). The more heterogeneous the political space created, the higher the political costs. A balance must be struck between the advantages of size, such as economic economies of scale, and the costs of heterogeneity due to different preferences of the population. If the costs are higher than the benefits, political boundaries seem sensible (ibid., p. 315).

4. Conclusion: Europe à la carte?

The further path for European co-operation and integration is discussed intensely since many years. However, European integration is particularly controversial since 2015, when Germany kept its borders open and expected other European countries to follow its approach (Schily 2016). The high degree of moral indignation in Germany over the supposed cold-bloodedness of other Europeans who refused to find a common solution to the refugee crisis probably has its core in Germany's dealings with its own history and its own nation. Overcoming the nation means overcoming one's own history. The problem, however, is the equation of the preferences of the German population with those of other European societies.

This perspective is also reflected in the way the United Kingdom is treated following its decision to leave the EU. Immediately after the British citizens' vote, Chancellor Merkel took the view that British preferences could not be taken into account. In a government declaration, she rejected "cherry picking" by the British. The German dictionary (Duden) defines cherry picking as "an egoistic effort to secure only the most attractive parts of something specific in order to leave the rather unattractive parts to others" (own translation).⁶

The point is whether the articulation of preferences in the shaping of international relations can be equated with selfish behavior. Merkel assumes that the organization of the EU is shaped by the common shouldering of burdens. The original idea of the EU, however, is a different one: It is about increasing the benefits for all participating societies. At its core, the EU is a project designed to increase the well-being of the participating societies. According to this reading, picking cherries is desirable and should not be rejected (Leuffen and Degner 2016). Ralf Dahrendorf, who was already astonished at the fear of articulating preferences at the end of the 1970s, also defended this notion:

*"I have often been struck by the prevailing view in Community circles that the worst that can happen is any movement towards what is called an **Europe à la carte**. This is not only somewhat odd for someone who likes to make his own choices, but also illustrates that strange puritanism, not to say masochism which underlies much of Community action. Europe has to hurt in order to be good. ... In any case it is regarded as unthinkable that one should ever allow those members of the Community who want to go along with certain policies to do so, and those who are not to stay out. The European interest (it is said) is either general or it does not exist" (Dahrendorf 1979, p. 19f, emphasis in the original).*

Ralf Dahrendorf's call for a "Europe à la carte", made in Florence in 1979, may be more up-to-the-minute than ever. Without choice, democracy in Europe is just as endangered as it is at the global level, and choice or cherry picking is at the heart of the organization of in-

⁶ Duden Online, available at <http://www.duden.de/rechtschreibung/Rosinenpickerei>

ternational cooperation. The task of politics is to take into account the preferences of societies. The discrediting of preferences that differ from country to country is essentially a rejection of democratic decision-making processes.

British voters have taken a decision against European integration and in favor of the renaissance of the British nation-state. The reasons for this step were by no means exclusively or predominantly irrational. Britain's society has reacted to the undesirable developments of the previous economic model and, particularly troublesome from a German perspective, to the unilateral policies of the German government in 2015.

However, the debate on the sovereignty of societies in the age of far-reaching globalization has shown that there are options and that societies can make use of them. Neither globalization nor deep European integration are unavoidable imperatives. There are political limits to regional integration, both in Europe and elsewhere. Choice is the essence of democracy, and no material incentive can compensate for the loss of political autonomy.

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This Working Paper reflects
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