A large, three-dimensional blue Euro symbol sculpture is the central focus, surrounded by twelve gold stars. The sculpture is set against a backdrop of several tall, modern skyscrapers in a city, likely London, under a clear blue sky. The text "The Challenge of Regional Integration" is overlaid in yellow on the lower left portion of the image.

**“The Challenge of Regional Integration”**

# The Theoretical Challenge

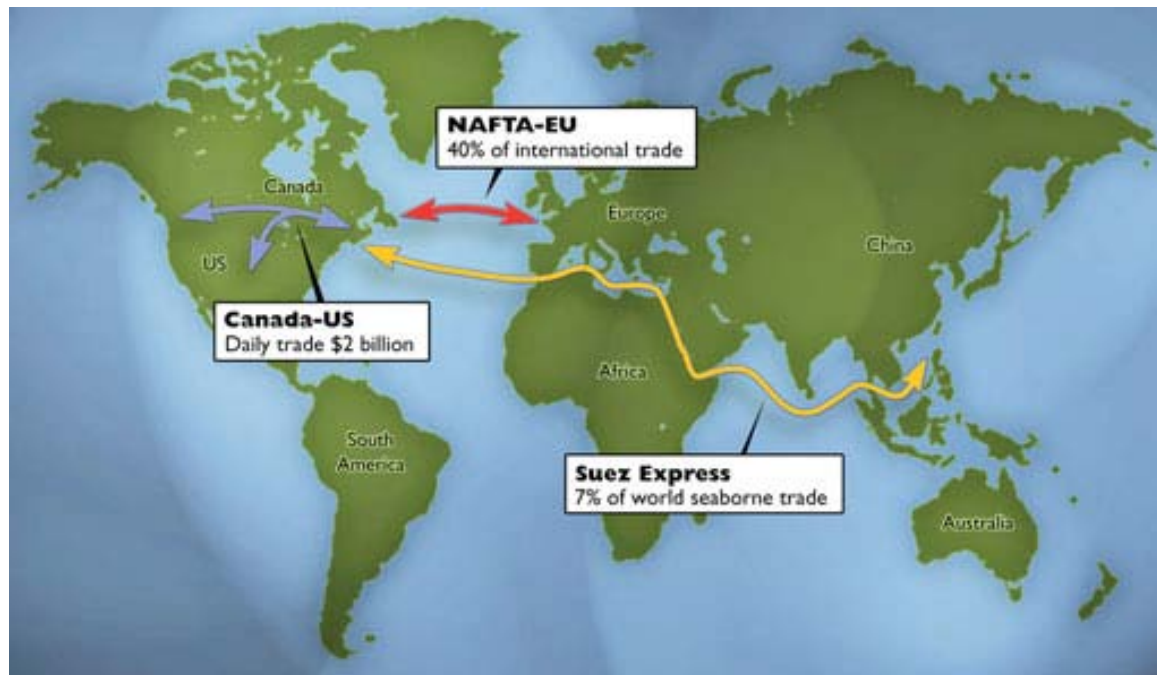
- Are regional blocs a triumph of Liberalism?
  - Free trade in the region
  - Factor mobility: Freedom
- Does they weaken economic nationalism?
  - Transcending nationalism through interdependence
- Or are we seeing the rise of regional blocs as new power centers?

# Our theories give us only one way to think about regional integration

- A choice for regional integration is a choice for liberalism
- Liberalism limited to the region
- Integration can be deep or shallow, more or less liberal

But regionalism can be a new way to think about the relationship between politics and economics

- Regions replace states?
- They interact with one another..



We have seen the rise of new global powers...BRICs—we may now be seeing the rise of powerful regions

- Decline of US as global hegemon for the overall international economy.
- Lesson of Great Depression: Many expected the intl economy to ‘fragment’ into three main blocs—one centered on the US, one on Europe, and a third on Japan.

# A liberal view: “Bicycle theory” of Free Trade Areas

- if you don't keep moving forward, the whole thing topples over.
- Global free trade is stalled.
- Regional trade keeps progress toward global freedom moving

# Some liberals disagree

- Discrimination
- Violation of core of WTO—MFN
- Undermines multilateralism
- EU is the greatest violator
  - Trades with only few countries on MFN basis
  - Preferential arrangements with every other country in the world

# Distributive Justice/socialist critique

- Regionalism is just a platform for big business
- But no platform for democracy
- Project of political and economic elites



Regionalism can marry liberalism and nationalism....even economic nationalism

- Regional integration might be a compromise arrangement for markets and politics.
- Regional arrangements can break down national-level barriers to commerce
- And provide regional-level governance that represent interest groups and individuals.

Best example of this is the EU



# But Regionalism can become competitive and dangerous

- Economies of scale to capture market leadership
- Econ. Nationalism at the level of supranational governance
- De Santis' view of China and Asian regionalism
  - ASEAN possibly a platform for China to exclude the US from Asian market

# Is the EU is Becoming a “Superstate?”

- What makes a State?
  - Government over a defined territory
  - Common symbols
  - Common traditions
  - Common military
  - Common currency
  - identity /culture
  - Granting of citizenship rights
- What makes a “superstate?”
  - A regional body with the characteristics of a state

# A common government?

- **Where should laws be made?**
- Which courts should decide?

# The ECSC/EEC institutions: consciously modeled on national states

EXECUTIVE

European Commission

**proposes**

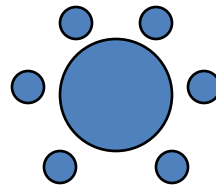


some **implementation**  
by Commission bureaucracy

LEGISLATIVE

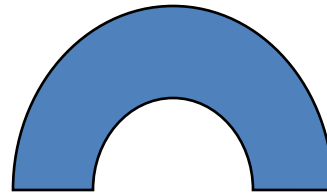
Council of Ministers

**votes**

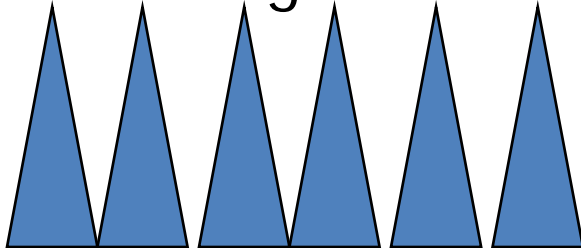


European Parliament

**votes\***



most **implementation** by  
national governments



**\* Though little real EP power until  
1980s**

JUDICIAL

European Court of Justice

Justice

**adjudicates**

disputes





# Common symbols.....





# EU Anthem

Ode to Joy 5

Arranged by Kellie Brown

Andante

Violin I  
*mf*

Violin II  
*mf*

Viola  
*mf*

Cello  
*mf*

6

Vln. I

Vln. II

Vla.

Vc.

11

Vln. I

Vln. II

Vla.

Vc.

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# Euro



# European Passport



# Motto: Unity in Diversity



# EU Today

The European Union (EU) has experienced **significant changes over the last several years.**

- 1- Enlargement
- 2- Constitution
- 3- Common Defense



1957





1981/86



# Europe 2005





# European Union 2009



# The struggle for a Constitution

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# EU Common Defense?



# **Diplomacy: EU is Represented in International Organizations**

- The EU is a member of the G20, WTO, UN, G8



The 20 years since the fall of the Berlin wall has been the most successful period in EU history.

August 13, 1961



November 9, 1989



**But there are problems..... Europeans still have  
much that divides them**

- language
- Culture
- Laws
- Attitudes
- Which side of the road to drive one
- government

# Multilingualism, Red Tape, Bureaucracy.....



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"Hi, this is Brussels - we're going to need to order  
some more red tape."



Is there such a thing?



# Protesting the EU Constitution



# Immigration and the headscarf debate in France



# United in the Financial Crisis? Not really



# Free Trade or Protectionism?



# Is Europe really becoming a Superstate?

- If I want to call Europe, who answers the phone?

# Will the EU surpass the United States in power?

- As the EU enlarges, it will come to dominate the geopolitics of Eurasia,
- gradually replacing America as the arbiter of the globe's strategic heartland.
- Capital is flowing to Europe and a rising euro competes with the dollar

# Will the Euro Threaten the Dollar's Global Dominance?



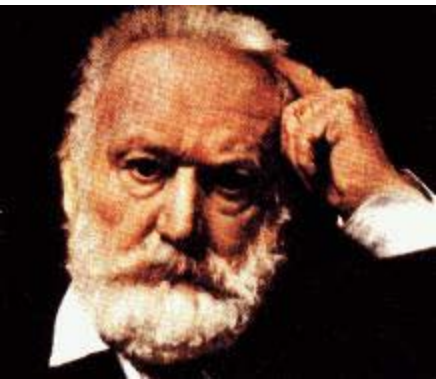


# Trade and Competitiveness

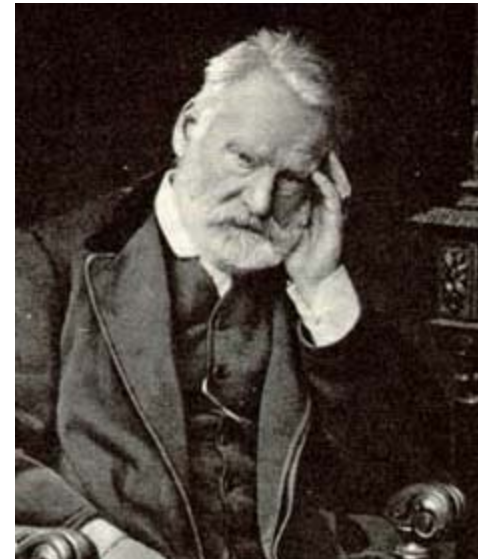
- EU recently surpassed America as China's top trading partner.
- This year's ranking of the world's most competitive economies by the World Economic Forum awarded five of the top 10 slots—including No. 1 Finland—to northern European social democracies.
- How will they fare in the financial crisis?

# Do the US and Europe cooperate more than they compete?

- *that the nations of Europe, will merge closely into a higher unity and will form the fraternity of Europe . . . Two huge groups will be seen, the United States of America and the United States of Europe, holding out their hands to one another across the ocean*  
**1848**



- Victor Hugo 1802-1885



# EU and US: Interdependent whether they like it or not!

Today:

- **The EU and US GDP = 60% of the world total,**
- **although together they =10% of the world population.**
- In 2008:
  - **EU investments in the US were = \$836 billion**, a figure that represents **75% of Europe investment abroad**,
  - and 60% of the foreign investment in the US
  - **The US in 2008 had invested well over \$640 billion in the EU**, figures that represent approximately **50% of US investments abroad.**

# We are Partners.....

- “The EU and US exchange one billion Euros in trade per day and our investment relationship is even bigger.
- In 2008, the US accounted for 3/4 of new foreign direct investment in Europe; while Europe invests more annually in Texas than Japan invests in the fifty states combined.
- And this investment creates jobs – over 4 million on each side of the Atlantic, and that’s only counting the jobs directly created by foreign affiliates.”

# Will the European Dream will soon surpass the American Dream?

The American Dream is the Liberal Dream:

Prosperity..... “Live to Work”

Merit

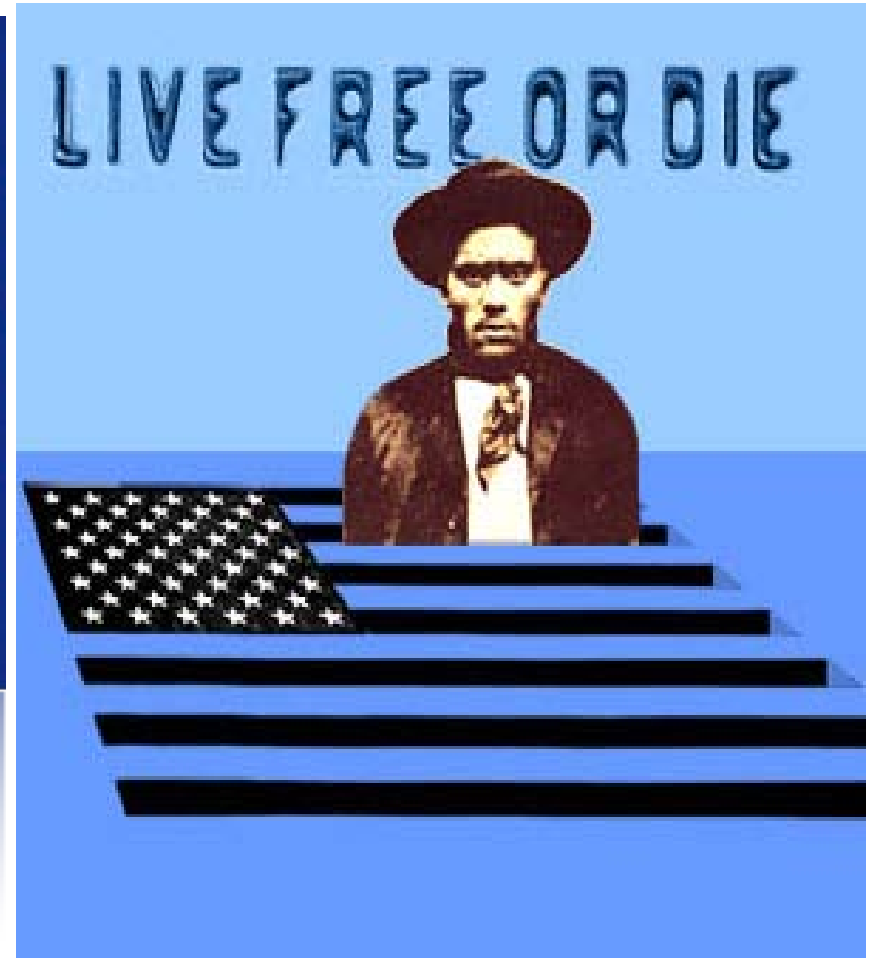
Mobility

Consumption

Free markets



# American Dream: Democracy



# Foreign Policy: Defend the American Dream.....US frees Europe in WW II



Not long ago, the American dream was a  
global dream

- . Not only Americans saw themselves as a beacon unto nations. So did much of the rest of the world.



# What is happening to the American Dream?

Prosperity?



# Intolerable inequality?

- The US ranks 24th in the world in income disparity.

In the United States, inequality once seemed tolerable because America was the land of equal opportunity. But this is no longer so.



# What is happening to the American Dream of Democracy?

- Democracy?
- Much in American law and society troubles the world these days.
  - Nearly all countries reject the United States' right to bear arms as a quirky and dangerous anachronism.
  - They abhor the death penalty
  - and demand broader privacy protections.
  - All this contributes to the growing sense that American law, once the world standard, has become “provincial.”



# What is Happening to the American Dream?

## Foreign Policy?

- In the last eight years, the US showed an appetite for spreading ideals with the barrel of a gun than for hearts-and-minds campaigns.
- A former French minister muses that the United States is “the last country to believe that the pinpoint application of military power is the critical instrument of foreign policy.”
- Will that change?

# The “European Dream”

## Equality and Community

- Prosperity is “Quality of Life”
  - social democracy and social protections—job security and a social safety net
  - Focus on primary education,
  - Higher taxes for regulation in order to bolster their quality of life.
  - In Europe, “work to live” replaces “live to work.”

# The Good Life: Work to Live



# European Democracy: The World is looking to Europe as the Model...

- Now....When nations write a new constitution, as dozens have in the past two decades, they look to the European model
- . The Czechs adopted European-style parliament
- The provisional government in Kosovo opted for a European constitution.
- South Africa rejected American-style federalism in favor of a German model,



# Jeremy Rifkin's view of "The European Dream,"



# Not so fast.....

- The case for Europe's Power and the promise of its "Dream" may be overstated.
- Above I said that the European Union has a combined gross domestic product that is approximately the same as that of the United States.
  - But the EU has 170 million more people.
  - Its per capita GDP is 25 percent lower than that of the U.S.
  - that gap has been widening for 15 years.



# Not so rich.....

- Present trend: In 20 years the average American will be twice as rich as the average German
- This will translate into worse social services in Europe....
- 40% of Swedish households would rank as low-income in the US.

# Environmental Problems still plague Europe



**Nonetheless.....The European Union is the most highly evolved example of regional integration in the world.**



Youth Summit  
for tomorrow's Europe

Rome  
23-25 March 2007



Your Europe  
Your Future

# Except for the EU, though, Regionalism never really took off

- Many regional blocs out there
- APEC, FTAA, the African Union, and the East Asian Economic Caucus, among others.
- Have not thrived