Globalisation and the European Union

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If the protestors gathered outside of the European Council meeting in Gothenburg in June 2001 were to be believed, then opposing globalisation is more or less co-terminus with resisting the European Union (EU).\(^1\) The latter would appear, in this version of events at least, to be an agent of the former. Needless to say, this is not how others see it. Writing in the Observer newspaper shortly after the summit, Will Hutton suggested that this conflation carried with it the serious danger of undermining the best hopes that Europeans have of engaging with (and thus avoiding the worst ravages of) globalisation.\(^2\) The advent of monetary union among twelve of the EU’s member states is a perfect case of how this argument might pan out in the context of a concrete issue. On one side is the view that the new regime of European monetary governance and its attendant ‘stability culture’ is nothing less than the imposition of a neoliberal model of capitalism upon European states. Democratic authority over monetary policy is lost through ‘Europeanisation’ and the imperatives set are those of the most powerful interests in the global financial system. This directs governments to a position where welfare retrenchment is a notable and highly regrettable side effect of the inauguration of the Euro. Against this runs the counter-argument – found often in the speeches of French and German politicians – that the pooling of monetary sovereignty is the most effective way for ‘Europe’ to recapture the authority lost by governments to the forces of (financial) globalisation.\(^3\)

This argument, while crudely stated here, is nevertheless central to (a) the ways in which we think about the EU in the international/global system and (b) how we ‘slot’ the EU into the academic discourses of International Relations and International Political Economy. As is well known, international economists and international political economists have debated the extent to which regionalism and globalisation are related. Many choose to define regionalism as the primary state-led response to globalisation in the contemporary period.\(^4\) Such positions rely, of course, on the distinction between regionalism and regionalisation where the latter refers to the creation of transborder economic spaces through the actions of private economic agents.

This begs a further set of problems. The two most prominent include (a) the relationship between regionalism and regionalisation and (b) the relationship between regionalisation and globalisation. It is a short step from this point of departure to thinking about the EU in these terms. Thus the EU might be taken as an instance of regionalism. European economic integration might be thought of the emergence of a *de facto* transnational European economy. A very interesting set of questions then follows. What is

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1 Research for this paper is supported by the UK Economic and Social Research Council’s ‘One Europe or Several?’ programme (award no L213 252 024).
2 Will Hutton The Observer (London), 17 June 2001, [http://www.guardian.co.uk/Archive/Article/0,4273,4205514,00.html](http://www.guardian.co.uk/Archive/Article/0,4273,4205514,00.html)
the nature of the relationship between *de jure*, formal, institutionalised and state-sanctioned processes of European economic governance (embodied by the EU) on the one hand and the appearance of transborder processes of production and exchange on the other? In what ways does one promote the other? Which is, as it were, the ‘chicken’ and which is the ‘egg’? Or more prosaically, is the undoubted growth of governance capacity at the European level a dependent variable, best explained by the independent variable of the informal actions of private economic actors? Or has the Europeanisation of governance functions been the catalyst for the growth of cross border economic activity?

Bringing ‘globalisation’ into these deliberations muddies an already complex picture. Of particular importance is the relationship between informal regionalising processes and globalisation. Globalisation is often talked about in terms of the breakdown of borders and the growth of genuinely global economic space characterised by the mobility of capital and the multi- and trans-nationalisation of production. It is these developments that are said to compromise the agency of public authorities and, thereby, promote particular types of (convergent) neoliberal policy response. If these processes are also observable on regional scales, then we are left asking whether we are, in fact, dealing with the same process. Indeed, might globalisation (in this sense) proceed though the growth of regionally bound zones of neoliberalism? This brings the question of agency squarely into the picture. Globalisation (still in the senses alluded to a few sentences earlier) can be defined as a deliberate state strategy of neo-liberalisation. Thus if regionalism succeeds in embedding neoliberalism regionally, then we might further argue that regionalism is the most effective motor of globalisation.

On the other hand, if we remove globalisation’s ‘subject’ and think about it – as much policy discourse does – as something ‘out there’, bound up with inexorable, imperative-setting market processes, then we might see states as compelled to initiate neoliberalism, to engage in welfare retrenchment and to pursue fiscal rectitude. The most efficacious way to achieve this might be through the project of co-operative negative integration/regulation on a regional scale.

Put this way, these questions could be posed in more-or-less any case of regional integration. But we might also follow the line that the EU – for a variety of complex reasons – cannot really be understood as an instance of regionalism, comparable with say NAFTA, APEC or Mercusor and the like. The EU’s longevity and its institutionalisation are the two trump cards in this hand, leading in turn to the logical conclusion that, as far as the EU is concerned, \( n = 1 \). This renovates a very long-standing debate about the propriety of developing theories of *European* integration as opposed to generalisable theories of *regional* integration.

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Briefly, the institutionalisation issue creates problems for those accounts of regionalism that view the agency of states as central. The EU’s foremost supranational institution, the Commission, is inscribed with an institutional mission to (a) advance European integration and (b) augment and protect its own position as a formal site of initiative within the European policy process. Its capacity to ‘supply’ European rules makes it a lobbying target/alliance partner for those actors that populate or seek to create a transnational economic space.

A way through this set of problems might be found by a kind of historical institutionalist argument. This would run as follows. The specificity of the EU’s origins in the aftermath of World War II created imperatives for a particular institutional design. The ‘lock-in’ of the resultant institutions means that European states confront the globalisation of the late twentieth and early twenty-first century with an institutional framework that might be sub-optimal in contemporary circumstances. Yet it is pretty much inescapable. In a counterfactual situation, European states might have sought regional co-operation to deal with the interrelated consequences of (a) increasingly mobile capital and (b) an emergent transnational production structure, but would have done so unencumbered by the institutional legacies of the 1950s. As it stands, the EU might be viewed as an immovable ‘institutional prism’ through which European engagements with globalisation have been directed.

This still leaves open the issue with which we began: that of the EU as resistance to or facilitation of globalisation. Pursuing this historical institutionalist line of reasoning a little further, we might hypothesise that the path dependencies set in motion by the institutional designers of the European Coal and Steel Community in 1950-51 have predisposed the EU to encounter globalisation (or for that matter other ‘external’ phenomena) in a particular way. Close students of European integration might prefer a version of this thesis that takes account of the diversity of institutional logics within the EU. Writers using the metaphor of multi-level governance (MLG) to capture the EU’s complex array of policy communities, multiple levels of action and all round unevenness shy away from thinking about the EU in the hierarchical certainties with which we tend to think about the Westphalian state. Thus it might be preferable to look at how particular component units (i.e. Directorates General) of the Commission have developed ‘sticky’ narratives of their identities, interests and purposes over time. This could then precede a discussion of how these institutional interests have intersected/dealt with external challenges. A similar exercise might be undertaken on a sectoral level to think about the

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7 Though, of course, this was never an opposition for neofunctionalists who sought to use the European experience as a springboard for the development of more universal forms of theory. See Ben Rosamond *Theories of European Integration* (Basingstoke and New York: Macmillan and St Martin’s Press, 2000), ch.3.


interplay between established policy communities within the EU process (say agriculture, energy, trade, competition policy and so on) and exogenous phenomena such as globalisation.

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So far, so complex. But the foregoing assumes that globalisation is (a) unproblematically defined and (b) a relatively recent phenomenon. But, of course, the literature on globalisation is vast, multidisciplinary and wrought with controversy. This is not the place for a rehearsal of the complexities of the various globalisation literatures. But four general points are worth making. First, the complexity does not subside if we confine ourselves to what might be called a ‘common sense’ understanding of globalisation (i.e. a view of globalisation as a primarily economic phenomenon operating within the circuits of production, trade, finance and technology). For example, if globalisation is read as a long run and deep-set historical process, then the ways in which we think about the linkages between globalisation and European integration will shift accordingly. Indeed the emergence of a European economic space may have been encouraged by the processes of post-1945 institution building in western Europe, but it would do violence to the work of many economic historians to suggest that the integration of the European economy began with the advent of the ECSC in 1951.

Second, globalisation is (to say the least) hard to capture and measure. Even sources that support globalisation find it hard to define the concept. A recent survey in The Economist presented an aggressive defence of the virtues of globalisation. Yet globalisation is a phenomenon that it conspicuously failed to define. Referred to variously as ‘economic integration’, ‘international economic integration’, a combination of further trade liberalisation plus capital mobility plus attendant institutionalisation (IMF, WTO, World Bank) and a fortuitous synergy of technology and human freedom, the survey demonstrates impeccably the quality of ‘globalisation’ as an empty signifier. Similar problems emanate from the best known attempt to measure globalisation. The A.T. Kearney/Foreign Policy Magazine Globalization Index (the KFP Index) is published annually. The KFP Index assumes that globalisation can be disaggregated into a series of component variables so that it becomes a weighted and normalised permutation of globalisation in goods and services plus financial globalisation plus the globalisation of personal contact plus internet connectivity. Despite this attempt to define the concept – and notwithstanding the problems that might arise from assuming that these four sub-types of globalisation combine to form a kind of macro-globalisation – the KFP Index seeks to measure the extent to which different countries are globalised. For many writers on globalisation, this is an elementary folly. Quite simply, globalisation is precisely all about the increasing irrelevance of territorial units (most notably nation-states and national economies) and the transcendence of a fixed

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13 This elusiveness is not confined to pro-globalisation forces. More critical sources such as the special report on globalisation put together by the Guardian newspaper (www.guardian.co.uk/globalisation) and the web presence of various self-appointed anti-globalisation movements.
14 See www.atkearney.com/main.taf?site=1&a=5&b=4&c=1&d=18
Westphalian geography. More nuanced readings of globalisation such as Scholte’s notion of the emergence of supra-territorial space render the KFP project (frankly) meaningless. Indices such as KFP might be reasonable measures of economic openness and human connectivity across borders, but there is no prima facie reason why these should not be labelled as such (or as economic interdependence) rather than as ‘globalisation’. This raises a more serious point about ‘globalisation studies’. Much interesting and important work on globalisation interrogates the claims of advocates of the globalisation hypothesis. But the analysis rests – as it must – upon particular notions of what globalisation is. Hirst and Thompson’s tour de force of scepticism about globalisation develops a distinction between ‘globalisation’ and ‘internationalisation’ and (significantly for this paper) draws a contrast between the globalisation and regionalisation of trade. However, such analysis risks falling into a trap that might be defined as follows. If globalisation is defined as \( x \) and data can be mobilised to show that \( x \) has not come to pass, then talk of globalisation is clearly mythic. But if globalisation is actually \( y \) (or is defined by others as \( y \)), then the meaningfulness of statements about globalisation as \( x \) are somewhat compromised.

Third, there is some ambiguity about globalisation as a dependent or independent variable. Of course, this need not be a problem – provided that investigators do not slip between globalisation as explanans and globalisation as explanandum. But there is an obvious difference between viewing globalisation (however defined) as a primary factor that induces radical configurations of power and authority on the one hand and seeing globalisation as the aggregate consequence of multiple interactions between various internationalising and transnationalising processes. For students of the EU, this suggests two quite distinct strategies with regard to how the European integration-globalisation interface is studied. On the one hand we have integration or Europeanisation or the development of European-level governance capacity as dependent variables that are explained (or not) by globalisation. On the other we have European integration effects as putative causes of globalisation. Additionally we may prefer to side step the vocabulary of dependent and independent variables and read the EU as a dynamic component of globalisation. This might be an appropriate strategy where globalisation is thought to encompass new patterns of post-national governance in a ‘global polity’ and where the EU might be understood as a laboratory for the import and export of particular modes of governance.

Fourth, the reason that globalisation is such an elusive, slippery and analytically unsatisfactory concept has much to do with its status as a routine item of corporate, journalistic and policy discourse. This has

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17 Of course, the value of Hirst and Thompson’s book is that is tackles ‘common sense’ policy propositions about globalisation and as such offers an important corrective to much public discourse about the powerlessness of the state and the impossibility of social democracy.
the consequence of stripping the concept of much of its (academic) nuance. But the emergence of
globalisation as discourse points to the ways in which concepts enter into the lexicon of politicians and
help to define and justify policy choices. Much of the academic effort in ‘globalisation studies’ has
been bound up with the adjudication of the material veracity of the ‘globalisation thesis’. But volumes
of rigorous disconfirmation of the globalisation thesis has yet to hold back the tide of (arguably ill-
formed) policy made in the name of globalisation. Of equal importance, therefore, is the issue of how
globalisation operates as discourse and rhetoric in the contemporary European political economy. Put
another way, we need to focus more on the extent to which policy actors deem the globalisation thesis
to be true (or useful). Of interest here is the way in which the embedding of particular discourses of
globalisation has what we might call ‘truth effects’. If agents act upon assumptions consistent with the
tenets of the hyperglobalisation argument, then the net effect of those actions will be the creation of a
world in the image of that very argument. Aside from such policy truth effects, there are also
’sociology of knowledge’ effects. For one thing, the feedback loops between academic and policy
discourses of globalisation are complex. Also, disciplines such as IPE, which have sought to make the
concept their own have done so through a selective assimilation of much of the ‘common sense’
understanding of globalisation. Much economic analysis of globalisation – seeking a variable to which
a value can be easily assigned – often treats globalisation unidimensionally in terms of increased trade
flows.

- III -

These four observations conspire to make globalisation a highly problematic concept for analytical
purposes. By extension, and in conjunction with the ambiguities discussed in the opening section of
this paper, they render the political science of the EU/European integration-globalisation interface far
from straightforward. To summarise, the slipperiness of ‘globalisation’ has three components. The first
is definitional. What do we think that globalisation is? What does it consist of? Which dynamics are
decisive? Is it an inexorable process or, alternatively, one that is subject to manipulation and control?
The second component is normative. Is globalisation a good thing or a bad thing? Is it something to be
promoted/defended or is it something to be resisted?

The third component concerns subject positions, or where actors stand in relation to globalisation. This
third component merits further discussion. It suggests that actors’ readings of globalisation (i.e. their
‘answers’ to the questions posed in the previous paragraph) are likely to vary with alternative material,
institutional and subjective circumstances. I have argued elsewhere that quite divergent readings of
globalisation – reflecting distinct subject positions – are discernible within different institutional

21 A point made with some force by Roland Robertson and Habib Haque Khondker
22 Most usually associated with the claims of authors whom David Held et al in Global Transformations: Politics,
23 For an elaboration of this argument, see Colin Hay and Ben Rosamond ‘Globalization, European Integration and
24 An attempt to map contemporary (elite) discourses along these two dimensions can be found in Hay and
settings in the EU policy process. What have hitherto been presented as ‘academic’ problems (such as the inexorability or otherwise of globalisation and the resultant implications for meaningful political agency) are actually reflected in the deliberations and formal statements of policy actors. Thus the ‘core’ economic Directorates General of the Commission (particularly DG Trade) propagate an account of globalisation that betrays a positive normative orientation. From this position, globalisation is worthy of cultivation. The EU achieves this through practising policies of ‘open regionalism’ in trade and neoliberalism internally. The argument often proceeds as follows. Globalisation is good because it delivers the efficient allocation of resources on a world scale. Policies that support globalisation (developed and delivered at both national and supranational levels of governance) are thus desirable because long run prosperity will accrue for the European economy, European firms and European citizens. However, globalisation also poses external challenges that are only met effectively through the application of sound market principles at the EU level. In a sense the challenge of neoliberalism is best met with further neoliberalisation. Globalisation is a force for good (almost by definition), but it is most likely to be a force for good only in situations where ‘correct’ policies are applied.

The deployment of this type of discourse has been used to add fuel to arguments that support the strengthening of global multilateral institutions. Speeches by senior Commissioners have also latched onto this theme. In particular Pascal Lamy (currently European Commissioner for Trade) has placed much emphasis on the virtues of reinforcing the institutional and rule-making capacity of the WTO whilst engaging in further trade liberalisation. The premise here is partly that frameworks of global rules are needed to manage the particular forms of exchange that characterise globalised capitalism. This argument has a Hayekian logic to it and indeed it may be that private actors operating in this emergent transnational space will come to demand a rule bound order that corresponds to their de facto field of action.

The argument about strengthening the multilateral system has been bound up with an attempt to project the European model as a successful and exportable template for post-national governance. A keynote speech two years ago by Commission President Romano Prodi made this point quite starkly:

Our European model of integration is the most developed in the world. Imperfect though it still is, it nevertheless works on a continental scale. Given the necessary

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26 These were all favourite arguments of former trade Commissioner and Commission Vice-President, Leon Brittan. See Leon Brittan Globalisation versus Sovereignty: the European Response (Cambridge: Cambridge University Press, 1998) for a collection of some of his relevant speeches.
institutional reforms, it should continue to work well after enlargement, and I believe we can make a convincing case that it would also work globally.28

(Prodi, 2000: 4)

This line of argument rehearses some familiar assumptions about globalisation and the concurrent need to strengthen the policy-making capacity of European-level institutions.29 But note that it also projects beyond the EU and seeks added legitimacy for European integration by (a) presenting it as a successful venture in post national governance and (b) depicting the EU as a plausible actor in its own right. Indeed, Lamy has described ‘Europe’ as a ‘laboratory of globalisation’, as a vehicle for defending ‘our interests’ in the face of globalisation, as a ‘model’ for the governance of globalisation, and as an actor of globalisation (he uses the phrase ‘les acteurs de la globalisation’ in the French original).30

A important emergent idea in this context is the concept of the ‘European social model’. The idea has had some purchase in Commission rhetoric for some time and was arguable instrumental in the deliberations that delivered the outputs of the Lisbon special European Council in March 2000. For the present Commissioner for Employment and Social Affairs, a dynamic European social model is not only central to the management of change in these globalised times. Rather, it has been the way in which European societies and economies have always mediated external change.31

While the position emerging from DG (Employment and Social Affairs) is careful not to characterise globalisation as necessarily harmful, it does place emphasis on issues such as unemployment, poverty, inequality, social and economic rights in the context of exogenous economic change. Both Commissioner Anna Diamantopoulou and her predecessor Padraig Flynn have been explicit in rejecting the US style low coverage welfare system as a feasible or desirable policy choice. The US model is presented as divisive and exclusionary. Echoing Lamy, Diamantopoulou argues that ‘[t]he idea at the heart of the European social model is the commitment to combine competitiveness and cohesion’.32 The point to make here is that any engagement with the fluid knowledge economy (which seems to be part and parcel of and at times co-terminus with globalisation in Commission discourse) does not mean acquiescence to a particular form of capitalism (the American). In short, this analysis of globalisation provokes a response that invokes a bowdlerised ‘models of capitalism’ argument. The suggestion here may be that globalisation represents a form of homogenisation based upon the norms of American capitalism that this may be a bad thing, but that the benefits of globalisation can only be delivered in Europe through a modernised version of the European social model.

29 See Rosamond ‘Globalisation and the Social Construction of European Identities’
31 Anna Diamantopoulou, ‘The European Social Model: Past its Sell-by Date?’, speech to the Institute for European Affairs, Dublin, 20 July http://europa.eu.int/comm/dgs/employment_social/speeches/0007220ad.pdf
What we find in these brief illustrative examples is a subtle mixture of definitional, normative and subject positions in these policy statements. This alerts us to the value of studying the operation of globalisation as discourse within policy communities rather than simply trying to tease out the precise relationship between globalisation and European integration (and thereby running into all of the problems described earlier in this paper. In important ways the elusiveness, elasticity and imprecision of ‘globalisation’ becomes an analytical virtue as discourses of globalisation play out within particular institutional and rhetorical environments. We also find that this holds in distinct national contexts within contemporary Europe. National variation would seem to be alive and well as discourses of globalisation tend to intersect with other discursive frameworks and institutionalised preoccupations. This has the interesting consequence of producing interesting variations in the ways in which ‘globalisation’ and/or ‘Europeanisation’ are invoked by governments as external causes of particular (often unpalatable) policy choices.

What is also clear is that ‘globalisation’, as a concept, slots into the processes of deliberation and persuasion that characterise institutional interaction in the EU. In this regard it is worth noting that ‘globalisation’ has been used as an exogenous referent by actors seeking to argue for the further Europeanisation of governance capacity and deeper European economic integration. Much of this is bound up with the discursive elaboration of a ‘European economy’ or of ‘European firms’, which seek a European-level regulatory framework to assure ‘competitiveness’ globally.

Therefore, one way out of the analytical ‘thicket’ described at the beginning of this paper is to explore the ways in which policy actors – at both national and European levels – conceive of and deliberate the implications of the relationship between globalisation and the European Union. The diversity of answers offers grist to the mill for those who prefer the metaphor of ‘multi-level governance’ to capture the EU. It shows for example the multiple ‘subject positions’ that exist within the EU policy and points up the significance of deliberative and discursive processes within institutionalised policy communities. Of particular significance is the way in which ‘globalisation’ has been inserted into the discursive practices of ‘norm entrepreneurs’ who contribute to the social construction of ‘Europe’ as a valid and viable economic space populated by discernible European actors. This in turn fits neatly with the continued advocacy of supranational governance solutions.

If the concept of globalisation is to be of any use to the study of the EU, then analyses need to recognise the multiple images of globalisation that exist as well as the complexity of the EU polity and the unevenness of European integration and governance. To settle for one dimensional images of globalisation may well be a route to parsimony and to quantifiable indices, but it risks at the same time

(a) debate that amounts to little more than ‘dialogues of the deaf’ and (b) explanation that uses ‘globalisation’ as a proxy for alternative (possible less fashionable) concepts.

To question the analytical utility of the concept of globalisation in EU studies is not the same as suggesting that there is nothing meaningful to be said about the globalisation-Europeanisation relationship. If nothing else, the fact that ‘globalisation’ appears as a staple concept in the real world policy discourse of the EU compels a social scientific investigation of that presence. The task is less to understand how globalisation affects European integration and more to think about why the concept had become so ubiquitous within European policy communities.