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LIST OF ABBREVIATIONS

ACP	African, Caribbean and Pacific countries
AfDB	African Development Bank
APEC	Asia Pacific Economic Cooperation
AU	African Union
BLNS	Botswana, Lesotho, Namibia and Swaziland
CEPGL	Economic Community of the Great Lakes Countries (Burundi, Rwanda and Zaire)
COMECON	Council for Mutual Economic Assistance
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of Congo
EAC	East African Community
EC	European Communities
ECJ	European Court of Justice
EEC	European Economic Community
ECCAS	Economic Community of Central African States (Burundi, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon, Rwanda, Sao Tome and Principe, Zaire)
ECHR	European Convention on Human Rights
ECOWAS	Economic Community of West African States (Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo)
ECSC	European Coal and Steel Community (Belgium, France, Germany, Luxembourg, Italy, the Netherlands)
EMS	European Monetary System
EMU	European Monetary Union
ENEL	Ente Nazionale per l'Energia Elettrica
EP	European Parliament
EPU	European Political Union
EU	European Union
EURATOM	European Atomic Energy Community
FDI	Foreign Direct Investments
FTA	Free Trade Area
GDP	Gross Domestic Product
IGC	Intergovernmental Conference
IMF	International Monetary Fund
IR	International Relations
LDC	Least Developed Country
MNC	Multi National Companies
MRU	Mano River Union (Guinea, Liberia, Sierra Leone)
NAFTA	North American Free Trade Area (Canada, Mexico, The United States)
NATO	North Atlantic Treaty Organization
NTB	Non-Tariff Barrier

OAU	Organization of African Unity
OECD	Organisation for Economic Co-operation and Development
OEEC	Organisation for European Economic Co-operation
PTA	Preferential Trade Area (Angola, Burundi, Comores, Djibouti, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Uganda, Tanzania, Zambia, Zimbabwe)
RISDP	Regional Indicative Strategic Development Plan
RSA	Republic of South Africa
SAARC	South Asian Association for Regional Co-operation
SACU	Southern African Customs Union
SADC	Southern African Development Community (Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, South Africa, Tanzania, Zambia, Zimbabwe)
SADCC	Southern African Development Co-ordinating Conference
SCU	Sectoral Coordinating Units
SDI	Spatial Development Initiative
SEA	Single European Act
UDEAC	Central African Customs and Economic Union (Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon)
UEMOA	West African Economic and Monetary Union (Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal, Togo)
US	The United States
WTO	World Trade Organisation

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Hannu Heinonen

1 THE BACKGROUND AND SCOPE OF THE STUDY

1.1 INTRODUCTION

In 1980, nine Southern African states - Angola, Botswana, Malawi, Mozambique, Lesotho, Swaziland, Tanzania, Zambia and Zimbabwe - established the Southern African Development Co-ordination Conference (SADCC). The main objective of this organisation was to reduce its members' economic dependence on the Republic of South Africa, but also to start the process of regional political and economic integration between these so-called front-line states. Within the two last decades the organisation has transformed from a development conference into a development community and is nowadays called SADC. It has also extended its geographical coverage to cover six more states – the Democratic Republic of Congo, Mauritius, Namibia, the Republic of South Africa, Madagascar and the Seychelles¹ - and it aims today at a very deep integration, but so far has achieved very little or nothing. In 2005, SADC is still only planning to establish the first stage of economic integration (free trade area) among its member states by the year 2008.

In 1950, six European countries - Belgium, France, Germany, Italy, Luxembourg and the Netherlands - established the European Coal and Steel Community. Experience of this first cooperation arrangement was so positive that the Six soon enlarged their cooperation to cover also fields of atomic energy and general economic cooperation and established two new organisations - EURATOM and EEC - in 1958. After this, European integration has proceeded by fits and starts, but nevertheless it has achieved at least relative success. In 2005, cooperation was conducted once again in a new organisation, the EU (European Union). It had already 25 member states after a series of enlargements of which the Eastern enlargement in May 2004 was the last one. In addition to these enlargements of the organisation, the EU had also produced rather deep economic integration and has introduced a common currency in twelve of its members and reached

¹ The Seychelles withdrew its membership in 2004, because it did not have financial resources to participate in the work of SADC.

agreement on a constitutional treaty, which even further consolidated the position of the EU in relation to its member states.

These examples show that regional integration today holds a notable attraction all over the globe. Both the EU and SADC have been able to attract new members regularly during their operation. Yet, only the EU has been able to achieve a relatively deep level of integration during the last fifty years, while SADC has not been able to proceed in its integration process very far in two decades. Of course, one has to note that the time frames are different, but nevertheless during the first twenty years, European integration had already produced at least the same as SADC plans to achieve by 2008. This obviously raises the question of what causes these differences. Is it more difficult for SADC to produce regional integration than it is for the EU? And why is it so? These are questions that are explored in this study. The objective is to explore the integration process of SADC by comparing it with the EU. This is a complicated issue, because the realities within these two regions are so different that comparing them does not do justice to either of them. But the intention of this study is obviously not to compare these two organisations according to their success, but on some deeper and perhaps more profound level.

1.2 IDENTIFICATION OF THE RESEARCH QUESTION AND THE SCOPE OF THE STUDY

Regional integration has become popular during the last decade after the end of the cold war (Hettne 1999a, xvi). Practically all states of the world belong to some regional cooperation organisation and nearly all regions of the world have at least one organisation, which aims at establishing a free trade area among its members. However, especially in Africa this remains just an objective in many organisations and even the first steps on the path to integration remain to be seen in the future. Why is integration more difficult in some parts of the world? States have always engaged themselves in international cooperation and have also joined various international cooperation organisations, but integration goes further than normal international cooperation. Is integration simply just more difficult than 'normal' international cooperation or is it more difficult to achieve for some states?

The underlying question of this study is why do states want to participate in an

integration process? What are the benefits that states envisage to achieve through integration when they decide to participate in an integration process? Such benefits may vary from case to case, which means that motivations could be economic, political or related to security and that they could be different also within one regional group. In addition to these benefits, there can be also 'negative' factors affecting states' decision. Integration could be used, for example, to defend the international position of a state, which it can no longer defend on its own. Whatever the motivations behind the integration turn out to be it seems justified to assume that they have to be rather strong. This is because, in, the integration process, states voluntarily limit their sovereignty². Traditionally, sovereignty has been understood to be indivisible, but in integration processes states voluntarily hand over part of their decision-making powers to a supranational level and establish a new level of political power, which supersedes the state. This changes sovereignty somehow and therefore it can be argued that it is no longer indivisible and it has been limited somehow. According to traditional International Relation thinking states hold the supreme decision-making powers within their territories and there is no authority above them. Integration seems to challenge this concept and interestingly states seem to make the limitation of sovereignty voluntarily. What actually happens to sovereignty and how integration changes it is also one of the questions that this study attempts to answer. These underlying questions are explored mainly in the theoretical part of this study.

These underlying questions are not as clear-cut as it could be imagined. In reality integration has included considerable handing over of decision-making powers and limitation of sovereignty to a supranational level only in Europe. This naturally raises new questions, such as: is Europe the only place where states have really wanted integration or is it more difficult in other parts of the world? Under what conditions is integration possible? Is it possible in all parts of the world? Is it more difficult in some parts of the world? If so, why is it more difficult in some places? Are there some general prerequisites for successful integration? **The main research question of this study is**

² The concept to limit sovereignty is used in this study to describe how integration changes sovereignty; handing over sovereignty is used to describe the actual situation when the limitation occurs. The term limitation of sovereignty was originally used by the European Court of Justice, Case 6/64; see also page 110-111.

what are the possibilities and problems of the integration process in Southern Africa and how do they differ from the possibilities and problems of the integration process in Europe? As it was noted above the integration processes in SADC and the EU are in completely different phases at the moment and comparing them would not seem to be fruitful. Southern African integration has been studied for decades but often without properly tying it to the general theoretical discussion of integration studies or comparing it with other regional integration processes. Using the European integration process as a reference point should help to track the conditions under which the integration process of SADC could become successful and to identify the problems that the organisation is likely to face. Furthermore, it has to be remembered that African states have attempted to achieve regional integration for several decades without any real success. As the African and European states are also completely different, it still remains to be seen whether limiting sovereignty in favour of regional integration is even possible for African states. Comparing the integration process in the EU and in SADC should help us to understand whether integration is even possible for African post-colonial states or is the EU going to remain as a *sui generis*.

As mentioned above, regional integration is very popular today and integration processes have been initiated in large numbers after the end of the cold war. On the other hand, it was also noted that SADC has not been able to reach such a deep level of integration, as the EU has been able to do. These two sentences show that there exists a risk of confusion with the term integration, because it can be used to refer both to a process as well as an end state of a process. Therefore, the first task of this study is to carefully define, what is meant by regional integration.

1.3 DEFINITION OF REGIONAL INTEGRATION

As said above, regional integration today is very popular practically all over the world. Numerous integration organisations have been established and old ones revived after the end of the Cold War. But what is regional integration; how can it be defined? The term is used sometimes in a confusing manner, because in everyday language as well as in theorising related to integration the term has been used to describe both a process as well as an end state of the process.

This problem has been recognised throughout the history of integration theorising. Ernst Haas described these problems more than 30 years ago in the following way:

'Even fifteen years of work have not quite sufficed to create a consensus on a clear delimitation. Amitai Etzioni treats 'integration' as the terminal condition, not as the process of getting there. Philip Jacob and Henry Teune regard integration both as a process and as a terminal condition, a condition achieved when an unspecified threshold is passed by an unspecified mix of ten process variables. Karl Deutsch speaks of integration as a process leading to the creation of security communities; I consider it a process for the creation of political communities defined in institutional and attitudinal terms, a condition also described by Jacob and Teune. Federalists, finally, see the end of the integration process in the growth of a federal union among the constituent nations.'

(Haas 1971, 6-7)

So, it is obvious that we are certainly not lacking different possibilities to define this phenomenon, but on the other hand, we are still missing a clear definition of what we mean by the process and its end state also after more than half a century of theorising. If it is difficult to define the meaning of integration in general terms, the problem has to be approached in a more limited field. Therefore, this study will be limited to a process of political integration and defining its end state, because it is also the key to defining the phenomenon more broadly.

Early theorising related to the European integration process emphasised the processual nature of the phenomenon. Ernst Haas, perhaps the most prominent integration scholar of the time, defined integration as follows:

'the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new center, whose institutions possess or demand jurisdiction over pre-existing national states. The end result of a process of political integration is a new political community, superimposed over the pre-existing ones.'

(Haas 1968, 16).

Haas shared his view on the processual nature of integration with other prominent integration theorists of the time, such as Leon Lindberg and Karl Deutsch. Integration thus seems to be a process in which states engage themselves in cooperation with other states, which will bring them all the time closer together. Or as the founders of the European Economic Community elegantly formulated in the Treaty of Rome: 'to lay the foundations of an ever closer union among the peoples of Europe' (Preamble, Treaty

Establishing the EEC). The problem with this processual definition is that it does not describe the terminal condition of the process at all.

These definitions of integration emphasise dominantly the political dimension of integration, but integration can also have many other dimensions. Integration is not only ever-closer cooperation of states in a political field, or evolution of a collective decision-making system among states over time as Leon Lindberg described political integration (Lindberg 1971, 46). It can also take place, for example, in the field of economics, security, and environmental questions. Furthermore, when states co-operate in the field of economic policies and remove tariff barriers, they create opportunities also for actors in the private sector to initiate cooperation or activities that cross national borders. In many cases, the political integration process creates a new framework for human activity, which benefits also non-state actors, for example, in the economic field. For this reason William Wallace makes a distinction between ‘formal’ and ‘informal’ integration. Formal integration according to Wallace is an outcome of deliberate political actions and includes, for example, the establishment of institutions, policies or legislation. Informal integration, on the other hand, refers to a process that has effective consequences without formal, authoritative intervention (Wallace 1990, 9-11). Formal integration does not necessarily always precede informal integration; in some situations, cooperation of non-state actors can also create pressures for deepening the formal integration process.

As said before, the problem with the processual definitions of integration is that they leave the content of the end state of regional integration at least partly floating in the air. What are the characters of the end result of the political integration that Haas describes in his definition? Or what is the end result of economic integration – customs union, common market or monetary union? If we talk about regional integration generally, it is a process, which involves different phases on the way towards an ‘ever-closer community’. However, at some point when the process achieves a rather advanced stage it can be referred to as an integrated community. This stage is what Amitai Etzioni called integration (Etzioni 1965, 60-62). He did not use the term to refer to the process that leads to this state of affairs, but usually integration can confusingly refer to them both. An example of economic cooperation shows the use of the term in both meanings.

Economic cooperation between countries can occur on three levels. **Co-ordination** is the lowest level of economic cooperation. It usually involves the voluntary alignment of national policies and investments in certain sectors of the economy. **Harmonisation** is a higher level of cooperation, and it usually involves harmonisation of national legislation or the adoption of common legislation. On this level, all legislation is still national, and all policies and instruments are nationally controlled and implemented, although they might be regionally agreed. **Integration** is the highest level of economic cooperation. In a regionally integrated market, some of the traditional decision-making powers of nation states have been handed over to the regional level, and regional rules and decisions supersede national legislation. Furthermore, at least some economic policies are formulated on the regional level. Integration can thus refer both to the process as a whole, but also to a certain advanced level of cooperation.

What is then the content of integration? So far it has been identified that integration can occur within various different fields – for example, political, economic or military. It features two different dimensions: it can be ‘formal’ or ‘informal’ by its nature. Formal integration is a state-led process, whereas in the informal process, non-state actors are predominant. By combining these different dimensions and fields of integration it is possible to identify very different kinds of processes. This also means that the end states of those processes are not necessarily similar in different fields. For example, the last stage of formal economic integration can be the establishment of a monetary union, but in the informal field, private sector actors can still continue to build closer cooperation links among themselves after this.

Since the main focus of this study is on the role of the state in regional integration, the main emphasis is on the ‘formal’ integration. Furthermore, the study will focus on the process of political integration. This is done for two reasons. Formal political integration is a process, which creates the general framework for both formal integration in other than political fields and to a certain extent also for the informal integration process. Secondly, political integration aims at establishing a ‘new political community, superimposed over the pre-existing ones’ as Haas defined (Haas 1968, 16). But what is the end state of the formal political integration process? After studying Haas’s definition it seems that the end state of an integration process would be a new

political community that somehow compromises the traditional concept of state sovereignty and state authority. Traditionally, it has been understood that the state holds the supreme authority within its territory. Regional integration, however, creates a new source of authority, which is 'superimposed over the pre-existing ones' (Haas 1968, 16). The view that integration creates some new form of political power, which limits the state authority, has been common in integration theorising now for almost fifty years (for example, Haas 1968; Keohane and Hoffmann 1991).

Compromising state authority is, however, not a new phenomenon, states have limited their powers throughout their history both voluntarily and involuntarily, for example, by signing international treaties. This has nevertheless not affected the basic principles of state sovereignty - states have retained their supreme authority within their territories although they have compromised it in single cases. The relevant question here thus seems to be whether integration represents such a form of limitation of authority and decision-making powers that it affects also the basic principles of sovereignty that lie behind the way how states exercise their sovereignty. In the example above the two first phases of economic cooperation (or two first phases of an economic integration process) could be categorised as belonging to this 'normal' limitation of state sovereignty. On the other hand, if states continue the process of integration 'all the way through', they will eventually have handed over all their sovereignty to the supranational level. As a result, they have thus created a new state, which holds the supreme authority within its territory, which was previously divided into independent, autonomous and sovereign units.

The process of political integration is an interesting phenomenon. It is carried out by states, which are engaged in a process, which will bring them 'ever closer together'. The process most likely begins as conventional international cooperation between sovereign states. However, if the process succeeds and continues to bring the participating states closer together, they will eventually have to limit their sovereignty and hand over part of their decision-making powers to the supranational level. This means that at some point states will form an integrated community (or achieve integration as Etzioni defined it). But what is then the end state of a process of political integration, is the question that also puzzled the early theorising on European integration. Is it a new state that will subsume the old ones? In this case it would seem that the integration

process simply produces federalism as defined by Haas on page five. Or is there some kind of middle ground between 'normal' cooperation among the states and the establishment of a federation? In the example above it was formulated that in an integrated community some of the decision-making powers have been transferred to a supranational level. This could be said also in another, more broad but also more precise manner: in an integrated community, part (but not all) of the national decision-making powers and authority has been transferred to a supranational level. States have limited their sovereignty, but have not yet surrendered it completely.

1.4 DEFINITION OF STATE SOVEREIGNTY

It seems thus obvious that integration is a process, which affects the state in many ways. As a result of the integration process, states hand over part of their decision-making powers and authority to a supranational level. It can be argued that by handing over decision-making powers and authority, states also limit their sovereignty, but what is sovereignty?

Sovereignty is a quality that can be attached only to a state, but yet it is in no way a straightforward task to try to define what sovereignty means. Since sovereignty is related to the concept of the state the most obvious starting point for its definition is to define the state. Max Weber's classical definition of the state is the most suitable starting point:

'...a state is a human community that (successfully) *claims the monopoly of the legitimate use of physical force* within a given territory.'
(Weber 1947, 78)

Because the state has been able to claim the monopoly of violence it also has a capacity to use the highest authority within its territory and if necessary back its authority by the use of violence. This use of the highest authority is also the essence of state sovereignty. In other words, sovereignty refers to the right of the state to use the highest authority within its territory. This right has two dimensions – external and internal. Internal sovereignty refers to the legitimate authority of the state and its institutions to use the highest authority within the territory of the state; external sovereignty refers to the state's right to judicial equality and territorial integrity in the international system, which is

based on the recognition of the internal sovereignty of the state by other states. A classical definition of sovereignty in International Relations runs as follows:

'sovereignty is the supreme legal authority of the state to give and enforce the law within a certain territory and, in consequence, independence from the authority of any other state and equality with it under international law' (Morgenthau 1950, 249).

Traditionally, International Relations has been more interested in the external sovereignty, but this should not necessarily be the case in integration studies.

If we are talking about the concept of sovereignty in general it means that states hold the highest authority within their territories, which means that no other actor has the right to interfere in the decision-making of the state. This has certain consequences for the nature of the international system. It means that there is no authority in the international system, which could supersede the state and the state can therefore organise social life as it wishes within its territory. The absence of an international authority means, on the other hand, that in international conflict situations the state cannot appeal to any higher authority and there does not exist an international referee for conflict situations³. The absence of a higher authority in the international system has been described in International Relations as anarchy, which does not refer to chaos, but only to the absence of authority above states. In other words, states represent the highest form of organised life in the international system, but the international system itself is a self-help system. This shows how the two dimensions of sovereignty – external and internal – have become important for the theory of International Relations and Political Sciences in general. It helps to define the role of the state both towards society (internal sovereignty) but also towards other states (external sovereignty).

Sovereignty is thus a concept, which determines the role of the state both towards the society and towards the international system. In jurisprudence the concept of sovereignty is sometimes divided into political sovereignty and judicial sovereignty (Tolonen 2003, 105). According to this division judicial sovereignty refers to indivisibility and the unlimited nature of sovereignty and political sovereignty means the

³ International Community, i.e. states, has tried to solve this problem by establishing two international organisations that could take this role of authority. First was the League of Nations and after World War II United Nations. These organisations have not, however, possessed such powers that they could supersede the state.

actual capacity limited by political circumstances to use sovereignty (Tolonen 2003, 105). According to this view the legal concept defines the legal competence of the state towards society and the international system. It entitles states to behave in a certain way both in their domestic and international context. This behaviour as well as what is deemed as the best possible option for states to use their sovereignty can vary greatly over time and space and therefore sovereignty has been understood in many different ways in political sciences. For example, Stephen Krasner has identified four different definitions and uses of the term. Sovereignty has been understood as:

1. The degree of control exercised by public entities and the organisation of authority within territorial boundaries.
 2. Synonymous with the degree of control exercised by public authorities over transborder movements.
 3. The right of certain actors to enter into international agreements
 4. Westphalian model, i.e. an institutional arrangement for organising political life that is based on territoriality and autonomy.
- (Krasner 1995, 118-119).

If these points are linked to the external and internal dimensions of sovereignty it is possible to identify certain anomalies. The degree of control exercised by public entities is related to the exercise of internal sovereignty. The right to enter into international agreements is related to the exercise of external sovereignty. Control exercised over transborder movements marks the distinction between the domestic and international system and thus also between internal and external sovereignties. The fourth point is perhaps closest to the general definition of sovereignty. If only one of these aspects is lifted up it is possible simultaneously to ignore some other aspect of the concept completely, which naturally gives a false image of the concept. For example, a decrease in the ability to control cross-border movements does not necessarily limit the state's ability to enter into international agreements.

There are obvious problems with both the above definitions of the concept. Sovereignty is also a legal concept but a judicial approach is not suitable for this study, because regional integration is not only a legal arrangement, but also has practical relevance in member states. It is thus necessary to go beyond the legal terminology to the actual substance of the concept and what role it plays in the process of integration. However, it is not possible to adopt a too practical way to measure sovereignty either.

The problem, for example, with Krasner's examples is that it equals sovereignty to such concepts as autonomy and control. However, if sovereignty is understood this way it becomes difficult to identify truly sovereign states in the international system. Therefore, it might be more fruitful to understand sovereignty as a right as James Caporaso defines it: 'a socially recognized capacity to decide on matters within a state's domestic jurisdiction' (Caporaso 1996, 35). If such an approach were adopted perhaps a suitable definition for the term would be Janice Thomson's definition, which also includes the external dimension:

'sovereignty is the recognition by internal and external actors that the state has the exclusive authority to intervene coercively in activities within its territory.'

(Thomson 1995, 219).

This definition does not differ from Morgenthau's definition very much, but stresses the nature of sovereignty as a right rather than as a capacity.

States hold the monopoly of the legitimate use of force within their territories and as a result, both internal and external actors recognize their 'authority to intervene coercively in activities within their territories'. However, this right does not necessarily always go hand in hand with the capacity to intervene in all activities in which the state would have a right to intervene. For a long time the right was backed by a capacity, but now the situation has changed especially in the case of some developing countries. Robert Jackson has used the term quasi-states to describe the status of certain developing countries in the current international system, where their ability to exercise their sovereignty has been limited considerably and they base their sovereignty mainly on its judicial dimension (Jackson 1990, 21-26). This means that their ability to exercise the highest authority has, for example, been limited and they cannot fully control all the cross border movements, but they still hold the full judicial capacity of a state. According to Jackson, the existence of such states rests largely on the recognition of their sovereignty by the international community (Jackson 1990, 21). If this is the case it also suggests that sovereignty cannot be understood only as a right but also as a right that brings obligations. When recognising the sovereignty of some state the international community has assumed that the state will use its 'authority to intervene coercively in activities within their territories' effectively. When states cannot fulfil their obligations rising from

the possession of the right, this naturally creates also problems for the international community, when it has to deal with problems that some state should manage internally. How does all this then affect regional integration? There are obviously different kinds of states – do different kinds of states produce different kinds of integration?

1.5 DIFFERENT TYPES OF STATE

All states have something in common, but at the same time there are vast differences between states. States differ in their size and in the power that they possess. For example, the small size of a state can play an important role in the decision to enter a regional integration process and also in the strategy that states decide to follow during the process (for example, Antola 2004, 38-39, 42-47). In an integration process states try to establish a new level of political authority above them, but is it as easy for all states or is it even possible for all states? In order to be able to answer this question it is necessary to look into the differences between contemporary states. The ways to classify the modern states are numerous, but the classification of Georg Sørensen is followed here. He identifies three types of modern states: Westphalian, post-colonial and post-modern states (Sørensen 1997).

As the name implies the concept and the idea of the Westphalian state originates in the first place from the treaty of Westphalia in 1648, but Sørensen uses the term to refer to a modern nation-state. Politically this state is usually integrated and as mentioned usually a nation-state. A state also possesses the monopoly of violence, but it is internally pacified and the military capacity is instead turned outward to defend the state against external enemies. Furthermore, a state has rather large and effective administrative capacity, which has grown alongside with the new tasks that the state has taken on itself. Finally, the economy in these states is both national as well as homogenous. This means that the state is internally integrated in the economic sphere and forms one national economy. On the other hand, different sectors of the economy are on relatively the same level. (Sørensen 1997, 258-259).

The post-colonial state is almost the opposite of the Westphalian state. Post-colonial states are not necessarily internally integrated. First of all, they do not have a national economy in the same sense as the Westphalian state. Secondly, they are not

politically integrated; in other words they do not necessarily have a developed nationhood. Post-colonial states are also characterised by weak and underdeveloped state institutions. In Europe, political systems have developed gradually towards liberal democracies, but in post-colonial states the direction has been almost the opposite. Weak state institutions have concentrated political powers in the hands of individual political leaders. This political system, which is based on personal rule, is characterised by a web of patron-client relationships. This system guarantees that supporters of the political leader have access to certain benefits such as jobs, contracts and licences. The monopoly of violence is also different in post-colonial states. First of all, it is not necessarily a monopoly, the armed forces of the government may not necessarily control the whole territory of the state. On the other hand, the monopoly is not necessarily invested in the state, but the institutions of the armed forces may be in the hands of the political leader. They are used to secure the leader's position and the armed forces are thus turned inwards towards the state's own citizens to secure the position of the political leaders. (Sørensen 1997, 260-261).

The most obvious examples of post-modern states are the members of the European Union. Members of the European Union can no longer be labelled as traditional Westphalian states, because they have been transformed in an integration process during the last 50 years. Post-modern states have established a new level of political authority, which they allow to interfere in matters that used to be domestic affairs. The state is still a central actor, but governance is no longer concentrated on a national level. Instead, it is characterised by complex cooperation between different levels. However, as Sørensen notes, it is only in Europe where this new type of state has developed. (Sørensen 1997, 261-264).

Sørensen's classification of different types of state can be criticised, but it has been chosen here for a specific reason. Integration has so far been successful only when internally integrated nation-states have initiated it and it has produced the so-called post-modern states. This study includes the integration process also among states that could be labelled foremostly as post-colonial states. They are different by their nature when compared to European states, which naturally raises a question whether a similar

integration process is possible among such states. This is a question that will be dealt with in chapter six when the regional integration process in Southern Africa is studied.

1.6 APPROACHES TO THE STUDY OF REGIONAL INTEGRATION

Regional integration is a multidimensional phenomenon, which can take various different forms. It can be functional cooperation in some field of inter-state relations (for example economic or political integration). It can take also a broader form when participating states try to incorporate convergence of their policies with different sectors under a single framework. This broader cooperation can be called regionalisation. This is also the type of regional integration that is dominant in the present-day world – regional integration today usually involves integration processes in several sectors (for example, the economy, security, and the environment).

Because of this multidimensionality, regional integration can be approached theoretically from several different directions. There are, for example, separate theories that try to explain economic, political or security integration processes. These processes are naturally interrelated, and if one is interested in regionalisation, i.e. integration in the broader sense of the term, these aspects should be considered in the analysis. If the approach of this study should be labelled under one heading, it would be closest to political integration. This is because the primary interest in this study is in the role of the state in the regional integration process. The role of the state is closely connected to the political integration processes, because integration involves handing over part of the national sovereignty to the supranational level. Having said this, it should be underlined that although the focus is on the political integration process, other dimensions of integration cannot be ignored even in this study.

Regional integration is multifaceted phenomenon also in another sense. The nature of regional integration is dependent on several factors on different levels of the international system. First of all, regional integration occurs in the international system and therefore the global level i.e. the nature of the international system determines the room for manoeuvre that the regional actors (meaning the participating states) enjoy. This can vary over time, and therefore structural changes of the international system have a direct impact on regional integration processes. Another level has emerged only recently

with successful regional integration processes. This level could be called the inter-regional level and it refers especially to the effect of the European integration process on other integration processes. The European integration process has both promoted and provoked other regions to pursue regional integration. This positive side of the inter-regional relations exists, for example, between the EU and ACP-countries⁴, where example of European integration has encouraged also ACP-countries to attempt regional integration. The negative side led to the establishment of NAFTA (North American Free Trade Agreement) as a defensive response to European integration. This level has gained added relevance since the EU, encouraged by its own success story, has been very keen to encourage especially developing countries to speed up their own integration processes. This level is however in this study incorporated in the highest level of analysis. The intra-regional level instead is one of the most important levels, because this is also the level on which the actual integration process takes place. Therefore, intra-regional dynamics have a direct effect, for example, on the economic integration process and this level has also been in the focus of traditional integration theories.

These levels have been predominant in different approaches to the study of regional integration. They have been used to explain both the origins of the integration processes as well as the dynamics of such processes. When regional integration is reflected against the international system, integration usually appears as a response to the changes of the prevailing structures of the international system (for example, Waltz 1979, Hettne 1999b). The regional level, on the other hand, has been predominant in attempts to explain the dynamics of the integration processes after the process has once been started. Scholars have developed models that attempt to explain both political and economic processes (for example, Viner 1950, Haas 1968). However, the relevant question for this study is, are these levels and approaches sufficient for this study? In other words, can international system and regional level dynamics fully explain the state behaviour during an integration process? The classical approaches are by no means irrelevant for integration studies, but at the same time they are not able to fully explain the phenomenon. Therefore, also other approaches are needed, which will be dealt with in

⁴ ACP-countries are African, Caribbean and Pacific countries and former European colonies. EC has co-operated with them now for more than four decades within the framework set out by the Yaoundé, Lomé and Cotonou conventions.

this study after the classical approaches. In European integration studies, the focus has in recent years been directed towards the national level (Moravcsik 1993, Milward 1992), which can at least partly explain the motivation behind the limitation of sovereignty. How the process then proceeds from thereon, can be also explained by departing from the classical models, which usually focus their attention on the processual nature of integration. Also unintended and instrumental consequences (Giddens 1984, Hossain 2002) of previous integration actions can steer the process. The reconstruction of the state identities during the integration process can have an affect according to the constructivist approach of International Relations (Wendt 1992). In other words, alternative approaches that can help us to explain the limitation of sovereignty appear both on the international and regional level but also on a national level.

In order to understand regional integration from the viewpoint of the main research question it is necessary thus to get involved in an analysis that combines various approaches to the study of regional integration and thus also analyses the impact of different factors on the phenomenon at different levels. The effect of the international system and inter-regional relations will be dealt with in chapter two. After the end of the Second World War, when the European integration process was launched, the international system has undergone several structural changes and because of these changes regional integration today may take quite a different form than, for example, 50 years ago. This is most clearly exemplified by the inter-regional relations, which did not exist half a century ago, but are nowadays gaining importance mainly thanks to the successful integration process in Europe. Chapter two thus aims at exploring what these changes of the international system have been and how they affect regional integration today. The third level contributing to the outcome of regional integration was identified to be basically what is known as integration studies. This intra-regional level explores the dynamics of integration in, for example, the economic and political sphere. Their impact will be studied in chapter three, which reviews the traditional and also more recent integration literature.

The underlying question of this study is why states participate in an integration process in which they have to limit their sovereignty. And studying only the international and regional systems will not provide us with a complete answer to the questions, why

the integration process is started in the first place or why it deepens also after it has been started. Exploring alternative models of explaining integration should help us to overcome this problem and that is also the focus of chapter four. These alternative approaches include, for example, bringing the national level more closely under analysis and studying how the domestic level has contributed to the decisions of the states to participate in integration processes. However, it has to be noted that alternative approaches also include approaches that belong more naturally to the regional level. This is because the traditional theories of regional integration cannot fully capture all the factors that are relevant for states when they decide to initiate regional integration. After this, it is moved on to comparing European and Southern African integration experiences by using these different approaches presented in the first chapters of the study. This should help also to answer the question why handing over part of sovereignty has occurred in Europe and why it has been difficult in Southern Africa. But after this comparison there should be open questions, both theoretical and practical. Therefore, it is necessary to return to the questions of state and sovereignty, especially in their relation to regional integration from a theoretical perspective. After this it should be possible to draw conclusions on the present situation of integration process in Southern Africa, its strengths, weaknesses, opportunities and threats.

2 STRUCTURAL CHANGES IN THE INTERNATIONAL SYSTEM AND REGIONALISATION

2.1 INTRODUCTION

The phenomenon of regional integration is affected by factors on different levels of the international system. The global level is common for all regional integration processes in the world. This means that the changes on the level of the international system that affect the possibilities of regional integration will do that in every region of the world. In principle, these changes can be any structural transformations of the international system that have a direct impact on regional integration processes.

Regional integration has experienced two distinct waves after the World War II. The first wave dates back to the 1950s and the 1960s, when the most important regional collaboration organisation that was established, was the European Coal and Steel Community (ECSC), which eventually evolved through the European Economic Community (EEC) to the European Union (EU). Otherwise, the record of regional integration was mixed, but usually the outcomes were quite far from the expected results. In the beginning of the 1970s, the interest in regional cooperation slowly faded away, but was revived again in the late 1980s and the early 1990s. In Europe this was marked by the signing of the Single European Act (SEA) in 1986 and in Southern Africa by the transformation of the Southern African Development Co-ordinating Conference (SADCC) into the Southern African Development Community (SADC).

These two waves are reflected also in the empirical part of this study, since the beginning of European integration dates back to the first wave, while the reintensification of the European process and transformation of SADCC into SADC coincide with the beginning of the second wave. Although the outcome of regional integration depends to a great extent on the special circumstances prevailing in that specific region, the integration processes do not occur in a vacuum and they are in close interaction with the international system. The re-emergence of the interest towards regional integration at the same time all over the world would seem to suggest that this phenomenon is dependent on some factor that is common to all regions of the world, i.e. in the international system.

The objective of this chapter is to identify how the international system affects regional integration processes. It is most appropriate to start with the question how these international structures were seen to affect integration processes during the first wave of integration. Then it moves on to the question how much the second wave is dependent on some structural changes on the level of the international system. And if such changes have taken place how much have they changed the context of regional integration, in other words is the second wave of regional integration a qualitatively new phenomenon and not just a re-emergence of the same old phenomenon on the international agenda. If it is a new phenomenon, it would require that studies carried out during the first wave should be analysed from a fresh point of view. Thus it is necessary also to identify how the context of the regional integration has changed between the first and second wave and what kind of integration the new context produces. Doing all this should help us to define whether there are some global factors, common to all regions and states of the world that could explain why states have in different periods of time been willing to limit their sovereignty in regional integration.

2.2 INTERNATIONAL SYSTEM AND REGIONAL INTEGRATION

The processes of regional integration are closely related to the international system. Regional integration takes place in the international system and thus the changes in that system change also the context where integration occurs. In principle, all changes in the international system have a direct impact on integration processes. Nevertheless, here it is sufficient to identify those sectors of the international system, which are the most important in relation to regional integration. The changes within these sectors will have the greatest influence over integration processes on the regional level.

What would be then such changes on the level of the international system that they would directly affect also regional integration? It is suggested here that two factors or sectors of the international system stand out as having more importance in relation to regional integration than the rest - the political and economic structure of the international system. On page 5, it was defined that integration is foremostly a political process, because it usually involves handing over national sovereignty to a supranational level - a question that touches upon the basic questions of international politics. The

process of political integration occurs within the international system; therefore the political macro properties of the system to a certain extent constrain the process. As Björn Hettne describes the situation, this political superstructure determines the room for manoeuvre that regional actors have when they carry out the actual processes of regionalisation (Hettne 1999b, 14). Another key feature of regional integration is the dominance of economic integration. This stems from the fact that economic integration is one of the sectors of cooperation where the immediate benefits of integration are relatively easy to achieve (see, for example, Haas 1961, 372), and therefore it also holds the greatest attraction for the participating states. Economic interdependence has made national economies increasingly dependent on each other, at the same time this means that the relevance of the international economic system in the development of national and regional economies has increased. Economic development on the lower levels of the international system has increasingly become dependent on the changes occurring on the global level.

2.3 THE FIRST WAVE OF REGIONAL INTEGRATION

The political and economic structures of the international system are relevant for all integration processes of the world and changes in these spheres also have the greatest impact on the context of regional integration processes. It is focused first to study the ways how the international system was seen to affect regional integration during the first wave. It is necessary to keep in mind that the first serious attempts in the field of political integration were made in Europe and therefore the theorising on the relationship between the international system and regional integration during the first wave was Eurocentric. The theorising related to economic integration, on the other hand, was concerned with the problems related to developing countries already during the first wave.

Political structure of the Cold War

In International Relations, an approach called neorealism was dominant during the Cold War. According to neorealism the relative positions of states form the structure of the international system (Waltz 1979, 95-99). States assess their own position in the international system in relation to other states' position in that system and base their

foreign policy decisions on that assessment. The structure of the system is thus the determinant factor in national preference formation, because states do not want their relative position in the international system to be changed negatively. This definition leaves very little room for international cooperation and even less for regional integration as the most prominent neorealist scholar Kenneth Waltz defines that at least two factors hinder international cooperation. States are worried that cooperation might benefit others more than themselves as well as that they might become dependent on other states. As Waltz summarises this situation: 'In a self-help system, considerations of security subordinate economic gain to political interests' (Waltz 1979, 107). Thus even if international cooperation could provide substantial economic benefits states will be reluctant to enter into such cooperation and limit their sovereignty, if it could mean that other states would benefit relatively more. According to such a model of explanation the political structure of the international system thus constrains to a very large extent the room for manoeuvre that regional actors may have in regional cooperation, because they have to take into account how that cooperation might change the relative position of other countries in the international hierarchy.

From this point of view, neorealists were however able to offer a completely logical explanation for the beginning of the European integration process. Waltz himself argued that European integration became possible only after the political power of the European states had started to decline and the United States had emerged as the guarantor of West European security. In this situation security was dependent on an external actor and the risk of war was reduced among the European states. In this situation they could risk suffering relative losses compared to their neighbours if they engaged themselves in cooperation (Waltz 1979, 70-71). Similarly according to this logic, neorealist interpretations on the effects of the end of the cold war anticipated problems for the European integration process. As Joseph Grieco summarised this reasoning:

' if US-Soviet bipolar competition has been a necessary condition for European integration, and if that competition has now ended and the international system is moving back toward multipolarity, then we should expect to see the Europeans returning to their traditional concerns about one another and therefore becoming less attracted to cooperation through the EC.'

(Grieco 1995, 28).

John Mearsheimer painted the gloomiest picture of Europe's future in this Post-Cold War situation (Mearsheimer 1990, 31-37). Yet, the European integration process continued to develop in a completely opposite direction to what neorealists had anticipated. The next milestone in the history of European integration was not the demise of the organisation, but the signing of the Maastricht Treaty. This created serious problems for the neorealist theory.

This also shows that the political superstructure of the Cold War affected integration processes at least in Europe and perhaps also in other parts of the world. When the Cold War ended also the political context of the integration changed. However, the change was not the one that neorealists had anticipated.

Economic structure of the interdependent world

In the field of economic integration the international system was not seen to hold as great an influence as in the field of political integration during the first wave. The theories of economic integration argued that economic integration would benefit all participating countries, if certain conditions prevailed (Viner 1950, 44; Balassa 1962, 25-26). The point of departure of these theories was thus that economic integration was not dependent on anything on the level of an international system, but that the participating states would benefit from it, if they decided to initiate it in favourable conditions. Economic integration during the first wave could therefore be seen as a strategy through which the states could achieve some additional benefits while their economic success was not dependent on it. On the other hand, in some connections in the beginning of the European integration process, it was also argued that the growing economic interdependence was rendering the nationally - based economic development more difficult (Monet 1997, 294-295). And it also soon became evident that the conditions required for beneficial economic integration did not prevail in developing countries and

this was at least partly dependent on the structure of the international economic system (Robson 1980, 146).

However, as a conclusion it could be argued that during the first wave, economic integration was a strategy, which produced such benefits for participating countries, which were not crucial for their economic viability. It was dependent on the structure of the international economy, because its benefits were more easily attainable in the industrialised countries than among developing countries. But nevertheless there does not seem to exist any factor in the international economic system, which would explain why states during the first wave of regional integration decided to pursue economic integration. On the other hand, Björn Hettne has argued that the political structure of the Cold War produced specifically economic integration of all possible forms of integration. This is because economic integration was considered as a field of low-politics during that time where the regional actors enjoyed much greater room for manoeuvre than, for example, in the field of security issues (Hettne 1994, 12-13). But still there does not seem to exist such factors in the international system during the first wave, which would explain why states decided to initiate integration processes during that time. Unless, the additional benefit of economic integration and the political structure, which favoured economic integration, is considered such a factor. However, the interesting question of course is, if this situation changed when the second wave started in the late 1980s.

2.4 THE SECOND WAVE OF REGIONAL INTEGRATION

The second wave of regional integration is often called 'new regionalism' (for example, Hettne 1994, 1; Marchand et al 1999, 897-901). With the name 'new regionalism' scholars not only separate the empirical phenomenon from the first wave of regional integration, but also try to imply that it has qualitatively new characteristics. These new qualitative characteristics are usually seen to ensue mainly from changes that have occurred on the level of the international system. This differentiation between 'old' and 'new' regionalism according to this logic implies at least the following things: First, some changes in the international system have had an impact on the empirical phenomenon of regional integration, and they should be thus identified. Secondly, new

regionalism differs somehow from the old regionalism, which also implies that it is possible to characterise the phenomenon in some general manner.

The simultaneous revival of interest in regional integration in different parts of the world would seem to suggest that it could be dependent on some changes in the international system. Can such structural changes in the international system be identified? It appears that the two most characteristic changes in the international system have been the end of the cold war and the intensification of economic globalisation (see, for example, Holm & Sørensen 1995; Keohane 1995; Hettne 1999a, 1999b). The end of the cold war is quite a clear-cut phenomenon. The Cold War came to its end when the Soviet Bloc started to break up in the late 1980s⁵. As a result even the Soviet Union itself was dissolved in 1991, which left the United States as the sole superpower in the international system. This naturally marked also an end to the bipolar political structure of the international system, which had characterised international politics since February 1945 and the Yalta conference. What emerged instead of this bipolar structure is nevertheless relatively ambiguous. Politically, the United States has remained in an unchallenged position, and therefore the political structure of the international system is nowadays nearly unipolar. This is such a profound change that it most likely has been reflected also in regional integration processes all over the globe.

In the international economics the picture is much more complex than in the political sphere. The end of the Cold War changed also the context of the international economic development. The world had been divided also economically into capitalist and state socialist camps during the Cold War, but the collapse of communism led to 'the end of history' also in the sphere of economic policies. Capitalism was suddenly left without a global counter-weight and it soon extended its sphere of influence to cover practically the whole globe. This nevertheless did not establish a hegemonic position of the United States in the international economy. Instead, its leading position has been challenged both by Asian and European regions, which although accepting the hegemonic role of the US in the military and political spheres have been reluctant to avoid conflicts with the US in

⁵ The process which led to this situation was a long one, but the effects of the end of the cold war are dependent on the actual break up not with the process that led to it.

the economic field. This has happened sometimes also over such issues that have had relatively little importance (for example, the so-called banana dispute).

The post-cold war situation thus established capitalism almost as the sole mode of production on the global scale, but this did not lead to a similar dominance of the US as happened in international politics. Instead, three core areas of the international economy emerged, which soon became known as the triad. These three core regions - North America, the European Community and the Asia-Pacific - soon dominated most of the trade and investment flows in the international economics. Japan, which has been the economic engine of the Asia-Pacific, has nevertheless suffered from an economic recession and deflation during the 1990s. As a result the Pacific region has not emerged as such a global economic power as was anticipated in the beginning of the 1990s, but the emerging economic power of China may be changing the situation. The EU instead has challenged the US regularly in the economic field during the 1990s. The intensification of the integration process after the Single European Act and the signing of the Maastricht treaty provoked a defensive response in 1992 by the United States, Canada and Mexico, when they established a North American Free Trade Area (NAFTA). The establishment of NAFTA has been seen as a sign of triadisation⁶, which means the division of the world into competing regional trading blocs.

These two changes – the triumph of capitalism and the regionalisation of the world economy - constitute part of the change that is often called economic globalisation. Economic globalisation is a structural change in the international system, related to the dynamics of the international economy. Its nature is however much more ambiguous than, for example, the end of the cold war. As said above, the end of the cold war brought about some factors of it, but some are also completely independent of it. This makes the whole phenomenon multifaceted and multilayered, which makes it difficult to grasp the true nature of the phenomenon completely. This is reflected also in the attitude of different scholars towards the phenomenon - even the existence of the whole phenomenon was subject to a heated discussion in the late 1990s. David Held has categorised three main camps in the general discussion on globalisation. The debate has

⁶ Often called also regionalisation, which however has a different meaning than that used in this study, and therefore for the sake of clarity the term triadisation is used here.

concentrated on the questions to what extent does the phenomenon hold 'global' characters and how much new is there in this process. In other words whether the whole process exists or not and does it represent structural change somehow. These three camps can be characterised here briefly: 1) Globalists see that globalisation is real and has qualitatively new characteristics compared to the previous organisation of the social world in the international system. 2) Traditionalists are sceptical about globalisation, they see that the international system has not undergone any fundamental changes, which could enable us to use new concepts. 3) Transformationalists represent the middle ground and see that the consequences of globalisation are complex, diverse and unpredictable. (Held 2000, 22-23). This categorisation does not reflect the attitude of these scholars towards globalisation - for example, globalists don't necessarily see globalisation as a desirable phenomenon.

What is common for these different camps is that they are preoccupied with the same questions:

- 1) to what extent is economic activity globalised
- 2) is global capitalism being transformed somehow
- 3) to what extent can international economic activity still be governed nationally or internationally
- 4) does economic globalisation render national economic policy planning useless (Held & McGrew 2000, 19).

The two first questions are at least partly related to the development of capitalism after the end of the cold war and triadisation of the world economy to the third question. However, this still leaves many questions open, which indicates that economic globalisation is a structural transformation that is at least partly an independent phenomenon from the political transformation of the global macro structure. This also means that its roots lie at least partly in a different place and historical context than is the case with the end of the cold war. Other factors contributing to the rise of the phenomenon, in addition to the ones listed already above, are at least the dominance of neoliberal economic policies in major capitalist countries, the development of new technologies, considerable increases in global trade and investment flows. Some of these factors started to shape the international economy already in the 1980s, before the demise of the bipolar political order of the international system.

Although these different camps study these same phenomena, they are able to draw very different conclusions about its nature. The most sceptical views have denied the existence of globalisation altogether. For example, Hirst and Thompson have argued that there is nothing new in the current phase of the economic internationalisation. In fact, according to them the world was more globalised during the late 19th and early 20th century, labelled as the *belle époque* of globalisation, than what it is today (Hirst and Thompson 1996, 49). Triadisation of the world economy is also taken to indicate creating more barriers than opportunities for economic globalisation according to the sceptics (Hirst and Thompson 1996). According to the sceptics, capitalism has not developed into a new phase, which could be called global capitalism, but instead as various studies show (Wade 1990, 342-44; Calleo 2001, 69-79) there still remains distinct forms of capitalism in different parts of the world. Furthermore, geography has not lost its importance either, although new technologies have been developed and trade and investment flows have grown immensely. From this it also follows that nation-states are still able to control economic development through different means and the present-day world just places a new pressure on nation-states, but they have faced similar pressures throughout history (Held and McGrew 2000, 22). The most extreme sceptics are perhaps now slowly fading away and the discussion is directed more towards the question of how much globalisation has changed the international system.

Globalists see the situation in a completely different way. According to them, economic interdependence and international economic integration has gone so far that the international economy is becoming truly globalised (Giddens 1999, 9-10). This global economy is characterised by growing trade and investment flows, which can be moved around the globe with the help of the new technologies. At the same time, new technology has enabled companies to relocate their production more easily according to their business interests, according to some critics this has increased the power of corporations too much (Korten 1997). Because of the importance of these trade and investment flows, and on the other hand, the mobility of production has forced governments all over the globe to adopt similar economic policies (neoliberal), the number of policy options that are available for nation-states has decreased and thus effectively undermined their sovereignty (Ohmae 1995, 11-13). This situation has also

given birth to a new form of global capitalism, which is free from constraints of national or territorial constraints. At the same time, the traditional authority of the state has not only been limited, but some of it has been transferred to the markets and also to other actors (Strange 1996, 4; 189-190). This situation has divided countries into winners and losers, and being part of the global core areas guarantees better possibilities to succeed in this globalisation race (Sørensen 1998, 95; Marchand et al 1999, 904).

It is difficult to conclude from this debate which argument is more credible or are they both right to a certain extent. It seems to depend on what factors one wants to emphasise and what kind of evidence one uses to back his or her argumentation. Whether globalisation represents its own structural transformation depends, in turn, on the estimation whether changes in a different field together have changed the structure of the international economy profoundly. The objective of this study is not to make a contribution to the globalisation debate, but to explore whether economic globalisation has somehow changed the context of regional integration. It seems obvious that some things have changed in the international economy. At least the division into successful and peripheral regions has become more obvious. This most likely also has had an impact on regional integration processes all over the globe, since regional integration / regionalisation is often seen to offer a possibility to respond to the challenges of globalisation (Hettne 1999b, 6-8; Wallace 2000, 48-49; Maasdorp & Whiteside 1992, cited in Odén 1996a, 17). This impact nevertheless is dependent on the relation between globalisation and regionalisation. For example, according to the so-called open regionalism approach, globalisation is inevitable and a process that challenges the nation-state and national economies in many ways. A possible solution to this problem would be regional integration as a stepping stone on the way to global markets (World Bank 2000). On the other hand, for example, Björn Hettne sees globalisation and regionalisation as two sides of the same coin. They are part of a larger structural transformation, and they are mutually supportive and reinforcing (Hettne 1999b, 2). The difference between these two approaches is that the latter seems to leave more room for manoeuvre for regional actors whereas in open regionalisation states are seen only to respond to external pressures.

2.5 STRUCTURAL CHANGES AND REGIONAL INTEGRATION

Björn Hettne has tried to develop also a coherent theoretical approach from the concept of new regionalism. (Hettne et al 1999c; 2000a; 2000b; 2000c; 2001)⁷. Its basic premises are the structural and contextual changes in the international system, which help to understand the logic of contemporary processes of regional integration / regionalisation. The list of the relevant changes according to Hettne varies slightly from article to article (Hettne 1994; Hettne 1999b; Hettne & Söderbaum 1998; Hettne & Söderbaum 2000). Hettne raises the end of the Cold War and the shift from the bipolar structure towards a multipolar structure as the most decisive change in relation to regional integration. This is combined with several other factors, which to some extent overlap. According to Hettne, increasing interdependence and economic globalisation has led to new international division of labour, and at the same time we have witnessed the erosion of the Westphalian nation-state system, which is partly caused by the globalisation. Also certain changes in the policies of the US and developing countries have enabled renewed interest in regional cooperation. The major changes in this Hettne's list are the same as the ones identified above – the end of the cold war and economic globalisation - and therefore Hettne's work in this respect serves as the basis to explore the relevance of these structural changes in relation to regional integration.

In addition to describing these structural changes, Hettne has also attempted to build a more comprehensive theoretical approach around the new regionalism approach. Hettne defines regionalisation as a process, which involves 'a change from relative heterogeneity to increased homogeneity with regard to different dimensions, the most important being culture, security, economic policies and the political regime.' (Hettne 1999b, 11-12). This convergence of different sectors seems to proceed through different stages, and therefore an additional definition of regionalisation runs as follows: 'a process whereby a geographical area is transformed from a passive object to an active subject capable of articulating the transnational interests of the emerging region.' (Hettne & Söderbaum 2000, 461). The key theoretical concept related to this process is the level of

⁷ New regionalism is an approach, which has been mainly developed in a research project of WIDER / UNU (United Nations University). It is quite difficult to define the approach precisely since the research project has published five volumes, which comprise articles from over 30 scholars

'regionness', which implies to what extent the region under study has already undergone this transformation. Regionness, according to Hettne and Söderbaum, can be understood in analogy with concepts such as 'stateness' and 'nationness'. In other words, regionness is something that is made throughout the process, and the process has in a sense been completed when the highest level has been achieved.

Hettne identifies five phases of the process by which the regionness increases⁸.

1. Region as a geographical unit. At the earliest stage, a region can be identified primarily as a geographical area, for example, 'Europe from the Atlantic to the Urals'.

2. Regional complex.⁹ Increased social contacts and transactions between previously isolated human groups facilitate some kind of increase in the level of regionness. Regional complex thus refers to a level where translocal relations are created and gradually tightened. According to Hettne, state-formation usually occurs at this phase. The territorial states monopolise all external relations and are usually relatively inward-oriented, which stagnates the process of regionalisation for a certain period of time.

3. Regional society. This is the level where the formal regionalisation process develops and intensifies. The number of interregional contacts increases considerably both through state and non-state actors. Hettne and Söderbaum emphasise that at this phase, nation-states are not becoming obsolete or disappearing, but rather that they are undergoing major restructuring in the context of regionalisation and they will most likely end up as semi-independent parts of larger regional political societies.

4. Regional community. On this level the region increasingly turns into an active subject with a distinct identity, institutionalised actor capability and legitimacy. Regional civil society has also developed at this point.

5. Region-state. This level is mainly hypothetical and unlikely to be ever achieved. Here the process of homogenisation has gone so far that both formal and informal integration processes have been completed. An analogy could be found from completed state-formation and nation-building processes on a national level.

Like states, regions are not given in the international system. Hettne and Söderbaum point out that they are created and recreated in the process of global transformation, which also means that the level of regionness can both increase and decrease, and some regions can also cease to exist as international actors. This also means that regionalisation

⁸ The presentation of different stages of regionalisation are based on articles by Hettne 1999b, Hettne & Söderbaum 1998 and Hettne & Söderbaum 2000.

⁹ The term regional complex has originally been developed by Barry Buzan to describe the development of regional security systems in a situation where the security interests of states within a certain region are so closely linked that they can no longer be treated separately, but those states have not yet been able to form a security community (Buzan 1991).

processes do not necessarily follow the same path everywhere, and it might be that some regions of the world might never achieve even the third level of regionness. (Hettne 1999b; Hettne & Söderbaum 1998; Hettne & Söderbaum 2000).

Hettne's theory-building around the concepts of new regionalism and regionness raises many questions. There seem to be some internal contradictions in his work. The articles used as a basis of the presentation of the approach all follow the same structure. First, Hettne devotes time quite extensively to show how the structural changes of the international system have brought about a new age of regionalisation. However, after that he moves on to describe a more general theory about regionalisation, which seems to be apart from these same structural premises that he had just explained. In this part, he describes the evolution of a region through various phases towards a region-state, although he also mentions that the development is not necessarily linear, and can also take steps backwards. He also mentions that some of the regions in the world may never achieve even the third phase of regionalisation. In other words, this latter part of his theorising is detached from the real world regionalisation processes of the present day. Therefore, it seems that the real merit of Hettne's work lies in its ability to explain the effect of structural transformations on the present-day regionalisation schemes. This analysis applies especially in the case of developing countries. When he moves on to more general theory building, he detaches himself from these changes, which means also that the merits of this theorising decrease accordingly.

Hettne's description of the nature of new regionalism can be used as a starting point also in an analysis of the qualities of new regionalism, i.e. what separates the second wave from the first one. 1) One of the main arguments by Hettne is that since the bipolar structure of the cold war has collapsed, the room for manoeuvre that regional actors have, has increased considerably. For the actual integration process this means that they are nowadays more spontaneous processes from within and from below, and not dictated from above by superpowers. 2) The second new characteristic is that the old regionalism was usually issue-oriented, concentrating usually only on one sector of cooperation (for example, security or the economy). New regionalism is multidimensional and includes usually at least such sectors as security, the economy and environmental questions. 3) According to Hettne 'the two processes of globalization and

regionalization are articulated within the same larger process of global structural change' (1999b, 2). In other words, regionalisation is at least partly caused by globalisation, but also affects it. This affects the nature of economic integration that is carried out in the current regionalisation projects. 4) The old regionalism was dictated from above by superpowers to states within a certain region and therefore also carried out by states, but when the framework for cooperation today is looser, also other actors are able to participate in the process. Therefore also non-state actors play an important role in the new regionalism. (Hettne 1999b, 7-8)

This list is not exhaustive on the differences between the old and new regionalism, but it catches the main differences between the two waves. As such, it is also very useful in understanding current regional integration projects. On the other hand, the list of relevant changes in the international system presented above was much shorter than what Hettne presents, and therefore it is necessary to explore Hettne's argumentation a little bit further.

2.5.1 SPONTANEOUS NATURE OF NEW REGIONALISM

The concept of the spontaneous nature of regional integration may cause some confusion since different scholars attach slightly different meanings to it. For example, Hettne and Söderbaum define that 'the new regionalism involves more spontaneous processes [compared to old regionalism or the first wave] that often emerge from below and within the region itself' (Hettne & Söderbaum 1998, 7). According to this definition, new regionalism appears clearly to be a bottom-up process, but the question that divides scholars is how deep from the bottom does (and should) the process start.

New regionalist scholars are divided in their definition of the spontaneous nature of regional integration. In some analyses, the fact that the integration process is initiated by participating countries is given more emphasis and thus considered sufficient to categorise the process as spontaneous. Whereas other scholars separate the formal integration process from the informal integration process (see also page 6). According to extreme views, integration is spontaneous and a genuine bottom-up process only when

the informal process is predominant. Usually these two aspects are somehow intertwined together as Hettne defines the present situation: 'Whereas the old regionalism was created 'from above' (by the superpowers), the new is a more spontaneous process from within the region and also 'from below' in the sense that the constituent states themselves, but increasingly also other actors, are the main proponents for regional integration' (Hettne 1999b, 7). In this study these two questions are separated. This chapter focuses on the differences that the end of the cold war has brought about in regional integration processes; the role of the non-state actors in regional integration will be explored separately in chapter 2.5.4. Here spontaneous nature refers thus to the first view - regionalism is a bottom-up process, when the participating countries initiate it. This definition helps to capture the changes that may have been caused by the end of the Cold War, and to determine whether this has increased the room for manoeuvre that regional actors enjoy.

According to Hettne's definition of the spontaneous nature of regional integration it means only that the regional projects are today initiated and steered by the participating countries. Then of course one can ask to what extent this is something new. Some integration schemes were clearly initiated by the superpowers during the cold war (for example NATO and COMECON – Council for Mutual Economic Assistance), but in some other cases it is much harder to point out the actual influence of the superpowers. For example, the US interests played certainly some role in the early initiatives of European integration, but most of them did not lead to any concrete actions, and, for example, OEEC (Organisation for European Economic Co-operation) never could act as such a vehicle of the integration process as the US had envisaged (Dinan 1994, 17-19). On the other hand, the rivalry between the superpowers may have provoked the European integration process to some extent, but it seems that it would be an exaggeration to say that the whole process was dictated or even initiated from above. Historical facts (for example, the wish to end the age-old Franco-German rivalry) and the pan-European movement in the inter-war period show that there existed also endogenous motives to initiate co-operation. On the other hand, the collapse of the Soviet Union has opened up completely new opportunities for European integration process - for example, the possibility to include former COMECON members in the process.

The change has been obvious also within the regions, which were not on the centre stage of superpower rivalry. For example, old divisions among African countries vanished in the 1990s, and almost all countries were directed towards democratic rule and neoliberal economic policies during the Post-Cold War wave of democratisation and Structural Adjustment Programmes. In Southern Africa, the first democratic elections in Republic of South Africa were held in 1994, rehabilitating the state and making it part of the Southern African community of states. In this sense, Hettne's argument seems to hold in an African context in two different ways. First of all, the old divisions have vanished and external actors no longer have the same interest in regional politics in Africa. On the other hand, the convergence of political and economical systems enables regional actors to initiate more ambitious integration schemes, since integration is mainly about the convergence of previously heterogeneous systems.

On the other hand, the imposition from above has not completely ended. It only takes a different form today, and is not related to the Cold War era type of high-politics. For example, the EU is effectively forcing African countries to undertake regional integration projects in the new Cotonou agreement. Trade relations between the EU and Africa in the Cotonou agreement are envisaged to be based on reciprocal free trade agreements, which should be established by the year 2008 between the EU and African sub-regional groupings. A precondition for this objective is that sub-regional groupings in Africa can establish free trade agreements among themselves before that date. This means in practice that many regional integration organisations should carry out processes of economic integration, where they have so far failed, within a short period of time. These agreements are of course contractual and African states enter them therefore from their own free will, but on the other hand the EU is also their main trading partner, which of course leaves room for speculation, whether this kind of arrangement represents imposition or not.

2.5.2 MULTIDIMENSIONALITY

Integration processes that were launched during the first wave of regionalisation were usually issue-oriented; i.e. they concentrated only one sector of cooperation. This

clearly reflected the core ideas of the dominant integration models of the day - functionalism and neofunctionalism (see pages 54-60). The proper way of doing things was to initiate cooperation in one sector of cooperation from where it would spill over to others, which was the case, for example, in the evolution of the ECSC into the EEC. The most common form of cooperation during the first wave was economic integration, which was also the case in Africa, where several free trade areas were established during the first wave. An important factor in issue-orientation can be found from the Cold War. The economy was usually considered as an area of low-politics where the room for manoeuvre of regional actors was larger than in other sectors. Politics, security and military questions were areas of high-politics and subject to bipolar political rivalry. If security cooperation was initiated it followed the bipolar logic of the era.

In this respect, the picture has changed considerably. It is widely considered today that successful integration cannot be based only on economic cooperation

Trade policies and intensity of trade relations are not sufficient to hold an area together. The gains from trade seem uncertain, small, unevenly distributed and unpredictable in the long run. Therefore it is the other objectives which must be significant.

(Page 2001, 17; see also, for example, Hettne 1999b).

Most regional organisations include in their framework of cooperation also other sectors, such as security and environmental questions. Some analysts suggest that for developing countries it is necessary to follow the path of multidimensionality. This is because the peripheries of the world are characterised, among other things, by political instability, military conflicts, stagnated economic development, and ecological problems. Because of these problems they are at a risk of being marginalised on a global scale and to avoid further marginalisation these regions should find ways to tackle these problems. But since these problems are too big for weak and relatively powerless states in the peripheries, the only available option seems to be to tackle these problems by common action, i.e. on a regional level. As Björn Hettne summarises this problem:

'The issues of security, development and ecological sustainability form one integrated complex, at the same time as they constitute as many imperatives for deepening regional cooperation, if not regional integration.'

(Hettne 1999a, xxvii).

What should be the content of regional integration today is a complex question. In the previous chapter it was concluded that regional integration today is more spontaneous than before because of the end of the cold war. However, now it seems that the risk of becoming further marginalised in the global system imposes on developing countries to initiate a certain type of integration.

The relevant question seems to be whether the increased room for manoeuvre means that the regional actors can only decide whether they will start a process of integration or can they also affect the content of that process once it has been started. It would seem logical that if the participating states have more room for manoeuvre nowadays they could decide what fields of cooperation to include in the framework of cooperation, as well as what they want to leave out. There are no longer political reasons that would limit the fields of cooperation and the room for manoeuvre of regional actors has increased also in this respect. For example, security cooperation does not have to follow the bipolar logic and it can be combined in the same framework with economic cooperation. On the other hand, it has become necessary, especially for developing countries, to tackle such problems together that they cannot solve on their own. This is necessary since developing countries cannot risk becoming further marginalised in the global system - a problem that is mainly caused by the process of globalisation.

2.5.3 GLOBALISATION AND REGIONAL INTEGRATION

Another major structural transformation on the level of the international system within the last ten years is related to the changes in the international economy. As was discussed previously, scholars are rather divided over this phenomenon that is usually called economic globalisation. In other words, there is no consensus over the questions as to what extent the phenomenon is new or global. How globalisation affects regional integration depends naturally on how it is defined. In this respect, the relevant question is whether it is possible for states to steer globalisation in a certain direction (for example, with the help of regional integration) or just to respond to the challenges it places in front of them.

There seems to be a very strong defensive reaction in regional integration in its relations to globalisation, especially among developing countries. Division between the core and peripheral regions in the world has grown stronger during the last couple of decades. For example Africa has become marginal in terms of its share of global trade and investment flows. Georg Sørensen describes this development as uneven globalisation:

'The greatest problem [of globalisation] may be that the weak states in the periphery of the world economy are losing out in the globalization race.'
(Sørensen 1998, 95).

These peripheries of the world are caught up in a vicious circle. They are becoming marginal, because they cannot attract enough global financial trade or financial flows. Among peripheral regions, Africa is clearly in the most disadvantaged position, because there the political structures, i.e. states, have been falling apart, and the region has faced several different major crises at the same time (including, for example, AIDS/HIV, military conflicts, economic marginalisation). (Hettne 1999b). Because of the instability created by these problems, Africa remains an unattractive region in the eyes of the investors and international business world. But at the same time this marginalisation hinders the region from tackling these problems.

This same development that weakens the peripheral regions simultaneously strengthens the core regions, because they are politically and economically stable and thus also powerful. They can reap the fruits of a more open global economy, that is, they benefit from the process of globalisation and are becoming even more powerful. These core regions are Europe, North America and the Asia-Pacific. Between the core and the peripheries there exists naturally quite a large number of countries and regions, which are more or less stable areas as well. Nevertheless, they are not yet full members of the core regions, but still waiting to be fully incorporated into the core, Central Eastern Europe being the prime example. The peripheral regions, on the other hand, are economically stagnant, politically turbulent and war-prone (Hettne 1999a, xviii). Economic activity and thus also economic success seems to centre around the core regions of the world, and being part of that economic activity has become increasingly important. Therefore, the best strategy during the era of globalisation simply seems to be part of the core regions. Or alternatively wait to be included in the core region, and meanwhile exploit the

differences that exist between the core and intermediate regions (for example, differences in labour costs, less strict environmental laws). Whereas, in the peripheries the most important, and also the most immediate objective has to be to avoid further marginalisation from the global system and further drifting apart from the core regions. Peripheries are peripheral because of the reasons mentioned above, and tackling these problems is also a precondition in their attempt to avoid further marginalisation.

Response to this unequalising side of globalisation has been similar all-over the world, regions have tended to reinforce and deepen regional integration processes. States in the core regions try to pursue regional integration (Maastricht Treaty, establishment of NAFTA), which aims at retaining their position on the centre stage of the global economy and enhance their position in competition with other core regions. At the same time this kind of development reinforces also the triadisation process. Intermediate countries can use regional integration as a vehicle by which they can become part of the core regions. Whereas, in peripheral regions states can use regional integration as a tool by which they can avoid marginalisation. Globalisation thus seems to provoke some kind of defensive reaction from all the regions of the world, regardless of their position in the hierarchy of the international system. In this sense, economic globalisation seems to have transformed the nature of regional integration profoundly. During the first wave, regional integration and especially economic integration was often motivated by the additional economic benefits it brought for the participating countries, whereas today the whole regional integration process is seen as necessary for future economic success. In this sense, integration has turned from an option into a necessity.

Whether this strategy succeeds or not is difficult to determine. Since it is difficult to guarantee the economic benefits of integration in peripheral regions, it is logical to include other sectors (which produce different kinds of benefits) in the framework of cooperation now that it is possible. The triadisation process seems to strengthen the status of the core regions, but whether regional integration can help to avoid further marginalisation in the peripheries is a more controversial question. First of all, it is already difficult to determine what makes a certain region weak, because the relationship between the region itself and the parts that it is comprised of is highly ambiguous. Regions by themselves are not weak or powerful, but their weakness or powerfulness lies

in the states that they are comprised of. On the other hand, regions also affect how strong or vulnerable certain states are, certain countries placed in other context would not be considered weak – for example, the Republic of South Africa (RSA) is a relatively large economy, and could easily be compared to Eastern European countries. Yet in the context of Southern Africa it is clearly in a vulnerable position, while at the same time it is very powerful in its regional context. Andras Inotai uses concepts of policy-makers and policy-takers, and says that certain countries can be policy-takers on a global level, but policy-makers in the regional context (Inotai 2000, 1). RSA is clearly an example of such a country. This thus implies that in the process of regional integration the peripheral regions themselves can also be divided into winners and losers.

An approach called open regionalism suggests that regional integration may after all be also something other than only a defensive reaction to the effects of globalisation. Its main proponents have been mainly the Bretton Woods institutions, but also the European Union. It is an integration strategy, which attempts to draw a clear line between old and new regional integration strategies. Economic integration in the 1960s was usually based on an import substitution strategy, which failed to produce economic benefits for the participating countries. Regional groupings tried to develop a national production capacity behind protective tariff barriers, while liberalising regional trade, and thus making larger markets and trying to exploit the economies of scale¹⁰. This was also the model of economic integration favoured especially in African regional groupings (Worldbank 2000, 2). The result was a huge disappointment:

‘In short, it [the strategy of import substitution and regional industrial planning] led to massive underutilisation of production capacity and a lack of competitiveness. It did not encourage technical innovation and acted as strong disincentive for export activities.’ (Kennes 1997, 64).

Bretton Woods institutions and the EU demand that regionalisation today should be more outward-oriented. The concept of open regionalism has its origins in APEC (Asia-Pacific Economic Cooperation) but in theoretical discussion it has been used in two different meanings. According to the first meaning, member states abolish barriers to trade at the same pace as within a trade bloc and from external countries. The other meaning equals open regionalism with an open invitation to all countries to join a trade bloc. Neither one

of these approaches, which could be called open regionalism, is nevertheless favoured in a study by the World Bank on trade blocs (2000, 99-101).

What is then the position of, for example, the World Bank, IMF and the EU towards open regionalism? The problems of previous inward-oriented integration strategies were recognised, for example, by the World Bank study and a more open approach is seen to hold many positive sides. More open regionalisation is seen to be beneficial for developing countries, if they can co-operate with more developed countries. This kind of co-operation enables countries to exploit the more general benefits of open regionalism such as the smaller likelihood of a trade diversion affect (World Bank 2002, 73). North-South co-operation is more likely also to provide lock-in effects both in the area of politics as well as in economics. Furthermore, this kind of co-operation is also more likely to involve transfers of technology crucial for less developed countries (World Bank 2002, 90). In the case of the EU demand for outward-oriented regional integration among developing countries was formulated in the Maastricht Treaty:

'Community policy in the sphere of development cooperation, which shall be complementary to the policies pursued by Member States, shall foster:

...

The smooth and gradual integration of the developing countries into the world economy.'

(The Treaty establishing the European Community, article 177.)

This objective of course, in turn, reflects the neoliberal policies of European governments that were in power in the beginning of the 1990s. The European Union, for example, sees that regional integration can act as a stepping stone on the way to reach the objective set out in the Maastricht Treaty, and therefore it tries to pursue Regional Economic Partnership Agreements with ACP-countries in the framework of the new Cotonou Agreement (see for example Kennes 2000, 29-30). But this does not imply that the Commission would favour direct move towards general liberalisation of economies of developing countries.

This demand for more outward-oriented integration seems to be justified. Integration schemes today cannot be inward-oriented, because of globalisation and the

¹⁰ In practice, this resembles the strategy proposed, for example, by Peter Robson (see pages 66-71) and later by development integration.

need to become integrated in the global economic system. Open regionalism naturally reinforces globalisation in many ways, but at the same time it tries to transform it to the benefit of the regional group in question. In other words, open regionalism is a product of globalisation, but there is a tight interplay between the two processes, which also tries to transform the nature of globalisation or steer it in new directions. Of course, the pace of liberalising national / regional markets and economies can be debated, but in the long run, regional groupings have to be ready to adopt an outward-oriented approach towards trade liberalisation, if they want to avoid marginalisation. However, it is rather limited with its focus only on economic liberalisation, while integration today has to include also other sectors than economic integration alone.

2.5.4 NON-STATE ACTORS

The fourth new feature of new regionalism according to Hettne was already touched upon previously, but it is necessary to review the role of the non-state actors also in more detail. For many new regionalist scholars, the spontaneous nature of new regionalism means much more than the leading role of the participating countries. If the governments take the lead role in the process, it means that the process is still conducted in a top-down manner. A genuine bottom-up version would require instead the active involvement of non-state actors in the process. Also Hettne sees that non-state actors play an important role in the process:

'The actors behind regionalist projects are no longer states only, but a large number of different types of institutions, organizations and movements.'
(Hettne 1999a, xvii).

The first question that comes to mind is naturally, is this something new? The answer is yes and no. The European integration process was originally carried out according to neofunctionalist logic. Neofunctionalism was based on the assumption that interest groups and private actors would act on behalf of the integration process and also carry it forward to a certain extent (Haas 1963; 1968). For example, in the preparation of SEA (Single European Act), the private sector provided political support for the European Commission (Dinan 1994, 138). Then, on the other hand, if this is compared to the situation that prevailed in Africa during the first wave, the picture is completely different.

The leading neofunctionalist scholar Ernst Haas concluded already in the 1960s that neofunctionalism could not be exported from Europe to other regions precisely because of the lack of these non-state interest groups in developing countries (Haas 1961, 375). In this sense, the lack of non-state actors during the first wave in the African context is true and integration processes that time were carried out in a highly top-down manner.

The relevant question thus seems to be whether the situation has changed in the African context. In other words, are there such private sector actors in Africa today, which can produce genuine integration today? Such actors could be private companies as has been the case in Europe, but some scholars have also suggested that the informal sector could also hold some relevance in this respect. For example, Morten Bøås and his colleagues see that informal sectors have such an important role that they should not be overlooked in African regionalism:

'If regional organisation is to play a real role in the economies of the South it has to be embedded into the real life context of these economies. It has to take into account the context not only of the formal economy, but also of the informal second economy.'

(Bøås et al 1999, 1065).

Morten Bøås argues that African integration schemes have been detached from African reality, and in order to gain credibility integration organisations should be reattached to the real dynamic forces of the African economy, which according to Bøås can be found among the entrepreneurs of the informal sector (Bøås 2001, 37). However, integration based on the input of the informal sector is unlikely to succeed as Kate Meagher argues:

'...the potential of informal cross-border trade as an agent of regional integration has always been poor, and that significant evidence of its weakness in this role has been available for ten years or more.'

(Meagher 2001, 41).

In other words, the informal sector cannot bypass the formal sector as an agent of regional integration. The private sector has a role to play in regional integration, also in Africa, but usually that role is reserved for rather large multinational corporations, which can operate effectively throughout the region. The informal sector does not have that capacity¹¹.

¹¹ Of course many illegal sectors as drug trafficking and trade in illegal diamonds represent globalised forms of informal sectors, but no region can base its future development on such sectors.

As a conclusion it can be said that non-state actors have always played an important role in the European integration process and therefore they should have a similar relevance also in the African context. However, one has to be careful not to overemphasise the role of the non-state actors. For example, Henning Melber has criticised new regionalism precisely on these grounds:

'While this concept [new regionalism] and view offer a certain attraction, it tends to ignore the fact that the state entities remain the exclusive units for organisation and representation. Regional integration schemes have consequently been so far confined to member states, which ratify a common understanding.'

(Melber 2001, 2).

The formal integration process can come into being only by the agreement of member states. The institution building that it involves is mainly carried out by member states. States also play a crucial role in economic integration, but especially in other fields of integration (for example, security regionalism). It is also highly unlikely that informal integration could survive without the framework created by formal integration. Nevertheless, the new regionalism's tendency to place more emphasis on non-state actors than before, maybe to some extent justified, but ignoring the state completely in the process would be misleading.

2.6 CONCLUSIONS

This chapter attempts to answer two questions. How much is new in the new regionalism? And can reasons for the states' decision to limit their sovereignty be found in the relationship between the international and regional systems?

This chapter started with an analysis of how much the international system has changed between the first and second wave of regional integration. It was possible to identify two important structural changes: the end of the cold war and the process of economic globalisation. The end of the cold war changed the political context of regional integration in the beginning of the 1990s. Economic globalisation, on the other hand, is an on-going process transforming the context of regional integration. Economic globalisation has divided the world more clearly into winners and losers. For states on the periphery of the world it has become increasingly difficult to attract global financial and

material flows in the form of foreign direct investments or foreign trade. Both structural changes have affected regional integration – political changes have offered new opportunities for regional actors whereas the unequalising effects of globalisation have forced states to look for new ways to cope with the international competition. These new ways include, for example, regional integration, which can be used to answer the challenges of globalisation.

Structural transformations of the international system affect the process of regional integration and therefore regional integration today should be different compared to the first wave. Björn Hettne's theorising that he has built around the concept of new regionalism can be criticised, but at the same time he is able to describe the relationship between globalisation and regionalisation very well. This also helps to provide a clear picture how the new regionalism as a phenomenon differs from the old regionalism:

- 1) It is more spontaneous
- 2) It is multidimensional
- 3) It is related to the process of economic globalisation
- 4) Non-state actors play an important role in the process

These arguments were used as a basis for further study of this theme. To some extent, it is possible to agree with Hettne, but some of his views on the nature of the first wave and especially on new regionalism must be challenged.

Hettne's first point on the new features of regionalism – the spontaneous nature - seems to hold, but not completely on the grounds that Hettne was proposing. First of all, all regional initiatives were not dictated from above during the Cold War. Regional integration during the Cold War clearly aimed at minimising the likelihood of military conflicts and rationalising the division of labour within the two blocks, but there were also endogenous reasons to initiate cooperation within most of the regions that engaged themselves in cooperation. As the division into two separate blocks has vanished it has created the possibility to include states from previously opposing camps in regional cooperation. This has expanded especially the possibilities of the European integration process.

The end of the Cold War indicated the end of the bipolar structure both politically and economically, but a shift towards multipolarity occurred only in the economic field. On the political and military field, instead, the trend has been towards the hegemony of

the United States. Nevertheless, the United States does not seem to want to adopt the same kind of approach in its foreign policy as it had during the Cold War, and it is not trying to influence the content of regional integration schemes, for example, among developing countries. This does not mean that regional actors would not face different kinds of pressures from external actors, but these pressures are no longer as overarching as they were before. In that sense, the room for manoeuvre that regional actors enjoy has increased all over the world. This means that in practice the role that participating countries can play, especially those states that are regionally powerful, has enlarged and they have more ways to affect the actual content of the integration process, which is true especially in Africa. This, in turn, means that regional integration is more spontaneous, if spontaneous refers to the participating countries' ability to decide about the scope and the content of integration. The end of the Cold War has thus affected the regional integration processes and also changed their content at least to some extent.

The second argument on the multidimensional nature of the present day regional integration also holds. If it is understood to mean only more than one field of cooperation, almost all more ambitious regional integration schemes meet the requirement. When during the first wave it was considered that the best option was to initiate cooperation only in one field of cooperation, today's view seems to be almost the opposite. During the first wave, a typical integration scheme involved cooperation in the economic field, but today cooperation cannot encompass the economy alone. Since the dominant theoretical paradigms and structures of the international political system have changed, the room for manoeuvre that regional actors enjoy has enlarged also in this respect. Participating countries can determine which sectors they include in the framework of cooperation and overarching political structure does not affect that decision any more. On the other hand, regional integration has turned out to be more of necessity for many countries these days. In this situation, it can no longer be guaranteed that every member will benefit from integration economically, and thus also other sectors, which produce different kind of benefits, have to be included in the framework.

Thirdly, globalisation, and especially economic globalisation, has an impact on the implementation of regional integration processes. Although it is not completely clear what is the actual content of the concept of globalisation, it can be agreed that certain

basic premises of the international economy have changed. It has become increasingly important for all the regions to be actively involved in global economic relations or otherwise they risk becoming marginalised. This problem is most pressing in Africa. There is also clearly a link between what is called economic globalisation and regional integration, regional solution is one possible response to external pressures created by globalisation. Regional integration can also be used specifically as a strategy by which states and the regions they belong to use as a tool by which they try to guarantee best possible success in the new international situation. It has to be noted that when it is said that regional integration can be used as a tool by which states can try to retain the control of the globalisation process this has completely different meanings in different parts of the world. In Europe, regional integration is a strategy by which European countries try to maintain their status as a part of the global core regions, whereas in the case of developing countries regional integration is a process, which can be used to avoid further marginalisation.

It can be concluded that globalisation is really such a structural transformation, which affects also regional integration processes as Hettne argued. During the first wave, the benefits that accrued to participating countries were in a way additional - participating countries would most likely have managed also without them. In the age of globalisation, regional integration has become a survival strategy for many countries. Future economic success depends on the state's abilities to face the challenge of globalisation and regional integration is seen to help to achieve this goal. In this sense globalisation has turned regional integration from an option into a necessity. According to both open regionalism and new regionalism, regional integration can also be used as a strategy through which participating states not only try to improve the position of their region in the international system, but also affect the content of the globalisation process.

The fourth main proposition of new regionalism is that non-state actors are becoming increasingly important in regional integration processes. Some scholars see that non-state actors are so important that their involvement in the integration process is crucial for the success of these schemes. Nevertheless, states cannot be completely bypassed in regional integration and they still play an important role in it. Formal institutions and official cooperation is necessary also for the so-called informal

integration carried out by actors of civil society and the private sector. Formal institutions have so far been established only by permission and the legally binding commitment of the participating governments, and there are no signs of how this situation could change, because it would require fundamental changes on the level of the international system, where states have so far been the primary actors.

However, as a conclusion it is difficult to identify such global level factors, which would fully explain why states want to participate in integration processes. The end of the cold war offers more room for manoeuvre but surely this alone does not explain why states want to participate in regional integration and limit their sovereignty. On the other hand, economic integration has transformed from an option into a necessity with economic globalisation. Does this then mean that states have no other option to respond to the challenges of globalisation than to initiate economic integration and limit their sovereignty? This may at least partly explain the situation, but not necessarily to a full extent. In order to answer the underlying question, it is necessary thus to turn attention also towards other levels of the international system that affect the outcome of regional integration processes.

3 THEORIES OF REGIONAL INTEGRATION

3.1 INTRODUCTION

Theorising related to regional integration started as an attempt to explore the optimal way of implementing the process of integration. In other words, for example, theories of economic integration were mainly interested in what would produce the most beneficial outcome in economic terms. However, these theories were developed alongside with other social sciences, and also regional integration gained more scientific rigour and new models were developed as the social sciences in general advanced. Among these models are such classical theories of political integration as federalism, transactionalism and most importantly functionalism / neofunctionalism. These were all dominant in the discussion related to the European integration process whereas in the African context theories of economic integration had more importance.

In the case of theoretical models of regional integration the division into two distinct waves is not possible as is the case with the empirical phenomenon. The theoretical discussion related to integration naturally continued also during the 1970s and 1980s, especially related to European integration. In the case of European integration there no longer nowadays exist such clear-cut schools or models of regional integration as during the first wave. And instead the discussion has proliferated in various directions. In the case of the developing countries, also theoretical discussion faded away with the demise of the first generation of regional organisations. Regional integration in developing countries experienced a resurgence both as an empirical phenomenon as well as an object of academic interest in the beginning of the 1990s (Robson 1993, 330). However, theorising related to regional integration among developing countries has been quite limited recently and academic discussion has concentrated mainly on the relationship between globalisation and regionalisation and theories of regionalisation as described in the previous chapter.

The objective of this chapter is to review theoretical discussion in relation to what relevance they hold in the regional integration efforts of developing countries. This presentation is limited, since it is not possible to review the theoretical discussion

completely even in a whole book. The applicability of theories of political integration, and especially neofunctionalism, in developing countries was questioned already during the 1960s (see Haas 1961, 375). This was unfortunate, because the theories of political integration have been applied to the study of regional integration among developing countries very little. On the other hand, this is natural since most of the integration processes, for example, in Africa are not so advanced that using these theories would be fruitful in analysing them. However, such main concepts as the spill-over effect are also relevant in an African context and should not be ignored in academic analysis. In the Southern African context, the discussion has concentrated on economic integration (see, for example, Østergaard 1993). This is natural since economic realities in developing countries are such that also the analytical tools have to be adjusted to meet these realities.

3.2 MODELS OF POLITICAL INTEGRATION

Several theoretical models of regional integration were developed during the first wave of regional integration. These models were usually more concerned with exploring the optimal technical ways of implementing integration schemes than creating 'theoretical models' in the strict sense of the word. This is especially true with the European integration process and the theorising that developed to explain that process:

'It is also probably true to say that the immediate post-war period in Western Europe represents a moment when theory and practice not so much blurred as merged.'

(Rosamond 2000, 23).

One example of this merger in the immediate post-war era was federalism. Federalism has always tended to be both a political project and an academic approach to regional integration. Federalism played an important role in the thinking of the paneuropean and resistance movements before and during the Second World War. The first initiatives to start an integration process after the War were made by the federalists, and they led to the establishment of the Council of Europe. Nevertheless, the political project was never accompanied with similar academic school of integration thinking as transactionalism and neofunctionalism. Even without a clear-cut academic school, federalism can be characterised by certain features. Federalist political systems, i.e. federations, are usually divided into central and regional authorities. Federalism is a political ideology that

supports establishment of political life on such a model and it can be easily applied also to regional integration. In the European integration process, federalism usually refers to thinking that wants to take the integration forward and increase the powers of the European Union. On the other hand, federalism and the division between central and regional authority can also be found from the principle of subsidiarity¹². Federalism still has its importance in the European integration process and also more generally, but we focus only on transactionalism and neofunctionalism, since they hold also more general theoretical value.

The most dominant integration model of European integration was neofunctionalism. Originally it also had features that made it clearly distinct from a theoretical model, but its development was also closely linked to the development of the theory of International Relations (IR), and neofunctionalist scholars later tried to make up for its shortcomings as a theoretical model. Transactionalism grew out of a conscious effort by social scientists to separate integration theory from practice, while federalism has always tended to be also a political project.

All three models had some common features. First of all, they all grew out of a historical context, which was largely shaped by the horrors of the World Wars. Therefore, they shared the same normative viewpoint, which was to explore ways, how to avoid military conflicts in the international system. This was pointed out, for example, by Karl Deutsch:

'We undertook this inquiry as a contribution to the study of possible ways in which men some day might abolish war.'

(Deutsch et al. 1957, 3).

Furthermore, they wanted to change the basic organising principles of the international system i.e. they wanted to replace nation-states with some form of transnational organisations.

¹² According to the Treaty on European Union 'In areas which do not fall within its exclusive competence, the Community shall take action, in accordance with the principle of subsidiarity, only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States and therefore, by the reason of the scale or effects of the proposed action, be better achieved by the Community.'

3.2.1 TRANSACTIONALISM

The first model of political integration to be presented here - transactionalism - has more scientific rigour than other classical models of political integration. Its theorising was not based on any single historical experience or occurrence, instead it tried to draw its reasoning from a wide body of historical evidence. Transactionalism is strongly associated with the works of Karl Deutsch, who was a leading researcher in a research group, which produced the landmark publication of transactionalism, *Political Community and the North Atlantic Area* (1957).

For transactionalism, integration meant foremost the establishment of security communities. In a security community the normative objective of transactionalist integration had been achieved:

'By integration we mean the attainment, within a territory, of a "sense of community" and of institutions and practices strong enough and widespread enough to assure, for a "long" time, dependable expectations of "peaceful change" among its population.'

(Deutsch et al. 1957, 5).

Deutsch distinguished two types of security communities: the so-called amalgamated and pluralistic. In amalgamation, integration had more or less the same meaning as in other integration models, it was a merger of two independent units into a single larger unit, which would have a common government after amalgamation. As an example of an amalgamated security community, Deutsch pointed out the United States. Deutsch himself appeared to prefer the latter type of integration i.e. the establishment of pluralistic security-communities. In pluralistic security communities, its constituent parts retained their independence, but were yet able to establish a security community, of which the Nordic countries are a prime example. The preferability of pluralistic security communities arose from the fact that they were easier to attain and easier to preserve than their amalgamated counterparts (Deutsch et al 1957, 29)¹³.

How then to achieve an amalgamated security community? Deutsch and his group pointed out five essential requirements, which would enable the establishment of a

¹³ It should be noted that the fact that Deutsch stresses the superiority of pluralistic security communities has a limited practical relevance, since it has worked only in those situations in which retaining the peaceful exchange has been the only goal of member states. If member states want to pursue deeper integration also in other fields, then amalgamated security communities seem a better choice.

security community: 1) the compatibility of the main values 2) social communication between integrating units 3) mobility of persons between participating units 4) multiplicity and balance of transactions 5) mutual predictability of behaviour (Deutsch et al 1957, 46-59). From the above list, it can be easily concluded that transactions and communications were important in the achievement of a security community. As Ben Rosamond formulates this:

'The guiding hypothesis of transactionalist work on integration was that a sense of community among states would be a function of the level of communications between states.'
(Rosamond 2000, 44).

Thus, the potential for integration in Deutsch's model could be empirically measured by the level of transactions among states.

Transactionalism and the establishment of security communities still remain central in the field of integration theory. It has also received its share of criticism of which perhaps the most important one relates to the problem of the operationalisation of Deutsch's model¹⁴. This nevertheless, does not reduce the relevance of transactionalism as such, because the achievement of 'peaceful change' is crucial for all integration projects. European states have succeeded in the establishment of a security community and co-operation within the EU has consolidated the means of peaceful co-operation. In a Southern African context, the attainment of a security community is still only an objective.

¹⁴ If amalgamation is regarded as a phenomenon, which can be quantitatively measured, it creates problems under certain terms. For example, the number of interaction (phone calls, visits in other countries etc.) can be easily measured, but how to measure their effect on the creation of a common identity or the convergence of mutual values. And furthermore, how do these transactions enhance the formal institution building, which nevertheless is also crucial for amalgamation. Another criticism can be added, a problem with the model is that it concentrates mainly on the establishment of security communities i.e. in integration in the field of international security. But as Deutsch himself points out: 'we found that men have often wanted more' (Deutsch et al 1957, 29), and as was concluded in the previous chapter, regional integration today tends to be multidimensional. Concentration only on a single field of integration seems thus rather limited.

3.2.2 NEOFUNCTIONALISM

Neofunctionalism is usually regarded as **the** integration theory. Indeed, it has been very influential for both the European integration process specifically and for the study of international integration in general. Neofunctionalism's intellectual roots lie in functionalism, and thus the functionalist thinking is first quickly glanced through.

3.2.2.1 FUNCTIONALISM

The key work in the functionalist tradition is David Mitrany's *A Working Peace System* published in 1943. As its name and original publishing year imply, Mitrany's book was also trying to track the conditions which would ensure the avoidance of military conflicts in the international system. In this sense it belongs to the same broad movement, for example, with federalism and transactionalism, but its approach is completely different. In a sense, functionalism challenges the state-centric worldview, and is concerned with whether nation-states are the optimal form (most functional) of an organisation to fulfil human needs. If some needs transcend national borders, then should not the optimal way to fulfil these needs also follow the same logic, and the organisation serving that function also be transnational? According to Ben Rosamond functionalist reasoning sees states as an impediment to the functional organisation of human activity:

'To regard the state as a given, was to impose an unnecessary inflexibility when it came to thinking about how the requirements of human beings could best be served. Thus, it followed that some needs would be best served by ignoring the conventions of national territories.'

(Rosamond 2000, 33).

Therefore, also the whole idea of political integration had quite a different meaning for functionalists. According to Charles Pentland, the general definition of integration as 'the process whereby two or more actors form a new actor'¹⁵ could be accepted by functionalists, but with two reservations. Original actors were taken to be nation-states, but the 'new actor' needed not to be a state in the same sense (Pentland 1975, 10). However, according to functionalist reasoning the most important objective

¹⁵ Pentland used the definition of Johan Galtung (1968): *A Structural Theory of Integration*, Journal of Peace Research 5 (4), 1968, p.377.

was not international integration as such, but they rather believed in a slogan 'form follows function'. Since human needs change over time and vary across space, also the design of institutional solutions had to be an open-minded and flexible process. The proposed solution of the functionalists was to establish flexible task-oriented international organisations, which could better fulfil human needs than nation-states. At the same time, the chances of international conflict would be considerably reduced.

Functionalism has been criticised for being, among other things, too naïve, ignoring the political side of arranging international functional organisations, and having a poor record of prediction (see, for example, Rosamond 2000, 39-42). Still, it remains as one important milestone in the history of the integration theory, because it set the scene for neofunctionalism.

3.2.2.2 SPILL-OVER EFFECTS IN REGIONAL INTEGRATION

No other theoretical approach has affected both the process and study of regional integration as much as neofunctionalism. Ironically, it first emerged in a very specific conjuncture of certain historical events and the development of integration theory, and in a sense it was only an attempt to attach more theoretical rigour to the thinking of the founding fathers of European integration. Neofunctionalist reasoning was first formulated in the Schuman declaration and in a sense the origin of this model was in politics as was the case with federalism. However, neofunctionalism did not remain only as a political project, but soon developed also towards a theoretical approach to the study of regional integration.

Although neofunctionalism gained characters of a real theoretical approach, its roots remained tightly in practice. It used the approach of the ECSC as the starting point of its theorising, and in this sense it was an attempt to attach a theoretical angle to the thinking of the founders of the ECSC. On the other hand, the theorising that soon evolved reflected the current trends of American political science research of that time. The impact of behaviourism directed the study of integration in a 'more theoretical' direction, but, on the other hand, this attempt to do 'value-free' and general social science regardless

of policy consequences, also sowed the seeds that later caused the whole theory to run into an impasse.

Neofunctionalism was at the peak of its dominance during the 1960s and most of the key works of neofunctionalism also date back to that period. The theory began to take shape in 1958, when Ernst Haas published *The Uniting of Europe*, which was a theoretically oriented case study on the ECSC. It was followed by several articles by Haas and another book, *Beyond the Nation-State*, in 1964. Another milestone was Leon Lindberg's *The Political Dynamics of European Economic Integration* in 1963. Using these volumes it is possible to quickly sketch the core arguments of neofunctionalist reasoning.

Neofunctionalism included clear departures from transactionalism, federalism and functionalism, which made it clearly a distinct and independent theoretical entity. First, the clearest difference existed between neofunctionalism and transactionalism. Transactionalism had defined integration as a condition, and the attainment of integration was measured by the existence of a 'security-community'. Neofunctionalists, on the contrary, defined integration as a process:

'Political integration is the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states. The end result of the process of political integration is a new political community, superimposed over the pre-existing ones.'
(Haas 1968, 16).

Neofunctionalism was also clearly distinct from federalism, although even the Schuman declaration included certain federalist views. Nevertheless, the chosen strategy that narrowed the field of cooperation only to one specific sector made it distinct from federalism. The main departure from functionalism relates to one of the main criticisms of functionalism mentioned earlier: its inability to see the relevance of political processes in international cooperation. As Ben Rosamond defines this distinction:

'Perhaps the main departure from earlier functionalist approaches to international order was what neofunctionalists saw as the reinstatement of political agency into the integration process.'
(Rosamond 2000, 55).

In his definition of integration, Lindberg rejected Haas's definition of integration by leaving the reference to an end point completely out, focusing thus only on the analysis of the political process of integration (Lindberg 1963, 6). However, when all this was put together: departures from earlier models, the definition of integration as a process and an attempt at a more scientific approach without a normative viewpoint on the preferable terminal condition, the outcome was twofold. On the other hand, neofunctionalism was more scientific than its predecessors, functionalism and federalism. But on the other hand, the focus on the process of integration caused the 'problem of a dependent variable', which will be dealt with in more detail later.

Neofunctionalism's more analytical approach benefited the integration theory in general. An example of this is Leon Lindberg's attempt to try to define the preconditions that had to prevail before the process of integration could be launched successfully. These conditions included according to him: 1) Central institutions and central policies should be established and developed, because only they can assure that someone represents and promotes the 'regional view' as well as solves disputes between member states; 2) Their tasks and capacity to implement those tasks should go well beyond the mandate of normal international institutions; 3) Their tasks should be inherently expansive; 4) There should be some link between the interests of member states and the process of integration. (Lindberg 1963, 7-13).

The most innovative part of the neofunctionalist model relates to the third precondition set out by Lindberg, i.e. to 'inherently expansive tasks.' This refers to the concept of so-called **spill-over**, also originally developed by Haas. In his original formulation of the term Haas defined it as a situation where the creation and deepening of integration in one economic sector would create pressures for further economic integration in other sectors of the economy (Haas 1968, 283-317). In his book, Lindberg tried to define the concept even more generally but in a more compact form:

'Spill-over refers to a situation in which a given action, related to a specific goal, creates a situation in which the original goal can be assured only by taking further actions, which in turn create a further condition and a need for more action, and so forth.'
(Lindberg 1963, 10).

These two definitions reveal the main themes of the model. First of all, in Haas's definition spill-over was seen as the decisive moment of the integration process. It was

the moment when the actual deepening of integration occurred. Lindberg held this view but added perhaps a slightly stronger emphasis on the nature of integration as a process, but especially he seemed to believe that there was some sort of in-built logic in the process, which would automatically lead to further integration, once the process was set in motion.

The spill-over hypothesis as a linear and progressive phenomenon was slightly redefined later. The automaticity of functional spill-over could not be trusted completely, and sometimes it could be 'guided' in the right direction. This is what Joseph Nye has called 'cultivated spill-over' (Nye 1971, 202). According to Nye, this type of spill-over takes place when some sort of driving forces behind the integration (for example, politicians or technocrats) form coalitions, which deliberately promote increased integration. For example, in Haas's analysis of the ECSC, the High Authority could have had this potential and possibility, but according to Haas the High Authority was not using this possibility to its full potential (Haas 1968, 484-485). Furthermore, it was not self-evident that the process of integration would takeoff and produce spill-overs in all cases, because some sectors were seen to have more spill-over potential than others (Haas 1961, 372). This eventually led neofunctionalists to think that spill-over was not the only possible option in the process of integration, but the process could also lead to, for example, a spill-back situation, where the process of integration takes one step back or even returns to the state of affairs that existed before the integration scheme was initiated (Schmitter 1971, 242)¹⁶.

3.2.2.3 SELF-CRITICISM OF NEOFUNCTIONALISM

Neofunctionalism established its position during the 1960s and became the leading paradigm of integration research, but by the beginning of the next decade it was already facing serious challenges. This was due to the model's evident incompatibility with the empirical reality of the European integration process. But also because of attempts by neofunctionalist scholars to give their model more theoretical rigour in order

to make it conform to the standards that the social sciences was placing for itself at the time.

The self-criticism of neofunctionalism was most clearly articulated in a book by Leon Lindberg and Stuart Scheingold *Regional Integration. Theory and Research* (1971), which included contributions from nearly all the relevant integration scholars of the time. It opened with an article by Ernst Haas in which he tried to describe the state of the integration theory, and neofunctionalism in particular. He noted several theoretical limitations of neofunctionalism, but two of them clearly stood out. First, it could be called the transferability problem, i.e. the theory's applicability (or inapplicability) to conditions outside Europe. The other, the so-called dependent variable problem related to the fact that the theory was not able to state what a successful prediction might be. Mainly because of these two reasons, Haas relegated neofunctionalism, alongside with federalism and transactionalism, to the status of pretheory, because

'they do not now provide an explanation of a recurring series of events made up of dimensions of activity causally linked to one another.'
(Haas 1971, 19).

Haas's criticism of neofunctionalism is worth more detailed analysis.

Although neofunctionalism had started as an attempt to theoretically describe and explain the process of European integration, it soon attempted to gain features of a more general theory, which could be applied to any regional scheme. This was quite natural, because otherwise neofunctionalism could not have become a general theory, but had remained only as a sophisticated description of the European integration process. Ernst Haas started to examine this problem already in the beginning of the 1960s when he identified three background conditions that were preconditions for successful integration: pluralistic social structures, substantial economic and industrial development and common ideological patterns among the participating units (Haas 1961, 374-375). The problem was that the whole theory and its assumptions were embedded in the assumption that the integration occurred in a modern pluralistic-industrial democratic polity, where, for example, strong pressure groups could enhance cultivated spill-overs. Therefore, Haas concluded that 'Thus, countries dominated by a non-pluralistic social structure are poor

¹⁶ This happened in real life in 1977 when the East African Community (EAC) was dissolved due to internal disputes.

candidates for participation in the integration process' (Haas 1961, 375). Later Haas also concluded specifically that the transferability of the neofunctionalist approach to a developing world setting would be very low. This was precisely, because they lacked the features of pluralistic-industrial societies (Haas 1971, 24).

The other problem was related to the so-called dependent variable. In other words, theory had not been interested in what was the end-point that integration was aiming at. Already the definition of neofunctionalism had started by defining integration as a process without any specific end-point. Because of this it was impossible to agree upon the appropriate ways to measure the success of integration schemes: 'Neo-functionalists have difficulty achieving closure on a given case of regional integration because the terminal condition being observed is uncertain.' (Haas 1971, 24). The ability to provide predictions and thus also relate the theory to practical life was nevertheless considered to be one of the features of a good theory, and therefore Haas could not put this problem aside. Haas tried to solve the problem of a dependent variable, but was forced to declare the integration theory 'obsolescent' by the mid-1970s (Haas 1976, 177-178).

3.2.3 INTERGOVERNMENTALISM

In the 1940s and 1950s, the dominant integration models, like functionalism and neofunctionalism, had claimed that the basic organising principles of human activity had changed profoundly and nation states were therefore losing their importance as the basis of human activity. Neofunctionalism was challenged already in the 1960s, but strangely the most powerful challenge against it did not come from an academic direction in the first place, but was made by the French President Charles de Gaulle, who vetoed the British membership application in 1963 and created the so-called empty chair crisis in 1965 (see also page 104). As a result of his actions the whole integration process was in turmoil for the most part of the 1960s, and neofunctionalists had difficulties to match their theories to empirical reality.

The first interpretation of de Gaulle's impact on the integration process and therefore also a critique of neofunctionalism was offered by Stanley Hoffmann in the

mid-1960s. Hoffmann attempted to highlight the importance of national interests in European politics and integration (Hoffmann 1964, 94-95). According to Hoffmann, the transnational logic of integration had not replaced nation states and national interests in Europe, even if the first years of integration had been promising from a neofunctionalist perspective. His views are in line with the basic premises of the realist schools of international politics, which claim that states are basic units of the international system and their main objective is to promote their national interests. De Gaulle's example had shown that single states could affect and even disturb the whole integration process if they wanted to, and there was thus nothing inevitable or automatic in the integration process as neofunctionalists had argued (see pages 55-58). Hoffmann did not want to overthrow neofunctionalism completely, but he argued that it had not been able to place its theoretical framework in a correct context:

'the emphasis on the *process* led to a certain neglect of the *context*, or at least to a view of the context that may have been too selective'
(Hoffmann 1964, 85)

In other words, if the process had in the first place been initiated by states, it was unlikely that they would step down from the driver's seat, only because they had started the process, which was novel. And if this was the case, states would still try to affect the content of the cooperation and steer the process in the direction they wanted. It seemed that the basic assumptions of international relations had not changed although European states had established a new forum for their international interaction and this showed 'the limits of the functional method' (Hoffmann 2003, 173).

The intergovernmental critique of integration theorising meant at least two things for integration theorising in general. In a sense, the intergovernmental view is very close to the realist worldview dominant in mainstream international relations. According to the dominant stream of realism - neorealism - states are self-interested actors, which decide their behaviour in the international system on the basis of how they see their position in that system. In this evaluation, the most determinant factor is the relative power capabilities that states hold. Intergovernmentalism brought integration studies closer to mainstream International Relations. On the other hand, it implied that the integration process could not be as automatic as neofunctionalists had assumed. There were and there always would be intervening variables in the spill-over process, and apparently the

member states would be the most important intervening actors. Intergovernmentalism challenged neofunctionalism to study the basic premises of its theorising, which led neofunctionalism to run into problems as described above on pages 58-60.

3.2.4 REALIST INTERPRETATION OF EUROPEAN INTEGRATION

The intergovernmental approach brought integration theorising closer to mainstream International Relations. It put the state in the centre of the integration process. The integration process was no longer considered as a process with its own logic, but as a process that member states tried to control according to their own interests. However, studying integration from the perspective of mainstream International Relations was in many ways problematic as was concluded already in the previous chapter.

Neorealists attempted to explain the European integration process from a purely realistic perspective, but generally their explanations have lacked credibility. Kenneth Waltz argued that European integration became possible only after the political power of the European states had started to decline and the United States had emerged as the guarantor of West European security. In this situation security was dependent on an external actor and the risk of war was reduced among the European states. In this situation they could risk suffering relative losses compared to their neighbours if they engaged themselves in cooperation (Waltz 1979, 70-71). Similarly, according to this logic, neorealist interpretations on the effects of the end of the cold war anticipated problems for the European integration process (Grieco 1995, 28; Mearsheimer 1990, 31-37, see also pages 21-23). However, in real life the European integration process continued to deepen after the end of the cold war and the explanatory power of neorealism in relation to European integration process decreased.

In the 1990s, realist explanations of the European integration were rare with one exception. Joseph Grieco tried to explain the behaviour of European states during the negotiation of the Maastricht treaty so that it could be interpreted to follow a neorealist rationalistic logic. He sees that states (especially the weak but still influential partners) try

to achieve so-called voice opportunities when they limit their sovereignty. By this he refers to a situation when:

'states share a common interests and undertake negotiations on rules constituting a collaborative arrangement, then the weaker but still influential partners will seek to ensure that the rules so constructed will provide sufficient opportunities for them to voice their concerns and interests and thereby prevent or at least ameliorate their domination by stronger partners.' (Grieco 1995, 34).

Otherwise, attempts to explain European integration from a neorealist perspective have been rare. In real life, European integration has prospered also after the end of the cold war, which shows that a realist approach does not hold the ability to explain integration efforts. Furthermore, it is obvious that especially a situation where states voluntarily hand over part of their sovereignty to an international organisation in a way, which is irreversible, is a phenomenon that neorealism has difficulties to explain.

3.2.5 LIBERAL INTERGOVERNMENTALISM

Member states cannot be ignored when analysing integration processes, but, on the other hand, treating the EU only as an intergovernmental system, which functions according to the logic of a neorealist worldview, does not seem to function. Neorealism may have been able to describe the international context of the beginning of the European integration process accurately, but as a general theory of integration it runs into problems. Liberal intergovernmentalism tries to approach integration by combining aspects of both neorealism and its opposite strand of international relations, i.e. neoliberalism.

In the end, liberal intergovernmentalism does not differ from neorealism that much. Their view on the games that states play on an international level is quite similar, as the example from the most prominent liberal intergovernmentalist scholar Andrew Moravcsik shows:

'the primary source of integration lies in the interests of the states themselves and the relative power each brings to Brussels.'
(Moravcsik 1991, 75)

Nevertheless, Moravcsik himself has also provided several analyses, which draw heavily on neoliberalism - the opposite stream to neorealism in IR. Where neorealists have

analysed the international system according to the distribution of power capabilities among states, neoliberals have been more interested in the interaction of states. They have also been more oriented towards the internal decision-making of states and the formation of state preferences.

Moravcsik's approach draws heavily on Robert Putnam's model on two-level games. Putnam's analysis describes a completely different kind of picture about national preference formation compared to neorealism:

'The politics of many international negotiations can usefully be conceived as a two-level game. At the national level, domestic groups pursue their interests by pressuring the government to adopt favourable policies, and politicians seek power by constructing coalitions among those groups. At the international level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments. Neither of two games can be ignored by central decision-makers, so long as their countries remain interdependent, yet sovereign.' (Putnam 1988, 434).

The idea of a two-level game is that governments are engaged simultaneously in two different kinds of processes. National interests are formulated first in a domestic setting, where several opposing views confer, and as a result, formulate the shared national interest or view. This, in turn, is bargained on an international forum between governments. This view differs from classical realism in two important respects. Realism tended to ignore the domestic politics completely, and the determinant factor in state behaviour was their power capabilities in relation to others. In a two-level game, the national interest and strategy is not determined solely on the basis of power capabilities, but in a political process, which takes place in a domestic setting. In the inter-governmental bargaining, the relative power of states matters, but the relative power is not determined by military or other material capabilities, but by the relative intensity of preferences¹⁷. (Moravcsik 1993, 481-482).

When Moravcsik applies this model to the study of European integration he creates a new approach called liberal intergovernmentalism. In a sense, it replaces

¹⁷ According to Moravcsik, in inter-governmental negotiations, the terms favour those states which, for example, have more possibilities to remove negative externalities. At the same time, the greater the potential gains for a government the greater the risk of non-agreement grows and thus also makes its bargaining power weaker (Moravcsik 1993, 499).

Hoffmann's intergovernmentalism but it could also be argued that it is merely a modification of the traditional intergovernmentalism:

'Liberal intergovernmentalism builds on an earlier approach, 'intergovernmental institutionalism', by refining its theory of interstate bargaining and institutional compliance, and by adding an explicit theory of national preference formation grounded in liberal theories of international interdependence.' (Moravcsik 1993, 480).

The former assumed that national interests arise from the nation-state's perception of its relative position in the international system (compared with the realist worldview above). The latter draws heavily on Putnam's concept of a two-level game and assumes that national preferences arise in the context provided by the domestic politics of member states:

'The model of rational state behaviour on the basis of domestically-constrained preferences implies that international conflict and co-operation can be modelled as a process that takes place in two successive stages: governments first define a set of interests, then bargain among themselves in an effort to realize those interests.' (Moravcsik 1993, 481).

These bargains are not however part of a process, which would eventually undermine state powers and shift them to the transnational level as, for example, neofunctionalism had envisaged. Instead, Moravcsik argued that the type of intergovernmental bargaining that takes place in the European Union could actually strengthen nation-states (Moravcsik 1993, 515). This is because international bargaining adds the domestic political legitimacy of policy initiatives and grants governments more power in agenda setting.

In sum, it can be said that this kind of analysis that combines both the domestic as well as the transnational level can explain the dynamics of the integration process more powerfully than previous integration models. But yet this leaves us without an answer to the main question both in the case of intergovernmentalism and liberal intergovernmentalism:

'intergovernmentalism has to find an answer to the question of why it is that states should invest in an enterprise that results in a de facto clipping of their autonomy.' (Rosamond 2000, 151).

This is a problem that Andrew Moravcsik also acknowledges:

'How are the varied choices of governments to delegate and pool sovereignty to be explained?' (Moravcsik 1998, 8).

In his recent articles and a book, Moravcsik has tried to answer this question. According to him the most credible explanation for limiting sovereignty is that through this, states

seek to establish credible commitments under conditions of uncertainty (Moravcsik 1995, 612; Moravcsik 1998, 8-9). Moravcsik describes this situation as follows:

'Governments transfer sovereignty to international institutions where potential joint gains are large, but efforts to secure compliance by foreign governments through decentralized or domestic means are likely to be ineffective'. (Moravcsik 1998, 9).

Obviously Moravcsik's explanation of the circumstances around the handing over of sovereignty start to hold some credibility. They combine together the domestic and international levels of analysis and attach decisions to limit sovereignty to situations where states expect to gain some benefits from this decision. Whether this is a sufficient explanation, has to be studied further.

3.2.6. RELEVANCE OF POLITICAL INTEGRATION THEORIES?

The classical models as well as more recent theories of political integration are in many ways important for the regional integration processes of the present day world. This is so even if none of them alone can explain the phenomenon, for example, in developing countries. First of all, the prevention of military conflicts and the establishment of security communities is relevant in all integration arrangements. No cooperation arrangement can be expected to be very long-lived, if the problem of international security cannot be solved. This is not to say that the establishment of a security community would be a precondition for successful political or economical integration. Nevertheless, it is self-evident that at some point of the integration, this objective has to be achieved or otherwise the risks related to a deepening of integration might become too high for member states. At what point this happens, and what is the necessary level of security arrangements among the member states at the beginning of integration, is beyond the scope of this paper.

Especially the key theoretical concept of neofunctionalism is still important for all integration schemes. The **spill-over effect** describes the situation when the actual deepening of the integration process occurs. This has taken place on a regular basis in the European context as well as taken turns with the enlargement of the integrating regime. The neofunctionalist assumption that there is some sort of in-built logic in the process, which continuously leads to new spill-overs, might be far-fetched. Nevertheless, it seems that, for example, European integration process seems to run into trouble every time

deepening and enlargement of the process does not follow each other on a regular basis. Decisive moments of European integration have nevertheless been closely connected to certain key figures - the process does not reach its next stage by itself. On the other hand, neofunctionalism has also shown that integration is relatively tightly woven into the societies into which it is embedded. It has not been possible to carbon copy the European integration process to other regions, because they have lacked the features that could have enabled the whole process to take place in the first place.

Intergovernmentalism and liberal intergovernmentalism also reveal interesting viewpoints on the dynamics of the European integration process. It is evident that these views can add something new to both the study of European integration, but also to the integration theory more generally. At least, they show that the underlying assumption of traditional integration theories (that transnational, functional logic of organising human activity was rendering the state to become irrelevant) alone cannot offer sufficient explanation to the many basic questions of integration studies. Regional integration has not risen only because societies have reached such a stage in their development, where transnational collaboration is necessary. Instead, it seems quite obvious that nation-states have played and will play an important role in the process.

Since this study attempts to compare European and Southern African integration processes, it is more fruitful to try to draw conclusions that combine the general characteristics of these theories that have been presented here than to make Eurospecific conclusions. First and above all else, is that **the state does matter** as both Hoffmann's intergovernmentalism and realist interpretations of integration show. The underlying forces of integration cannot be found only in some international developments to which states react through integration. Nor can the dynamics of integration be explained with the processual nature of the phenomenon, which would follow its own logic. Instead, states try to pursue their own interests and achieve their own goals through the integration process. Secondly, regional integration cannot be understood through the lens of neorealism. Regional integration is a process where the international and domestic levels merge and interact, and therefore the interests of the states involved are not derived only from the structure of the international system. Liberal intergovernmentalism shows how policy making in the integration process occurs in two-level games, and national interests

are formed mainly in the domestic setting although the international system (in this case specifically the regional system) also plays an important role. What can be concluded thus is that the global, regional and national levels all affect in their own way to the integration process, but attempts to explain the dynamics of integration only from one level are not very fruitful.

3.3 MODELS OF ECONOMIC INTEGRATION – RELEVANCE AMONG DEVELOPING COUNTRIES?

In Africa, regional cooperation organisations have not gained much political power and the integration processes have traditionally not included many political aspects, and therefore economic integration was the dominant form of integration in the African setting during the first wave of regional integration.

It should be noted that economic integration is not detached from political integration. Theories of economic integration were based on the assumption that integration most likely follows a linear route, where cooperation is launched with the establishment of a **preferential trade area**, where participating countries apply lower tariffs to intra-regional trade. The next phase is usually the creation of a **free trade area**, which means that participating countries remove all tariff-barriers from their internal trade, but retain their own tariffs against the rest of the world. In a **customs union**, a common external tariff is adopted in addition to the free movement of products within the area. In a **common market** also labour and capital movements have no restrictions. An **economic union** involves already a high degree of unification of monetary, fiscal and other policies. A **political union** is often seen as the ultimate stage of integration, and it involves also the integration of legislative and judicial processes. Many African integration processes sought to follow this route, but ran into difficulties already in the early phases of economic integration.

The fact that African countries faced problems in implementing economic integration reflects the low applicability of theories of economic integration in an African context. The basic model of economic integration is the theory of a customs union, which was originally supposed to be a theory of economic integration that would be applicable all over the world. However, it soon became apparent that economic integration among developing countries according to that model would not lead to an optimal result. On the

other hand, it also became evident that the theory's assumptions were not justified in less-developed parts of the world. The following chapter examines the discussion of models of economic integration among developing countries. The development integration model is an example of an effort to tackle the shortcomings of the customs union theory in the context of developing countries by taking into account the special conditions that prevailed in the south. This discussion is still relevant in an African context, since most of the integration processes on the continent at the moment seek ways to ensure the successful establishment of free trade areas.

3.3.1 TRADE CREATION AND TRADE DIVERSION

The theory of market integration was developed in the beginning of the 1950s, although at that time it was usually called the 'customs union' theory. Jacob Viner, Maurice Byé and Herbert Giersch all published works that tried to analyse the impacts of the establishment of a customs union on the world welfare, but Jacob Viner is usually recognised as the father of the customs union theory. Richard Lipsey has summarised the reasoning concerning customs unions before Viner as follows:

'Free trade maximises world welfare; a customs union reduces tariffs and is therefore a movement towards free trade; a customs union will, therefore, increase world welfare even if it does not lead to a world-welfare *maximum*.'
(Lipsey 1960, 497).

Viner showed in his book *The Customs Union Issue* (1950) this argument to be incorrect – the benefits of economical integration were not self-evident, and world welfare would increase only under certain conditions. The theory centred around two concepts: a **trade creation** and a **trade diversion**. The terms may cause some confusion, because actually the trade within a customs union increases regardless of whether the abolition of internal tariffs leads to trade creation or trade diversion. Instead, the difference between the two situations is measured by the welfare gains and losses resulting from the creation of a customs union. According to Viner, participating countries and the world at large benefit from a customs union, if the trade-creating forces are predominant, but both the participating countries as well as the world at large suffer, if the trade-diverting forces are predominant (Viner 1950, 44). To understand what Viner meant by these trade-creating

and trade-diverting forces, it is possible to use the work of Bela Balassa, who took the ideas of Viner one step further.

Under the assumption of pure competition, constant costs, and zero transportation costs, the world market price of any commodity will be equal to the cost of production in the lowest-cost country (Balassa 1961, 25). Those countries, whose production costs are higher than the sum of their tariff and the world market price, will not produce the commodity domestically. Those countries, that do not produce the commodity domestically, import it from the lowest-cost producer. According to Balassa, under these assumptions it is possible to distinguish five separate cases of what can happen when two countries (A and B) form a **customs union** and exclude a third country (C) from it.¹⁸

1. Both participating countries produced the commodity prior to the formation of the customs union, and the union includes the lowest-cost producer. After the union is established, the inefficient producer will cease to produce this commodity, and its entire demand will be satisfied through importation from the other country.
 2. Both countries produced the commodity in question under protection, and the union does not include the lowest-cost producer. The removal of tariffs between the participating countries will again create new trade, because participating countries can now benefit from cost differences, which was previously prevented by the tariff.
 3. Country B is the lowest-cost producer; A did not produce the commodity under protection. Nothing changes when the customs union is formed.
 4. Country B produced the commodity under protection, while country A imported it from country C, the lowest-cost source. The formation of the customs union removes A's entire import demand from the lowest-cost producer C to B, if production costs in B are less than the sum of the tariff and the cost of production in C.
 5. Neither A nor B produced the commodity under protection. Nothing changes when the customs union is formed.
- (Balassa 1962, 25-26.)

The effects of a customs union can be analysed by using the terms of trade creation and trade diversion. Trade creation refers to a shift from the consumption of higher-cost domestic products in favour of the lower-cost products of the partner country (examples 1

¹⁸ It should be noted here that in theory the effects of creation of a Free Trade Area (FTA) are identical to this model only if the participating countries (A and B) have similar external tariffs. In practice, FTA has similar effects as customs union, because after the creation of FTA the commodity imported from C will enter the free trade area in that country, which has the lowest external tariff.

and 2). Trade diversion refers to the shift in the source of imports from lower-cost external sources to higher-cost partner sources (example 4).

It is obvious, why Viner considered trade creation to be favourable for welfare whereas trade diversion was detrimental, even if in both cases the volume of trade within the union increases. When countries at the same level of development enter into trade with each other, competition between their industries results in producing lower costs and higher quality products. At the same time, other industries will benefit from trade creation and new production is established within the customs union. On the other hand, in a trade diversion situation, the positive production effects are likely to be smaller and at the same time as a result of the trade diversion, previously lower cost products from non-members are replaced by higher cost products from member states

3.3.2 ECONOMIC INTEGRATION IN DEVELOPING COUNTRIES

3.3.2.1 TRADE CREATION IN DEVELOPING COUNTRIES?

The market integration model has received wide criticism both in regard to the theory and its assumption, but also in regard to its relevance in the less-developed world. Here it is focused on the problems that arise from the inapplicability of the model in the setting of developing countries¹⁹.

As it was concluded from Balassa's model, trade creation is regarded as beneficial for the countries participating in economic integration. Although it is difficult to define conditions that favour trade creation, it would appear that trade creation is more likely to occur, when trade is small compared to the domestic production of the member states of a regional grouping, and most of that trade is undertaken with other participating countries (Robson 1980, 146). This is quite self-evident, because in these cases union offers possibilities to create trade within the union, when higher-cost domestic products are replaced by lower-cost partner products, and also trade diversion is unlikely to occur

¹⁹ It is sufficient to mention just a few examples of the general criticism that the theory has received. Lipsey (1960, 501) challenged the assumptions made by Viner as unrealistic (according to Lipsey Viner had ignored totally possible substitution effects between commodities). Also Robson (1968) claimed that Viner's assumptions were unrealistic, but he also added to his criticism the view that the model had completely ignored the way in which benefits from integration may be distributed. This is a point that we will explore more thoroughly in the next chapter.

because non-union countries have small shares of union imports. This kind of situation is however the opposite of the conditions that were usually found in developing countries during the first wave of integration²⁰.

The production structure of many developing countries especially in Africa dates from the colonial period, when these countries were used as suppliers of raw materials and agricultural products to western markets. Because most of the products are still produced to satisfy the demand of overseas markets, and, on the other hand, domestic production of many manufactured goods is small, many developing countries have relatively large external trade compared to their domestic production. On the other hand, this also means that the number of products that developing countries can export to their neighbouring countries is very small – a problem recognised, for example, by John Ravenhill:

'Benefits from the creation of free trade areas arise only when tariffs have been a major impediment to inter-territorial trade. Among most LDCs, and in Africa in particular, this is rarely the case. The problem is not so much a matter of tariff barriers but of the inability of states to produce the goods which satisfy the import needs of their neighbours.'
(Ravenhill 1980, quoted in Østergaard 1993, 33)

However, this also means that patterns of trade do not favour economic integration, because the conditions are almost the opposite to those that increase the likelihood of trade creation. As table 3.1 shows, the share of intra-regional trade within African trading blocks has always remained on a low level, below 10% of total exports of the group, with only a few exceptions. This is considerably lower than, for example, in Europe, where the share of intra-regional trade was 67.8% of all trade in 2000. And even in NAFTA the share of intra-regional trade was 39.8% in the same year²¹ (WTO 2001).

²⁰ The world has changed after 1980, and world trade has expanded considerably, which has also increased the share of foreign trade compared to GDP in many industrialised countries. Relatively, the foreign trade of many developing countries today appears to be on a low level. Their production nevertheless still consists mainly of raw materials and agricultural products, which do not have markets on a regional level. Therefore the possibilities for trade creation are still unlikely as Ravenhill (1980, quoted in Østergaard 1993, 33) points out.

Regional group	1970	1980	1985	1990	1993
CEPGL	0.4	0.1	0.8	0.5	1.1
ECCAS	2.4	1.5	2.1	2.2	2.5
ECOWAS	3.0	10.2	5.3	7.9	8.6
MRU	0.2	0.8	0.4	0.1	0.0
PTA	9.6	12.1	5.5	7.6	7.0
SADC	5.2	5.1	4.7	5.2	5.1
UDEAC	4.9	1.8	1.9	2.3	2.3
UEMOA	6.4	9.9	8.7	12.0	10.4

Table 3.1: Intra-trade as a percentage of total exports of the group (%) in Africa. (Yeats 1998)

CEPGL - Economic Community of the Great Lakes Countries (Burundi, Rwanda and Zaire)

ECCAS - Economic Community of Central African States (Burundi, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon, Rwanda, Sao Tome and Principe, Zaire)

ECOWAS - Economic Community of West African States (Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo)

MRU - Mano River Union (Guinea, Liberia, Sierra Leone)

PTA - Preferential Trade Area (Angola, Burundi, Comores, Djibouti, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, Somalia, Sudan, Swaziland, Uganda, Tanzania, Zambia, Zimbabwe)

SADC - Southern African Development Community (Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, South Africa, Tanzania, Zambia, Zimbabwe)

UDEAC - Central African Customs and Economic Union (Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon)

UEMOA - West African Economic and Monetary Union (Benin, Burkina Faso, Cote d'Ivoire, Mali, Niger, Senegal, Togo)

Thus, it could be concluded that according to the logic of the market integration theory economic integration among developing countries is not beneficial, because it leads to trade diversion. Peter Robson is even slightly more critical, when he says that under these conditions 'integration among developing countries may appear to be at best irrelevant and at worst positively harmful' (Robson 1980, 146). However, Robson himself showed already in the 1960s that there could be found a rationale for economic integration even if it leads to trade diversion²².

²¹ Intra-European trade (includes OECD Europe) ranged between 65-70 % of all trade in 1980s; at the same time intra-NAFTA trade was approximately 30% (Oman 1994, 102).

²² According to the African Development Bank, other aspects relevant for developing countries, but not covered by the customs union theory are non-tariff barriers and exchange rates. First, protection before trade liberalisation might have been imposed by non-tariff barriers, not by tariffs. In these cases trade liberalisation does not necessarily lead to trade diversion. Secondly, exchange rates that are not determined by the markets might be distorting the prices of commodities. Sometimes prices of products that are produced within the region might seem higher because exchange rates are overvalued, but with more realistic exchange rates regional production could in fact be more efficient than importing from the rest of the world. (AfDB 1993a, 207).

3.3.2.2 COMBINING TRADE DIVERSION AND ECONOMIC INTEGRATION

Evaluating the benefits of integration by the likelihood of trade creation according to the traditional market integration theory is not necessarily the best method in the case of developing countries. This is because it takes into consideration only the existing pattern of trade and existing resources. Robson claimed that this assumption did not necessarily hold in developing countries, and economic integration might be beneficial even if it led to trade diversion. According to Robson the rationale for integration runs as follows:

'...integration among less developed countries rests on the proposition that it is necessary to look beyond existing patterns of production to what is likely to emerge in the future, when comparative advantage and trade patterns are likely to be different.' (Robson 1968, 33).

Because the level of industrial and economic development is so low, it is therefore

'possible to undertake a given degree of industrial development more economically by taking advantage of the economies of scale and specialisation within the region.' (Robson 1968, 36).

In other words, use the comparative advantage of each country within the union and exploit larger markets created by integration. Economies of scale and a larger market lead to increased specialisation and production costs will be lowered to the level of competing products from the rest of the world²³. It has to be noted here that this is possible only if the whole region is able to produce economic development simultaneously with the integration.

²³ Other theoretical qualifications related to a developing country context can naturally also be made for market integration theory. For example, in the study *Economic Integration in Southern Africa*, the African Development Bank points out that there are also two other theoretical points that should be considered in the integration schemes of developing countries. First, protection prior to trade liberalisation might have been imposed by non-tariff barriers, not by tariffs. In these cases trade liberalisation does not necessarily lead to trade diversion. Secondly, exchange rates that are not determined by the markets might be distorting the prices of commodities. Sometimes the prices of products that are produced within the region might seem higher because exchange rates are overvalued, but with more realistic exchange rates regional production could in fact be more efficient than importing from the rest of the world. (AfDB 1993a, 207).

3.3.2.3 DEVELOPMENT INTEGRATION MODEL

The development integration model has some features that make it different from the traditional market integration theory. It sees the rationale of economic integration to lie in the changing production and trading structures. Second, it tries to find ways to secure an equitable distribution of the benefits between participating countries. Finally, political cooperation at a high level is seen as necessary right from the beginning of an integration process, mainly as a consequence of the attempt to intervene in the distribution of the benefits.

The first feature is almost similar to the 'dynamic approach' to economic integration, which was already reviewed above. For example, Østergaard defines the development integration model as follows:

'In essence, the development integration model does not focus on efficiency maximization of existing capacity. Instead, since most Third World countries have little productive capacity to start with, it focuses on how to stimulate the creation of that productive capacity in the first place.'
(Østergaard 1993, 34)

Similarities to Robson's 'dynamic approach' are recognised also by Østergaard, and Robson can be categorised to represent some sort of middle ground between the market integration model and the development integration model.

A distinct feature of the model from the market integration model is its emphasis on the equitable distribution of benefits. In Viner's model, it was assumed that integration would lead to trade creation, which, in turn, would benefit all participating countries. However, in a model that is based on the assumption that benefits of integration will arise from the changes in the production structure of the region, it is possible that some members will suffer a loss both in their production as well as in their income because of their membership. In the short run, they would be better off outside the union. Uneven distribution of benefits is even reinforced in the long run, because

'... within a single market area, the growth of manufacturing industry and its dependent economic activities, tends to become highly localised.' (Robson 1968, 42).

This process is most likely cumulative, so that inequalities will increase over time. Therefore the biggest problem of the development integration model seems to be:

'The direct burden of any higher costs of production due to trade diversion will be borne by all member countries in proportion to their consumption of the product in question, the benefits, whether consisting of a larger amount of industrial development or of growth in real income, will accrue largely to the country in which the development is concentrated.' (Robson 1968, 42)

In practice this refers to a so-called **polarisation effect**, where after the formation of a customs union, economic development is concentrated in a few members of the union. Usually these members are the most developed countries within the region. In the African context the best example of this was the development of Kenya, and especially the Nairobi region, after the establishment of the East African Community in the 1960s. The need to address this problem has been emphasised also during the second wave of regionalisation (see, for example, Robson 1993, 332).

Different kinds of redistributive measures have been developed within the development integration model in order to tackle the problem created by the polarisation effect. These measures have been summarised by Østergaard (1993, 34-39) and the following description is based on Østergaard's article. At the simplest level, for example, transfer tax systems and direct income transfers (based on the costs of trade diversion or loss of customs revenue) have been used as compensatory measures. The distributional problem can be tackled also with corrective mechanisms, if simple budgetary transfers are not sufficient. Theoretically, the most effective corrective mechanism is planned regional industrial development (the distribution of industries according to the comparative advantage of each country), but its practical relevance is undermined by its controversial political nature in the regional development. The question of the location of industries tends to become highly politicised within a region, and the mechanism also appears to work against the logic of markets, if the member states actively try to direct industrial development. Therefore, it seems that industrial planning is more likely to succeed when it is based on creating incentives for spontaneous industrial development rather than the intentional intervention of governments in the logic of the markets. Other forms of corrective mechanisms include, for example, the establishment of regional development banks (with loans to less developed members of the union) and regional funds, longer periods for less developed members to abolish their tariffs, and common policies to lure investments to the region (with a possibility for less developed members

to offer special terms). As an example of the successful use of a corrective measure, are, for example, the regional development funds, which have been successful within the EU.

The best result can be achieved with a combination of different corrective measures and mechanisms. Compensatory measures are rarely sufficient to solve the problem of the unequal distribution of benefits, because they involve only budgetary transfers. When industrial development tends to be concentrated in a few countries, other countries will still not benefit from multiplier effects (increased employment, foreign investments etc.) of industrial development, which, in turn, will once again lead to unequal development. Therefore simple compensatory measures alone cannot solve the problem of the unequal distribution of benefits. The problem with corrective mechanisms, on the other hand, is that they are usually highly politicised issues, especially the most effective one – regional industrial planning. Governments usually consider the location of industry to be a zero-sum condition and therefore short-term nationalistic considerations tend to weigh more than regional considerations. If agreements on industrial planning are reached, they are not necessarily carried out in practice. (Østergaard 1993, 35-39).

The third typical feature of the development integration model follows mainly from the previous feature i.e. the establishment of corrective measures. Because the establishment of effective corrective measures is clearly a problematic issue politically, the model requires a high level of political cooperation from the beginning of the integration process. At the same time, this requirement makes the model harder to realise in practice. The market integration model anticipated that the integration process would follow a linear route from a free trade area to a political union. A higher level of political cooperation and political commitment has usually been hard to achieve in the African context. This is because most participating countries have usually not been willing to limit their national sovereignty in favour of regional interests. (Østergaard 1993 35-39).

3.3.3 SUCCESSFUL ECONOMIC INTEGRATION AMONG DEVELOPING COUNTRIES?

The main problem in the field of economic integration among developing countries is that the reality does not conform to the theory. It is highly unlikely that economic integration in a developing country setting would lead to trade creation. This is because developing countries are relatively dependent on their foreign trade, but, on the other hand, the share of intra-regional trade is considerably lower than within industrialised regions (see page 73, table 3.1). Therefore, the most likely outcome of economic integration also in Africa is that it leads to trade diversion, which in turn, means that integration will **not** benefit all member states automatically. If an optimistic, but nevertheless justified, view is adopted that some economic development will occur also in Africa in the future, this is not necessarily such a big problem as, for example, Viner considered it to be. In such a case the whole production structure of a region could change in the future, whereas Viner's model was rather static, and was dealing only with the changes in trade patterns within **existing production structures**. This 'dynamic approach' to regional integration will benefit some members only in the long run and therefore it is necessary to establish some sort of corrective mechanisms, which will compensate for the losses that will accrue to those countries in the short run.

The set of available methods to realise these compensations was listed on pages 75-77. Most of them have actually been applied in practice (mainly within the EU). The problem with these mechanisms is of course that when their effectiveness rises their applicability decreases, i.e. they are harder to put into practice, because the most effective mechanisms are usually politically rather controversial issues. In practice, their application includes straight budgetary or other type of financial transfers from one member state to another. Thus, one of the member states has to be willing to financially compensate for the losses (finance development) of other member states in return for the economic benefits that accrue to it from integration. Basically, despite the risk of simplifying the picture considerably, Germany has taken this role in the European context. In other regions regional superpowers have been less willing to play this role. Applying this method would require also that regional grouping is also able to put in place institutional structures and decision-making procedures, which enable the

implementation of these corrective mechanisms. In other words, their implementation requires quite a high level of political integration as well.

3.4 THEORIES OF REGIONAL INTEGRATION - WHY DO STATES PARTICIPATE IN INTEGRATION?

Why do states participate in integration? Integration is not simply about the technical implementation of an integration process, which occurs automatically once set in motion. The role of the state in this process should be one of the key questions in all integration research, but unfortunately it was pushed to the sidelines over 50 years ago, when the first attempts at regional integration were launched in Europe. Neofunctionalism did not consider a state to be a relevant actor in the integration process. Instead, its main argument was that a transnational logic and a functional way of organising human activity was replacing the nation-state. In other words, the first integration theories tended to bypass the state almost completely or at least saw that it had very little relevance in steering the process.

After the 1960s, the debate on regional integration in Europe and among developing countries became differentiated. In Europe, the debate centred on de Gaulle's impact on the European integration process, and what role national interests played in that process. In Africa, the main problems in integration efforts were related to economic integration. Theoretical discussion mainly focused on exploring ways of how all the members of a regional grouping could benefit from economic integration in an African setting, and what methods should be employed, for example, to redistribute the economic benefits of an integration process. Both directions placed more emphasis on the state, and saw that it had the means to affect the process of integration and its outcomes.

Interestingly, all these models, despite their attitude towards the role of the state in the integration process, saw the motivation for integration to be in one way or the other external to the participating countries. In neofunctionalism, it was, for example, the transnational logic, in the intergovernmentalism approach it was the structure of the international system, which forced the countries to behave in a certain way. Gradually views that consider also more endogenous reasons for integration have emerged. For example, liberal intergovernmentalists incorporated the domestic decision-making in

their analysis, but combined it still with the more traditional IR thinking about international bargaining.

Where are we then standing at the moment in relation to the underlying question of this study? Theorising related to the first wave considered the origin of the integration process to lie mainly in the international context. According to these theories, integration was a response to changes in the international system. These theories also defined integration through its processual nature, which meant that once the process had been started and the states had made a decision to limit their sovereignty, the process would start to follow its own logic. What is important to note is that this description still seems to apply to theorising related to integration among developing countries. Structural changes in the international system are once again seen to place new challenges in front of the developing countries and regional integration is the proposed answer. This time the processual nature of integration has been ignored but still there seems to be a certain amount of inevitability in integration also these days. The peripheral situation of developing countries is considered in some analysis (see page 36) not to leave these countries any other option than to cooperate with their neighbours.

At the same time the theorising related to European integration has been steered back towards the state during the last forty years and it is recognised that the state matters in regional integration. States have initiated the process of integration and they also try to control it as much as possible. However, saying this leaves more questions open than it is able to answer. First of all, the underlying question in this study, why do states in the first place decide to initiate integration and limit their sovereignty? And furthermore, if states try to control the process after it has been started, why do they allow further limitations of their sovereignty? Answering these questions fully has not been possible from any of the perspectives adopted so far, although all of them have had their merits. Structures of the international system explain what kind of integration is possible. State-centric views show that the state is in a lead role of the integration process, but they are not able to explain limitation of sovereignty even if the analysis is enlarged to cover domestic politics. Integration studies, on the other hand, help us to explore the optimal ways to implement integration and explain how the process proceeds when it has been started.

4 HOW TO EXPLAIN THE LIMITATION OF STATE SOVEREIGNTY?

4.1 INTRODUCTION

The question of regional integration has so far been approached from several different directions. First the relationship between the international system and integration processes was explored. It was concluded that the international system sets the context of regional integration and thus also largely affects the outcome of integration processes. However, the relationship between the international system and the regional system does not explain why states originally have decided to join a regional organisation, especially when they have to limit their sovereignty as a result of their membership. For example, presently perhaps the only factor on the global level, which could contribute to this decision, would be the view, which considers integration as a defensive reaction to globalisation. Nevertheless, the global level affects the scope and content of integration processes.

After the impact of the international system it was moved on to regional level explanations. When classical models of integration were studied, it appeared that they had a very strong focus on the processual nature of integration and how that process deepens. This means that these classical models are useful in explaining why states may be willing to limit their sovereignty even further also after the process has already been put in motion. Yet these classical models are not able to explain the original decision of states to initiate the integration process. The intergovernmental approach showed that the state should not be overlooked in the integration process. This also means that the motivations to limit sovereignty will most likely be found from the state level and not from global or regional levels. This became also evident when the neorealist explanations of integration were reviewed, which had tried to explain European integration from the perspective of international and regional systems, but ran into problems at the end of the cold war. Finally, the liberal intergovernmentalist approach proved that the domestic level affects the integration process and it should not be overlooked.

Global and regional levels both contribute to the regional integration process, but it is not possible to explain the original decision of the state to limit its sovereignty from

the perspective of these levels of analysis. The answer has to be looked somewhere else. The direction seems to be the domestic level to which also the liberal intergovernmentalism points. On the other hand, how can we then explain the decisions to deepen integration at later stages of the process, if these decisions also limit state sovereignty? The answer to this question is not necessarily found from the domestic level, but not necessarily from the approaches reviewed in the previous chapters. It is thus now time to turn to such approaches to regional integration, which could on their part contribute to the underlying question of this study. Why do states want to participate in an integration process and limit their sovereignty?

4.2 EXPLANATIONS TO LIMITING SOVEREIGNTY IN THE INTEGRATION PROCESS

In this chapter it is suggested that there are at least three different possible ways to explain why states limit their sovereignty in regional integration in addition to the explanations presented previously. The point of departure is the same as in the mainstream IR and acknowledges the fact that the state is the main actor in the international system and thus also in a regional integration process. Therefore, the state is the initiator of the process and the process is initiated because it is in the interest of the state. Furthermore, it can be also assumed that the state as a rational actor tries to control the process also after it has been started in such a way that it serves its interests. This naturally becomes more difficult when the state hands over more and more of its sovereignty to the supranational level.

First it is necessary to thus explain why it is in the interest of the state to initiate and participate in a regional integration process. Traditionally international relations have seen the protection of sovereignty as **the** state interest and limiting it voluntarily would seem to be an irrational action. However, it is argued here that participation in integration can be regarded also as rational behaviour, if the variety of state interests is enlarged from the traditional international relations view. In other words, the state tries to fulfil also other interests than holding on to its sovereignty and when fulfilling these other interests it can also be willing to join the integration organisation even if it limits its sovereign

powers in the future. This means that it is necessary to abandon, for example, the perspective of (neo)realism, which puts weight only on the international system and state's relative power in that system, in state interest formation. Instead it is necessary to include also society in the definition of the state as an international actor as was done also in liberal intergovernmentalism. However, it is necessary to go even further and understand the main actor of the international system not only as a state, but instead as a state-society complex, which has a much larger variety of interests than only the traditional 'national interest'. From this perspective it will be argued that the decision to participate in an enterprise that limits state sovereignty is based on some sort of trade-off between state sovereignty and the state-society relation.

When the state is assumed to be a rational actor, it can be expected that it tries to fulfil its interests also in an integration process. In this case the intended consequence of the integration process is to fulfil these interests arising from the state-society relation, but the process can also lead to other consequences, which were not intended. These unintended consequences can also further limit state sovereignty although this was not the intention of the states when they initiated the process. Second set of explanations is thus based on the effects of the unintended consequences of integration activities. It refers to a situation where rather limited steps in regional integration *de facto* lead to a much deeper integration than what the states had originally envisaged. Here the effects of integration institutions, which can start to 'live a life of their own', are explored. In other words, within the limits of their powers, these institutions can try to deepen the process even if that is not in the interest of the participating states.

Finally, the effects of the integration process in state interest formation are also considered from a fresh point of view. State interests can alter during the integration process if the state identity is reshaped. This, in turn, can also alter the original objectives and interests of the participating countries so that they may be willing to allow much deeper integration and a much higher level of interference in their domestic jurisdiction than what they originally had envisaged. This argumentation is based on the constructivist approach of International Relations, which considers that state identities and interests are socially constructed and they can be thus also reconstructed.

4.2.1 HOW TO DEFINE THE STATE?

When the behaviour of the state in regional integration is analysed it is necessary to adopt a fresh point of view. This new point of view requires the departure from old views and also from their definitions. Neorealism represents here these more traditional views and it is used as a point of departure in this chapter in order to help to demonstrate how the viewpoint of this study differs from the mainstream IR. The viewpoint of neorealism is to some extent limited if one tries to define what is the state. Neorealism separates international and national realms from each other and defines the state only in terms of its international position (Waltz 1979, 96). This kind of approach can be justified if the object of the study is specifically the state's role in the international system, but this approach also reduces the relevant factors and motivations of state behaviour in its foreign policy to the international realm. In other words, domestic considerations and motives would not have any role in the state's foreign policy. If one wants to define the state in a more general manner, one suitable definition could be Max Weber's classical definition of the state:

'...a state is a human community that (successfully) claims the *monopoly of the legitimate use of physical force* within a given territory.'
(Weber 1947, 78)

As Alexander Wendt points out Weber's definition is the most suitable for systemic IR (for example, for neorealism) (Wendt 1999, 199). This is because Weber's definition is not much concerned with the relationship between the state and society. Therefore, this definition is also suitable for such approaches of IR, which consider that the domestic level does not have much importance in international politics.

As said (neo)realism alone is not a suitable approach in integration studies (see pages 62-63), because it cannot sufficiently grasp the motivations behind state behaviour in this kind of process. As concluded in the previous chapter it is necessary to enlarge the analysis to cover also domestic matters, which also implies that in this case it is necessary to redefine (although not to replace) Weber's definition somehow. As Weber's definition shows he considers the state to be relatively independent of society. The state performs certain functions for society (internal and external security), but society does not affect the 'content' or nature of the state (Wendt 1999, 199-200). But as was said above also

society matters in regional integration and this is naturally the direction in which the definition has to be enlarged.

Weber's definition can nevertheless act as a starting point for further exploration. First of all, Weber's definition reveals that states are in no way given. A state can be replaced with a new human community that successfully claims the monopoly of the legitimate use of physical force within a given territory. This new state can be almost similar to its predecessor, but it can also be dramatically different. A state can dissolve into smaller states or be subsumed by a larger one. In other words, a state is always a social construction, and can at any time be replaced with another construction. From this it logically follows that in order to exist the state has to reproduce itself continuously. In this reproduction certain features of Weber's definition should nevertheless be highlighted. First of all, a state is always tied to a territory – a state cannot exist without a territory. By definition, a state is the only actor that can use legitimate physical force within its territory, and therefore it has to be capable to defend its territory and its ability to exercise this right against external actors. This naturally refers to the concept of sovereignty as understood in IR. What is unclear in this definition, is the concept of the 'monopoly of the legitimate use of violence'. A state cannot exist without the monopoly of violence either. In internal matters, the monopoly of violence acts as a last resort, if there are no other options the state can always back its right to use its internal sovereignty with violence. The monopoly of violence can also be turned outwards when it backs the external sovereignty of the state. However, it is not sufficient just to hold this monopoly, it has to be also legitimate. But legitimate in whose eyes? This clearly refers to society, but Weber's definition does not clarify the relation between state and society further.

The Weberian approach is naturally not the only definition of the state and the concept has been approached also from many other angles that have also combined society in the picture. For example, Alexander Wendt tries to clarify the state-society relation and its effect on the interest formation of the state by combining in his presentation also two other definitions of the state, namely pluralist and Marxist (Wendt 1999, 198-202). Pluralists emphasise the role of society and Marxist place their emphasis on the structure that binds the state and society together. Wendt tries to build a systemic theory of IR, which assumes that states are actors, and therefore the Weberian approach is

his starting point. He nevertheless acknowledges that the state cannot exist without society, which naturally increases the value of the pluralist approach. The Marxist view is then important because it helps us to understand the relation between the state and society. A state governs the society in which it is embedded and this occurs through the structure of political authority. As a result, Wendt defines the state as follows:

‘the referent object of ‘the state’ should be conceptualized as an organizational actor that is internally related to the society it governs by a structure of political authority...’

(Wendt 1999, 201).

It is also possible to define the state on the basis of these three approaches: Weberian, pluralist and Marxist, but in a way, which serves theorising in this study better.

A state is a human community that claims the monopoly of the legitimate use of physical force within a given territory. A state is not given but a social construction that reproduces itself continuously. In order to do this, it has to maintain its legitimacy in its relations with the society it is embedded in and, on the other hand, be able to maintain an adequate degree of external sovereignty.

As this definition shows the Weberian definition is important also here. The legitimate use of violence within a certain territory and its successful defence are essential elements of statehood. What is added to Weber's definition is the constructed nature of the state from where it logically follows that continuous self-reproduction is a requisite for the existence of the state. This reproduction takes place in two different dimensions: external and internal. The external dimension refers to the maintenance of an adequate degree of external sovereignty, which is more or less what neorealism understands as the national interest. The internal dimension, i.e. the state-society relation, emphasises the role of society and separates this definition most clearly, for example, from the neorealist view.

This definition shows that defence of external sovereignty cannot be the only national interest of the state, because the state cannot be defined only in relation to its external relations, i.e. in relation to other states. A state's existence depends also on the society in which it is embedded. The state governs society by a structure of political authority through which it tries to maintain its legitimacy. From this it follows that there has to be at least one additional national interest: the maintenance of the legitimacy in the

eyes of society. The structure through which the governance occurs can vary over time and place, which also gives various appearances for the state-society relation. The content of this relation is very different, for example, in democratic and authoritarian states. But regardless of the actual political system it can be argued that in all states the basis of the authority of the state lies in its right to use violence. The state has various means to make its citizens conform with its decisions and authority, but in the end it can always also resort to the use of violence.

4.2.2 NATIONAL INTEREST

How does this way of defining the state then change the understanding of the motivations that lie behind the state behaviour in the international system? In other words, do we conceive the foreign policy interests of the state differently because we consider that also the relationship towards society is relevant for the reproduction of the state? It is necessary to remember how such systemic approaches of IR as neorealism, which could use Weber's definition as their starting point, understand the state interests. According to Kenneth Waltz, the ultimate objective of all states is to ensure their own survival (Waltz 1979, 91-92). This is understood to be **the** national interest. It has to be kept in mind that this national interest was defined only in relation to the international system. State survival was understood to be threatened only from outside, in other words, by other states. The relevant question here naturally is what are the changes in the interest formation of the state, if the state is understood not only as a state whose existence is dependent on its external relations but also on its relations towards society. Here it has to be noted nevertheless that we are now mainly interested in the interests, which are related to the state's foreign policy, but can also be affected by domestic considerations.

What is then a national interest of the state (or the state-society complex)? As was said above, neorealism argued that national survival is the only national interest. Extreme constructivism represents perhaps the other end, since it basically argues that all state interests are constructed and therefore they can be almost anything. This kind of argumentation basically means that the state is a tabula rasa on which any interest can be written. However, according to the above definition, a state tries to ensure its own reproduction, and therefore there should be some interests that should be common

(objective) for all states that try to ensure their reproduction. An idea, which such more moderate constructivists as Alexander Wendt, also acknowledge (1999, 234). Since the reproduction was dependent also on other factors than defending the state's external sovereignty these objective interests should include also other aspects than the physical survival emphasised by neorealism. When taken together, these objective interests (with the state's subjective understanding of what to do in order to fulfil these objective interests) form the national interest, which among other things includes also physical survival, but has necessarily also other aspects, because it has to be understood also in relation to society (Wendt 1999, 237). What are then the aspects of national interest? Wendt uses George and Keohane's definition as his starting point. George and Keohane identify three national interests, which must be addressed if states are to reproduce themselves (George and Keohane 1980, 223-224). These interests are physical survival, liberty and economic subsistence. Physical survival refers to the survival of citizens, not necessarily to the preservation of territorial integrity (George and Keohane 1980, 224). Liberty or autonomy as Wendt refers to it is 'the ability of a state-society complex to exercise control over its allocation of resources and choice of government' (Wendt 1999, 235). An aspect obviously also related to external sovereignty. Economic well being refers to the maintenance of the mode of production in a society. And here obviously the reproduction requirement is enlarged to cover also the state-society relation. Wendt himself adds a fourth interest to this list with collective self-esteem, which refers to a group's need to feel good about itself, for respect or status (Wendt 1999, 236).

The importance of these national interests is underlined by Wendt:

'These four interests are needs that must be met if state-society complexes are to be secure, and as such they set objective limits on what states can do in their foreign policies. They may on occasion have contradictory implications that require prioritization, but in the long run all four must be satisfied. States that do not will tend to die out.'
(Wendt 1999, 237).

The prioritisation that Wendt refers to varies over time and space - during wartime, physical survival is naturally the overriding interest. As George and Keohane note:

'Economic subsistence beyond subsistence is frequently sacrificed to other ends, such as maintaining liberty or ensuring physical survival.'
(George and Keohane 1980, 224).

This means that the importance of physical survival can also slide on the list of priorities if the international environment is regarded as such that it does not threaten the state's physical survival. On the other hand, the importance of economic well being depends to a great extent on the state-society relation - for example, the capitalist production structure requires steady economic growth, which can be achieved, for example, through growing international interdependence, which on the other hand decreases the state autonomy. As Wendt points out even autonomy can be traded away when the benefits of dependence on external actors outweigh the costs (Wendt 1999, 235-236).

What does this then mean in relation to regional integration? Wendt says that what counts as securing these different interests varies from case to case. As was said above, securing, for example, autonomy can be understood to require a different degree of autonomy in different times and different cases. At other times, for example economic well being can gain more importance. The growing importance of one interest can occur at the cost of another interest. Wendt says that autonomy can be traded away if the benefits of dependence on external actors outweigh the costs. From this, it naturally follows that according to this view, national survival was for the most part of the 20th century understood to outweigh all other interests. However, this does not exclude the possibility that, for example, in integration processes some other interest could outweigh the costs of limiting sovereignty. In other words, interests arising from state-society relations and from external relations can vary as long as they ensure the adequate level of legitimacy and degree of external sovereignty. It is possible now to identify two different cases why states could find it in their interest to start an integration process.

The first explanation is based on the assumption that the environment (the international system) in which the state operates could change so that in order to ensure its own reproduction it is no longer necessary for the state to undertake such measures as before to protect its physical survival and autonomy. Instead, it could, for example, focus more to enhance its economic well-being at the cost of its external and internal sovereignty. This resembles the neorealist explanation of the origins of the European integration process (Waltz 1979 70-71). Esko Antola argues that in the present-day world, states also have to take into account that they are tied by interdependence. Therefore, in an integration process, states have to value if it is necessary to protect their

sovereignty even if they have to adapt to changes from outside. This could mean that it is more beneficial for a state to participate in a formal integration process, which will anyway affect the actual room for manoeuvre that the state in question enjoys (Antola 2004, 41-42). Another possible explanation is less optimistic. This view sees that the reproduction of the state could be threatened from inside, in other words, the state-society relation could place new threats on the survival of the state. In this situation, states could be willing to limit their external sovereignty, if they could ensure their legitimacy in relation to society in this way (for this type of interpretation on European integration see Milward 1992). What is common for these two explanations is that in both of them integration includes a trade-off between external sovereignty and the state's relation to society.

However, these explanations do not take us very far in understanding state behaviour in regional integration. These explanations describe only situations where the reproduction of the state can be secured by changing the balance between the different objective interests of the state. How is it possible then to explain situations where states continue to limit their sovereignty also after, for example, the relation towards society has been secured? Wendt argued that all objective interests must be fulfilled in order for the state-society complex to survive. This of course does not exclude such a possibility that, for example, the international situation could allow further trading away of autonomy and benefits from it would outweigh the costs, but how far can this kind of trade-off go? At some point, if the states continue to undermine their autonomy further they risk their own state-identity. In other words, in order for states to give up all of their autonomy, states would have to abandon their identities as states. This seems to be an unrealistic assumption, but nevertheless the integration process, for example, in Europe seems to deepen continuously. How can this phenomenon be explained?

4.3 OTHER THAN INTENDED CONSEQUENCES OF INTEGRATIVE ACTIONS

If it is assumed that states are rational actors that wish to ensure their reproduction, it is possible to assume that their interests are derived from this wish. In other words, they try to act in a way, which from their point of view seems as the most

rational in order to ensure their own reproduction. This also means that states assume that they can control reality with their actions, in other words, that when they behave in a certain way their actions will have the intended consequences.

How is it possible then to explain states' decisions to limit their sovereignty also after the process has already advanced rather far? When answering this question, it is necessary to rely heavily on the literature on European integration, because it is naturally the only example where such deepening has occurred. If the state is considered to be a rational actor and assumed that integration deepens as a result of the rational decision-making of the state, then the approach most suitable to this view is Moravcsik's liberal intergovernmentalism. As was concluded already in chapter 3.2.5 liberal intergovernmentalism brings the domestic level under inspection, which is consistent with the views presented above. Moravcsik argues in his book *The Choice for Europe* (1999) that the occasions where the integration process in the European context has deepened can be explained by the two-step model of national preference formation and as a result of international bargains that reflect the relative bargaining powers of important governments that seek to enhance the credibility of their commitments by limiting their sovereignty (Moravcsik 1999, 479-485). This is one way to explain why rational states would want to limit their sovereignty in favour of a supranational organisation – the deepening of integration is an intended result of state action. In addition to these intended consequences, social actions can however also have other consequences.

Anthony Giddens distinguishes the intended consequences of social action from the unintended consequences (1984, 10-14). The outcome of an action or its consequence is something that is caused by a deliberate action, in other words, the action and its consequence would not have occurred, had the actor behaved differently. But as said these actions can have two kinds of consequences. The intended consequences are those, which the actor believes that he will achieve when he undertakes the action. In an unintended consequence he has also acted in a way that was intentional. However, the outcome of that action is not in the hands of the actor. This means that the action might be unpredicted or random. Giddens identifies three different types of unintended consequences: a chain reaction, collective irrational consequences and the reproduction of institutionalised social practices (1984, 13-14). It is obvious that regional integration

can have both intended and unintended consequences. In other words, integrative decisions and actions of the member states can also carry on the process of integration even if that has not been the intention of the member states. This means that integration can sometimes take steps that were not deemed intended by the member states, but are nevertheless beneficial or otherwise acceptable. But on other occasions this can also mean that integration can occur when it is not in the interest of the member states. For example, some integrative decision can start a chain reaction, which will lead to a further deepening of the process, which was not originally the intention of the member states.

Masud Hossain has elaborated on a third type of consequence that an integrative action can have. He labels this third type of consequences as instrumental consequences (Hossain 2002, 44). According to Hossain, instrumental consequences can be 'defined as the means that are enacted or developed to perform an action' (2002, 44). In a concrete example, this could mean that facilities built in a project that aim at improving public health or education, are instrumental consequences. They exist regardless of whether the project achieves any of its intended (or unintended) consequences. Hossain uses this concept to show how the creation of regular SAARC summits has contributed to the conflict transformation of the region (Hossain 2002, 138-145). Used in the connection of regional integration this example shows how instrumental consequences could have an important role also in the regional integration process more generally. For example, if a group of countries sign a trade agreement, that agreement alone will be an instrumental consequence. It may very well be that those countries never seriously try to fulfil their obligations that arise from that trade agreement. Nevertheless, it will still have a value in its own right. Firstly, it will transform the patterns of behaviour in that region. If those same states will later decide to pursue further cooperation that previous agreement can act as a basis of that cooperation (for example, in deciding which countries to include in the cooperation), this is even more obvious, if these countries have formed some intergovernmental institutions to monitor and enforce the norms of the original agreement. This trade agreement can also change the way in which outside actors view the region. For example, the signing of a trade agreement can by itself increase the interest of international investors even if that agreement never leads to concrete actions.

These examples show how the instrumental consequences of actions can have importance even without the intended or unintended consequences.

Unintended and instrumental consequences can play a more important role in integration processes than what one might first suspect. This will become evident when we move on to explore the integration experiences of Europe and Southern Africa in the next chapters. As a general comment it could be stated that unintended consequences have shaped the European process rather extensively, whereas instrumental consequences have had more importance in the African context. However, it is unlikely that these rather random consequences could be the decisive factor, for example, in the European integration, which have taken the process rather far during the last 50 years. If it had not been the original interest of the member states to limit their sovereignty extensively, they most likely would have halted the process at some point, if it had appeared that it was running loose after a series of unintended consequences. If states still continue to hand over their sovereignty to the supranational level, this appears to be an irrational action, unless states' interests have changed somehow during the process.

4.4 CONSTRUCTIVIST APPROACH

Different possible explanations for limiting state sovereignty has so far been mainly explored from the perspective of mainstream International Relations. In chapter three it was concluded that neorealism is unable to explain occasions when states voluntarily limit their sovereignty and this same applies to the liberal approaches of International Relations although, for example, liberal intergovernmentalism incorporates the domestic level in its analysis. In this chapter, it has so far been concluded that if the state is understood in a broader sense and society is also included in the picture it is possible to explain the beginning of an integration process as a trade-off between conflicting interests arising from the state's internal relations towards society and its external relations towards the international system. However, according to this model it would not be in the interest of the state to further limit its sovereignty after the integration process has been started, if protection of national sovereignty is understood to be one of the national interests. When such limiting however happens it can partly be explained as an unintended consequence of integrative decisions. These unintended consequences

cannot however fully explain those occasions when states themselves limit their sovereignty even further, because that would seem to be in contradiction to their interests and even with their ability to maintain their identity as states. One possible explanation for these occasions would be if the state interests had altered during the integration process.

An approach to International Relations that offers a possible explanation for the transformation of the state's interest during an integration process is called constructivism. Constructivism has been developed especially by Alexander Wendt (Wendt 1992; 1994; 1999). Wendt builds his theory on the criticism of neorealism. Neorealism argues that the structure of the international system is made up from the distribution of the material capabilities of the states (Waltz 1979, 97-99). Wendt challenges this view and says:

'The most important move is to reconceptualize what international structure is made of. In my view it is exactly what Waltz says it is not: a social rather than material phenomenon.' (Wendt 1999, 20).

This means that instead of material capabilities, i.e. economic and military power, what is important in international politics are the beliefs and expectations that states have about each other. These beliefs are constructed mainly through social structures, which does not mean that material structures would have no importance at all. Wendt also acknowledges this fact:

'This does not mean that material power and interests are unimportant, but rather that their meaning and effects depend on the social structure of the system, ...' (Wendt 1999, 20).

However, this difference is not necessarily as great as might be easily concluded from this presentation. As Georg Sørensen points out 'the ontological gulf' between different camps is not that wide, and he, for example, places Alexander Wendt in the middle-ground between extreme materialists and extreme constructivists (Sørensen 1998, 91). In other words, this means that the social aspect of the international life should not be overlooked as was the case in neorealism, but it should not, on the other hand, lead to complete ignorance of the material capabilities of states.

What does this then mean for the state interest formation? Different approaches to International Relations do not seem to be very interested in the interaction of the state in relation to the interest formation of the state. Neorealism sees that state interests are

dependent on the distribution of the material capabilities in the international system; neoliberals see that interests are formed on a national level (for example, Moravcsik's liberal intergovernmentalism). Interest formation is thus considered to be exogenous to the interaction of states:

‘first interests are formed outside the interaction context, and then the latter is treated as though it only affected behaviour.’ (Wendt 1994, 384).
Wendt argues that identities and interests are constructed by the shared ideas that shape the structures of human association. This means that state identities and interests cannot be treated as given in relation to the social structures (i.e. in relation to the international system), and that instead, the system largely shapes or constructs their identities and interests. However, already earlier a reference to Wendt was made and concluded that there are some 'objective' interests that are common to all states. These interests must be satisfied if the state wants to secure its own reproduction (Wendt 1999, 237). In other words, interaction among states (for example, regional integration) can transform state identity and interests, but the objective interests of the state must be satisfied if the state wants to retain its identity as a state.

What relevance does constructivism then have in the study of regional integration? As it was said earlier the prioritisation between different objective interests can vary over time and, for example, autonomy can be traded away in return for economic well being. This could explain why the integration is started in the first place, but makes it more difficult to understand why states would continue to limit their sovereignty later. However, if the constructivist perspective, which argues that state identities and interests can alter during an integration process, is adopted it also implies that the balance between, for example, autonomy and economic well being can change even further. States that have initiated an integration process with rather realist worldviews can see that the integration process has changed the regional system and their own interests so that it requires even less autonomy than before. In this kind of situation, states may be willing to trade away their autonomy even further as long as they do not trade it all away, because in that case they would lose their identities as states. Wendt further point out that this does not mean that this kind of erosion of state sovereignty would imply erosion of the state. Instead he argues that by transferring sovereignty to a

regional level, states may actually strengthen their capacity to solve problems (Wendt 1994, 393).

Constructivism is nowadays often seen to hold interesting promises for integration studies (for example, Rosamond 2000, 171). And some scholars also argue that constructivism is especially well suited to the study of European integration (Christiansen et al 1999, 538). Constructivism can help to explain how state identities and interests are reshaped and transformed during an integration process and in this way they can also help to explain how the process can gain added impetus. Christiansen et al. conclude that identity formation during an integration process can take place on two different levels. First of all, regional integration can produce regional identity (in the case of Europe – ‘European identity’), but the process may also result in reconstructing national identities (Christiansen et al 1999, 540). Jeffery Checkel has studied how social learning and socialization can affect interest formation (Checkel 1999, 548-554). Checkel shows how the participation in the decision-making process on the supranational level can affect the interest formation. This means that state interests are not static. They can be reconstructed during an integration process, which in turn means that the factors that shape the integration process on the national level can alter during the process. In other words, it is not possible to study the process of integration from the same premises during different phases of the process.

4.5 INTERMEDIATE CONCLUSIONS

In this first part of the study regional integration has been approached from a theoretical point of view. This attempt has been divided into three separate parts. In the first chapter, it was analysed how structures of the international system affect regional integration. There has been two distinct waves of regional integration during the last fifty years and it was concluded that the structural changes that have occurred on the level of the international system (end of the cold war and economic globalisation) have produced qualitatively a different type of regional integration in recent years and contributed to the rise of the second wave of regionalism. Because of these changes the political room for manoeuvre has increased within different regional groupings and they have more liberty to pursue integration that satisfies their own needs. At the same time, integration has

gained a more defensive tune in the field of economic integration, because of the pressures created by economic globalisation. Integration has been seen as one possible answer to the challenge of globalisation and a method by which states can better ensure their economic success. It appears that the structure of the international system sets the framework for regional integration and in this sense it affects, for example, the scope and content of the regional integration processes. Instead, it does not seem to have a strong connection to the states' decision to enter the integration process. The motivation to participate seems to emanate from somewhere else and after the process has been started the structure of the international system comes into the picture and only sets the framework where the process takes place. The most obvious pressure emanating from the international system today that could push states towards regional integration seems to be economic globalisation, but it does not seem credible to argue that the underlying question of this study could be answered only with the intensifying effect of economic globalisation. It can be assumed that states need also other motives to limit their sovereignty than only external pressures.

The regional level of theorising is important for all regional integration schemes, because it is mainly interested in exploring the dynamics of the integration process. On this level of analysis it can be explored what could be the weaknesses and strengths of specific integration organisations taking into account the special circumstances of that specific region. These theories help to explain how the process of integration proceeds once it has been started and in that sense they are crucial for all integration efforts. However, in relation to the underlying question of this study, these theories do not seem to hold the same relevance. The general conclusion that can be drawn from the more recent literature on European integration is that the state is the central player in regional integration. If the motivation to initiate integration cannot be seen to emanate from the structure of the international system, it cannot be assumed either that integration is a process that starts to follow its own logic once set in motion. In other words, it is in the interest of the state to initiate the process of integration and therefore it also tries to control the outcome of that process as far as possible. Neorealist and neoliberal views of International Relations showed that the state is the main actor in regional integration processes and integration is in the interest of the state. However, this would seem to

imply that the answer to the underlying question would be that states decide to participate in regional integration and limit their sovereignty, because it is in their interest to do so. This led us to problems, because, for example, neorealism has usually considered protection of national sovereignty as an overriding interest of the state. How can voluntary limiting of sovereignty be explained? Therefore it was necessary to turn to different alternative approaches to regional integration in the fourth chapter.

It seemed obvious that first it was necessary to define the interests of the state. Liberal intergovernmentalism shows how the domestic level is important in integration processes. Therefore it seemed logical to assume that neorealism's way to define the state should be redefined to cover also society. Doing this helped us to redefine also the national interest. When society was incorporated in the definition of the state, the reproduction of the state was no longer dependent only on the state's external relations, but also on its internal relations towards society. From this perspective, it was argued that the beginning of the integration process could be explained as a trade-off between the external and internal relations of the state. However, when we still held on to the view that the protection of sovereignty is necessary for the reproduction of the state it was difficult to explain the occasions when states decided to further undermine their sovereignty. Especially, since if this occurred in situations when the reproduction of the state was in no way threatened from inside and thus a trade-off between external and internal relations was not necessary. Partly the problem could be explained by the unintended consequences of original integrative decisions, but how could such occasions be explained when states deliberately make decisions that limit their sovereignty. Have the interests of the state changed during the integration process somehow? The constructivist approach of International Relations argues that identities and the integration of the state are socially constructed and that they can alter during social interaction. This implies that state interests can be transformed during an integration process. This means also that even if states have entered the integration process with an identity that emphasises relatively much the protection of external sovereignty this identity can change. States can see that the integration process has changed the regional context and their own interests so that it allows them to further trade away their autonomy, for example, in exchange for economic well being. This kind of change in the

interest formation of the state could explain how states could see that it is in their interest to limit their sovereignty during an integration process. The only limit is set by the identity of the state. The state cannot trade away all of its sovereignty without losing its identity as a state.

Decisions related to regional integration and handing over national sovereignty are not dependent only on the external relations of the state. Instead, it was shown that also the internal relations towards society and the political system holds importance in the interest formation of the state. This is an important aspect, since the differences between states in their internal relation thus affect their interest formation. From this it should follow that different kinds of states consider decisions related to regional integration also differently. Most likely this is also reflected in the actual integration processes and in differences between them. This becomes evident in the case of Southern Africa when we analyze how the internal structure of the African states affects regional integration.

Various reasons that could explain the original motivation of the state to limit its sovereignty by entering into a regional integration process as well as limiting even further during the process have been identified. In other words, it is not possible to pinpoint from a theoretical perspective one clear motivation that lies behind the state behaviour in regional integration. To fully explain why states decide to limit their sovereignty it is necessary to carry out also empirical research on different regional integration processes to see what have been the different motivations of the member states in specific processes to limit their sovereignty.

5 COMPARATIVE ANALYSIS OF EUROPEAN AND SOUTHERN AFRICAN INTEGRATION PROCESSES

5.1 INTRODUCTION

In the first part of the study, regional integration was approached from a theoretical perspective. Integration was defined as a multidimensional phenomenon that can occur in several different fields, but formal political integration was selected to be the main focus of this study. This is because political integration of states sets the framework for formal integration in other fields and also to a certain extent for informal integration. Political integration was defined as a process where states voluntarily limit their sovereignty and hand it over to a supranational level. The underlying question of this study is to explore why states voluntarily decide to participate in a regional integration process where they have to limit their sovereignty and various reasons have been identified that could explain why states decide to limit their sovereignty. Now it is time to move on to a more practical level and start to explore the possibilities and problems related to regional integration processes in Europe and in Southern Africa.

The following chapters review integration processes in Europe and in Southern Africa. The objective of these chapters is to very briefly review the integration processes from a historical point of view and also very briefly analyse the ways in which state sovereignty has been limited in Europe and Southern Africa. These chapters attempt to answer two questions. How has the state sovereignty been transformed during integration processes of these two regions? Closer examination reveals that European integration is relatively advanced and sovereignty of its member states has indeed changed during the process. This is not the case with SADC members, even after twenty years of integration the changes in state sovereignty are small. This naturally also means that the integration process in Southern Africa is not as advanced as in Europe. The natural follow-up question is why European states have been willing to hand over part of their sovereignty to a supranational level while in Southern Africa this has not occurred. The focus is on explaining the Southern African case and thus the following chapter does not attempt to fully cover historical record of European integration or explain the reasons why European

states have been willing to limit their sovereignty. Instead, the focus is on the factors that can explain the problems of SADC and the main differences that may cause these problems. This also means that some features that have relevance in explaining the regional integration process in SADC gain more importance in the presentation of the EU. The most obvious example is the European Court of Justice, which has played an important role in the European integration process, but receives still relatively a lot of attention in the following chapter. This is because the key difference between the organisational set up between the EU and SADC is that SADC at the moment lacks a supranational court.

The following chapters will not thus present a full historical record of the integration records of Europe and Southern Africa. At least in the European case such presentations are numerous and there is no need to reproduce their text here. Instead, the objective is to quickly sketch the main historical turning points of the integration process, when integration has gained some new qualities, for example, when participating states have handed over part of their sovereign rights to the supranational level. After this it moves on to analyse how these key historical moments and the process in general have changed state sovereignty within these two regions. And finally, it is possible then try to explain the motivation of states to limit their sovereignty and produce these changes from the perspective of the international or regional systems. And if such explanations cannot be found from these perspectives, also seek for an answer by applying some alternative approach to regional integration.

5.2 KEY HISTORICAL TURNING POINTS OF EUROPEAN INTEGRATION

This chapter reviews very briefly the historical record of the European integration process. As said above, the intention is not to give a full presentation of the actual historical process, such presentations can be found elsewhere (for example, see Dinan 1994, Urwin 1991, Dedman 1996).

The way the story is usually told, the process of European integration started in the aftermath to World War II in 1945, when it had become evident that the political life of the continent needed fundamental reorganisation after the horrors of the previous ten years. However, the idea of unification of the continent was not invented from thin air. Its

intellectual history can be traced even back to antiquity if need be, but in reality the idea of political unification gained credibility and was widely debated in Europe for the first time during the inter-war period. Count Richard Coudenhove-Kalegri, an Austrian aristocrat, published a book called *PanEuropa* in 1923 and established also a Pan-European Union in the same year to advocate on behalf of a unified Europe. The Union was unable to achieve any practical results although it was able to attract some leading politicians, like French Prime Minister, Aristide Briand, into its ranks. During the 1930s, ideas of continental unification were pushed away from the political agenda with the economic recession and the rise of the national socialist regime in Germany.

The ideological background of a paneuropean movement had been federalism and the reorganisation of European political life according to federalist thinking. Federalism was also strongly present in the thinking of the resistance movements during the Second World War (for example, Spinelli and Rossi 2003, 4-6). Therefore, integration was also brought back to the European agenda after the War. The first initiatives in the immediate post-war situation did not however lead to notable results. However, in 1946 Winston Churchill in his speech in Zürich called for the creation of 'the United States of Europe' (Churchill 2003, 8) and Federalist movements established the European Union of Federalists. In two years time, federalists were able to attract delegates from 16 countries to The Hague in 1948 to participate in a so-called Congress of Europe. The Congress resulted in the establishment of the Council of Europe, but the grandiose objectives of the federalist movements were undermined, because participating countries were reluctant to denote any real authority to the Council and the establishment of a European wide federation never materialised (Dinan 1994, 12-13). Nevertheless, the Council has continued to function in the field of human rights and its most important contribution to the European integration process has been the adoption of the European Convention for the Protection of Human Rights and Fundamental Freedoms. Members of the Council have also established the European Court of Human Rights to oversee the compliance of the member states with the Convention²⁴. Other integration organisations established in

²⁴ It is important to note here that the European Court of Human Rights was established in 1959, and with the European Court of Justice it was the first supranational authority that had powers over member states, with its right to give binding rulings that take precedence also over national legislation and decisions made by national courts.

the late 1940s include, for example, the Organisation for European Economic Cooperation (OEEC) and the North Atlantic Treaty Organisation (NATO). OEEC was originally established to administrate the use of Marshall Aid, but the US had apparently envisaged that it could also play some more important role in European integration (Dinan 1994, 19). NATO on the other hand, was established in the gloomy framework of the cold war to protect European security. OEEC was never able to achieve any practical results and was later transformed into a research organisation and is nowadays known as OECD. NATO has been able to provide security for Europe during the last 50 years and establish a security community among its members. However, these two organisations together contributed to the rehabilitation of Germany and bringing it back into the community of Western European states, which could be regarded as their main contribution to the integration process in Europe.

In the end, it was the European states and especially France and Germany, which took the initiative in the European integration process. On May 9, 1950 French foreign minister Robert Schuman presented a proposal for the placing the production of German and French coal and steel under a common authority (Schuman 2003, 13-14), but the mastermind behind the proposal was a French civil servant, Jean Monnet. The proposal answered many problems that Western Europe was facing at the time. The underlying objective was to ensure permanent peace between France and Germany and thus stabilise Western European political life. At the same time, it sought to find ways how to ensure the economic competitiveness of the continent in the world of growing interdependence. And furthermore, it also reflected the federalist hopes of continental unity by stating that the common administration of coal and steel production would be the first step on a way towards European federation. This proposal opened the way for negotiations on the European Coal and Steel Community (ECSC), which was eventually established in 1951 with six members (France, Germany, Italy and the Benelux countries). More ambitious integration initiatives - like the European Political Community and the European Defence Community - simultaneously on the agenda with ECSC were not successful and these organisations were never established. Therefore, ECSC alone marked the first step in the European integration process although it did not yet require extensive limitation of sovereignty from its members. Nevertheless, it already had the same institutional

structure that the EC (European Communities) would later have, including, for example, a supranational secretariat (called the High Authority) and a supranational court. The ECSC was able to achieve at least relative success and the Six were therefore willing to deepen their integration process. As a result the Six signed the Treaty of Rome in 1957, which gave birth to two new integration organisations in 1958 – the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM). Together with ECSC, these three organisations formed the European Communities (EC), which was already a relatively advanced integration initiative. The EC had a supranational organisation with a Commission to administrate and participate in the legislative processes and the Court of Justice with supranational jurisdiction. The EC involved also handing over part of national sovereignty to a supranational organisation especially in the field of economic policies, since the core of the EC, i.e. EEC, aimed at the establishment of common markets.

The beginning of the integration process was successful and it seemed as if Western Europe had been able to transform the patterns of regional relations. They seemed to follow the logic of neofunctionalism by continuously deepening the integration process and leaving the national interests aside as neofunctionalism had predicted (see pages 55-58). This illusion was soon broken by the French president, Charles de Gaulle, who dominated European integration during the 1960s causing several crises for the EC, but at the same time showing how national interests still were relevant also inside the EC. Despite de Gaulle's effect on the integration process, the 1960s were still relatively successful for the EC. The ECJ (European Court of Justice) made several rulings, which *de facto* deepened the integration process considerably (see pages 109-111 and EEC was able to establish a customs union at the end of the 1960s. After de Gaulle's era the EC was able to complete its first enlargement (bringing Great Britain, Ireland and Denmark into the Community), but otherwise during the 1970s the organisation seemed to run if not into an impasse at least into severe difficulties (Dinan 1994, 87-95). Yet some positive signs were once again visible at the end of the 1970s. The EC, for example, held the first direct elections of the European Parliament (EP) in 1979 and Greece joined the organisation in 1979. The beginning of the 1980s was already a more positive period for

the EC when the EP had received new energy from the direct elections and the EC welcomed two new members in 1986, when Spain and Portugal joined the organisation.

The new beginning of the EC was experienced in the mid-1980s when the commission proposed the establishment of overdue common markets in its so-called White Paper. This resulted in the signing of the Single European Act (SEA), which can be considered to mark the revival of the EC. This coincides with the emergence of the second wave of regional integration, but also the EC's ability to solve many practical problems (for example, the so-called Britain's budgetary question) and earlier positive achievements of integration (direct EP elections and adoption of the EMS - European Monetary System) paved the way for SEA. The integration process gained added impetus at the end of the decade when the cold war suddenly came to an end. Western Europe was suddenly faced with a unified Germany and the possibility to fulfil the old federalist dream of unified continent. The EC reacted by deepening the integration process in the Maastricht Treaty - and not by breaking up, as neorealists had envisaged (see page 62). During the 1990s, the EU carried out what it had agreed in the Maastricht Treaty, which practically meant the establishment of the European Monetary Union and the introduction of a common currency, the Euro, at the beginning of 2002. It experienced also its fourth enlargement in 1995 when Finland, Sweden and Austria joined the EU. 2004 once again changed the Union considerably, when 10 members joined the Union in May, which also marked the final end of the division of the Europe. Later in June, the enlarged Union was able to agree upon the new Constitution for the EU.

5.3 TRANSFORMATION OF STATE SOVEREIGNTY IN EUROPE

State sovereignty in Europe has been transformed by handing over the sovereign powers of the European states to two international organisations: the European Union and the Council of Europe. In the case of the Council of Europe the handing over of sovereignty has been very limited and concerns only matters related to the protection of human rights²⁵. Nevertheless, within this limited field, the limitation of sovereignty is very concrete - signatories of the European Convention of Human Rights have allowed individuals the right to take the signatories to an international court in cases of alleged

human rights violations. Furthermore, this European Court of Human Rights (ECHR) has a right to make rulings that are binding on the signatories. This supranational system for the protection of human rights has been loosely tied also to the framework of the European Union during the last 50 years. But in addition to this, the EU is also otherwise a more important integration organisation, both in respect of its relevance but also in respect of the degree of limitation of sovereignty. During the last 50 years, the EU members have developed an institutional set up, which in certain sectors of society uses the sovereign powers and political authority that used to belong to its member states. This institutional set up includes among other things the establishment of international secretariats and an international court, but also the establishment of a new legal order, which is autonomous and superior compared to national legal orders. The following section explores the different ways in which state sovereignty has been limited in the European setting after World War II and how this has changed the relevance of national sovereignty.

5.3.1 TRANSFORMATION OF STATE SOVEREIGNTY IN THE EUROPEAN UNION

Through the historical processes described briefly above, the EU has developed into an organisation that involves the highest level of integration of sovereign states in the world today. After the Maastricht Treaty, the best way to approach the European Union was from the viewpoint of three pillars. According to these pillars, the European Union was based on the ECSC, EURATOM and EEC Treaties with their later amendments. The so-called first pillar was the European Communities, i.e. the organisations and the treaties mentioned above, and they involved the sectors where the deepest integration takes place. The second pillar (Common foreign and security policy) and third pillar (cooperation in home and justice affairs) were then characterised by a more intergovernmental approach to cooperation (for example, unanimous decision-making). The new constitution replaces old Treaties and the old pillar structure is no longer mentioned. However, the idea still exists because the constitution lists, for example, areas of the exclusive competence of

²⁵ Cooperation within the Council of Europe is extensive in different fields (for example, judicial co-operation), but it does not include the limitation of sovereignty.

the Union and stipulates competences and decision-making procedures in common foreign and security policy separately.

When studying the nature of the limitation of sovereignty in the European context, we should look into at least three separate factors. First, is naturally the permanence of the integrative process. To what extent is the decision to hand over part of national sovereignty to an international level by a permanent act? Secondly, we should look into how this decision has changed the internal sovereignty, including, for example, political authority, the powers and jurisdiction of European states. And, on the other hand, in what way does the EU use the political, administrative and judicial powers that once used to belong to the jurisdiction of the states? Thirdly, we should study the effect of this change in the jurisdiction of the European states into their external sovereignty. In what way has the process of integration changed the external sovereignty of the EU members in their relations towards other members of the EU and, on the other hand, in their relations towards non-members.

5.3.1.1 PERMANENT NATURE

The EU is permanent by its nature, but membership in it cannot be completely irreversible. Jean Monnet describes in his *Mémoires* how he stressed in the negotiations leading to the establishment of the ECSC for other delegates that member states should not be able to withdraw their membership only by unilateral decisions (Monnet 1997, 434). When Monnet was drafting the Schuman Plan he had the establishment of the federal union in Europe clearly in mind²⁶, which in its part explains why Monnet also envisaged a permanent nature for the membership of the new community. Previously, EU treaties did not include any specific rules about withdrawal from membership, but since the membership could not be completely irreversible, member states were able to withdraw their membership as regulated in Article 56(1) of the Vienna Convention on the Law of Treaties (Joutsamo et al. 2000, 24). The new constitution includes a separate article about voluntary withdrawal from membership (Article I-59).

²⁶ The Schuman declaration states: 'The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the federation of Europe'

Does the introduction of the withdrawal article in the constitution then have any relevance in real life? According to Alan Milward, the main benefit of the integration process at the beginning was the relative irreversibility of integration, because it increased the credibility of member state commitments (Milward and Sørensen 1993, 12). Previously, withdrawal from membership of the EU had to follow the same procedures as when the founding treaties were amended (Joutsamo et al 2000, 123). In practice, the procedures concerning withdrawal from membership were unclear and this was at least partly resulting from the fact that no member state has so far withdrawn its membership from the Union²⁷. With the adaptation of article I-59, withdrawal from the Union will become easier. Naturally, it could be argued that the context has changed and the credibility of commitments does not have to be backed by unclear withdrawal procedures any longer. In the EU, the new article will most likely have very little practical relevance. This might not be the case in SADC where withdrawal from membership is also included as a possibility in the SADC treaty (see pages 155-156).

5.3.1.2 POWERS OF THE EU

Since the EU is not a state but more than a normal co-operation organisation among independent states, the powers of the EU are also relatively difficult to describe. In certain fields the Union holds exclusive competence, in certain fields it shares its competence with member states and in certain fields it does not possess any competence.

EU competence and powers

According to the constitution 'The Union shall have legal personality' (Article I-6). This naturally means that it can hold legal competence both internationally as well as internally (inside the Union), but at the same time it clearly means that the Union is not a state. This, in turn, means that the competence of the Union cannot be equalled by the legal competence of a state according to international law. Instead the competencies of the EU and principles governing the use of competencies of the Union are listed in articles from I-9 to I-13. Article I-9 also separately notes that: 'Under the principle of

²⁷ Greenland remains the only territory of EC that has decided to leave the Community in 1985.

proportionality, the content and form of Union action shall not exceed what is necessary to achieve the objectives of the Constitution.'

This same division existed also already in the former treaties. From that time already it has been argued that exclusive competence could be divided into two different categories and thus the different levels of competence of the Union would be:

- Unambiguously exclusive competence
- Exclusive competence
- Shared competence

(For this division see Joutsamo et al. 2000, 53).

Generally the competencies are thus divided into exclusive and shared competencies, but some of the exclusive competencies are stronger than others and they belong to that category automatically (for example, common commercial policy and common currency policy after the third stage of the EMU). In other fields belonging to the field of exclusive competence requires application of the principle of pre-emption. Pre-emption means basically that once the Union has taken over some field that belongs to its exclusive competence, the competence of the member states in that same field ends. In those fields where this has not yet occurred it should be considered what is the most suitable level for decision-making (according to the principle of subsidiarity) and the supranational level should not take over the competence of the member states unless the objective cannot be attained on a national level. When the EU gains competencies in some fields, this means at the same time that the competencies of its member states become limited. Previously the Establishing Treaty did not clearly state what the exclusive competence of the EU meant. Joutsamo et al point out that in this situation the European Court of Justice was left with relatively large powers to draw the line between the Union and member state competencies (Joutsamo et al 2000, 52). This stemmed from the article 234 of the Treaty of the European Union, which stipulated that 'The Court of Justice has jurisdiction to give preliminary rulings concerning: (a) the interpretation of this Treaty;...' (Article 220).

To demonstrate the impact of the ECJ in determining the scope of the integration process it is possible to lift up two of its rulings. They both *de facto* deepened the process of European integration considerably and at the same time clarified some fundamental elements in the competencies of the Union and member states of which the Establishing

Treaty had remained completely silent. Ironically, both of these rulings were made in matters of little substantial value. In the first case, a Dutch company claimed that Dutch legislation was in contradiction to the EEC treaty. The actual contradiction was not the biggest problem in the case, but whether also other than member states could take cases to the ECJ and base their claims on the EEC Treaty. In its ruling the ECJ stated:

‘The conclusion to be drawn from this is that the Community constitutes a new legal order of international law for the benefit of which states have limited their sovereign rights, albeit within limited fields, and the subjects of which comprise not only Member states but also their nationals. Independently of the legislation of Member States, Community law therefore not only imposes obligations on individuals, but it also intended to confer upon them rights which become part of their legal heritage. These rights arise not only where they are expressly granted by the Treaty, but also by reasons of obligations which the Treaty imposes in a clearly defined way upon individuals as well as upon the Member States and upon the institutions of the Community.’
(Judgment of the Court of 5 February 1963, Case 26/62).

Another landmark ruling of the ECJ was made in a case *Costa v ENEL*. The substantial issue in this case was that Flaminio Costa refused to pay his electricity bill, because the Italian electricity networks and power plants had been nationalised. This had been done against the EEC Treaty but according to Italian legislation, which had been passed later than the EEC treaty and therefore was considered to be applicable according to the *lex posterior* principle in Italian courts. However, the ECJ ruled as follows:

‘By contrast with ordinary international treaties, the EEC treaty has created its own legal system which, on the entry into force of the treaty, became an integral part of the legal systems of the member states and which their courts are bound to apply. By creating a community of unlimited duration, having its own institutions, its own personality, its own legal capacity and capacity of representation on the international plane and, more particularly, real powers stemming from the states to the community, the member states have limited their sovereign rights and have thus created a body of law which binds both their nationals and themselves.

The law stemming from the Treaty, an independent source of law, could not, because of its special and original nature, be overridden by domestic legal provisions, however framed, without being deprived by its character as Community law and without the legal basis of the Community itself being called into question. The transfer by the states from their domestic legal system to the Community legal system of the

rights and obligations arising under the Treaty carries with it a permanent limitation of their sovereign rights, against which a subsequent unilateral act incompatible with the concept of the Community cannot prevail...' (Judgement of the Court 15 July 1964. Case 6/64).

In these two rulings, the ECJ outlined the key premises of the division between the Union and national legal orders and established two important principles of the Union legal order: direct effect and supremacy of the Union legislation. It can be noted here that the EEC Treaty had not – at least directly – envisaged direct effect and supremacy of the Union legislation, but the ECJ grounded both of its rulings still on the EEC Treaty and member states' a conscious decision to voluntarily limit their sovereignty in order to create something novel (Shaw 2000, 429; 434-435). This created a new legal order, which together with the competencies of the Union and the permanent nature of the Union show how integration changes national sovereignty. It should be noted that the new constitution now clearly stipulates the content of the exclusive competence of the Union:

'When the Constitution confers on the Union exclusive competence in a specific area, only the Union may legislate and adopt legally binding acts, the Member States being able to do so themselves only if so empowered by the Union or for the implementation of Union acts.' (Article I-11)

New legal order

Within nation states, the use of the state powers that belong to the jurisdiction of the state is limited by the rules and norms included in the legal order of the state. The EU is not a state, but nevertheless it has its own legal order. Within the fields that belong to the competence of the Union this legal order prescribes the rules and norms according to which, the integration process is carried out and decisions are made on the supranational level.

First of all, the legal order of the EU is autonomous. This means that it is clearly part of the neither international law nor national legal orders (Joutsamo et al 2000, 22). When legislation normally can be divided into national and international laws, European integration has established a new legal order, which is neither domestic nor international, but clearly between these two levels. EU legislation also has a direct effect in member states. EU legislation does not have to be transformed into national legislation in order to

be effective, it will be effective automatically (Joutsamo et al 2000, 25). Another important feature of the direct effect is that EU legislation brings rights and obligations also to individuals within the EU member states and not only for the member states (Joutsamo et al 2000, 25; and see also Judgment of the Court of 5 February 1963, Case 26/62; Shaw 2000, 435). The third feature of this new legal order is its supremacy, which means that when EU legislation and national legislation are in conflict with each other, the EU laws are considered to be superior.

The nature of the Community legal order gives more substance to the Union competencies. When the EU takes over the exclusive competence in some field, it will take it permanently and member states' sovereignty in that specific field will be limited permanently. After this, the EU can pass legislation in that specific field, which can be effective in its member states directly (but also give framework laws, which have to be transformed into national legislation before they become effective). That legislation will bring rights and duties not only to member states but also to individuals and other legal persons. And in the case of norm conflicts, supranational legislation will be considered to hold supremacy over national legislation, which means that member states can no longer limit the powers of the EU in that specific field after the Union has taken over the exclusive competence.

Decision-making in the EU

As was concluded above, the EU holds exclusive competence in certain issues, but who actually uses the powers of the EU in different branches of the decision-making? Once again it is not necessary to reproduce the institutional framework and decision-making procedures of the European Union in this study, because such presentations are numerous (see, for example, Dinan 1991; Raunio and Wiberg 1998; Wallace and Wallace 2000). The institutional framework of the Union includes various organisations such as the Commission, the Council of Ministers, The European Council and the European Parliament. Their participation in the decision-making of the Community varies depending on the issue and whether it belongs, for example, to the exclusive or shared competence of the Union. In principle, each of them participates in the decision-making process at some stage, but it is difficult to pinpoint their actual influence on specific cases. Helen Wallace even enlarges the Union decision-making process to cover also

domestic political arenas (Wallace 2000, 41-45, for the relevance of the domestic decision-making forum see also pages 63-66).

Legislative decision-making

In the legislative decision-making, it can be argued that the Council of Ministers holds the highest decision-making authority – although also other institutions participate in the process. No community law can become effective without the consent of the Council. This is an important aspect in the relationship between national sovereignty and Union competence. In the Council, all member states participate in the decision-making, which means that even in those issues where the Union holds exclusive competence, member states are still part of the decision-making. As a result of the integration process part of national sovereignty has been transferred to the supranational level, yet that power is not used by supranational institutions but by member states together. Robert Keohane and Stanley Hoffmann describe this situation as follows:

‘the EC has recently been continuing, even accelerating, its practice of ‘pooling sovereignty’ through incremental change: sharing the capability to make decisions among governments, through a process of qualified majority rule. For issues on which sovereignty is pooled, authority to make decisions is removed from individual states. Many of these decisions have the force of Community law and are interpreted by the European Court of Justice. Yet authority is not transferred to a supranational body because the crucial decision-making role is taken by an interstate body, and because these decisions are implemented by national governments or – if these governments fail to carry out this task – through national courts, enforcing Community law.’

(Keohane and Hoffmann 1991, 7-8)

The concept of pooling sovereignty is thus important here. As a result of the integration process, authority to make decisions has been removed from the member states, but it has not been transferred as such to the Union. Instead, it could be said that the authorities of all members are pooled together and then used jointly by all members.

In the Council of Ministers, member states have been able to protect their national interests relatively effectively. The EU has been gradually moving towards more extensive use of majority voting in its decision-making, but the use of the unanimous decision-making procedure has remained extensive till recently. Furthermore, Matti Wiberg has shown how unanimous voting has been the rule in the Council even in matters where majority voting could have been used (Wiberg 1998, 100-101). In other

words, member states attempt to achieve consensus before making decisions, because it is more suitable for supranational decision-making than voting. This means that although states have lost their freedom to decide what they see to be fit, the pooling of sovereignty produces decisions that are most of the time at least acceptable for the member states. This used to be guaranteed also by the so-called Luxembourg compromise²⁸, which stated that:

‘Where, in the case of decisions which may be taken by a majority vote on a proposal from the Commission, very important interests of one or more partners are at stake, the Members of the Council will endeavour, within a reasonable time, to reach solutions which can be adopted by all the Members of the Council while respecting their mutual interests and those of the Community.’

(cited in Nugent 1994, 144).

The compromise meant in practice that majority voting was not used in cases where one of the members had announced that its national interests were at stake. This meant that although EU members had limited their political authority and could no longer make decisions on their own, they were still part of the decision-making process and in most cases it was guaranteed that this process at least does not produce decisions that were against the national interest of the member states.

The new constitution was originally envisaged to include a more extensive use of majority decision-making in the Council. However, the negotiation showed that the extensive introduction of majority decision-making is still a relatively difficult issue for the member states. However, the new constitution includes an article on majority decision-making in the Council. Qualified majority is defined as follows: ‘A qualified majority shall be defined as at least 55% of the members of the Council, comprising at least fifteen of them and representing Member States comprising at least 65% of the population of the Union.’ (Article I-24). The same article however, also includes a definition of a blocking minority: ‘A blocking minority must include at least four Council members, failing which the qualified majority shall be deemed attained.’ This basically means that the Luxembourg compromise does not have value anymore, but four member states together hold the right of veto.

²⁸ The Luxembourg compromise was an attempt to solve the so-called empty chair crisis, which had been created when France had withdrawn from the work of the Council, because it feared that integration was threatening its national interests.

Executive power

The Commission is the main administrative body of the European Union and it is also responsible for the implementation of the Union legislation and decisions according to Article I-25 of the constitution: 'It shall oversee the application of Union law under the control of the Court of Justice of the European Union. It shall execute the budget and manage programmes.'

In most of the cases the implementation of community decisions is left to the responsibility of the member states. National authorities are informed of the content of a community decision after it has been made. The decision also includes a period of time during which national authorities have to change national legislation or norms. National authorities are responsible to give notification to the Commission on the implementation of community decisions at a national level. If decisions are not properly implemented or notifications are not satisfactory, the Commission can request the member state to give more information on the matter. If the notifications and information provided by the member state are not satisfactory, the Commission can also take the case to the ECJ. Since the actual enforcement of the community decisions is handed over to national authorities it requires that the supranational and national administration operate in close cooperation and are also able to do that²⁹.

Judicial power

Judicial power within the Union is similarly divided between the national and supranational level. The majority of the actual decisions belonging to the jurisdiction of the Union law is taken by national courts. This means that national courts in the EU have gained a dual role - they give rulings both in cases belonging to their national jurisdiction as well as to the Union jurisdiction. 'Every national court in the European Community is now a Community law court' (Lang 1997, 3). This makes each judge in national courts

²⁹ This has interesting effects on the national sovereignty and its limitation inside the European Union. Even if the decision-making powers have been handed over to the supranational level, the implementation is dependent on the national level. And it is so even more because the supranational level does not have the possibility to resort to the use of violence, in other words, the use of the sovereign powers of the EU in relation to individuals is backed by the monopoly of the violence of its member states. In the end, it is the national level where the decisions bringing rights and duties for individuals are carried out, enforced and also, if necessary, taken to a court (a national court).

also a 'European judge'. In other words, it is the national court, which has to decide whether it applies the national or supranational legal order to the case it is dealing with. The constitution states what matters belong to the competencies of the Union and thus to the jurisdiction of Union law, but as shown above the real substance of the Union competence has developed during the integration process mainly through the rulings of the ECJ. Alongside with these rulings has developed a set of rules and norms, which indicate how national courts should apply Union law and its relation to national legislations. This has created a system that Tuomas Ojanen calls as the European Way:

‘The European way is, thus referring to a body of norms, concepts, presumptions, doctrines, etc. that national courts ought to adhere to as a matter of Community law when deciding cases involving Community law. Put differently, the European way denotes the rules of the game according to which national courts must play when resolving legal issues falling within the remit of Community law.’ (Ojanen 1998, 9).

The most important feature of this system stemmed from Article 234 of the EC Treaty. According to this article, national courts can, and sometimes have to, refer questions to the ECJ, if they are related to the meaning of Community law (Ojanen 1998, 11). In these cases it is thus the supranational court that interprets the meaning of Community law, but it is the national court that gives the final ruling in the actual case. The interplay between supranational and national systems is not however unproblematic since national legislations have created different legal traditions in different countries (Dehousse & Weiler 1990, 243). This may create problems sometimes since the supranational system has to be compatible with all national judicial systems.

In other words, the judicial power is invested both in national and supranational courts in the cases that belong to the jurisdiction of the Union. This means that the national and supranational judicial systems have to act in cooperation, which has become possible as the European way has developed gradually during the integration process (Ojanen 1998). The new constitution now at least partly consolidates the European Way as it includes articles concerning the legal order of the Union that were absent in the previous treaties. The supranational judicial institutions, and specifically the ECJ, act as an instance of last resort in the Union legal order, but only in relation to interpreting Union law. In the legal order of the EU, individuals cannot take their cases to the ECJ after domestic remedies have been exhausted.

External sovereignty

Sovereignty has also an external dimension. In the classical definition of the term cited on page 10, this external dimension was defined as follows: ‘independence from the authority of any other state and equality with it under international law’ (Morgenthau 1950, 249). It was concluded above that as a result of the integration process there are two kinds of sovereignty: traditional and pooled. In those areas where states have decided to pool their sovereignties they make decisions together on a supranational level. Within such areas they allow not only the EU to interfere in their domestic matters, but also other member states to influence the outcome of political processes that will have a direct effect in matters that used to belong to their exclusive competence. In a sense, this does not confer with Morgenthau’s definition ‘independence from the authority of any other state’ since states in Europe no longer can fully control the political processes that shape the social life within their territories. This implies that also external sovereignty has changed as a result of the integration process somehow – at least in relations among the member states.

However, the relevance of external sovereignty has not changed in relation to non-members - at least in principle. In relation to non-members European states have retained their external sovereignty and these relations are conducted in a similar manner as any relations between sovereign states. As said above, Common Foreign and Security Policy and decision-making in that field is regulated separately in the constitution in articles I-39 and I-40. Matters in this field are characterised by intergovernmental cooperation, which means that the Union cannot hold exclusive competence in matters related to common foreign and security policy. This means, for example, that the decision-making procedures of the Union are not applied as such in the cooperation belonging to this field and decisions are made unanimously. However, in reality the foreign policies of the member states have converged and will continue to do so. For example, Article I-39 requires that member states consult each other in matters related to foreign policy and formulate their foreign policy opinions together. Further convergence of the foreign policy most likely to result from the possible introduction of the European Council President and the Union Minister for Foreign Affairs.

In general, we are dealing with the same fundamental question in relation to aspects of national sovereignty versus the Union competence. How much sovereignty can be handed over to the supranational level without the member states losing their identity as sovereign states? And furthermore, when EU member states have established ‘an ever closer union’ is it possible to stop the process of integration at some point or are we inevitably moving towards the formation of a federal state? These questions cannot be fully answered here, but next we turn to the question why European states in the first place have decided to limit their sovereignty and enter into an integration process.

5.4 THE CONTEXT OF THE INTEGRATION PROCESS IN EUROPE

The following section reviews different explanations as to why states have decided to limit their sovereignty and initiate the regional integration process in Europe. This overview of different possible explanations for the integration process is divided into two parts. The first one deals with the original decision to initiate the process of integration in Europe and the latter deals with the later deepening of the process.

5.4.1 BEGINNING OF THE INTEGRATION PROCESS

This section covers the period from the end of World War II till the establishment of the European Coal and Steel Community (ECSC) in 1950. It is possible to identify factors on three different levels of analysis that contributed to the European states’ decision to initiate the process during that time. These different levels are the international system, the regional system in Western Europe and the national political systems in Western Europe.

5.4.1.1 INTERNATIONAL SYSTEM

It is possible to identify two global level factors that strongly shaped the beginning of the process of European integration in the late 1940s and early 1950s. They are global political macro structures and the structure of the international economy. European politics had been characterised by bitter national rivalry ever since the Holy Alliance had broken up in the mid-19th century, which had led, for example, to the

Franco-Prussian war and two World Wars. After World War II, this political rivalry was however replaced by the division of the continent into two competing camps. This meant that lines between amity and enmity were redrawn, which, for example, placed Eastern Europe outside the framework of integrative activities for almost half a century. On the other hand, competition offered some new incentives and possibilities for Western European countries to carry out regional integration.

International political system

The beginning of the Cold War shaped European integration very strongly. The United States could have supported the idea about a European co-operative organisation also otherwise, but the power struggle with the Soviet Union transformed the United States into one of the strongest advocates of European integration. It was not however willing to take a leading role in the cooperation in Europe in other than the military field, but it was obviously pulling the strings in some early initiatives and supported also, for example, the establishment of the ECSC (Urwin 1991, 13-26, 44-47; Dedman 1996, 48-49). The framework of the Cold War produced both the Organisation for European Economic Co-operation (OEEC) and the North Atlantic Treaty Organisation (NATO), which both in their own way contributed to the process of integration. The impact of the bipolar structure can be seen to have gone even further than this. Neorealists have argued that European integration did not benefit from the Cold War only through US support, but that the whole political structure created by the Cold War made it possible in the first place to initiate the integration process (see pages 62-63). It seems credible to argue that the bipolar structure of the Cold War contributed in its own way to the beginning of the integration process.

International economic system

In the post-war situation, Europe was also facing new economic challenges. In 1935-38, the European economies produced half of the world's industrial production and one-third of the primary production (Wallace 1990, 38). As a result of the War, agricultural output in 1946-47 was only 75 per cent of the 1938 level and industrial production in Belgium, the Netherlands and France was 30-40 per cent lower than in 1939 (Dedman 1996, 34). William Wallace describes this situation:

‘They [the European economies] emerged from World War II with their export industries destroyed, their markets uncertain, and a significant proportion of their overseas investments confiscated or sold off to finance their war efforts.’ (Wallace 1990, 38).

At the same time US industries had not suffered from the War and had thus gained a clear economic advantage producing one-third of the world’s GDP in 1948 (Wallace 1990, 38). The economic hegemony of the US was not advantageous even for itself and it therefore tried to speed up the West European economic recovery with the Marshall Plan.

On the other hand, a question about the suitability of the nation-state as a basis of economic activity was on the agenda. In the late 1940s, Jean Monnet headed the French Planning Commission and he had to come to terms with the problems that a nation-state was facing in post-war economic planning. He became convinced that European countries were simply too small to ensure the welfare of their citizens, which they otherwise could have done and therefore future economic development should be based on much larger market areas (Monnet 1997, 294-295). This was then reflected in his thinking when he drafted the so-called Schuman proposal for the French foreign minister Robert Schuman. In other words, in the immediate post-war situation, Europe had to find ways to ensure not only its economic recovery but also its ability in the long term to be able to ensure its economic competitiveness. Jean Monnet saw that a possible answer to this double challenge could be to initiate closer economic cooperation, which at the same time would answer the problem created by the relatively small size of European economies.

5.4.1.2 REGIONAL SYSTEM

On a regional level various factors contributed to why integration was originally initiated among France, Germany, Italy and the Benelux-countries and why it was started in the field of economic cooperation.

The ECSC was declared open for all European countries to join the Schuman Plan, but in reality it was obvious that the number of member states would be rather limited. Eastern European countries were automatically excluded, because of the Cold War. Scandinavian countries had been reluctant to participate already in earlier attempts at regional cooperation and it had also become evident that Great Britain was not very

keen on the idea of regional integration and it had gradually steered itself to the sidetrack of the European integration process between 1948 and 1950 (Dinan 1994, 24). On the other hand, this meant that integration could focus more on consolidating the relations between the two most important of its members, France and Germany. The Schuman Plan states this also as one of the main objectives of integration:

‘The coming together of the nations of Europe requires the elimination of the age-old opposition of France and Germany. Any action taken must in the first place concern these two countries.’

(Schuman 2003, 14)

On the other hand, economic motivations were very strongly behind the Schuman Plan. The basic idea of the Plan was that the coal and steel resources of France and Germany would be pooled under a supranational authority, which would start to administrate them. However, it was not only a proposal for simple cooperation between the two countries. The idea was that the pooling of coal and steel production would be only the first step on the way to further economic integration, which would then pave the way for political integration:

It [the French government] proposes that Franco-German production of coal and steel as a whole be placed under a common High Authority, within a framework of an organisation open to the participation of the other countries of Europe.

The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the federation of Europe, and will change the destinies of those regions which have long been devoted to the manufacture of munitions of war, of which they have been the most constant victims. The solidarity in production thus established will make it plain that any war between France and Germany becomes not merely unthinkable, but materially impossible. The setting up of this powerful productive unit, open to all countries willing to take part and bound ultimately to provide all the member countries with the basic elements of industrial production on the same terms, will lay a true foundation for their economic unification.'

(Schuman 2003, 14).

As said before Jean Monnet had become convinced that economic development in a national setting was no longer viable and therefore he believed that the Schuman Plan would be only a starting point for deeper cooperation (Monnet 1997, 395-396). At the same time, it was becoming strikingly obvious that the European economy needed Germany as its economic locomotive and the whole European recovery was dependent on

how Germany could be reincorporated as part of the European economic system (Milward 1992, 134). The Schuman Plan attempted to solve these two problems simultaneously.

But even the first steps in the integration process might have been impossible without World War II. As a result, Germany had been sidelined from the international arena and divided among the Allies that controlled its territory. Germany needed some way to rehabilitate itself at the same time as it was becoming obvious that Europe needed it economically. As a result it was willing to accept the Schuman Plan, although it reflected mainly French interests. As Martin Dedman says:

‘Whereas for France the prime motive for the ECSC was economic, for Germany the motives were political. Accepting the Schuman Plan and signing the Treaty of Paris was the only way to commence their national rehabilitation as an independent sovereign state.’ (Dedman 1996, 64).

The need to rearrange the European state-system originates thus mainly from this regional level: ways to ensure permanent peace and states' capability to provide welfare for their citizens were the main motivations to initiate international cooperation. The global framework offered possibilities for international cooperation, when limited inside the western camp of the Cold War. The economic problems of the European nation-states also explain why they chose to initiate economic integration. However, this does not yet explain why states opted to initiate a combination of these two factors: an attempt to ensure peace through economic integration. Why integration and not, for example, some other type of international cooperation? In other words, why that 'something' that had to be done, turned out to be a limitation of national sovereignty. Monnet justifies this choice by saying that supranational governance of key strategic sectors of the economy would be the only solution by which a permanent balance between Germany and France could be found (Monnet 1997, 392-393). Motivations to participate in integration can be interpreted at least partly from these premises for the two countries: the post-war situation (the economic problems of France, the exclusion of Germany) and the wish to ensure permanent peace were the most important factors. Alan Milward has approached this question from a slightly different direction. According to Milward, the main benefit of European integration for the member states was the relative irreversibility of integration (Milward and Sørensen 1993, 12). When Germany had become crucial for the

economic development of other European countries, it had to be tied into a network of cooperation, which it could not break easily:

'Europeanization had to incorporate the Federal Republic as the core of the system. The hoped-for advantages of trade liberalization across Western Europe as a whole were imprecise and subject to repeated political challenges and economic difficulties. The advantages of expanding trade with the Federal Republic were precise and indispensable to the process of industrialization, modernization and growth. The Federal Republic had to be embraced in a commercial and political clasp from which it could not readily escape.' (Milward 1992, 134).

Motivations to initiate integration can be thus found from the regional economic structure and from an attempt to benefit from the economic power of Germany. And at the same time, from the need to solve the Franco-German relation specifically and also the position of Germany in Europe in a broader sense. At the same time, Germany saw integration as a possibility to rehabilitate its international status and regain its sovereignty (Antola 1998, 17).

5.4.1.3 NATIONAL SYSTEMS

How the national level affected the beginning of the integration process has been less studied than, for example, the influence of international and regional systems. The most notable exception has been Alan Milward's 'rescue of the nation-state' hypothesis. According to Milward regional integration was initiated because nation states were facing both internal and external pressures that were threatening the whole existence of the nation state in Europe. Integration was a means to rescue the nation-state.

Alan Milward's hypothesis seems rather straightforward, European states were so weakened because of their experiences over the last couple of decades that they virtually had no other alternative than to initiate an integration process:

'Our hypothesis begins with the assumption that most western European states were so weakened by their experiences over the period 1929-45 that they more or less had to re-create themselves as functioning units in the immediate post-war period' (Milward and Sorensen 1993, 5).

By this, Milward and Sorensen refer to the Great Depression and the wartime experience, which had shattered the political consensus of many states and also their capacity to rule effectively.

'In this situation their objective once they returned [exile governments back to their countries] was to reassert the nation-state as the fundamental organizational unit of political life as vigorously and securely as possible.' (Milward and Sorensen 1992, 5).

Milward and Sorensen argue that governments selected a strategy, which included different policies, which could ensure the achievement of this goal (reassertion of the state). Furthermore, there were issue areas where effective policies could be pursued only in the international context, which thus directed these states towards integration.

In his book *The European Rescue of the Nation-state*, Milward (1992) goes even further. First of all he argues that the nation-state in Europe could not have survived without integration:

'...the evolution of the European Community since 1945 has been an integral part of the reassertion of the nation-state as an organizational concept. The argument goes, however, beyond this, because the historical evidence points to further conclusion that without the process of integration the west European nation-state might well not have retained the allegiance and support of its citizens in the way it has.' (Milward 2000, 2-3)

Milward's argument runs basically as follows. European states had almost collapsed during the War, but after the War they were given back their political authority and no serious attempt to replace the state with some other form of social organisation was made. In the post-war situation governments tried to win back the allegiance of their citizens by reconstructing the state on a much wider political consensus than what had been the case before the War. The failure to ensure the most fundamental functions of the state in relation to society (protection of its citizens' survival) was compensated for by reasserting the democratic political systems and establishing supranational mechanisms for the protection of human rights. This posed a new challenge to the reproduction of the state, which was no longer dependent only on the external sovereignty but also more extensively on a state's relation towards society. In other words, the legitimacy of the political system was dependent on the wide public support for the governments. And that support, in turn, was dependent on several policies. These policies, in turn, had to satisfy the demands of a much broader spectrum of constituents than previously, because the objective was to reassert the state as securely as possible. Milward argues that what was common for all post-war governments was that they had to find ways to eliminate long-

term mass employment, support the agricultural sector and create the welfare state (Milward 1992, 29-31). Some of these policies could be better pursued on an international forum than on a national level. (Milward 1992, 2-7; 21-45).

The decision to initiate integration was thus dependent on the special circumstances prevailing in Europe in the immediate post-war situation. States needed wider political support. When they had reasserted strong democratic systems and mechanisms for the protection of the human rights they had offered new ways for society to challenge the state's legitimacy. In this situation, maintaining the legitimacy of the European state was also dependent on its ability to satisfy the needs of the main constituencies, and thus its ability to pursue a wide range of different policies at the same time. Some of these policies could be more effectively pursued on the international forum than on the national level. In this situation, European states thus opted to hand over part of their national sovereignty in order to maintain their legitimacy in relation to society. This decision was thus affected at least by the democratic regimes and methods to protect human rights, the need for wide public support for governments and the modes of production, which for their part contributed to the maintenance of legitimacy.

This means that the beginning of the integration lies in a long continuum during which European states have established a certain kind of political and economic structures with which they controlled their relationship with society. The War had weakened these states and they were therefore more vulnerable than before to challenges that might come from inside. In the post-war situation, European states responded by two policies that attempted to stabilise their position, but which at the same time required the limitation of state sovereignty. The other one of these policies was to grant more power to citizens over the state. This was done mainly through international arrangements and proclaiming the European Convention of Human Rights. This convention offered a novel opportunity for citizens to take states to an independent court in cases where the signatory states had violated human rights. The other policy is explained in Milward's book *European Rescue of Nation-State*. Because of the political and economic systems of Western Europe, the easiest way to reassert the state was to gain wide public support for the government and this in turn was achieved through pursuing certain kinds of economic policies. According to Milward, some of these policies were no longer feasible to be

pursued in the national framework and thus resulted in the initiation of the integration process, which simultaneously ensured that Germany could be permanently tied to the cooperation, which was necessary for other European countries.

This conclusion implies that integration was not a result of only regional and international factors. The national level - political and economic systems - of the European states also shaped the outcome. For example, Barry Hughes argues that European integration would not have been possible without democracy and the protection of human rights on a national level (Hughes 1995, 230). This is also basically what Ernst Haas had concluded in his *The Uniting of Europe*:

'Our study thus substantiates the pluralistic thesis that a larger political community can be developed if the crucial expectations, ideologies, and behaviour patterns of certain key groups can be successfully refocused on a new set of central symbols and institutions. Yet this conclusion also begs the question of the generality of the process laid bare. Can larger political communities be created on this basis in all sections of the world, in all ages, irrespective of the specific powers initially given to the central authority?

... these findings are sufficiently general in terms of the socio-political context to serve as propositions concerning the formation of political communities - provided we are dealing with 1) an industrialized economy deeply enmeshed in international trade and finance, 2) societies in which the masses are fully mobilized politically and tend to channel their aspirations through permanent interest groups and political parties, 3) societies in which the groups are habitually led by identifiable elites competing with one another for influence and in disagreement on many basic values, and 4) societies in which relations among these elites are governed by the tradition and assumption of parliamentary (or presidential) democracy and constitutionalism.'

(Haas 1968, xxxiv-xxxvi).

In other words, the integration process was possible because European states had already changed internally into pluralistic industrial economies and parliamentary democracies. This transformation had challenged the state from inside, but its position could be stabilised by solving some national level problems on a regional level.

5.4.2 DEVELOPMENT AFTER THE ECSC

In 1950, the historical processes of the past two decades produced the Schuman Declaration and the European Coal and Steel Community. Why integration was started in

the first place and why it took the appearance of economic integration in this specific field was a combination of different factors affecting the process on global, regional and national levels. In the establishment of the ECSC, European states had been willing to limit their sovereignty. However, how can further deepening of the integration be explained? If Milward's Rescue of nation-state hypothesis is considered, the answer does not seem to be very obvious. Milward's argument is rather static, its emphasis is on the preservation of the nation state system in Europe. However, European states have continued to limit their sovereignty even further after the ECSC Treaty in a situation, where both their domestic and international positions have been secured. Why has this happened?

Different factors on global, regional and national levels have affected European integration also after the establishment of the ECSC. Their relevance has varied in different periods. In the beginning the integration developed in the same framework of global level factors as explained above, but they did not have great relevance for the process. The situation changed in this respect in the 1980s when changes of the both political and economic macrostructures changed and steered also European integration in a new direction. On the other hand, regional level factors have become more important during the process than what they were before the ECSC was established. The dynamics of integration is determined largely on the regional level and in a sense integration follows its own logic, which also shapes the process. The national level has also continued to hold relevance throughout the process.

5.4.2.1 INTERNATIONAL SYSTEM

For decades, the global framework of the European integration process remained unchanged. Europe was politically and economically divided and on the global level the political and economic structures remained intact. Therefore, during the 1960s and 1970s, the dynamics of the European integration process was mainly affected by the regional and national levels. This situation started to slowly change in the beginning of the 1980s when economic globalisation started to slowly affect the policy environment in which nation-states operated. This contributed at least partly to the launch of the Single European Act (SEA). The international context was even more dramatically changed at

the turn of the 1990s when the Cold War suddenly came to an end. This opened up completely new opportunities for the European integration process.

Economic globalisation

As concluded in chapter two, most integration theories today agree upon that there exists a clear link between globalisation and regionalisation. According to some analysts, globalisation provokes regionalisation, while others see regionalisation as a stepping-stone on the way to global markets. Nevertheless, globalisation also affects the European integration process, although not necessarily in the same manner as, for example, in developing countries.

Helen Wallace has raised the question does globalisation take a particular form in Western Europe, among the EU member states? As Wallace says: 'In particular the availability of highly institutionalized channels for managing, and the EU's rich cross-border legal and judicial mechanisms, may give west Europeans more opportunities than others to control some of the consequences of globalization.' (Wallace 2000, 49). This viewpoint can be used to partly explain, for example, the background to the SEA. Andrew Moravcsik has argued that the origins of the SEA lay in the economic interests of the EC members and especially in their concern over the increasing global and regional trade and investment, which challenged Europe's international competitiveness (Moravcsik 1998, 318). States were experiencing pressures from the private sector towards further liberalisation of the economy, and, on the other hand, moving towards more liberal economic policies all-over Europe. Moravcsik's argument is that in this situation, a single market policy was almost the only viable option (Moravcsik 1998, 354). Since neoliberal economic policies and the increasing importance of international trade and investments are clearly signs of globalisation, it can be argued that it was one of the factors behind the SEA. On the other hand, the existing framework of the EC offered an existing framework for further liberalisation of the economy, and in this sense a way to tackle the problem of fragmented European economies. In the earlier edition of *Policy-Making in the European Union* (1996), Helen Wallace argued on behalf of this general nature of European integration as a response to globalisation even more strongly:

‘European integration can be seen as a distinct west European effort to contain the consequences of globalisation. Rather than be forced to choose between the national polity for developing policies and the relative anarchy of the globe, west Europeans invented a form of regional governance with polity-like features to extend the state and to broaden the boundary between themselves and the rest of the world. (Wallace 1996, 16).

It is not necessarily feasible to go this far - the prime motivation behind European integration has probably not been to contain the effects of globalisation even during recent decades. Nevertheless, it is obvious that since European integration was initiated in the field of economic integration, the changes in the international economic system also directly affect that process. Sometimes, they offer new opportunities for integration, when the existing structures can be used to respond to the changing environment. Sometimes, the supranational framework can be used to soften the blow of external changes.

End of the Cold War

An even more profound change in relation to the European integration process on the level of international system occurred in the late 1980s when the Cold War suddenly came to an end and the Berlin Wall collapsed. The root cause of the many changes that took place in the EC/EU during the 1990s lie in the end of the cold war. A unified Germany as well as Northern and Eastern enlargement stand out as the most obvious examples. On the other hand, the unification of Germany changed the power balance of the regional system and in its way contributed also to the signing of the Maastricht Treaty. But once again, this shows how many different factors on different levels of analysis contribute to the same end result.

Two most obvious signs of the impact of the changed global political situation in the European context are the northern enlargement in 1995 and the eastern enlargement in 2004. Austria, Finland and Sweden joined the EU in the northern enlargement of 1995 (Switzerland and Norway had also applied for a membership, but decided to stay out). All new members had been neutral during the Cold War, but at the same time geographically relatively close to the Soviet Union's sphere of influence. When the Iron Curtain collapsed, all three countries (plus Switzerland and Norway) seized the opportunity and

submitted their applications to the EC between 1989 and 1992. The altered international situation is usually seen to have played a role in the decision-making of the applicant countries at the time of the submitting their applications (Dinan 1994, 449).

If the end of the cold war had an indirect impact on the northern enlargement, it has had the most direct impact on the eastern enlargement. After Eastern Europe had experienced a shift to democratic governance, it became possible to fulfil the old federalist dream of the unified continent. The former communist countries were invited to submit their applications to the EC in 1997 and they took heed of this invitation. Europe is perhaps the best example of the impact of the end of the cold war in relation to the changing context of regional integration. In Europe, the end of the old divisions opened up new ways for the integration processes and an opportunity for a true continent wide integration.

5.4.2.2 REGIONAL SYSTEM

The relevance of the neofunctionalism in European integration is reviewed first. On several occasions especially the economic integration process seems to have clearly followed the logic of neofunctionalist spillover logic. The first of these momentums is related to the signing of the Treaty of Rome and the two others to the events leading to the signing of the Single European Act and the Maastricht Treaty.

From ECSC to EEC

Jean Monnet resigned from the ECSC High Authority in 1954 after being disappointed with the progress of the integration process and wanting to gain a role where he could advocate integration more aggressively (Dinan 1994, 31). The EC member states were faced with a new challenge as they had lost the front figure of the integration process. In 1955, member states met in Messina, Italy to discuss the future of integration. Monnet had earlier argued that coal and steel would gradually lose their strategic importance and integration should instead be steered towards cooperation in the field of atomic energy. In the meeting in June 1955 the foreign minister of Belgium Paul-Henri Spaak presented a memorandum, which proposed further integration along the lines of Monnet's ideas on an atomic energy community as well as another proposal for the

establishment of common markets. The background for this proposal was the disappointment in the field of political integration that the Six had experienced with the collapse of the EDC (European Defence Community). The experience in the field of coal and steel had been promising - although the progress had been too slow for Monnet - that it was considered that there were possibilities to deepen the process within the field of economic integration (Nugent 1994, 44).

Other ministers appointed Spaak to head a committee, which should write a report on the future options. In 1956 Spaak presented the results of the committees and proposed that further integration should be implemented within two separate organisations – one which would concentrate on cooperation in atomic energy, and the other, which would aim at wider economic integration. The Spaak report marked the beginning of the negotiations, which eventually led to establishment of the European Atomic Energy Community (Euratom) and the European Economic Community (EEC). Negotiations were this time less heated and difficult than their predecessors in the beginning of the decade. France had most doubts about deepening the integration process, but also agreed to participate in the process after its demands regarding the benefits related to its overseas territories as well as agriculture were accepted by its partners (Ravenhill 1985, 48-49). Other members basically had no other option than to accept her demands since further integration without France would have made no sense. Treaties on the establishment of EURATOM and the EEC were signed in Rome 1957. The new communities started to operate in January 1958.

Single European Act

There is both an intergovernmental as well as a neofunctionalist side related to the introduction of the White Paper leading to the SEA. On the other hand, the completion of the internal markets became possible because the key member states saw that it was politically desirable. On the other hand, it was also made possible by certain decisions that had been made earlier (for example, the EMS - European Monetary System) and its completion would automatically place additional pressure for further integration in different fields (for example, competition, consumer protection, the EMU). The establishment of common markets had already been an objective in the Treaty of Rome,

but their establishment was still far from becoming reality in the beginning of the 1980s. The beginning of the 1980s marked a turning point for the integration process with the launch of the EMS (European Monetary System), the accession of Greece and the direct elections of the European Parliament (Dinan 1994, 108). Some of the decisions (for example, the EMS) made by the EC paved the way also for further economic integration. Nevertheless, in the mid- 1980s it was not however quite obvious what this further integration could mean.

Jacques Delors had become the president of the Commission in 1985. Delors would have wanted to continue the process of integration along the lines of the EMS, in other words, try to establish an economic and monetary union. The private sector was also pushing for further liberalising of the economy within the Community. However, it soon became apparent for Delors that the most feasible approach to the deepening of integration would be the establishment of common markets. Since this objective had been already included in the Treaty of Rome it would not be considered as the member states going too far, but, on the other hand, it would create pressures for the additional deepening of the process along the neofunctionalist lines of thinking. It would thus pave the way in its turn for the establishment of the EMU. As a result, the Commission drafted its famous White Paper on the establishment of Common Markets. When member states started an intergovernmental conference (IGC) in September 1985, they were already committed to completing the internal markets. In the IGC, different national interests collided, and member states were not willing to take the initiative unless they were sure that all members supported it. In other words, this meant that proposals were reduced to the level of the lowest common denominator, because member states were not willing to compromise each others national interests in any way. Yet the conference was able to come up with an agreement, which was put on the paper and signed as the Single European Act in February 1986.

From SEA to Maastricht Treaty

In the establishment of the European Union, also other regional factors contributed to the deepening of the process in addition to the neofunctionalist spillover effect. Helen Wallace has argued that preoccupation with security (especially in relations

towards Germany) and the need to come to terms with an overcrowded region in relation to population and number of states, has shaped the European integration process (Wallace 2000, 49-50). Events leading to the Maastricht treaty can be seen in relation to this background, German unification changed the regional balance, and the balance was regained through additional integration. Nevertheless, there is also a neofunctionalist side to the Maastricht Treaty (the need to complement the decisions made in the SEA with further economic integration) as well as the intergovernmental side (reflected in negotiation positions).

In addition to geographically large enlargement processes towards north and east, the end of the cold war contributed also to a smaller enlargements process in geographical terms, but not necessarily in its importance. This naturally refers to the unification of Germany, which became possible after the collapse of the communist regime in 1989. Jacques Delors called the events of 1989 ‘the acceleration of History’, which is an appropriate description of the time. What started in May 1989 as the opening of the Iron Curtain between Hungary and Austria and culminated in the collapse of the Berlin wall in November 1989, is one of the most dramatic changes in European history. Suddenly, the Community was facing a new challenge in the form of the probable German unification, which once again raised fears about the latent power of Germany in relation to its European partners. The initial response of both France and Britain was suspicious. But as German unification became a reality surprisingly fast, it became one of the aspects in the negotiations leading to the signing of the Maastricht Treaty. But once again we can see here how the different levels of analysis become intertwined, because German unification changed also the regional power balance. Thus it contributed on its part, but indirectly, also to the Maastricht Treaty.

German unification was soon linked to the further deepening of the integration and to the idea on the EMU, which Delors had once again brought back onto the agenda already before 1989. Suddenly, it appeared that the Twelve had to come up with a solution to several big issues, which included German unification and the deepening of the integration, which meant both the EMU and the EPU (European Political Union). German unification soon became inevitable and was realised already in 1991, the deepening of the integration was decided to be dealt with in two simultaneous IGCs.

Negotiation positions of the main members were different. Germany being supportive towards the EMU and the EPU, France mainly towards the EMU and Britain objecting to both. France wanted to tie a unified Germany closely to the European integration process, which made it supportive especially towards the EMU. On the other hand, Germany would lose most in the EMU but gain most in the EPU. As a result, the Twelve signed the Maastricht Treaty in 1992, which was less especially in the field of the EPU than what the original proposal had been. Reservations towards federalism were nevertheless still so strong in many member states that a full EPU was not possible.

Relevance of regional institutions

Institutionalists argue that existing institutions (for example, in the EU) shape and constrain intergovernmental bargaining and decision-making in many ways. Mark Pollack (2001, 226-227) identifies three strands in this new institutionalism related to EU studies that are derived from the general approach of new institutionalism in political sciences. Historical institutionalists study the effect of integrative decisions and how they might produce unintended consequences. Rational-choice institutionalists explore why member states decide to establish supranational institutions and how they try to control them. And finally sociological institutionalists who argue that existing institutions and membership of them can also shape the identity and preferences of member states. This discussion on the relevance of institutions is quite closely related to the practical experience of the EU and to the relevance of the EU institutions in the integration process. The discussion on the role of the European Court of Justice is lifted up as an example in this chapter.

The ECJ's role in the European integration process has been peculiar. On various occasions it has taken decisions, which have deepened the integration process considerably³⁰. Renaud Dehousse has raised the question where would the Community be without concepts of the direct effect and supremacy of the Community law. Dehousse argues that without the case law of the ECJ, the Treaty of Rome would have remained as a set of abstract and distant rules, but the ECJ has been able to establish the authority and effectiveness of Community law through its work (Dehousse 1998, 66-67). Sometimes it

³⁰ Such cases are at least *Van Gend en Loos* and *Costa v ENEL*. For more detail see pp. 131-132.

has also appeared that the ECJ has taken the process of integration forward and has therefore been called also the engine of integration (Shaw 2000, 40). As a result of its determined approach to its work, the ECJ has been able 'to play a significant role in the development of the original agreement' (Dehousse 1998, 68) and 'opened many avenues which were not expressly envisaged by the drafters of the Treaties' (Dehousse and Weiler 1990, 246-247). This implies that the establishment of the ECJ would have had unintended consequences and taken the process of integration in such a direction that had not been the original idea of the member states.

However, this also raises the question of why did member states allow the ECJ to transfer national sovereignty to the Community, if that had not been the original idea. Is it possible for the court to act against the will of the member states or has it in fact been so that member states have had control over the Court even if it has not appeared so? Anne-Marie Burley and Walter Mattli have suggested in their article *Europe before the Court* that the Court could and has ruled against the preferences of powerful EU member states (Burley and Mattli 1993, 74). They relied heavily on the neofunctionalist theory, but their argument could be understood also as an example of the unintended consequence of integrative decisions. In the Treaty of Rome, member states had given the Court the position where it was the instance of last resort within the Community. But it had not been the intention of the member states that the Court would start to interpret the Treaty in a way, which would establish completely new features for the Community's legal order. These decisions included the establishment of the direct effect of the Community legal order (in *Van Gend en Loos*) and supremacy principle of the Community's legislation over national legislation (in *Costa v ENEL*). Within the literature of the new institutionalism, it was argued however that Burley and Mattli's argument was not correct. For example, Garrett argued that it was in the interest of the member states to conform to the rulings of Court. The Court had been established in the first place to solve the problem of incomplete contracting and monitoring compliance with EU obligations. Since it fulfilled this task it was in the interest of the member states to follow its rulings also in those cases when the actual ruling was against their national interest (Garrett 1992 556-558). Therefore, it was rational for the member states to accept ECJ rulings, even if they went against their interests in some cases, because it was in the long-term interest of

the member states to ensure the enforcement of the EU law. Either way this example shows how integration institutions could start to direct the process and even deepen it even if it was not in the interest of the member states.

But how much influence do the EU institutions hold generally in the integration process? Helen Wallace has argued that: 'Institutional settings make a significant difference to the ways in which EU policies develop or fail to develop' (Wallace 2000, 62). However, the complete picture is more complicated and varies over time and issue-areas. Mark Pollock has argued that the actual influence of the supranational institutions in the EU is dependent at least on four factors: 1) institutions act within the constraints of member state preferences, 2) how much these preferences matter depends on the available methods to control supranational institutions, 3) incomplete information and uncertainty leads member states usually to delegate more powers to institutions, and 4) the influence of institutions grows if they are backed by supranational pressure groups (Pollack 1997, 129-130). For example, in the case of the EU, although the member states in most cases would have possibilities to control the behaviour of the EU institutions, it is not necessarily feasible (Pollack 1997, 117-118). This means that once up and running member states no longer can completely control the direction and outcome of the integration process, even if the system is built in a way, which allows them as much control as possible. However, the so-called governance approach goes perhaps too far. For example, Liesbet Hooghe and Gary Marks have argued that as a result of the establishment of supranational institutions, member states of the EU have lost control over the integration process (Hooghe and Marks 2001, 310). Instead, it seems more credible that there exists a balance between the member states and the EU institutions, which varies over time and issue-areas as Mark Pollock argued.

5.4.2.3 NATIONAL SYSTEMS

The national level has always played an important role in the European integration process. Charles de Gaulle is perhaps the best example of the prevailing relevance of national interests in European integration. The empty chair crisis created by de Gaulle has also ensured that member states have been able to control the integration process in a way, which has ensured that integration has not produced decisions that

would be completely against their national interests. However, recently constructivist scholars have argued that the national interests may be changing as a result of the integration process, which, in turn, might redirect also the integration process.

Nation states affect the integration process both in the everyday decision-making as well as in large international bargaining. Andrew Moravcsik's concept of two-level games is useful in understanding the relevance of the national level in EU decision making. Governments first formulate their views in the domestic political setting and then bargain them on the supranational forum in Brussels (Moravcsik 1993, 481). When combined with the decision-making structure that ensures that the Community cannot ignore the national interests of its members, this guarantees that member states can at least control the process and also affect the outcome of it to a certain extent although the decision-making does not always produce decisions that are favourable for all members. In *The Choice for Europe* Moravcsik argued that European integration has always reflected the national interests of the member states and their relative bargaining powers (Moravcsik 1998, 472). Concentrating on the big inter-governmental bargainings, Moravcsik argues that the European integration process has advanced when the interests of the member states have converged (Moravcsik 1998, 472). Basically this also means that larger member states have had more influence over the outcome of the process. This is because differences among the member states are reflected also in their bargaining power and larger international bargains have become possible only when it has been in the interest of the larger member states.

Was it then the original objective of the Six to take integration as far as it has proceeded during the past 50 years? If one studies the Schuman declaration, references to European federation seems to point in that direction, but, on the other hand, lessons from de Gaulle's point in the opposite direction. Nevertheless, integration has proceeded quite far and this cannot be explained, for example, only by the unintended consequences or the active approach of integrative institutions towards the process. An alternative approach could be found here from the constructivist approach to regional integration. Constructivists see the world in a completely different way than the traditional IR. Whereas rationalistic IR has valued foremostly the material capabilities of states in their interest formation, constructivists see that interests are socially constructed (see page 93-

96). This means that, for example, EU institutions would not only affect the state behaviour (in the bargaining process), but they could also shape the interests and identities of the EU member states. This is an important aspect since above we have studied such approaches to European integration that were rather static and understood the original initiation of the integration process to serve certain specific objectives (for example Milward's rescue of the nation-state hypothesis). However, the European state has obviously not remained intact and instead it has changed in some respects during the integration process. Constructivists argue that this change is at least partly caused by the integration process:

‘A significant amount of evidence suggests that, as a process, European integration has a transformative impact on the European state system and its constituent units. European integration itself has changed over the years, and it is reasonable to assume that in the process agents' identity and subsequently their interests have equally changed. While this aspect of change can be theorized within constructivist perspective, it will remain largely invisible in approaches that neglect processes of identity formation and/or assume interests to be given exogenously.’
(Christiansen et al. 1999, 529).

Constructivism can be naturally criticised from many different angles, but at least it is obvious that it has a tendency to assume the existence of certain phenomena such as identity or preference change as the starting point of analysis as Mark Pollack points out (2001, 235). Andrew Moravcsik's reply to Christiansen et al's argument on the increasing importance of the constructivism in European integration studies focused on the role of theory and empirical testing in constructivist research. According to Moravcsik, constructivist integration studies is lacking both of them (Moravcsik 1999, 677-679). Nevertheless the point here is not to prove constructivism right or wrong, but to be theoretically aware of the underlying assumptions of constructivism also in this work.

If the international system is considered to be socially constructed, it would certainly have an impact on integration processes. The role of the ECJ was discussed above and from a rationalistic point of view it was concluded that obeying the rulings of the ECJ is rational behaviour for EU members and also that the cost of non-abidance might make such behaviour unfeasible. Burley and Mattli have considered this question also further and placed this rationalistic reasoning against reflectivism. A counter argument to the rationalistic arguments could be that ‘judicial independence is a bedrock

norm of Western liberal democracies' (Burley and Mattli 1993, 75). This kind of reasoning seems to imply that the member states tendency to obey ECJ's decisions has been more a result of a shared legalistic tradition than rationalistic calculations. This is naturally an interesting point of view since it gives importance to other than rationalistic calculations of a state in its behaviour. This, in turn, would seem to suggest that identities and norms that arise from all levels of state and society would affect the integration process, since the argument when turned the other way around implies that a similar system of supranational courts is not possible in regions where the member states do not share similar legalistic traditions. More generally this would mean that regional integration is not possible among any kinds of states, but that they have to share a certain kind of shared identities before they can advance in their integration efforts.

The constructivist approach can hold relevance during an integration process also in another way. According to constructivism the state identity and interest formation are transformed throughout the integration process. Ole Wæver uses as an example of such identity transformation the security concerns and security identity of France (Wæver 1995, 412). He argues that through the integration process the security issues of France have become so closely connected to the EU that France's security concerns can no longer be understood separately from the EU. In this sense, EU membership has changed both the identity and interests of France in the field of security questions. According to this logic it can be easily concluded that when such transformation on the level of national interest formation has occurred, it can easily lead to further integration. In these situations it could become also rational for the member states to limit their sovereignty even further since their newly reformed interests, which take into account also, for example, their neighbours and the integrative organisation require that. In that case, it would not be very far from the neofunctional assumption that once started, integration will follow its own logic, which will lead to a continuous deepening of the process. This would also mean that the integration process can also proceed much further than what had originally been envisaged.

What seems obvious is that integration cannot be approached from a too static point of view. Integration may have started as a 'rescue of nation-state' but it has now advanced far beyond that point. This means that even if the original objective was to

preserve the existing political structures this has not succeeded – the states in Europe have changed as a result of the integration process. It seems that the role of the state and its ability to control the process varies over time and issue-areas. Wolfgang Wessels offers an interesting thesis on ‘fusion’, which shapes the European integration process. According to Wessels, integration has been a product of choices made by the EU member states. They have ‘invested competencies and resources’ in the political system of the EU. In the new political system both the domestic level as well as supranational institutions do matter since they balance the development of the process. And during the process, member states can remain as the ‘masters of the treaties but they are transforming themselves in the very process’ (Wessels 1997, 273-275). However, since the states are in control of the process, ‘A comprehensive loss of sovereignty does not lie in the self-interest of governments and administrations’ (Wessels 1997, 287). This argumentation is in line with our conclusions on pages 96-99: both the national and regional level hold relevance during regional integration, but at the same time, the process transforms its constituent parts and the identity of the state as states sets the limit how far the process can advance.

5.5 SOUTHERN AFRICA'S RECORD OF REGIONAL INTEGRATION

Introduction

Before moving on to a detailed analysis of the underlying forces behind the southern African integration process, it is necessary to first analyse some general trends in African integration efforts. This is because most of these general trends also apply to the southern African context.

Africa's record of regional integration since African countries started achieving independence in the beginning of the 1960s has been a disappointment. African countries have formed over 200 regional cooperation organisations (Traore 1993, Söderbaum 1996). Most of them have concentrated on economic integration, but none of them has been able to achieve the goal of producing genuine regional economic integration. Peter Robson has summarised this rather bluntly: ‘It is in fact the case that hardly any of the African trade blocs have been successful’ (Robson 1993, 334). Therefore, it seems rather

justified to conclude that signing treaties and establishing regional institutions will not by itself produce economic integration in Africa (Mistry 2000, 561). Percy Mistry does not understand the motivations of African countries to establish such a number of regional institutions, but if one wants to find logic in this pattern, it can be found, for example, from the so-called 'instrumental benefits' that accrue to the member states from an integration arrangement (see page 92). Sometimes the existence of a cooperation treaty or organisation alone may be beneficial for participating countries. They may, for example, increase investors' interest in the region or respond to the wishes of donors. In this way, regional arrangements can produce certain, although limited, benefits for its member countries, even though member states had no intention to carry out their regional commitments in the first place.

When measured in more traditional terms, the successes of African regional schemes have been rather limited. According to Mistry, only the arrangements in francophone West Africa and in southern Africa have had limited success with a customs union, while attempts at deeper economic integration in the rest of the Africa have not produced discernible benefits (Mistry 2000, 556-557). Mistry has compiled a long list of reasons for this failure, but it is sufficient to highlight the first three of the reasons he points out.

- 'The failure of African governments to translate their commitments in regional treaties and agreements into substantive changes in national policies, legislation, rules, and regulations. There was no follow-through in translating regional commitments into national actions.
 - The unwillingness of African governments to subordinate immediate national political interests in order to achieve long-term regional economic goals or to cede essential elements of sovereignty to regional institutions
 - An absence of monitoring and enforcement mechanisms to ensure adherence to agreed timetables on such matters as tariff and NTB reductions or in achieving more difficult objectives.'
- (Mistry 2000, 558)

The suggested reasons for failure can be divided into two groups. First set is related to the shortcomings of methods and strategies applied by regional cooperation organisations. The most common problem has been the inapplicability of an import substitution strategy and protectionism of the most regional groupings during the first wave of regionalism (for example, Kennes 1997; Mistry 2000, 557). The other group of problems is more fundamental, and it is summarised above in the three examples by Mistry. It appears that

these reasons are in line with other analysis on the reasons for failure (for example, Laaportte 1995; Nomvete 1993). Irrespective of the way used to categorise the reasons and the names applied to describe the reasons, it appears that all the analyses centre around the same problems. 'An absence of monitoring and enforcement mechanisms' on the regional level effectively explains why governments have been able to slip from their regional commitments. The secretariats of regional organisations have been weak, and none of the regional organisations has had a similar judicial organ to the European Court of Justice. There has not been a party that would have promoted the regional interest or overseen that regional commitments are effectively turned into national policies, as has been the case with the European Commission and which already Leon Lindberg considered to be the necessary condition for successful integration. Already in the design of the regional organisations, member states have aimed at granting as little power as possible to the supranational level. And the last phrase of the second reason provided by Mistry explains why this has happened ' [the unwillingness of African countries] to cede the essential elements of sovereignty to regional institutions' has been a common feature for all regional arrangements.

These general characters of African integration efforts have to be kept in mind when analysing regional integration in southern Africa and how it has changed the sovereignty of SADC members. According to Mistry, it seems as if there would have not been much limitation of sovereignty in Africa at all and instead member states would have been more willing to protect their sovereignty. This has then been reflected in the minimal powers given to supranational institutions and usually a complete lack of supranational enforcement mechanisms. If this is also true with SADC, the following analysis of southern Africa becomes considerably different compared to Europe. In that case, the task is not that much to explain why handing over sovereignty has taken place, but to explain why it has not taken place.

Definitions

This chapter explores the historical experience of the Southern African integration process and the factors that have contributed to that process. Before we move on to the historical record of Southern African integration, it is necessary to define two things.

What is meant by Southern Africa? And secondly, what is the relationship of the Southern African integration to wider continental integration, the establishment of the African Union and the idea of pan-Africanism?

Defining Southern Africa

First task here is to define what is meant by Southern Africa. This is a difficult task since it is not easy to define even what is meant by Europe. Therefore definitions of Southern Africa also vary from case to case, but they usually include the members of SADC (Odén 1996a, 4; Simon 1998, 244).

However, recently there has been also discussion whether SADC has already enlarged beyond the natural borders of southern Africa. The SADC Treaty leaves plenty of room for interpretation in respect of prospective new members: 'Any state not listed in the Preamble to this Treaty may become a member of SADC upon being admitted by the existing members and acceding to this Treaty.' (SADC Treaty, Article 8:1). The Council of Ministers has also accepted a more detailed list of criteria for new members. Applicants should fulfil the following criteria³¹:

- 1) Geographical proximity to the SADC region;
- 2) Commonality of political, economic, social, cultural systems with the systems of the SADC region;
- 3) Feasibility of cost-effective and efficient co-ordination of economic, social and cultural activities under the SADC framework of co-operation;
- 4) Absence of a record of engagement in subversive and destabilisation activities; and territorial ambitions against any SADC, or any of its member states;
- 5) Must be democracy, observing the principles of human rights and the rule of law;
- 6) Must share SADC's ideals and aspirations.

(Sidaway and Gibb 1998, 170)

During the 1990s, SADC accepted five new members to its organisation. Two of these, the Republic of South Africa (RSA) and Namibia, belong obviously to the region. However, the organisation has also enlarged beyond this by accepting Mauritius, Madagascar, the Seychelles and the Democratic Republic of Congo (DRC) as its

³¹ In the Dar es Salaam Summit in 2003, SADC adopted new criteria for the admission of new members. However, it did not change the original criteria, but only streamlined the admission procedures. According to the current system, the Secretariat will assess the country applying for membership on the basis of the

members. By doing this it can be argued that SADC has enlarged beyond its 'natural' area and at the moment the organisation has members that are geographically far away from the region or could also belong to some other region. Mauritius and Seychelles are island states far off the eastern coast of Africa. Tanzania is an original member of SADCC, but it could be argued that it belongs more naturally to the eastern African region (Odén 1996a, 4; AfDB 1993a, 8). The DRC is an interesting case, since it is a vast and potentially rich country, which could eventually counter balance RSA's dominance in the organisation. DRC's membership was mostly advocated by RSA officials, which is explained by the RSA's wish to diversify its energy supplies (Sidaway and Gibb 1998, 170). In other words, during the 1990s all countries that 'naturally' belong to SADC's geographical area have joined the organisation, and the organisation has enlarged even further than this. Further enlargement beyond this would have to be seriously questioned, but according to the current situation, it is understood in this study that southern Africa is comprised of the present SADC members³².

Pan-Africanism

Various historical threads that underlie the present-day integration efforts in Africa have roots rather deep in history. The Pan-African movement, for example, has a longer historical tradition than its European counterpart. The first Pan-African Congress was organised already in 1900 in London, but originally the movement did not even demand immediate African independence. In 1944, several African organisations formed the Pan-African federation, which demanded for the first time African autonomy and independence from the colonial powers. The first international meeting on an intergovernmental level was organised in 1958 in Ghana, when Ghana and Liberia were the only sub-Saharan African representatives, while other participants were the Northern African states. When more African countries gained independence, the Pan-African movement achieved new manifestations in the form of international conferences and organisations. The most important of these new organisations was the Organization of

criteria and make appropriate recommendations to the Council which will in turn make recommendations to the Summit (SADC 2003e).

African Unity, which was founded in 1963. Its original objective was to promote unity and cooperation among all African states and to bring an end to all forms of colonialism in Africa. At the time of the establishment of the OAU, the pan-African idea was still very strong and some political leaders were also strongly supporting it (for example, Ghana's Kwame Nkrumah). The original objective of the OAU was to support African countries to achieve independence and when this objective was achieved rapidly during the 1960s and 1970s, Africa slid towards a similar political system as Europe. In other words, the African international system was also based on the existence of states (but not necessarily of nation-states) and not, for example, on a continent-wide federation. The OAU was not able to promote continent-wide unity among its members after this, but was on the contrary, marred by several problems. Nevertheless, in 2001, members of the OAU decided that they would pursue deeper economic, social and political integration through establishing an African Union. The AU is envisaged to have similar characteristics as the most successful regional integration organisation, the European Union.

In a similar manner as in Europe, the pan-African movement has not been able to gain real credibility as a vehicle of integration process. Instead, its relevance has often been refused in academic analyses:

'While the pan-African perspective and the idea of continental regionalization can be seen at least as a rhetorical framework for some of the regional schemes in southern Africa, the main factors behind the regionalization efforts taking place during the past 35 years are of sub-regional nature.' (Odén 1996a, 3).

Africans have tried to take the full benefit of these sub-regional organisations after they gained independence - they have formed over 200 regional cooperation organisations (Söderbaum 1996). This proliferation of sub-regional organisations naturally effectively eroded also the basis of the OAU, because there was some overlap in the tasks of the organisations, which also made their relationship complicated³³. On a rhetorical level, pan-Africanism might have been praised also in the sub-regional organisations, but in practice the focus has been on sub-regional solutions. Overall, it can be concluded that

³² The Seychelles was not able to participate in the SADC Summit in Dar es Salaam in 2003. The reasons for this were economic and later the Seychelles withdrew its membership due to the lack of financial resources.

³³ Whether this situation will change with the launch of the AU remains to be seen.

although there were also some serious efforts in the pre- and immediate post-independence era to base Africa's future on the continent-wide unity, the reality has directed African countries towards national solutions. This, in turn, has directed international cooperation to take place at a sub-regional level of which Southern Africa is a good example. This focus on sub-regional organisations will most likely remain intact in the immediate future, because it is hard to see how the newly born the AU could take the role of the locomotive of the whole continent's integration very soon. However, this does not mean that AU should be considered irrelevant, and it has already proved that it can play an important role, for example, in conflict prevention. The sub-regional processes will most likely remain more important in respect to, for example, economic integration.

5.6 KEY HISTORICAL TURNING POINTS OF SOUTHERN AFRICAN INTEGRATION

Introduction

The first regional cooperation treaty in Southern Africa was signed already during the colonial period in 1889. This first customs union eventually developed through various phases to what is nowadays called the Southern African Customs Union (SACU), which consists of so-called BLNS countries (Botswana, Lesotho, Namibia and Swaziland) and South Africa (Sidaway and Gibb 1998, 172). A larger regional cooperation scheme was launched in 1980, when Zimbabwe, Mozambique, Angola, Swaziland, Lesotho, Botswana, Malawi, Zambia and Tanzania founded the Southern African Development Co-ordination Conference (SADCC). The main objective of this new organisation was to reduce its members' economic dependence on the Republic of South Africa, but also to start a process of regional political and economic integration between these so-called front-line states. The end of the apartheid regime in South Africa, in the beginning of the 1990s, changed the regional context where SADCC operated, and in 1992, the organisation transformed into a development community (SADC). At the same time the objective of creating genuine and equitable regional integration in Southern Africa gained more importance on SADC's agenda. One step towards this goal was taken in 1994 when South Africa became a SADC member state. Also four other countries joined the organisation during the 1990s and today the SADC consists of

fourteen member states: South Africa, Botswana, Mauritius, Namibia, Swaziland, Zimbabwe, Angola, the Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mozambique, Tanzania and Zambia.

Southern African Development Co-ordination Conference

The origin of the integration process of SADC lies in the Lusaka Summit, held in April 1980. Nevertheless, the ideological background dates a little further back in history, to the mid-1970s, when Angola, Botswana, Mozambique, Tanzania and Zambia formed the so-called Frontline States. These states attempted to fight against colonialism and white minority-rule and decrease their countries' dependence on South Africa. In this attempt, regional co-operation and integration was seen to play an important role and framework for this cooperation was thus established in the form of the SADCC (Southern African Development Co-ordinating Conference). The objectives of the SADCC were:

- to reduce economic dependence particularly, but not only, on South Africa
- to forge links to create genuine and equitable regional integration
- to mobilize resources for implementing national and interstate policies
- to take concerted action to secure international cooperation within the framework of the strategy of economic liberation.

(SADC 2003a)

The integration strategy adopted by the SADCC focused on functional co-operation, which left most of the responsibility to the member states as the structure of the organisation was decentralised. Sectoral co-ordination units (SCU) and commissions were established in the fields of cooperation, but they were located in member states so that each member hosted some sector. SCUs and commissions were responsible for developing both regional policies as well as operational work in their respective sectors. The staff of the SCUs was recruited locally, which meant that civil servants of the host country were also responsible for regional cooperation. This decentralised cooperation was seen to have certain benefits over closer cooperation, but it created also some inefficiency in the operation of the Conference (Sidaway and Gibb 1998, 166-168). This was even amplified by the uncertain legal position of the conference, which ensured that the SADCC actually remained more as a forum of intergovernmental cooperation than a form of genuine regional integration.

From SADCC to SADC

By the end of the 1980s, it had become evident that SADCC needed restructuring and in the Harare Summit in 1989 the Council of Ministers was given the task to formalise the SADCC (SADCC 1989). There were several factors contributing to this situation. First of all, it was evident that cooperation in the framework of intergovernmental conference had been inefficient and the organisation had not been able to achieve its objectives. A fact, that the SADCC even itself recognised: ‘progress towards the reduction of the region’s economic dependence, and towards economic integration has, so far, been modest’ (SADCC 1992, 4). Partly this inefficiency was caused by the uncertain legal status and unclear decision-making structures of the organisation, partly the division of the functions into sectoral cooperation, which were not incorporated into one coherent regional programme contributed to the problem. In any case, it was obvious that the SADCC needed to address these problems.

The reorganisation of the organisation coincides with the emergence of the second wave of regionalism and in fact various different global and regional factors created pressures to transform the organisation. In the beginning of the 1990s, the end of the cold war had already created a new international framework for regional integration also in Southern Africa. Perhaps the most obvious sign of this new framework was the independence of Namibia and its membership of the organisation. However, even a more important change for the whole regional integration process was on its way, when South Africa was moving towards majority rule. Although, the RSA was not yet a member of the organisation in the beginning of the 1990s, it was already obvious for the SADC that genuine regional integration (especially economic integration) would not be viable without South Africa: ‘The entry of a democratic, non-racial South Africa into SADC could give a major boost to efforts already underway to promote regional cooperation and integration in Southern Africa’ (SADC 1993, 1). At the same time, the effects of economic globalisation were starting to affect also Southern Africa and create pressures for economic integration:

There can be little doubt that Southern Africa needs a credible institutional structure for regional economic integration. The reason for this is not so much that economic integration is a good thing but that

Southern Africa is a part of a continent which is becoming increasingly marginalized in the eyes of the international investor community, if not in the eyes of the world at large. Yet, Southern Africa should be the part of Africa, which is best equipped to escape this marginalization. It has the most developed country in Africa, i.e. South Africa, a long standing economic integration and monetary arrangement with a sophisticated financial infrastructure; a reasonable industrial structure in Zimbabwe; significant unexploited resources in Angola and Mozambique. It is a region, which also seems to have forged a feeling of common identity thanks to the various economic groupings in existence. (Maasdorp and Whiteside 1992, 44-45. Cited in Odén 1996a).

In other words, it seemed as if economic globalisation was creating pressures for the future economic development of the region and economic integration was seen as a solution for these challenges. A view shared also by the SADCC at the time (SADCC 1992, 7).

To solve the problems and to answer the challenges mentioned above, the SADCC decided to adopt an integration strategy, which followed the lines of the development integration strategy (SADCC 1992, 28, see also pages 75-77). At the same time, this approach was seen to help the region to avoid the problems that other developing countries had experienced in their regional integration and, on the other hand, it clearly prepared the organisation for the membership of a powerful new member – the RSA. The strategy was seen to set the framework also for political integration:

‘[adoption of development integration approach] will also require the establishment of mechanisms capable of achieving the high level of political cooperation and conscious intervention necessary in shaping the scope and scale of the process of integration’ (SADCC 1992, 39).

This was seen to include transferring more of the decision-making authority to the regional level and establishing also effective mechanisms, for example, for dispute settlement (SADCC 1992, 39-42). The transformation of the SADCC into a new organisation called the Southern African Development Community (SADC) was agreed at the Windhoek Summit in August 1992.

The new organisational structure of the organisation included a summit of heads of states, which is the highest decision-making body of the organisation. The second highest decision-making body is the Council of Ministers, which is responsible for overall policy work and oversees the functioning of the organisation. Supranational institutions also include a Tribunal responsible to adjudicate disputes and a permanent

secretariat based in Gaborone, Botswana. But the decentralised cooperation in different sectors was nevertheless carried over to the SADC, which meant that sectoral co-ordinating units and commissions continued functioning.

Development during the 1990s

During the 1990s, the SADC both enlarged and deepened its integration process. As mentioned above, during the 1990s, the SADC gained five new members: Namibia in 1990, South Africa in 1994, Mauritius 1995, and finally the Seychelles and the Democratic Republic of the Congo in 1997. The RSA is obviously the most important of these new members. The membership of RSA made it possible for the regional organisation to pursue genuine regional integration, especially in the field of economic integration. After the withdrawal of the Seychelles and with thirteen members, it seems at this point that further enlargements are not in sight.

The SADC took also important steps in deepening its integration process during the 1990s, although the deepening in this case should not be understood as being as profound as, for example, in the case of the EU. The SADC Treaty included a possibility to adopt protocols, which would be legally binding:

‘Each Protocol shall be approved by the Summit on the recommendation of the Council. And shall thereafter become an integral part of this Treaty’
(SADC Treaty, Article 22:2)

During the 1990s, the SADC adopted and ratified protocols in several different areas. The adoption of different protocols did not lead to further integration during the 1990s, but they set the framework for future cooperation in the region now that they have been adopted. In addition to the adoption of different protocols, the SADC took also an important step in the field of political integration by establishing a so-called Organ on Politics, Defence and Security in 1996.

The SADC has so far signed altogether 21 protocols, but only 15 have been ratified and entered into force. The most important of these protocols was perhaps the Trade Protocol, which was signed at the Maseru Summit in 1996 and ratified by the required number of members in 2000. This is because this protocol sets the framework for the economic integration process in Southern Africa, which will be one of the main areas of cooperation of the SADC in the near future. The objective of economic

integration is to establish a SADC Free Trade Area by the year 2008. From thereon the SADC envisages to move on in its integration efforts according to a tight schedule: the establishment of a SADC customs union is envisaged to take place in 2010 and establishment of common markets would follow in 2015 (SADC 2003b, 65). Economic integration is the area where the SADC aims at achieving the most concrete results and therefore it is also the area, which to a great extent shapes the future of the organisation - its success or failure. When studying the ways in which SADC members have limited their sovereignty, it is therefore useful to consider whether the powers that have been invested in the regional organisation and its institutions are sufficient for the successful establishment of the SADC free trade area.

Another important step was taken in the field of political cooperation although even this step did not produce results immediately. Although SADC countries had agreed that political stability was a prerequisite for the achievement of the objectives of the organisation it was not able to agree upon the institutional structures related to the establishment of a regional security regime during the first half of the 1990s (Nathan 2002, 58). However, in the Gaborone Summit in June 1996, the SADC decided to establish a SADC Organ on Politics, Defence and Security. The appointment of Robert Mugabe, president of Zimbabwe, to chair the new Organ led to a peculiar situation. The organ did not exist *de jure* before the Organ Protocol was approved at the Blantyre Summit in 2001, nor did it exist *de facto*, but still Mugabe managed to make decisions and give statements as the Chair of the Organ without consulting other SADC members (Nathan 2002, 58). Among these decisions was to send Zimbabwean, Namibian and Angolan troops to the DRC, which according to Mugabe was made under the SADC flag. But as said the Protocol on Politics, defence and security co-operation has now been signed giving SADC a possibility to deepen its cooperation in the field of common security. The objective of the Organ is to promote the peace and security of SADC members, but in addition to this the Organ Protocol lists also twelve other objectives, which deal with, for example, democracy and human rights. But as Jan Isaksen concludes the Organ is still quite far away from the role envisaged for it in the SADC Treaty and Protocols (Isaksen 2002, 36).

Institutional Restructuring

Although SADC was able to produce deeper regional integration during the 1990s, it still suffered from inefficiency. Especially its institutional structure proved to be inappropriate for deeper integration. Sectoral cooperation had been the main form of cooperation during the 1980s and this decentralised model of cooperation was carried over to the SADC in the transformation of 1992. However, it soon proved that this model of cooperation was not suitable for more intensive cooperation that the SADC had now initiated.

During the latter half of the 1990s, it was becoming obvious that the SADC was facing severe problems in its integration efforts. As listed by Isaksen and Tjønneland these problems included:

- 1) The SADC secretariat in Gaborone lacked the power, authority and resources required to facilitate regional integration;
- 2) The sector co-ordinating units in the member states were highly uneven in their ability to pursue and implement policies;
- 3) SADC's Programme of Action lacked a clear regional focus, it covered too many areas, and the majority of projects were mainly national;
- 4) Limited capacity to mobilise the region's own resources, including the private sector, for the implementation of the Programme of Action and an over-dependence on external financial resources.
- 5) Growing political divisions within SADC and a failure to address governance, peace and security issues.

(Isaksen and Tjønneland 2001, 4).

The SADC was also aware of these problems and in 1999, the SADC Summit decided to launch a review of the operations of the SADC institutions. The committee set up to carry out the review recommended a comprehensive restructuring of SADC institutions. This recommendation was decided to be carried out by the extraordinary Summit in March 2001.

The main innovations of the restructuring included closing the sectoral co-ordinating units and commissions located in SADC member states. Their functions would instead be transferred to Gaborone, which would strengthen the SADC secretariat. All 21 sectoral co-ordinating units were decided to be abolished and instead establish four clusters in the secretariat that will take care of the cooperation in all sectors. The summit remained as the highest decision-making body of the organisation and the Council of Ministers remains also in the same position as in the original Treaty. During 2000 and

2001, the SADC also signed protocols on Politics, defence and security co-operation as well as on the Tribunal. These institutions have an important role in the institutional set-up of the organisation, but the Tribunal has not yet been established. Later in 2001, the SADC also amended its Treaty to conform with the institutional changes. Isaksen and Tjønneland have concluded that although it is too early to judge what will be the actual outcome of this restructuring, it is at least addressing the main problems of the organisation (Isaksen and Tjønneland 2001, 20). With institutional restructuring and amendment of the Treaty, the SADC has now taken the first steps, which enable it to achieve genuine regional integration, but there are still many challenges ahead.

During the first years of the first decade of 2000, the SADC has concentrated on implementing its objectives that a rise both from the original treaty as well as from the restructuring of the organisation. Restructuring has been the highest priority of the organisation³⁴. The restructuring has proceeded relatively well and tasks have been handed over from the sectoral co-ordinating units to the secretariat, which nevertheless still remains relatively weak compared to its tasks (Isaksen 2002, 64). However, Isaksen points out that focus on restructuring has, for example, slowed down the progress in building the capacity of the secretariat, which, in turn, has slowed down the progress in implementation of the protocols (Isaksen 2002, 65). Implementation of the Trade protocol runs smoothly although certain problems can be expected to surface in the future (Isaksen 2002, 18-19). Progress has been also made in the issues that belong to the competence of the Organ for Politics, Defence and Security, but member states' willingness to protect the regional stability has hampered partly the objectives of the Organ. It has not, for example, directed much attention to the issues of good governance and the protection of human rights (Isaksen 2002, 65). The SADC has also produced a Regional Indicative Strategic Development Plan (RISDP), which basically aims to operationalise protocols and harmonise policies.

Overall, the SADC is well on its way to creating a legal framework (including the Treaty and the Protocols) as well as establishing an institutional set-up, which will meet the requirements of deeper integration. Recently, the focus has been on the restructuring

³⁴ At the SADC summit 2003, the SADC noted that the status of the restructuring process was the following: the process was near completion, four the Directorates had been established and SADC national committees were operational at the member state level. The summit also approved RISDP. (SADC 2003d)

and also the SADC itself has noted with concern the slow progress in ratifying the protocols (SADC 2003d). Both creating the legal order and restructuring the organisation are necessary, but not sufficient, requirements for successful integration (for example, successful establishment of a free trade area). However, the next step is perhaps the most difficult. From now on the SADC must also deliver, in other words, it must also produce some substantial benefits for its member states³⁵.

5.7 TRANSFORMATION OF STATE SOVEREIGNTY IN SOUTHERN AFRICA

This chapter reviews the way in which member states of the SADC have limited their sovereignty. It has to be noted that all of the Protocols mentioned in this chapter have not yet been ratified, which means that the actual handing over of national sovereignty is yet to take place, if it is dependent on ratification.

5.7.1 INTRODUCTION

The SADC Treaty states that the SADC is an international organisation, which tries to achieve the following objectives:

- a. promote sustainable and equitable economic growth and socio-economic development that will ensure poverty alleviation with the ultimate objective of its eradication, enhance the standard and quality of life of the people of Southern Africa and support the socially disadvantaged through regional integration;
- b. promote common political values, systems and other shared values which are transmitted through institutions which are democratic, legitimate and effective;
- c. consolidate, defend and maintain democracy, peace, security and stability;
- d. promote self-sustaining development on the basis of collective self-reliance, and the interdependence of Member States;
- e. achieve complementarity between national and regional strategies and programmes;
- f. promote and maximise productive employment and utilisation of resources of the Region;
- g. achieve sustainable utilisation of natural resources and effective protection of the environment;

³⁵ During 2004, the restructuring process has almost been completed and all SCUs closed down and their tasks have been transferred to Gaborone. This process has somewhat slowed down the actual integration process, but most likely it will prove to be necessary for the success of the integration process in the future.

- h. strengthen and consolidate the long standing historical, social and cultural affinities and links among the people of the Region;
 - i. combat HIV/AIDS or other deadly and communicable diseases;
 - j. ensure that poverty eradication is addressed in all SADC activities and programmes; and
 - k. mainstream gender in the process of community building.
- (Amended SADC Treaty, Article 5:1).

In principle, the objectives of the organisation are rather far-reaching. However, as the wording of the objectives show, the level of integration related to the achievement of these objectives is left unclear. How much integration does involve, for example, complementarity between national and regional programmes? In relation to the actual integration process, the most important immediate objective of the organisation, is to establish a SADC free trade area. According to the Trade Protocol, the establishment of the free trade area should take place within eight years of the ratification of the Protocol, which occurred in the year 2000 (SADC protocol on trade 1996, Article 3b). Economic integration is also the area of cooperation that involves a clearly spelled out timetable for future activities (SADC 2003b, 65). According to the SADC, it follows an integration strategy called development integration (see, for example, SADCC 1992, 28; also the preamble of the SADC protocol on Trade 1996) However, some scholars have been keen to label the SADC also, for example, as an example of new regionalism (for example, Odén 1999, 169). However, such labels do not necessarily do justice to the integration process in Southern Africa since it has such unique characters – as all integration processes – that it is not necessary or possible to place it under a single heading.

5.7.2 PERMANENT NATURE OF SADC?

The permanence of regional organisation in the case of the SADC is similar to the European Union. The SADC is also established for an unlimited period of time, but the SADC Treaty includes articles, which clearly stipulate rules about withdrawal from membership and dissolution of the whole organisation. The EU Treaty did not originally mention a possibility to withdraw from membership, which reflected the idea that joining the organisation is a permanent act. With the new constitution, the situation has changed and the new constitution also includes articles about voluntarily withdrawal from

membership in the EU. According to article 34 of the SADC Treaty, any member of SADC can also withdraw from its membership in the organisation after a period of notice, which is one year. The Summit can also decide with a majority of three-quarters to dissolve the SADC - a possibility not mentioned in the EU convention. Therefore, it can be concluded that when signing the Treaty member states are obviously committed to the objectives of the organisation and to the process of regional integration, but at the same time they hold the right to withdraw from the process at any point if they so choose. In European integration, the relative irreversibility of integration has been concluded to be an important factor especially in the beginning of the process, since it increased the credibility of member state commitments (Milward and Sorensen 1993, 12; see also page 108). Even if the EU is now planning to include a withdrawal article in its constitution, it could be argued that in the case of the SADC, such an article may reduce the credibility of the commitments of SADC member states in the process. On the other hand, it has to be remembered that no membership in an international organisation can be completely irreversible according to international law.

5.7.3 SADC COMPETENCE

According to the treaty establishing the Southern African Development Community: 'SADC shall be an international organisation, and shall have legal personality...' (Amended SADC Treaty, Article 3:1). This definition is similar to Article I-6 of the EU constitution, which also means that the legal competence of the two organisations is in principal similar. Furthermore, the SADC treaty also lists the areas of co-operation:

'In accordance with the provisions of this Treaty, Member States agree to co-operate in the areas of:

- a. food security, land and agriculture;
 - b. infrastructure and services;
 - c. trade, industry, finance, investment and mining;
 - d. social and human development and special programmes;
 - e. science and technology.
 - f. natural resources and environment;
 - g. social welfare, information and culture; and
 - h. politics, diplomacy, international relations, peace and security.
- (Amended SADC Treaty, Article 21:3).

However, in respect to powers conferred upon the supranational level, the SADC remains

much closer to a traditional intergovernmental organisation than the EC ever did. After the list of areas of cooperation, the Treaty moves on to list various methods of how the Community aims to achieve its objectives in the fields of cooperation. However, it remains silent on the actual authority and powers of the organisation in this task and just states that the SADC shall among other things, for example, the attempt to harmonise policies (Amended SADC Treaty, Article 5:2). In the following article it is stated that:

'Member states undertake to adopt adequate measures to promote the achievement of the objectives of SADC, and shall refrain from taking any measure likely to jeopardise the sustenance of its principles, the achievement of its objectives and the implementation of the provisions of this Treaty. (Amended SADC Treaty, Article 6:1)

It seems thus that the treaty remains unambiguous in respect of SADC competence and powers, but it could be interpreted that they are not at least extensive. In this respect, the organisation remains closer to an intergovernmental organisation especially when the main responsibility for the achievement of the objectives of the integration seems to be given to the member states. It has to be remembered that EU competencies have also been clarified (and enlarged) during the integration process and the competencies of the SADC can therefore be easily modified when the integration process proceeds.

Legal order

In the case of European integration, studying the role of the ECJ and the legal order of the EU helped to clarify the competence and powers of the EU. Therefore, the same approach is also applied to the SADC.

The core of the SADC legal system is comprised of the SADC Treaty and ratified protocols. The original treaty dates back to 1992, but it was amended nine years later. In addition to the Treaty, the SADC directs the cooperation and develops common policies through protocols. The Treaty defines a protocol as 'an instrument of implementation of this Treaty, having the same legal force as this Treaty' (Amended SADC Treaty, Article 1). Table 5.1 shows the current status of different SADC Protocols. The core of the SADC legal structure is thus made up of the Treaty and signed protocols. One relevant question is also the relationship between supranational and national legislation in the legal order of the SADC.

Protocol	Signed	Entry into Force
Protocol on Immunities and Privileges	17.8.1992	30.9.1993
Protocol on Shared Watercourse Systems	28.8.1995	28.9.1998
Protocol on Energy	24.8.1996	17.4.1998
Protocol on Transport, Communications and Meteorology	24.8.1996	6.7.1998
Protocol on Combating Illicit Drugs	24.8.1996	20.3.1999
Protocol on Trade	24.8.1996	25.1.2000
Charter of the Regional Tourism Organisation of Southern Africa	8.9.1997	8.9.1997
Protocol on Education and Training	8.9.1997	31.7.2000
Protocol on Mining	8.9.1997	10.2.2000
Protocol on the Development of Tourism	14.9.1998	26.10.2002
Protocol on Health	18.8.1999	14.8.2004
Protocol on Wildlife Conservation and Law Enforcement	18.8.1999	30.10.2003
Memorandum of Understanding on Cooperation in Standardisation, Quality, Assurance, Accreditation and Meteorology in SADC	9.10.1999	16.7.2000
Protocol on Legal Affairs	7.8.2000	
Protocol on Tribunal and the Rules of Procedure	7.8.2000	14.8.2001
Revised Protocol on Shared Watercourses	7.8.2000	22.9.2003
Amendment Protocol on Trade	7.8.2000	7.8.2000
Protocol on Politics, Defence and Security Cooperation	14.8.2001	2.3.2004
Protocol on the Control of Firearms, Ammunition and Other related Materials in SADC	14.8.2001	8.10.2004
Protocol on Fisheries	14.8.2001	8.8.2003
Protocol on Culture, Information and Sports	14.8.2001	
Protocol against Corruption	14.8.2001	
Protocol on Extradition	3.10.2002	
Protocol on Forestry	3.10.2002	
Protocol on Mutual Legal Assistance in criminal Matters	3.10.2002	
Agreement Amending the Protocol on Tribunal	3.10.2002	3.10.2002

SADC Protocols

Source: SADC 2003c and SADC 2005

Similar to Europe the institutional framework of the SADC also includes a supranational court (called the Tribunal), that has as its objective to ensure adherence and the proper interpretation of the SADC treaty (Amended SADC Treaty, Article 16:1). However, the structure of the legal framework of the SADC is different from the European Union (see pages 111-112). The jurisdiction of the Tribunal covers, for example, the interpretation

and application of the Treaty as well as the Protocols (Tribunal Protocol, Article 14). The tribunal has also jurisdiction over disputes between natural or legal persons and states, which could be seen as a sign of the direct effect of the SADC legal order. The supremacy of the SADC legislation is not however certain. The Protocol on *Tribunal and the Rules of Procedure Thereof* denotes for the Tribunal a right to give preliminary rulings in cases referred to it by national courts (Tribunal Protocol, Article 16) and according to the Protocol the Tribunal shall only apply ‘the Treaty, this Protocol and other Protocols that form a part of the Treaty, all subsidiary instruments adopted by the Summit, by the Council or by any other institution or organ of the Community pursuant to the Treaty or Protocols’ (Tribunal Protocol, Article 21). However, this does not yet create the ground to conclude that the Tribunal could automatically conclude that supranational legislation holds supremacy over national legislation. It has to be kept in mind that such central features of the EU legal order as a direct effect and supremacy of the Community legislation were created only in the case law of the ECJ. This situation can therefore change in the future, because according to the Tribunal Protocol, Article 21, the Tribunal should also start to develop its own jurisprudence in which case it could take a similar role in the integration process as the ECJ did in the European case. However, at the beginning of 2005, the Tribunal had not yet even been established.

The SADC Treaty includes an article, which raises question whether the Tribunal can take an influential role in Southern Africa as the ECJ has taken in Europe, but also about the structure of the SADC legal order in general. This question is related to the enforcement of the Tribunal’s decisions and sanctions imposed on member states. The enforcement of the Tribunal’s decisions is handed over to the national level and national institutions (Tribunal Protocol, Article 32). This means that the national level and the supranational level have to work in cooperation in a similar manner, as is the case in Europe. However, the strongest contradictions with the European system are found in situations when member states fail to comply with the decisions of the Tribunal. In these cases, such failure can be referred to the Tribunal. If the Tribunal confirms that such failure has occurred, it can report its finding to the Summit for the latter to take the appropriate action (Tribunal Protocol, Article 32). However, the general rule is that the Summit operates on a basis of consensus, which also applies to these cases. This means

that also a member that has not been able to conform to the decision of the Tribunal, has to condemn its own action, if the Summit is to make any official decision on the matter. When compared to the European system the difference is obvious, since the ECJ in such cases can also order penalty payments for the members that have not complied with its rulings³⁶.

Because the Tribunal has not yet been established and the SADC Treaty remains silent over some crucial issues, it is possible only to speculate what will be the actual position of the Tribunal and the importance of the whole legal order of the SADC. It is obvious that the Treaty and the Tribunal Protocol include elements for the development of both a direct effect and the supremacy of the SADC legislation. However, at the moment it seems that compliance with the Tribunal's decisions depends on the political will of the Summit. This means that also in individual cases it is up to the Heads of States to decide over the relationship between supranational and national legislation. This differs from the European system, which reflects the division of powers also on the supranational level.

5.7.4 POWERS OF SADC

Legislative powers

As explained above, the legal order includes features that give the Community the right to pass 'legislation' that is binding on the members. In other words, the Treaty and ratified protocols make up the core of this SADC legislation. However, it is not yet fully clear what will be the status of that legislation in relation to national legislation. This section reviews the decision-making related to amending the Treaty and approving new protocols, which is the core of the use of supranational legislative powers within the SADC.

The general rule is that the SADC applies unanimous decision-making. According to the Treaty of the SADC, the Summit is the supreme policy-making institution of the

³⁶ Obviously penalty payments alone would not necessarily be a sufficient deterrent in all cases and there are also other reasons why EU member states obey the ECJ's decisions. For discussion on these reasons see pages 138-140. However, the difference between the EU and the SADC is that the ECJ takes the final decision while the SADC Tribunal reports to the Summit, which can take appropriate action. The level of protection of sovereignty appears to be higher in the case of the SADC.

SADC. The Summit works on the basis of consensus unless otherwise stated in the Treaty (Amended SADC Treaty, Article 10:9). The two most important decision-making competencies of the Summit are related to amending the SADC Treaty and approving new Protocols. Interestingly, in the case of amending the Treaty, the Summit uses majority decision-making (three-quarters), while in approving protocols the general rule of consensus is followed. The Council of Ministers also makes decisions on a basis of consensus (Amended SADC Treaty, Article 11:6). The Council of Ministers is responsible for overseeing the functioning of SADC and implementation of SADC policies.

It is obvious that this decision-making system involves a very high degree of protection of member states' national interests. Decisions cannot be made without the consent of all members, which guarantees that any member can *de facto* veto all decisions that would violate their national interests. Furthermore, in the case of protocols, member states can also attempt to hinder their ratification by delaying their national ratification processes. As noted above, the ratification process of different SADC protocols has been slow. If compared to the EU, the level of decision-making authority transferred to the supranational level is obviously lower. In principle also, SADC member states have pooled their sovereignties in the areas of cooperation to the supranational level and use them nowadays together. But as said, they have even more effective mechanisms to protect their national interests in this system than what the EU members have.

Executive power

According to the SADC treaty the secretariat is the principal executive institution of the SADC. However, during the 1990s the secretariat did not have a very strong position within the SADC, because cooperation was still based on the decentralised co-operation carried over from the old SADCC. This meant that sector co-ordinating units and commissions located in the member states held the main responsibility over planning and implementing regional policies. However, in the extraordinary summit of Windhoek in 2001, it was decided that one of the features of restructuring the organisation would be phasing out the sectoral co-ordinating units and commissions and building a stronger

SADC headquarters, in other words, strengthening the SADC secretariat.

The restructuring process has given the secretariat more powers also in the implementation of the SADC policies and decisions. As the SADC treaty states the secretariat is responsible for the implementation of decisions of, for example, the Summit, the Organ on Politics, Defence and Security Co-operation and the Council (Amended SADC Treaty, Article 14:1). However, on a national level each member state should establish a SADC national committee. This national committee should also assist in the implementation of the SADC policies, for example, coordinate and oversee the implementation of SADC programmes of action (Amended SADC treaty, Article 16A:4).

Interestingly, it can be still noted that the Treaty also includes an article, which entitles the organisation to impose sanctions on a member state (SADC Treaty, Article 33). These sanctions can be imposed if a member state fails to, for example, fulfil its obligations assumed under the Treaty or it implements policies, which undermine the principles and objectives of the SADC. However, according to the Treaty 'The sanctions shall be determined by the Summit on a case-by-case basis' (SADC Treaty, Article 33:2). As mentioned above, the Summit makes its decisions on a basis of consensus unless otherwise mentioned. This means that consensus is used also in these cases and therefore in order to be able to impose sanctions on a member state, the Summit has to make a decision, which condemns the action of its member state by consensus – including the objective of sanctions.

Judicial power

As described above, the Treaty of SADC includes an article, which says that SADC shall establish a supranational Court called the Tribunal. The role of the Tribunal was already described above, when the legal order of the SADC is reviewed. At the moment, the 'Protocol on Tribunal and the Rules of Procedures Thereof' has been signed, but the Tribunal has not yet been appointed. Therefore, it is not possible to describe what will be the actual role of the Tribunal in the integration process and how it will use its judicial powers and what role will national courts have in applying SADC legislation. It can be only concluded that the Treaty and the Tribunal Protocol include elements, which could enable the supranational judicial system to gain similar features as in the case of

the European Union. The European Court of Justice is not the most important regional institutions within the EU, but it has played an important role in the process of European integration. Therefore, the present lack of the supranational court in the SADC organisational structure can be described as its biggest difference compared to the organisational structure of the EU.

External sovereignty

When analysing the external sovereignty of a SADC Member State, it is necessary to take into account at least three factors. First, how much of the national sovereignty in SADC is actually handed over to the supranational level and how does this affect the intra-regional relations. What is the relationship of the member states in other policy questions? And what is the status of SADC members' external sovereignty in relation to non-members?

SADC competencies and powers were reviewed above. It could be concluded that also in the case of SADC member states have handed over part of their decision-making powers to the supranational level and in that sense they have limited their sovereignty. However, SADC follows the decision-making structure of the EU at least in that respect that the decisions are made by the Summit where all member states participate in the decision-making. This means that in those areas where the limitation of sovereignty has occurred, member states have pooled their sovereignties in a similar manner as in the case of the EU (see also page 113). However, it was also concluded that the SADC legal order includes strong mechanisms to ensure the protection of national interests. The decision-making bodies of SADC use almost only consensus, which allows each member a possibility to veto decisions that would violate its national interest. This means that the limitation of sovereignty that has taken place in the SADC has been more similar to traditional international cooperation than the one that has taken place in Europe. Especially, since there does not yet exist an instance of supranational judicial power. This most likely means also that in other fields sovereignty has retained its traditional meaning in intra-regional relations. An obvious sign of this is, for example, the preamble of the Protocol on Politics, Defence and Security Cooperation, which states that signatories recognise and reaffirm 'the principles of strict respect for sovereignty, sovereign equality,

territorial integrity, political independence, good neighbourliness, interdependence, non-aggression and non-interference in each other's internal affairs' (Protocol on Protocol on Politics, Defence and Security Cooperation, Preamble). This same respect for sovereignty and non-interference is also underlined in the recent SADC Mutual Defence Pact (Article 7:1).

In relation to non-members, external sovereignty of SADC members has not changed in any way. The SADC is a legal person, which can, for example, enter into a contract and the secretariat is supposed to represent the SADC (Amended SADC Treaty, Article 14:1). This means that the SADC can enter into a contract with donors on projects that are implemented in the framework of the SADC and it can have negotiations with other international organisations (annual meetings with the EU as an example). However, the organisation does not include such features as the EU that the secretariat would represent its members, for example, in international trade negotiations and instead, each member represents itself on international fora. This applies even more strongly in the fields of non-cooperation. In these fields, each member holds full external sovereignty in relation to third countries.

5.8 THE CONTEXT OF REGIONAL INTEGRATION IN SOUTHERN AFRICA

5.8.1 INTERNATIONAL SYSTEM

End of the Cold War

The Southern African political situation during the cold war was slightly different compared to Europe. Southern Africa as the rest of the world was affected by the superpower rivalry, but at the same time it suffered from its own regional conflict between the Apartheid regime of the Republic of South Africa and the so-called front-line states. Both of these conflicts were solved in the beginning of the 1990s and this changed the regional context at least as profoundly as in Europe.

The most obvious result of the end of the cold war was the reduced interest of external powers in Southern African affairs. When external interest and with that also external funding ended financial means to continue military conflicts disappeared in many countries. After the end of the cold war most of the regional conflicts and tensions

were solved. Namibia gained independence, Cuban and South African troops withdrew from Angola and the civil war ended in Mozambique and Angola. Mozambique, Malawi, Lesotho and South Africa held their first free elections (Nathan 2002, 55). However, solving these regional tensions were closely related to the solving of the regional conflict in southern Africa and therefore their impact will be discussed in the next chapter, which deals with the relevance of the regional system.

In general, it can be concluded that the end of the cold war affected southern Africa in a similar manner as elsewhere (see chapter 2), but its effects were tied to and reinforced by the solving of the regional conflict. In other words, it increased the room for manoeuvre of the regional actors also in southern Africa and left them more freedom to pursue the kind of regional integration as they saw most suitable for the region. This freedom is however limited partly by two factors of the international system: economic globalisation and SADC's relations with the European Union.

Economic globalisation

Another important global change that affects regional integration has been economic globalisation or rather the capability of southern African states to succeed in producing development in the present-day world. It was concluded in chapter two that changes in the international economy have divided different regions more sharply into winners and losers. Because of this, regional integration has been transformed from opportunity into necessity. Is this reflected somehow in the southern African integration process?

The capability of the southern African states to succeed in the global economy has now been questioned almost for a decade. In a study on Economic Integration in Southern Africa published in 1993 the conclusion was clear:

'Yet so serious are the challenges facing Southern Africa that governments cannot afford to ignore either the limitations which national boundaries impose on their prospects for economic recovery and growth or the benefits that regional cooperation will bring to national as well as regional economic development. Regional integration is not an optional extra; it is a matter of survival.' (AfDB 1993b, 1).

At the same time it was also argued that integration could be used not only as a tool by which to overcome the challenges that Southern African states were facing at the time, but also to enhance the position of the region in a global context:

‘There can be little doubt that southern Africa needs a credible institutional structure for regional economic integration. The reason for that is not so much that economic integration is a good thing but that southern Africa is part of a continent which is becoming increasingly marginalized in the eyes of the international investor community, if not in the eyes of the world at large.’

(Maasdorp and Whiteside 1992, cited in Odén 1996a, 17).

According to these studies, the rationale for regional integration in Southern Africa lies thus in an attempt to avoid further marginalisation of the region and at the same time tackling the problems that have caused this threat of marginalisation.

Now ten years later, the attitude towards the region’s position in the global economic system is no longer as gloomy as before. In some analyses, possible marginalisation is argued to be an incorrect term to describe the situation of Southern Africa:

‘although there has been a decreasing importance of Southern Africa in global trade, marginalisation is not an appropriate term for this development’ (Hansohm 2000, 5; 16).

Also the SADC itself has an optimistic attitude towards globalisation, which is seen as a challenge, which also offers opportunities:

‘The ultimate objective is to enable SADC to effectively address the developmental needs of the region and to position the region to meet the challenges of the dynamic, ever changing and complex globalisation process as well as to take advantage of the opportunities offered by globalisation’ (SADC 2003a)

‘Attaining international competitiveness is one important way of effectively integrating SADC economies into the global economic system and thereby overcome the negative aspects of globalization.

...regional integration is one way in which the SADC countries, and indeed, African countries can cooperate so as to confront the challenges of globalization.’ (SADC 2000a, 37)

Has the situation then changed in ten years? Most likely not - it is still possible to find an analysis, which argues that the region is still at a real risk of becoming further marginalised. However, the integration process has proceeded another ten years, which has left the SADC better equipped to answer the challenge of globalisation. It has taken

the first steps on its way towards economic integration, but still the Executive secretary of SADC identifies a need to liberalise trade as soon as possible in order to keep up the region's ability to compete with the rest of the world (Ramsamy 2001, 38). The SADC has also been able to broaden its scope of cooperation, which according to some scholars enables it better to answer the challenges of globalisation (Odén 1999, 169).

Relations with the European Union

The European Union plays an important role also in the southern African integration process. However, its interests and influence in the region seem to be contradictory. The EU conducts a regular policy dialogue with the SADC, but on a more concrete level, it attempts to establish free trade arrangements between the EU and SADC members under the framework of the new Cotonou agreement. In addition to this, the EU has also signed a free trade agreement with South Africa. Both of these free trade arrangements can be criticised favouring only the EU and the RSA.

Some analysts have been extremely critical of the long-term effects of the EU-South Africa free trade agreement. Previously, the SADC was seen to form the main market area for South Africa. As Bertil Odén argued in 1996, even though SADC markets are relatively small compared to South Africa's domestic market, they are still an important market for South Africa's manufacturing industry, which with a few exceptions is not competitive on the OECD markets (Odén 1996b, 9). According to some analysts, the free trade area with the EU changed this situation completely. 'A free trade area with the EU enables South Africa to cut itself off from the region. It is no longer necessary for South Africa to have the development of the region as a priority of economic policy.' (Dieter et al 2001, 69). According to Dieter et al., the EU-RSA free trade agreement benefited foremostly individual EU members, then the RSA, and least of all the other SADC countries (2001, 71). Furthermore, they criticise that the EU has not played a very constructive role in the region. For example, in the negotiations leading to the EU-RSA free trade agreement, the EU could have insisted that the RSA must take more responsibility for the balanced regional development (Dieter et al 2001, 71).

The EU's impact is not much better in negotiations on the free trade arrangements between the EU and Southern African states. The EU attempts to establish free trade

arrangements between itself and Southern African states according to the Cotonou agreement. These kinds of arrangements between Southern African states and industrialised countries is seen to be beneficial for southern Africa also in a local analysis (for example, Hansohm 2000, 15). However, also this negotiation process raises questions whether the EU actually enhances or hinders regional integration. Here the problem is related to the complexity of regional arrangements, different levels of development of SADC members and the existing EU-RSA Free trade agreement. Because of these reasons it can be difficult to find a solution, which would conform with WTO rules, but at the same time take into account the needs of all SADC members. Richard Gibb has therefore raised the question whether this kind of approach by the EU actually undermines attempts to promote regional integration within the SADC (Gibb 2001, 79).

5.8.2 REGIONAL SYSTEM

While the global level and factors affecting the integration process from above are similar in Southern Africa and in Europe, there are important differences on the regional level. The most obvious factor in the regional system of southern Africa that favours regional integration, is the position of the RSA in the regional system. The RSA is overwhelmingly dominant almost in all respects in a southern African context. At the same time, when this dominance creates a need for regional integration, it also constrains it by requiring a high level of intervention in the implementation of the process and the adoption of certain kinds of integration strategies.

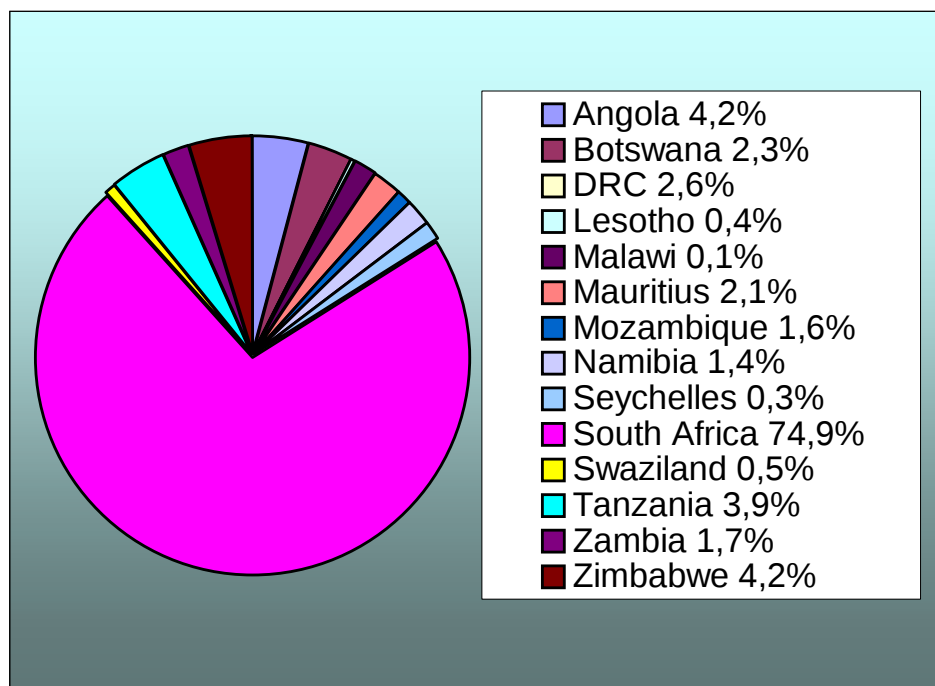
5.8.2.1 DOMINANCE OF SOUTH AFRICA

As described above, the whole regional integration process in southern Africa was started in the first place to balance the regional imbalance between the RSA and the front-line states and as noted the process did not achieve its goals in this respect. After the end of the apartheid regime in South Africa, the approach changed considerably. The objective of the integration was transformed to include the regional giant in the framework of cooperation. In this sense, there are similarities to the post-war European situation, where the economic development of Europe was dependent on the ability to

incorporate Germany as part of the European economic system (see pages 122-123). The RSA is even more dominant economically in southern Africa than Germany is in Europe and therefore it is vital for the region to be able to include the RSA in the economic integration process. However, there are also marked differences between Europe and southern Africa. Whereas in Europe, Germany also needed the integration process, in southern Africa this situation is in no way as obvious for the RSA.

Economic dominance

In 2002, the combined population of SADC countries was approximately 210 million people and the total GDP, USD 226,1 billion (SADC 2003b). However, the levels of economic development in the region are highly uneven. While the population of the RSA is a little more than 20% of the combined population of the SADC, the GDP of the RSA is almost 75% of the combined GDP of the SADC.



Picture 5.1, *Share of each member of total SADC GDP 2001*

Source: SADC 2003f, p 72

Picture 5.1 shows clearly how South Africa is overwhelmingly dominant economically in the regional context. One of the conditions that increases the likelihood

of successful economic integration is that regional partners are more or less on the same level of economic development, which obviously is not the case in Southern Africa.

South Africa also dominates the intra-regional trade patterns. Before the membership of South Africa, the SADCC was a heavily trade dependent area, but with only a small share of intra-regional trade. In the beginning of the 1990s, the African Development Bank reported that the share of intra-regional³⁷ trade was less than 6 % of total trade. (AfDB 1993a, 35). After that, the situation has changed rapidly and the amount of regional trade has increased in relation to the trade with the rest of the world. As table 5.1 shows the share of intra-regional trade in relation to all trade in the SADC increased from 3.1 % to 10.0 % during the 1990s.

Share of SADC in Countries Exports	1980	1985	1990	1995	1999
Angola	0.03	0.00	0.01	0.03	0.7
DR Congo	0.05	0.03	0.1	6.0	0.3
Malawi	12.4	15.4	1.6	17.2	16.9
Mauritius	1.4	0.1	1.2	1.4	1.4
Mozambique	1.1	0.3	0.3	32.1	17.4
South Africa	0.7	2.8	2.5	10.7	11.5
Seychelles	10.5	0.8	0.4	1.4	1.2
Tanzania	5.2	0.1	0.5	1.4	7.4
Zambia	0.9	3.1	0.8	3.8	7.8
Zimbabwe	1.3	25.0	30.7	31.7	28.0
Intra-SADC trade	0.9	3.4	3.1	9.9	10.0

Table 5.1: Share of SADC in each country's export, in %

Source: Chauvin and Gaulier 2003, p.11

However, as the table 5.2 shows most of the growth is due to the increase in trade flows including South Africa, which have increased rapidly after the demise of apartheid, and accounted for nearly 80% of all intra-regional exports in 1999.

³⁷ This region included all present SADC members, except the DR of the Congo, Mauritius and the Seychelles.

Source of intra-SADC exports	1980	1985	1990	1995	1999
Angola	0.2	0.0	0.03	0.03	0.9
DR Congo	0.4	0.1	0.1	2.7	0.1
Malawi	11.1	6.1	0.5	1.9	2.3
Mauritius	2.2	0.1	1.4	0.6	0.6
Mozambique	1.8	0.1	0.1	1.4	1.6
South Africa	64.2	50.5	56.0	76.5	77.8
Seychelles	0.2	0.0	0.0	0.0	0.1
Tanzania	9.6	0.1	0.2	0.3	1.3
Zambia	4.4	4.1	1.0	1.3	2.0
Zimbabwe	6.0	38.9	40.7	15.4	14.9

Table 5.2: Contribution of each country to intra SADC exports, in %
Source: Chauvin and Gaulier 2003, p.12

These tables show how the share of the SADC has increased in RSA's exports after the demise of apartheid and it has gained a larger relative share in overall intra-SADC trade. At the same time, the relative share of other SADC members has decreased in the intra-SADC trade flows. This is because the volume of RSA exports alone is much bigger than other SADC members together as shown in table 5.3:

1995	Intra-SADC exports (Value in USD)	As a proportion of total intra-SADC exports	1999	Intra-SADC exports (Value in USD)	As a proportion of total intra-SADC exports
Angola	703	0%	Angola	1869	0%
DR Congo	101 306	3%	DR Congo	3505	0%
Malawi	74 012	2%	Malawi	85 004	2%
Mauritius	21 061	1%	Mauritius	23 478	1%
Mozambique	52 105	1%	Mozambique	0	0%
Seychelles	703	0%	Seychelles	1 869	0%
South Africa	2 922 100	76%	South Africa	2 825 344	78%
Tanzania	10 120	0%	Tanzania	48 061	1%
Zambia	48 323	1%	Zambia	71 071	2%
Zimbabwe	589 865	15%	Zimbabwe	542 060	15%
Total	3 820 573		Total	3 632 412	

Table 5.3: Total intra-SADC exports³⁸
Source: Gonzalez-Nunez 2003

³⁸ Data not available for individual SACU countries. South Africa includes also other SACU countries.

Without South Africa, the share of intra-regional trade would be on an insignificant level and the changes in trade flows involving South Africa also affect the overall trade patterns of the SADC.

Statistics thus do not provide a promising picture for the southern African economic integration process. The market integration theory emphasises the importance of trade creation and it is more likely to occur when trade is small compared to the domestic production of member states and most of that trade is undertaken with other members of the regional group (see pages 71-72). Therefore, it seems unlikely that the establishment of a free trade area in southern Africa will lead to trade creation. Instead, the dominance of RSA in the regional context should lead to concentration of the benefits from the integration process to the RSA and thus cause a polarisation effect. At the end of the 1990s, SADC trade ministers still considered in their meeting that the question of polarisation should be addressed (SADC 2001). Nowadays, the approach is less straightforward and, for example, in the RISDP it is stated that:

'The policies and strategies that are adopted for trade, industry, finance and investment should take into consideration the special needs of less-developed member countries and ensure that a win-win situation prevails.'
(SADC 2003b, chapter 4.10.4)

Despite the small changes in the official rhetoric, it is obvious that if the fear of polarisation would be realised it would create a threat for the successful implementation of the economic integration. However, it is not necessarily automatic that the economic dominance of the RSA will lead to polarisation.

Factors reducing the likelihood of a polarisation effect

Although the realities behind the statistics do not favour economic integration in southern Africa, there are also various factors that can reduce the likelihood of a polarisation effect. Some of these factors can reduce polarisation already in the short-term, but perhaps the most important one of them will produce its benefits only in the longer term.

Other members can expect to benefit from the integration only when they have been able to diversify their production structure, and gain their share of regional trade.

The SADC secretariat believes that it is possible for all the members of the organisation to claim their share of regional production, and that the SADC will follow a 'flying geese' model. In this model, the leading country (RSA) constantly develops new industries and when it loses a competitive advantage in a particular product, it passes it to its less-developed neighbours (SADC 1999). A study made by Friedrich von Kirchbach and Hendrik Roelfson confirm that there actually exists a real potential for this model. According to von Kirchbach and Roelfson in Southern Africa, there are certain promising similarities to East Asia, where the production capacity has been shifted from Japan to other Asian countries. First of all, South Africa's economy is strong enough to act as a locomotive for the whole region. In addition there are enough countries on different levels of economic development, which guarantees that wages vary throughout the region. On the negative side, South Africa's exports are mainly resource-based, which makes their relocation more difficult than light manufacturing, as in the Asian case. However, von Kirchbach and Roelfson have studied the region's trade patterns (between the SACU and rest of the SADC, which they refer to as SADC 7) to find the possible product groups where the possible shift between South Africa and the other SADC members could occur. According to them results are very promising: 'In sum, there is quite a broad range of products for which the seven SADC countries under review may have an interesting potential as export platform for SACU investment' (von Kirchbach and Roelfson 1998, 23). Similarly, Chauvin and Gaulier have concluded that there does not exist much complementarity between SADC economies, but trade could expand vertically differentiated goods³⁹ (Chauvin and Gaulier 2002, 33) and Hess suggests that after initial polarisation, industries would return to other SADC members as a response to lower wage costs (Hess 2002, 23). These studies seem to imply that the production structure as well as the trade patterns of the region could be different in the future, and the rationale for integration does not have to rest on the hope that integration will lead to trade creation within the existing pattern of trade, which is also the same assumption that was made in the theorising concerning the rationale for economic integration among developing countries (see page 74).

³⁹ RSA specialising in higher quality goods and other SADC members concentrating on middle and lower quality goods.

Another possible factor that can reduce the effects of the polarisation effect could be foreign investments. If regional integration creates larger markets, it can also help to attract more foreign investments (Worldbank 2000, 37). This in turn can have a positive impact on economic growth when countries receive additional funds for investments. Regional integration can increase the volume of investments in a country in two ways. First, it can increase the number of intra-regional investments, in other words, investments from other members of the regional grouping. Secondly, it can attract investments from the rest of the world. These investments might partly compensate for the losses resulting from the negative effects of trade diversion. Increased investments benefit their host countries also in other ways. Investments always involve transfer of skills and technology, but the scope of the transfer is determined by the differences between countries. In the case of developing countries, transfers of technology and skills are usually quite important, because these countries usually have a lack of both technology and an educated workforce. Investments can also help countries to increase their extra-regional export capacity.

At least according to the traditional growth theory, economic integration and the liberalisation of economic policies should be able to attract more investments to SADC countries, and in this way have positive effects on many SADC economies. At the moment, large foreign investments in SADC countries are exceptions, and they usually concentrate only on a few sectors of economy (especially mining), but nevertheless during the 1990s, the SADC was able to increase the annual volume of FDIs from \$691 million to \$3061 million (SADC 2003b). Only South Africa is able to attract MNCs (multi-national companies) to a greater extent, but, on the other hand, it attracts 25% of all FDIs to sub-Saharan Africa (SADC 2003b). The SADC sees this as a sign that MNCs have started to integrate South Africa into their global production network (SADC 2000b, 23). If the economic development of the region follows the flying geese model, these investments should eventually trickle down also to other members of the SADC. This would increase the volume of both external investments in other SADC members, but also intra-regional investments. At the moment South Africa, Mauritius and Zimbabwe are the main sources of intra-regional investments and these investments concentrate on the following sectors: Mining, Tourism, Transport, Finance, Manufacturing, Retail,

Telecommunications, Agriculture and Fisheries (SADC 2003b). The creation of FTA could increase the interest of South African companies to invest in other member states, because that way they could take advantage of lower labour costs, but benefit from larger markets at the same time.

However, it is not self-evident that regional integration will lead to new investments in developing countries. Many developing countries are unable to attract foreign investments, because they do not have an attractive investment climate, i.e. they are politically and economically stable enough. Furthermore, the new growth theory states that the lack of investments in education, infrastructure and research make developing countries less attractive in the eyes of investors. For example, the lack of skilled people or an inadequate transportation system may decrease the willingness of international investors to invest in less-developed countries even if they participate in regional integration schemes (Todaro 1997, 92-93). Thus, even if the economic and political situation in the SADC countries would improve as a result of the FTA, it does not guarantee automatically that the volume of FDI from South Africa and the rest of the world would start to increase.

Samson Muradzikwa lists at least the following reasons that might constrain the SADC from attracting FDI: relatively small market size, remoteness from major markets in Europe, USA and Asia, underdeveloped infrastructure, crime and corruption and finally political instability (Muradzikwa 2002, 14-18). Furthermore because of the lack of investments in education, the SADC might have problems also in offering a skilled workforce for MNCs. As a conclusion, it could be said that the creation of a free trade area would most likely increase the inflow of FDI into the region as well as intra-regional investments. This offers an opportunity for SADC countries for rapid economic growth and to benefit, for example, from transfers of technology. On the other hand, many less-developed members suffer from insufficient infrastructure and the lack of skilled personnel, which might reduce their chances to increase their share of FDI. As Muradzikwa concludes, it is not possible to draw one general conclusion on how the SADC will be able to attract FDI in the future, because it is dependent on both regional and national factors, i.e. how regional policies are implemented and what kind of economic and political conditions prevail in individual member states (Muradzikwa

2002, 20). It seems likely that increased investments alone cannot reverse the uneven distribution of benefits resulting from trade diversion.

Thirdly, if the economic development itself does not correct all the effects of economic liberalisation, the SADC can also intervene in the process and establish corrective mechanisms, which would try to ensure the equitable distribution of the benefits for all members. This would in practice mean the implementation of the development integration model (see pages 75-77). As said before, especially during the 1990s, it was seen necessary that the SADC should ensure the equitable distribution of benefits of economic integration (SADCC 1992, 39). However, although development integration has been the model that the SADC attempts to follow in its integration process, it has not always been fully clear what actions would be required or would be taken in order to achieve this equitable distribution. In the industrial development programme, the SADC focused mainly on the preparation of a regional industrial policy and strategies, which would best promote the spontaneous industrial development in the region. Especially, the organisation tried to ensure that the effects of trade liberalisation would not be too negative on local industries, although responding to market needs automatically means increased competition for local producers. Nowadays, the industrial development is incorporated also in the RISDP, and the needs of the less-developed members are also taken into account:

'Deliberate policies will also be required to deal with industrial development for the periphery areas or countries that may not be as competitive as others.'
(SADC 2003b)

The framework for other possible corrective mechanisms also exists. SADC plans to establish a development fund, which could support the achievement of SADC regional development objectives. If established, the SADC development fund would have an important role in balancing the differences between SADC members:

'A feasibility study is underway to advise Member States of the desirability and viability of establishing a SADC Development Fund in support of its regional development objectives. The important issues for regional integration are potential asymmetrical benefits and costs of regional integration in terms of resource flows, the need to provide sustainable finance for SADC Programme of Action, and

bottlenecks and constraints in the mobilisation and utilisation of existing sources of finance for regional development. The need therefore arises for the re-allocation of resources in favour of less endowed countries to avoid polarisation.'
(SADC 2003b)

South Africa has also tried to reduce the regional asymmetries by launching the so-called SDIs (Spatial Development Initiatives). SDIs include investments and development projects in some less-developed SADC countries, and they aim to reduce the regional dominance of South Africa.

Potential negative effects of economic integration

The South African economy is in a dominant position in Southern Africa. It has diversified and developed economic infrastructure (by African standards). Therefore, it appears that South African producers might have an advantage over their SADC competitors in most sectors of the economy. One of the fears of smaller SADC members has been that the creation of a free trade area would mean a non-restricted flow of South African products to their domestic markets, which would further deteriorate their economies (Dieter et al 2001, 63). The free flow of South African products to other SADC countries could damage domestic production of some countries, but, on the other hand, South Africa has already at this point quite a strong foothold on other SADC markets, as the trade statistics show in table 5.3 shown (see page 171).

However, even if the influx of South African products would not cause problems, the revenue losses that will result from a reduction of tariffs will have negative effects on the economies of certain countries. Most of the SADC members belong to several trade agreements, which means that the majority of intra-SADC trade is already taking place at very low tariff rates. Nevertheless, highest tariff barriers exist between South Africa and the non-SACU countries. Since South Africa can account for, up to a half of some SADC country's imports, the abolishment of tariffs may have significant consequences for some countries. Table 5.4 shows the estimated revenue losses of SADC countries after the establishment of a SADC free trade area. Of course, countries that have the highest tariff barriers towards South African products will suffer also most from the increased competition.

Country	Percent change in customs revenue	Customs revenue as % of total	Percent change in total revenue
Angola	-1.8	4.3	-0.08
Botswana	-3.0	15.2	-0.46
Lesotho	-3.0	45.0	-1.35
Malawi	-23.9	22.0	-5.26
Mauritius	-17.0	33.5	-5.70
Mozambique	-5.8	22.2	-1.29
Namibia	-3.0	29.8	-0.89
South Africa	-3.0	1.8	-0.05
Swaziland	-3.0	49.4	-1.48
Tanzania	-5.8	27.6	-1.60
Zambia	-28.7	8.6	-2.46
Zimbabwe	-32.2	17.2	-5.55

Table 5.4 Estimated impact of SADC FTA on government revenue

Source: Hess 1999

In the worst case, integration can be harmful for certain SADC countries, because their domestic producers will have to face more competition and their revenues will decline when the intra-regional tariffs are abolished. In this case, it is even possible that some countries will be worse-off within the free trade area than what they would be outside it.

The worst scenario

Because of the RSA's dominance, the integration process will not be automatically beneficial for all members of the SADC. This creates some reluctance in some members of the Community to deepen the process, since the most obvious requisite for a successful integration process, is that it has to benefit all members. Without any kind of corrective mechanisms, the implementation of economic integration can lead to a situation where most of the benefits of integration concentrate on South Africa and some of the less-developed members can even find themselves to be worse-off as a result of the integration process. Therefore, the need for the equitable distribution of benefits of economic integration is stressed in various academic studies (for example, Odén 1996a, 46; Gibb 1998, 306; Dieter et al 2001, 69; Hess 2002, 23).

In the worst case scenario, the implementation of economic integration will not lead only to an unequal distribution of benefits, but will also cause instability within the region. Frederik Söderbaum argues that in recent years Southern Africa has moved from ‘an explosive security complex towards a security community’ and that ‘a large-scale inter-state war in Southern Africa is not foreseeable’ (Söderbaum 1998, 78-79). On the other hand, it could be argued that such a conflict has not yet been fully excluded as a possibility and in that sense labelling the region as a security community would perhaps stretch the Deutsch’s concept too far (see page 52-53). But Söderbaum is correct in a sense, because the main threat towards regional security nowadays does not arise from military threats, but more from other threats to human security (such as disparities in the distribution of economic wealth, diseases, ecological threats). Nevertheless, there exists a threat for regional security if the asymmetries in the regional economic development are reinforced as a result of the integration process. These tensions could severely affect also regional stability, although their escalation into a military conflict would seem highly unlikely.

Conclusion

As a conclusion, it is clear that the RSA heavily dominates the southern African economy. If economic integration is implemented according to the logic of the market integration model, with minimum intervention in the functioning of the markets, it will not lead to an optimal result. At best, the benefits of integration will concentrate only on South Africa, but it is also possible that it will leave some of the less-developed members of the SADC worse-off inside the free trade area. In the worst scenario, uneven distributions of economic benefits can also disturb regional stability, but the likelihood of military conflicts can be assumed to be very low.

Integration does not have to cause insurmountable problems, since the SADC can also intervene in the process and try to correct the unwanted results of the process. This is a difficult task since it requires the establishment of different kinds of corrective mechanisms. Their implementation, in turn, requires, among other things, political will and resources. The most crucial factor in such an approach towards regional integration will be the attitude of the RSA towards its regional partners and the regional integration

process. In other words, can the RSA take a role of benevolent hegemon in the Southern African region?

5.8.2.2 SOUTH AFRICA AS A HEGEMON?

The dominant position of the Republic of South Africa (RSA) is a fact that has to be recognised by the political leaders when planning regional integration and also a fact that has to be taken into account when analysing the possibilities of regional integration in Southern Africa. With a dominant position within the region and at the same time integrated in the regional system, the RSA will most likely take some kind of hegemonic role in the region. However, what kind of hegemonic role it will take can vary considerably. The two extreme possibilities are benign or exploitative (Odén 1999, 172-173). According to Odén in the worst case, this would mean that the RSA uses the region to serve its short-term national interests and exploit its regional partners. In the opposite case, the RSA would promote regional cooperation, which would be beneficial both for itself and for its regional partners (1999, 173).

We are going to consider only the latter possibility, where the RSA takes the role of a benevolent hegemon. This is because the whole concept of regional integration in southern Africa is built on the assumption that the membership of the RSA benefits all countries. On the other hand, at least on a rhetorical level this is also an objective of the RSA. Therefore, we are now going to identify the conditions under which the RSA could take the role of the benevolent hegemon and regional integration could be steered into the direction where it could benefit all SADC members. Bertil Odén recognises two conditions that have to be fulfilled if South Africa is to take a hegemonic position in the region:

- 1) South Africa must have the capacity and the will to create and maintain a mutually beneficial hegemonic regime
 - 2) The other countries in the region must be willing to let South Africa play the role of benign hegemon and they must have sufficient capacity to be able to participate within such a regime.
- (Odén 1999, 172).

5.8.2.3 HEGEMONY OF SOUTH AFRICA – IS IT POSSIBLE?

If one wants to find an analogy from Europe for South Africa's dominant position, it would naturally be Germany. It was concluded in the analysis of the European integration process that in the post-war situation it had become evident for other European countries that their economic recovery was dependent on the incorporation of the German economy in the European economic system (see pages 122-123). Similarly, it is crucial for other southern African countries to integrate the RSA economically into the region, if they want to have the best possibilities to develop their economies. However, there is an important difference between the two regions. The RSA is in a considerably different situation than Germany was in its relation towards regional integration.

The structure of economic relations between the economic hegemon and the rest of the region are considerably different in Europe and in Southern Africa. The RSA is neither fully industrialised nor a real developing country, or both. This situation can both increase and decrease RSA's interest in regional integration. This question was touched upon already above when it was mentioned how SADC markets at least used to play an important role also for South Africa's producers, but that this situation may have changed with, for example, the EU-RSA free trade agreement (see pages 167-168). So far, South Africa has deepened its involvement in the SADC region: both exports and direct investments from South Africa to the SADC region have increased substantially since 1994, after the country's first democratic elections, when at the same time South Africa has not been able to increase its total exports in the same proportion (SADC 2000c, 76). The sectors where this increased involvement has occurred include at least mining, brewery, railways and retail (Dieter et al 2001, 57). It seems that, the SADC would offer a good opportunity for South Africa to increase its foreign trade in the future, and therefore it should also have an interest to deepen the Southern African economic integration. However, at the same time differences in the level of economic development between the RSA and the rest of the SADC can also affect the RSA negatively if the integration process is deepened. Regional economic integration can at the same time lead to job losses in the RSA's labour-intensive industries, but at the same time it needs better access to the markets of the industrialised countries (Gibb 1998, 296). This situation

implies that the RSA could have more to lose from regional market integration and more to win from cooperation with the industrialised countries. These contradictory elements can be found also in RSA's trade policy, which is committed at least officially to the SADC, but has also directed its interest towards Europe by signing a free trade agreement with the EU.

Another question is whether the RSA is able to play the role of benevolent hegemon even if it wants to. As concluded above, economic integration within the SADC will most likely lead to imbalanced economic development in the short run, which in turn, would require the establishment of different kinds of corrective mechanisms, which would balance this development. These corrective mechanisms would in turn require substantial financing and the RSA would be the most obvious financier of these mechanisms since it is the wealthiest member state of the SADC and is expected to benefit most from the market liberalisation. However, at the same time, the RSA is facing several domestic problems, which require its attention and most importantly also financing. Therefore, it can be questioned whether the RSA has the real will or capacity to pursue balanced economic integration, as the preamble of the SADC Trade Protocol requires (Odén 2000, 243).

Finally, it has to be remembered that the most important motivation for Germany to participate in regional integration originally was not economic but political. Regional integration offered a possibility to rehabilitate the status of Germany in the post-war situation. A similar political motivation for the RSA to pursue regional integration is not as obvious even though before the 1990s the international status of the RSA was similar to post-war Germany. The historical burden towards its regional partners did not move over for the new government in the RSA in the same way as was the case in Germany in the post-war situation. The RSA is nowadays a rehabilitated state, which does not necessarily have a similar political need to repair the historical wounds of its neighbours made by the previous regime as Germany had in Europe. On the other hand, many neighbouring countries may hold reservations towards the rising dominance of the RSA in the region and this suspicion may play a role in their reluctance towards regional integration. Therefore, it can be concluded that the number of motivations for the RSA to

pursue regional integration that would be beneficial for all regional partners is limited and the actual capability of the country to pursue such a policy is also limited.

Hegemony of RSA – are others willing to accept it?

In addition to the actual capability of the RSA to play the role of benevolent hegemon, another difficult question is whether other regional actors are willing to let it play that role. There are several factors that could contribute to the reluctance of other SADC countries to let the RSA play the role of the hegemon in the region. First, is the trade policy of the RSA. As Dieter et al. say the trade policy of the RSA is sending a confusing message for other regional actors (2001. 69). In a situation where the objective is to build an integration process, which aims at achieving equitable integration, the RSA is pursuing a trade policy, which serves foremostly its national interests. Therefore, it can be questioned what is the commitment of the regional giant to regional development. Another question, which has created reservation in other regional partners, was the behaviour of the RSA in the case of Lesotho in 1998. South Africa made a military intervention in Lesotho in September 1998, after the ruling party of the country had achieved a victory in the parliamentary elections. Intervention was a violation of international law since it lacked the approval of the UN Security Council. Such behaviour from a country, which is politically, economically and militarily dominant raises fears about its reliability and readiness to interfere in the domestic matters of other SADC countries also in the future. (Dieter et al 2001, 58-59).

5.8.2.4 OTHER REGIONAL FACTORS

This presentation has mainly concentrated on the effects of economic integration and especially on the likelihood of a polarisation effect. This has also stressed the importance of the role of the RSA in the regional integration process and has given a critical tone to the whole presentation. These are the key factors in southern African integration, but in addition to them there are also other regional level factors that contribute to the process. They are touched upon only briefly, but they give a much more promising picture of the possibilities of integration.

First of all, Southern African states have to address the problem of overlapping

memberships in different regional organisations in the near future. As the table 5.5 shows most of the SADC members also belong to some other regional organisation:

Country	SADC	SACU	COMESA	EAC
Angola	•		•	
Botswana	•	•		
DR Congo	•		•	
Lesotho	•	•	•	
Madagascar	•		•	
Malawi	•		•	
Mauritius	•		•	
Mozambique	•		•	
Namibia	•	•	•	
Seychelles			•	
South Africa	•	•		
Swaziland	•	•	•	
Tanzania	•			•
Zambia	•		•	
Zimbabwe	•		•	

Table 5.5: Membership of SADC countries in regional organisations

As noted above, there are numerous regional organisations in Africa in addition to the ones mentioned in table 5.5. Some of these organisations have overlapping functions and, for example, in an economic integration process overlapping memberships can cause problems. The problem of overlapping memberships has been addressed also in various academic studies (for example, Lewis 2001, 41). As a positive sign, for example, Lesotho has voluntarily suspended its membership of COMESA, because it has been feared to be incompatible with its SADC membership and Tanzania announced its withdrawal from COMESA in 2000. Eventually all states in Southern Africa have to choose the main forum where they want to pursue deeper regional integration.

The SADC is often considered to be one of the most promising regional integration processes among developing countries. This point is illustrated also in an interesting study by Sheila Page. She compares in her study altogether fifteen regions using a great number of variables. According to Page, the SADC seems to be relatively well equipped for regional integration when compared to other regional organisations among developing countries. For example, SADC has a relatively high number of motivations for regional cooperation compared to other regions and a regional identity

has also developed within the region (2002, 282). However, Page also criticises the SADC because of its undeveloped legal order and weak institutional set up (Page 2002, 286). According to Page, if the SADC wants to proceed towards deeper integration, it would have to clarify what its real objectives are (Page 2002, 286). This analysis seems to be fully in line with the conclusions that can be drawn from the analysis of the SADC made in this study.

If one analyses the practical capability of the region to pursue deeper integration the picture is also more promising. SADC states have converged both economically and politically. Ironically, the convergence of macroeconomic policies during the 1990s was caused at least partly by Structural Adjustment Programmes (Odén 2000, 249). Regardless, of what has caused this convergence, SADC members at the moment are better equipped for economic integration. Similarly, post-cold war democratisation processes have moved political systems of the region closer together. However, in this respect one can also be sceptical, since the political development in some of the SADC members has not been promising in recent years, Zimbabwe being the most obvious example. Integration in certain specific fields has already developed relatively far, for example, Odén lists transport, migrant labour, mining and trade as such areas where the level of integration already is relatively high (Odén 2000, 246).

5.8.3 NATIONAL SYSTEMS

When global and regional level factors affecting regional integration in southern Africa have been analysed it has become obvious that achieving successful integration in that region is a more challenging task than in Europe. However, it has also become obvious that there are no obvious reasons on these levels, which could de facto prevent southern Africa from achieving successful integration. In the case of European integration, analysing the national level helped us to find motivations why political leaders have made the decisions to limit national sovereignty.

One of the reasons which is often seen to limit the possibilities of successful integration in Africa is the fear of political leaders related to the losing of political sovereignty (Laaportte 1995, 2; Dieter et al 2001, 63). However, the fear of losing sovereignty is a very vague term, which can be used to characterise different kinds of

situations. Various factors are also related to the thinking whether a state is losing its sovereignty. Motivations for the decision to hand over national sovereignty can vary, but on pages 96-99 it was suggested that, at least theoretically, motivations for this decision can originate from changes in the external environment of the state (changes of regional or global context) or from internal reasons. In the case of the European integration process, both levels seem to have contributed to the beginning of the European integration process. The global and regional level factors affecting the SADC integration process have been studied and now it is necessary to concentrate on the national level. However, the problem is that this level has not been studied much in the literature on the regional integration among developing countries. We are going to approach this question first from two angles: are there endogenous needs to hand over sovereignty to the supranational level and is there the political will to do this.

5.8.3.1 PRACTICAL RELEVANCE OF REGIONAL INTEGRATION FOR SADC MEMBERS?

Especially during the first wave of regional integration, one of the problems of African integration was that it remained unattached from the lives of the general public. The general public has not been able to see the benefits of regional cooperation (Laaportte 1995, 2) and even within governments, integration has remained as an enterprise of the top leaders and civil servants (Mistry 2000, 559). This has led to a situation where regional integration does not enjoy the support of the wider public or the public is indifferent towards regional integration. Integration efforts have been managed in a top-down manner and they have not necessarily served the needs of the private sector. And finally, regional cooperation has remained as an enterprise of the political elite, which has had difficulties to motivate all levels of government to transform regional commitments into national policies. These problems are all valid also in the southern African setting.

Frederik Söderbaum has characterised previous efforts in southern African regional integration to have been conducted in a highly top-down manner (Söderbaum 1998, 77-78). According to Söderbaum this has led to a situation where regional integration in Southern Africa has been separated from market demands and civil society, but the situation has gradually started to change. Söderbaum notes that governments are

now starting to cooperate with the private sector although they still remain as the main actors of regional integration (Söderbaum 1998, 86). On the other hand, the private sector actors seem to move faster than official decision-making. Söderbaum notes that many South African businesses have regional strategies and they have already entered the markets of other SADC members (Söderbaum 1998, 86).

When compared to the situation at the beginning of the European integration process, the situation is completely different. Ernst Haas argued that regional integration was possible only in a modern pluralistic-industrial democratic polity (see page 60). In the Southern African case, when both private sector and civil society have been detached from the integration process, this has obviously not been the case. However, it was already earlier concluded that South African industries have taken a foothold in SADC markets and therefore also expect to receive additional gains from further integration. In the case of the peripheral members this happens only when they start to enjoy from the dynamic benefits of the integration process. However, when the private sector starts to receive immediate gains from the integration process, they can become a real driving force behind the process, as has happened also in Europe. This also applies to civil society and to the general public when (if) they start to receive immediate benefits from the process.

Why does integration then still hold such an attraction today even if it has not been able to achieve its stated objectives during its first 20 years? There seems to be at least two explanations, the first one stresses the importance of the so-called instrumental benefits of integration and the second departs from the argument how regional integration can actually strengthen national sovereignty. The SADC has funded its operations through external funding throughout its history, which could be seen as a sign of instrumental benefit. In other words, SADC members have been able to attract external funding to the region with the help of the regional organisation. This funding has however been so limited that it cannot alone explain the motivation of SADC countries to pursue regional integration⁴⁰. Another possible explanation for the attraction that integration has held can be found from its effect on national sovereignty. Sidaway and

⁴⁰ Instead aid can at least partly explain why also southern African countries have established so many regional organisations and why many of them are members of more than one regional organisation simultaneously.

Gibb suggest that the nature of the sovereignty of southern African states explain both the slow progress of the integration process in the region as well as the motivation to participate in that process. They say that the whole concept of regional integration already presupposes sovereignty, because states have to have sovereignty in order to be able to participate in international cooperation. Especially, in a Southern African context, where some of the governments did not necessarily hold the supreme authority within their own territories in the 1980s and 1990s, regional organisations became an international forum where they could *confirm their sovereignty*. (Sidaway and Gibb 1998, 178-179). From this kind of reasoning it is possible to argue that for some members of the SADC, the actual objective of regional cooperation was not to produce genuine regional integration, which would limit their sovereignty. Instead, they attempted to consolidate their status as sovereign states and in fact strengthen their sovereignty.

5.8.3.2 LACK OF POLITICAL WILL

The lack of political will to carry out regional integration has been manifested on two different levels of governance in Africa in general. The political elite, which has been responsible for negotiating regional treaties, has been reluctant to hand over parts of national sovereignty to the regional organisations and to create effective follow-up mechanisms on the regional level; civil servants in member states have lacked the political will to implement the regional commitments of the political leaders on the national level (Mistry 2000, 558). Once again, these problems are also valid in the context of southern Africa as well.

The lack of political will on the level of political leaders can be explained by various factors. Laurie Nathan has explained the slow progress of the SADC in the field of creating a common security regime to stem mainly from the lack of common values. Nathan argues that SADC integration especially in the field of 'high politics' is difficult since countries are divided on two grounds. In their domestic policies they have been divided into democratic and authoritarian countries; in foreign policies, member states can be divided into militarist and pacific countries. As a result, Nathan concludes that 'SADC's inability to create a dynamic security regime is due principally to the absence of common political values among member states' (Nathan 2002, 78). Nathan argues that an

authoritarian government will have little interest in the viability of a regional organisation if it functions on the basis of democratic principles and vice versa (Nathan 2002, 71). Since there is not a sufficient degree of political congruence and political communality among member states, they are not willing to cede political powers to the supranational level in the fields that are politically controversial.

In general, southern African leaders have been reluctant to strengthen regional institutions and create efficient follow-up mechanisms on the regional level. There are various reasons for this reluctance. Strengthening regional institutions would require giving them political power, which would be taken away from the national level. Southern African states being relatively weak and young states have not been willing to cede much of their power to the regional institutions. Southern African states have gained their independence only recently and therefore as Nathan argues they are 'particularly sensitive' when it comes to limiting their sovereignty (Nathan 2002, 76). On the other hand, their sovereignty is also limited because of their weakness and they are also reluctant to limit their sovereignty even further because of this. This tendency has been evident throughout the history of the SADC, which has always been characterised by weak regional institutions. Today it is exemplified best in the slow progress in ratifying the Protocol on the Tribunal: 'SADC states do not want to be 'governed' by an independent forum whose decisions are binding on them' (Nathan 2002, 71). For authoritarian states – for example, Mugabe's Zimbabwe – limiting sovereignty could be unthinkable (further on this matter, see later pages 190-199).

One of the problems of regional integration in the SADC has been that political leaders have not been able or willing to transform their regional level commitments to action on the national level. Partly, this is a result of the lack of actual political will (Sidaway and Gibb 1998, 168). Partly, this is explained also by the lack of political will among the elite, but partly, it is also a result of the reluctance of civil servants to implement regional commitments. As Dieter et al say 'The bureaucracies in all participating countries may fear job losses due to the delegation of tasks to the regional body.' (Dieter et al 2001, 63).

However, the problem of the lack of political will cannot be put aside so simply. Comparing the situation to the present-day EU, where new members of the Union have

been independent only for a little over ten years and have a completely different kind of historical background (and values) then the slow progress of the SADC cannot necessarily be explained only by these factors. In the case of Europe, the structure of the post-war state seemed to play an important role in the beginning of the integration process (see pages 123-126). Therefore, further analysis of the structure of the African state is needed and an attempt to find out whether the reluctance to hand over national sovereignty could be explained from that point of view.

5.8.3.3 THE AFRICAN STATE IN REGIONAL INTEGRATION

African states can be classified, for example, as post-colonial states (see pages 13-15). Post-colonial states can be characterised by certain features. They are usually not internally integrated, they have weak and underdeveloped state institutions and their political systems are characterised by personalised rule. It is obvious that such conditions also shape the process of regional integration in which such states participate. Before it is possible to make conclusions on how the state structure of the post-colonial state or in this case the African state specifically affect regional integration, it is necessary to first study the African state more closely. However, defining the African state is in no way an easy task. There exists a vast amount of literature on the African state and the next review does not attempt to cover the whole discussion on the subject. Instead, it touches upon only issues that have relevance for the main research question of this study.

What Southern African states have in common is that they all share a colonial background, which has shaped both their internal political life as well as their position in the international system. Robert Jackson has described African states as quasi-states (Jackson 1990). According to Jackson, quasi-states lack some of the features that have traditionally been associated with statehood - such features include, for example, authorisation and empowerment domestically. Instead Jackson argues that such states are mainly juridical - their existence has rested largely on the recognition of their sovereignty by the international community (Jackson 1990, 21). In a way, they are by-products of colonialism. Jackson argues that after the Second World War the international system experienced an international constitutional change, which changed the rules of the sovereignty game completely (Jackson 1990, 16-21). Previously, in order to achieve

sovereignty, states had to be able to prove some kind of capability of self-governance or as Jackson describes it to hold positive sovereignty, i.e. have the capabilities which enable governments to be their own masters (Jackson 1990, 29). In the post-war era, colonialism was considered to be unfair and unjustified and therefore all the colonies were considered to have the right to become sovereign states, regardless of their actual capacity for self-governance (Jackson 1990, 17). In this new situation, the independence of the new states rested on the formal-legal condition (recognition by the international community) (Jackson 1990, 27). This means that the state-building and nation-building processes took off from a situation where they had to cope with the colonial heritage in a situation when some of the African countries were not necessarily yet ready to start those processes. After having been provided this unique position in the international system also the internal development of the African state soon took a unique direction.

Scholars have discussed how much the colonial experience has affected the state in Africa and how much does it in fact have relevance still today. Some argue that the African state is based on the colonial state: 'The basis of African state in Africa is the colonial state' (Chazan et al. 1999, 42). While others argue that it has more indigenous roots while colonialism has also affected the way that the African state looks like today: 'The State in Africa rests upon autochthonous foundations and a process of reappropriation of institutions of colonial origin which give it its own historicity' (Bayart 1993, 260). As Patrick Chabal and Jean-Pascal Daloz note, different interpretations have been used to verify different kinds of theoretical arguments without really attempting to understand the true nature of the African state (Chabal and Daloz 1999, 3). Bayart's interpretation nevertheless seems to hold some credibility. It is obvious that the state and political life in Africa is embedded in African societies and therefore also has certain endogenous features. The colonial powers carried the model of the European state over to Africa during colonialism and this model was passed on to the African states after independence. But can the African state then be compared to the European state? As Bayart notes, the difference between the sub-Saharan postcolonial state and the state based on the bureaucratic ideal of Max Weber is obvious (Bayart 1993, 263). This does not mean that the state in Africa would be small or insignificant. On the contrary one of the notable features of African politics since independence has been the growth of public

bureaucracy (Chazan et al 1999, 54). However, it does mean that trying to analyse African reality by using analytical tools developed to understand the European state is not feasible. This also applies in the context of the study of regional integration.

The most obvious feature of African political life is that it is based on patrimonialism and vertical clientelist relations. Patrimonialism refers to a system of rule where all ruling relationships, both political and administrative, are personal relationships. In other words, in the patrimonial system, there exists no difference between the private and public spheres. Clientelism can be defined as a relationship between patron and client, bargaining between these two actors, where they exchange their resources reciprocally although they are incomparable, and where the client also has some power over his patron (Ravenhill 1985, 30-31). According to Chabal and Daloz, after independence, African politics did not become characterised by representative democracy, but by patrimonialism where politicians always are foremostly representatives of their communities (for example, ethnic or family). In this system, it became a custom that the ruler allocated political office to his clients on the basis of patronage and not on the basis of, for example, competence (Chabal and Daloz 1999, 6). The clientelist relationship was thus established between the rulers and civil servants, which had received their offices from the rulers and could in return offer recognition and protection of the status of the leader (Apter and Rosberg 1994, 25). According to Chabal and Daloz, the clientelist relationship was also established between the ruler and his constituency. In this relationship, the material resources that the ruler possessed through his office played an important role. The legitimacy of the politicians is dependent on their ability to obtain resources for his constituent that they would not otherwise receive and the community that he represents also expects him to do so (Chabal and Daloz 1999, 54-55). The ruler was able to use these resources in giving aid and assistance to his community (which he was supposed to represent), which in return could once again return the favour in the form of social recognition and securing his position (Chabal and Daloz 1999, 14). These systems thus enlarged the size of the state bureaucracy, but the civil service was not built around modern bureaucracy, but on a clientelist relationships that surrounded the political leader.

It could be argued that if the modern state had been born it would have ended

patrimonialism in Africa. However, as Chabal and Daloz note: 'The state in Africa was never properly institutionalized because it was never significantly emancipated from society' (Chabal and Daloz 1999, 4). In other words, the state is embedded firmly in the African societies, which in turn is based on the patrimonial and clientelist systems. Political leaders could escape from this situation by establishing a modern state based on modern bureaucracy. However, it would also mean that they would have to accept that institutions would be separated from individuals, which in turn would make their own status more temporary (Chabal and Daloz 1999, 15). This also partly explains why there has not been much room for political opposition in the African states. The political system based on clientelist networks requires that the politicians are able to use governmental resources to satisfy the needs of their clienteles. Therefore politicians are expected to advance, for example, communal rather than national well-being (Chabal and Daloz 1999, 55). Under these conditions political opposition has little room to succeed since power and resources are bound together and opposition politicians do not have access to either of them (Chabal and Daloz 1999, 55-56). Political power thus becomes easily concentrated in single hands.

Political power in Africa has not only eliminated opposition in some cases, but the political power has truly been concentrated in single hands. Scholars offer various explanations why such development has taken place. For example, Chazan et al. offer an explanation for this development, which is based on the traditional western way of thinking in politics. According to them, the concentration of political power in the post-independence situation was a combination of favourable conditions for the ruling party and its ability to make the best of the situation. Ruling parties had gained popularity during the struggle for independence, but in the post-independence situation they could limit the possibilities of the opposition to participate in political life. After this, the state could use various methods through which it could consolidate one-party systems (changes in the election processes, constitutional changes, the personalisation of political power) (Chazan et al. 1999 46-54). On the other hand, Apter and Rosberg argue that the concentration of political power stemmed from the weakness of the African state. Since African states were weak from the beginning, the political leaders attempted to gather as much political power as possible in order to function effectively in the situation when

they were suddenly faced with different societal crises created by parochialism and a complicated developmental challenge. Apter and Rosberg describe this situation:

'Performing at low levels of efficacy, leaders quickly sought to concentrate power by controlling whatever levers of power might be available, a situation leading more inexorably to the evolution of personalized and authoritarian regimes.' (Apter and Rosberg 1994, 24).

This concentration of political power meant that the executive branch of the state became extensively larger than other branches (legislative and judicial) and led to an imbalance in the montesquieuan triangle. In some cases it also meant that the political power became personalised as Apter and Rosberg note. The concentration of political power and patronage systems could be seen also as the two sides of the same coin. Their development has reinforced each other. In some cases, so much power has been concentrated in the hands of a political leader that the state has been the same thing as its leader (Apter and Rosberg 1994, 25).

The concentration of political power was accompanied in many cases by the concentration of personal wealth. Robert Jackson and Carl Rosberg argue that among local elites, decolonisation was understood to mean also something other than political independence, namely a possibility to enjoy a similar way of life than in western societies (Jackson and Rosberg 1994, 301). As a result, African officials and civil servants expected to enjoy similar benefits as their predecessors had been enjoying during colonialism. When this was combined with the rise of personalised regimes where political leaders attempted to surround themselves with a loyal elite, the result was a political culture, which considered government offices and resources in terms of possession and consumption (Jackson and Rosberg 1994, 302). Economic wellbeing soon became dependent on the office of the political leaders or posts of the civil servants. Ethnic groups tried to ensure their share of economic wellbeing and political power through receiving state offices and individual politicians and civil servants tried to ensure their stay in office. As a result, administrations and their staff became 'less agents of state policy than proprietors, distributors, and even major consumers of the authority and resources of government' (Jackson and Rosberg 1994, 300). And furthermore: 'Government administration came to be viewed as a source of power, prestige, and enrichment for those who were clever or fortunate enough to control and staff it' (Jackson

and Rosberg 1994, 300). As Jean-Francois Bayart argues, often the temptation to exploit the situation is simply too much (Bayart 1993, 234). And, on the other hand, this also easily leads to stagnation of societal development, since the politicians and civil servants are afraid that if they lose their office they will lose both the power that they possess through that office but also access to the material resources that guarantee their personal well-being. Jackson and Rosberg argue that although this development varied around the continent, it was evident in most of the African states and sometimes significantly so (Jackson and Rosberg 1994, 301).

In many African societies, the concentration of power and wealth is not necessary regarded as a negative phenomenon. Instead, it can be also regarded as desirable.

‘A man of power who is able to amass and redistribute wealth becomes a ‘man of honour’’ (Bayart 1993, 242).

Bayart argues that material prosperity can therefore turn out to be also a political virtue (Bayart 1993, 242). However, as this system concentrates power and makes economic wellbeing dependent on political power, it also makes the system unstable. As Apter and Rosberg note after independence, nationalism was soon replaced by parochialism (ethnic, linguistic, religious or ideological) and this created conditions for societal crises (Apter and Rosberg 1994, 5; 24). If the political elite is not interested in the development of the whole society or the state, but concentrate more to maintain clientelist relationships, which guarantee also their own personal wellbeing, this creates room for societal crises.

This system that developed in Africa could be labelled, for example, as executive-patrimonialised. Its success in Africa has varied. Some of the states governed under such a system were able to produce economic development while in some cases the political and economic situation could worsen so much that it led to a complete collapse of political authority (Somalia being the prime example) (Apter and Rosberg 1994, 26-28; 33-39).

Genuine civil society has not been created in African countries. Populist nationalist movements played an important role in the independence process. Apter and Rosberg argue that these movements were substitutes for civil societies, which could not take the role of a genuine civil society after independence (Apter and Rosberg 1994, 4-5). As a result, African states did not develop into nation-states either: 'The social and political developments rarely resulted in the creation of what might reasonably and

accurately be termed civil societies and nation-states' (Jackson and Rosberg 1994, 299). According to Jackson and Rosberg, as a result, individuals did not primarily identify themselves as belonging in a group, which made up the nation. Instead individuals identified themselves foremostly with some community (ethnic, family etc.). At the same time, authoritarian political leaders were not accountable for electorates as a whole, but only to their clienteles. This meant that political institutions, legal norms and administrative regulations - and it could be argued that the state itself - did not have any legitimacy whatsoever (Jackson and Rosberg 1994, 302). As noted already above, also Chabal and Daloz argued that African political systems have not had as their counter weights genuine civil societies, because the state and society have never truly been institutionally separated (Chabal and Daloz 1999, 17-18).

As a conclusion of the development of the African state after independence, it is possible to use Chabal and Daloz's description of how African politics became 'Africanized'. The imported political structures were adapted to answer the needs arising from the African societies. First of all, the boundaries of politics in Africa are different than in Europe. The separation of politics from other areas of life is not so clear-cut as in, for example, in Europe (1999, 51-52). The political life is not based on representative democracy within a nation-state and individuals who formulate their preferences freely in political processes, but instead individuals are firmly part of a community (1999, 52-53). As a combination of these two factors, politics in Africa involve also delivering economic well-being for the constituencies (communities). In other words, vertical clientele relationships between political leaders (big men) and communities form the basis of political life. The legitimacy of the political leaders depends on their ability to deliver economic benefits for their constituencies (1999, 53-54). This also means that politicians do not represent political ideals or thinking, but are always representatives of certain communities (1999, 54-55). This does not leave room for political opposition since politicians are expected to represent their constituencies by producing resources for them. But in Africa political power and economic resources are bound together and in opposition, politicians do not have access to either of them (1999, 55-56). Daloz and Chabal describe this system as 'political instrumentalization of disorder'. According to them, this system works although not according to the standards of Western political life.

In many states the system is seemingly in disorder, but even when it is in disorder it still works in one way or the other. Daloz and Chabal also argue that it is not likely that such a political system could easily be steered towards western style political life, but instead it is likely that it will in fact create more disorder (1999, 162-163).

The title of Chabal and Daloz's book is *Africa Works* (1999). Their argument is that although Africa cannot be approached with the same approaches as, for example, Europe, it still has a political system that works, although according to its own logic (Chabal and Daloz 1999, 163). However, it could be also argued that in various occasions this system has broken down and ceased to 'work'. In the worst case, it has led to the collapse of the whole society and bitter internal wars (for an overview of African conflicts see Kivimäki and Laakso 2000). Even if this has not happened, democratic principles and human rights have been violated in many countries. As the leaders have concentrated more power in their hands and established authoritarian regimes they have also become less tolerable towards opposition. Therefore, the work of the opposition may have been made more difficult through different methods and representatives of the opposition may have also been harassed. In this situation, the monopoly of violence (if it has existed) has easily been turned inwards and not outwards as in European nation-states (Sorensen 1997, 260). Insecure political leaders have thus used the army or police to secure their position against the citizens of their countries. Executive-patrimonialised regimes have also proved to be economically beneficial for the elite, but not necessarily for the economic development of the whole society. Stagnation of economic development has been a rule in many African countries for a long time and has thus contributed also to widespread poverty.

What are the implications of all this for regional integration? Barry Hughes has argued in a different connection that 'efforts to push forward integration in regions that historically have not had democratic traditions or have not strongly protected such rights are unlikely to succeed' (Hughes 1995, 230). This argument can be questioned in many ways, for example, how South European countries were able to participate successfully so soon after the change of regime in the European integration process. But it seems obvious that integration in regions where political systems are characterised by executive-patrimonialised rule are likely to face serious challenges in regional integration

processes. The most obvious example in southern Africa at the moment is Robert Mugabe's Zimbabwe. While Zimbabwe itself is heading towards internal crisis, it is already creating a regional problem and causing instability that affects the whole region. At the same time, the situation is somewhat also paralyzing the work of the SADC since its leaders have not been able to find a solution to the crisis.

Is combining executive-patrimonialised regimes and regional integration then impossible? The answer to this question is not obvious since it has never been truly tested. It depends at least on two questions. Is the executive-patrimonialised political system such that participation in an integration process is possible? And secondly, is the state-society relationship in these countries such that it enables or even promotes participation in an integration process? Considering previous theoretical and empirical considerations, it is obvious that if participation in an integration process is not impossible it will at least be extremely difficult. It has been argued before that national and supranational institutions have to reflect each other to a certain extent (for example, in the case of judicial institutions, see page 118). This creates problems if political power in executive-patrimonialised systems has been concentrated so much that it has interfered, for example, in the independence of the judicial system. If integration involves the establishment of an independent supranational judicial system, such a situation cannot prevail and thus change is needed on the national level. Similarly, problems are created also otherwise by the establishment of a supranational level of political authority. If the political system is based on clientelist relationships it is not certain whether they can survive, if the supranational level replaces national politicians in guarding the material resources. This raises the question of whether national politicians are going to allow such development. National politicians may oppose the establishment of a supranational authority also because it establishes new mechanisms through which the behaviour of politicians can be controlled. Furthermore, the economic wellbeing of civil servants and politicians may be dependent on the offices they hold and if the integration reduces their power they may also lose economically. This may explain partly why officials sometimes are reluctant to carry out regional obligations on a national level. And finally, since individuals do not identify themselves with the state but rather with some community they do not necessarily see any gain from regional integration. Instead, they may perceive

it as a threat to the established political system, which guarantees them material resources through clientelist relationships, but most likely they will just remain ignorant in relation to the integration process.

5.9 SADC INTEGRATION AND THEORIES OF POLITICAL INTEGRATION

If the regional integration process in Southern Africa is analysed by using the classical models of political integration, it is obvious that the process has not advanced very far. Neofunctionalists defined integration as a process whereby political actors shift their loyalties toward a new centre on a regional level (Haas 1968, 16, see also page 5). This process was started already in 1980, but so far the SADC has not advanced very well in the establishment of a regional political community. The SADC has gained new members and has signed new treaties, but, for example, it is difficult to identify a moment in its history that could be described as a spillover effect. Spillover is a central concept of neofunctionalism and describes a situation where the deepening of integration in one sector creates pressures for further integration in other sectors (see pages 55-58). The pace of the integration process in Southern Africa has been slow and has not affected such questions that would have created conditions for a spillover effect. The main turning points in SADC's history have usually been results of changes in the external context of the organisation as described before (see, for example, pages 164-168). The first sign of a possible spillover effect can be found from the restructuring of the SADC that has been carried out in recent years. The organisational structure had to be reorganised when it became evident that it could not meet the requirements of future integration. Nevertheless, the SADC is still far away from establishing 'a new political community, superimposed over the pre-existing ones' as Haas described the end result of the political integration process. It is equally far away from establishing a security community described by Karl Deutsch (see page 52-53) although the likelihood of military conflict among SADC members has decreased after the end of the Cold War. Instead, the SADC can be described as a regional integration organisation that is taking its first steps towards economic integration.

Neofunctionalists also defined the preconditions for a successful integration process. According to Leon Lindberg, successful integration requires at least strong

regional institutions with large mandates that are inherently expansive (refers to the spillover effect). Furthermore, there should be a link between the interests of the member states and the integration process (Lindberg 1963, 7-13, see also page 57). From this perspective, it can be argued that the SADC fulfils the preconditions established by Lindberg. The SADC secretariat is slowly transforming into a stronger regional institution after restructuring and the economic integration process should be in the interest of the member states. However, Ernst Haas also defined his preconditions for successful integration and they included: a pluralistic social structure, substantial economic and industrial development and common ideological patterns among the participating units (Haas 1961, 374-375). Haas concluded that the transferability of neofunctionalism into a developing country setting was low and also the SADC has difficulties to meet these requirements. However, according to the development integration model, for example, the lack of economic and industrial development can be overcome and successful integration is possible also for developing countries, but it depends largely on the political will of the member states also in the case of the SADC. Otherwise, the SADC still faces problems both in relation to the role of the private sector and civil society in the integration process as well as the convergence of political values among its members.

The intergovernmentalist approach showed in the European context that the member states play a large role as to how fast the integration process proceeds. This has also been the case in the SADC, for example, the ratification of protocols has been slow in SADC member states and they have also otherwise been slow to implement regional commitments in practice on a national level. Liberal intergovernmentalism also showed that to fully understand the regional decision-making process we also have to consider the domestic level (see pages 63-66). This naturally also applies to the SADC, the reasons for the slow progress of regional integration process in Southern Africa can at least partly be found from the national context of Southern African states as will be discussed later.

5.10 CONCLUSIONS

The record of regional integration in Europe is positive but in Southern Africa it is inconclusive. The benefits of the European integration process have been listed in various studies during the last 50 years. The benefits and successes of European integration include at least the following: the establishment of a security community, consolidating peaceful co-operation among the member states, tying Germany politically and economically to Europe, the enlargement of a regime that respects democracy and human rights in Europe and, last but not least, successful economic integration. In the SADC, the record of regional integration is not as impressive, but the expected benefits are similar to the benefits of the European process: incorporating the RSA politically and economically as part of the region, through successful economic integration facing the challenge of globalisation and the creation of a security community. However, regional integration in the SADC faces also serious challenges, which include, among other things, the dominant position of the RSA and the effects of the integration on less-developed members of the organisation. It can be said that the overall context of integration is even more challenging for the SADC than for the EU, but are there lessons that the SADC can learn from the experience of the EU?

Comparing the integration processes of the SADC and the EU is difficult. The SADC has so far faced almost all the typical problems of African integration processes as listed by Percy Mistry (Mistry 2000, 556-557, see also page 141). Mistry has concluded that signing treaties and establishing regional institutions will not by itself produce integration in Africa, but it could be argued that in addition to signing treaties, the SADC has not achieved very much. It is difficult to identify, for example, from the historical experience of the SADC a moment that could be described as a spillover effect. In other words, the integration process within the SADC has so far been taken forward by signing treaties and protocols, but none of the decisions made by the member states have really created additional pressure to deepen the integration process. As an institutional set up and organisation, the SADC at first glance holds some similarities with the EU. However, closer examination reveals that the differences between the two organisations are still great.

The greatest similarities between the two organisations can be found from the context where the integration processes occur. For example, some similarities can be drawn between the interplay between the international system and the regional situation: in Europe one of the original concerns was to ensure the competitiveness of the European states after World War II, whereas SADC members have to find ways to face the challenge of economic globalisation. The United States played an important role in the beginning of the European process as a guarantor of the security in Western Europe, whereas the EU plays an important role in enhancing regional integration in Southern Africa through the Cotonou agreement. The greatest similarities, however, can be found in the regional context. Both processes have been started at least partly because other states in the region have wanted to ensure the integration of the regional superpower (Germany and the RSA) into the co-operation arrangements. However, also big differences can be found from the regional context. In Europe, respect for democracy and human rights have been common values for all members of the EU, in the SADC, the member states represent a more heterogeneous background. Yet, the biggest difference is between the European and African states. The difference between industrialised European states and post-colonial African states is so huge that it automatically means that the integration process in Southern Africa is going to be very much different compared to the EU – if it is possible at all.

This also means that the analytical tools when studying the Southern African integration process are to some extent different than in Europe. It is not necessary to detach from the classical approaches completely. For example, the concept of spillover will be relevant also in the SADC, once the process has led so far that actual spillover effects will become a reality. In some cases, the classical approaches have to be modified, as has been the case, for example, with economic integration. Already the basic premises of economic integration do not favour integration in the SADC, but nevertheless with an approach adjusted to local conditions (local production patterns, the dominance of one member and a large number of vulnerable economies within the region) economic integration can be turned to benefit all members of the SADC. Keeping these differences in mind, it seems obvious that already the prerequisites of integration have to be analysed from a different point of view than in Europe. In this respect, the relevant question in a

Southern African context seems to be if integration even is possible for post-colonial African states.

SADC members are a mix of more or less democratic states and states that could be characterised by an executive-patrimonialised political system. This makes successful regional integration more difficult in many ways. First of all, if political power is concentrated in single hands or if the political system is authoritarian, it is obvious that handing power to a supranational level becomes more difficult. This is also the case with establishing regional monitoring and enforcement mechanisms that would have jurisdiction over national systems. Furthermore, in African states, political power is often accompanied by economic wealth, which the political leader is expected to deliver to his constituency through clientelist relationships. Handing part of national power to a regional organisation could also break these clientelist relationships and thus it could probably undermine the position of political leaders and civil servants. Therefore, the differences of the European and African states explain also the differences in the integration processes. Whereas in Europe, EU members shared common political values in respect to democracy and human rights, which helped the political process, in Southern Africa some SADC members are characterised by political systems and a state-society relationship, which actually hinder the regional process. This can also be identified from the institutional structure and treaties of the SADC.

Present level of the pooling of sovereignties

When the present situation is analysed both within the EU and the SADC and how much member states have handed over their sovereignty to the supranational level in both organisations, it is obvious that this has been more extensive in the EU. This is only natural since the history of European integration is longer and therefore the field of integrative activities is both wider and deeper. However, what is interesting is to compare the structure through which this limitation has occurred.

At a first glance, it seems that the structure of the SADC (including the institutional set up, structure of legal order) is in many respects similar to the European Union. However, more detailed analysis reveals that the system includes important elements, which ensure rather a strict protection of national sovereignty. This applies also to the European Union where the national interests of the member states have been

protected, for example, through the Luxembourg compromise. However, within SADC national interests are even better protected in the supranational decision-making system.

In principle, SADC members have also pooled their sovereignties, which they nowadays use jointly on the supranational level. This means that part of the activities that used to belong to the jurisdiction of the member states nowadays are dealt with and decided on at the regional level. However, the system involves mechanisms that ensure that member states have rather extensive possibilities to protect their national interests even in supranational decision-making. First of all, the general rule in decision making both in the Summit and in the Council of Ministers is consensus, which means that any member can at the moment *de facto* veto SADC decisions if it feels that it violates its national interest. And most importantly, the structure of the Treaty ensures that in all those cases where one of the member states has violated its obligations arising from the Treaty, the final decision is made by the Summit. This applies both to general abidance to the Treaty obligations as well as the final decisions of the Tribunal. This means that the member state, which has originally violated its Treaty obligations, will be part of the decision-making in the Summit, which is made using consensus. How much this kind of system will hamper the efficiency of supranational enforcement mechanisms will remain to be seen.

At this point, it has to be pointed out that limitation of national sovereignty is not an end in itself. In other words, achieving the same level of pooling of sovereignties, as is the case in the European Union, is in no way a measure of success for southern African integration process. But two points have to be raised here. First, it is obvious that southern African states have been willing to hand over a far smaller amount of their sovereignty to the supranational level than what has been the case in Europe. This raises the question, why this has been the case? Secondly, the SADC nevertheless aims at very far-reaching integration, including the establishment of a free trade area by the year 2008. Is the amount of powers that regional organisation holds at the moment sufficient for the successful implementation of the integration process?

It is argued here that the reason for a more extensive limitation of sovereignty within the EU than in the SADC depends on the differences in the structure of the state. It seems natural that the differences of the state in Europe and in southern Africa will also

affect the outcome of the regional integration process. In the case of Europe, it was shown how the relationship between the state and society contributed to the beginning of the integration process. In Europe, the relationship between the state and individuals changed considerably after World War II. Individuals have more methods to both control the behaviour of the state as well make claims on the state. Alan Milward showed how this contributed partly to the beginning of the integration process. However, in Africa the structure of the political system and the relationship between the state and society is such that it may actually hinder the process of handing over sovereignty to a supranational level. In the theoretical part of this study, it was concluded that the decision to hand over sovereignty to the supranational level is always in the interest of the participating states. In Europe, the state society relationship has shaped the context of integration so that such interest has been found when the deepening of integration has occurred as a result of conscious decisions by member states. In southern Africa, the national level rather has prevented such a development.

The relevant question in the case of southern Africa is whether the present level of limiting sovereignty is sufficient. In other words, is it possible for the SADC free trade area to succeed with the present level of limiting sovereignty and present decision-making structures? The answer to this question is simply no. However, if the SADC is able to implement all the remaining tasks that it envisages to carry out before 2008, it will have good chances to succeed. This will require sacrifices from all members of the SADC. The analysis of the regional factors affecting the integration process showed how the RSA is in a dominant position within the region. Therefore, the integration process will most likely lead to a polarisation effect and the concentration of economic benefits in the more developed members of the SADC. This problem can only be avoided if the SADC is able to establish so-called corrective mechanisms that can balance the polarisation effect and also redistribute the benefits. This requires financial resources, which can be found within the region only in the RSA. This means that the RSA has to adopt the role of benevolent hegemon and it has to recognise its responsibility towards other members of the SADC. On the other hand, the implementation and administration of these corrective mechanisms require strong supranational bodies and, for example, the establishment of an independent judicial body. This, in turn, means that all members of

the SADC have to be willing to limit their sovereignty. This is the price that SADC members have to be willing to pay in return for the economic benefits that accrue to them as a result of the integration process.

6 CONCLUSIONS

In the first chapter, regional integration was defined as a process, which brings the participating states closer together and establishes a new political community above the state level. This also leads to a transformation of national sovereignty, when states have to limit their sovereignty during the process. However, throughout this study it has become obvious that the nature and results of this process are even more complicated than what it originally appeared. During the integration process, states voluntarily transfer part of their decision-making powers to a supranational level and therefore the verb *limit sovereignty* seems appropriate to describe the effects of this phenomenon on a national level. However, on the supranational level the decision-making powers are used jointly by all participating states and therefore the term *pooling of sovereignties* would seem to be more suitable to describe the new decision-making structure on a supranational level. Furthermore, integration seems to affect internal and external sovereignties in different ways. These theoretical considerations became even more complicated when they were applied in the southern African context. It is now necessary to return to the questions that were posed at the beginning of this study.

6.1 WHY DO STATES PARTICIPATE IN AN INTEGRATION PROCESS?

The answer to the main research question seems simple. States participate in an integration process, because they value the benefits of the process to outweigh the costs of the process. In other words, states consider that the integration process will, for example, produce such economic benefits or stabilise their political environment so much that it is considered feasible even if it involves, for example, the limitation of national sovereignty. However, saying this is just stating the obvious and therefore it is necessary to go deeper into the motivations that might be found behind the decision of a state to join a regional organisation.

What are these benefits that states hope to achieve through an integration process? They naturally vary over time and place. Generally, it can be found that, for example, the hope to enhance economic development has played an important role in both of the case studies. However, if the focus is on individual countries the situation is more

complicated. For small member states both in Europe and in Southern Africa, the wish to tie the regional economic giant into the network of cooperation that involves a credible commitment to cooperation has played an important role. Whereas, for example, for Germany the motivation to participate in integration was mainly political at the beginning of the European integration process. States can also envisage gaining some other benefits through the integration process, but they always have to compensate for the losses. The most important loss is the limitation of decision-making powers and the authority of the state when they are handed over to the supranational level during an integration process. As has been noted several times according to the traditional thinking about international politics the voluntary limitation of sovereignty is something that states cannot be expected to implement easily. What has basically been done in this study has been to track different factors that can contribute to the states' decision to limit their sovereignty.

6.1.1 DIFFERENT LEVELS OF THE INTERNATIONAL SYSTEM AFFECTING REGIONAL INTEGRATION

At the beginning of the study, different levels of the international system that can affect regional integration processes were identified. Such levels include global, inter-regional, intra-regional and national levels. All of them can affect integration processes in different ways and their impact can also vary over time. It is most fruitful to take the global level as an example of how different levels can affect integration processes since it is common for all integration processes. Changes in the global political and economic macro-structures can change the context of regional integration across the globe. It was found that recently there have been two such structural changes: the end of the cold war and economic globalisation. The end of the cold war changed the political macrostructures and created more room for manoeuvre for regional actors and started the so-called second wave of regional integration. Economic globalisation, on the other hand, changed the context of economic integration. Economic integration has always produced economic benefits (taking into account certain prerequisites, see page 70), but previously, they have not been able to compensate for the losses within all regional groupings. As a result of economic globalisation, producing economic development in a national context has become more difficult and therefore regional integration today holds more attraction than before. The negative effects of staying outside regional economic co-operation may

nowadays grow so big that states are more willing to consider also the possibility of limiting their sovereignty.

All levels – global, inter-regional, intra-regional and national levels - are important. As noted already above, the global macrostructures create the general context in which integration processes are implemented. The inter-regional level can also hold importance, especially among developing countries as was discussed in the case of the SADC (see pages 167-168). The example of other regions and co-operation with other regions can create incentives to advance regional integration processes among developing countries, but as the example of EU-SADC relations showed it can sometimes also have almost detrimental effects on those processes. The regional level creates its own challenge for each region but it can sometimes also enhance the cooperation. At the moment, both regions of the case studies seem to face challenges, which arise from their regional setting. The European Union has to be able to find ways how to incorporate ten new member states into the integration process and find also ways how to function effectively after this. The SADC, on the other hand, tries to find ways of how to implement economic integration in a situation where the economic power of its members is highly asymmetrical, which also threatens to lead to an unequal distribution of economic benefits.

However, the review of literature on regional integration showed that the most important actor in any integration process is the state. Therefore, states also have the greatest effect on the outcome in integration processes. The state has been neglected sometimes in integration studies, when more emphasis has been put, for example, on the processual nature of integration. Putting the focus on the state is naturally not a new idea, for example, in European integration studies an approach called inter-governmentalism has played an important role throughout the study of European integration. However, the problem even with, for example, inter-governmentalism is that it approaches the question of the state in an integration process from the perspective of traditional international relations. It thus considers the state mainly as an actor in the international system and the integration process to be a process in that system. The problem with this approach is that international relations have not given much weight to the domestic level or the society in the state's foreign policy decisions. This cannot be the case in an integration process,

because in an integration process, some of the features of internal sovereignty are transferred to a supranational level. As a result the supranational level makes decisions that directly also affect society, therefore it seems logical that different domestic actors also try to influence the decisions related to the integration process. Both case studies also showed that the national level and the state-society relations affect integration processes to a large extent.

6.1.2 WHO IS IN THE DRIVER'S SEAT?

The main actor of the regional integration process is the state. The state makes the original decision to launch or participate in an integration process and at the same time it voluntarily limits its sovereignty. This decision can be affected by various factors – in chapter two, it was shown how the changes in the international system could contribute to this decision and in chapter four, it was shown how the domestic level could play a role. Already above, it was noted that the regional system often plays an important role when states value the potential benefits of integration. Different factors can affect the decision, but in the end, it is the state that makes the decision, and it makes it voluntarily. Since it can be assumed that the state is a rational actor, it can also be assumed that this decision is in the interest of the state.

In chapter four, different motivations why states might decide to voluntarily limit their sovereignty were considered. Society was included in the definition of the state and considered the interests of this state-society complex. By doing this, the objective interests of the state were enlarged from physical survival (considered in the international relations as **the** interest) to cover also liberty, economic subsistence and collective self-esteem. As a trade-off between these different interests, it was concluded that states could very easily find it in their interest to limit their sovereignty, if, for example, the economic benefits outweighed the cost of limiting sovereignty. This meant that the limitation of sovereignty would be a rational action and that the states would make it knowingly. Furthermore, it meant also that the relationship between the state and the society plays an important role in integration processes. In international relations, the focus has often been on physical survival in the international system, an aspect related to external sovereignty and the reproduction of the state in the international system. For example, economic well

being is related to the state-society relation, internal sovereignty and thus the reproduction of the state in its internal relations. The trade-off between these different interests has played an important role in the European integration process (see pages 123-126) and it also plays an important role in Southern Africa (see pages 190-199).

Also once the process is set in motion the state still firmly stays in the driver's seat. Integration is not a process that will start to follow its own logic as, for example, the neofunctionalists suggested. However, integration as any social actions can also have unintended consequences, but it cannot be expected that these unintended consequences could take the process very far. Instead, if the process deepens it seems to be in the interest of the participating states. This could be the case even if it had not been so originally. This was explained with the help of a constructivist approach in chapter four. The interests of the state can alter during the process, which can make further integration to be in its interest.

Overall, it seems that the state and the domestic level affects the decisions related to integration much more than what in traditional integration studies has been considered. However, it was found also that the national level can both promote and hinder the decision to limit national sovereignty. In the case of European integration, it was concluded that pressures arising from the state-society relation contributed to the original decision to initiate the integration process (see pages 123-126). In the case of southern Africa it was concluded that the structure of African state is such that similar pressures are not necessarily even produced in the state-society relation (see pages 195-196). What is important in both of these cases is that they show that the decision to limit sovereignty cannot be studied only by considering one of the levels of international system that affect the outcome of integration processes. For example, even if economic globalisation is creating pressures for further integration among developing countries, this process may not necessarily lead to a considerable limitation of sovereignty, because the structure of states may prevent that. This, in turn means that **differences between states within different regions lead to different kinds of integration processes**. It can be concluded that if integration is initiated among so-called Westphalian states (see page 13) it can lead more easily to a more extensive limitation of sovereignty than in the case of so-called post-colonial states (see also page 13).

6.2 DIFFERENT STATES - DIFFERENT INTEGRATION

At the beginning of this study, a question was posed how differences between states affect the process of integration. By now it has become obvious that the national level i.e. the state-society relationship is one of the most crucial determinants of the integration process. Almost all aspects of this relationship shape the outcome of the integration process. The political system that governs the state-society relationship is important, equally important is also the economic system that prevails in society and finally also the general interest towards integration also plays an important role. There are obvious differences in all these aspects between the case studies.

First of all, European integration was initiated among states that all shared respect for parliamentary democracy and human rights. Later, respect for these values has been also considered to be a prerequisite for the participation in the process and, for example, membership of the Council of Europe has always preceded membership of the European Union. This does not mean that integration would be possible only among democracies, but it is obvious that a similar political system has enhanced integration considerably, because it has made cooperation among the EU members easier. At the moment, SADC members share such different political systems that some analysts have concluded that this actually reduces their willingness to limit their sovereignty in favour of the SADC (see page 188-189). The natural conclusion is also that cooperation among such diversified systems would be extremely difficult.

Democratic political systems, the division of powers on both the national and supranational level and respect for human rights have also considerably enhanced the European integration process. For example, democratic systems have taught all EU members to accept that in co-operative arrangements, they cannot always achieve all of their goals and, on the other hand, democratic systems have forced states to seek for the most efficient ways to fulfil the needs of their citizens. In the European context this has often turned out to be rather the supranational solution than the national. In the African case, it is also obvious that executive-patrimonialised regimes have created challenges to the success of the integration processes. First of all, it is obvious that the participation of

post-colonial states or states governed by executive-patrimonialised political systems in the regional integration makes things very complicated. It is unlikely that authoritarian leaders can accept arrangements of creating monitoring and enforcement mechanisms above the state level, because this could easily undermine their own position. This however, also means that it will hamper the efficiency of the supranational decision-making and its enforcement as well. National politicians and civil servants can also oppose the establishment of regional level arrangements, if they threaten their own position or if they break the clientelist relationships that often exist between the political leaders and citizens in African societies. As was concluded above, including such states in an advanced integration process has never been tested, but, on the other hand, generally regional integration among African countries (often characterised by features of the executive-patrimonialised systems) has so far been a failure.

Another question is the structure of the economy in African countries that differs considerably from the post-war European situation. In Europe, the private sector and especially big companies have always played an important role in the integration process - the whole process started from two sectors of the economy (coal and steel). Still today, integration is foremostly an economic integration process, which brings lots of benefits for the private sector. In Africa, the situation is completely different. As in the case of Southern Africa (see page 169-173), the regional economy is dominated by South Africa and this also means that almost only South African companies can have a direct interest and expect benefits from establishing a regional free trade area. In many other Southern African states, the informal economy has an important role and it is not affected by regional integration - it already now functions across borders. However, in the African case, the additional problem is created by the fact that political power and economic resources are usually concentrated in single hands. First of all, African economies are not characterised by integrated national economies (as was the case in Europe in the post-war situation), but by a vertical clientelist relationship, which has left African economies relatively fragmented. This raises the question of whether it is possible to integrate economically on the regional level, if economies have not been integrated on the national level. Another question is the connection between political power and material resources both on the political level (as noted above) but also on the level of principle. If the

situation has so far been that political power entitles politicians also to control material resources and bring benefits to their constituencies, this situation has to be broken in an integration process. The integration process has to benefit all participants and not only the politically powerful states. In the case of such a dominant member as the RSA, this means that member states have to create mechanisms that ensure the equitable distribution of benefits from the integration.

Finally, it also has to be considered what could be the driving force for regional integration within African states. In the European case, it was made clear already in the early stages that also other than politicians and civil servants have an important role in the process (Haas 1961, 375). In turn, this means that in countries that do not have pluralistic societies and strong interest groups, the likelihood for successful integration are smaller if it is implemented according to similar lines as in Europe. African countries seem to lack thus two important forces behind the integration process: they do not have large companies that would benefit from integration and they do not have pressure groups that would promote integration. Another problem is that individuals do not necessarily see any real benefits in regional integration. They can even oppose it if they consider that it threatens to break the established political system, which guarantees for their political community certain economic resources through clientelist relationships. However, the most likely scenario is that in many African countries citizens will remain ignorant of regional integration, because it does not concern them and it does not affect them.

This does not mean that regional co-operation or integration would be impossible among developing countries or states with executive-patrimonialised systems. However, handing over part of the national sovereignty and establishing a new level of political, administrative and judicial power above the state level may be more difficult for certain kinds of states. In the European case, the state-society relation played an important role during the beginning of the integration process. In chapter five, it was shown how democratic political systems and respect for human rights played a central role in the attempts to reassert the state in Europe after the war (see pages 123-126). It was also concluded that all members of a regional grouping should have similar political structures and if the division of power on a national level follows the model of Montesquieu, then the same model should be reflected also on a supranational level. It was also shown how

in African states political power has often been concentrated in single hands and how political leaders often guard their power jealously (see pages 190-199). Under such circumstances, it is more difficult to imagine how states could be willing to hand over part of their sovereignty to a supranational level. Since this would also mean, for example, the establishment of an independent supranational level of authority including, for example, a judicial system, which would have possibilities to control also the national level and political leaders. Therefore, it seems justified to argue that integration will not succeed if it requires extensive limitation of sovereignty in areas where members of a regional grouping do not respect democracy and human rights.

6.3 WHAT HAPPENS TO THE STATE AND SOVEREIGNTY?

But when states decide to limit their sovereignty through integration, what happens to sovereignty? If it does not remain intact, it obviously changes. How? And how does the state itself change?

Regional political integration is a process by which the state limits its sovereignty by handing over part of it in a certain field for a supranational organisation permanently. In other words, it hands over its judicial, legislative and administrative powers in a certain field away from its sole authority. This limitation of sovereignty means that all aspects of state power within that field are handed over to the supranational level, but it is possible that national authorities gain a dual role and act also as 'supranational authorities'. In such cases, the administrative structures of the supranational organisation have to reflect the division of state powers on a national level at least to such an extent that effective cooperation between these two levels is possible. These two levels also have to be able to work in co-operation since in practice integration establishes two sources of authority for one territory. At the same time, this means that the political, administrative and judicial systems in the region converge even further. If, for example, judicial independence is not respected in one of the member states it would jeopardise the credibility of the supranational authority also in other states and make it very difficult to implement regional policies. Changes in the internal dimension of judicial sovereignty are also profound. As a result, the state no longer holds the supreme authority within its

own territory. Instead, the right to give and enforce laws has been given in certain fields for a supranational level. On a regional level this means that integration should establish a new level of political, administrative and judicial power above the state level.

Even if on a national level, integration means that states limit their powers, on a regional level the decision-making powers are used jointly with other members of the regional group. This can be described as the pooling of sovereignties through which states allow rather extensive intervention in their territorial jurisdiction. Perhaps it is even more accurate to argue that as a result of the pooling of sovereignties, the territorial principle of jurisdiction breaks down, and as a result it is possible to identify two sources of jurisdiction within one territory: supranational and national. However, this new level of authority is not backed by its own monopoly of violence, but rests on the monopoly of violence of its member states. This is a key feature, which separates regional organisations from a federal state.

At the same time the external sovereignty of the member states in relation towards non-members does not change, although in intra-regional relations the relevance of external sovereignty changes. Robert Keohane argues that as international interdependence increases and states limit their autonomy through international commitments, this also affects eventually their external sovereignty. In the areas of the world where states have bound themselves to a tight web of interconnectedness through international agreements, of which regional integration is one of the best examples, external sovereignty has gained new relevance. These states have bound themselves so closely together that they engage themselves in international bargaining in multiple fields simultaneously. In these bargaining processes states can be willing to limit their sovereignty, if they this way achieve benefits, for example, in another bargaining process or can influence the policies of other states. Under these conditions, external sovereignty has gained a new meaning as Keohane formulates:

‘What sovereignty does confer on states under conditions of complex interdependence is legal authority that can either be exercised to the detriment of other states’ interests or be bargained away in return for influence over others’ policies and therefore greater gains from exchange’ (Keohane 1995, 177).

This means that the application of external sovereignty has changed. Previously, states could limit their external sovereignty by entering into international organisations or treaties, if that brought them some benefits. Under conditions of complex interdependence, the refusal to further limit sovereignty can affect negatively other states, and therefore sovereignty has turned out to be also a bargaining resource:

‘Sovereignty is less a territorially defined barrier than a bargaining resource for a politics characterized by complex transnational networks’
(Keohane 1995, 177).

Keohane says that this applies only to regions that are characterised by complex interdependence, which means that this is almost only another way of saying that it applies to areas where states have chosen to pool their sovereignties as Keohane and Hoffmann argued (Keohane and Hoffmann 1990, 277; Keohane and Hoffmann 1991, 7-8).

What is then the end result of the process – what is established on the supranational level and where does the process lead? The debate on the end result of the process has continued in European integration studies now for half a century, but no obvious answer is in sight. Foremost, this is due to the fact that at the moment there is still only one example of more advanced integration process. The European Union cannot be defined as a state, but after that most scholars run out of analytical tools to describe the Union. It is obviously more than a normal co-operation arrangement among nation states, but also obviously less than a federal state. Some scholars have labelled it as a post-modern polity (Caporaso 1996, 45, Sørensen, 1997, 261-264), which has taken over some of the functions of the state. However, in that case, the description is not limited only to the European Union but also to the nation state and also to the regional level. It seems as if all these levels are experiencing some sort of political restructuring, which cannot be fully explained yet. Therefore, it seems also difficult to try to define where this process will lead (for different possibilities see, for example, Antola 1998, 92-108). It may very well be that the process will produce some sort of a new state, which will most likely be very different from the traditional nation-state.

In the other case study, it is too early at this point to conclude where the process is going. However, as the general conclusion has been that the extensive limitation of sovereignty among states that do not respect democracy and human rights may not be

successful, that possibility should be considered also in the case of the SADC. It may very well be that at the moment SADC members do not have such political structures on a national level, which would enable them to achieve very far-reaching integration. On the other hand, it is not argued that this would be the only path that the SADC can follow. At the end, decisions about regional integration are political decisions and thus they cannot be valued. Yet at the end of this study, the possibilities of regional integration in southern Africa will be analysed. As the starting point can be used the stated objectives of the SADC and try to consider whether it is possible for the SADC to achieve these objectives with its present structure or does it have to change somehow.

6.4 REGIONAL INTEGRATION IN SOUTHERN AFRICA

This study included two case studies, the EU was primarily used as a reference point. Therefore here we concentrate only on the southern African integration process and analyse its strengths and weaknesses. By doing this it should also be possible to answer the research questions in relation to the SADC. What do SADC members envisage to achieve through integration? Is integration somehow different, more difficult or challenging than in Europe? Is the process of integration in southern Africa likely to succeed, if the SADC follows its own integration strategy? But before these questions are answered, a quick look at the main empirical findings regarding the SADC.

6.4.1 GLOBAL, REGIONAL AND NATIONAL LEVELS AFFECTING THE INTEGRATION PROCESS IN SADC

The global level factors influence the integration process in southern Africa as elsewhere. The impact of the end of the cold war and economic globalisation has also been similar as in other parts of the world. The end of the cold war has enlarged the possibilities of regional integration in southern Africa. Economic globalisation is placing similar challenges in front of southern African countries, as it does also for other developing countries. Regional integration has thus become increasingly important for southern African states especially since many of them are suffering from various problems (such as political instability, poverty and the HIV/AIDS pandemic). These problems threaten to make SADC members increasingly marginalised on a global scale, but regional integration could help to avoid this marginalisation process.

Inter-regional relations also place challenges in front of the SADC. This refers to the relationship of the SADC with the European Union. The EU signed a so-called Cotonou agreement with its ex-colonies in 2000. This co-operation agreement has a strong emphasis on regional integration. It is possible to find both altruistic reasons and motivations that emanate from Europe's own experience for this focus. The EU itself has been a success and therefore it also believes that regional cooperation can be a strategy, which can help also southern African states to develop their economies and societies. However, at the same time, it is possible to identify conflicting tendencies, which imply that the EU could have also selfish reasons for its focus on regional integration. This applies especially to trade arrangements that the EU envisages to establish between itself and the SADC and, on the other hand, what it already has between the RSA and itself. These arrangements may on some occasions enhance only the EU's own economic interests. However, the only way southern Africa can avoid further marginalisation is to attempt to integrate itself more tightly with the global economy. Cooperation with the European Union can act as a stepping stone in this process, but the way in which this co-operation will be implemented should be studied carefully.

On a regional level, the biggest challenge the SADC is facing is how to implement economic integration within a region where one of the members is economically dominant. The Republic of South Africa is economically so dominant that integration in southern Africa would not make sense without it. Yet, at the same time, its participation makes the implementation of the process more difficult and requires that the SADC adopts rather a proactive role in steering the process. The RSA accounts for nearly $\frac{3}{4}$ of the total SADC GDP and most of the trade flows within the SADC also include the RSA. Present trade patterns within the region suggest that as a result of economic integration, the SADC could suffer from a polarisation effect. This means that the economic benefits of regional integration would concentrate on those members of the SADC that are already more developed economically. At the same time, some of the less developed members could even suffer economically as a result of integration. Although there are some promising signs, which indicate that the impact of the polarisation effect in the long run may not necessarily grow as big as feared, the SADC needs to adopt a proactive role when implementing economic integration. This means that it has to find

ways to ensure the equitable distribution of benefits among its members. If necessary, this means that the SADC has to be able to redistribute the benefits of economic integration if less developed members find themselves worse-off inside the Community.

Another regional level factor that will affect the outcome of the integration process is the capacity of the SADC itself. At the moment, SADC members have pooled their sovereignties in certain but very limited fields to the supranational level. The decision-making structure in the region also includes a very high level of protection of national interests – unanimity is the main decision-making principle, for example, in the SADC summit. The SADC secretariat has also traditionally been relatively weak and the SADC has had difficulties to implement decisions that have been made on a regional level. The restructuring process has been necessary in this respect and hopefully it will increase the capacity of the SADC to implement its decisions. At the moment, the SADC has also signed the Protocol on a supranational judicial body, but the Tribunal has not yet been established. A functioning free trade area in southern Africa requires that, if necessary, the regional organisation can make political decisions quickly and these decisions are also transformed into concrete actions on a national level. Furthermore, it is also necessary to have effective monitoring and enforcement mechanisms to oversee that regional level decisions are also followed and implemented. The restructuring process that the SADC has just completed was the necessary first step on the path that prepares the SADC institutionally for the establishment of a free trade area. Next, it is necessary to speed up the ratification process of Protocols and establish the monitoring and enforcement mechanisms. Deepening the integration process even further would most likely require that member states invest even more powers to the SADC.

On a national level, the SADC is facing the same challenge that has been common in almost all African integration processes. Member states have not been willing to hand over their national sovereignty to a great extent to the supranational level. This can be explained at least partly by the structure of African societies. On the other hand, political power has been concentrated in some of the members of SADC (for example, Namibia and Zimbabwe) and therefore such regimes can be expected to be reluctant to hand over political authority to a supranational level. At the same time, even if the regimes have changed those countries that have experienced an executive-patrimonialised regime may

still suffer from its side effects on lower levels of the political system. For example, political life may be characterised by democratic principles, but the civil service may still be characterised by patrimonialism and clientelism. Under such circumstances, some politicians and civil servants may have a lot to lose (both in terms of political power and economic wellbeing) as a result of regional integration. Furthermore, similar pressures within society are not so easily produced in such societies as was the case in Europe in the beginning of the integration process, since the civil society has never been truly developed. Studying the actual situation in each SADC member is not possible in this study, but nevertheless it is possible to make a general conclusion concerning the political systems and their effect on the integration process in southern Africa. It was above concluded that integration can only succeed if it coincides with a convergence of the political systems of a regional grouping. This is obviously the way forward also for SADC members. Since some of them are already quite far on their way to consolidating democratic systems and a respect for human rights, there is no other option for those members that are lacking behind in these processes than to follow. Integration requires that all members of a regional grouping share similar political structures and in the case of the SADC, these structures should obviously be based on democratic principles.

This study has been mainly concerned with regional integration as a phenomenon and therefore also in the SADC, we have focused on the factors that affect the implementation of the integration process. But it is necessary to remember also that southern Africa is a region, which is characterised by huge social problems, including, for example, poor economic development, poverty and the HIV/AIDS pandemic. If these problems cannot be tackled, the whole process of integration will lose its relevance. Naturally, all SADC members are responsible for producing societal development within their territories, but the SADC can also enhance this development in such cases where national actions alone are not sufficient. This has been recognised also in the RISDP (Regional Indicative Strategic Development Plan), which also includes chapters concerning these major social problems of the region.

6.4.2 FUTURE CHALLENGES

The objective of the SADC is to establish a free trade area by the year 2008. The SADC has just completed a restructuring process, which enables it to be better prepared for this deepening of integration. However, restructuring alone is not sufficient. In addition to it, the SADC has to be able to tackle also many other challenges.

The SADC has adopted its own integration strategy, which combines, for example, market integration (the establishment of a free trade area), development integration (equitable distribution of benefits) and security integration (political organ) and this strategy is also used as a reference point here. From this point of view, it can be analysed how suitable that strategy is in a southern African context and has the regional organisation been developed far enough and have the member states been willing to limit their sovereignties sufficiently in order for that strategy to succeed.

From a practical point of view, the integration strategy that the SADC has adopted seems to be suitable for the region. It tries to answer most of the challenges that the region is facing. It tries to enhance economic development through market integration, but at the same time, ensure the equitable distribution of benefits as the theory of development integration instructs. It tries to increase regional stability through security integration. Generally, everything seems to be in order, but the most immediate concerns arise from the prospective free trade area. First, is the SADC strong enough to deal with the polarisation effect that may result from the establishment of the free trade area? Secondly, even if the SADC is able to establish some sort of corrective mechanisms, who is going to finance them?

6.4.2.1 IS THE SADC STRUCTURE SUFFICIENTLY STRONG?

The integration strategy that the SADC has adopted is ambitious and suitable for the region but it is also more demanding. It requires a higher degree of handing over national sovereignty to a supranational level (implementing the redistribution of benefits) than what a more modest integration strategy based on, for example, only market integration would have required. Therefore, the relevant question is whether the SADC as an organisation is strong enough to face this challenge.

The secretariat of the SADC has traditionally been relatively weak. This is mainly because the structure of the organisation was for a long time based on the sectoral co-ordinating units based in each member states and the tasks of the secretariat were limited. A weak secretariat has meant that there has not been any supranational body that could have promoted 'the regional agenda' or 'regional view'. If this situation were to continue, it would create problems in a situation where the benefits of integration are expected to be distributed unequally. In this kind of a situation, there has to be some actor, which is strong enough in order to make its voice heard and which can rise above the short-term national interests of member states. In the recent organisational restructuring, sectoral co-ordinating units were decided to be phased down and their tasks to be removed to the secretariat of the organisation. This will lead to a considerable strengthening of the supranational institutions in the SADC and can for its part also contribute to solving the problem described above. However, the secretariat alone cannot most likely guarantee effective implementation of the integration process and at the same time also promote regional interest. It has to be supported by other supranational institutions such as, for example, a supranational court with jurisdiction over matters belonging to the competence of the SADC.

It thus seems that the SADC is at least on a right track in building a sufficient supranational institutional set up for itself, but another question is how the relationship between national sovereignty and supranational competencies is arranged. Traditionally, African countries have been reluctant to limit their sovereignties in favour of regional integration. The same tradition seems to continue also in the present-day SADC. In decision-making, the general rule is the use of consensus. In principal, the SADC also involves a similar pooling of sovereignties as in the EU in the areas of SADC competencies, but the use of consensus guarantees larger room for the protection of national interests. In other words, SADC members have handed over part of their sovereignty to the supranational level but hold also tools to protect their national interests. This means that the effect of the limitation of sovereignty has de facto been minimal. This does not necessarily create problems at least immediately since the level of integration that the SADC envisages to achieve in the near future is relatively low.

The absence of sufficient monitoring and enforcement mechanisms was argued to be one of the main problems in African regional organisations. Such mechanisms have to be in place already in the early phases of an integration process. The history of the European integration process is a good example of this because many landmark decisions of the ECJ were made already in the early phases of the process. In other words, the SADC should find ways to guarantee that supranational and national authorities can cooperate in such a way that regional commitments are translated into national actions and the decisions made in the regional forum are carried out on a national level. At the same time, it has to be able to ensure that regional obligations are honoured and that members can trust that their regional partners will honour their commitments or face the consequences in a supranational judicial system. The institutional restructuring obviously aims to achieve also this objective. However, the most problematic requirement is the role of the supranational judicial body, the Tribunal. Giving it jurisdiction in all matters belonging to the competence of the SADC and a right to give binding decisions would mark the first serious act of limiting national sovereignty in southern Africa. If the Tribunal would gain such a status it would establish a new monitoring mechanism above the state level. At the moment, the protocol on the Tribunal is written in such a way that it leaves many questions open, but in principle, the text could be interpreted in such a way that the Tribunal could also gain a similar status as the ECJ has gained in Europe. However, the problematic part is related to the procedures in those cases when some members do not conform to the decisions of the Tribunal. In such a case, the matter is taken to the Summit, which operates on the basis of consensus. In other words, the system does include a loophole, which still provides a member state the possibility to escape from its regional obligations. If such a possibility exists, it means that the limitation of sovereignty in regard to monitoring and the enforcement capacity of the SADC is not fully effective. It also means that in the end, the abidance to regional decisions is left to the good will of the member states and not in the hands of an impartial judicial system. This is obviously a problem since also such modest integration as the establishment of a free trade area will cause conflicts among member states that have to be solved somehow.

6.4.2.2 HOW TO ENSURE THE EQUITABLE DISTRIBUTION OF BENEFITS?

It was concluded in the empirical analysis that there are factors that will most likely decrease the effect of a polarisation effect in the long run (see pages 172-177). However, in the short run, the SADC has to be able to find ways of how to compensate for the losses that may accrue to some members as a result of the establishment of the SADC free trade area. There are at least two tasks related to these corrective mechanisms: identifying the suitable ones and financing them.

The corrective mechanisms that are easier to implement attempt to achieve two objectives. Find different solutions that can both compensate for the negative effects of the integration process for least developed members and, on the other hand, also decrease the differences in levels of development. Such mechanisms include, for example, budgetary support, longer transition periods for less-developed members, the establishment of a regional development bank and regional industrial planning. Such mechanisms that include only financial support are easier to implement, but at the same time their actual effectiveness may be less satisfactory. On the other hand, the problem with, for example, industrial planning that would cover the whole southern Africa is that it easily bypasses the logic of markets and therefore is also less likely to succeed. Since some sort of active input is required from the integrative organisation, it seems that the SADC is on the right track at the moment. It has lately focused on the preparation of a regional industrial policy and strategies, which would best promote spontaneous industrial development in the region. This approach takes into the account the problems of less-developed members, but does not bypass the logic of a market economy. However, this alone is most likely not sufficient and the SADC needs to do also something else to balance the differences in levels of development within the region. However, the problem with all corrective mechanisms is that they require financial resources.

To find a financier for the establishment of such mechanisms is a difficult task since most of the members of the SADC are poor developing countries. Two possible financiers can be identified: the RSA or donors. The RSA is the most obvious candidate for this role since it is the most developed state within the region and is expected also to

gain most from the integration process. Yet the RSA may be developed within the region but is still also facing many internal problems and it may very well be that it cannot find such financial muscle, which could help also its regional partners even if it would want to adopt such a role for itself in the region. Most likely, the RSA nevertheless has to adopt a role as some kind of benevolent hegemon within the region. This means also financial sacrifices. The situation where the RSA would benefit from the integration process but would withdraw from its regional obligations would most likely jeopardise the long-term future of the process. However, the RSA does not necessarily have to finance the establishment of corrective mechanisms all by itself. Also external donors could participate in financing. In this case, the most likely candidate would be the EU since it is already involved in the region and also actively promotes regional integration within the region.

The role of the external donors is not straightforward. The problem with external funding is related to the pooling of sovereignties that takes place during the integration process. In the case of the SADC, the RSA will lose politically as a result of integration. It could in most situations also act unilaterally, but as a result of the integration it has to take into account also the views of other SADC members. If corrective mechanisms are funded by external donors, which require also influence over how their funds are used by the regional organisation, this will make the situation even less appealing for powerful members like the RSA. This becomes even more problematic if the organisation is involved in cooperation in such fields that touch upon the core of their sovereignties, such as, for example, security cooperation. The involvement of a powerful external donor may in this case decrease the interest of the RSA to participate in regional cooperation. Therefore, the most suitable form for this external funding could be budgetary support.

6.5 SADC AT A TURNING POINT

The SADC is now at a turning point in its integration process. It has completed the restructuring process, which was necessary for the future success of the organisation, but alone it will not be sufficient. From now on the SADC has to deliver; in other words, it has to be able to produce benefits for all of its members. It can have a key role in the future development of the southern African region. It can help to promote the economic

development of the region, create political stability and tackle the social problems (poverty and HIV/AIDS). However, at the moment it seems that the SADC is not yet ready for deeper integration. Instead, the reform process has to continue on both the national and supranational level. On a supranational level, the SADC has to be strengthened even further, if the member states want it to be ready to effectively implement the integration process in the future. Investing in regional integration and the regional organisation itself should bring benefits for all members of the SADC. However, on a national level achieving these benefits requires making sacrifices. For example, the regional giant, the RSA, has to be willing to finance the mechanisms that ensure that all members of the SADC benefit from the integration process. Such an approach would bring additional economic benefits also for the RSA in the long run when the region becomes more stable and attracts more investments that will most likely concentrate mainly on the RSA and the whole region will enjoy from steady economic growth. Other SADC members should find the political will, which enables them to limit their sovereignty in favour of the SADC. They would also benefit from this in the long run as it could steer the whole region to the path of economic and social development.

However, the biggest threat in SADC's future lies in the willingness of the SADC members to limit their sovereignty. Can they envisage that the benefits that accrue to them as a result of the process are greater than the loss of sovereignty? In the European case, the handing over of national sovereignty was obviously dependent on or at least made easier by the fact that all members of the ECSC were democratic states that respected human rights. In southern Africa the trend is likely to be similar. The likelihood of the success of the SADC integration process increases with the number of democracies among its member states, if the process involves the extensive limitation of national sovereignty. If this will be the case, it does not however mean that the integration process in southern Africa would be similar to the process in Europe. The differences between states within different regions lead to different kinds of integration processes. African states differ so much from European states that the integration process will not be similar there even if it will include an extensive limitation of sovereignty.

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