

**EUROPE AND THE MANAGEMENT OF GLOBALIZATION:
DEFENSIVE AND OFFENSIVE REPOSSES TO GLOBALIZATION PRESSURES¹**

Wade Jacoby

Brigham Young University
wade.jacoby@byu.edu

Sophie Meunier

Princeton University
smeunier@princeton.edu

*Everybody complains about the weather, but nobody does anything about it.
– old aphorism*

A surprising amount of the debate about globalization goes on absent any sustained deliberation about what might improve it. There is no shortage of fears. Certainly, in Europe, globalization – loosely defined as the increased flows of goods, services, capital, people, and information across borders – has been the source of many worries in the past decade. In several countries, especially those in “old Europe,” globalization is more often perceived as a threat than as an opportunity. Some see a narrow threat to their jobs, others to their broader social welfare, and yet others to their entire way of life. At the same time, globalization promises novel opportunities to other European actors, especially those who can serve new markets or existing markets with cheaper inputs. Whether pessimistic or optimistic, most accounts of globalization see it as an exceedingly powerful force. Moreover, the copious scholarship focused on the rise of

¹ This preliminary memo serves as an introductory document for the conference Europe and the Management of Globalization, February 23, 2007, Princeton University, organized by Sophie Meunier and Wade Jacoby. For the conference schedule, please see http://www.princeton.edu/~smeunier/conference_europeanization.htm.

China and India as low-wage manufacturing and service juggernauts or the influence of capital “washing” around the globe further reinforces an implicitly pessimistic message for those who would seek to control globalization.² For many observers of globalization, as with the weather, there is nothing to be done.³

Individual actors’ perspectives towards globalization can be captured graphically in a simple heuristic. Broadly, actors should perceive globalization along a continuum between threat and opportunity. Similarly, actors should perceive globalization on a continuum between manageable and not manageable. The current, impassioned debate often treats only two of these boxes: a debate among those who agree that globalization is too big to steer, but disagree about whether this is good or bad.⁴ For the pessimists, this largely means that low standards in the developing world will inevitably pull production away from high wage European and American production sites, but little can be done about it. For optimists, globalization has positive effects and can only happen in an *ad hoc* way driven by micro-level entrepreneurial actions – tinkering with its *ad hoc* nature would diminish its expected benefits.

	Globalization As Threat	Globalization As Opportunity
Globalization As Unmanageable	Race to the Bottom	Ad hoc Globalization
Globalization As Manageable	Defensive Management	Offensive Management

² With some exceptions, such as Berger, 2005.

³ EU scholars simply have not used the category of globalization to any great extent. It is commonplace in literature reviews on globalization to point out the veritable explosion in the use of the term “globalization” and its variants. Yet the most comprehensive “mapping” of EC-EU studies doesn’t use the word “globalization” (or “global”) at all (we have a call in to John Keeler to see how often the term appears in the literature he surveys) (Keeler, 2005). Moreover, the first ten years of the European Integration Online Papers produced exactly two papers with “global” in the title, and none with the term “globalization” (or “globalisation”). *JCMS* shows seven articles in the past decade with global in the title, though in some of these cases, “global” seemed to be deployed as a synonym for something like “bilateral relations at a great distance” (e.g. EU-Mexico interactions).

⁴ For copious cites in both camps, see Guillén, 2004.

A central purpose of this conference is to treat the other two boxes seriously. In these boxes are actors who are optimistic or pessimistic, but who, in any event, believe that policy actions can “manage” globalization. In Europe, in any case the European Union (EU) has been portrayed as actually or potentially playing a crucial role in managing globalization. To the extent they are pessimistic about globalization, European actors generally hope that the EU can serve as a barrier and, failing that, a buffer or a filter to mitigate and slow globalization’s worst effects. We call this “defensive management.” To the extent European actors are optimists about the opportunities of globalization, they may conceive the EU as a platform for exploiting opportunities unavailable to individual member states or their firms. We refer to this as “offensive management.”

These stylized perspectives have some basis in current reality. The EU often has been vilified as a Trojan Horse that helps bring globalization into the heart of Europe. The charge is that it fails at the task of defensive management. However, others have heralded the EU as Europe’s best defense against the negative effects of globalization. Over the past decade, European voters and politicians have increasingly demanded that the EU actively and offensively “manage” globalization instead of just passively receiving it. Below we detail five of these strategies, which we characterize as exercising regulatory influence, empowering international institutions, enlarging the territorial sphere of EU influence, redistributing the costs of globalization, and legitimizing economic patriotism. These strategies are neither entirely novel, nor invulnerable. But we suggest that, taken together with other strategies that will emerge in the memos, they provide the contours of an approach to globalization that is neither ad hoc deregulation, nor old-style economic protectionism.

We argue that the will to manage globalization has been a primary driver of many major policies undertaken by the EU (and a surprising number of national states) in the past decade. The key purpose of this conference is to take stock of the extent to which such demands for a defensive or offensive management of globalization have been met by various European actors. What kind of management strategy have European leaders supplied, and how well are those strategies working? The objective of this memo is to

sketch the outlines of the concept of managed globalization and to raise a series of broad questions about its extent, its causes, and its results.

Internal Challenges, External Challenges

A working definition of managed globalization (MG) is the attempt by actors at various levels of governance to ensure that the liberalization of rules about international flows of good and services, capital, and labor goes hand in hand with formal and informal practices to bind market players and their governments. By this definition, defensive management means building channels for competition rather than merely building higher walls. And offensive management cannot be about the simple removal of regulations but also entails some effort to shape and regularize the competitive order. Indeed since both strategies share a broadly similar “channeling” purpose – though some differences in actual mechanisms are developed below – a primary difference lies in whether they occur in domains where EU-based competitors enjoy prominent market positions that they seek to defend or inferior positions that they seek, through offensive management, to expand. Some of these management strategies are conceptualized and executed at national and even subnational levels, although most such initiatives ultimately seek points of connection with organs of supranational governance as well. In the past decade in Europe, however, the EU has been the principal developer of the concept and rhetoric of managed globalization, as well as the principal actor responsible for its operationalization and implementation.

At one level, characterizing the EU as a system of management is nothing new. Original practical aspirations for European integration have often emphasized the management of intra-European foreign policy tensions. A primary example is the Franco-German relationship, transformed in a series of postwar acts of reconciliation from militaristic competition to jointly beneficial economic co-management. Conceptually, European integration has been seen as an effort to manage the eroding powers of national states, to manage the creation of an integrated market, and to manage the “pooling” of national sovereignty.

Yet what all of these different “management” approaches have in common is a focus on tensions and challenges with largely *intra-European origins*. More recently, the concept of “managed globalization,” articulated explicitly as the central doctrine of EU trade policy since 1999 suggests that order and control should be restored to the process of globalization by framing it with rules, obeying these rules, and empowering international organizations to make and implement these rules.⁵ Arguably, the EU is well placed to provide the institutional foundations for this management of globalization, since economic liberalization has been such a fundamental part of the experience of European integration. Europe has conjured and then managed the world’s most impressive variant of regionalism (or so goes the intuition); why then would it not attempt to modify some key instruments and invent others in order to also manage globalization as well?

The purpose of this conference is to explore how over the past fifteen years European policy-makers have tried to manage globalization, both inside and outside Europe, in a variety of policy areas. We suggest that this concept of managed globalization, originally and explicitly developed with respect to trade and finance, has become the underlying driver of a number of major policy initiatives undertaken by the EU in the past decade. Whether the euro, immigration, enlargement, the Neighborhood Policy, the Constitutional Treaty, energy security, or even the Lisbon Process, all these policies have been designed, at least in part, to restore order and control in the face of challenges posed by globalization. The common denominator in these efforts is an attempt to supplant ad hoc globalization based primarily on the removal of regulations with rule-based globalization that seeks to channel, regularize, and sometimes limit certain aspects of competition.

While most of these policies formally operate inside EU borders – though geared at least in part to managing the behavior of external challengers – others go well beyond those borders or indeed have expanded them. In this sense, enlargement has been the management tool par excellence, a mechanism both for socializing Central Europe, the Baltics, and part of the Balkans into the EU sphere but also for stabilizing a zone of lower wages, lower tax rates, and lower levels of market regulation. Moreover, the enlargement

⁵ See memo by Abdelal and Meunier.

mechanisms have had a powerfully path-dependent effect on the EU's Neighborhood Policy towards states that, while not candidates for membership, are certainly candidates for EU efforts at socialization and institutional reform. Have these efforts led to any institutional convergence across member states? Or, alternatively, has more formal management actually been associated with a wider range of national institutional practices, even if coordinated and vetted at supranational levels?

How Much MG has Occurred?

For purposes of this conference, MG is an empirical concept, not a normative one.⁶ In some ways, therefore, the most basic empirical question is about the actual extent to which MG has become a central component of the EU's major policy initiatives in recent years. Pascal Lamy launched the term managed globalization in 1999, but to what extent have deeds followed words?⁷ Certainly, this answer will vary across the many policy areas touched by the EU. But how exactly is this variation arrayed? One intuition is to seek variation across areas of greater and lesser delegated powers. By this logic, trade policy – an area where member states have delegated substantially to the EU – might be held a promising location for evidence of MG while policy areas that remain deeply tied to member state prerogatives – such as taxes or immigration – might be thought unlikely cases to find evidence of MG. A second intuition, however, might expect that MG, to the extent it exists, must necessarily be the project not merely of EU officials but of powerful member state governments (see below). By that logic, evidence of MG might be expected even in policy areas where, for reasons developed elsewhere in the literature, states have delegated relatively little authority to the EU. Third, it seems plausible that the extent of MG will vary according to whether motives are primarily offensive or defensive, in the sense sketched earlier. European actors might well differ in their coordinated behavior in settings Europe currently dominates – e.g. machinery building – than in settings where European competitors lag – e.g. chip manufacturing.

⁶ That is, we are not exhorting the EU to move to MG but rather assessing the extent to which it has done so.

⁷ Lamy, 2004.

Everyday usage of the term “management” usually connotes some degree of coherence. Yet as we know, coherence does not always come easy in the EU. How much internal diversity can be accommodated under the notion of “management”?⁸ One idea is that significant intra-European diversity at the national level would undermine aspirations for MG. The wider the range of preferences and practices this management would have to accommodate, the less plausible MG would be. A variant of this idea would not completely exclude the possibility of making coherent policy with widely divergent member state preferences but would simply note that the more divergent are preferences, the harder is management – therefore the less likely it is to be tried and, if tried, the less likely it is to succeed if it is not broadly supported.

Yet another approach would indicate that whatever deep differences still exist among European national models, especially since the recent enlargements, all of them basically incorporate relatively high-wage strategies, such that there is a great deal of common ground among European states, at least vis-à-vis the developing world.⁹ There likely is no natural range of cross-national variation that is compatible with a management approach; rather, it might make more sense to acknowledge the integrative power of various EU institutions in molding the raw preferences of nation states towards a sustainable common path. In short, however, any plausible story about management must start with some specification of common interests *and* some story about the aggregating capacity of existing EU institutions.

A related question is the one of indicators. How should scholars decide what to accept as *prima facie* evidence of MG? Put differently, is any recognizable strategy to react to or alter the external environment necessarily one of “management”? If not, how tight must the linkage be between the agency and design of various actors (sub-national, national, and supra-national) and the results that occur? Is it sufficient to see evidence of actors attempting to manage globalization even if, by our lights, they remain unsuccessful? Or should we insist that the concept be deployed only in cases where actors are able to achieve their ambitions? Here, it seems important to acknowledge that not all

⁸ See the varieties of capitalism debate now centered on Hall and Soskice, 2001, but as amended by Sapir, 2006, Pontusson, 2005; Hancke et al, 2007..

⁹ Lamy, 2004.

activities ought to be classed as part of the MG concept. For example, sometimes immigration policy is not, in the first instance, an effort to manage globalization at all but rather an effort to manage a bilateral relationship that long predates the acceleration of globalization. Similarly, how can scholars establish theoretically clear distinctions between regionalizing, inter-regionalizing, and more genuinely globalizing trends and processes?¹⁰

As one moves beyond understandings of European integration as a European answer to purely European problems, definitional issues multiply quickly. Some are crucial in order to form brittle hypotheses. For example, what outcomes would be alternatives to MG? Broadly, two alternatives stand out – one that sees no globalization and the other that sees no management. The first possible alternative is that globalization is not happening – to use a category already in the literature, that it is “feeble.”¹¹ By this reading, adding the modifier “managed” is superfluous because the basic phenomenon of globalization is simply overhyped.¹² The second alternative is to acknowledge the power of globalization per se (and its effects on Europe) but to deny that there is anything coherent enough about EU policies to deserve the term “management.” Most accounts that stress one of the innumerable variants of “multi-speed Europe” implicitly suggest that the EU is now such a sprawling entity that few coherent external policies are still possible. This family of scholarship has received a shot in the arm both from the failure of the Constitutional Treaty – intended in part to bring more coherence to EU decision-making – and indeed from two and a half rounds of enlargement during the period in question. Is it the case that only a small Europe can actively manage its environment (or, more modestly, manage its members’ response to their collective environment)? All these issues – quantity, diversity, indicators, and alternatives – require more elaboration and clarification in the individual memos.

¹⁰ See, respectively, Baldwin, 2004; Katzenstein, 2005; Sapir, 2006.

¹¹ Hirschman, 1982; Guillén, 2001.

¹² Hirst and Thompson, 1996; Wade, 1996.

Actors and Motives

The EU could not try to manage globalization without the support of key European states. Indeed, some scholars locate the management impulse squarely inside specific national states. For example, Abdelal and Meunier cast MG in trade and finance as a French idea. They show that the doctrine of managed globalization was developed mostly by French socialists – those policy makers who had turned France toward the market, Europe, and the world in the 1980s. The disorganized nature of ad hoc globalization was particularly anathema to the French belief that a centralized, *dirigiste* bureaucracy could manage the economy. So, as French policy makers liberalized trade and capital flows, they simultaneously sought to empower the bureaucracies of international organizations and expand their competences and jurisdictions.

Innovations in German policy also point towards MG. Many authors have emphasized a concern that Germany's "pragmatic" economic interests have fallen out of step with its older ideological commitments to "the house of Europe."¹³ In this view, the decline of permissive consensus brought increased politicization and the requirement that "national interests" play a greater role in public legitimization of Germany's EU policies. Globalization could be responsible for some of this pressure, though this empirical question largely still awaits detailed analysis. More recent summations have stressed even larger tensions, including an EU agenda that is much harder for Germany to shape, the decline of Germany's "soft power" and its ability to use its "paymaster" role in the EU to leverage its policy and institutional preferences, and, subsequently, an overall erosion of Germany's ability to "upload" these preferences to the EU level.¹⁴

In the face of these challenges, one German response has been to relax preferences for closer European integration while stressing Europe's utility in managing larger market domains. Thus, German politicians have sometimes called for the renationalization of certain EU policies – including, most importantly regional policy and agriculture – but Germany has also become a supporter of efforts to establish the Open

¹³ Knodt and Staeck, 1999.

¹⁴ Dyson and Goetz, 2003.

Method of Coordination as an alternative to the more compulsory Community Method.¹⁵ In turn, this shift reflects the strong possibility that German interests in ever deeper integration *within Europe* are waning while their interest in managing challenges that emanate from *outside Europe's borders* are rising. If so, the old image of European “constraints” that, paradoxically, “enabled” German power may be giving way to a time when Germany seeks to bind and manage the influence of other states.¹⁶ To name just one example, the post-Cold War period saw an abrupt shift in German export control policy from one of liberalism to a leadership role in restricting the export of “dual use” technology to sensitive states within the G-7 and then G-8 nations. As a leading technology exporter, Germany has “exercised leadership in shaping a regime that commits its partners to a harmonization of export control rules in order to protect its own export competitiveness...”¹⁷

One might go on in this vein to speculate on the extent to which the Lisbon Process might reflect British preferences for internal liberalization as a flanking strategy for MG (whether as a reflection of the official policy priority of the three Blair governments or perhaps the prescriptive reforms of British thinkers like Christopher Freeman and Will Hutton). The point, however, is more to underscore the variety of potential approaches to MG than to link any policy too tightly to any one member state. We presume that for any variant of MG to gain the confidence of a broad range of member states, it needs to shed its more obvious national birthmarks.

All of this talk about national preferences still leaves open the issue of intra-national political disputes about which EU instruments should be used to manage globalization, how, and to what purpose. Abdelal and Meunier argue that the idea of managed globalization as a policy doctrine originated in the center left. Indeed, subscribing to the goal of “managing globalization” enables the left to not have to avoid being pinned down in the divisive “globalization is good/globalization is bad” debate. It is a way to reconcile the ineluctability and anarchy of globalization with the predictability and redistributive character of a policy still in the hands of states. The idea of managed

¹⁵ Zeitlin and Pochet, 2005.

¹⁶ See Katzenstein, 1997, 2005.

¹⁷ Crawford, forthcoming, p. 214-215.

globalization is particularly appealing to the left because, in many European countries, it has been challenged to its left by the anti-globalization movement. In France, in particular, this movement proved to be quite popular, drawing a sizeable number of votes away from the mainstream left candidate in the 2002 presidential election.¹⁸ “Managing globalization” shows that policy-makers have not abdicated their role in the face of external challenges; to the contrary, they actively try to make the best of these challenges by channeling their positive implications and protecting against their negative effects. For the German mainstream left, the challenge comes less from anti-globalization rhetoric from its left than from the grind of mass unemployment, the meager fruits of year-after-year of wage restraint, the futility of the Alliance for Jobs, and the perversity of Harz reforms, which unexpectedly added to state burdens rather than lightening them. The appeal of managing outward seems to grow as the list of yet-untried domestic remedies shrinks.

For the right, the idea of managed globalization may also be appealing, but less obviously so. “Managing” means altering the natural course of things by reorganizing them for a purpose. “Managing globalization” means tinkering with free market outcomes. In countries such as the United Kingdom, such tinkering may clash with the conservative tradition inherited from the Thatcher era. In other European countries such as France, however, the tinkering may accord with traditional Gaullist values of centrally managing the economy. And in social market economies, employers may look to European rules like the Stability and Growth Pact to discipline labor to moderate its demands.

Other scholarship locates important roots of MG inside the European institutions themselves. While we anticipate that several of the memos will discuss more or less successful examples of MG that emanate from EU institutions, it is important to point out that the concept does not presume that the EU succeeds in all of its strategies to manage globalization. For example, European states have fundamental interests in Russia, especially in the area of energy security, and the EU has clearly tried to manage that relationship in ways consistent with the broad themes of this memo. Yet after six years,

¹⁸ See Meunier, 2004.

the EU-Russia “Energy Dialogue” has borne relatively little fruit. European firms face persistent barriers to entry in Russia’s energy market, while Gazprom’s bid to purchase British gas distributor Centrica was met with frustration.¹⁹ Though 60% of Russian exports go to Europe, Europeans worry that Russian production is flat or declining, while its President has promised to increase Asia’s share of Russian petroleum from the current 3% to 30% by 2020. In all this, however, Russia currently prefers to work with powerful individual European states and avoid direct entanglement with the EU, leading to a relationship that of “process rather than progress.”²⁰ Management, so far, has borne little fruit.

In seeking to uncover a coherent MG strategy, we should look for something different than the vector sum of all the preferences of the various constituencies inside the EU. Put differently, if “management” is simply the coming together of a series of policy preferences arrived at independently by various European actors at various levels without any real aggregating function by the EU, then the concept is not a useful one. But what if we move beyond a simplistic image of management and think about variation in management styles? Would there be value added here? Which management strategies has the EU used to achieve certain goals? Are the most effective strategies highly context-dependent, or are there general principles that show beneficial effects across numerous policy domains?

Finally, one can ask whether the MG strategy would benefit from more explicit formulation by EU officials as has, for example, been done for military policy with the European Security Strategy. Would, on the other hand, ambitions for effective management be better served with a lower public profile, as has often been true for major components of the grand strategies of nation states?²¹ Here, one sees a link between MG and a broad range of issues that are being “securitized” (e.g. immigration, money laundering).²² The securitization of these various debates is partly analogous to MG insofar as just as economic problems used to be more “local,” these other debates often

¹⁹ Barysch, 2006, pp. 3-5

²⁰ Barysch, 2006, p. 3.

²¹ Posen, 1984.

²² Kirchner, 2006.

had a more provincial feel in the past. Now the challenges come from farther away and can't be held off with the tools of national crisis management (on either the economic or security domains). In both cases, Europe is too attractive to be left alone, and yet the old tools cannot keep key troubles at bay. New techniques are needed to manage these challenges. Just how urgently can be appreciated in recalling that the current wave of globalization has primarily been about trade and capital but not labor. Globalization in the late 19th and early 20th centuries was accompanied by the movement of some 55 million immigrants. This is just one indicator of the huge pent-up pressures that challenge the current hopes of managing globalization.²³

Instruments

Over the past decade, the EU has developed a panoply of instruments to try to manage globalization. Some are about offensive management – making sure that globalization happens on European terms, with other countries conforming to Europe's ways and standards. Other instruments help with defensive management – ensuring that the external challenges and pressures brought about by globalization have as little negative, disruptive effect on European citizens as possible. Many of these various instruments, depending on the policy area in which they are used, are addressed in the memos written for this conference. They include the following:

Exercising regulatory influence: A central (and obvious) offensive strategy for managing globalization is for the EU to develop its own regulatory power in a way that decisively shapes global governance. In many sectors that have become liberalized, fair market competition is ensured by regulatory institutions (agencies, courts, ombudsmen, etc.). Experts concur that the EU has now become the world's largest regulatory power across a range of sectors, including financial services, food, industrial chemicals, and telecommunications. The case of the 1995 EU Data Privacy Directive is a telling example. Although the US opposed the EU approach from the start and waged a vocal campaign against the directive, more than 30 countries have emulated EU regulations, including some key markets for the US such as Japan, Canada and Australia. In the end,

²³ Berger, 2005.

the US agreed to abide by EU rules in many cases, and European regulations have thus become the de facto international standard.²⁴ This is a case where Europe has managed globalization offensively and has shaped globalization on its own terms.

Empowering international institutions: A closely related (and again largely offensive) instrument for managing globalization is to involve other international institutions. As globalization proceeds, the EU seeks to help write the rules of the game, develop the institutional architecture to monitor those rules, and to build the capacity of international organizations to enforce them. This is by no means an exclusive effort to place the EU itself at the center of such deliberations; in fact, the EU has often sought to strengthen organizations such as the Organization for Economic Cooperation and Development (OECD), International Monetary Fund (IMF), and WTO and expand their membership, which has paradoxically contributed to diluting its own influence. This broad offensive strategy is central to EU efforts to manage globalization, but it clearly has its risks. In fact, a central paradox is that the same global institutions the EU often seeks to strengthen have come under fierce criticism for not managing globalization but for accelerating it, and therefore the organizations become the target of attacks and lose political legitimacy – a trend for which the WTO may be the best example.

Enlarging the territorial sphere of EU influence: Jacoby's memo argues that one part of managing globalization has meant managing Central and Eastern Europe (CEE) in both defensive and offensive ways. Indeed, by expanding its territory through enlargement, the EU "subtracts" new countries from the unadulterated reach of globalization and therefore expands its control and influence. In the relatively long process of preparation for EU membership, the ten CEE states that joined in 2004 and 2007 were managed in systematic ways. While previous enlargement states also had been required to adopt the *acquis communautaire* prior to membership, CEE states were often obliged to make many commitments that were not in the *acquis* at all (including, for example, a range of issues in Justice and Home Affairs or meeting the Maastricht Criteria for the single currency). On the other hand, where prior enlargement states engaged in ad hoc reforms to prepare for membership, the European Commission invented a thorough

²⁴ Bach and Newman, 2007.

and demanding “screening” of more than thirty separate policy domains for each of the prospective CEE members. Screening involved Commission experts meeting with government officials of each CEE aspirant member and going almost line by line through the *acquis*. As noted, screening was both defensive (designed to eliminate incentives towards competitive deregulation) and offensive (designed to organize the CEE region as a low-cost platform for firms from existing member states). Both variants were entirely managerial and occasionally raised the ire and frustration of the managed. Moreover, the new European Neighborhood Policy shows very many of the techniques from the most recent enlargement processes are now affecting the policies towards states that will not, in all likelihood, become EU members.²⁵

Redistributing the costs of globalization: Managing globalization means not only building a framework of rules within which exchange can occur, but also redistributing its costs and benefits. These strategies, while primarily defensive, can play a crucial role in sustaining public support for economic openness. In principle, some of these redistribution efforts are an extension of social democracy at the global level²⁶ Such redistribution on the global level includes, for instance, using non-reciprocal trade benefits to improve the economic development of the least advanced countries. Such redistribution can also occur within Europe: the newly created European Globalization Adjustment Fund, starting in January 2007, will help to train and relocate about 50,000 workers a year throughout Europe when their jobs are lost to the dynamics of trade. Again, however, the vulnerabilities of this strategy lie close to the surface: the EU may help developing states with preferential trade, but such states are quick to point out that it could help them a lot more reforming the CAP – the quintessential (though hardly the only) remaining old style protectionist instrument.

Legitimizing economic patriotism: This final defensive strategy is an old one given a new wrinkle as part of the effort to manage globalization. Faced with the reality of globalization where companies of one nationality take over companies of another, sometimes considered with pride as a crown jewel in their own country, many states are

²⁵ Kelley, 2006.

²⁶ See Abdelal and Meunier memo.

resorting to what French Prime Minister Dominique de Villepin has labeled “economic patriotism.” The past few years have seen numerous attempts (successful or not) by states to thwart foreign company takeovers – e.g., the Dubai Ports in the United States, the Pepsico/Danone affair in France, the Mittal Steel/Arcelor takeover in Luxembourg. In his memo, Véron notes that European companies have become more “Europeanized” than globalized in the past ten years. This trend makes it easier for economic patriotism to be deployed at the European level, and therefore for Europeanization to serve as defensive management against globalization. However, how can this strategy work when companies are so internationalized that they lose their national identity?

Results

Finally, how effective has the EU been in managing globalization? Again, the search for plausible indicators emerges immediately. To be at all true to the basic understanding of management, one would expect some linkage between the aims of actors and the outcomes. If positive results came about by accident, why should we call this “management”? What would count as evidence? Do we (merely?) require qualitative research that shows successive improvement in EU policies until the policies are deemed adequate by policy elites? Or do we need to go farther and investigate whether, for example, Eurobarometer data shows that citizens too are willing to accept the basket of policies we characterize as MG?

Beyond the narrower issue of the legitimacy of the policy instruments chosen up to now, how did the emergent doctrine MG strategies affect support for European integration in the member states of the EU? In particular, how do they affect the legitimacy of EU institutions more broadly? Here, much will depend on whether the EU develops a more positive reputation among citizens of Europe for the management successes it aims to deliver. It is entirely possible, on the other hand, that citizens motivated by the worries already described will increasingly attribute poor outcomes to management mistakes at the EU level, rather than the national level politicians who have traditionally incurred voters’ wrath in such instances. The negative vote on the French

referendum on the EU Constitution has been interpreted partly as a sanction against the inability of the EU to protect the French more effectively from the vagaries of globalization.

Questions of legitimacy lead directly to other normative questions about coping with the consequences of globalization. Here again, the offensive and defensive categories are worth consideration. For example, how do MG strategies translate into demands for and provision of compensation at the national level and even at the European level (i.e. demands for a more social Europe, for instance)? How do various kinds of actors think and act strategically in the positions they take on national-level versus regional-level compensation for the risks of openness generally? Here, as in other areas of the political economy, it may well be that such strategic action differs between globalization and regionalization/Europeanization.²⁷

Moreover, even if we focus on the intended consequences of various management strategies, what about their unintended consequences? For example, keeping in mind the multiplicity of levels involved, to what extent do defensive or offensive strategies pursued at the supranational level complicate or even erode the efficacy of much-valued national-level coping strategies? Here, it may be that older debates about subsidiarity will be useful in sorting out the new complexities of MG.

Europeanization and Managed Globalization's Dual Logic

There is a dual logic of managing globalization. On the one hand, many players offensively seek to define the rules of globalization, including what is allowed in. On the other hand, they also would like to coordinate their defensive responses on what stays out. Thus, the EU may look like a "Trojan Horse" because it has facilitated the penetration of globalization into Europe, notably by constructing the European single market and opening up protected economies to the laws of competition.²⁸ Therefore,

²⁷ See the memos by Burgoon and Hay.

²⁸ Jabko, 2006.

critics of globalization are also often critics of European integration. Yet the EU also appears as the best bulwark against the assaults of globalization, since its scale makes it more effective and credible..

Under what conditions does Europe appear like one or the other? Where the key competition is intra-European, the strongest players likely will want the fewest restrictions, and the weakest will want the strongest constraints (except that the very weakest will likely break the rules). Where competition is with extra-European players, all European players will likely want to coordinate external barriers (agriculture is an obvious example). Also, whether Europe is perceived as a Trojan horse or a bulwark depends on whether national states have been successful in asserting their national practices as a standard for the entire union.

In closing, we ask whether it is possible for Europe to reconcile this dual identity, while not losing its political legitimacy. The memos written for this conference will provide a first cut on whether the EU can indeed protect its model(s) from the negative effects of globalization, while asserting this model in the wider world.

BIBLIOGRAPHY*

*We have included in this bibliography a good many works not cited but often of great potential interest to our discussions (and worthy of inclusion in many of the memos). We have stressed, in particular, the well-established economics literature on regionalism and globalization.

Appel, Hilary. 2006. International imperatives and tax reforms: Lessons from postcommunist Europe. *Comparative Politics* October: 43-62.

Bach, David and Abraham Newman. 2007. The European regulatory state and global public policy. *European Journal of Public Policy* 16(4).

Balassa, Bela. 1961. *The theory of economic integration*. Homewood, IL: Richard D. Irwin.

Baldwin. Richard. 1997. The causes of regionalism.

- Bartle, Ian. 1999. Transnational interests in the European Union: Globalization and changing organization in telecommunications and electricity. *Journal of Common Market Studies* 37(3).
- Barysch, Katinka. 2006. The EU and Russia: From principle to pragmatism? Policy Brief, Center for European Reform, November.
- Berger, Suzanne. 2005. *How we compete: What companies around the world are doing to make it in today's global economy*. New York: Currency Books.
- Bordo, Michael, Barry Eichengreen, and Douglas Irwin. 1999. *Is globalization today really different than globalization a hundred years ago?* NBER Working Paper Series, Working Paper 7195. National Bureau of Economic Research: Cambridge.
- Bowles, Paul. 2000. Regionalism and development after the global financial crises. *New Political Economy* 5 (November): 433-57.
- Burgoon, Brian. 2001. Globalization and welfare compensation: Disentangling the ties that bind. *International Organization* 55(3): 509-551.
- Camiller, Patrick. Beyond 1992: The left and Europe. *New Left Review* 175(May/June).
- Cohen, Daniel. 2006. *Globalization and its enemies*. Cambridge: MIT Press.
- Deeg, Richard. 1996. Economic globalization and the shifting boundaries of German Federalism. *Publius* 26 (winter): 27-52.
- Dyson, Kenneth, and Klaus Goetz (eds). 2003. *Germany, Europe, and the politics of constraint*. Oxford: Oxford University Press.
- Eberlein, Burkard, and Dieter Kerwer. 2002. Theorizing the new modes of European Union governance. *EIOP* 16(4) at <http://eiop.or.at>.
- Ellison, David. 2007. Competitiveness strategies, resource struggles, and national interest in the new Europe. Draft Working Paper, Carl Beck Papers.
- Fratianni, Michele. 1999. Review of The economics of regional trading arrangements, by Richard Pomfret. *Journal of Economic Literature* 37(June): 679-80.
- Foreign Policy*. 2001. Measuring globalization. *Foreign Policy Magazine* 122 (January-February): 56-65.
- Guillén, Mauro. 2001. Is globalization civilizing, destructive, or feeble? A critique of five key debates in the sociological literature. *Annual Review of Sociology* 27: 235-260.
- Hall, Peter, and David Soskice. 2001. *Varieties of capitalism*. Oxford: Oxford University Press.

- Hancké, Bob, Martin Rhodes, and Mark Thatcher (eds). 2007. *Beyond varieties of capitalism: Conflict, contradiction, and complementarities in the European economy*. Oxford: Oxford University Press.
- Hanson, Brian. 2004. What ever happened to fortress Europe? External trade policy liberalization in the European Union. *International Organization* 52(1): 55-85.
- Hay, Colin. 2006. What's globalisation got to do with it? Economic interdependence and the future of European welfare states.' *Government and Opposition* 41(1): 1-23.
- Hennis, Marjoleine. 2001. Europeanization and globalization: The missing link. *Journal of Common Market Studies* 39(5).
- Hirst, Paul, and Grahame Thompson. 1996. *Globalization in question*. London: Polity.
- Hirschman, Albert. 1982. Rival interpretations of market society: Civilizing, destructive, or feeble? *Journal of Economic Literature* 20: 1463-84.
- Hiscox, Michael. 2002. *International trade and political conflict: Commerce, coalitions, and mobility*. Princeton: Princeton University Press.
- Hooghe, Liesbet. 2003. Globalization and the European Union: Shared governance on a regional scale. In *The impact of global and regional integration on federal systems: A comparative analysis*, ed. Harvey Lazar, Hamish Telford, and Ronald Watts, 283-327. Kingston, Ont.: McGill-Queen's University Press.
- Hudson, John. 1999. Review of Regionalization and globalization in the modern world economy: Perspectives on the third world and transnational economies, by Alex Fernandez Jilberto, and Andre Mommen. *The Journal of Modern African Studies* 37(September): 521-2.
- Iversen, Torben. 2005. *Capitalism, democracy, and welfare*. New York: Cambridge University Press.
- Iversen, Torben. 1999. *Contested economic institutions: The politics of macroeconomics and wage bargaining in advanced economies*. New York: Cambridge University Press.
- Jabko, Nicolas. 2006. *Playing the market: A political strategy for uniting Europe, 1985-2005*. Ithaca: Cornell University Press
- Jacoby, Wade. 2004. *The enlargement of the European Union and NATO: Ordering from the menu in Central Europe*. New York: Cambridge University Press.
- Hazel Johnson. 1991. *Dispelling the myth of globalization: The case for regionalization*. New York: Praeger.

- Jones, Barry. 1999. Globalization and change in the international political economy. *International Affairs* 75 (April): 357-67.
- Katzenstein, Peter. 2005. A world of regions: Asia and Europe in the American imperium. Ithaca: Cornell University Press.
- Katzenstein, Peter. 1997. *Tamed power: Germany in Europe*. Ithaca: Cornell University Press.
- Keeler, John. 2005. Mapping EU studies: The evolution from boutique to boom field 1960-2001. *Journal of Common Market Studies* 43(3): 551-82.
- Kelley, Judith. 2006. New wine in old wineskins: Policy learning and adaptation in the new European Neighborhood Policy. *Journal of Common Market Studies* 44(1): 29-55.
- Kirchner, Emil, and James Sperling. 2007. Global security governance: Competing perceptions of security in the 21st century. London: Routledge.
- Kirchner, Emil. 2006. The challenge of European security governance. *Journal of Common Market Studies* 44(5): 947-68.
- Knodt, Michèle, and Nicola Staeck. 1999. Shifting paradigms: Reflecting Germany's European policy. *EIOP* 4(3) at <http://eiop.or.at>.
- Kose, Ayhan. 1999. Review of The regionalization of the world economy, edited by Jeffrey Frankel. *Journal of Economic Literature* 37(September): 1190-2.
- Krishna, Pravin. 1997. Review of Regionalism, multilateralism, and deeper integration, by Robert Z. Lawrence. *World Economy* 20(July): 512-3.
- Lamy, Pascal. 2004. Europe and the future of economic governance. *Journal of Common Market Studies* 42(1): 5-21.
- Landau, Alice. 2001. *Redrawing the global economy: Elements of integration and fragmentation*. New York: Palgrave.
- Lawrence, Robert. 1996. *Regionalism, multilateralism, and deeper integration*. Washington: Brookings.
- Lahiri, Sajal. 2001. *Regionalism and globalization: Theory and Practice*. London: Routledge.
- Levi-Faur, David. 2002. On the 'net impact' of Europeanisation: The EU's telecoms and electricity regimes between the global and the national. *EIOP* 22(4) at <http://eiop.or.at>.

- Lindberg, Leon. 1971. Political integration as a multidimensional phenomenon requiring multivariate measurement. In *Regional Integration: Theory and research*, ed. Leon Lindberg, and Stuart Scheingold, 45-127. Cambridge: Harvard University Press.
- Longo, Michael. 2004. European integration: Between micro-regionalism and globalism. *Journal of Common Market Studies* 41(3).
- Meunier, Sophie. 2004. Globalization and Europeanization: A challenge to French politics. *French Politics* 22(2): 125-150.
- Meunier, Sophie. 2005. *Trading Voices: The European Union in International Commercial Negotiations*. Princeton, NJ: Princeton University Press.
- Michalak, Wieslaw, and Richard Gibb. 1997. Trading blocks and multilateralism in the world economy. *Annals of the Association of American Geographers* 87 (June): 264-79.
- Milward, Alan. 1992. *The European rescue of the nation-state*. Berkeley: University of California.
- Moravcsik, Andrew. *The choice for Europe*. Ithaca: Cornell University Press.
- Mucchielli, Jean-Louis, Peter Buckley, and Victor Cordell. 1998. *Globalization and regionalization: Strategies, policies, and economic environments*. Binghamton, NY: International Business Press.
- Perraton, Jonathan. 2000. Review of Market integration, regionalism and the global Economy, edited by Richard E. Baldwin, Daniel Cohen, André Sapir, and Anthony Venables. *The Journal of Development Studies* 36 (February): 169-71
- Pontusson, Jonas. 2005. *Inequality and prosperity: Social Europe vs. liberal America*. Ithaca: Cornell University Press.
- Posen, Barry. 1986. *The source of military doctrine*. Ithaca: Cornell University Press.
- Perroni, Carlo, and John Whalley. 1996. How severe is global retaliation risk under increasing regionalism? *The American Economic Review* 86(2): 57-71.
- Hettne, Björn, András inotai, and Osvaldo Sunkel. 1999. *Globalism and the new regionalism*. New York: Palgrave.
- Sapir, André. 2006. Globalization and the reform of European social models. *Journal of Common Market Studies* 44(2): 369-90.
- Sampson, Gary, and Stephen Woolcock (eds). 2003. *Regionalism, multilateralism and economic integration: The recent experience*. Hong Kong: United Nations University Press.

- Schirm, Stefan. 2002. *Globalization and the new regionalism: Global markets, domestic politics and regional co-operation*. Malden, MA: Blackwell.
- Thompson, Carol. 2000. Regional challenges to globalisation: Perspectives from southern Africa. *New Political Economy* 5(March): 41-57.
- Viner, Jacob. 1950. *The customs union issue*. New York: Carnegie Endowment for International Peace.
- Wade, Robert. 1996. Globalization and its limits: Reports of the death of the national economy are greatly exaggerated. In Suzanne Berger and Ronald Dore (eds). *National diversity and global capitalism*. Ithaca: Cornell University Press.
- Wanlin, Aurore. 2006. *The Lisbon scorecard VI: Will Europe's economy rise again?* London: Centre for European Reform.
- Whalley, John. 1996. *Why do countries seek regional trade agreements?* NBER Working Paper Series, Working Paper 5552. National Bureau of Economic Research: Cambridge.
- Whalley, John. 1996. Regional Trade Arrangements in North America: CUSTA and NAFTA. In J. De Melo and A. Panagariya (eds). *New Dimensions in Regional Integration*. New York: Cambridge University Press.
- Zeitlin, Jonathan and Philippe Pochet (eds). 2005. *The Open Method of Coordination in action: The European employment and social inclusion strategies*. Brussels: Peter Lang.