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Regions, states and the European Union: modernist reaction or postmodern adaptation?

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ABSTRACT

How is European integration best conceptualized? How and why are relations between regions, states and the European Union changing? This article combines theoretical and empirical analysis of recent developments, especially the partial ‘unbundling’ of state sovereignty and the growth of sub-state regionalism in response to intensified global competition. It explores the uses and limitations of ‘postmodern’ and ‘new medieval’ conceptualizations of territoriality; the possibility that globalization is producing a fundamental shift in the underlying time-space of territorial politics; and the increasing need to differentiate between the various roles of the state, as globalization impacts very unevenly on different policy areas. The European Union has been characterized as the world’s ‘first truly postmodern international political form’ and the empirical analysis confirms significant ‘unbundling’ of territorial sovereignty. Sub-state regionalism is encouraged by some of the central institutions of the EU and by forces within the regions themselves responding to the Single European Market. However, more ambivalent and contradictory stances are taken by the member states, especially the United Kingdom and the Republic of Ireland which are among the most centralized and ‘anti-regionalist’. Supra-state and sub-state developments continue to be crucially conditioned by the power of states; and analogies to the very different circumstances of medieval Europe have to be substantially qualified, not least because the differences are as revealing as the similarities. This perspective helps steer a path between underestimating and exaggerating contemporary changes.

KEYWORDS

European integration; globalization; territorial sovereignty; regionalism; ‘new medievalism’; ‘postmodernity’.

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1 INTRODUCTION

Sub-state regional politics are becoming more important within the European Union. The ‘nation states’ are widely seen as being eroded ‘from below’ by regionalism and ‘from above’ by EU institutions and globalization – a pincer movement transforming traditional conceptions of territorial sovereignty and national identity. There are arguments that the Single European Market and global economic competition demand a more federalized and regionalized Europe; and hopes that a transformation of sovereignty in the EU and SEM will supersede sub-state national conflicts such as in Northern Ireland. There have even been suggestions that a new ‘Europe of the Regions’ is replacing the ‘Europe of States’. Regionalism is seen by some as signalling the ‘end of territorially based sovereignty’ (Kaldor 1993) and providing an alternative to nationalism. There are however counter arguments that, far from signalling ‘the end of the nation state’, European integration is controlled by the member states and is a means by which they are preserving their own powers. In some respects states may simply be reacting to maintain the status quo; but perhaps in other respects they are adapting, even giving encouragement, to the emergence of new economic and political relationships at suprastate and substate levels.

These issues emerged as important concerns in research interviews about the implications of European integration for the national conflict in Ireland and for relations between Northern Ireland and the Republic of Ireland as neighbouring ‘regions’ in EU terms (Anderson, 1994; Anderson and Goodman, 1994). There were prior questions about the nature of European integration and how the roles of states and regions might be changing; and there were problems with how our interviewees conceptualized these issues, whether in ‘realist’, ‘functionalist’ or ‘post-nationalist’ ways (Anderson and Goodman, 1993). In contrast, this article explores alternative ‘new medieval’ and ‘postmodern’ conceptualizations of territoriality and sovereignty in the EU, arguing that these provide a more fruitful perspective from which to examine ‘Europeanization’ and contemporary developments such as the growth of substate regionalism. This growth is encouraged by some of the central institutions of the EU, and by the impact of the Single Market – or more precisely by regional interests responding to the SEM and more generally to globalization. But both regionalism and ‘Europeanization’ are crucially conditioned by the continuing power of states, whether they resist these changes in ‘modernist reaction’ or encourage or adjust to them in ‘postmodern adaptation’.

A contrast between ‘postmodernity’ and ‘modernity’ and comparisons with ‘premodernity’, along with the related historical analogy of a ‘new medievalism’, are useful in signalling the possibility that the
contemporary globalization of our ‘shrinking world’ is producing a fundamental shift in the underlying time-space of territorial politics. Although used only with specific reference to issues of sovereignty and territoriality, the terms ‘new medieval’ and ‘postmodern’ highlight two related sets of problems, conceptual and empirical. Conceptual problems about how to characterize contemporary change are addressed in section 2, while section 3 focuses on empirical questions about the growth of regionalism and ‘Europeanization’, their implications for states, and the difficulties of steering a path between underestimating and exaggerating the changes.

As ‘postmodernists’ have emphasized, these changes ‘exceed the representational capabilities of traditional international relations theory’ (Der Derian, 1992: 7), and the ontological openness of ‘postmodernity’ allows room for interesting questions about developments in the international political economy. Here, however, use of the concept is restricted to the ontology of state sovereignty, excluding the postmodernists’ epistemological relativism (see Callinicos, 1991). Furthermore, as we shall argue, there are reasons for qualifying even this restricted ontological usage. Similarly, the related analogy of ‘new medievalism’ opens up interesting questions about overlapping sovereignties and the increasing complexity of territorialities, and it underlines the need to supersede the simple binary oppositions of ‘domestic/foreign’ or ‘inside/outside’ which have stunted the study of ‘international’ integration (see Walker, 1993). But, again, it will also be necessary to qualify the analogy to the very different circumstances of medieval Europe, and not least because the differences are as revealing as the similarities. We reject the fashionable and generally reactionary use of ‘new medievalism’ to imply a return to a supposed ‘dark age’ of disorder and social chaos, but even a restricted application to issues of territoriality has its limitations. Indeed we shall argue that our world lacks the sort of ‘universal order’ which gave coherence to medieval Christendom. Contemporary political configurations are in some respects more complex, which does not necessarily imply ‘disorder’. There is a continuity of old along with new political forms – for which the overall label of ‘late’ rather than ‘post’ modernity might be preferable.

A central aspect of this contemporary complexity is the increasing need to differentiate between the various roles of the state, as globalization impacts very unevenly on different policy areas. Among the most affected is economic development, the area where states have been assumed to have lost much of their former power, and also the area which provides much of the focus for the growth of regional and local politics, as regions and localities strive to attract investment capital. So in assessing changes in sovereignty or in state or regional forces, we need to note that what is true of one aspect of state power may not be
true of another. States may lose power in some policy areas but gain it in others. If so, generalizations about 'the end of territorial sovereignty' or the 'death of the nation-state', while containing a grain of truth, may be completely misleading. By the same token, we would need to distinguish in what sense and to what degree regions are becoming politically more important.

These developments have advanced furthest in the European Union – according to John Ruggie's (1993) revealing analysis, the world’s 'first truly postmodern international political form' – and it is in this context that section 3 addresses the empirical questions about regions, states and international integration. It focuses on the changing relationships between regionalism, the EU, and the member states, with particular reference to the United Kingdom and the Republic of Ireland which are among the most centralized and 'anti-regionalist' of all the states in the EU. Regional development in the EU may be acquiring a dynamic that is increasingly autonomous from particular states but this hardly justifies predictions of a post-nationalist 'Europe of the Regions'. Territoriality may be changing but 'postmodernity' does not mean what some of the more over-enthusiastic 'post-modernists' think it means.

2 TERRITORIALITY AND 'POSTMODERNITY'

While currently dominant interpretations of European integration (2.1) can be characterized as 'modern', contemporary transformations of territoriality can be seen in terms of 'new medievalism' and a 'postmodernity' which involves a partial or selective 'unbundling' of sovereignty (2.2). But although the EU may be 'postmodern' in some senses, the emerging configurations of political space are a mixture of new and old forms which vary for different state roles and aspects of power (2.3).

2.1 Realism, functionalism and 'post-nationalism'

European integration is usually interpreted in one of three broad ways: 'realist', 'functionalist' or 'post-nationalist', and each raises problems. The 'realists' have seen integration in terms of inter-governmental relations between independent states which leave the traditional form of territorial sovereignty intact. As will be confirmed in section 3, this is clearly not the case in the EU. The main alternative approach has been to see the 'low politics' of economic or functional integration in civil society as the means of achieving the changes in the 'high politics' of state sovereignty and national identity which are a necessary part of transnational integration. However, this 'functionalist' approach has generally failed to appreciate that joint membership of the EU would lead to 'divergence' as well as 'convergence' between different states
and regions; and it has systematically underestimated the need for proactive political, most typically state, intervention to achieve integration (e.g., in Ireland the lack of appropriate cross-border political institutions has been a major impediment to a ‘purely’ economic integration of North and South (Anderson, 1994)).

Some of the same problems arise with the ‘post-nationalist’ position, and not surprisingly as it developed out of functionalism under the influence of over-enthusiastic ‘postmodernists’. It rightly points to the transformative potential of globalization and transnational economic and cultural ‘networks’ in a ‘shrinking world’. It becomes very problematic, however, when it posits the ‘postmodern’ death of the nation-state in a federal ‘Europe of the Regions’, and when it suggests that ‘cultural’ or ‘regional’ identities can now be separated from ‘political’ or ‘national’ ones and that nationalism is becoming an anachronistic irrelevance. For instance, Richard Kearney, Ireland’s leading ‘postmodernist’, has asked ‘are we heading for a bureaucratic Euro-state which will homogenize culture and centralize power or for a democratic European federation of decentralized and equal regions?’ (Kearney, 1988: 9). In our opinion the simple answer is ‘neither’ and Kearney is asking the wrong questions. Genuinely ‘equal regions’ are an impossibility, at least under capitalism, and a ‘federation’ of regions is highly unlikely; but so too is ‘centralized power’ in a ‘Euro-state’, whether democratic or bureaucratic.

So ‘post-nationalism’, like realist and functionalist conceptualizations, has severe limitations. Ironically, the Euro-federalist vision involves a misreading of postmodernity by self-styled ‘postmodernists’. They seem to miss the real political import of ‘postmodern’ conditions. Partly this is because they exaggerate the transformations of sovereignty, territoriality and statehood resulting from globalization, but is also because they fail to recognize the genuinely new configurations of territoriality which are beginning to emerge.

2.2 The ‘unbundling’ of territoriality

The debate about whether the EU is regionalizing Europe or enhancing state power involves a false polarization: European integration both reflects state interests and at the same time increases regionalism – the two are basically opposite sides of the same coin (Anderson and Goodman, 1994). The EU is, however, widely interpreted as a ‘transitional’ political form between, on the one hand, inter-governmentalism and the modern system of independent states, and, on the other hand, a European ‘superstate’, a ‘United States of Europe’ or a federal state in which regions and regionalism replace nations and nationalism. Much of the debate around European integration is about which of the two will win out in the future. But maybe in some respects ‘the future’ has
already arrived, maybe 'this is it', neither a basic continuation of the modern system of states, nor a federal state in embryo, but something quite different from both, an 'intermediate' form which is distinct in its own right rather than merely 'transitional'?

This would be consistent with Hedley Bull's (1977) insightful hypothesis of a 'new medievalism' – 'a secular reincarnation of the system of overlapping or segmented authority that characterised medieval Christendom'. This could emerge, he reasoned, because of, among other things, a 'regional integration of states', as in the EU, and 'a disintegration of states' because of substate nationalist and regionalist pressures 'from below'. Crucially, according to Bull, the emergence of 'new medieval' territorialities would not require anything as clear cut or decisive as 'the death of the nation-state' or a 'Europe of Regions'. On the contrary, a return to 'overlapping or segmented authority' would be most likely where the pressures 'from above and below' achieve more partial and ambiguous changes, undermining but not relocating sovereignty as presently understood. The situations to look for include an intermediate stage 'where, while one could not speak of a European state, there was real doubt . . . as to whether sovereignty lay with national governments or with the organs of the "community"'; similarly, 'the disintegration of states would be theoretically important only if it were to remain transfixed in an intermediate state' in which substate nationalisms or regionalisms substantially undermined but did not succeed in replicating existing state sovereignty (Bull, 1977: 264-7). Bull ultimately rejected his own hypothesis, but developments since he wrote in the 1970s provide further support for it, though, as we shall conclude, it is necessary to relax his condition of global 'universality' being achieved.

Following up Bull's hypothesis, and also David Harvey's (1989) discussion of postmodernity as the greatest transformation in our experiences of time-space since the Renaissance, Ruggie (1993) focuses on territoriality to argue for a 'postmodern' EU which is neither a traditional intergovernmental arrangement of sovereign states nor an emerging federal state. He reaches this conclusion looking only at state and suprastate institutions, but his argument is given added force by the growth of substate regionalism. Territorial sovereignty is the key to modern as distinct from medieval polities, and by extension the 'unbundling' of territoriality is the key to the contemporary spatial reorganization of politics. This is reflected for example in the increasing ambiguity about what is 'foreign' and what is 'domestic' in a world where:

IBM is Japan's largest computer exporter, and Sony is the largest exporter of television sets from the United States . . . in which . . . a Japanese concern assembling typewriters in . . . Tennessee, brings an antidumping case before the US International Trade
Commission ... against ... an American firm that imports type-writers into the United States from its offshore facilities in Singapore and Indonesia.

(Ruggie, 1993: 172)

It is not just that state borders are becoming more porous – in varying degrees they always have been. Previous historical transformations have been represented as ‘the world turned upside down’, but now the appropriate metaphor might be ‘the world turned inside out’?

To appreciate the argument we need to sketch the medieval to modern transformation before dealing with contemporary change from ‘modernity’ to ‘postmodernity’. The basic point is that we may be seeing the superimposition of new forms of territoriality reminiscent of medieval Europe where:

people identified with communities and political units which were generally much smaller (and in some cases much larger) than the supposedly ‘natural’ nation or present-day states: their parish or diocese, manor, guild or city, whilst many were subjects of city-states, duchies or principalities. These small units were often part of a complex hierarchy of political or cultural entities, such as the Church of Rome, the Hanseatic League, or the dynastic Habsburg Empire.

(Anderson, 1986: 115)

Political sovereignty was shared between a wide variety of secular and religious institutions and different levels of authority – feudal knights and barons, kings and princes, guilds and cities, bishops, abbots, the papacy – rather than being based on territory per se as in modern times. Furthermore, the different levels of overlapping sovereignty typically constituted nested hierarchies (e.g., parish, bishopric, archbishopric; manor, lordship, barony, duchy, kingdom), and people were members of higher level collectivities not directly but only by virtue of their membership of lower level bodies.

The rise of the modern state, and what distinguished it from medieval predecessors, centred on the removal or displacement of these complex nested hierarchies, and the development of state sovereignty as absolute and undivided authority within a precisely delimited territory. Later on territorial sovereignty was ‘democratized’ as something to be exercised by ‘the nation’. Individuals deemed to belong to the nation belonged directly ‘in their own right’, rather than through membership of lower level bodies and the ‘territorial’ state became also the ‘nation’ state (Anderson, 1986: 124–8).

This transition from medieval to modern involved an historical process of increasing differentiations between ‘domestic’ and ‘foreign’, ‘internal’
and ‘external’, ‘belonging’ and ‘not belonging’. It was bound up with what Harvey (1989: 242–4) described as ‘a radical reconstruction of views of space and time’, initiated in the Renaissance and exemplified by (among other things) the invention of perspective from a single fixed viewpoint. This radically transformed perceptions and representations of space and it shaped western visual art up to the early twentieth century, when ‘cubists’ reintroduced multiple perspectives in paintings and again showed things from different sides and angles.

For Ruggie there were analogous and related transformations of political space. The invention of single-point perspective (reputedly by Brunelleschi in Florence about 1425) brought precision and perspective from a single point of view, the viewpoint of a single subjectivity. What was true in the visual arts became true of politics, as the principle of ‘territorial contiguity’ gained dominance over the principle of ‘transterриториал’ dynastic rule:

Political space came to be defined as it appeared from a single fixed viewpoint. The concept of sovereignty, then, was merely the doctrinal counterpart of the application of single-point perspectival forms to the spatial organization of politics . . . territorially defined, territorially fixed, and mutually exclusive state formations [were] the distinctive feature of the modern system of rule . . . a peculiar and historically unique configuration of territorial space.

(Ruggie, 1993: 144, 153, 163)

In a sense sovereignty over everything, secular and spiritual, was ‘bundled’ together in territorial ‘sovereign’ states. But from the beginning there had to be a partial ‘unbundling’ for international transactions, most notably inter-state diplomacy, to be possible. Regular communication between mutually exclusive territorial states required the establishment of permanent foreign embassies; accommodating them required making an exception to totally exclusive territoriality by inventing fictitious ‘extraterritorial’ spaces. Additional instances of ‘unbundled’ territoriality included ‘various types of functional regimes, common markets, political communities, and the like’ (Ruggie, 1993: 164–5). Now, with growing transnational interdependency and ‘space-time compression’ (Harvey, 1989), such instances are multiplying. The process of ‘unbundling’ is accelerating, and transnational networks, regulatory regimes and forms of authority, often defined primarily in functional rather than territorial terms, are becoming much more important (see McGrew, 1995). Qualitatively new or ‘postmodern’ territorialities could be the result.

Harvey’s (1989) political economy approach is for the most part silent on how the modern state and states system might be affected by ‘space-time compression’ and conditions of postmodernity, while the
orthodoxies of international relations theory are misleading in either completely exaggerating or ignoring their effects:

The orthodox liberal position that these developments somehow imply the growing irrelevance of states is ... fundamentally misplaced [but] the standard realist ground for rejecting the transformational potential of these developments is equally misplaced ... [t]here is an extraordinarily impoverished mind-set ... that is able to visualize long-term challenges to the system of states only in terms of entities that are institutionally substitutable for the state. Since global markets and transnational corporate structures (not to mention communications satellites) are not in the business of replacing states, they are assumed to entail no potential for fundamental international change.

(Ruggie, 1993: 141, 143)

In fact, as Susan Strange (1994) suggests, states may be losing some of their autonomy, not because power has ‘gone upwards’ to other political institutions such as the EU, but because it has ‘gone sideways’ to economic institutions and global market forces, and in some respects has ‘gone nowhere’ or just ‘evaporates’ as economics outruns politics and political control is simply lost.

Ruggie interprets such changes in terms of our changing experience of space-time, as analysed by Harvey and others, and specifically in terms of a switch back from singular to multiple perspectives. Just as early twentieth-century ‘cubists’ reintroduced multiple perspectives into western art, again showing things from different sides and angles, so postmodernity in political space may mean that the ‘single-point perspective’ and ‘singular sovereignty’ of independent statehood is (sometimes) displaced by multiple and overlapping sovereignties. State sovereignty and territoriality may be experiencing a related transformation with the result that there is no longer one fixed viewpoint or perspective from which to see territorial sovereignty or unambiguously differentiate between ‘foreign’ and ‘domestic’.

2.3 The EU and ‘postmodern’ politics

According to Ruggie (1993: 140, 171–2), it is in the EU that ‘the process of unbundling territoriality has gone further than anywhere else’; the EU ‘may constitute the first “multiperspectival polity” to emerge since the advent of the modern era’. Relations between the (presently) twelve member states can no longer realistically be seen as simply involving twelve separate, single viewpoints: the twelve do sometimes act as a collectivity which has its own singularity; the central institutions which were set up by the states, particularly the European Commission and
Parliament, are now also to some extent actors in their own right; and in defining their own interests each of the twelve states increasingly takes into account or internalize at least some of the interests of the other eleven and the views expressed in the central institutions. This configuration is 'multiperspectival' or 'postmodern' in being distinctly different from (and not necessarily transitional to) a European 'super-state' which, as Bull (1977) noted, would simply relocate or replicate the typically modern form of territorial sovereignty at a different geographical scale, a 'United States of Europe' replicating the USA.

However, rather than 'celebrating' the EU as 'postmodern', we need to analyse the limitations of its 'postmodernity' and qualify some of Ruggie's conclusions. Although a new form of polity, the EU is still territorial, and in many respects 'singular sovereignty' remains dominant, whether exercised by the member states or by the EU as a political collective. For example, 'Fortress Europe', particularly as seen from the external viewpoint of an intending immigrant, can display exactly the same unfriendly 'singularity' as a conventional territorial state. Furthermore, one consequence of state borders within the EU becoming more porous, and of individual states not trusting other member states to properly police their external EU borders, is that there are increasing social controls and surveillance deep inside state jurisdictions (e.g. in relation to immigrants), where previously frontier checks were the main mechanism of control (see Bunyan, 1993). Another example of such a shift was seen when, with the establishment of the Single Market, customs officials were redeployed away from frontier posts to work on checking firms' financial returns. Perhaps it is not too fanciful to see these shifts in terms of reversing the medieval to modern movement whereby authority in the 'territorial state' came to depend on the defence and 'impenetrability' of territorial borders.

Other important qualifications to the 'postmodernity' of the EU, highlighting continuity as well as change, relate to the partiality or selective nature of territorial 'unbundling' which varies greatly between different state roles and aspects of power. Indeed the concept of 'unbundling' (as distinct perhaps from 'unravelling') should be taken to imply selectivity, in contrast to an undiscriminating 'bundling' of everything together in traditional territorial sovereignty. Largely in response to heightened international competition, the member states have 'pooled' some of their authority and resources at the European level, and some powers, particularly with respect to economic policy, have been ceded to the central Commission. But in other policy areas, such as 'security' or 'defence', there has been much less 'pooling' or 'ceding', and the EU's involvement in the area of 'welfare' is mostly limited to equalizing the conditions of capitalist competition within the neo-liberal Single Market. As already noted, the uneven impacts of globalization are making it
increasingly necessary to distinguish between the different roles of the state, and to some extent the distinctions are between the spheres of production and of reproduction. Cox has argued that states are being ‘internationalized’ by globalization:

The state becomes a transmission belt from the global to the national economy, where heretofore it had acted as a bulwark defending domestic welfare from external disturbances... Power within the state becomes concentrated in those agencies in closest touch with the global economy – the offices of presidents and prime ministers, treasuries, central banks. The agencies that are more closely identified with domestic clients ... become subordinated. (Cox, 1992: 30–1)

This should not be taken to mean that states are ‘in decline’ or becoming unimportant, as distinct from experiencing qualitative change. With greater insecurity in the ‘new world disorder’ even a weakened ‘bulwark’ might be seen as better than none. Furthermore, the idea that globalization is concentrating power in a few ‘internationalized’ parts of the central state needs to be balanced by the growing importance of regional or local politics precisely because of globalization; and here it is important to appreciate that the ‘local state’ is part of the state rather than a separate rival.

While we might agree with Ruggie that the EU is the first ‘postmodern multiperspectival polity’, this applies only to some state roles but not to others, and in neither case is it necessarily cause for ‘celebration’. Where the EU is ‘postmodern’, as in some economic policy areas, we might want to criticize its ‘multiperspectival’ politics. Its ‘democratic deficit’ is at least partly due to the diffuseness and lack of ‘singularity’ in its decision-making structures, particularly the relative powerlessness of its central Parliament. Conversely, and indeed sometimes as a necessary corollary to ‘postmodernity’, the member states are in some respects traditionally ‘modern’, and we have seen that that can also be true of the EU itself as a territorial entity.

A more detailed empirical analysis of regionalism and European integration will confirm that the partiality of territorial ‘unbundling’ is producing a complex political amalgam of new and old forms (section 3), and that we need to make further qualifications to ‘medieval’ and ‘premodern’ analogies (section 4).

3 REGIONALISM IN THE EU

The main motive and context for European integration has been increasing global competition (3.1), and this largely explains the encouragement of substate regionalism by some of the central institutions of the
EU and by forces within the regions themselves (3.2). Relationships between regionalism and the member states have been much more ambivalent or contradictory, perhaps especially in the case of the United Kingdom and the Republic of Ireland (3.3).

3.1 Globalization and the EU

Since the ending of the post-war boom, the EU has developed largely as a response to intensified economic competition in global markets, and as both a consequence and a cause of changes in the economic role of states. Particularly since the mid-1970s, ‘national’ capital in western Europe and elsewhere has increasingly internationalized. There has been an historic shift variously described as a movement from ‘state-centred Fordism’ to ‘globalized post-Fordism’, or from ‘state capitalism’ – the integration of national capital and the nation-state – to the transnational integration of capitals across different states and a loosening of their ties with a particular state and territory.

This is the main reason for assuming a significant transformation in the role of states. Their responses, however, have been highly variable, disjointed and sometimes contradictory. States have adapted to internationalized economic forces, privatizing and deregulating, acting in combination and creating supranational institutions, and to varying degrees allowing autonomous regional adaptations at substate level. But they have also reacted to globalizing forces by seeking to retain their own powers of social control and social reproduction, increasing their control in some areas to compensate for a loss of control in others. They have formed ‘macro’ regional international combinations, such as the EU and the North American Free Trade Area, in order to engage in a ‘neo-mercantilist’ competition between larger economic blocs rather than between single states; and in some cases they have also increased their appeals to exclusivist forms of nationalism.

The internationalization of financial and productive capital in the world economy has rendered the traditional levers of ‘national’ economic policy less effective. The new globalized regimes of accumulation have led to a ‘trans-state’ capitalism (Gill and Law 1989) which still needs the state but is not orientated to it. However, partly because of the emergence of multiple levels of political authority in the realm of economic policy, there has been a strengthening of other state roles. The result is a hybrid configuration with sovereignty reduced in some respects and strengthened in others.

By the early 1990s one third of all private capital was owned by multinational corporations and their sales accounted for 25 per cent of global GDP (United Nations, 1993). With privatization and deregulation, companies have been acting less as ‘national champions’ and more as
transnational or global operators. This is particularly true of the EU which is highly integrated into international flows of trade, finance and investment. In 1992 international trade was generally equivalent to between a quarter and a half of the GDP of member states (e.g. 26 per cent of GDP in the case of Germany, and 56 per cent of GDP for the Irish Republic), whereas in Japan it amounted to only 9.4 per cent of GDP and in the USA only 7.4 per cent. ¹ In the 1980s EU states received over 80 per cent of all foreign direct investment (FDI) going to developed countries; and both their inflows and outflows of FDI grew exponentially (e.g. from about £4 billion to £20 billion in the case of the UK) (Das, 1993; Agnew, 1994).

There is a high degree of economic integration between the different EU countries. For example, 49 per cent the FDI involving the UK consists of flows either to or from other EU member states. Similarly, 60 per cent of EU exports in 1990 were destined for other EU economies (the figure having risen from 53 per cent in 1980). This contrasts for instance with Japan which is dependent on the Asia-Pacific region for only 36 per cent of its export earnings² (Hine, 1993). Unable to prevent the evasion of exchange controls on trans-state capital movements because of the large Eurodollar market, states had to deregulate their capital markets in the 1980s (Frieden, 1991). One outcome is that in Europe there has been a greater ‘decay of that older relationship between national capitalism and national solidarity’; this helps explain both the widespread acceptance of the neo-liberal argument that states have ‘lost control’ of macroeconomic policy, and why instead member states have increasingly put their faith in greater ‘action at the community level’.³

Here there is a significant ideological dimension to ideas about economic globalization, for they have helped in the propagation and legitimation of neo-liberal or ‘New Right’ deregulation by the EU and by the states themselves. Neo-liberal ideology about all-powerful ‘global markets’ has provided excuses for the inadequacies of state policies, allowing governments to opportunistically feign ‘powerlessness’ in the face of global forces. But while the rhetoric downplays the continuing importance of states and state intervention, its ideological character is revealed by the fact that neo-liberal governments have departed completely from their own scripts on key issues (e.g. economic recovery in the 1980s depended on government intervention, especially the USA’s soaring federal budget deficit and sharply increased arms expenditure; and the ‘Black Monday’ stock market crash of October 1987 was prevented from becoming a 1930s style slump only by massive state funding of the banking system as monetarists became Keynesians overnight).

However, while states are far from ‘powerless’, those in the EU have increasingly acted collectively, and in generally neo-liberal ways, in the
face of heightened competition from North American and East Asian economies. As Helmut Kohl put it: ‘Europe can hold its own in world-wide competition with Japan and North America only if it acts as one’. In the belief that there were ‘no national solutions to economic issues’, a consensus developed on the need for exchange rate stability, balanced fiscal and monetary policies, labour market flexibility, more market integration, and the need for EU-wide action to achieve these objectives. This generated a programme of accelerated neo-liberal integration in the late 1980s. Along with deregulation in national economies, there was a partial re-regulation at the EU level, and an international or ‘neo-’ mercantilism developed to foster ‘European champions’ (Cornett and Caporaso, 1993: 228). The result has been a further concentration of transnational capital and economic power within the EU. Indeed in 1992 the Directorate-General for Competition Policy expressed concern at the concentration of production and control in larger and larger EU conglomerates (CEC, 1992: 428).

In response to these developments, the ‘Maastricht Treaty’ sought to harmonise macroeconomic policies and establish a common EU currency. Guidelines were set for levels of government debt, inflation rates, and central bank policies, in addition to the guidelines for trade, competition and regional policies already established through the Single European Act. Reducing unemployment came to be defined as a ‘European’ issue by member states and the European Commission, further recognition that ‘it is no longer possible for nation states to be the motors of recovery’.

Integration has forced states into a process of shared policy making which requires them to accept the consequences of so-called ‘framework’ decisions, agreeing to ‘constrain their autonomy in order to facilitate collective action’ (Puchala, 1993: 88). There has been a progressive dilution of veto powers in the Council of Ministers, and the exercise of sovereignty by member states has been substantially changed as whole swathes of economic policy are dominated by ‘common’ EU policies for external trade, currency control, agriculture, regional development and other matters. Global competitive pressures to pursue common external policies have strengthened EU institutions, giving them a neo-mercantilist international legal ‘personality’ (House of Lords, 1985). The year of the SEM completion, 1992, saw the birth of ‘a tougher, more outward looking’ Commission, most notably with respect to its key role in the GATT negotiations over trading relations with North America and East Asia, and in the granting – or rather limiting – of East European access to EU markets.

In summary, EU institutions have acquired significant powers, primarily over economic matters; they express common interests and exercise power in the name of the Union, constituting a dimension of
political authority additional to that of the member states themselves. They have helped create a ‘multiperspectival’ political space which can no longer be reduced simply to the sum of (currently) twelve ‘singular’ sovereignties. With the increased political authority, if not ‘formal’ sovereignty, of functionally-defined economic regulatory regimes at the EU level, it seems that what Ruggie called the principle of ‘territorial contiguity’ is becoming less dominant and that ‘transterritorial authority’ is regaining some of its pre-modern importance. But of course there remain fundamental tensions between the tendencies towards federalism and the continuation of an essentially economic bloc dominated by inter-governmentalism; and, as already argued, there is unlikely to be a clear-cut resolution in either direction. For instance, when it assessed the impact of the ‘Maastricht Treaty’ on state sovereignty, the German constitutional court defined the EU as a ‘Staatenverbund’ – not a federal European state, nor a confederation, nor simply a concert of states, but an ‘association’ of states that has no competence to determine its own sphere of competence.\(^\text{10}\) The EU is essentially a new ‘hybrid’. As we have seen (2.3, above), its ‘democratic deficit’ is at least partly due to the lack of ‘singularity’ in its decision-making structures, and public debate on this issue is likely to intensify with the review of EU institutional structures expected in 1996.

3.2 The EU and substate regions

Globalization and the ‘macro’ regionalism of the states combining in the EU are encouraging ‘micro’ or substate regionalism (Cox, 1992: 34); uneven development between substate regions is ‘sapping the old state structures from within’ (Nairn, 1977); and these processes are being furthered both by central institutions of the EU and by forces within the regions.

With economic power increasingly located in international capital markets and in multinational corporations as well as in EU institutions, ‘national’ economies are becoming less central to economic prosperity at substate levels. The mechanisms of ‘national’ economic management have been weakened, and direct ‘local-global’ contacts are increasing as localities compete to attract investment. Devising and implementing economic development (or survival) strategies at substate levels has become much more important. The ‘national’ economies have become much more ‘regionalized’ since the 1970s, as highlighted by successive Commission Reports on regional development (CEC, 1979, 1984, 1987 and 1990). By 1987, before the establishment of the Single Market, inter-regional disparities were already becoming more important than inter-state disparities. Whilst the latter had remained relatively constant, inter-regional inequalities were shown to have been widening at
an alarming rate (CEC, 1987: 63). The difference between the twenty-five regions with the highest unemployment rate and those with the lowest unemployment rate within the 11 EC states (excluding Greece) had widened from 5.7 percentage points in 1976 to 14.6 in 1985. There was concern not only that this would impede European integration, but also that the very process of integration would itself exacerbate the problem, particularly when weak regions were subjected to stronger competition in the Single Market.

Concerns about the possible negative effects of integration on regional development had been raised as early as 1970. Then the 'Werner Report' on economic and monetary union argued that an EC-wide regional policy was a necessary component of any move to accelerated integration (CEC, 1970). In 1990, two years before the official 'completion' of the Single Market and during negotiations over closer monetary and political union, the fourth regional report showed that unemployment disparities had remained relatively constant since 1985 despite increased expenditure on EU regional funds (CEC, 1990: Tables A and C). Since 1988 this still limited regional compensation has been more concentrated in the regions most 'in need' – regions with declining industries, agricultural regions, declining urban regions, frontier regions, peripheral regions, and regions generally 'lagging behind' (CEC, 1987). In 1987 the Commission had speculated that integration was undermining the attempts at maintaining cohesion, but in its 1990 report on disparities, the Commission sought some consolation for the weaker regions in the notion of 'specific regional competitive advantages' within the SEM. Drawing on the more optimistic versions of the 'post-Fordist' future, it asserted that with 'flexible specialization' reducing the importance of 'scale economies', the less advantaged regions could become better off by producing specialized products for 'niche' markets (CEC, 1990: section 9.3, 80–1).

This perspective was central to the Commission's 1991 discussion document on regional policy, Europe 2000. It argued that 'new location factors' were opening up economic opportunities for peripheral regions, that 'flexible production systems' were making firms more mobile and that their location decisions were increasingly influenced by qualitative 'lifestyle' factors (CEC, 1991). Drawing on the experience of 'Silicon Glen' in Scotland, Rennes in France, the Pais Vasco in Spain, and South Wales, and noting the potential of information technology and telecommunications for altering 'comparative advantage', Europe 2000 argued that increased mobility could help the 'periphery' and 'promote a more balanced distribution of economic activity' (CEC, 1991: 199).

However, this upbeat conclusion underplays the continuing, and indeed sharpening, difficulties faced by peripheral economies in times of economic depression when 'core' and 'periphery' generally diverge.
Since the mid-1970s there have been widening disparities in levels of unemployment and income between the three main subdivisions of the EU: the ‘vital axis’ from northern Italy and central Germany through parts of Belgium and France to south-east England; the ‘orbit of under-development’ in southern Italy, southern Spain and Greece; and the ‘Atlantic arc’ from Portugal to Ireland and northern and western parts of the UK (Dunford and Perrons, 1995).

Redistributive measures to counter the negative effects of integration have understandably been criticized as very limited: EU regional funds, for instance, amount to a mere 0.24 per cent of EU GDP, and they compare unfavourably with the expected efficiency gains of the Single Market which will largely accrue to ‘core’ regions (Perrons, 1992: 187). There are also demands for qualitatively different and more ‘interventionist’ measures, such as the redirection of capital flows at the EU level. This has become more urgent as economic integration has accelerated, stimulating intra-industry rather than inter-regional trade (Begg, 1989).

The policy of developing ‘European champions’ to compete in global markets has directly undermined development prospects in the less developed regions (Amin et al., 1992: 320). Efforts to achieve ‘nominal cohesion’ in terms of equalizing tax rates, exchange rates and inflation, as embodied in the deflationary ‘convergence criteria’ of the Maastricht Treaty, may well further damage the weaker economies, worsen inter-regional inequalities and undermine the process of achieving ‘real convergence’ between the regions (Williams et al., 1991). Furthermore, competition between regions to attract investment tends to hold down local income levels and work against economic cohesion. These problems were reflected in the necessity to set the ‘ERM bands’ at 15 per cent in 1993 and in the failure to meet the nominal ‘convergence criteria’ almost as soon as they had been agreed.

The economic prospects of the EU as a whole may hinge on its ability to reduce social and regional inequalities and maintain acceptable levels of effective demand across all regions (Dunford and Perrons, 1995). Concern about the widening of social divisions between and within regions and cities led to calls for neo-Keynesian reflation and ‘supply-side Keynesianism’ at the EU level. EU institutions such as the European Parliament have argued that the need for ‘real’ social cohesion and the ‘well-being of all citizens’ – rather than neo-liberal deregulation – should guide EU policy (European Parliament, 1991b).

This has been reflected in EU urban policies, in attempts to revise the Maastricht ‘convergence criteria’, in the ‘European Recovery Programme’ of limited reflation, and in the Delors’ ‘white paper’ on reducing unemployment. Interventionism has moved up the political agenda as the possibility of fiscal reflation at the EU level has been combined with a range of supply-side policies targeted on the less-advantaged regional
economies on the periphery of the SEM. Contrary to neo-liberal ideology, globalization does not mean that states have 'lost control' of macroeconomic policy, but it may mean that it is now more difficult to operate demand-side policies and achieve non-inflationary growth. Thus it is argued that there is a need for Keynesian policies to be complemented by supply-side measures delivered primarily by non-market institutions: economic growth depends on 'comparative institutional advantage', and going beyond traditional Keynesianism requires 'fine-targeted' labour market and industrial policies (Matzner and Streeck, 1991: 7-8). Whereas Keynesian demand management is typically state-wide, 'fine-targeted' supply-side policies and 'institutional' or 'socio-' economics imply a more selective regional or local focus. 'Fine-targeting' is best carried out by local or regional authorities and is a further argument for strengthening regional institutions and policies, rather than simply relying on state-wide or EU-wide measures.

In any event, the Commission has attempted to counter socio-spatial problems by encouraging development strategies in the regions. The Commission has come to assume a crucial role in the calculation of relative regional deprivation, and its ranking of regions for the distribution of aid has increased the political significance of regions and regionalism. Its regional strategy has tended both to undermine existing state authority and legitimize regional movements. Regional interests have worked in alliance with EU institutions to challenge the development priorities of member states; and there has been a proliferation of disputes over 'national' and regional priorities and over the use of EU regional funds for state expenditure programmes (the 'subsidiarity' and 'additionality' debates). In some cases – most notably in Portugal, Greece and the Irish Republic – this has led to the creation (or re-creation) of political or administrative structures in the regions (Leonardi et al., 1992).

Building on these alliances of 'bureaucratic elitism' with 'emotional populism' (Kolinsky, 1978), the Commission proposed in the 'Maastricht' negotiations that the EU should set up a 'Committee of the Regions' to act as the 'upper house' of the European Parliament. The idea of a powerful and accountable tier of representation at the EU level was later 'watered down' by state representatives in the European Council, and the Committee as set up in 1994 has only a consultative role. Nonetheless, it is expected that its powers will be progressively enhanced, particularly after the 1996 review of EU institutions, as the Committee comes to provide a platform for the large and growing number of influential elected representatives from powerful regional governments in states such as Germany and Spain.

The legitimacy of regionalism has also been enhanced by the European Parliament and its Regional Policy Committee. The two 'Regions of the Community' conferences which the Parliament sponsored jointly with
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regional associations in 1984 and in 1991 played a key role in driving forward the Commission’s agenda. The 1984 conference led directly to the creation of the Association of European Regions (in 1985 – it now has 171 members) and the Consultative Council of Local and Regional Authorities (established in 1988). The 1991 conference ensured that the ‘Committee for the Regions’ was not written out of the ‘Maastricht Treaty’ by the European Council when it met to approve the Treaty in December 1991 (European Parliament, 1991a).

Partly because of encouragement from EU institutions, but also on their own initiative and in response to the ‘threats and opportunities’ of the SEM, substate regional interests have been demanding more powers and resources. Across the EU they are attempting to gear their regions to the needs of international capital, ‘plugging into’ transnational markets and networks and seeking to develop regionally-focused systems of innovation. Weaker regions have seen this as a way of reversing regional deprivation, or achieving what some observers have called ‘regional inversion’ (Suarez-Villa and Roura, 1993). In many cases the regional authorities have played a key, neo-corporatist role in stimulating economic development, linking ‘Eurocrats’, multinational companies, the local bourgeoisie and the local trade union movement (Harvie, 1990). In this context the lack or weakness of regional political structures is increasingly seen as having a debilitating effect on regional economic performance (European Dialogue, 1993; Leonardi et al., 1992: 265).

This applies particularly in the relatively ‘over-centralized’ UK and the Irish Republic. Fearing further political marginalization and economic ‘peripheralization’ in the Single Market, many regionalist groupings such as the Campaign for a Scottish, for a Welsh and, in England, for a Northern Assembly, have argued that regional autonomy is urgently required (European Dialogue, 1993; Scott and Millar, 1992). In England and in the UK’s ‘national’ regions, neo-corporatist ‘partnerships’ have been established at local and regional levels to maximize opportunities in the SEM (for instance the ‘North-West Regional Association’ and the ‘West Midlands Regional Forum’). These typically bring together local politicians, commercial and industrial interests, trade unions and educational establishments, and they have made inputs into plans for the 1995–9 tranche of regional funds (Birch and Holliday, 1993; Rose, 1992). In London the need to jointly lobby for European regional development funds brought together the Conservative-controlled London Boroughs Association and the Labour-controlled Association of London Authorities.

In Northern Ireland a coalition including business organizations and local authorities established the ‘Northern Ireland Centre in Europe’; and business interests are campaigning for North–South economic integration in an all-Ireland regional economy (Anderson, 1994). In the Irish
Republic there are some substate groupings, such as the ‘Campaign for the West’, which are demanding greater recognition of regional needs and calling for the formation of regional representative bodies to devise and implement economic development programmes. Mirroring developments in Northern Ireland, a consensus is growing within the Southern business community about the need for an ‘all Ireland’ economy and for North–South institutions to achieve it.

Increased demands for more regional autonomy are paralleled by an upsurge of trans-state inter-regional cooperation, manifested in a multiplicity of regional groupings and associations reaching across the EU’s member states. The SEM offers new transnational opportunities for relatively advantaged regions, but it also threatens effective exclusion for regions and groups which are already disadvantaged. The resulting insecurities (see Massey, 1993), and the failure to achieve ‘real’ inter-regional cohesion in constructing the deregulated Market, have actually sharpened divisions between regions. However this too has encouraged inter-regional alliances spanning different EU states; and while many are ‘at best ... embryonic: at worst ... the wishful thinking of ... vested interests' (Cochrane, 1993), there can be little doubt that some of the alliances reflect substantial economic and political tendencies.

Unsurprisingly, it is the more prosperous regions which have taken the lead in forging new inter-regional development axes. Catalonia, Lombardy, Baden-Wurttemberg and Rhône-Alpes – the so-called ‘four motors’ of the EU – have carved out a place for themselves in the new European economy, forming ‘another association of the “haves”’ similar to the OECD or the G-7 group of industrialized states at the global level (Cooke 1993). Set up in September 1988, this association was explicitly designed to help these strong regions take a ‘pathbreaking role’ in the new Europe. Baden-Wurttemburg, for instance, saw the alliance as part of a strategy of ‘working with the various stronger regions of Europe’, while Catalonia saw it as a means of pursuing its own interests rather than making common cause with poorer regions of Spain (Gallagher, 1990). Other ‘core’ regions are organizing along sectoral lines in ‘regions of traditional industry’ or ‘motor industry cities and regions’, or they are seeking to develop common interests with geographically contiguous regions.

Regional associations are only rarely aimed at linking the interests of ‘core’ and ‘peripheral’ regions, and for the most part peripheral regions are forced to bargain for individual membership of the ‘core’ associations. Wales for instance has established links with the ‘four motors’ (Mitchell, 1991). This, and divergences between rich and poor regions, has encouraged the less prosperous to more clearly define their common interests at the EU level, through the Conference of Peripheral Maritime Zones, for example, or by linking with a neighbouring peripheral region as in the case of the North and South of Ireland.
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The recent growth of regional interests seeking to devise and implement economic strategies for their areas has thus been a direct consequence of globalization and, more specifically, of integration in the EU and the SEM. The related building of inter-regional linkages, formal associations of regional bodies, and collective institutional expressions of regional interests at the EU level, are all contributing to a multiple layering of power and to the process of selectively ‘unbundling’ territoriality.

3.3 Substate regionalism and the member states

Despite significant ‘unbundling’ of their sovereignty, however, the member states continue to have crucial conditioning effects on regionalism. In the first instance regionalism is only possible within limits set by the states. As economic powers have been ceded to the Commission, states have strengthened their political control by ‘institutionalizing intergovernmentalism’, through exercising limited veto powers in the Council of Ministers (since 1966), meeting to agree common positions in ‘European Political Cooperation’ (since 1969), setting the pace for integration at meetings of the heads of state in the ‘European Council’ (since 1974), and acting through the ‘Committee of Permanent Representatives’ (since the 1970s) in order to acquire a ‘consultative’ role in the different stages of policy making and implementation (Taylor, 1983; Weiler, 1990).

Through increased integration the states have ‘strengthened their own capacity for territorial management’ (Keating and Jones, 1991: 324). They have attained more say in wider global arenas and greater leverage over economic forces than they would otherwise have. Consequently EU institutional structures provide a ‘framework for attempting the resolution of existing national difficulties rather than an opportunity for transcending them’ (Taylor, 1983). It is the states that determine what is and what is not deemed to constitute a ‘region’ of the EU. The Union’s division into 174 regional and 829 subregional units simply reflects the institutional divisions set up and currently used by the member states. The Commission has pointed to the negative consequences of relying on the very heterogeneous regional subdivisions which result; and it admits that ‘the values of statistical indicators are not independent of the regional framework selected’ (CEC, 1990: Annex O; CEC, 1987: 11).

Some states have decentralized administration to regional authorities or established constitutional guarantees of regional autonomy (Vandamme, 1981). Their objectives have included the democratization of state structures, and the containment of regionalist and nationalist movements, absorbing centripetal pressures and preventing
geographical fragmentation. Just as Germany’s Landes were established as a means of countering centralism and rekindling democracy after the Second World War, so in Italy, Spain, Portugal and Greece during the 1970s and early 1980s the process of setting up elected regional authorities has reflected a general concern to revive democratic participation. The Spanish, Italian, and Portuguese constitutions have granted substantial autonomy to island regions and ‘historic nations’ which, like the Landes in Germany, act as regional governments. Holland and Denmark have provincial assemblies with some powers, and since 1981 France has established regionally elected councils. Although some of the plans for decentralizing power to regional authorities have yet to be implemented (particularly in Portugal and Greece), and some of the regional bodies have only limited powers (for instance in France), elected regional bodies have established themselves as a permanent feature of political life in four of the five largest EU states and in several of the smaller ones (Keating, 1988; Leonardi et al., 1992; Council of Europe, 1988).

The UK and the Irish Republic are the two most notable exceptions.21 Fearing the ‘break-up’ of the UK into its constituent ‘national’ regions, British nationalists have had difficulty in viewing the EU as anything other than a threat to British sovereignty (Anderson, 1989), while in the Irish Republic parliamentary politicians often refuse to see ‘over-centralization’ as a political issue.22 However even in the UK there have been changes. For example, regional planning groups were re-created by the neo-liberal Thatcher government in 1988, nine years after it had abolished them. In 1991 provision was made in the Planning and Compensation Act for local authorities to combine together to draw up regional plans; in 1992 the Department of the Environment began encouraging the formation of regional planning fora in each of the ‘Standard Regions’,23 and in 1993 regional aid programmes were decentralized to inter-departmental committees based in new ‘Standard Region’ offices.24 But while these measures may have helped contain regionalist and nationalist pressures, they have signally failed to assuage demands for the creation of regionally elected political bodies.

The state response to regional pressures in the Irish Republic has also been minimalist. In order to oversee the distribution of EU funds, the government was forced by the Commission to re-establish regional advisory bodies in 1988, one year after it had dissolved them as part of a budget cut.25 Complaints about the lack of regional consultation on the 1989–94 expenditure programme also led to Commission intervention; and in 1993 care was taken to ensure a substantial regional input. But, contrary to the recommendations of the 1987 European Parliament Report on regional issues in Ireland, and the Irish government’s own inquiry into local government in 1990, regional bodies remain largely
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administrative and are not directly elected (European Parliament, 1987; DSO, 1990).

In principle, both the British and Irish governments are committed to North–South cooperation in Ireland, but in practice both have generally given priority to immediate internal matters.26 For example, in 1990 Irish government restrictions on cross-border shopping trips to Northern Ireland were maintained by the then Minister of Finance, Albert Reynolds, with the suspicion that he was more interested in maintaining his party’s vote in border constituencies than in furthering Ireland’s integration.27 Until recently the need to improve North–South, Dublin–Belfast transport links has been routinely sidelined by Dublin governments, and it was only in 1992, after sustained pressure from Irish business interests North and South, that funds from the 1993–9 funding programme were committed to improving these links.28 Likewise, the Irish government’s exchange rate policy in the aftermath of the UK’s departure from the ERM reflected an aspiration to membership of a German-led ‘fast track’ to monetary union, intermingled with hopes of the South gaining greater economic independence from UK: this also implied greater detachment from Northern Ireland in contradiction to the professed goal of North–South economic integration.29

However, the subsequent devaluation of the punt in the ERM confirmed the Republic’s position on the ‘outer periphery’ of the SEM, and it underscored the need to maximize Ireland’s indigenous North–South economic potential.30 Irish government policy has recently become more orientated to the needs of indigenous industry and of particular regional or subregional economies (DSO, 1992). But its practical responses, like those of the UK, have generally been piecemeal and inadequate. While Southern political leaders remain formally committed to the ideal of an all-Ireland state, in practical terms they prioritize the interests of their own highly centralized state over the interests of an all-Ireland economy and of their own subregions. As the former Taoiseach Garret Fitzgerald recently pointed out, ‘the priority for the Dublin government is to achieve security and stability’, and its policies are orientated to the Republic of Ireland electorate rather than to interests defined in terms of Ireland as a whole.31

In summary, it seems that the ruling political establishments in all EU states have struck compromises both with other EU elites and with substate regional interests. In the UK and the Republic state responses to regionalism have been particularly minimalist and tend to be phrased only in terms of administrative devolution. In France there is a strategy of ‘defensive regionalization’ with the state allowing some political autonomy to elected regional authorities but only within a firmly uniform and centralist all-France political structure (Holohan, 1993).32 Other approaches include non-uniform limited regional autonomy as in
Spain and Italy, or federal structures as in Germany and Belgium. But due to continuing changes in the global economy, the compromises are often unstable. States have responded to the process of globalization by attempting to maximize security and stability, but the institutions they construct are constantly in the process of being undermined. Failure at one level rebounds onto others, so for example the failure of states to meet the economic needs of regional interests has encouraged the emergence of regional movements. Permanent interaction and often conflict over economic policy between the different layers of authority has become a constant theme of EU politics. The result, within an increasingly regionalized EU framework, is that while the state has remained a central player it is no longer the central place in capital accumulation.

4 CONCLUSIONS

The empirical analysis of the EU, the member states and the regions confirms that there is now significant ‘unbundling’ of territorial sovereignty. Globalization and integration in the EU have altered the role of states and regions; and the evidence of increasing substate regionalism provides additional support for Ruggie’s (1993) conclusion, based on suprastate developments, that the EU is a ‘postmodern’ political form. The evidence, however, also points to the partiality of the ‘unbundling’ process and hence to the elements of continuity in new political arrangements, and especially to the continuing importance of states within them. Such partial ‘unbundling’, particularly in the sphere of economic production, has been both a cause and, in part, a consequence of growing substate regionalism.

The partiality is directly related to an increasing differentiation of state roles as globalization impacts very uneasily on different policy areas. It is therefore increasingly important to distinguish between the various aspects of state involvement in society – between, for example, the sphere of production on the one hand and the spheres of reproduction and social control on the other. There has been much less ‘unbundling’ with respect to the latter, with, for instance, the EU having a relatively limited role in social welfare, and the regions a limited role in social control. Thus while state power may be transferred or seep away in some spheres, it may be augmented in others. Blanket generalizations about ‘the end of territorial sovereignty’ or the ‘death of the nation-state’ are therefore completely misleading.

State elites do have less control over globalized economic forces as power has seeped away to global markets, and as some state controls have been transferred to suprastate collectivities as in the case of the EU. But contrary to neo-liberal ideology, states continue to play crucial roles in servicing economic development and in providing conditions
favourable to capital accumulation. The need for 'fine-targeted supply side Keynesianism' is one important reason why regional and local branches of the state have taken on an increased importance.

With these changes the ground has been shifting underneath established conceptions of sovereignty, and 'new medieval' and 'postmodern' conceptualizations provide fruitful alternatives. They highlight multiple levels and overlaps of authority; and they usefully signal a shift in the underlying time-space of politics while helping to avoid exaggerating the changes. However, even restricted usage of the concepts, specifically referring to the ontology of territoriality, has limitations. In particular, analogies to the very different circumstances of medieval or 'pre-modern' Europe have serious inadequacies which are themselves revealing, for the differences indicate or arise from the greater complexity of the contemporary world. This is not to say it is more 'disordered', though two differences are the relative absence of the unifying 'universalism' and of the nested hierarchies which were important ordering principles of medieval Christendom.

Modern democracies are more complex partly because sovereignty now belongs to 'the people' or 'the nation', at least in theory if not always in practice. It is now 'our sovereignty' which is being 'unbundled'. Thus democracy as presently constituted tends to be undermined by the 'unbundling' of territoriality; and this, not surprisingly, generates popular resistance and democratic opposition, as seen for example in the difficulties which several EU states experienced when holding referenda to gain popular ratification of closer European union. One democratic response to territorial 'unbundling' is simply to react against it, by, for example, voting against transfers of power to EU institutions. Another, quite different, response is to accept it but work towards reducing the EU's 'democratic deficit' by strengthening its central institutions and particularly the European Parliament. This of course implies ongoing tensions between democratic accountability via states or directly through EU institutions, with federalization continuing to be 'arrested' in some 'intermediate stage' which would be consistent with Bull's 'new medievalism'. It implies a need for new transnational forms of democracy and accountability as well as (not instead of) the need make states more democratic, but here the 'medieval model' is unhelpful to say the least.

At the same time our more complex world lacks the sort of 'universalism' which stemmed from the basically theocratic and unifying political system of medieval Christendom. Bull stressed that to qualify as a 'new medievalism', the new political order would have to be 'universal', 'all over the globe'. But state forms and political and cultural allegiances are extremely uneven across the world, and this global diversity would seem to rule out a secular reincarnation of the 'universality'
which cemented the relatively self-contained 'world' of medieval Europe. Indeed, the contemporary European continent, never mind the world as a whole, could be said to lack a modern equivalent of the unifying 'world view' or 'moral order' which combined all aspects of life – economic, social, cultural, ideological – over most of medieval Europe. There may now be 'one world' in terms of a highly interdependent global system of capitalist production and exchange, but in many respects it is still composed of 'separate worlds' in ideological and political terms. The world has been integrated in a capitalist global economy, but this has not been matched by anything approaching the cultural homogeneity of medieval Europe. As well as making for greater complexity, this integration of 'separate worlds', some dominant, others subordinate, may also make for more social and political instability. The European Union may be the world's 'first truly postmodern international political form' but there is little evidence of this particular arrangement being replicated in the other major economic blocs.

The third important difference from the medieval era is the relative absence of ordered hierarchies. As we saw, sovereignty in medieval Europe was typically divided between different institutions and levels which constituted nested hierarchies, and people were members of higher collectivities not directly but by virtue of their membership of lower level bodies. Now, in contrast, the typical hierarchies are not nested: hierarchies may still exist, but not in a medieval 'chain of command' sense; and people are often directly members of international networks, not via national bodies. Likewise, small local groups increasingly deal directly with transnational institutions, not via larger intermediaries, and regional groups and institutions deal directly with their counterparts in other states without the respective states necessarily having any involvement. Indeed the growth of direct 'local–global' interrelationships which bypass central state institutions is an essential aspect of the contemporary territorial 'unbundling'.

The 'escape' from nested hierarchies, together with the lack of universalism and the presence of formal democracy, implies a greater complexity than in medievalism. 'Postmodern' territoriality may have some limited similarities to 'premodern' counterparts but history does not simply repeat itself. States, once born, are continuing to exist rather than being tidily removed to clear the ground for new polities. Their powers and roles may be changing, but they continue to co-exist and interact with a plethora of other, different kinds of political communities, institutions, organizations, associations and networks. Globalization is overlaying the mosaic of states with other forms of political community, non-state polities and non-political market relations which are shaped by different forms of authority, 'territorial', 'non-territorial' and 'functional'.

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Thus while the EU is in some respects ‘postmodern’, contemporary reality is a mixture of new and old forms. For some purposes, territoriality and ‘territorial contiguity’ are becoming less dominant as modes of social organization and control, and ‘non-territorial’ authority is regaining some of the importance it had in medieval times. But for other purposes the modern nation-state with its sovereignty defined by (often the same old) territorial boundaries seems as firmly rooted as ever. This duality helps to explain the persistence of nationalism, the continuing attachment to statehood, and the fact that globalization can ‘call forth’ nationalist revivals (Calhoun, 1994) at the same time as it ‘internationalizes’. Given such continuities, ‘late’ rather than ‘post’ modernity is probably a better overall label for the contemporary political world.

The state has not been superseded ‘from above’, or replaced ‘from below’; rather, it has adapted to the changing reality of global power and the shifting demands of substate forces. Political restructuring cannot be reduced to the simple arithmetic of a ‘zero-sum game’ in which losses at one level of institutional politics automatically mean gains at another. As in the ‘new medieval’ analogy, the pressures on nation-states ‘from above and below’ may well result in partial and ambiguous changes which lead to doubts about where authority really lies. The various contending pressures are likely to produce ongoing conflict between ‘old’ and ‘new’ political forms, between a reactive longing for traditional ‘modernist’ polities and a more adaptive acceptance or encouragement of ‘postmodern’ arrangements. If the EU is widely seen as an economic success, more adaptive responses are likely to predominate. If, however, it is seen as failing to deliver prosperity – failing even in its ‘chosen’ economic sphere where ‘postmodern adaptation’ is most advanced – there could well be more ‘modernist reaction’ with more reliance on nation-states and nationalisms.

NOTES

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The pressure to define common EU interests, rather than particular ‘national’ interests, is somewhat enhanced by the restricted powers of ‘co-decision’ that have been granted to the European Parliament, and by the advisory roles that have been accorded to the Economic and Social Committee and the Committee of the Regions.

As a former Polish Defence Minister has argued, EU policy could hardly be less friendly considering the haggling over East European imports which amounted to no more than 1 per cent of the EU’s total imports (*Independent*, 26 January 1993; *Financial Times* 2 May 1993).


For the nine member states of 1970 the gap widened from 4.3 percentage points to 11.4. Unemployment rates are based on ILO figures (CEC, 1987: 63 and 134, Table 3.2.3–2).

Earlier the Council of Europe organized conferences for a range of European regions – including frontier regions (1972), peripheral maritime regions (1975), Alpine regions (1978) and island regions (1981) (Council of Europe, 1988).


As the Economics Minister of Baden-Wurttemberg, H. Shauffler, put it in the AER journal *Regions of Europe*, 2 November 1990, 126, Strasbourg.


The Commission has attempted to develop linkages between less powerful regions under Article 10 of the ERDF regulations (for instance, funding joint economic ventures involving Donegal, North Jutland, South West Flanders and Galway).

UK centralization increased with the abolition of metropolitan authorities in 1986, with the transfer of administrative powers from local government to centrally-appointed quangos or to Whitehall, and with the dissolution in 1993 of some relatively powerful authorities at the regional and county level, just as the Commission has grown to recognize them as ‘key points of contact’ – see *The New Europe: Implications for UK Local Government*, Association of County Councils, February 1992.
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In the Irish Republic local administration is largely conducted through county councils whose chief executives are appointed by central government. Here too centralization has increased in recent years: in 1988 the national Roads Authority took over responsibility for major roads, and the Agriculture and Food Development Authority took responsibility for agriculture; in 1992 responsibility for environmental protection was handed over to an appointed central agency – see Sinnott, R. (1992) 'Regional elites, regional powerlessness and the European Regional Programme in Ireland' (in Leonardi (ed.) 1992: 71–109).

22 In 1990 the Taoiseach, Charles Haughey, argued that the EC-wide tendency to devolve power to subnational regions would have little impact on Ireland (Irish Times, 12 May 1990).


26 Irish Times, 5 June 1993.


30 Sunday Tribune, 7 February 1993; see also Munck, 1993.

32 This was illustrated by the refusal to recognize the existence of a distinctive Corsican people; in the Statutes of the Corsican regional government, the French state permits the expression of substate identity only in so far as it is integrated into the French political system and conforms to its definition of the French 'nation' (Holohan, 1993).

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