EUROPE AND THE MANAGEMENT OF GLOBALIZATION: RESPONDING TO GLOBALIZATION PRESSURES[1]

Wade Jacoby
Brigham Young University
wade.jacoby@byu.edu

Sophie Meunier
Princeton University
smeunier@princeton.edu

Globalization – defined here as the increased flows of goods, services, capital, people, and information across borders – has been the source of many worries in Europe over the past decade, way before the global financial meltdown of 2008. In many European countries, 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 opportunities to other European actors, especially those who can serve new markets or existing markets with cheaper inputs. This blend of threat and opportunity – combined with a sense that globalization may simply be too powerful to be resisted outright – has led many European policymakers speak of what we term "globalization with adjectives." Typically, the adjective injects a note of caution that suggests the embrace of globalization is a conditional one – whether globalization is to be "humanized," "tamed," "harnessed," or "managed."

In this introductory essay, we adopt the term "managed globalization" as a shortcut for all political attempts to make globalization more palatable. The phrase "managed globalization" was

[1] We want to thank the participants of the Princeton and Park City workshopsand various participants in seminars at the University of Hamburg, IBEI Barcelona, BYU, and the two meetings of the Council of European Studies.

originally launched by Frenchman Pascal Lamy in 1999 when he was European Trade Commissioner and has been perpetuated during his current tenure as head of the World Trade Organization.[2]

What did this idea of "managed globalization" do for Europe? Was it only political rhetoric for domestic political consumption, or instead was it a source of real policies with an international impact? We argue that the will to manage globalization has indeed been a primary driver of many major policies undertaken by the European Union (EU) in the past decade. The key purpose of this project is to take stock of the extent to which demands for the management of globalization have been met by the EU. What kind of management strategy have European leaders supplied, and how well are those strategies working? The objective of this introduction is to sketch the outlines of the concept of managed globalization, to raise a series of broad questions about its extent, and to describe five major mechanisms through which it has been pursued. The central task of this special issue is to flesh out these five mechanisms more fully and to supply concrete examples of managed globalization in action.

Managed Globalization: Rhetoric or Policy?

Just because politicians and policy-makers talk about managed globalization does not mean that they actually try to implement it. Is the talk about managed globalization wishful thinking? Is it empty rhetoric, designed to appease a public worried about globalization, or is it, in addition, also a real driver of policies?

One possibility is that globalization with adjectives is a purely rhetorical device. For us, "managing" means altering the existing course of things and reorganizing them for a purpose. Political leaders often try to imply that citizens are safer in their hands than they would otherwise be because they are "managing" globalization, instead of merely letting it happen. It shows the voters that they are firmly in control, that they still have a margin of maneuver, that they have not abdicated policy-making in the face of external forces. French politicians, in particular, have a well-deserved reputation for promising voters relief from the direct onslaught of market forces. "Managing globalization" means tinkering with free market outcomes. In France, the tinkering certainly accords with *dirigiste* habits of centrally managing the economy.

[2] Lamy, 2004.

If globalization with adjectives is merely a rhetorical trope, however, it is certainly a widespread one. Lamy is far from alone in having promised to manage globalization. Other prominent EU officials have talked of managing globalization, including Romano Prodi, former Commission President,[3] and John Bruton, current EU Ambassador to the United States.[4] Nor is this globalization with adjectives a purely EU phenomenon, since other IOs have used similar concepts. As early as 1994, an ILO report spoke of "fair globalization."[5]

National politicians have joined in with their own variants of globalization with adjectives. While still Chancellor of the Exchequer, Gordon Brown argued that "some critics say the issue is whether we should have globalization or not. In fact, the issue is whether we manage globalization well or badly, fairly or unfairly."[6] In his 2007 Budget Speech, Brown has also used the phrase "inclusive globalization," which he seems to have picked up from Indian Prime Minister, Manmohan Singh, in explicit contrast to protectionism.[7] German Chancellor Angela Merkel speaks often of "shaping globalization" (*Globalisierung gestalten*).[8] Shaping globalization is also a term deployed by EU External Relations Commissioner Benita Ferrero-Waldner.[9] While few Spanish commentators speak of *globalización gestionada*, Conservative politician Ana Pastor promises *globalización económica responsable*[10], and Javier Moreno, Socialist MEP and Secretary-General of the PSOE Europe, has spoken up for "social globalization."[11] In Russian debates, frequent reference is made to controlled or even "operated" globalization, which connotes a governed or managed process such that the outcome will be the result of purpose and not of chance.[12]

All of this, of course, says nothing about the content, if any, of managed globalization or the other variants just noted. Perhaps this family of concepts is merely the European answer to ubiquitous American tropes like the "electronic herd" and "golden straightjacket" of a world that

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[3] http://ec.europa.eu/external_relations/news/2000/03_00/speech_00_15.htm
[4] http://www.eurunion.org/news/speeches/2007/070404jb.htm
[5] http://www.ilo.org/public/english/wcsdg/docs/report.pdf
[6] http://www.hm-treasury.gov.uk/newsroom_and_speeches/press/2005/press_111_05.cfm
[7] For Singh: http://www.hinduonnet.com/nic/pmspeechcambridge2006.htm; For Brown: http://www.harddowdy.com/budget/21_03_07_budget_speech.pdf
[8] http://www.bundesregierung.de/Content/DE/Artikel/2007/01/2007-01-20-video-podcast-weltwirtschaftsforum-davos.html
[9] europa.eu/.../07/760&format=PDF&aged=0&language=DE&guiLanguage=en
[10] http://www.pp.es/index.asp?p=11081&c=77772713a7d7e02b10ca9bd90e4f6a31
[11] http://www.psoe.es/ambito/europa/news/index.do?action=View&id=66999
[12] http://www.gzt.ru/politics/2007/07/25/220222.html

is “flat.”[13] To many Europeans, the notion of a “flat” world is threatening. Managed globalization is clearly an opportunity to shape globalization rather than merely react to it.[14]

Our central argument is that the advocacy of managed globalization is not purely a rhetorical device, only used for domestic political consumption. Instead, it is accompanied by real policy substance. We focus here explicitly on the EU, which has been portrayed as actually or potentially playing a crucial role in managing globalization. In light of the massive and contradictory literatures on the EU, this introduction is intended to be open towards a variety of theoretical perspectives and a variety of substantive insights into how the EU “really works.” That is, rather than favoring a particular model of EU decision making (or distilling our own), we here treat the EU as something of a “black box” insofar as the pressures and processes that result in particular decisions are a matter for each author to treat as a consequence of his or her own analytical choices. This means that individual contributions might emphasize the source of novel policies in particular national constituencies as processed through intergovernmental bargaining in the Council of Ministers, while others might stress corporate and/or civil society actors (including transnational ones) or, alternatively, Commission entrepreneurialism as the ultimate source of policy demand.

To the extent they are pessimistic about globalization, European actors at all levels 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. 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. These stylized perspectives have some basis in current reality.[15] The EU often has been vilified as a Trojan Horse that helps bring globalization into the heart of Europe. There are, indeed, two variants of the argument – one that the EU is a relatively neutral transmission belt for liberalization impulses emanating

[13] Friedman, 2000; 2007.

[14] www.euractiv.com/de/zukunft-eu/interview-vertrag-europa-globalisierung-gestalten/article-169357

[15] Perhaps surprisingly, 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 (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).

elsewhere in the global system and one that the EU actually accelerates liberalization. On the other hand, others have heralded the EU as Europe's best defense against the negative effects of globalization.

There is little doubt that very many Europeans expect the EU to actively do something about globalization instead of just passively receiving it. According to a 2007 Financial Times/Harris poll, the majority of Europeans surveyed in Britain, France, Italy and Spain believe that globalization is having a negative effect on their countries. The largest supporters of globalization (36%) were found in Germany, the world's leading exporter.[16] To the question "Should the European Union do more to protect people from the adverse effects of globalization," a vast majority is indeed in support of an activist, protective EU: 94% in Spain, 93% in Italy, 89% in France and in Germany, 64% in Great Britain. And as Brian Burgoon's contribution discusses, EU-27 citizens surveyed tend to trust the EU more than their own nation states, NGOs, international institutions or any other actors named in the survey to "get the effects of globalization under control."[17] It is thus quite plausible that European publics are strongly counting on the EU to manage globalization.

We argue that the EU has attempted to implement policies designed to manage globalization by using five main mechanisms: exercising regulatory influence, expanding policy scope, empowering international institutions, enlarging the territorial sphere of EU influence, and redistributing the costs of globalization. Rather than more specific policy instruments, we focus on these broader functional mechanisms that represent certain fundamental ways of coping with major strategic problems. These mechanisms are neither entirely novel, nor are they necessarily effective. But we suggest that they provide the contours of an approach to globalization that is neither ad hoc deregulation, nor old-style economic protectionism.

Internal Challenges, External Challenges

We define managed globalization (MG) as the attempt by public or private actors to ensure that the liberalization of rules about international flows of good and services, capital, and

[16] http://www.harrisinteractive.com/harris_poll/index.asp?PID=791
[17] Eurobarometer, 2004.

labor goes hand in hand with formal practices to bind market players and their governments. Broadly, we locate MG on a continuum between two other approaches to globalization.

The first is old-fashioned protectionism, in which actors seek to limit competitive pressures by excluding products and services from their markets. Advocates of MG generally see such measures as either politically illegitimate or economically unwise. This does not, of course, mean that protectionist policies do not retain ample support in Europe (and elsewhere), but rather that they should be analytically distinct from policies that we cluster under the rubric of MG.

The second alternative to MG is what we call ad-hoc globalization. It is somewhat harder to define, as one might get the impression that it is "globalization without rules." Surely, there are few instances of liberalization that is entirely without rules. For example, most of the substantial economic liberalization of the first three decades after WWII occurred in a rule-laden context known by the shorthand "Bretton Woods." Each successive wave of globalization has had rules, and we think it is axiomatic that all future waves of globalization will have rules as well (whether and how they are enforced is a separate question). Our central point is that some actors try to shape those rules while others do not. The former are aspirant managers of globalization. The latter are simply players (who may or may not play by those rules, e.g. they may cheat). Thus a company, however large, that simply tried to negotiate, say, a particular tax break with a political jurisdiction as a quid quo pro for investing there would not be engaged in a management effort so long as it made no effort to extend that condition to other firms.

Thus, MG means building channels for competition rather than higher walls against it, but it also means going beyond the simple removal of regulations and making some effort to shape and regularize the competitive order. Sometimes, this "channeling" occurs in domains where EU-based competitors enjoy prominent market positions that they seek to defend, while in other cases, it occurs in domains where EU-based competitors hold weak positions that they seek to expand. As noted above, 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. Older practical aspirations for European integration have often emphasized the management of intra-European 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.[18] 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 mechanisms and invent others in order to also manage globalization as well?

The purpose of this special issue 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, 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. It is entirely understandable that most existing analyses of these policies

[18] See contribution by Abdelal and Meunier.

have tried to understand their effects inside Europe. But aside from efforts to make Europe “fit for globalization,” we are also interested in efforts to make “globalization fit for Europe.” A 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.

Mechanisms

Over the past decade, the EU has developed a panoply of mechanisms to try to manage globalization. Some seek to ensure that globalization happens on European terms, with other countries conforming to Europe’s ways and standards. Other mechanisms help ensuring that the external challenges and pressures brought about by globalization have as little negative, disruptive effect on European citizens as possible. Some mechanisms can be used for both purposes. All five of these mechanisms, depending on the policy area in which they are used, are addressed in the contributions written for this project. We detail these mechanisms in what we take to be a rough hierarchical preference ordering. That is, our research suggests that the EU prefers, where it can, to have European regulatory standards used as the foundation for global standards or to develop new policies that help Europe cope with globalization at home. Obviously, these steps are not always possible due, not least, to substantial preference heterogeneity on issues of global regulation and even on measure to cope with globalization inside Europe. In such cases, however, the EU has developed at least three other mechanisms that can help Europe manage globalization.

<u>Exercising regulatory influence</u>: A central 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.). Many 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, the US agreed to abide by EU rules in many cases, and European regulations have thus become the de facto international standard.[19] This is a case where Europe has managed to shape globalization on its own terms.

Likewise, as Dan Kelemen discusses in his contribution, one of the ways the EU has attempted to spread its environmental standards has been to leverage its market power to pressure firms and foreign governments to ratchet up their rules to conform with EU standards. However, there are also indications that the EU's internal diversity may at times serve to undermine its ability to exercise regulatory influence. As Orfeo Fioretos discusses, there are several areas of global governance in which variations in EU member-states' economic systems prevent a common EU position in global regulatory matters. For example, in an area such as global hedge fund regulation that has attracted intense scrutiny in Europe, differences in national financial systems caused European governments to adopt divergent positions on the nature of global standards. This served to make a strategy of managing globalization through EU-level regulations impossible. Moreover, EU's internal diversity undercut an offensive strategy since it prevented a common EU position in the G7 and IMF with the result that the global non-regulation status quo prevailed.

Expanding Policy Scope: Europe's Economic and Monetary Union (EMU) represents an entirely new institutional framework for unified monetary policy and coordinated economic policy among the twelve member states that adopted the euro in 2002. Nicolas Jabko argues in his contribution that this expansion of policy scope for the EU has itself been an important way of managing globalization. Along with the new restraints on the ability of member states to run budget deficits and accumulate debt, the creation of an independent European Central Bank (ECB) with a primary objective of fighting inflation is generally cited as evidence of the EU's "neoliberal" proclivities. Yet EMU can just as easily be described as an example of outright EU empowerment. The creation of the euro sheltered the member states from the constraining pressure of currency fluctuations. Although they have transferred their monetary prerogatives to the ECB, governments have regained some maneuvering room vis-à-vis market actors in the conduct of economic policies. Their fiscal policies are now subject to a process of peer evaluation, which enables them to defuse the often much harsher verdict of financial actors.

[19] Bach and Newman, 2007.

Finally, the treaty provides an embryonic framework for central bank accountability and international economic coordination, potentially empowering the EU to assert broader collective priorities than merely low inflation. Thus, EU empowerment is just as real as market-friendly policies. The question for the future is whether eurozone member states will be content to adopt an attitude of "benign neglect" vis-à-vis their currency, or whether they will manage their EMU as a power resource for global leadership. As Jabko points out, this opens a Pandora's box since it is not clear that Europeans are really ready to stand united vis-à-vis the rest of the world.

Empowering international institutions: A closely related mechanism for managing globalization is to involve other international institutions. This mechanism is often a complement to the first insofar as global rules are often written "through" international organizations. As globalization proceeds, that is, 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.[20] 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. As Kelemen notes, the EU's principal strategy for legitimating and ultimately spreading its environmental standards has been to champion multi-lateral environmental agreements in areas such as GMO regulation, climate change and chemicals regulation.

ALBERTA: Examples from Abdelal and Meunier

Enlarging the territorial sphere of EU influence: The EU has a range of programs that engage non-EU members with varying degrees of intensity. Of course, the most intensive

[20] We return to these risks at the end of this introduction.

engagement is saved for states that are actively seeking to become full members. Jacoby's contribution argues that one part of managing globalization has meant managing Central and Eastern Europe (CEE), whose states did seek membership. 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 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*. Screening was both designed to eliminate incentives towards competitive deregulation and to organize the CEE region as a low-cost platform for firms from existing member states. Moreover, the European Neighborhood Policy now 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.[21]

Alberta Sbragia also weighs in here. Her point is that the EU is indeed trying to bring more territory under the scope of EU-inflected rules (even if through organizations like WTO) but that two can play this game and that actually the US has outflanked the EU on territorial influence. The EU is now playing a catch-up game. Again, we can signal that here once we see the paper.

The EU is also exercising influence in international organizations in more indirect ways. Joining a growing literature that examines the nature and impact of Europe's normative power in shaping global institutions,[22] Fioretos argues in his contribution that the EU is emerging as a common reference point in discussions over how international economic organizations may be

[21] Kelley, 2006.
[22] E.g. Laidi, 2008.

reformed to gain legitimacy and broad support.[23] Through what he terms its "representational power," Fioretos contends that the EU is contributing to establishing a new global consensus on what constitutes the appropriate form and role for international economic organizations. The new shared understanding that the EU is instrumental in producing is the extension of EU's doctrine of managed globalization to the global level.[24] Specifically, the EU is contributing to a form of global governance that is palatable to its own member-states and a growing number of states around the world by exemplifying a model of how economic openness can be reconciled with social progress and sustainability while observing the principles of transparency and subsidiarity.

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 can play a crucial role in sustaining public support for economic openness. In principle, some of these redistribution efforts are an effort to extend social democracy to the global level.[25] Such redistribution on the global level includes, for instance, using non-reciprocal trade benefits to improve the economic development of the least advanced countries. It also includes recent efforts like the EU-initiated "Aid for Trade" program set up within the WTO to channel overseas development assistance to help member developing-countries adjust to freer trade. 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. And as Burgoon stresses in his contribution, the development of many EU redistributive efforts are constrained (perhaps more than other mechanisms of managed globalization) by national-level policies and can sometimes fall victim to the development of other mechanisms of management. EU-level adjustment funds, for instance, are constrained by opposition to initiatives that might displace national welfare states and also

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[23] Fioretos, 2008.
[24] Lamy 2005; Lamy 2006.
[25] See Abdelal and Meunier memo.

perhaps by the way EU efforts to introduce WTO regulation of labor standards drains political support for redistributive management .

Similar strains characterize monetary policy. Before the euro was created, the main question was who would bear the cost of adjustment within the European Monetary System (EMS) in case of economic shocks. With the end of the Bretton Woods system and the rising tide of capital movements as early as the 1970s, the question of exchange rate realignments was increasingly forced by market developments and speculation. The governments of historically weak-currency countries such as France or Italy were complaining that they bore a disproportionate share of the burden of adjustment in comparison with Germany, whose currency provided the "anchor" of the EMS. Although German officials disputed that claim, there is no question that these countries' currencies were primary targets for currency speculators and that they were often forced to change their policies in order to reassure both their partners and market actors. Meanwhile, Germany ran the risk of recurrent currency appreciation, which in turn hurt its economic competitiveness. By moving to the euro, the weak-currency countries gained complete immunity against internal currency speculation – simply because markets for national currencies no longer exist. Because the ECB was designed to pursue a monetary policy for the eurozone as a whole, these states no longer bore an asymmetric burden of adjustment. As for strong-currency countries, the euro eliminated the risk of competitive devaluations on the part of their main trading partners. With the Growth and Stability Pact, strong-currency countries also gained an assurance against their partners' potentially inflationary policies.

Managed Globalization's Dual Logic

Managing globalization entails a dual and often contradictory logic. On the one hand, many players seek to define the rules of globalization, specifying more clearly what is allowed and when. On the other hand, they also would like to coordinate their responses on what practices are out of bounds. As a political matter, European leaders would, no doubt, love to be praised both for how they let certain things in and also how they keep other things out. In practice, it is also possible to face voters' blame on both counts. 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 substantial competition.[26] As a result, critics of globalization are also often critics of European integration. Yet, as noted, the EU also appears as the best bulwark against globalization, since its scale makes it more effective and credible in the face of competitive practices and products that it deems illegitimate.

Under what conditions does Europe appear as facilitator or even accelerator of globalization and when does it appear more as a barrier to globalization? This question can be surprisingly tricky. A substantial tradition in international political economy would lead us to expect that where the key competition is intra-European, the strongest players likely will want the fewest global restrictions, and the weakest will want the strongest constraints.[27] Other recent work suggests, however, that rather than the strong setting the regulatory agenda, it is the weakest actors who are most willing to expend political capital to erect barriers to more market integration.[28] So where competition is with extra-European players, all European players in a given sector may want to coordinate external barriers (agriculture is an obvious example).[29] But whatever their differences, both of these intuitions essentially posit one major form of liberalization, and the disagreement seems more over whether the details are determined by the strong or by the weak. In this special issue, we are suggesting a new level of complexity be injected in this debate by positing that there is not simply one kind of liberalization on offer but rather a competition of different blueprints for globalization. By extension, the acquiescence of various actors is conditional on the *kind of liberalization* on offer.

Obviously, the kind of liberalization on offer varies across a number of dimensions explored by our contributors. For one thing, variation in levels of managed globalization is likely affected by the amount of power delegated to the EU. Yet there are few easy equations here. For example, note that the dominant model explains variation in delegation to the supranational level by reference to a combination of homogenous member state preferences, economies of scale in policymaking, high externalities, and low transaction costs.[30] By this logic, trade policy – an area

[26] Jabko, 2006.
[27] Rogowski, 1989.
[28] Drezner, 2007.
[29] Obviously, other European actors may want to give up restrictive agricultural policies in order to win better bargains in their sectors of interest.
[30] See Sapir, 2007, p 37.

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. Yet on the evidence in the individual chapters, the EU's oldest and arguably strongest area of joint activity – trade negotiations – is clearly not its most successful arena for managing globalization.[31] Meanwhile, one of the EU's most effective areas for managing globalization – asserting its preferences on environmental policy – is area where its leadership has only recently come to the fore and where delegation to the EU remains moderate.

Moreover, as noted earlier, managed globalization is often the project not merely of EU officials but of powerful member state governments. This suggests that evidence of MG might be found even in policy areas where, for reasons developed elsewhere in the literature, states have delegated relatively little authority to the EU. 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.

Open Questions

This introduction and this special issue in general aim to start a conversation, not finish one. By posing managing globalization as an empirical challenge rather than a mere rhetorical tool, we hope to spur others to take up these issues. A number of areas not covered in this special issue are obviously ripe for investigation using either the same four mechanisms we have emphasized or indeed by stressing ones we have not broached. Obvious examples include agriculture, energy policy, global spillovers from the Lisbon process, research and development policies and many more. As other scholars take up research in these areas, we are particularly interested in their answers to a number of questions, some of which are classic questions and some of which are relatively new:

[31] See both Sbragia and Abdelal/Meunier memos.

- When does Europe's internal diversity in matters of political economy lead to regulatory impasses that cause the EU to "underprovide" leadership at the global level? (e.g. paralysis at home leads to quiescence abroad).

- When does the fact that the EU is home to all of the varieties of capitalism lead, on the contrary, to common rules that are easier to upload to the international level? (e.g. diversity at home leads to leadership abroad).

- Has Europe's historical overrepresentation in the major Bretton-Woods IFIs damaged its incentives to coordinate at the international level?

- How do the parts shape the whole? How can the EU really manage globalization, which requires liberalization, as long as it is essentially protectionist in important areas such as agricultural policy?

- Will the emerging set of overlapping jurisdictions at the international level start to work against the EU as "forum shopping" allows strong players like the US to submit only to the fora that they find congenial?

- How do instances of different mechanisms for managing globalization affect one another – perhaps mutually reinforcing or perhaps undermining one another?

Many of these questions return us to the dual logic sketched above in which all efforts to manage globalization are fraught with the risk that the efforts will bring more blame than acclamation. To a certain extent, European leaders face the same dilemma as all politicians. Except, of course, that they don't. Most national politicians face a choice between confronting incentives for liberalization using exclusively national tool or trying instead, to augment national tools by working through international organizations. Only in Europe is there also a third option: a regional level of policymaking with real potential and capacity in the here and now.

The task is for Europe to reconcile this dual logic of managed globalization, while not losing its own political legitimacy. The papers written for this project 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. There are plenty of familiar reasons to be pessimistic.

Major recent statements about the EU as a regulator of global markets point to substantial gaps in its capacity to shape global rules.[32] Others are cautiously positive, however, pointing to the EU's influence over global norms as essentially an unintended by-product of initially reactive and incoherent strategies that grew in stature in the face of American withdrawal from prior domains of global leadership.[33] And others are even more optimistic still, especially when they begin from the substantial power conferred on Europe through the sheer size of its market.[34] But since there are no good reasons to believe that market size alone can endow Europe with the capacity to manage globalization, the task is to understand the variety of ways in which the EU can lead – or fail to lead – in turning its local hegemony into some variant of global leadership.

Finally, in sketching this domain of managed globalization, we need to ask what descriptions of current EU practice related to globalization would be alternatives to MG. Broadly, two such 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."[35] By this reading, adding the modifier "managed" is superfluous because the basic phenomenon of globalization is simply over-hyped.[36] 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 three 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)?

Conclusion

[32] Sapir, 2007.
[33] Laïdi, 2008.
[34] Drezner, 2007.
[35] Hirschman, 1982; Guillén, 2001.
[36] Hirst and Thompson, 1996; Wade, 1996.

Europe is trying to manage globalization, and this introduction has detailed four ways in which EU efforts to manage globalization go beyond the undeniable rhetorical uses to which the term lends itself. First, management entails an effort to set regulatory standards in the international economy, including outside of Europe. Second, management includes an effort to empower international organizations. Third, it involves various strategies for enlarging the territorial sphere of EU influence. Finally, management can entail efforts to redistribute the costs of globalization. [perhaps add brief examples of each at a later point]

But every piece of this agenda also makes the EU vulnerable as well. The EU must accept that it will lose trade cases, an outcome that tends to erode the legitimacy of their efforts to promote further institutionalization. The EU efforts to bring more states into international trade organizations also tend to undercut their own voice inside those organizations. Its commitment to multilateral approaches left the EU with a large deficit to overcome when the US moved aggressively towards more bilateral trade agreements while the EU long kept a moratorium on such deals. The enlargement tool has few places left where it can plausibly be deployed, and the EU's redistribution of costs to, in some cases, its own material detriment has not (yet) really bought it new allies in multilateral forums.

Broadly, the central paradox is that the same global institutions the EU often seeks to strengthen have come under fierce criticism from European actors for not only failing to correctly manage globalization but for even accelerating it in some cases. As these organizations become the target of attacks, they lose political legitimacy inside Europe – a trend for which the WTO may be the best example. Moreover, we have seen an inherent, risky contradiction: the management of globalization through trade can be successful only as the greatest number of countries and issues are covered; but more countries increases the risk that management will more likely go in directions uncongenial to EU interests – unless the EU can find a way to impose its regulations on the rest of the world. All of these tensions are sobering as the EU now faces a financial crisis that poses a stiff challenge to all capitalist economies.

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