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**Regional Integration in Times of Crises:
Comparative regional integration approaches and institutional change**

The paper aims at developing an overall analytical framework which will allow for understanding the mechanisms that lead to institutional change in Latin American and European regional integration schemes in times of crises. Are those mechanisms constrained by the specific pre-existing institutional framework or do institutions influence change only marginally? In other words, is change exogenously or endogenously driven? Based on the literature on institutional change combined with insights from new regionalism approaches the paper develops three hypotheses that are tested empirically by the papers of this panel.

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Introduction

Financial and economic crisis have global impacts. While this was visible already in the 19th and at the beginning of the 20th century, where the collapse of national stockmarkets triggered economic crises in a large number of states, the most recent economic breakdowns – the 1980s in Latin America, the 1990s in Asia and, finally, the years 2000 in Europe and North America – have influenced not only states but also regional organisations. Institutional structures, relations between member states and citizens of these regional integration structures have been modified – either in deepening these structures, in creating new opportunities for collective actors or in distending the relations existing between the main actors of regional integration.

The aim of this collective volume is to analyse whether and why regional integration systems change in periods of economic and financial crises. We concentrate more specifically on the European Union (EU), the Association of South East Asian Nations (ASEAN), and Central and Latin American organisations (MERCOSUR and UNASUR). Systematically comparing the impact of economic and financial crises will allow us to understand the reasons for the differences in regional organizations' reactions to these crises.

The edited volume attempts to analyse a series of questions:

- Do we observe institutional change (including change in paradigms, policies, and agendas) in regional integration systems?
- Does change deepen regional integration or conversely, do crises lead to progressively weaker regional integration? Is the deepening or weakening of regional integration consequence of the crisis or rather an incremental process in which the crisis has very little influence?
- Why do we observe the establishment of stricter rules in the European case, while neither MERCOSUR nor ASEAN institutional structures seem to be profoundly affected by the crises in their institutional structures? Why do citizens react differently in all three regions, going from increasing

scepticism with regard to integration projects to continued indifference?
whether financial and economic crises lead to

These questions will be analysed more precisely in three aspects:

- Institutional change in regional integration schemes (formal and informal institutions)
- power relations between member states and the institutions in different policy domains (economic, financial, social policy areas)
- change in individual or collective citizens' attitudes towards regional integration.

Taking up the theoretical questions which constituted the basis of comparative regionalism since the 1950s, and were developed by Ernst Haas (1958), Amitai Etzioni (1965), Joseph Nye (1968) and Philippe Schmitter (1970), to quote but a few, we argue in this collective volume, echoing 'new regionalism' approaches (Söderbaum 2003; Hettne 2003; Breslin & Higgott 2003; Sbragia 2008; Warleigh-Lack and Langenhove 2010), that comparing regional integration schemes deepen our understanding of contemporary transnational integration processes. The collective volume will contribute to the overall 'new regionalism' literature in three specific ways:

- Through in-depth studies of the concrete effects of economic and financial crises on state attitudes and institutional transformations. This will be done by explicitly concentrating on **actors' behaviour**, which allows going beyond the idea of purely institutional answers to external stimuli. On the contrary the idea is to show how actors' perceptions and interactions create power games that either influence institutional changes or lead to inertia.
- Through a comparative research design which **systematically** analyses transformations in Latin American, European and Asian regional integration.
- Through a combination of 'new regionalism' approaches with the conceptual framework on institutional change stemming from the new institutionalist framework: this will allow to systematically **develop hypotheses** that guide the analyses in every chapter.

The main assumption here is that the distinct attitudes of institutions, member states and citizens in Asian, European, Latin American regional integration schemes are linked to the degree of regional integration reached.

This introductory chapter presents the concepts of crisis and regionalism. Then it draws on three different analytical approaches in order to define clear hypotheses that will be tested by the authors throughout the book. Finally it gives an overview of the empirical puzzles in the three regional integration areas, which will be analysed in depth by the individual chapters.

Conceptualising crises and regional integration

The recurrent appearance of crises and the renewed interest in regional integration studies at the beginning of the 21st century, have produced new and exciting insights in various types of regional integration – from North Africa, the Arab world, Latin America or Asia (Fioramonti 2012). While case studies abound and analyses of possible future developments in regional integration emerge, this collective volume has a slightly different endeavour. It aims at studying the answers of three regional integration schemes to economic and financial crises from a systematically comparative perspective. This starts with an explanation of what we understand under the notion of crisis, followed by the establishment of a series of hypotheses embedded in comparative regionalism studies.

Crises

Crises can take many forms and refer to political, military, social, or economic and financial turmoil in a given context. In its most general sense, a crisis marks a phase of disorder in the seemingly normal development of a system (Boin et al. 2005, 2). The concept of ‘crisis’ refers to a situation which 1) threatens high priority goals of the decision-making unit, 2) restricts the amount of time available for response before the decision is transformed, 3) surprises the members of the decision-making unit by its occurrence (Hermann 1969). More precisely, a crisis occurs when core values or life–

sustaining systems of a community come under threat. In this sense, a financial and economic crisis threatens job security and welfare benefits of citizens and thus undermines the trust in the economic system. Crises induce a sense of urgency. Serious problems that do not pose immediate problems do not trigger a sense of urgency (climate change or pensions systems are such examples) (Boin et al. 2005, 3). Only a threat that is perceived as emergency in the sense that non-action would lead to a deep worsening of the situation can be described as crisis. In this sense the economic and financial crises under scrutiny certainly fall under this heading. Non-action from the part of the government and financial actors was considered impossible, as it would have led to a worsening of the crisis endangering the core values of the unit. Finally, in a situation of crisis, the perception of threat is accompanied by a high degree of uncertainty. Uncertainty concerns the origins of the crisis, its analysis and the remedies that could be administered. Responding to the crisis is not a routine that institutions and governments apply to a well-known situation; rather it implies finding innovative solutions to unclear and complex problems.

In periods of crisis, as we will see in the individual chapters, the situation is characterised by an unusual high degree of uncertainty about the exact nature of the threat and the consequences of the decisions to counter the threat. Sense-making is one of the crucial processes that occur: 'Policy makers must recognise from vague, ambivalent, and contradictory signals that something out of the ordinary is developing.' (Boin et al 2005, 10). This understanding must then be transformed into a specific meaning. Policy makers are expected to reduce uncertainty and provide an authoritative account of what is going on, why it is happening, and what need to be done. They frame the crisis and are in this context in competition with the media, stakeholders and other actors. Analysing how actors made sense of the phenomena observed will be a central starting point in all chapters of this collective volume. All chapters of this collective volume will thus put a specific emphasis on the complex interplay between policy-makers, experts, citizens and the media to analyse why institutional change does or does not occur in reaction to financial and economic crises.

Regionalism, comparative regionalism, region-ness and institutional density

The development of regionalism studies can generally be divided in two waves - 'old' regionalism and 'new' regionalism. Although some scholars argue that regionalism as a phenomenon existed long before the beginning of European integration in the 1950s and cannot be considered a Western phenomenon (Acharya, 2012), the first wave of regionalism studies emerged as a sub discipline of International Relations in the 1950s and is generally associated with European integration studied through the lenses of neofunctionalism. The second wave started developing in the late 1980s and is related to the process of globalization (Breslin & Higgott, 2003). Generally, 'new' regionalism differs from 'old' regionalism' in that it rejects Euro-centrism and instead adopt a pluralistic and global perspective (Soderbaum, 2003; for a discussion see Saurugger 2013). The distinction is not entirely neat, however, as the 'shadow' of neofunctionalism is present also in the new theoretical approaches (Lombaerde, 2011).

Beyond this 'constitutional' debate, however, comparative regionalism offers fruitful avenues to conceptually frame the collective volume's research question whether financial and economic crises lead to institutional change (including change in paradigms, policies, and agendas) in regional integration systems. As this chapter has underlined above, we attempt to find out whether crises lead to more or less institutionalised structures or, on the contrary, whether crises do not influence the institutional density of regional organisations.

We understand under 'institutional density' the degree to which regional organisations influence their member states. This influence is based on an internationally or supranationally decided normative structure, which constraints as well as enables domestic actors.

Comparative regionalism has approached this question under the notion of *region-ness*, meaning the 'degree of regionalisation'. Hettne (2001) differentiates three degrees of region-ness: core regions, which are extremely structured and allow their members to play an influential role on the world stage; intermediate zone regions, which imitate core regions so as to compete with them in the global economy; and, finally, peripheral zone regions, where political and economic situations remain fragile (Hettne 2001). While these distinctions do not aim to develop teleological hypotheses on the future of regional integration, the classification system is close to this logic.

More recently, Warleigh-Lack has provided a more promising horizontal conceptualisation. He differentiates between the dependent variable (regionalisation) and four independent variables (the genesis of regional integration, its functionality, the degree of socialisation reached, and its impact). Regionalisation is defined as a dynamic concept, implying fluidity and movement: 'an explicit, but not necessarily formally institutionalised, process of adapting participant state norms, policy-making processes, policy-styles, policy content, political opportunity structures, economies and identities (both elite and popular level) to both align with and shape a new collective set of priorities, norms and interests at the regional level, which may itself then evolve, dissolve or reach stasis' (Warleigh-Lack 2008: 51). The last three variables determine the degree of institutional density of regional integration processes. Density thus depends on: regional organisations' **functionality**, the **degree of socialisation** amongst actors and the **impact** of regional organisations.

The questions to be answered with regard to functionality are: Who is leading the integration process? What kind of actors are they? Where do they come from? Which mechanisms are in place? What role do national governments assign to the regional organisation and what competencies have been transferred to the supranational level? The assumption here is that regional integration processes are discontinuous ('stop-and-go') processes led by the governments of the member states, with a tendency towards informal methods of decision-making.

Socialisation refers to the degree of integration and socialisation as well as of legitimacy and trust. While policy-learning and joint decision-making are more visible in the first two sections of this book, the papers in the third section studies more specifically trust or legitimacy questions both at the citizen and elite level.

Finally, the question of impact addresses the levels of influence exercised by the specific regional integration processes under scrutiny – the global level, the internal functioning of the member states as well as non-member states – in political, economic, or social terms. In this context the hypothesis is that regional integration has a significant structural impact on the member states.

Explaining the impact of crises on regional integration

The chapters in this collective volume actively combine these - exogenous and endogenous - variables with a view to explain the transformation of regional integration schemes (Hettne 2003). Three strands of comparative regional integration studies (Saurugger 2013) allow us more specifically to formulate the hypotheses that are tested in the chapters. Rational choice helps explaining the member states' evolving engagement in regional integration in periods of crisis. Institutional approaches is used to shed light on the transformation of institutional structures when crises occur. Finally, sociological approaches allows us to question the impact of citizens on member states' responses to crises.

Rational choice approaches: explaining member states' behaviour

Rational choice approaches question the reasons of member state engagement in regional integration, and more precisely why powerful member states support regional organisations. Walter Mattli (1991) argues that economic factors are the key explanatory variable in this respect. In order to obtain successful integration, 'the potential for economic gains from market exchange within a region must be significant' (Mattli 1991, 42). The lack of economic complementarity among regional members contributes to the failure of the attempt. Furthermore, 'the demand for regional rules, regulations, and policies by market players is a critical driving force of integration'.

In a similar vein, Thomas Pedersen (2002) outlines an ideational-institutional realism framework in which he addresses the question why major states agree to pursue regional institutionalisation. Stressing the importance of the grand strategies of major regional powers and their responses to the balance-of-threat in a region, the author argues that major states may advance their interests through non-coercive means by applying a strategy of co-operative hegemony. This implies an active role in regional institutionalisation and the use of, for instance, side payments, power-sharing and differentiation. His work outlines a number of preconditions for regional institutionalisation, stressing what is called the capacity for power-sharing; the power aggregation capacity and the commitment capacity of the biggest power in a region (Pedersen, 2002). According to this reasoning, the regional hegemon enters in these

regional blocks because this serves its interests and helps balance against threats. In this sense, the hegemon has the leading role when it comes to the institutional arrangements of the regional block and its interest would to a large extent determine the institutional changes which occur (Pedersen, 2002).

Finally, Iver Neumann argues that in fact regions are imagined (constructed) communities and in this sense the most important (arguably the only) variable that matters is the (perceived) interests of the political actors which serve as region-builders. In this sense, the only way to understand why institutions are designed in a certain way (or arguably why they change or not in case of a crisis) is to determine where, by whom and for whom regionbuilding statements and strategies are formulated and made relevant. Region-builders seek to present themselves as the imagined political center of a region. Institutional change will therefore occur whenever this change is perceived to be consistent with the interests of the region-builders.

While these approaches do not discuss the issue of crises per se, it is reasonable to assume that in a case of exogenous shocks, the response of the regional organisation will be determined once again by the central and most powerful states.

H1: The more important the relative economic power of a member state, the higher the state's influence on institutional change.

However, while the relationship amongst states and their relative influence on institutional change is one of our central research questions, this collective volume is equally interested in the influence of collective agency on the institutional structures of regional integration schemes. Here institutional as well as sociological approaches offer an appropriate basis to construct our hypotheses on the forms of institutional change.

Institutionalism: explaining change in institutional structures

In order to analyse the change in institutional structures with regard to regional integration, we combine insights from new institutionalism with sociological new regionalism approaches. It is important to note here that additional insights from comparative regionalism only supplement, but do not replace the central role of institutionalism in the research framework. Therefore, in the following sections the

comparative regionalism approaches are linked to institutionalism (whenever possible) and judged on their ability to answer the research questions of the project.

Understanding institutional change is a challenge often underlined by historical and sociological institutionalism. While rational choice institutionalists explain change through exogenous shocks, which alter the context, both historical institutionalism (HI) and sociological institutionalism (SI) are said to be comparatively change-resistant in their explanation (Pierson 1993, Stacey and Rittberger 2003). The most recent literature on historical institutionalist approaches however, has pushed the question of institutional change centre stage (Pierson 2004; Thelen 2003; Streeck and Thelen 2005; Hall 2008; Mahoney and Thelen 2010).

Processes of change take multiple forms. They can be understood as **layering** whereby new institutions will be created on top of others, a process that involves amendments, revisions or additions; as **conversion** where old institutions are remodelled for new purposes; as **drift**, if the rules remain unchanged but their impact changes due to shifts in the environment; and finally **displacement** whereby existing rules are replaced by new ones (Streeck and Thelen 2005; Mahoney and Thelen 2010). This typology is particularly helpful when categorizing the changes that took place in regional organisations during and after periods of crises. It develops a perspective of change whereby change is not only the replacement of institutional structure by another, but a mixture between old and new ones or inducing a new shared understanding of a specific institution.

These modes of institutional change are based on an interaction between (a) the features of political context, (b) the properties of institutions and (c) behaviour of the change agents themselves. It is precisely the behaviour of change actors themselves that is extremely difficult to conceptualise. Contrary to Mahoney and Thelen's model (2010), this collective volume argues that actors do not a priori systematically belong to a specific category such as insurrectionaries, symbionts, subversives or opportunists. While Mahoney and Thelen's typology is consistent with historical institutionalists' basic assumptions of historically embedded and thus historically framed 'change agents' whose strategies of change 'are likely to flourish in particular institutional environments' (ibid), which also includes cognitive frameworks, this article argues that rational actors do not belong to categories but can play roles according to the strategies

they pursue (McNamara 1998, Jabko 2006, Saurugger 2010). Thus, they are rarely confined to one particular category, but might use different types at different times, or simultaneously.

Actors can form coalitions in order to influence change, whether it is institutional change or policy change more generally. The chapters in the first two sections in particular show that coalitional dynamics are central to understanding the change agents' strategies in the study of participatory instruments. Thus, in order to understand institutional change, it is crucial to understand the coalitions these actors establish: 'The success of various kinds of agents in effecting change typically depends on the coalitions they are able to deliberately forge or that emerge unexpectedly in the course of distributional struggle' (Mahoney and Thelen 2010, 29). These coalitions are embedded in special cognitive frameworks that allow these networks to influence the change in policy instruments. In other words, the idea that the more integrated the institutional structures are, the less space for manoeuvres the national actors have, is embedded in the reasoning behind path dependency and institutional 'lock-ins' (Mahoney, 2000). In this sense, historical institutionalism arguably predicts that in the event of an exogenous shock, the pre-crisis level of integration will to a large extent determine actors' attitudes.

In the particular context of institutional change, these attitudes can be understood along two lines: first, they induce change when the specific cognitive context, the specific understanding of an issue allows them to have an impact. Second, change agents search to increase influence as well as legitimacy. This is linked to the fact that new institutional structures are not only designed to improve decision-making processes, through increased efficiency, but also to make them more legitimate.

If we start from the assumption that the establishment of institutions reflects a certain number of conditions, then the shifts in these conditions will change the institutions. Crises are critical junctures which introduce periods of uncertainty in longer periods of stability, what Baumgartner and Jones call punctuated equilibria (Baumgartner and Jones 1993). These long-term institutional structures that are present in all three regional contexts are the product of 'trust, successful performance, and coherence between policy ideas and organizational forms. A solid institutional framework is important because it determines to a considerable degree how politics are made and how they are administered. It brings a certain stability to government

behaviour, provided that it stays in tune with the dominant societal and political conceptions of what is appropriate' (Boin et al. 2005, 125).

Two explanations can be found why crises suspend these equilibria:

- A crisis relaxes the structural constraints that kept institutions in place. It directs attention to previously unnoticed vulnerabilities. In these situations decision-makers can act on the basis of large support and develop unconventional a risky policy options ('rally around the flag effect').
- The routine way of working and thinking (cognitive frames) become discredited in the eyes of outsiders; room for alternatives suddenly emerges. This does not only concern a specific policy sector but can question the political system as a whole.

This means, more precisely, that institutional change occurs when problems of rule interpretation and enforcement open up space for actors to perceive as well as implement existing rules in new ways. This understanding of change allows us to consider not only exogenous shocks as independent variables leading to institutional change but also to take endogenous variables seriously. Thus, a change in the shared understanding of effects specific institutions may have, can constitute an endogenous shock leading to institutional change. The notion of 'policy cycles' describes this process particularly well (Howlett and Ramesh 2003): While institutions in general, and thus also in the context of regional integration organisations, based on the preferences of the most powerful actors, are highly constraining in periods of stable politics (Duina 2007), critical junctures, such as the economic and financial crisis periods under scrutiny in the studies of this collective volume, open up opportunities for change induced by agents that seize this opportunity (Katznelson 2003, Genieys and Hassenteufel 2012). Thus, crises create situations in which windows of opportunity for less powerful actors open up and allow them to influence change.

Two reform types are possible:

- Reformist approach: its aim is to change policies and redesign the institutional features of a public organization in order to ensure a new fit with the changed environment. Adopting lessons learned to restore faith in the sector by braking with past practices.

- Conservative approach: defends and maintains the pre-existing institutional essence in the face of pressure to change it. The core idea is that incremental improvement rather than radical redesign will close the performance gap and restore legitimacy (Boin et al 2005, 126). It refers to adapting policy instruments and recalibrating organizational structures and routines to accommodate external pressures for change, as a means to preserve the institutional core, for example the prevailing policy paradigm and organisational mission' (ibid).

These elements lead us to formulating the following hypotheses:

H 2. The higher the density of institutional structures, the higher the continued engagement of both institutions and member states with regional integration.

H.2.1. The higher the density of institutional structures, the higher the probability that policy entrepreneurs will push integration forward.

H.2.2. The higher the density of institutional structures, the higher the probability that path dependence occurs.

Sociological approaches: explaining citizens' attitudes

Finally, in order to analyse both individual as well as collective citizens' attitudes towards regional integration after a crisis, and the possible influence they exert, we combine sociological institutionalism and comparative regionalism.

Similar to Warleigh-Lack's (2010) socialisation variable presented above, Duina (2007) implies that there are two types of variance, which may occur when analysing how citizens and civil society organisations adjust to the process of integration. Firstly, these regional organisations may or may not acquire regional characteristics (regional identity, norms, values). Secondly, the particular form of these regional characteristics may vary across organisations. Resourceful, well-established and internationally-minded organisations are likely to expand to the regional level. Alternatively, underfunded, marginal and nationally-minded organisations are less likely to develop regional characteristics. National legal systems and power structures determine which organisation will have which characteristics. An additional important variable here is the regional law itself -whether it stimulates the expansion of organisations (or certain kinds of organisations) at the regional level, and thus fosters socialisation and loyalty

amongst individual and collective citizens or not. Duina empirically examines these assumptions across three regional organisations: the EU, NAFTA and MERCOSUR. His conclusions are that NAFTA, relying on common law, uses a minimalist approach and asks market actors to rely on international standards and mutual recognition. This is highly consistent with the common law traditions of both the US and Canada and does not lead to a process of regional identification amongst actors. The legal systems of the majority of the member states of both EU and MERCOSUR, on the other hand, are based on civil law, which in turn leads to a highly standardised regional law system and thus allow for the possibility to create a common identity amongst citizens as well as economic actors (see also Fligstein 2009).

Whether the economic crisis influences citizens' attitude toward integration is thus a crucial question. Studying the question in a comparative perspective will contribute largely to the literature on comparative regionalism, as this puzzle has been studied extensively in the EU but much less in the framework of other regional integration schemes (Chandra 2004; Patomeiki & Teivanen 2002). In EU studies there is a whole sub-field dedicated to public opinion, euroscepticism and their link to the European economy (for an overview see (Serricchio, Tsakatika, & Quaglia, 2013). The economic crisis did not substantially bring economic factors back in as an important source of euroscepticism, even though the most pronounced increase in euroscepticism has taken place in the countries most affected by the crisis. By contrast, national identity and political institutions play an increasingly important role in explaining public euroscepticism.

There are however, even in EU studies, very few studies concentrating on the link between public opinion and public policy outcomes (Franklin & Wlezien 1997; Toshkov 2011). While conventional wisdom argues that the EU lacks a demos and is elite centred, these studies attempt to show that there is a correlation: the lower the level of public support to European integration, the lower the level of 'important laws' adopted. Furthermore, neither macro-economic factors nor party positions on European integration can account for the link between policy output and public support (Toshkov 2011). However, in these studies, crises do not have any impact on the degree of support

– neither with regard to organised civil society organisations, nor with regard to public opinion more generally. Hence our hypothesis:

H3: Economic crises do not have a substantial negative effect on citizens' attitudes towards integration.

Economic and financial crises in regional organisations: the structure of the book

Several economic and financial crises of the end of the 20th and the beginning of the 21st century match the definition of crises based on threat, urgency and surprise.

The 1997 and 2008 financial and economic turmoils impacted on all ASEAN member states. In July 1997, Thailand was the first Asian country to be affected but very fast the crisis spread among other ASEAN members. Panic among lenders led to a large withdrawal of credit from these countries, causing a credit crunch and bankruptcies. In 2008, the global crisis - starting with the US subprimes crisis - was transmitted to East Asia through the trade channel, and considerably slowed the growth of East Asian economies.

In Latin American, Brazil was affected by a financial crisis in early 1999, when a devaluation of the currency was decided, followed by another devaluation in 2001. Partially connected with the Brazilian financial crisis, the Argentine economic crisis in 2001-02 led to recession, widespread unemployment, the fall of the government, a default on the country's foreign debt, and the end of the peso's fixed exchange rate to the US dollar. These two crises as well as the global crisis in 2008 had an important impact on Latin American regional organisations.

In 2008-2009, following the financial crisis which started in the United States, the European Union and the Eurozone in particular was faced with a number of member states – Ireland, Greece, Portugal and Spain, followed later by Italy – which found it difficult to repay or refinance their government debt without the assistance of third parties, and experienced severe difficulties to comply with the economic and financial

control rules of the so-called Stability and Growth Pact (SGP). Although a group of states was more specifically affected, this crisis has been analysed as a Eurozone crisis.

Three sections of this book deal with the impact of these crises on regional integration. A first section will concentrate on the relations between member states and regional institutions, followed by a second section where the chapters focus on the institutional transformations of regional integration schemes themselves. Last, but by no means least, a third section focuses on the reactions of citizens and civil society organisations.

In the **first section** dedicated to the role of national governments in the regional context, Christian Lequesne starts with a more conceptual chapter underlining that, since its origins, European integration is based on a compromise between two institutional methods: an intergovernmental method allowing member states to keep the hands on final decisions, and a supranational method through which member states delegate the final decisions to European institutions. Considering the long-term perspective of European integration, he argues that different national strategies can be observed regarding the two logics. While all EU States accepted the overall compromise between the two logics, Germany in particular has for a long period supported a more supranational method, the UK the intergovernmentalist method and France a combination between both. It is because France chose compromise as a strategy - reflecting controversial debates on its domestic scene- that it played a major role in EU integration for a long time and in particular during the crisis period.

Axel Huelsemeyer, concentrates more specifically on the German position during the EU crises. He argues that Germany as the largest EU economy has been involved in the Euro sovereign-debt-crisis in two ways. One the one hand, several German commercial banks (along with French ones) own the majority of bonds issued by member statesmen gulfed in the Euro crisis. On the other, while the so-called Troika (ECB, European Commission, and IMF) negotiates the size of financial assistance and its conditions, Germany is the largest financial contributor to these so-called bailout packages. Since Germany is also the only EU member state where the same head of government presided since the inception of the currency crisis, the question arises whether or not a transformation of the country's stance throughout the single currency's difficulties has even taken place. The paper maintains convincingly that a

transformation of Germany's position throughout the crisis has indeed moderately occurred, particularly on the timeframe permitted by debtor member states to implement the measures imposed by the Troika. This temperate transformation of the German position in the Euro crisis is explained by constraints of domestic public opinion.

With regard to Latin America, Olivier Dabène adopts a more longitudinal approach. Since the 1960s, regional integration agreements (RIAs) in Latin America have crafted agendas mainly centred on trade, with the Latin American Free Trade Agreement (LAFTA, 1960), the Central American Common Market (CACM, 1960), the Andean Pact (1969), the Caribbean Community (CARICOM, 1973), or the Common Market of the South (MERCOSUR, 1991). By contrast, the last decade has witnessed the creation of new regional groupings, such as the Bolivarian Alliance for the Americas (ALBA) or the Union of South America Nations (UNASUR), with "post-liberal" agendas. While the literature usually explains this paradigmatic shift by a dominant dissatisfaction with the outcomes of open regionalism coupled with the surge of many leftist governments in Latin America in the last fifteen years, few scholars have tried to go beyond this rationale and contextualize the agenda-setting process. The last decade has been politically and economically very turbulent in Latin America, with many economic and political crises. Dabène argues that UNASUR is largely the product of crisis-solving efforts. It examines three issue areas: trade, defense and democracy and uses process tracing and counterfactual arguments to show the importance of context in defining and shaping UNASUR's agenda. Crisis is a key factor to understand why trade was removed from the South American agenda, why defense was added and why a tough democratic clause was adopted.

In a more state centred analysis, Jean-François Mayer offers a two-pronged analysis of the manner in which the 2008-2009 crisis affected Brazil's ties with the MERCOSUR. He studies, on the one hand, the impact of the trade conflict that raged between Brazil and Argentina in the aftermath of the crisis, and the consequences of the decision by Brazil to engage in a free trade agreement with the European Union. On the other hand, he examines the sources of the Brazilian speedy economic recovery after the crisis, and the effects these factors had on Brazil's perspective concerning the importance of preserving and developing a dynamic MERCOSUR. His chapter shows that the crisis weakened Brazil's engagement towards the MERCOSUR. However, it also

suggests that, contrarily to expectations, the 2008-2009 crisis as well as subsequent diplomatic shocks (among other things the inclusion of Venezuela and the suspension of Paraguay) did not result in the abandonment of MERCOSUR by Brazil.

Finally, Reuben Wong's chapter questions the dominant assumptions about 'crisis' and the deleterious effects of crises on regionalism. Wong argues that in East Asia, the experiences of the Asian financial crisis (1997-98), transnational environmental pollution in Southeast Asia (especially 1997 and 2013), and the global financial crises since 2008, have ironically opened the way to more discussions, considerations of, and even greater institutionalisation of regional integration processes. The news headlines and scholarly attention have focused on increased, assertive nationalisms between the states in Northeast Asia (China, Japan and the two Koreas); and between China and the Southeast Asian states. But the crisis, which began in 2008, like that of the Asian financial crisis of 1997-98, has also catalysed another important, less obvious trend. It has encouraged dialogue and the search for ever deeper and post-Westphalian forms of regional cooperation in trade, finance, environment, and even an ASEAN Charter, a regional human rights framework, and military cooperation. The older ASEAN states led the way while the newer members (those who joined after 1994) have tried to accommodate the new demands placed on regional organization.

In a **second section**, the chapters concentrate more specifically on the institutional transformations the regional organizations went through. Hanno Degner and Yann Echinard focus on the sovereign debt crisis in the Euro Area 2010-2013. The crisis revealed in particular the weaknesses of EU policies in the field of European Monetary Union (EMU), primarily the insufficiently coercive system of economic coordination and fiscal surveillance (in particular the Stability and Growth Pact), unable to ensure macro-economic convergence and sound public finances across the Euro Area. The authors analyse the causal impact of the 'Euro Crisis' on European Integration in the field of EMU, and argue that the measures represent a decisive step towards more integration in the field of EMU. This is in line with the expectations of the main European integration theories, which – despite their differences – generally regard crises as potentially leading to European integration.

Kevin Partheney studies the Central American regional integration, which he considers oblivious of periods of crises, but prone to incremental institutional change,

an argument similar to that found in Olivier Dabène's chapter. In the case of Central America, institutional change is not only the result of exogenous shocks but also unanticipated consequences that contribute to characterise change as incremental. Even if external context matters – in terms of financial dependence towards international donors – endogenous factors matter too. The weak structure of State authority and legitimacy in the region often leads to give more power to supranational actors and helps them to strengthen their autonomy. Adopting a sociological approach of regional integration, the author argues that the complex relations between States, regional institutions and international actors explain the institutional dynamics of Central American integration. Since the revival of regional integration in 1991, and the Tegucigalpa Protocol, informal processes and a counter-intuitive supranational logic that challenge the pervasive thesis of state predominance have guided the institutional dynamic. The product of such a singular process of institutional change is the “hybridization” of the Central American Integration System, that is to say an institutional transformation dynamics that emerges from two antagonistic realities (*intergovernmentalism versus supranationalism*).

ASEAN, on the contrary, has evolved in response to regional crises and uncertainties, argues Shaun Narine in his chapter. Hence, it was the reunification of Vietnam under communist rule in 1975 which led to the first meeting of ASEAN's state leaders in 1976 and the signing of the Treaty of Amity and Cooperation (TAC), the organization's primary statement of regional relations. Vietnam's invasion of Cambodia in 1978 then occupied ASEAN's political agenda for the next decade and shaped the regional approach to the international community. The end of the Cold War forced ASEAN to evolve further, making it a more active economic and security actor in the Asia Pacific. The objective of the chapter is to analyse to what extent ASEAN has evolved and become an agent of regional integration in the aftermath of two major financial/economic crises. Concentrating on both crises - the Asian economic crisis of 1997-1999 and the world financial crisis of 2008 - Shaun Narine explains how ASEAN's institutional development in the 21st century is directly related to dealing with the consequences of the Asian economic crisis. He argues that ASEAN's efforts to create an ASEAN Community are rooted in a fairly weak sense of regional identity and political cooperation. Thus, the ASEAN Charter, the primary document of the new institutional structure, describes an institution that supports historical ASEAN norms of respect for

sovereignty and non-intervention while encouraging the growth of a more coherent and potentially intrusive ASEAN. His chapter shows to what extent precisely this tension underpins the evolving institution.

A **third and final section** of the volume concentrates on citizen's attitudes towards integration in times of crises. Céline Belot and Isabelle Guinaudeau start from the European-centred assumption that citizens' support is generally considered as a necessary condition for the deepening of regional integrations. This need for legitimacy is reinforced given the growing competences of regional institutions, and is particularly palpable in periods of crises. Based on a longitudinal analysis, they show that these fluctuations of support are cyclical in the context of a growing permissive consensus of the population towards European integration. The 1990s put an end to this permissive consensus, and most scholars acknowledge today the decisive role of economic conditions on citizens' support giving birth to the so called "utilitarian hypothesis" (Gabel, 1998). Belot and Guinaudeau's chapter contributes to a better understanding of how the economic crisis affects support for European integration at the aggregate level of member states. Drawing on a new indicator of European "mood" based on a solid corpus of comparative aggregate data to measure EU support over time, their chapter analyses variations over time in 15 EU countries against the background of several measures of macro-economic performance, while controlling for the impact of classic factors including the national government popularity, the aggregate strength of national identity and EU-related events such as treaty ratifications, referendums, or EU presidencies.

Clarissa Dri concentrates in her chapter on a comparison between the 2001 Argentine crisis, which has had a considerable political impact on Mercosur, and the 2008 international economic crisis. The 2001 crisis led Mercosur governments to take measures to reinforce integration, such as creating an international secretariat and reforming the dispute settlement system. In 2008, on the contrary, responses to the crisis were mostly national and no important political measures were taken by regional organs. Dri's chapter argues that the views and attitudes on regionalism across time of two important Brazilian political parties can account for this answer. PSDB (Brazilian Social-Democracy Party) and PT (Workers' Party) have been in power in Brazil since 1994 and represent the traditional left-right divide. Whilst the 2001 crisis contributed

to a punctual change in the PSDB sceptical behaviour towards Mercosur, the 2008 crisis consolidated the position of a nationalist-left sector within PT. The chapter analyses these processes by interpreting official documents, press declarations and semi-structured interviews with members of both parties.

Alexander C. Chandra's chapter on Asia finally adopts a civil society centred approach. Whilst, as stressed in other chapters covering the ASEAN region, crises were useful in opening up the space for discussions and greater institutionalisation of new areas of regional cooperation, Chandra argues that they generally have little direct impact on the promotion of citizens' participation in regional integration processes in ASEAN. Emerging interests on ASEAN, which had previously been seen as an elitist grouping for the Member States' leaders and foreign ministers, amongst the citizens of its Member States are in fact a result of the progress and the strengthening of the regionalisation process of the Association, rather than the crises themselves. The chapter shows that the move towards the creation of the ASEAN Community by 2015, which, in a way, is a product of the late 1990s Asian financial crisis, has prompted much policy advocacies and activism amongst the region's citizens in recent years. To date, however, though there are now interests from both ASEAN and the citizens of its member states to engage each other in a constructive manner, it remains to be seen as to whether such engagement processes prove to be fruitful for all the concerned parties, and can be sustained amidst divergent interests and sensitivities on the issue amongst the Member States of ASEAN.

Conclusion

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