

# What lessons may one draw from Brexit?

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## 1. INTRODUCTION

The purpose of this article is not to evaluate the merits and disadvantages of Brexit (exit of Britain) from the European Union, but to deal with a wider issue of how viable are political unions. It was during the 1970s that in the United Kingdom it became a significant political issue which government, Conservative or Labour, would be able to take the UK into the then European Economic Community (EEC). In 1973, the Heath Government successfully sailed through the accession procedure to make the UK a member of the European Economic Community, the ultimate objective of which was to transform it into the European Union – a politico-economic union.

With the membership of the EEC came four freedoms: (a) free movement of people; (b) free movement of goods and services; (c) free movement of capital; and (d) the right of establishment. The contemporary government in power and the majority of the British community were convinced of these advantages, but little did they realise that there were two sides to these freedoms.

A “union” is a much more ambitious target than an economic community. Furthermore, the essentials of a union and those of an economic community are also different. Whereas the former is based on a total integration of all the sovereign members of a union, the latter’s ambition is limited to an economic and financial scheme only for mutual benefits. This issue is developed further below.

## 2. COMPLEXITIES OF A POLITICO-ECONOMIC UNION

For an economic union, there is no need for a total integration, which is a fundamental essential for a politico-economic union; the latter requires the Member States of such a union to surrender their functional sovereignty, which has taken place within the EU. This has provoked controversy among certain of its members, and ultimately led to “Brexit”.

In order to comprehend the complexities of a politico-economic union, one is required to ascertain the essentials of

an “integration”. Ernst Haas, a renowned neo-functionalist integration theorist, defined “integration” in *The Uniting of Europe: Political, Social and Economic Forces 1950-1957* (Stanford University Press, 1958) as the process:

*... whereby political actors in several, distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states (at p 16).*

From this definition of integration, certain of its essentials may be deduced: (a) that the political actors from different national settings are persuaded to shift their loyalties, expectations and intra-union political activities towards a new centre; and (b) that the new centre and its institutions would demand and ultimately possess jurisdiction to a considerable extent over the independent sovereign states now members of the integration. These essentials may be difficult to meet; for example, to shift loyalty and expectations of a sovereign state to a new centre, and to become part of it by losing its identity at least partially (from a functional standpoint) is an over-ambitious goal to achieve simply because the concept of sovereignty is perceived differently by different states. Thus the problem of shifting their loyalties and expectations to an external institution arises. Currently, having appreciated these difficulties in achieving an integrated union, attempts are being made to make each Member State subject to coercive regulatory measures expressed in various forms. There cannot be any substitute for a voluntary integration process, which in the contemporary world is a far cry. There cannot also be a truly political integration without a truly social integration, which again is another over-ambitious target to achieve.

Why is social integration so important for achieving a politico-economic union? Social integration is based on the political will of the people; that “will” must be spontaneous, emanating from the feeling that we all are “one” – another utopian thought. The possibility of a social integration is conditional upon the existence of similar historical and social backgrounds of the members of the club, and where this is unavailable it is only by coercive legislation that this ambition may materialise. Furthermore, in the absence of a “feeling of oneness” the

plans of institutions to unite people by commands and coercive means will never materialise. This sets the limit to politico-economic unions. In this context, it would be appropriate to refer to Monnet's ideology.

Disillusioned by the lack of unity among the European states, Jean Monnet advocated the idea of a United Europe, but without challenging national sovereignty; he also believed in a Federal Europe by forging functional links between states maintaining the sacrosanct character of national sovereignty (an expression of functional aspects of sovereignty which would not encroach upon political sovereignty of any Member State). Monnet recommended a Federal Europe which would be developed in stages through economic activities that would eventually create among the peoples of Europe the magic concept of "common interest". But attainment of this objective would require not only the removal of physical barriers, but also mental barriers, the latter being quite difficult to dismantle.

Monnet's "Federal Europe" was of a limited type, which, as stated earlier, would not challenge national sovereignty and the political will of peoples. A federation of sovereign states in the contemporary world would be a far cry, but nevertheless a degree of unity could initially be achieved through inter-Member State economic activities. The Schuman Plan of 1950 to eliminate the age-old rivalry between France and Germany provided a fillip to Monnet's ideas. In his speech of 9 May 1950, Robert Schuman, then Foreign Minister of France, maintained, *inter alia*, that:

*The pooling of coal and steel production should immediately provide for the setting up of common foundations for economic development as a first step in the Federation of Europe.*

It is important to point out that Schuman's idea, which became commonly known as the Schuman Declaration, did not refer to any European constitution or common instrument for an European Union. Both Schuman and Monnet advocated economic solidarity among the Member States as a precondition to a European federation. Without "unshakable solidarity" among people, no federation of sovereign states may be achieved. The common ground for attaining a Federation of the European States, albeit through a gradual process between Schuman and Monnet, was "economic solidarity"; Monnet also emphasised the need for the removal of physical and mental barriers (see further J Monnet, *Mémoires* (New York, Doubleday, 1978). The actors of an economic integration need not be equal as financial powers, but, on the other hand, the disparity between them should not be too stark; furthermore, ideally the bedrock of their governance systems should be democracy. Indeed, Monnet recommended (in *Mémoires* at p 367) a federation validated by the peoples' votes which would be the culmination of an existing economic and political reality.

Spinelli, on the other hand, advocated the organisation of

political power at the European level, but did not completely disregard the functional approach to integration advocated by both Schuman and Monnet (see A Spinelli, *The Eurocrats – Conflict and Crisis in the European Community* (Baltimore, The Johns Hopkins Press, 1966). Spinelli's approach is rather remote from the "peoples' will" approach; but the constitutional treaty approach failed to gain the popular endorsement of the then 27 Member States of Europe. But both the approaches have their own merits and disadvantages, a discussion of which would be beyond the remit of this work, but one should wonder whether any high degree of constitutionalism may defeat the very objectives of the functional approach and the "peoples' will" approach. However, between the two major approaches – Monnet's functionalism and Spinelli's constitutionalism – the views of political leaders tilted towards the latter. The road to a political union was paved without it being fully realised that the journey could be hazardous, particularly when new members joined the union, which was more than an inter-governmental institution.

But, what triggered the enlargement of the European Economic Community which eventually was transformed into the European Union? There were a variety of factors that prompted the other states to join the EEC/EU. First, Article 237 of the Treaty of Rome 1957 provided that "any European state may apply to become a member of the community". From a psychological standpoint, other European states felt that they should for security purposes (particularly from any further attacks from the USSR) stay together. Alas, the defence wing of the EEC, the Western European Union (WEU), failed. The North Atlantic Treaty Organisation (NATO), a non-EU organisation, is there to provide security to them, if necessary. Second, the states would have access to a larger market, and third it would look good for them to join the club of the European states, membership of which would provide various privileges, including financial aid and subsidies and opportunities for launching joint socio-economic, scientific and research of various forms.

Based on Monnet's ideas, attempts at the European integration were made at a gradual process. The most important instruments which contributed to that process were:

- (a) The Single European Act in 1986, completing the single European market;
- (b) The Maastricht Treaty on European Union in 1992, which achieved European monetary union; and introduced the co-decision procedure;
- (c) The Amsterdam Treaty in 1997 for a flexible integration;
- (d) The Treaty of Nice in 2000, which further extended the co-decision procedure; and
- (e) The Treaty Establishing a Constitution for Europe in 2004.

The above measures contributed to and helped complete the theoretical processes of integration. These should be deemed “theoretical” processes because it is not by instruments alone that integration among states, which are so conscious of their national identities let alone their individual sovereignty, may be achieved. There became evident a degree of “uneasiness” in the minds of certain states about the regulatory mechanism of integration. This involves imposition of rules and regulations on sovereignty-conscious states, which is viewed as a coercive method of achieving integration at a superficial level. At this point, it would be appropriate briefly to identify the essentials of integration.

### 3. THE ESSENTIALS OF AN INTEGRATION

According to the eleventh edition of *Chambers Dictionary* (Chambers Harrap, 2008), the term “integrate” means “to make up as a whole” or to “amalgamate” or “to find the total value of”, and “integration” would mean “unification into a whole, eg of diverse elements ... in a community” or “the formation of a unified personality.” The key words which may be elicited in this context would be “unification into a whole of diverse elements ... in a community” which has a psychological dimension. The feeling of “oneness” is an essential factor of a truly integration process. It is not by regulatory means, which entails a high degree of coercive measures which the member countries are required to comply with for a true integration, in other words, a true integration (amalgam) is something which would be spontaneous with a true intention to achieve it by the participants.

Here, one should consider the unpalatable question whether all European Union members, in reality, share(d) the same philosophy of integration, or whether they mainly aimed at economic benefits. Of course, the immediate answer to the question would be in the affirmative, as it would be extremely difficult to prove otherwise. This point is important to consider when establishing whether an “integration” of states is achievable, or if it is merely a utopian ideology and therefore an alternative attempt should be made merely for an economic association of states, like the Association of South East Asian Nations (ASEAN) (see further in s 6 below).

A popular belief seems to exist that it would be easier for people of same or similar backgrounds to integrate themselves; indeed, that perception perhaps prompted the European countries to go through various stages of creating the European Union which have already been identified.

In writing on social constructivism and European integration, Thomas Risse maintained that European identity is a “contested idea” (see T Risse, “Social Constructivism and European Integration”, in *European Integration Theory*, Antje Wiener and Thomas Diez (eds) (Oxford University Press, 2009) 144-60 at

151); one may thus draw the inference that the transformation of the Member States of the EU was a myth, primarily because of the strong sense of national identities and sovereignty of states. A supranational institution’s commanding power over sovereign states would be questioned by the member states. But assimilation of states for specific purposes might be possible, as it does not aim at encroaching upon any Member State’s political sovereignty, and nor would it require any legislative changes at a national level.

Risse also considered the validity of the concept of “social constructiveness” as an approach to European integration, and reached the conclusion that no clear definition of the concept exists. He therefore concluded (at p 145 above) that:

*...it is probably most useful to describe constructivism as based on a social ontology which insists that human agents do not exist independently from their social environment and its collectively shared systems of meanings.*

He further maintained (in *European Integration Theory*) that in at least three ways social constructiveness contributes to a better understanding of the European Union: first, “accepting the mutual constitutiveness of agency and structure allows for a deeper understanding of Europeanization including its impact on statehood in Europe.” Thus, if not all of Member States accept the condition unreservedly, there may not be a deeper understanding of integration. This point falls to be reviewed by all the members of the current European Union. Any high sense of nationalist ideas among the Member States may not help achieve the objectives of integration. Second, “... the constitutive effects of European law, rules and policies enable us to study how European integration shapes social identities and interests of actors.” The question remains as to what extent the nationalist attitudes of Member States may genuinely help accept the constitutive effect of these instruments, and if they lack genuine intentions to accept them, then the question of an integration shaping social attitudes and interests of actors would not arise.

This raises another disturbing issue. Do economic gains reign supreme on the minds of actors of a so-called integration over the other fundamentally important factors, namely the shaping of social identities and the formation of a common interest for a genuine integration? Where marked disparities exist between the actors of a proposed integration, be they economic, political or otherwise, the process of that integration will be hazardous and uncertain as it is not through legislative means or instruments alone that an integration may be achieved. It also needs similarities at a national level in political ideologies, peoples’ freedom, rights, and most importantly, the justice system, including the judiciaries.

Third, “... focusing on communicative practices permits us to examine most closely how Europe and the EU are constructed

discursively, how actors try to come to grips with the meaning of European integration and how they develop a European public sphere.” The important question remains: what has been the nature of communicative practices among the Member States of the European Union? Also, how different have their views been on important issues, be they related to internal issues or issues pertaining to non-EU states? A uniformity of ideas among the Member States of a union or integration would be an essential ingredient for the development of a common public sphere. Social constructivism is based on the assumption that a true European Union or integration may be possible, provided the criteria identified above are satisfied.

On the other hand, Eurosceptics argue that a union is an unattainable target, as a “European people” does not exist, and nor does any common European history on which any collective European identity could be built (see further D Grimm, “Does Europe Need a Constitution?” 1 *European Law Journal* (1995), 282-302). According to Anderson, however, Europe and the European nation are imagined communities; people still feel part of their state and it may not be possible for many to accept union or integration (see B Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism* (London, Verso (revised edition) (1991). This issue of “uncommonness” became evident in the UK during the Brexit referendum, primarily between different strata of people. The attitudes of urban people and those of rural people (the latter constituting the greater part of the country) towards the British position vis-à-vis the European Union revealed disagreements not only about the issue of immigration and its consequential effect but also fundamental differences in the feeling of “oneness”.

From a pragmatic standpoint, the feeling of “oneness” may be developed by living in other jurisdictions by virtue of interacting with the people there at all levels. In other words, mere tourism between jurisdictions may not achieve it. People often maintain a false notion of cultural differences which proves to be a “disintegrating” factor. A discussion of this issue is beyond the scope of the present article, but it is an important factor nevertheless in an integration process.

During the pre-referendum period it became evident in the UK that those people who wanted to stay with the EU did so primarily from financial and economic viewpoints. Indeed, the fear of Brexit primarily emanated from this factor – the loss of employment of foreign people living in the UK on the strength of their employment with a British or EU financial institution, and British nationals living in another European jurisdiction for similar reasons, proved to be an important anti-Brexit issue rather than the matter of “oneness”. On the other hand, the fear of mass immigration of people from relatively weaker economies into the UK proved to be an important deciding factor for non-Londoners, in particular, to support Brexit. If the sense of “oneness” were high, then the result of the

referendum would have been different. This issue is developed further below.

#### 4. THE CHANGING STYLES OF EU GOVERNANCE

At the outset, it should be pointed out that no definitive meaning exists of the concept of “governance”. There exists, however, a perception as to what it stands for. This is why the concept is subject to a variety of interpretations and opinions, be they academic or non-academic in nature. For example, Dror and Parsons believe that governance stands for designing means of improving the future using collective mechanisms – very much like governance through inter-governmental institutions (see Y Dror, *The Capacity to Govern* (London, Routledge, 2001); and W Parsons, “Not just steering but weaving: relevant knowledge and craft of building policy capacity”, 63(1) *Australian Journal of Public Administration* (2004) at 43-57). However, there must first exist a competent platform on which a better future may be built. It may be assumed that in the case of an inter-governmental institution such as the European Union, with which many may disagree, the societies concerned require a kind of mechanism for identifying common problems and goals and decide upon the means of achieving them. This is an arduous target to reach, primarily for two reasons: (a) societal aspirations are often different; and (b) in deciding on common goals the actors in that so-called integration should ideally but not essentially possess similar capacities in all principal respects (science, finance, industry etc). If no common means of achieving the aspirations and materialising the goals are possible, then the common institution, as an approved body, would impose its own commands on others; in the case of the EU, those commands took the forms of Regulations and Directives. On the other hand, based on the analysis of perceptions of states where integration has taken place, it should be stated that the EU had no other alternative but to issue those commands. These are described as “commands” because otherwise no Member State of the so-called integration might co-operate, at least at an artificial level in achieving any common goals.

*Chambers Dictionary* defines to “govern” as meaning “to direct, to control, to rule with authority”; “governance” would mean the act of governing. In a true integration, the participatory members, irrespective of their sizes, must be prepared to accept voluntarily the commands of the common institutions with a view to achieving their common goals. Here, one should seriously consider the role and perception of national sovereignty. “Commands” are coercive means of controlling or directing a person or entity through institutional means which may contradict the traditional perception of control at a national level – a source of conflict between what inter-governmental bodies aim to achieve and the extent to which people at a national level are prepared to accept them. The

feeling and perceptions of, and attitudes towards, inter-governmental bodies of the civil societies concerned matter most. In this situation, the use of the gentrified description of an inter-governmental body as a “supranational body” would not assist much in achieving a politico-economic union.

Democracy, as a form of governance, has a variety of faces depending upon the nature of democracy a state has adopted for governing itself. It sounds excellent as a form of governance, but difficulties lie in understanding the real meaning of democratic governance (see further J G March and J P Olsen, *Democratic Governance* (New York, The Free Press 1995); see also C Skelcher, “Jurisdictional Integrity, Polycentrism and the Design of Democratic Governance”, (2005) *Governance* 18(1), 89-110). An important question remains – does any common view of “good governance” exist which is perceived to be a fundamentally important factor of a true politico-economic union. According to Salamon, “governance” implies distancing an institution from the “commands” and control mechanisms of the so-called elected members of public institutions (in this context, inter-governmental institutions) in economy and society by a minimum form of softer intervention to provide command-less guidance for practical purposes (see L M Salamon, “Introduction”, in Salamon (ed) *The Handbook of Policy Instruments* (New York, Oxford University Press, 2001), 1-47. The gradual attitudinal changes occurring within civil societies not only in Europe but the world over should have taken into consideration more seriously, rather than implying that the public sector should remain the principal actor in governance. The reason for holding a referendum in the UK was precisely to gauge the decision of the civil society on whether to remain with the EU or leave it, and the government would be bound by that decision whether or not it was acceptable to the reigning administration. Instruments issued by an inter-governmental institution should not be interventionist. The voice of the civil society is important – an essential of true democracy. This aspect of democracy seems to have been disregarded by the British government; in other words, the public voice has the effect of what may be described as “public power” which should be taken into consideration (see further J D Huber, *Delegation* (Cambridge University Press, 2004).

The art of governance is perception-based. It is the perception of managers in a hierarchy which motivates a government to develop policies; sometimes, however, policies are based on analogies with other jurisdictions. In the case of a national government, policies for governing the country are of course mono-level whereas governance policies for inter-governmental institutions must be multi-level. The latter presents more complexities than the former. Governance may be experimental too; with the change of circumstances, governance also needs to be changed.

In so far as the process of governance in the EU is concerned,

the hierarchical (top-down) type of governance may not work with Member States being so conscious of their national sovereignty. Zielonka recommended an open method of co-ordination for the European Union which would allow Member States to create their own rules to accommodate European policies, forming an obstacle to rule-based unity (see J Zielonka, “Plurilateral Governance in the Enlarged European Union”, 45(1) *Journal of Common Market Studies* (2007) 187-209). The classic example of an obstacle to rule-based unity would be the immigration policies of the Member States – the consequence of an ill thought-out and unrestrictive principle of the free movement of people. On the other hand, this principle is regarded as one of the four pillars of a customs union, which was eventually promoted to a political union.

What needs to be considered is whether liberal inter-governmentalism should be the governance policy of the EU. A vertical system of administration and management will not do for two reasons: (a) a continuing higher level of public awareness; and (b) an aspiration for maintaining national identities which became recently evident in the Brexit movement in the UK.

As for the EU, the “nagging” question remains – whether it became too bureaucratic, interventionist and power-loving in disregard of the fact that certain traditionally democratic Member States and their people would find it difficult to conform to this style of governance. The creation of the common foreign and security policy, for example, is seen by Member States as a threat to their own sovereignty (see further M E Smith, “Conforming to Europe: the domestic impact of EU foreign policy coordination”, 7(4) *Journal of European Public Policy* (2000) 613-31; see also T Christiansen and T Larsson, *The Role of Committees to the Policy Process of the EU*, (Edward Elgar, 2007). It is to be emphasised that an uncontrolled EU immigration policy based on the free movement of people policy was not the only driving factor for Brexit. Perhaps the changing attitudes of people towards a hierarchical and thus a commanding structure of the EU militated against its integration policy. The EU has a mixed membership; some states have been traditionally democratic countries while the others are still going through a transformation period from non-democratic to a democratic form of governance which may also be hindering the integration process.

## 5. THE ROLE OF THE EUROPEAN PARLIAMENT IN THE INTEGRATION PROCESS

The European Parliament may not be equated to traditional national Parliaments. It is predominantly a policy-making institution. The composition of this Parliament is also untraditional – it is a meeting place for various groups of people within the EU from a variety of backgrounds and interests to

discuss and formulate policies in the belief that they would produce the desired effect which would eventually contribute to the integration process.

In this context, it would be appropriate to briefly discuss the role of such a body working under the umbrella of an inter-governmental institution. This Parliament should not be compared with a national Parliament (a law-making body) and yet it has been endowed with powers which impact the legislative conduct of the Member States. It is supposed to be a body which would promote integration among the Member States.

It is undeniable that since the implementation of the Single Act, the European Parliament's influence over EU legislation has steadily increased. The Parliament has the power to propose amendments to intended legislations during the second reading stage. The Parliament moved from the consultation procedure to a co-operation procedure which effectively endowed it with very important powers, namely, conditional agenda-setting, and amendment to proposed legislation as stated above (see further G Tsebelis, "The power of the European Parliament as a conditional agenda setter", 88 *American Political Science Review* (2004) 128-42). The introduction of the co-ordination procedure emanating from the 1991 Maastricht Treaty has given the European Parliament the power to veto legislation unconditionally. The role of the European Parliament may now be described as that of a "co-legislator" (see further G Garrett, G Tsebelis and R Corbett "The EU legislative process: Academics vs Practitioners – Round 2", 2 *European Union Politics* 353-66). This makes the integration process, which is its primary function, rather coercive in nature. The distinction between national Parliaments and the European Parliament is minimal; both the types of Parliament have legislative, budgetary and "executive control" powers (see further K Amel and B Rittberger, "The European Parliament, national Parliaments and European integration", in *European Union: Power and Policy-making*, J Richardson (ed), (2004 reprint) Abingdon, Routledge, 121-45 at 124) .

The European Parliament is now effectively a policy-making legislature. Scully (in R M Scully, "Democracy, Legitimacy, and the European Parliament", in M Green Cowles & Smith M (eds) *The State of the European Union*, vol V, Oxford University Press (2000)) describes the European Parliament as a "policy influencer", which is a formidable power assumed by it. Does the European Parliament represent the "will of the people" which is a fundamental essential of democracy within the Union?

Amel and Rittberger (see above) hit this point very cogently when they stated that:

*...during episodes of sovereignty-transfers, political elites are likely to perceive the legitimacy – deficit – the looming asymmetry*

*between output and input legitimacy – as particularly pertinent. While the EU Member States are concerned with the policy and delegation of sovereignty to manage socio-economic and security inter-dependencies so as to enhance the EU's problem-solving capacity (and thereby increase the polity's output legitimacy) traditional channels for citizen participation and interest representation come increasingly under stress.*

Thus, they also concluded that transfers of sovereignty are likely to produce a "legitimacy deficit". But different views on this issue were also available – see further B Rittberger, "The creation and empowerment of the European Parliament", 41 *Journal of Common Market Studies* (2003) at 203-25; B Rittberger, *Building Europe's Parliament: Democratic Representation Beyond the Nation State*, (Oxford University Press, 2005). In other words, the extent of power to be allowed to be exercised by the European Parliament has provoked controversy among its Member States. But Amel and Benz rightly pointed out that the European Parliament, irrespective of the extent of its power-matrix, cannot guarantee democratic legitimacy alone, nor can it hold to account the Council, the main law-making body of the EU (K Amel and A Benz, "Strength and Weakness of Parliament in EU Multilevel Governance: Accountability in a Compounded Representative Democracy", a paper presented at the IPSA World Congress (2000) 1-5 August, Quebec).

The national governments are represented on the Council; thus it remains accountable to the Member States' national Parliaments. But accountability is different from successfully creating an integration process. However, in 1997 the legitimising role of the national Parliaments in European policy-making was formally recognised by the Protocol on the Role of National Parliaments in the European Union when it was added to the Treaty of Amsterdam (1997), which became an important issue for debates under the Treaty of Nice (2000).

Although attempts at regional co-operation between national Parliaments and the Parliament of the European Union take place, the institution which was supposed to be the most active platform for enhancing "integration" at the EU level has effectively been reduced to the status of a merely "discussion forum". The EU Council is a political institution with law-making power, and the Parliament endows it with coercive power which may not be regarded as the ideal strength for integration of a multi-national community.

## **6. WHETHER ASEAN DEMONSTRATES THAT A TOTAL INTEGRATION OF A MULTI-NATIONAL COMMUNITY IS AN OVER-AMBITIOUS OBJECTIVE**

The Association of Southeast Asian Nations (ASEAN) was founded in August 1967, a year after the Asian Development Bank (ADB) was established. It is interesting to note that a Development Bank, the primary function of which has been

to promote the economic stability of the geographic region, preceded the establishment of the regional organisation in the same area. In other words, a financial institution was there to help materialise the objectives of the regional body.

The following states are currently Members of ASEAN: Brunei-Darussalam, Cambodia, Indonesia, Laos PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Except Singapore, all other ASEAN members would be described as developing countries. There are hardly any similarities between them, except that each (but Singapore), is basically an agricultural country with all the characteristics of such an economy.

In their working paper series on regional economic integration of December 2010, the Asian Development Bank (ADB) stated, inter alia, (at p 1) that:

*... it is a region of great diversity, probably so than any other group in the world. Indeed, its political, cultural and linguistic diversity is greater than that of the European Union, for example. This diversity was accentuated by colonial experiences ...*

According to the ADB the economic development of most of these countries has been achieved over the last 30 years or so; indeed, in 1993 the World Bank classified Indonesia, Malaysia, Singapore and Thailand as “miracle” economies. All the Member States are now market economies.

It is to be emphasised that the ASEAN leaders deliberately avoided creating a strong supranational regional institution; indeed, the ASEAN Secretariat has not been endowed with the power which is so prevalent within the EU institutions and serves more as a diplomatic facilitator rather than a strong EU-type agency.

The ADB working paper further maintained (at p 2) that:

*... ASEAN has never been, and probably will never be, an EU type organisation, nor even a NAFTA-type economic bloc. ... in the foreseeable future it is unlikely to adopt a common external trade regime, with completely free commerce among member states.*

*... Moreover, ASEAN is even less likely to develop formal mechanisms for macroeconomic policy coordination, leading for example to a common currency or central bank.*

The Bali Summit initiatives in 1976, which marked the beginning of a formal set of regional cooperation measures leading to the conclusion of the ASEAN Preferential Trading Agreement (APTA), the ASEAN Industrial Projects (AIPs), the ASEAN Industrial Complementation (AIC) and the ASEAN Industrial Joint Ventures (AIJVs), failed to create any significant impact on regional economic relations. In particular, APTA failed to deal with tariff barriers, while the other arrangements also had limited success (see the ADB working paper series

(69), at 5; and see further P Imada and S Naya (eds), APTA: The Way Ahead, Singapore, Institute of Southeast Asian Studies (1992)). But that was 1976, the early days of ASEAN. Sixteen years later, in 1992, the ASEAN Free Trade Area (AFTA) was announced and it marked a clear break with the past. According to the ADB working paper again (at p 5):

*The emphasis was on stronger economic co-operation, for the first time, “free trade” was the regional objective, there was a clear timetable for implementation, and a “negative list” approach was adopted, in that all goods trade was to be included within AFTA unless explicitly excluded.*

Several other factors also prompted ASEAN to have new, dynamic and forward-looking policies, namely, the Maastricht Accord, the PRC’s daunting march in the world economy, and the inclusion of Mexico in NAFTA (the North Atlantic Free Trade Area); these visible factors prompted ASEAN to establish the Asia Pacific Economic Co-operation (APEC) process in 1989.

ASEAN also adopted formal instruments in an attempt to promote cross-border investments among its members. The ASEAN Comprehensive Investment Agreement (ACIA) was signed in February 2009.

ASEAN has been subject to low times and certain crises, namely the trade liberalisation process has been rather slow particularly because of policies followed by certain of its members at national levels. During the late nineties, ASEAN lost commercial attractiveness, largely because of the rise of India and PRC as commercial giants in that part of the world and its less active role in relation to the Timor crisis. It was criticised for its inability to deal with the “rice” crisis created by Indonesia, and Malaysia’s reluctance to liberalise its auto trade barriers for fear of competition from Thailand.

Like the EU, ASEAN consists of countries with varied economic and financial infrastructures. Quite a number of EU Member Countries are of dissimilar economic standing when compared with the economic performance of, for example, Denmark, France, Germany, Italy or Sweden. But ASEAN has not encountered the kind of integration-related problems which EU has been encountering; ASEAN is an association of predominantly poor economies but its goals are realistically achievable.

According to the working paper (no 545) of the Asian Development Bank Institute (ADBBI) published in October 2015, ASEAN’s potentials should not be underestimated for reasons including its human capital development process, technological capabilities, productivity and natural resources. Its technological capacity should not be compared with that of the Western World, but its capacity is suitable for current purposes. ASEAN includes large exporters of fuels and minerals (Brunei-Darussalam, Indonesia, Malaysia and Myanmar);

agricultural products (Indonesia, Myanmar and Vietnam); manufactured products (Cambodia, Malaysia, the Philippines, Singapore, Thailand and Vietnam); and commercial services (the Philippines and Singapore). Its main trading partners are China, India, the Republic of Korea, Singapore, Taipei, which are replacing the importance of Japan, the EU and the United States in this area.

ASEAN Member States have adopted policies whereby foreign direct investment (FDI) inflows from developed countries, particularly in the manufacturing sector, form part of its industrialisation strategies. Singapore is the largest FDI recipient, followed by Indonesia, Malaysia, Thailand and Vietnam. The EU and Australia, Japan, New Zealand and the US are also active providers of FDI to ASEAN.

ASEAN has become a major production-base for transnational corporations for Europe, Japan and the US. Since the days of GATT (The General Agreement on Tariffs and Trade) and now the WTO (World Trade Organization), domestic reforms to liberalise trade and FDI schemes have played a key role within the region. The ADBI working paper states that FDI flows are particularly attractive for the following principal reasons: high quality, low-cost labour, business-friendly environment, availability of trade and FDI-supporting infrastructure. In 1993, ASEAN started its internal economic integration process, and the ASEAN Economic Community (AEC) is based on four pillars: (a) a single market; (b) a competitive economic region; (c) an equitable economic development throughout the region; and (d) integration into the global economy. Under the ASEAN Free Trade Area Agreement, the Common Effective Preferential Tariff Scheme was introduced to require ASEAN Member States to apply a tariff rate of 0-5 per cent on goods originating within ASEAN. Furthermore, in 1995 the ASEAN Framework Agreement on Services (AFAS) was implemented progressively to liberalise trade in services, and to improve market access with the principle of equal national treatment for services suppliers among ASEAN Member States. The ASEAN Comprehensive Investment Agreement (ACIA) was implemented in 2012.

The Regional Comprehensive Economic Partnership (RCEP) is a landmark initiative taken by ASEAN and it has concluded free trade agreements (FTAs) with Australia, the People's Republic of China, India, Japan, the Republic of Korea and New Zealand. Certain of its Member States – namely Brunei-Darussalam, Malaysia, Singapore and Vietnam – took the initiative to negotiate Trans-Pacific Partnership (TPP) with the West and certain economies in the Asia-Pacific region. (For a detailed analysis of ASEAN's strategies and plan, the reader may like to consult the various publications of the ASEAN Secretariat and those of the Asian Development Bank including its Institute, the ADBI).

It would be inappropriate to compare ASEAN with regional

integrations composed of rich countries bearing in mind that historically these countries have remained poorer than the majority of the countries in the West, but their practical approach to economic integration should be appreciated. At this point it would be apposite to draw the attention of the reader to some of the key objectives of ASEAN which have been incorporated into its Charter.

The Preamble to the Charter provides, inter alia, that it shall respect:

*... the fundamental importance of amity and co-operation, and the principles of sovereignty, equality, territorial integrity, non-interference, consensus and unity in diversity.*

Among its Principles (Art 2), Principle (b) provides for:

*Shared commitment and collective responsibility in enhancing regional peace, security and prosperity.*

Principle (k) provides for:

*Abstention from participation in any policy or activity, including the use of its territory, pursued by any ASEAN Member State or non-ASEAN State or any non-state actor, which threatens the sovereignty, territorial integrity or political and economic stability of ASEAN Member States.*

## 7. CONCLUSIONS

It is re-iterated that the purpose of this article is not to establish whether the UK was right or wrong in deciding to leave the European Union as a consequence of the referendum held on 23 June 2016. It merely attempts to confirm that the essentials of integration seem to have been identified from a theoretical point of view. This view may be sustained from two standpoints: (a) that in the event of the member countries of a so-called integration being too protective of their national interest in whatever form and nature, the total integration necessary for a union may not be possible; and (b) that the principle of the free movement of people, when implemented, may produce an adverse societal effect which would, in turn, lead to extreme nationalism. Furthermore, the transitional periods allocated to Member States of a so-called integration may not effectively produce the desired result of developing uniform political and economic structures, as it is not by law alone that the required transformation may be achieved. The most effective factor of an integration is the "feeling" that the Member States have voluntarily agreed to promote the required "oneness", which is essential for an integration.

If significant socio-economic disparities exist among the Member States of the EU, then the consequence would be that populations from lesser economies would emigrate in large numbers to wealthier Member States; this is not what the principle of the free movement of people really stands for. It



also gives the message to everybody that a model “integration” can only take place among similar states. Emigration of EU nationals from certain economically less advantaged countries was compounded by large number of displaced people in the near African/Middle Eastern states. The EU failed to foresee this situation. Additionally, an “integration” should be as self-sufficient as possible; the EU lacks a European military and largely depends on the North Atlantic Treaty Organisation (NATO) for defence and security purposes.

The European Union was perhaps an over-ambitious project; historically, the founding fathers seem to have over-simplified the hurdles that were required to be overcome in order to achieve their goal. A union is different from an economic integration; whereas the former requires “commonness” among its Member States, the latter does not. It is to be emphasised in this context that the trade and investment relationship between countries forms the basis for foreign relations between them.

Attempts at regional integrations are not a new phenomenon; their history may be traced to Zollverein and the Benelux Union. During the decolonisation period in particular, many such integrations emerged – the East African Community, the Economic Organisation for Western African States (ECOWAS), Latin American Free Trade Area (LAFTA), the Andean Pact, and the African Union to name but a few. Unfortunately most of them have either remained in their infancy or largely failed, perhaps primarily owing to (a) the lack of co-operation among their Member States; (b) the mismanagement of these attempts that took place to a large extent; and (c) by virtue of being over-ambitious.

Despite certain initial setbacks, ASEAN has already survived for about 50 years and is now a well-established organisation, the principal aim of which is economic integration within the region. Much of its success may be attributed to the contribution made by the Asian Development Bank. This is a pointer to other regional bodies, be they economic or politico-economic in nature. Furthermore, it is important to note as stated earlier that ASEAN’s objectives are limited and achievable; this should be another pointer to the other integrations. If ASEAN is mismanaged then its future will be unpredictable, but it has so far set an example of what developing countries may also achieve when they have a clear determination to achieve something which is within their capacity, and when they have no intention of offending national feelings and emotion.

It would be appropriate to justify the title of this article by listing the following issues:

(i) Perhaps one should consider whether a total integration

among sovereign states of different politico-economic backgrounds is a viable aspiration or whether the aspiring sovereign states should limit their aspirations to forming an economic arrangement/association only with a view to facilitating trade, investments and related issues, such as capacity-building between themselves – along the lines of ASEAN. The advantages of such arrangement/association have been identified in section 6 of this article.

- (ii) The world has been going through significant changes, but progress on “internationalism” has remained rather static. It has been stated earlier that in order to allow an integration effectively, a feeling of “oneness” must become evident.
- (iii) It would be appropriate for inter-governmental institutions to govern their Member States in a participatory manner, paying attention to the aspirations of the civil societies concerned.
- (iv) The primary benefits of customs unions may also be derived from “free zones” or other forms of association of states primarily for economic and monetary reasons, but not with the privilege of unrestricted free movement of people, particularly where economic disparities between the Member States are very wide.
- (v) In view of their limited aspirations for socio-economic development, economic associations, like ASEAN, are achievable, but total integrations admit of a number of radical changes at national levels which may encounter opposition from their own Member States.
- (vi) States do not seem to be prepared as yet to surrender their functional sovereignty to an external inter-governmental institution for a uniform system of governance, as they seem to perceive that by so doing they will compromise their judicial and political sovereignty.

Sadly, although the capacity of human beings to invent and innovate has been galloping forward, their prejudices present hindrances to politico-socio-economic integration.

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