Karl Polanyi and the Search for
World Order

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Abstract: This paper deals with the contemporary relevance of Karl Polanyi for the study of development, regionalism and world order, compared to contributions by E.H. Carr and Friedrich A. Hayek in the context of the Second World War when the question of post-war order arose. They approached this issue from vastly different points of view, but in fact rather similar to the current debate on world order. Inspired by the Polanyian perspective, the paper discusses the regional dimension of alternative world orders, contrasting it to Pax Americana, the major world order alternative, which is largely incompatible with regionalism. To understand the future world order is thus to consider the relative strength of these two competing world order models aiming to restructure the world in accordance with a certain set of valus; they are transformative and resting on incompatible principles: neoimperialism and 'hard' power of the remaining superpower vs interregionalism and 'soft' or 'civilian' power of a regional formation.

Introduction

The thrust of this paper concerns the contemporary relevance of Karl Polanyi for the study of development, regionalism and world order. His contribution is first compared to contemporary contributions on the same issue by E.H. Carr and Friedrich A. Hayek. The works of all three refer to the end of the Second World War when, after an unprecedented destruction, the question of post-war order again arose. They approached this issue from vastly different points of view, strikingly similar to the current debate on alternative world orders which has taken place in the aftermath of the cold war.

There is a second purpose. Inspired above all by the Polanyian perspective, the regional dimension of alternative world orders, in the context of 'the war on international terrorism' is discussed, bringing up the prospect of Pax Americana, which was an issue of major concern to Polanyi. This geopolitical change has enforced the major world order alternative: a US driven project to change the world in accordance with its perceived 'national interest', a project that would be incompatible with regionalism, but therefore provoking more rather than less regional arrangements. To understand the future world order is thus to consider the relative strength of these two competing world order models. This is not a question of power balance in the Westphalian sense. Both projects, in their current form, go beyond power balance and aim to restructure the world in accordance with a certain set of valus; they are transformative and resting on incompatible principles: neoimperialism and 'hard' power of the remaining superpower vs interregionalism and 'soft' or 'civilian' power of a regional formation.

Three approaches

Carr, albeit with a leftist orientation influenced by historical materialism, is often seen as the founder of Realist Theory in international relations, mainly through his great classic *The Twenty Years' Crisis 1919-1939*. He popularized the conception of utopianism in the field of international relations, where it now usually is referred to as 'idealism' in contrast to 'realism'. His own realism was of the classical Machiavellian type.

Hayek was a pioneering figure in neoliberal economics. Disgusted with the interventionist ideological menu of the 30's, he warned against political regulation as representing *The Road to Serfdom*, the title of his famous book published in the same year (1944) as Polanyi's solitary *The*

Great Transformation about the rise and fall of market society. Both books were essentially concerned with the emerging world order and highly political in discussing future options.

Of the three, Polanyi was the least known in the academic world, but has experienced a remarkable rise in popularity, particularly in the field of international political economy, which did not exist as an academic field at the time. Rather he was more established among economic anthropologists and economic historians. His ideological position can be described as following a Christan and humanist form of socialism. The message of his work went so much against the tide of liberal triumphalism that it could not have been grasped by so many.[1] His account of the rise of market society was very simple, perhaps even simplistic; he pointed to one very strong generalisation regarding the state-market dialectics. He referred to the 'double movement' of market expansion and political interventionism in defence of society.[2] This implied a restoration of 'moral society', which Polanyi thought he could see in pre-market society and which he contrasted to materialist self-interest: 'The true criticism of market society is not that it was based on economics – in a sense, every and any society must be based on it - but that its economy was based on self-interest' (Polanyi, 1957:249).

As was well understood by all three authors, in order to be realistic, the art of forecasting new political orders necessarily has to be a compromise between 'realism' and 'utopianism', an acknowledgement of the emancipatory role of ideas, but also of structural constraints. Order implies a trade off between freedom and security, as Carr made clear: 'No political society, national or international, can exist unless people submit to certain rules of conduct. The problem why people should submit to such rules is the fundamental problem of political philosophy' (Carr, 1984:41). For a true realist, order (rather than freedom) is the purpose of society. 'International order' normally refers to the relations among sovereign, territorial states, based on the political territory characterized by internal and external sovereignty, that first emerged after the Peace of Westphalia in 1648. As Polanyi once pointed out (1957, p.7) the Westphalian system was a violent system that somehow became comparatively peaceful during the 19th century (the Long Peace). The system was later transformed (to become less peaceful) by the emergence of nationalism. Carr saw in this the key to the growing violence of the system. Polanyi, as well as Carr, declared that the foundations of this historical system had been destroyed beyond repair, whereas Hayek insisted that the return to the liberal principles of the 19th century was the only solution for the future.

Karl Polanyi, E.H. Carr and Friedrich Hayek made their reflections on the future in a situation of war about to start (in the case of Carr), or about to end (in the case of Hayek and Polanyi). [3] They disliked utopianism; in fact this concept was employed in a discursive power struggle with the purpose of painting a future to avoid, whether characterised by planning or the rule of the market as 'unnatural' and therefore at least in the long run, impossible. In spite of this, the

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[1] There are now three editions of this book: by Farrar & Rinehart (New York) in 1944 and by Beacon Press (Boston) in 1957 and 2001. In the 1957 edition R.M.MacIver stressed the lessons for 'the coming international organization'. The 2001 edition has a foreword byJoseph E. Stiglitz, former chief economist of the World Bank, who makes the very apt remark that'it often seems as if Polanyi is speaking directly tp present-day issues. His arguments – and his concerns – are consonant with the issues raised by the rioters and marchers who took to the streets in Seattle and Prague in 1999 and 2000.

[2] Social history in the nineteenth century was thus the result of a double movement:the extension of the market organisation in respect to genuine commodities was accompanied by its restriction in respect to fictitious ones. While on the one hand markets spread all over the face of the globe, on the other hand a network of measures and policies was integrated into powerful institutions designed to check the action of the market relative to labor, land, and money (Polanyi, 1957:76)

[3] It deserves to be mentioned that Polanyi and Carr also made contributions to literature (having a particular interest in populist and anarchist writers from Eastern Europe), and that Hayek held a chair of 'moral and social science', in Chicago between 1950 and 1962. Their methodological preference was holism.

reasoning of all three authors contained elements of their own brand of utopianism. They certainly had their 'preferred futures'

They also realized that the future can only be grasped by first looking into history. One common feature is thus their strong historical perspective of the world as an emerging structure; what Robert Cox has called 'the historical mode of thought' or 'historicism'(Cox, 2000, p.288). Carr clearly saw the present in terms of the movement of history'. Polanyi's work can be seen as an original application of this approach. It was both history and vision (Mc Robbie, 2000). Thus his work should also have relevance for a discussion of future world order. It is an altogether different question, however, whether the shape of the future can be ascertained.[4]

Room for manouvre in retrospect

An institutionalised balance between state and market, being a dialectic outcome of the two processes forming part of the Great Transformation, can be called a Great Compromise, 'great' because of having world order implications (Hettne, 2001). The Bretton Woods system that emerged after the Second World War was in fact such a compromise. Using a Polanyian term John Ruggie (Ruggie, 1998:62) labelled this system 'embedded liberalism', more precisely defined as transnational economic multilateralism combined with domestic interventionism (op. cit., p. 73). If the last two decades have been characterized by the predominance of economics, the time seems to have come for a 'return of the political' in order for another balance, or Great Compromise, to be established. More recently, Ruggie returned to this issue in the context of 'taming globalization', a contemporary discourse where references to Polanyi have become standard (Ruggie, 2003).

Order is not permanent, although it may be tempting to believe so during periods of world order stability. In order to be prepared for change, it is therefore wise to look for emerging contradictions and structural openings in a particular order (Abrahamsson, 2003). They should first of all be looked for in structures, institutions and mechanisms that are constitutive for the existing political order. To the extent that such identified constitutive principles change, we can assume that the whole system is in transformation as well. In the case of the Westphalian order *sovereignty*, central authority, based on varying forms of *legitimacy*, and *territoriality* are the most important constitutive principles; since few would contest that these principles now are under stress, it can be concluded that some sort of structural change is in the making.

Changes in the structure of world order have often been empirically connected to war situations, which by their nature tend to speed up the pace of change. The end of a major war is thus a situation in which a new international order typically is born. Let us therefore consider the situation when the Second World War was approaching its end, and the prospects of a post-war order became a relevant issue. Interestingly, both Carr, in *The 20 Years' Crisis* (1939 with a second edition 1946) and Polanyi, in *The Great Transformation* (1944) speculated about a future world order; they did so in their own characteristic ways, informed by their respective theories and utopias.[5] Similarly, the liberal view was defended in the third classic: Friedrich Hayek's *The Road to Serfdom* (1944). All three dealt with routes to the future in the last chapters, and, interestingly, expressed a strong dislike for 'utopias'. However, by that they referred to very different phenomena. Carr particularly criticized the liberal doctrine of harmony of interest in economics and the Woodrow Wilson political doctrine of self-determination in politics. Polanyi

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[4] 'Polanyi shows that the political responses that were eventually triggered by the disruptive consequences of the excessive deregulation of markets did not follow any particular predetermined pattern, nor did they necessary 'solve' the problem and return society to some stable equilibrium' (Bienefeld, 1991:7)

[5] Carr and Polanyi have the concept of utopianism in their index: 21 respectively 4 references.

saw the selfregulated market as the great utopia,[6] but in equally strong terms he attacked other 'universalisms' as well (the ideas of Hitler and Trotsky). On this point at least he was on the side of Hayek, to which, on the other hand, Planning was the dangerous utopia to be avoided. Thus critique of utopianism in all cases seems to serve the purpose of paving way for more desirable kinds of utopianism.

One important issue was what more recently has been discussed as the hegemonic stability theory, asserting that an open world economy requires a dominant rule-making global power for its smooth functioning. Previously Great Britain fulfilled that international task. Carr discussed the possible post-war leadership of USA as being a 'young and untried nation'. He quoted Woodrow Wilson about the US flag: 'Her flag is the flag not only of America, but of humanity' (Carr, 1984:234). He discussed (in classical realist terms) Pax Americana versus Pax Anglo-Saxonica (the partnership of English-speaking peoples, or what we today refer to as the trans-Atlantic alliance). The winners of a war normally have the privilege to define the new order (or even the very meaning of order). Thus power defines what is right, and those who do not understand that simple fact were, according to Carr, 'utopians'. His realist vision included also a possible world of multinational groupings of states, a three power hegemony (Great Britain, the USA, and the Soviet Union) (Jones, 1998: 108, 155).

To Polanyi, taking a more normative position on the future order, Pax Americana was precisely what should be avoided, since the market project that he associated with US hegemony, like other universalisms which had been tried and which had failed, constituted the great danger - a utopian project - to worry about. Instead he hoped for a more planned, horizontal world order with 'regional systems coexisting side by side' (Polanyi, 1945:87). Thus, he retained his belief in some form of interventionism also in the new order, but felt that now something bigger than the state was needed.

Both Carr and Polanyi were believers in planning as an essential precondition for order. To Hayek, on the other hand, it was not the market but socialism that constituted the great utopia to be avoided, since this particular form of utopianism led to 'serfdom' (Hayek, 1944, chap 2). He warned against Planning, particularly on a transnational level, which only would create tensions and destroy the coming peace. [7]There was in his view certainly a need for an international authority with negative powers – in order to *say no* to all kinds of restrictions, that is he wanted a political order with the purpose of maximising economic freedom. In spite of all his libertarianism, he was prepared to accept milder forms of federalism. Just like the other authors discussed here, Hayek's ultimate concern in this book was Peace, which is quite natural in view of the situation in which they all wrote. Subsequent readers often forget this contextual dimension.

Great Transformation and Development
The international system is now in transformation due to changes in the basic constitutive principles on which it was originally based. This is indeed a Second Great Transformation (Hettne, 1997, 2000). Globalization can in many respects be seen as a long-term historical process; at the same time it is qualitatively new in the sense of beeing tooled by new information and communication technologies and a new organizational logic: that of networking (Castells,

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[6] …'the origins of the cataclysm lay in the utopian endeavour of economic liberalism to set up a self-regulating market system...' p.29),
[7] In this context Hayek made critical references to Carr, but I have not found any references to Polanyi, who, on the other hand made 9 references. To Ludwig von Mises.

1996). In economic terms, and in its current neoliberal form, globalization can be conceived as a further deepening and expansion of the market system, in fact an attempt to institutionalise the self-regulating market in a global scale; in other words a replay of the original Great Transformation (in its first movement). Then its effect was to disrupt traditional society and, via the resulting social disturbances, provoke various kinds of political interventionism. As Polanyi made clear, these responses could have very different ideological inspiration, such as communism, fascism, social democracy, populism and social liberalism (or Keynesianism).

In the present context, the historical process of market expansion, including its social repercussions, takes place in a truly global scale, which is likely to make the social and political countermovements even more varying in the different regions of the world, and therefore even harder to predict. It is of importance to identify the political actors behind this seemingly deterministic process, *nota bene* in *both* phases, i.e. not only in the second more explicitly political movement, but also in the first movement, often treated as a 'natural' process or, as in the 'second great transformation', a return to normalcy after an age of 'unnatural' state intervention. It is in this context relevant to recall what Polanyi said about marketisation: 'There was nothing natural about laissez-faire; free markets could never have come into being merely by allowing things to take their course' (1957:139).

States which are strong and competitive can through privatisation and liberalisation be deliberately instrumental in promoting certain interests in the globalised space, even if those states thereby abdicate from their traditional Westphalian role. By participating in globalisation under conditions imposed on them, poor states may gain 'external legitimacy' and access to credit; what they gain by that they lose in internal legitimacy and social cohesion by abdicating from the task of creating national welfare.

In adapting to the market-led form of globalism, the state (as organisation) becomes the disciplining spokesman of external economic forces, rather than the protector of society against disrupting consequences of these forces, which was one of the classical nation-building tasks (namely security, development, welfare) in Europe, culminating in the modern welfare state. The retreat of the state from its historical functions also implies a changed relationship between the state and what is called 'civil society. Inclusion as well as exclusion are inherent in the networking process of globalization, and benefits occurring somewhere are therefore negatively matched by misery and violence elsewhere, creating divisions not only *between* but also *within* societies. The fundamental problem with market-driven globalization is thus its inherent selectiveness. The exclusivist implications lead to 'politics of identity', Carr's dreadful 'nationalist passion'.

Globalism or, as seen from the perspective of the individual countries or 'national' economies, 'global adjustment', is the current hegemonic development paradigm, and implies as its ideological core the uninhibited growth of a world market. Since this process is seen as synomomous to increased economic efficiency and a higher 'world product', ideological globalists consider 'too much government' as a systemic fault. By 'good governance' was in these ideological terms implied less government. Globalism as ideology thus argued in favour of a particular form of globalization, that is economic integration on a world scale in the context of an unrestricted market; however, one should not rule out other ideological foms of globalism, for instance 'Keynesian globalism', which would allow for more intervention and more redistribution in order to shape the future. For such forces the issue of development is not dead. They strive for a new great compromise. Such a compromise should provide the framework for *global development*, which in a globalized world is the relevant form of development.

The disrupting social consequences of deterritorialization implied in the process of market-led globalization generate political forces to halt and modify the process of globalisation in order to guarantee territorial control, cultural diversity, and human security. In order to promote global development there must, instead of cultural homogenization and structural polarization, be an inter-civilizational dialogue on the level of the macroregions; such a dialogue would necessitate a reasonably symmetric power base for regionally based civilisations; instead of asymmetry and polarisation, the structural gap between regions must be bridged, and the vertical structure of the world order horizontalised through the strengthening of weak and incoherent regions in the periphery. Of importance is also that intermediate regions are capable of advancing their interest in changing the structure of comparative avantages rather than simply adapting to the received pattern of comparative advantages.

Future world orders
Let us now turn to future options of world order. To the extent that multilateralism rather than unilateralism prevails in the longer term, this will probably be a mixture of various models. For the present purpose we are however more concerned with 'ideal types' than 'hybrid forms'.

The liberal view of globalization, which still enjoys a hegemonic position, stresses the homogenising influence of market forces towards an open society. However, many liberal theorists agree that markets work through institutional frameworks that may be more or less beneficial and efficient. Even Hayek could accept a milder form of federalist world order. However, liberals normally take a minimalist view on political authority. The roots of this way of thinking can, as was pointed out by Carr, be found in the doctrine of harmony of interests, expressed in its classical form by Adam Smith in his *The Wealth of Nations*. It was again manifested in the theory of free trade, associated with David Ricardo. It was echoed in Hayek's work: 'The guiding principle, that a policy of freedom for the indvidual is the only progressive policy, remains as true to-day as it was in the nineteenth century' (Hayek, 1944: 246). The original historical background for this argument was mercantilist regulation, but subsequently the 'negative other' took the form of Planning (or other non-market forms of economic and social organisation).

The purpose of political order, according to the liberal tradition, is to facilitate the free movement of economic factors, whether through 'hegemonic stability' or appropriate institutions. This is seen not only as a natural but also as the most beneficial condition. The breakdown of the socialist system seemed to confirm the liberal principle of evolution: the 'unnatural' sooner or later is replaced by the 'natural'. Any attempt by a country to isolate itself from market forces is thus a sentence to stagnation for a country. The optimum size of an economy (and therefore its ultimate form) is the world market. All other arrangements, for instance regional trade agreements, are only second best, but acceptable to the extent that they are stepping stones rather than stumbling blocks to the world market. This imagined 'protectionist threat' and its elimination has been a predominant preoccupation of the IFIs in the last two decades.

To more interventionist thinkers, concerned with the content of the 'second movement', i.e. to politicise the global, the liberal project is not realistic; these critics tend to see the unregulated market system as analogous to political anarchy. Many of the classical theorists (whether conservative or radical) held that the liberal ideology of ever expanding and deepening markets lacked ethical content. Similarly, the morality of the market system can, according to contemporary critics of 'hyperglobalization', only be safeguarded by some kind of organized purposeful will, manifested in a return of 'the political', or 'reinvention of politics' (Beck, 1997),

for instance in the form of new social movements and a 'new multilateralism' (Cox, 1997 and 1999, Gills, 2000).

The return of the 'political', or what Polanyi would have called the reembedding of the market, may appear in various forms, strong or weak, good or bad, although Polanyi seemed to rely on an ultimate moral force in the countermovement. One possible form, assuming a continuous role for state authority, is a reformed 'neo-Westphalian order', governed either by a reconstituted UN system, what can be called *assertive multilateralism*, or by a more loosely organized 'concert' of dominant powers, assuming the privilege of governance (including intervention) by reference to their shared value system focused on order. This we can call *militant plurilateralism*.

The plurilateral model of political order was tested in the 19th century system of power balance called the European Concert. Polanyi referred to this historical period as 'the hundred years' peace', the title of the famous first chapter of his book. He emphasized that the balance-of-power system could not by itself ensure peace. This was actually achieved with the help of international finance, the very existence of which embodied the principle of the new "dependence of trade upon peace" (Polanyi, 1957:15). Finance interests may occasionally benefit from limited wars but were instrumental in preventing general war. Similarly, today the global financial elites might share a similar interest in some kind of re-regulation in the interest of systemic stability (Helleiner, 2000).

The multilateral model in a strengthened more 'assertive' form has been proposed by the International Commission of Global Governance, headed by the former Swedish Prime Minister Ingvar Carlsson. This model is based on radical reforms in order to upgrade the UN as a world order model. For instance, the Security Council must be made more representative, and the General Assembly should have representatives also from civil society. A strengthened Economic and Social Council would take responsibility for global development (International Commission on Global Governance, 1995).

Another possible form for the return of 'the political' is a post-Westphalian order, where the locus of power moves up to the transnational level. The state can be replaced or complemented by a regionalized order of political blocs, the *New Regionalism* (Hettne, et al. 1999 – 2001) or by a strengthened global civil society supported by a new 'normative architecture' of world order values (Falk, 2002). It is a world order based on global values and norms, and the rule of law, monitored by a vigilant civil society, the result of which would be 'humane global governance'; it would correspond to Polanyi's 'human society'. Both these scenarios represent a firmer step towards supranational governance, either on a regional or a global basis, preferably in combination in order to avoid Orwell's '1984' scenario of regional blocs in permanent conflict.

If globalisation is the first face a second great transformation in Polanyi's sense of the word, we should expect various political forces to shape the future course of globalisation, i.e. to 'politicise' it (in the sense of democratic, civil society control). If so happens, it will be done in competition between forces that are neither mutually compatible nor necessarily benevolent from different normative positions that we may have. Stated in this open way, there is little in Polanyi's theorising that provides a firm base for forecasting future political structures. Of course this would be too much to ask for. Furthermore, 'the second great transformation' takes place in an unprecedented global context, with different manifestations in different parts of the world. Some of these manifestations are local protests not very dissimilar from the countermovements in the original transformation. To be counted as part of a 'second' transformation, they must address global issues, even in their local manifestations. This means that they search for a global agenda, realising that local power-holders do not exercise full control, and that challenges as well as counterforces express relations between different societal levels. 'Resistance is localised,

regionalised, and globalised at the same time that economic globalisation slices across geopolitical borders' (Mittelman, 2000:177). For Polanyi the preferred world order was some kind of regionalism based on a global ethics influenced by Christianity and Democratic Socialism. Today's globalised condition demands a more advanced normative theory, taking a larger number of value systems of different civilizations into consideration. Translated to multiregionalism and multiculturalism, the message of Polanyi has, however, not lost relevance. The rest of this paper outlines a regionalized world order inspired by the Polanyian tradition.[8] This preferred order is also contrasted to the Pax Americana that Polanyi feared.

Regionalism and World Order
The rarely defined concept of 'world order' is commonly used both positively and normatively, that is to say it can describe the actually existing order or desirable models/utopian projects. Let me propose a non-normative definition of world order as constituted by three dimensions: structure, mode of governance, and form of legitimization. Structure is the way the units of the system are related. Mode of governance refers to avenues of influence on desicion-making and policy making. Legitimization is the basis on which the system is made acceptable to the constituent units. On the structural dimension a distinction is made between unipolar, bipolar and multipolar; in the area of governance between unilateral, plurilateral, and multilateral. In terms of legitimization, there is a declining scale from the universally accepted rule of international law, over hegemony, exercized by one great power, to dominance, relying on coercion and preemption in the service of 'national interest'.

With the help of this framework a comparative analysis can be made between alternative models, as well as of changes in and of world orders over time. The distinction between *plurilateral* and *multilateral* is important. A plurilateral grouping of actors is exclusive, whereas multilateral by definition implies inclusion, provided the rules of the game are accepted by all parties. Multilateralism is therefore often seen as preferable, but for many purposes, *regionalism*: the form of plurilateralism defined by geographic proximity, is useful.[9] By 'false multilateralism' is meant political and military actions that take place in the guise of multilateralism but which in reality are an expression of more limited interests: *plurilateralism* if it is a matter of a group of major powers; *regionalism* if it is a geographically united bloc; or *unilateralism* if a superpower or regional major power is in reality acting alone. A certain kind of regionalism (interregionalism) may, however, be supportive to multilateral principles (regional multilateralism, or multiregionalism). But this is a long-term perspective and will depend on the strength of the political project of taking regionalism as the crucial element in reorganizing world order.

Regions are not simply geographical or administrative objects, but should be conceived of as acting subjects in the making (or un-making); their boundaries are shifting and so is their capacity as actors. When different processes of regionalization in various fields and at various levels intensify and converge within the same geographical area, the cohesiveness and thereby the distinctiveness of the region in the making increases. This process of regionalization can be described in terms of levels of 'regionness' — i.e. successive orders of regional space, regional system, regional international society, regional community and regional institutionalized polity.

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[8] Here I build on earlier efforts, such as Hettne, 1997 and 2000.
[9] Multipolarity is not a policy (as it is sometimes described to be), but a possible structural result of a policy of plurilateralism, regionalism or multilateralism.

Increasing regionness implies that a geographical area is transformed from a passive object to an active subject — an actor — capable of articulating the transnational interests of the emerging region (Hettne, 1993, 2003; Hettne and Söderbaum, 2000).The concept of regionness thus defines the position of a particular region in terms of its internal cohesion; this can be seen as a long-term endogenous historical process, changing over time from coercion, the building of empires and nations, to voluntary cooperation: the current logic of regionalization. The political ambition of establishing regional cohesion and identity has been of primary importance in the ideology of the regionalist project. Actorness implies a larger scope of action and room for manoeuvre, in some cases even a legal personality Bretherton and Vogler , 1999). Actorness is closely related to regionness, the latter implying an endogenous process of increasing cohesiveness, the former implying a growing capacity to act that follows from the strengthened 'presence' of the regional unit in different contexts and the actions that follow from the interactions between the unit and the external environment. Regionalization and world order are thus mutually reinfocing each other.

9/11 and World Order
In the period since the Second World War no politician was given greater room for manoeuvre as regards the ability to influence the shape of the world order than President George W. Bush. After 11 September there existed, to an even greater degree than in connection with the Gulf war, the possibility of an institutionalized multilateralism, an international regime based on the premises of international law and extensive participation by states and other transnational actors.

To assert the existence of a link between terrorism and world poverty was in the period immediately following 9/11 said to be, at best, an impermissible simplification. Is it not rather the case that it is superficial to explain terrorism by ascribing it to evil, fanaticism or madness; is the question how terrorist actions relate to the impoverished bottom strata of the world system not an interesting issue? The relationship, however, is complex and indirect. A direct linkage between these conditions, that is to say terrorism which is born directly out of misery and desperation, cannot be brushed aside but is perhaps not the most relevant in this context, amongst other reasons because this type of terrorism ("the war of the poor") has limited force. There is, however, also an indirect linkage, which amounts to the fact that some terrorists, moved by alienation which also is a form of poverty, identify with "the condemned of the world". Finally there is a practical connection between poverty and conflict, namely that many of the most underdeveloped regions in the world are also those most chaotic and violence-stricken, and that these "no-go zones" or 'failed states' constitute a refuge for terrorist and criminal organisations, quite often working together. To this must be added poverty and humiliation as a basis for recruitment to the rank-and-file in terrorist organisations. Polanyi might have seen terrorism as a perverse political manifestation of a 'second movement' (like Eurropean fascism), whereas Carr might have described it as a 'revisionist' force (like the Hitler project).

Before 9/11 one could still discuss several alternative world orders (Hettne&Odén, 2002). After the terrorist action there seem to be fewer alternatives; a trend towards one distinct world order model can be observed. This order in embryo appears for the present to be unilateral rather than multilateral or regional. However we do not know how stable and durable a new order will be. Unilateralism is particularly provocative, and therefore inherently unstable.

Regionalism, implying a multipolar world order structure, as preferred by the EU, is unacceptable to the United States, which, furthermore, has made it very clear that multilateralism, although desirable, has its limitations set by the USA's own security interests. This is wholly in line with the traditional realist security doctrine. However, the current policy of the USA goes

beyond classical realism (as articulated by Kissinger and Brzezinski) towards reinforcing what the neoconservative thinktank, the Project for the New American Century, describes as 'a policy of military strength and moral clarity' (inspired by Ronald Reagan). This formulation captures the essence of neoconservatism: military strength and willingness to use it, and a moral mission to change the world in accordance with American values, first of all 'liberty'. The opportunity, 'the unipolar moment', came after the end of the Cold War, and this thinking is thus older than 9/11.[10] To name this ideological structure 'neo-conservatism' is hardly an appropriate description of what rather seems to be a militant revolutionary doctrine rejecting the multilateral world order model and the role of the United Nations as the protector of this order. Neoconservatism, or 'militant libertarianism', and isolationism, however different these typically American doctrines may seem, are both sceptical to subsuming national interests to international cooperation and collective security, and constitute different expressions of the specificity (exceptionalism) of the USA as a 'chosen people'. [11]

Before 9/11 the unipolar moment was just one ideological current in the USA, fostered by ideological think tanks like American Enterprise Institute and the Project for the New American Century, as well as a number of individual publicists and politicians. From the US point of view, the question of multilateralism was a realistic balancing between legality and effectiveness, and priority was always given to the latter. The United Nations was of course, in accordance with its Charter, conceived as a multilateral organisation, but its most important organ, the Security Council, is still dominated by a plurilateral group of major powers, the victors in the Second World War. The Security Council decided to put the struggle against terrorism on its agenda, but there are still no legal possibilities for sanctions against the host nations of terrorism, because it is in the UN context still unclear what should be meant by terrorism. NATO and the EU immediately declared themselves ready to participate in the US struggle against terrorism, which in its first phase was defined as a defensive war – and therefore legal according to the UN charter. In the later phase of this 'war' the legality has been questioned and the discourse on world order was polarized between European and American perspectives.

European Union, Interregionalism and World Order
Regionalization as world-wide process is giving shape to a number of different regionalisms which can be categorized in different ways. Taking a global, structuralist view, a distinction can be made between three structurally different types of regions: *core regions*, *peripheral regions* and, between them, *intermediate regions*. An advanced structural position is here defined in terms of economic dynamics and political stability, and regions move between different positions as these conditions change for better of worse.

The predominant economic philosophy in the the Core is neoliberalism, which therefore also, with varying and perhaps declining degrees of conviction, is preached throughout the world. The stronger economies demand access to the less developed in the name of free trade;

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[10] The concept has been coined by American publicist Charles Krauthammer (1991-92) and stands for the US policy of taking advantage of its military superiority by shaping the world order in accordance with the US national interest. This is a project rather than a fact. To my mind it is wrong to call the present world order 'unipolar', since the remaining superpower has to fill the power vacuum created by the collapse of the other. As shown in Iraq there is no automaticity involved.
[11] The recent book by Richard Perle and David Frum: 'An End to Evil. How to Win the War on Terror' is rather extreme. The authors declare that a united Europe is not in the US interest, that the USA should help to maintain the independence of Great Britain, that Iran, Syria, North Korea, Libya and Saudi Arabia should be confronted, and that the UN is harmful. See H.D.S. Greenway, 'The right mix of hard and soft power', *IHT*, March 23, 2004.

regionalization (open regionalism) may be a push in that direction. We can thus speek of 'neoliberal regionalism', although the concept may sound as a contradiction in terms. This is the 'stepping stone', rather than 'stumbling bloc', interpretation of regionalism with respect to its relation to market-led globalization. There are, however, different emphases among the three core regions due to their contrasting economic-historical traditions, differences that may become more important, depending on which of the current types of capitalism turns out to be more viable in the longer run. At present neoliberal globalization faces many counterforces and may be in decline.

Regionalization has structural consequences also beyond the particular region in which it takes place. Transregionalism refers to institutions and organizations mediating between regions; if in a formalized way between the regions as such we speak of 'interregionalism'; and if constituting a form of world order through the criss-crossing multitude of such relations (a sort of 'regional multilateralism'), we can speak of 'multiregionalism'. Interregionalism can be seen as one of the more regulated forms that globalization may be taking. As compared to market-led globalisation in a Westphalian world of nation-states, it is more rooted in territory; and in contrast to traditional multilateralism, it is a more exclusive relationship, since access to regional formations is limited by the principle of geographical proximity. Interregionalism, not to speak of multiregionalism, is a long-term, non-linear and uncertain trend which certainly will include setbacks and the outcome of which we can not know.

Looking at the existing patchwork of trans- and interregional agreements there is, in terms of structural outcome, so far no clear picture on the horizon. To get some order in this emerging cobweb of relations between regions, one can relate to the three above-mentioned structural levels: core regions, intermediate regions and peripheral regions. That the EU constitutes the hub of these arrangements is in full accordance with its regionalist ideology, encompassing not only trade and foreign investment but also political dialogue and cultural relations between the regions. The EU ambition is also to formalize the relations (now called 'partnerships) as being between two regional bodies rather than bilateral contacts between countries, but for pragmatic reasons, the forms of agreement show a bewildering variety.

The first level of the interegional complex contains triangular relations within the Triad, that is between the three core regions USA, EU and East Asia. Transregional links within the Triad are constituted by APEC (Asia-Pacific Economic Cooperation), and ASEM (Asia-Europe Meeting) and various transatlantic agreements between USA and Europe.[12] In spite of massive contacts on the level of civil society, the formal interregional transatlantic links (EU – NAFTA) are institutionally weak or nonexistent, the reason being that the USA in principle prefers bilateralism to regionalism. Unsurprisingly, the Intra-Core relations are sometimes rather tense, due to power balance concerns, trade competition that risks degenerating into trade wars, and the somewhat different economic ideologies in the three regions.

Going beyond the Core it is necessary to make a distinction between EUs relations with the 'near abroad' and more far away relations, since the former plays a central role in EUs security strategy (Charillon, 2004). The frontier between 'Europe' organized by the EU and surrounding areas is unclear, some of these areas being new members or applicants, others defined as being 'non-Europe'. The area in question is large and includes much of the post-Soviet area where Russia of course has its interests as a reemerging great power. The Barcelona process is a strategy

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[12] ASEAN Plus Three, or APT, is now emerging as a new regional formation covering both Southeast and East Asia, and actually socially constructed in the process of maintaining an interregional relationship between Asia and Europe (Gilson, 2002), at the same time as being a response to various urgent needs in the regions.

of cooperation between the EU and its Mediterranean neighbours (Euromed), where peace is the first priority, in accordance with the basic concern for stability. The major European security problem is the Balkans. Few observers would consider the EU response to the Balkan crisis a success. The record has rather underlined the persistent power vacuum in a Europe searching for a viable security order, institutional responses lagging behind the events.

The general method involved in the foreign policy towards Near Abroad is a soft form of imperialism (asymmetric partnership) based on conditionalities, the prize ranging from assistance to full membership. The success story is the transformation and integration of Central and Eastern Europe, which in fact implied a large number of resolved and thus prevented conflicts. For countries not supposed to become member the policy is a rather weak way of influencing the external world. Thus, actorness shifts from one context to another.

Turning to the peripheral level, the EU relations to ACP (Countries of Africa, Caribbean and the Pacific) are rooted in colonial and necolonial relations, which now, as for instance in the Cotonou agreement (June 2000), are described in more symmetric terms, as 'partnerships'. The background to this is the gradual abandoning of the 'pyramid of privilege' implied in the Yaoundé- Lomé-framework that since the mid-sixties defined the relationsship between the EU and peripheral regions, originally selectively favoured in accordance with former colonial intrerests. ACP is not a regional organization. EU is therefore trying to encourage cooperation within the three constituent regions, stressing as an article of faith that regional integration is the best development strategy.

To sum up, it cannot be said that the EU external policy has developed in a consistent way, revealing a firm purpose. On the contrary, different policies have been applied in different contexts and at different points in time by different combinations of actors. It is rather obvious that the policies have failed to instill confidence in the partners, whether those have been Arabs, Indians, Latin Americans of Africans. However, the outcome is, in spite of all contradictions, a pattern of governance with its own distinctive characteristics and the potential of becoming a world order that could be called 'multiregionalism' or in the words of Polanyi: 'regional systems coexisting side by side'.

America and Europe in the New World Order
After the second world war when Carr, Hayek and Polanyi speculated about the future world order, Europe was in ruins; it was difficult to see an alternative to US hegemony apart from the Soviet system. Today Europe has reemerged as a world power of a different kind. There are three major differences between the EU and the USA as regards external relations: The one first crucial difference is the EU preference for long term multidimensional, horizontal, institutional arrangements, whereas the USA prefers more temporary 'coalitions of the willing' under its own leadership. The second difference can be related to contrasting ideas in political philosophy, as was recently pointed out by Robert Kagan (2004). According to him, Europeans (from Venus) prefer to live in the ideal world of 'permanent peace' of Immanuel Kant, which, according to Kagan, is the natural choice of the weak, whereas the Americans (from Mars) live in the real world of Thomas Hobbes, which shows the responsibility and mission of the strong in dealing with evil forces.[13] A third dimension of this European-American contrast in political culture is what Javier Solana, the EU spokesman in foreign affairs, in an interview referred to as the US religious approach to foreign policy, whereas the European approach is supposed to be rationalist

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[13] This view of power can be compared to Joseph Nye's ideas of the usefulness of 'soft power', more applicable to the European case.

and secular. Thus the USA tends to see political conflict as a struggle between good and evil, or God and Devil. Europe, on the other hand, has, supposedly, a tradition of making a political analysis of conflict, pragmatically looking for compromises. The future of regionalism, and ultimately multiregionalism, depends very much on the outcome of the struggle between these two contrasting world order models. It is, to say the least, quite remarkable that Polanyi in 1945 discussed similar options: Pax Americana versus regionalism.

What are the prospects for regionalism in the context of the war against terrorism? I will here not go into the scenario of further fragmentation and disorder but focus on more positive options. From a moderately conservative perspective one form of world order could be a 'neo-Westphalian order', governed either by a reconstituted UN system, in which the major regions have a strong influence; another alternative would be a more loosely organized global 'concert' of great powers. The relevant powers in both models will be the regional hegemons of the world. In the latter case regionalism will suffer from imposed or hegemonic regionalism, and the regions as such will be far from the ideal of regional security communities. It will thus be a multipolar world, but the concert model will be lacking in multilateralism and legitimacy.

Regionalism would, however, be part also of a future post-Westphalian governance pattern. In such a world order the locus of power would move irreversibly to the transnational level. The states system would be replaced or complemented by a regionalized world order, and by a strengthened global civil society supported by a 'normative architecture' of world order values: multiculturalism and multiregionalism. Here the emphasis on interregionalism by the European Union may in the longer run prove to be important in the reconstruction of a multilateral world order.

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