



# EUROPEAN POLICYBRIEF



## INTEGRATION, DEVOLUTION AND REGIONAL LEADERSHIP

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### EXECUTIVE SUMMARY

It is often said that we are evolving towards a borderless world. But ever since the end of World War II, the number of borders has been increasing. Not only are there now more states, there are also more internal borders as well as more groupings of states (with their own external borders) than ever before. Multiple layers of governance are becoming the norm in democratic societies. This situation, however, poses a number of challenges, both for sovereign states and for regions below and above the state-level. These challenges include questions concerning solidarity, efficiency and legitimacy. There are ample opportunities in dealing with these challenges, but the bottom-line remains: they demand a dramatic re-thinking of how to organise governance.

### INTRODUCTION

We are living in a paradoxical era. It is, at the same time, one of globalisation and one of regionalisation. Everything around the globe is becoming more and more connected, and co-operation at the world level is required to tackle many complex problems. Capital flows globally and communication technologies are dissolving borders. Yet we are witnessing a rise in the number of sovereign borders as the number of states increases. Borders are emerging within and above states too, as they embark on decentralisation on the one hand and regional integration projects on the other. Reallocation of authority is indeed occurring not only downwards to the subnational level, but also upwards to supranational levels. One might say that the era of centralisation has been followed by an era of decentralisation. The result is that today's "borderless" world has more borders than ever.

Sovereign authority has become divisible and shared among various loci of governance. In practice, the state's sovereign rights, entitlements and obligations have also been conferred to and endorsed by entities other than states. It is herein argued that the state voluntarily hands over part of its sovereign powers to local, sub-national, regional and supranational units, but also to private entities, as part of a strategy designed to govern efficiently in an era of intensified globalisation. Sovereignty is not fully retained by the state, nor is it entirely transferred to new loci of power in response to the changing patterns of governance. Instead, it has to be conceived of as divisible, divided among various sites at the local, regional, national and international levels and in the public and private spheres. While before, state sovereignty entitled states to recognise new states, negotiate treaties, sign agreements, declare war and conclude peace, protect national citizens abroad and cast votes in international organisations, we now see some of these entitlements and obligations conferred to entities other than states. As a result, governance is now a matter for states and quasi states.

Globalisation has encouraged a spectrum of adjustment techniques and strategies and, in certain respects, a more activist state. States have not only delegated sovereign powers to supranational regional and global organisations, they have also devolved authority to sub-national entities at the (micro-)regional and local levels. Decentralisation and devolution of powers are driven mainly by a concern for efficient allocation and delivery of public goods, and have resulted in a system of multi-level governance.

Within this framework of multi-level governance, a parallel can be drawn between the 'Brexit' (UK-EU) and 'Scoxit' (Scotland-UK) debate. They both concern national identity and self-determination, and both reflect a certain disillusionment with established political elites and institutions. Multi-level governance can be explained by three logics: efficiency, distribution, and identity. These three logics are related to distinct conceptions of the purpose of government. First, government is there to provide public goods such as security, clean air, etc., which would not be provided by the market or by rational individuals. The structure of this government should then reflect the efficient provision of public goods given their economies of scale and externalities. Pressure to reform arises in the tension between actual government structures and the most efficient ones. Second, government is there to enforce distributional outcomes. The government structures will then reflect the power in society. Pressure for regional reform will respond to changes in power structures or changes in how rulers are selected. Third, government is an expression of community and the demand for self-determination on the part of normatively distinct, territorially based groups. The structure of government should then reflect the pattern of community. Sometimes these logics reinforce each other, but sometimes they clash.

It comes down to finding ways of staying together for the mutual benefits, while also allowing all units of governance to be apart. The main caveat of the shared sovereignty model is however the risk of demands for greater autonomy and self-determination by these partly autonomous entities. It is a phenomenon that can be described as the 'Frankenstein scenario', when creations turn against their creator. Research indicates that the more autonomy a region receives, the louder the calls for more self-determination become. In 86 per cent of the cases where a new state has arisen through secession, the region already possessed statehood characteristics in the period immediately before its independence. These secessions, together with a period of decolonisation, have caused the number of states in the world to rise sharply over the last decades. In 1948, only 74 states were members of the UN, today there are 193.

Despite voters' "no" to separation, the issue of Scottish independence is not off the table. In a way, Scotland has established for itself a position of regional leadership. The Scottish nationalists have demonstrated a persistent willingness to acquire additional political and economic independence. The partial acceptance of their demands has been demonstrated by the Prime Minister's promise to devolve additional powers, including taxes and welfare, in an equal manner to all four constituent parts of the UK. In addition, the capacity of Scotland to lead has been assured by its role as chief *demandeur* for autonomy. It remains to be seen how far Scotland will want to push its regional leadership role. Either devo-max will generate a more federal state; or the Union's separation will be sealed by a new referendum.

## CHALLENGES

Governance of societies occurs at different levels. Next to the classical sovereign states, there is a growing number of quasi-states: units of governance that are not states but that have some statehood properties. States will have to search for a modus vivendi with these quasi-states, but they will face a number of challenges in the process.

### 1. Solidarity

With the proliferation of borders there has been a shrinking of the scale of solidarity. The last European elections, with the significant gains enjoyed by nationalist parties, represent one example, as do the numerous secessionist movements around the world, such as the Scottish independence campaign. Between the Scottish and the rest of the British people, but especially with regards to English nationals, solidarity has been weakened. This lack of solidarity can be observed in the "yes" campaign's discourse that public services and especially resources should be shared among Scottish people rather than with the rest of the UK. The distinction drawn between the Scots and other British citizens is based on the argument that the two groups have different historical, political, and cultural characteristics and therefore do not share enough similarities for feelings and practices of solidarity to flourish among them. According to this argument, there is a lack of "mechanic solidarity", in Durkheim's terms, between Scottish people and the rest of the UK.

Although Scottish citizens do share more among themselves than with the rest of the UK, there are indeed British-wide identity elements, such as common values, history and culture. Most importantly, these shared elements are conceived of by most Scots as not opposed but rather complementary to their Scottish identity. Nevertheless, this was not the message promoted by the "yes" campaign. With the referendum campaign, the feeling of British and Scottish identities as opposed has been much reinforced. This situation represents a challenge of reconstructing a multi-faceted feeling of identity, in a way that being Scottish, English, Northern Irish or Welsh can again coexist peacefully with Britishness. The question is therefore how to engender a multi-layer system of mechanic solidarity.

However, similarities are not the only basis for solidarity. Divisions of labour, by engendering interdependence, can create another form of solidarity. This is what Durkheim termed "organic solidarity", based on difference. This kind of solidarity admits much more diversity than the latter and therefore is perhaps more suited to contemporary societies given societal trends towards differentiation, individualisation, and specialisation.

These two kinds of solidarity are always intertwined, but perhaps even more so in the case of the UK. The challenge is to identify which kind of policies and competency divisions between different levels serves best to balance these two kinds of solidarity in order to maintain on the one hand local identities and on the other hand enough solidarity among different peoples.

### 2. Efficiency

Organic solidarity, by promoting social cohesion through division of labour, can also contribute to efficiency thanks to specialisation.

Assuring the efficiency of policy making remains another challenge for a devolved UK. The motives for devolutionary initiatives, which in the past relied almost solely on mechanic solidarity for justification, have broadened to encompass a desire for greater efficiency in a globalised world. However, further devolution does not necessarily increase the economic efficiency of government.

From an economic efficiency point of view, the separation of already small states is not desirable. Unified states prove to be more efficient, since duplication costs in law enforcement and defence are avoided, free trade is assured, and the provision of local public goods is granted. The benefits of decentralisation (such as increased participation in decision-making and greater local accountability) may be attained through implementing the appropriate degree of decentralisation of authority among regions. That being said, the benefits of a unified state cannot be equally distributed among all citizens. There are three factors that can influence a region's decision to secede: political factors arising from the differences in regional preferences over fiscal policy; the efficiency losses from separation; and tax-related factors, emerging when per capita incomes vary across regions. Scottish voters decided that the efficiency benefits associated with remaining part of the UK were worth a lesser degree of control over political decisions when compared to independence. Nevertheless, the possibility exists that poorer regions may prefer independence despite both efficiency losses and losses of income in the form of fiscal transfers from richer regions. One way of avoiding a full separation is to allow regions to determine their own redistribution policy independently within a federal state. Inequality between regions resulting in redistribution is a major source of conflict between sub-national entities. The challenges Scotland is facing in terms of efficiency and legitimacy are closely interrelated. In the long term, a government's survival can only be guaranteed through the acceptance of its authority and the assurance of its political institutions' efficiency.

### **3. Legitimacy**

This brings us onto the challenge of legitimacy. Political legitimacy is inherently subjective. For Locke, it is the acceptance by a community of a governmental body's claim to authority. The changing nature of identity and solidarity has caused many Scots to question Westminster's representativeness, a key source of democratic legitimacy, leading one and a half million of them to reject its claim to authority by voting for independence. Westminster's legitimacy may also suffer among English voters. Although the government plans to resolve the West Lothian question by barring Scottish MPs from voting on acts affecting England alone, 'devo-max' may well increase pressure for a separate, English parliament. Indeed, the question mark over Westminster's legitimacy to govern has not been resolved with the Scottish referendum. In time, Wales and Northern Ireland may demand independence for themselves.

Compounding the changing nature of identity however, the legitimacy of Westminster has been undermined by some of the adverse effects of globalisation (and liberalisation), from which the Scots have perhaps suffered disproportionately in relation to the rest of the UK. Efficient policy making is a crucial source of legitimacy. Yet here Westminster's powers are being sapped by globalisation trends, which are eroding the number of policy areas under its control. The paradox is that as more powers are drained by globalisation and devolved by governments, the capacity of Westminster to lead in the UK, and hence its legitimacy to govern at all, is called into question.

## **POLICY RECOMMENDATIONS FOR DEALING WITH THE CHALLENGES**

There are however, ample opportunities for sovereign states in dealing with these challenges.

### **1. From Mechanic to Organic Solidarity**

Recognising that solidarity does not necessarily depend on similarities represents an opportunity for diverse societies such as the United Kingdom. In order to cement solidarity among the different parts that compose the Union, it is necessary to make policies aiming to specialise each country in different economic and scientific functions, functions that would be complementary to each other and necessary for the economy and science of each of them individually. Furthermore, the same reasoning might be used in terms of policy and decision making by splitting different functions of the same policies areas among different government levels. Additionally, higher specialisation can contribute to increase efficiency and productivity.

Certainly, material issues play an important role. As we have seen during the campaign for the Scottish referendum, one of the arguments defended by those wanting independence concerns welfare policies, which are decided upon in the Scottish parliament but depend on taxes collected by Westminster. In this case it is clear that not all policy areas can be used to create organic solidarity or at least that some kinds of policies are more sensitive and require a careful division of functions. Ultimately, however, it is often possible to create organic solidarity by dividing functions of the same policy between different levels of governance. Indeed, sometimes such multilateral organisation of policy making and implementation can boost efficiency and effectiveness too.

## **2. From Subsidiarity to Mutuality**

The independence referendum has been a chance for the United Kingdom and Scotland to reflect on and reform their union. In a world moving from unipolarity towards a networked form of multipolarity, non-state actors that compete and cooperate become more important. The radically changing multilateral system could increase both efficiency and legitimacy. In a federal UK, each region could prove its usefulness to the others. Agreements could be reached on the basis of the principle of mutuality instead of subsidiarity. The principle of subsidiarity argues that all levels of governance in a stratified space of layers of governance from local to global, should be done at the lowest level possible. This classical notion of subsidiarity is no longer the best normative principle applied to multilevel governance. Given the increasing complexity of multilateralism, the principle of mutuality could be used to organize the "web" of governance. Mutuality is where each level of governance, participating in joint-decision-making, fosters the legitimacy and capacity of the others. Instead of quarrelling over the best distribution of competences between levels of governance, the focus should shift to how both regions and states can mutually contribute to manage governance issues. Regions and state should stop competing and reinforce each other. Regions will endure challenging their place in the global governance system, whereas states will lose their capacity and sovereignty in dealing with global challenges as well as managing internal affairs.

The Scottish case illustrates that the region building process is not only about acquiring statehood properties but also driven by a nationalist component aiming at the transformation of a region into a full-fledged state. Nonetheless, regionalism is possible without a nationalist component and could contribute to moving away from nationalism. On a sub-national level, regions which are partly driven by efficiency motives could remain within an existing state, where they can contribute to optimal governance. In a multipolar world, states are increasingly confronted with the sharing of policy competences within networks comprised of formal governmental institutions and other actors, such as regions, private sector actors and lobbyists. The interaction between these interdependent actors, structured around negotiation and the defence of interests in policy making and implementation, exemplifies an opportunity to boost organic solidarity and legitimacy within the UK. Both the central government and regional governments should better engage with these policy networks in order to increase the solidarity, efficiency and legitimacy of the system.

## **3. Increasing Legitimacy**

The even devolution of powers to the constituent parts of the United Kingdom might actually strengthen the legitimacy of Westminster. The majority of Scots have always been more in favour of devolution than independence. Relieving the UK government of those policy areas where its authority is in question might strengthen its claim to govern those areas left under its control, areas where devolution is not possible, such as defence and monetary policy. In addition, regional governments endowed with more powers may be better placed to find solutions to pressing policy problems affecting their communities. Here, the legitimacy of the system as a whole might be strengthened by more efficient policy-making at the regional level. Moreover, by bringing policy making to the lower levels, popular participation in, and therefore the representativeness of, policy making is enhanced, increasing the legitimacy of the system. Finally, equalising the powers of the parliaments and assemblies of the constituent parts of the UK, by increasing the representation of regional communities vis-a-vis Westminster, might enhance the legitimacy of the British system as a whole.

Of course, should regional governments be seen as more legitimate than Westminster, independence claims may again rise to the surface. It is therefore up to the central government in Westminster to put forward a coherent, convincing and, vitally, positive narrative as to why the four parts of the UK are indeed “better together”, one that emphasises the UK’s common history and pluralistic national identity, and the common institutions such as the pound, the BBC and the Foreign and Commonwealth Office which benefit from British economies of scale. Such a story has to draw on the UK’s mechanic solidarity which, while damaged, still resonates with 55 per cent of Scots. But it has to build on organic solidarity too, highlighting the differences between the constituent parts of the UK that have enabled the Union to function as a single whole for so long.

## CONCLUSION

The sovereign state is confronted with multiple challenges in the contemporary era. Increasingly, policy making is occurring at levels both above and below the state. Even though states are losing power in relation to regions at the national and supranational level, the number of sovereign states in the world is increasing. Furthermore, there is strong evidence that the more statehood powers a region has, the more likely it is to demand independence and the more likely it is to get it.

How Westminster deals with the challenge of Scotland’s regional leadership will be instructive for other European states, such as Spain and Belgium. From the defence of the Union by all three major parties during the referendum, the willingness of Westminster to remain a leader in the UK seems assured. However, Westminster must work to retain the acceptance of its leadership among the constituent parts of the UK, while retaining its capacity to lead. Acceptance of Westminster’s leadership will be determined by the extent to which it is able to promote organic solidarity and balance it with mechanic solidarity among the peoples of the UK. The acceptance of Westminster’s leadership in the UK, i.e. its legitimacy, will depend on the extent to which ‘even’ devolution can increase participation, representation and efficiency, as well as the justification its politicians are able to furnish as to why the UK should stay together. Finally, Westminster’s capacity to lead will depend on its effective use of policy networks and the progress it is able to make towards a system of mutuality.

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#### FURTHER READING

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