HEGEMONY IN THE AGE OF GLOBALISATION AND GOVERNANCE BY THE EUROPEAN NEIGHBOURHOOD POLICY: IS THE EU BECOMING AN 'INFORMAL HEGEMON' IN THE MAGHREB BY MEANS OF THE ENP?

A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF SOCIAL SCIENCES
OF
MIDDLE EAST TECHNICAL UNIVERSITY

BY

ONUR BÜLBÜL

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY
IN
THE DEPARTMENT OF INTERNATIONAL RELATIONS

JUNE 2013

Approval of the Graduate School of Social Sciences

_____

Prof.Dr.Meliha Altunışık
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Doctor of Philosophy.

_____

Prof.Dr.Hüseyin Bağcı
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Doctor of Philosophy.

_____

Assoc.Prof.Dr.SevilayKahraman
Supervisor

Examining Committee Members

Assoc.Prof. Dr. Faruk Yalvaç (METU,IR) _____

Assoc.Prof. Dr. Sevilay Kahraman (METU,IR) _____

Assoc.Prof. Dr. Fatih Tayfur (METU,IR) _____

Assist. Prof. Dr. Başak Alpan (METU,ADM) _____

Assist.Prof. Dr. Sait Akman (MU,AB INS.) _____

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Name, Last name : Onur BÜLBÜL

Signature :

ABSTRACT

HEGEMONY IN THE AGE OF GLOBALISATION AND GOVERNANCE BY THE EUROPEAN NEIGHBOURHOOD POLICY: IS THE EU BECOMING AN INFORMAL HEGEMON IN THE MAGHREB BY MEANS OF THE ENP?

Bülbül, Onur

Ph.D., Department of International Relations

Supervisor: Associate Prof. Dr. Sevilay Kahraman

June 2013, 299 pages

Hegemony refers to the ultimate form of dominance over the international system as well as over actors operating in the system. Yet, the pressures of globalisation over the state as it used to be the sole legitimate authority and over the system necessitated a redefinition of old concepts. In this context, the conceptualisation of neoliberal hegemony referring to the global domination of neoliberal ideology divorced hegemony from the agent as its exerciser and defined hegemony as the dominance of values. Informal hegemony, as the novel concept created with this thesis, attempts to bring in the agent to the definition of the term. As a concept defined within the neoliberal system, informal hegemony refers to regional domination of an actor over necessary power structures by effective external governance mechanisms. Accordingly, effectiveness of a governance mechanism is measured by the degree of power it grants to its beholder over the structures of IPE in a region. In this context, an analysis of the degree of power that the ENP grants to the EU in the Maghreb demonstrates that, -although in varying degrees - the regulatory convergence taking place in the Maghreb countries towards the EU *acquis* generated a process to transform the EU into an informal hegemon via the ENP in the region.

Key words: Hegemony, globalisation, informal hegemony, governance, European Neighbourhood Policy

ÖZ

KÜRESELLEŞME SÜRECİNDE HEGEMONYA VE AVRUPA KOMŞULUK POLİTİKASI YOLU İLE YÖNETİŞİM: AVRUPA BİRLİĞİ AVRUPA KOMŞULUK POLİTİKASI YOLU İLE MAĞREB BÖLGESİNDE BİR GAYRIRESMİ HEGEMON MI OLUYOR?

Bülbül, Onur
Doktora, Uluslararası İlişkiler Bölümü
Tez Yöneticisi: Doç. Dr. Sevilay Kahraman

Haziran 2013, 299 sayfa

Hegemonya uluslararası sistem ve bu sistemde bulunan aktörler üzerinde kurulan en güçlü egemenliği ifade etmekte ve aktör ile tanımlanmaktadır. Ancak küreselleşmenin mutlak meşru otorite olarak bilinen devlet üzerindeki baskıları eski kavramları yeniden tanımlama gereği doğurmuştur. Neoliberal ideolojinin küresel hakimiyeti olarak tanımlanan neoliberal hegemonya kavramı, aktörü hegemonyanın tanımından çıkarmış ve hegemonyayı değerlerin hakimiyeti olarak tanımlamıştır. Bu tezin orijinal kavramını oluşturan gayriresmi hegemonya, kavramın tanımına aktörü geri getirmeye çalışmaktadır. Neoliberal sistem içerisinde tanımlanan gayrıresmi hegemonya kavramı, bir aktörün etkin yönetişim mekanizmaları ile bir bölgede gerekli güç yapıları üzerindeki hakimiyetini ifade etmektedir. Bu doğrultuda, bir yönetişim mekanizmasının etkinliği uygulayan aktöre ilgili bölgedeki uluslararası siyasi iktisat yapıları üzerinde verdiği gücün derecesi ile ölçülmektedir. Bu çerçevede, Avrupa Komşuluk Politikası'nın Mağreb ülkelerinde değişik seviyelerde olsa bile, özellikle AB mevzuatına doğru başlayan mevzuat yakınsaması nedeni ile AB'nin söz konusu bölgede gayriresmi hegemon olması yönünde bir süreç başlattığı görülmektedir.

Anahtar kelimeler: Hegemonya, küreselleşme, gayri-resmi hegemonya, yönetişim, Avrupa Komşuluk Politikası

ACKNOWLEDGEMENTS

The path to bringing together this thesis has been a demanding one beset with bumps with regard to both time management and occasional intellectual deadlocks which sometimes brought me on the brink of leaving everything aside. The starting point has been my interest in thorough understanding of the hegemony concept and my curiosity in evaluating the EU's external relations within the lenses of this literature. However, there were times when my intellectual world on this research resembled an archaeological site where things have been discovered with obvious clues that there is much to discover. In fact, I must admit that the site has not been completely discovered yet. It was when I realised that academic research is a never-ending process necessitating answers to new questions. And what makes it an ongoing process is the curiosity of the researcher as a result of the excitement and joy that follows discovery. I must also admit that this excitement and joy is obviously addictive that makes the researcher a student always hungry to learn and willing to produce.

Producing a neat research is never an outcome of lonesome work. The finished product is always an outcome of efforts given by several people. In this framework, I would like to extend my special thanks to those who have been influential in bringing this thesis to life. My special thanks go to Professor Sevilay Kahraman who has always been constructive, encouraging, attentive and critical, always helping me to find the right direction. I would also like to especially extend my gratitude to Professor Faruk Yalvaç who has been the name father of informal hegemony when he suggested me to label my findings with it, to Professor Fatih Tayfur for his insightful comments helping this thesis to be a better work both intellectually and with regard to its organisation, to Professor Sait Akman for his continued support and encouragement throughout this work, and to Professor Başak Alpan for her perceptive observations and helpful suggestions. All have been decisively influential in making this thesis a better piece of study.

Finally, my exceptional gratitude goes to my family Professor Dr. Ali Bülbül, İlknur Bülbül, Şeyda Bülbül and Gonca İstanbulluoğlu Bülbül who have been my foremost and most persistent supporters in life without whom not only this thesis but also my life would not be as good as it is. I think I also owe an apology to my beloved wife, Gonca, for stealing her time out of my life due to busy working days and nights; and thank her for her never-ending espouse. She is my muse.

TABLE OF CONTENTS

PLAGIARISM....iii
ABSTRACT....iv
ÖZ....v
ACKNOWLEDGEMENTS....vi
TABLE OF CONTENTS....viii
LIST OF TABLES....xi
LIST OF FIGURES....xii
LIST OF ABBREVIATIONS....xiii
CHAPTER
1. INTRODUCTION....1
2. THE EVOLUTION OF THE CONCEPT OF HEGEMONY....24
2.1. The Notion of Power within the Context of Hegemony....25
2.2. Hegemonic Stability Theory (HST)....30
2.3. Non-Hegemonic Stability Theory (NHST)....33
2.4. World-Systems Analysis (WSA)....39
2.5. Gramsci and Neo-Gramscian Conceptualisation of Hegemony....43
2.6. Conclusion....50
3. GLOBALISATION, AUTHORITY PROBLEMATIQUE AND NEO-LIBERAL HEGEMONY....53
3.1. Globalisation....54
3.2. Authority Problematique....63
3.3. Neo-liberal Hegemony....74
3.4. Re-interpreting Neoliberal Hegemony: Informal Hegemony....81
4. CARVING OUT DECISIVE POWER STRUCTURES AND POTENTIAL INFORMAL HEGEMONS IN THE GLOBAL CONTEXT....88
4.1. Security Structure....90
4.2. Production Structure....97
4.3. Financial Structure....104
4.4. Knowledge Structure....110

4.5. Transport Structure 117
4.6. Trade Structure 120
4.7. Energy Structure 125
4.8. Welfare Structure 129
4.9. Overall Assessment 132
5. GOVERNANCE UNDER THE GLOBAL HEGEMONY OF NEOLIBERAL IDEOLOGY 136
5.1. Governance in a Global Context 138
5.2. Regionalisation as an Alternative to Global Governance 145
5.2.1. Regionalisation as a Response to Globalisation 146
5.2.2. Implications of New Regionalism on Governance 148
5.3. ENP as a Regional Neoliberal Governance Mechanism 152
6. TESTING THE ENP: IS THE EU BECOMING AN INFORMAL HEGEMON IN THE MAGHREB BY MEANS OF THE ENP? 166
6.1. Production Structure 168
6.1.1. Morocco 173
6.1.2. Tunisia 176
6.1.3. Algeria 179
6.2. Financial Structure 188
6.2.1. Morocco 191
6.2.2. Tunisia 193
6.2.3. Algeria 195
6.3. Knowledge Structure 201
6.3.1. Morocco 204
6.3.2. Tunisia 207
6.3.3. Algeria 210
6.4. Trade Structure 216
6.4.1. Morocco 219
6.4.2. Tunisia 222
6.4.3. Algeria 224
6.5. Welfare Structure 230
6.5.1. Morocco 234
6.5.2. Tunisia 237
6.5.3. Algeria 239

6.6. Overall Assessment 245
7. CONCLUSION 254
REFERENCES 270
APPENDICES
A. CURRICULUM VITAE 279
B. TÜRKÇE ÖZET 280
C. TEZ FOTOKOPİSİ İZİN FORMU 299

LIST OF TABLES

TABLES

Table 4.1. Superiority in Power Structures to Become an Informal Hegemon in a Region 133
Table 6.1. AP Priorities and Outcomes for Morocco 173-174
Table 6.2. AP Priorities and Outcomes for Tunisia 176-177-178
Table 6.3. Comparing the EU and Other Actors 185
Table 6.4. AP Priorities and Outcomes for Morocco 191-192
Table 6.5. AP Priorities and Outcomes for Tunisia 194
Table 6.6. Comparing the EU and Other Actors 199-200
Table 6.7. AP Priorities and Outcomes for Morocco 205-206
Table 6.8. AP Priorities and Outcomes for Tunisia 208-209
Table 6.9. Comparing the EU and Other Actors 213-214
Table 6.10. Trade with the EU in Million ECU/EURO 218
Table 6.11. AP Priorities and Outcomes for Morocco 219-220
Table 6.12. AP Priorities and Outcomes for Tunisia 222
Table 6.13. Comparing the EU and Other Actors 227-228
Table 6.14. Unemployment, female (% of female labour force) 232
Table 6.15. Unemployment, male (% of male labour force) 232
Table 6.16. AP Priorities and Outcomes for Morocco 235
Table 6.17. AP Priorities and Outcomes for Tunisia 237-238
Table 6.18. Comparing the EU and Other Actors 243-244

LIST OF FIGURES

FIGURES

Figure 6.1. Direct investment stocks in Morocco - Million ECU/EUR 169
Figure 6.2. Direct investment stocks in Tunisia - Million ECU/EUR 170
Figure 6.3. Direct investment stocks in Algeria - Million ECU/EUR 170
Figure 6.4. GDP at Current Market Prices (Algeria, Morocco and Tunisia) 171
Figure 6.5. Inflation, consumer prices (annual %) 189
Figure 6.6. Gross capital formation, as a share of GDP (%) 189
Figure 6.7. Domestic credit provided by banking sector (% of GDP) 190
Figure 6.8. Gross external debt, as a share of GDP (%) 190
Figure 6.9. Patent applications, residents 203
Figure 6.10. Patent grants by country of origin and patent office 203
Figure 6.11. Researchers in R&D (per million people) 204
Figure 6.12. Published scientific and technical journal articles 204
Figure 6.13. Exports of goods, as a share of GDP (%) 217
Figure 6.14. Imports of goods, as a share of GDP (%) 217
Figure 6.15. Share of the EU in Exports 218
Figure 6.16 Share of the EU in Imports 219
Figure 6.17. Unemployment, total (% of total labour force) 231
Figure 6.18. Health expenditure per capita (current US$) 233
Figure 6.19. Health expenditure, public (% of total health expenditure) 233
Figure 6.20. Net official development assistance and official aid received 234

LIST OF ABBREVIATIONS

AA	Association Agreement
ACP	African-Caribbean-Pacific
AP	Action Plans
CEEC	Central and Eastern European Country
COMESA	Common Market for Eastern and Southern Africa
DCFTA	Deep and Comprehensive Free Trade Area/Agreement
DPL	Development Policy Lending Programme
EEC	European Economic Community
EIB	European Investment Bank
EMP	Euro-Mediterranean Policy
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
EU	European Union's
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
HST	Hegemonic Stability Theory
IATA	International Air Transport Association
ICAO	International Civil Aviation Organisation
IDA	International Development Agency
IEA	International Energy Agency
IFI	International Financial Institutions
ILO	International Labour Organisation
IMF	International Monetary Fund
IMF	International Monetary Fund
IMO	International Maritime Organisation
IO	International Organisation
IPE	International Political Economy

IR	International Relations
MEDA	Mesures D'Accompagnement
MENA	Middle East and North Africa
NATO	North Atlantic Treaty Organisaiton
NHST	Non-Hegemonic Stability Theory
NIP	National Indicative Programme
OPEC	Organisation of Petroleum Exporting Countries
PMV	Plan Maroc Vert
PRS	Poverty Reduction Strategy
PWC	Post-Washington Consensus
R&D	Research and Development
RoO	Rules of Origin system
SAA	Stabilisation and Association Agreements
TNC	Transnational Company
TRIPS	Trade Related Intellectual Property Rights
UfM	Union for Mediterranean
UN	United Nations
US	United States
USAID	U.S. Agency for International Development
USTDA	United States Trade and Development Agency
WB	World Bank
WIPO	World Intellectual Property Organisation
WSA	World Systems Analysis
WTO	World Trade Organisation

CHAPTER 1

INTRODUCTION

Hegemony has been one of the most interesting and controversial concepts in the study of International Relations (IR) and International Political Economy (IPE). Its components and its relationship with concepts such as 'power', 'structure' and 'system' provided a vast area of study for scholars writing on several disciplines. Up until the 1980s the concept has been defined and analysed in a historical materialist perspective hand in hand with the rise and fall of the American power in world politics. Whereas, after the 1980s, the change of the international system mainly in the form of the waning power of the 'state' by the spread of the so-called 'neoliberal' values throughout the global economic and political system also brought a change in the conceptualisation of the term. Consequently, hegemony has been divorced from the state as the actor exercising it and scholars focussed on the hegemony of the values or 'neoliberal hegemony'. This, indeed, has also been a result of a historical materialist perspective where the definition of the term followed the developments in international relations, or in other words the term has been re-modified to suit the empirical facts lying out in the system. In this context, rather than being able to be applied to the empirical world in a timeless manner, the term hegemony always followed the developments in international relations. In this sense, this study is not different than such a line of conceptualisation. However, it reinstates the actor of hegemony in the original conceptualisation by introducing a novel concept called *informal hegemony*, into the literature. Here, the term *informal* shall not be interpreted as the opposite of *formal*, rather it shall be understood as the opposite of *overall* hegemony, referring to the absolute superiority of the hegemon in all forms of power relations over the globe. There are several reasons behind this conceptualisation, yet, they need to be analysed in line with the historical flow of international relations, as has been the case in this study.

The main aspirations of this study are twofold. First, by analysing the historical development of the conceptualisation of hegemony, this study attempts to grasp the components of the term in the contemporary world, where it comes up with its new concept, 'informal hegemony'. This study argues that three main components of informal hegemony are (1) the actor exercising it, (2) a governance mechanism through which it is exercised and (3) the region over which it is exercised. In other words, informal hegemony refers to the regional superiority of an actor - in comparison to other actors - governing its relations with that specific region by a formal governance mechanism shaping specific power structures in that region. Within the conceptualisation of informal hegemony, this study rules out terms such as *regional* or *partial* hegemony, due to the fact that the conceptualisation of 'informal hegemony' constitutes both regional and partial superiority. Second, this study tries to test the validity of this term with a case study by taking the European Union's (EU) Neighbourhood Policy in the Maghreb region as a laboratory. Hence, the effectiveness of the EU's Neighbourhood Policy in the Maghreb region is analysed by taking the components of informal hegemony as, the EU as the actor, Neighbourhood Policy as the governance mechanism and the Maghreb as the region. Indeed, with a successful introduction of the term, several cases can also be analysed in several other studies in the future. However, this task is left to students of IR and IPE who are interested in taking this study further. After an overview of the need to redefine hegemony in the contemporary world, the methodology of this study will also be depicted below.

With regard to the objectives of this study, the extensive literature on power can be read as a debate between power in a relational context and power in a structural context. As the main component of hegemony, this study argues that power should go beyond an interpretation in its merely relational context but has to include its structural context as well. As a matter of fact, due to the increased complexity of the international system especially after the 1970s, the exercise of power goes beyond the limits of political power as a means to obtain security in the contemporary world. In particular, the decades after the '70s witnessed the emergence of various areas of interaction between actors and hence necessitated an analysis of aspects going beyond strict security concerns. Therefore, an interpretation of the exercise of power in its relational context as the power of an

actor over another, enabling the former to get the latter act in a way that it would not otherwise act, both neglects the indirect exercise of power and falls short of providing a complete picture of interactions among actors in the contemporary international system. Accordingly, structural power as the power to shape the structures of political economy, which also refers to the ability to determine the options available to other actors, provides a better understanding of contemporary international relations. In addition, this aspect of structural power implicitly contains power in its relational context as well - albeit in an indirect way.

In this framework, this study depicts that, Susan Strange's illustration of the structures of IPE provides a holistic picture of both the international system and the variety of areas in which actors interact at the international level. Strange divides the whole international political economy under four primary - security, production, finance, and knowledge - and four secondary - transport, trade, energy, and welfare - structures; and defines structural power as the ability to shape one or more of these structures which in turn determines the options available to other actors operating in those structures. A practical outcome of such a conceptualisation is that it provides the students of IPE with a clear classification to interpret international power relations in a systematic method.

The interaction of these structures with each other is also another aspect of the complex relationship at the international level. Therefore, a study of the international system within the perspective of structures of IPE over which actors exercise power, provides two useful outcomes. First, structural power, also embracing the relational aspect of power and going beyond it, provides a better understanding of the exercise of power in the contemporary world; and second, eight power structures provide a holistic picture of the contemporary international system. Thus, taking structural power concept as the basis of power exercised within the context of hegemonic dominance provides a coherent understanding of the term in the contemporary world.

In this context, as the first articulate theory on hegemony, the Hegemonic Stability Theory (HST) argues that instability of the international system in the 1970s is due to the decline of American hegemony since the late '60s and asserts that

management and stability of the international system depends on the existence of a hegemon with the ability to impose rules and generate cooperation under its leadership. Yet, as will be depicted in subsequent chapters, HST seems like a backward looking theory in the sense that it favours the existence of a hegemon to achieve stability but it somehow neglects the pluralisation of the international system and therefore fails to capture the prospective outcomes of change in the international system. As a response, Non-Hegemonic Stability Theory (NHST) argues that cooperation and stability within the international system is indeed possible even after the decline of hegemon. Taking regime theory as its central component, NHST pays special attention to the establishment of regimes in several issue areas that started to dominate the international system with the '70s and argues that regimes as the set of rules and norms established by the hegemon continue after the fall of hegemon and hence make cooperation and stability possible without the existence of hegemon. Nevertheless, both theories explicitly take the stability of the system as a central desire and hence overlook change. Moreover, power in both theories refers to relational power as they focus on relations among actors rather than the structure of the system. Moreover, as Strange argues, regime theory as the central component of NHST ignores the areas of non-regimes such as knowledge, transport and welfare structures which stand as another defect of the theory.

From a theoretical perspective, both HST and NHST are considered as orthodox theories and basically criticised for possessing positivist epistemology, methodological individualism and contesting ideologies, leading these theories to miss a more structural outlook in the study of IPE. More precisely, positivist epistemology is blamed to deny the possibility of any form nonmaterial intersubjective meaning such as beliefs and values to be a part of the international political economy. [1] Methodological individualism leads the orthodox IPE scholarship to explain events by the rational actions of individuals or of state actors treated as individuals; denying ultimate validity to contextually bound

[1] Murphy, C. and Tooze, R., *The New International Political Economy*, Lynne Rienner Publishers, Boulder, Colorado, 1991, p. 18.

explanations.[2] Finally, the tendency to explain the events from the lenses of mercantilism, liberalism or Marxism as the three dominant but contesting ideologies without particular reference to each of these ideologies' history, or their social and political context leads to the ignorance of a normative causal relationship between actions and outcomes.[3]

On the contrary, as a systemic-structural analysis of the capitalist world economy, Wallerstein's World Systems Analysis (WSA) defines the relative positions of actors in the world system with a classification as core, semi-periphery and periphery. This classification arises out of the historical formation of capitalism as a value based world system shaping de facto belief systems as well. Accordingly, hegemony refers to the dominance of a single state within the core by obtaining productive, commercial and financial superiority over other core states which also brings political, militaristic and even cultural dominance. In contradiction to HST and NHST, within the WSA's conceptualisation of hegemony, change is constant as hegemonic powers rise and decline. Yet, an important shortcoming of the WSA is that, by referring to change, WSA implies change *in* the system and neglects the change *of* the system which has been the case after 1980s. Furthermore, within the lenses of structural power analysis a more general defect of the WSA stands as its definition of hegemony as dominance in production, trade, finance and security structures and the priority given to these power structures over others in an attempt to define overall hegemony.

Accordingly, by elevating the neo-Gramscian conceptualisation of hegemony to the international level Robert Cox gives a class-based social analysis of hegemony. In Cox's terms, Pax Americana is a result of the spread of the social order first established in American civil society by the solidification of capitalist historic bloc in the production structure, followed by the creation of a common ideological goal in the civil society leading to the creation of consent first domestically and then internationally as in the form of harmony between social, political and economic domains. According to Cox, global hegemony is established with the creation of

[2] *Ibid.,* p. 19.

[3] *Ibid.,* p. 23.

consistency between the configuration of power, ideas and international institutions at the global level. Change of the international system emanates from changes in the organisation of the dominant form of production which shakes the common hegemonic consensus created at the global level and results in the decline of hegemony. In this conceptualisation, external pressures on the international production structure as legitimised by the hegemon shake the established consent and hence result in the decline of hegemon. Subsequently, the recreation of a new hegemonic consensus requires a war of position among historic blocs and depends on the legitimisation of the ideology of a new historic bloc formed in line with the requirements of the new production structure. In this context, Cox's study provides a very different conceptualisation of hegemony defined mainly in ideological terms however an evaluation of this conceptualisation within the structures of political economy reveals that it also prioritises the production structure over other structures.

This study argues that the main problem in theorising international political economy has been the ability to keep up with explaining change in the empirical world. In particular, with the start of the 1980s, change of the system gained pace generating drastic repercussions over the ideological building blocs of the system such as the state and its authority over its subordinates, over other states, and within the system; hence generating questions on governance and hegemony. Especially, economic policies of Reagan and Thatcher in the 1980s at the expense of state intervention into the market empowering the global capitalist civil society resulted in the shift of power from the state to non-state actors and the dominance of neoliberal values at the global level. Moreover, increased interconnectedness in political, economic, social and ideological spheres which has been labelled as globalisation resulted in the decreasing authority of the state and the mushrooming of several non-state actors with increased capabilities to shape the structures of political economy. Accordingly, as Strange puts it, the shift of power towards stronger states with regional and global reach, towards non-state actors such as international organisations (IOs) and transnational companies (TNCs) and the evaporation of some state authority as compared to the previous decades have been the most drastic effects of globalisation over state authority resulting in the so-called authority problematique. Besides, governance in the form of exercising

power over the system and accordingly over the actors operating in the system turned out to be trickier after the 1980s. In addition, since the role of the state as the legitimate beholder of power domestically and the sovereign authority within the international system has started to shake with globalisation, a legitimacy problem in global governance also emerged. Moreover, the shift of power to authorities other than the state whose basis is not in their command over territory, resulted in problems with regard to the nature of sovereignty, the dispersion of power and political control. Therefore, the shift in the theoretical basis of the conceptualisations of 'state' and 'power' as the central notions within the concept of hegemony has also necessitated a redefinition of the term with the '80s.

Accordingly, hegemony is divorced from its agency-based analysis to contain a more structural-ideological basis with reference to the hegemony of neoliberal values under the effects of globalisation on state, on legitimate governance and the rise of global neoliberal civil society as the dominant historic bloc. This restructuring is based on the idea that, in the 1980s, state transformed into a product of capitalist social relations and a tool of capitalist domination. Indeed, the free flow of capital at the global level and the minimum intervention of the state into the market have been the main motives of neoliberalism as the ultimate form of capitalism. Hence, the previous neo-realist state-centric definition of hegemony and its liberal institutionalist alternative has been inadequate to explain the change of the international system and the hegemony of neoliberal values. Nevertheless, although sharing authority with other actors, state is still an important actor within the neoliberal order and within the context of the exercise of authority by the state, globalisation resulted in the emergence of regional power hubs in contrast to the global domination of a single hegemonic state. Global domination on the other hand, can only be used side by side with neoliberal *ideology* as opposed to the domination of an actor. Accordingly, neoliberal hegemony indicates the domination of neoliberal values without any actor in political, economic, cultural and ideological aspects at the national, transnational and global levels. Moreover, the increasing roles of the IOs as important actors of the international system have gained significance as they stand as actors legitimising neoliberal values at the global level, and hence generating consent in the majority of global civil society. In this context, neoliberal hegemony embracing the economic, political, and

ideological aspects of change of the international system in the 1980s divorced the state from the possession of hegemony.

As a matter of fact, the introduction of the hegemony of neoliberal ideology to the literature opens several important debates with regard to previous formulations of hegemony and the main notions within the term. Indeed, these debates lead this study to construct informal hegemony as a novel term defined *within* the neoliberal order. This study argues that the current order of the international system is neoliberal and hence any term introduced to define the relationships within the system should be defined within the neoliberal setting. Yet, bearing in mind that the actor of hegemony is now disputed but at the same time since the definition of power as a central notion of hegemony includes agent rather than the system as its central component, the first question with regard to the formulation of hegemony emerge as how can the gap between power and hegemony be bridged within the neoliberal order? Second, under the pressure of globalisation, how should the geographical scope of hegemony be described if one is to stick with the definition of power as exercised by agent? Third, under the global hegemony of neoliberal ideology, how do actors exercise power? And fourth, how did governance evolve as the basis of legitimacy and consent on the way towards hegemony in the age of globalisation?

From this standpoint, informal hegemony is an attempt to bring in the agent into the definition of hegemony due to the fact that 'power' as the central component of hegemony is defined with the agent exercising it. Furthermore, an analysis on the basis of the structures of IPE provides a very useful tool in picturing the overall international system in which contemporary power struggles among actors take place. These power struggles include both relational and structural components of power. Nevertheless, the relational component of power is implicit in the sense that the power to shape the structures of political economy indirectly grants relational power to the beholder as the power to define the options available to other actors operating in the specific structure.

In addition, governance turns out to be a critical component of informal hegemony. Since globalisation itself resulted in the emergence of regional power hubs due to

the impossibility of effective global governance to be exercised by an actor, power exercised by an agent within the context of hegemony shall also be regionally defined. This is where governance mechanisms designed to exert influence over the power structures within a region gain importance. In contrast, comparable inefficiency of multilateral governance mechanisms as in the case of stalemates experienced in the United Nations (UN), World Trade Organisation (WTO), and other IOs' decision-making mechanisms from time to time; actors get more involved in regional and bilateral governance mechanisms which also grant legitimacy to the actions of an agent in a region. Thus, efficient governance mechanisms turn out to be indispensable tools on the way towards exerting hegemonic influence in a region. This is where the uniqueness of the EU lies.

Therefore, informal hegemony occurs as a result of the quest of superiority with effective governance mechanism/s by an agent over the structures of IPE in a region. Yet, another critical component of the concept should also be highlighted as informal hegemony is not defined as an alternative to neoliberal hegemony but is defined under the reign of the neoliberal system. In this context, a divergence between informal hegemony and neoliberal hegemony is with regard to the actor possessing hegemonic power. The novel conceptualisation accepts the fact that global international system is a neoliberal system and in fact this is where a demarcation line among the influence of power structures to become an informal hegemon is drawn. Indeed, the reason of labelling the new conceptualisation of hegemony as 'informal' is twofold. First, within the perspective of the structures of IPE, full or overall hegemony would require dominance in all power structures. Yet, globalisation and its effects on governance deprive any actor of the ability to dominate all power structures. Second, and as a reshuffling of Strange's primary and secondary power structures within the neoliberal world order, the importance of several structures go beyond others. In this context, this study argues that within the *global* neoliberal system production, finance, knowledge, trade and welfare structures are more decisive structures to exert power over, than security, transport and energy structures. Therefore, the novel conceptualisation of hegemony is labelled as informal since it diverges from full/overall hegemony with regard to the fact that it refers to dominance over selective power structures with a governance mechanism in a region.

Accordingly, there are particular reasons for the exclusion of security, transport and energy structures from the decisive structures to become an informal hegemon. First, an analysis of the contemporary security crises over the globe reveals that rather than achieving dominance within the neoliberal system, security takes precedence in the form of extending the neoliberal ideology to the economically important but ideologically excluded parts of the world. Within the neoliberal world order, on the other hand, security crises do not occur as assumed by the philosophical roots of liberal ideology. However, this is not to be interpreted as a complete downgrading of the significance of security structure in the international system. Since the boundaries of informal hegemony is drawn within the neoliberal system and since security in its military and political sense turns out to be a secondary concern within the neoliberal system, the security structure is considered to have rather weak influence on the way towards becoming an informal hegemon. Second, in times of war, transport structure and its relationship with the security structure places the transport structure at a critical place to determine power in security structure. Nevertheless, in times of peace which is the order of the day within the neoliberal system, transport structure becomes of secondary importance as the allocation of power in this structure at the global level is determined by the allocation of power in trade structure. Thus, due to its secondary role with regard to the extent of its decisiveness in terms of interactions under neoliberal world order, transport structure turns out to have a rather weak influence in determining the informal hegemonic status. Third, although energy is a vital factor of production granting the beholder of power a significant competitive edge within the neoliberal world order; in the contemporary world, power allocation in the energy structure is rather diversified among states, companies, and IOs which is mainly determined by the dynamics of the market rather than the actions of actors operating in this structure. In this context, the uniqueness of this structure in terms of the impossibility of an actor to exert hegemonic influence over the energy structure places it in a secondary status in terms of its decisiveness on the way towards obtaining informal hegemonic status. Thus, the acquisition of informal hegemonic status in a region by a governance mechanism designed to regulate the structures within that region depends on obtaining the ability to shape the production, finance, knowledge, trade, and welfare structures in that region vis-à-

vis the ability of other external actors to shape the same structures in the same region.

Within this perspective, another main aspiration of this study emerges as the analysis of the European Neighbourhood Policy (ENP) as the governance mechanism and the structural power that the ENP grants to the EU in the Maghreb region to become an informal hegemon. Several reasons lie behind the choice of this specific case study. First, the ENP stands as one of the most coherent external governance mechanisms of our age in the sense that it contains similarities with the most prominent global governance mechanisms as in the form of Post-Washington Consensus (PWC) style development polices. However, it goes beyond a simple PWC style governance mechanism as it contains tailored governance methods for the individual ENP partner countries. Moreover and on top of that, the uniqueness of the ENP lies in the fact that within a broader neoliberal agenda, the ENP envisions 'regulatory convergence' towards the EU *acquis* by the partner countries, which stands a vital component of regional governance.

Since the inception of the aspiration to govern its external relations, the EU designed several tools towards several regions all over the globe. Yet, the Mediterranean region stands as the first among other regions in terms of its importance to the EU as an immediate neighbourhood. Accordingly, the global Mediterranean policy in the '70s, and the Euro-Mediterranean Policy (EMP) in the '90s go well beyond other external governance mechanisms such as partnership with the African-Caribbean-Pacific (ACP) countries or the EU involvement in Latin America. In this context, the three pillar structure of the EMP embracing political and security dialogue, economic and financial partnership, and social, cultural and human partnership is an attempt to exert influence over several structures in the EMP partner countries. In fact, Association Agreements (AAs) as the central mechanisms of the EMP include provisions on all these spheres. Moreover, the Mesures D'Accompagnement (MEDA) instrument designed to support the implementation of the AAs has been an important financial tool granting the EU a degree of power over the welfare structures in the EMP partner countries. However, since the AAs provisions on the creation of a free trade area between the EU and the specific partner country has been much stronger than the

provisions that do not go beyond cooperation purposes in other structures, the AAs could only grant structural power to the EU over trade and to some extent production structures in the partner countries. This in fact coincides with the aspiration of the EU to design a novel mechanism going beyond the EMP in governing its relations with its neighbourhood over a broader structural perspective.

Accordingly, due to the pressures of 2004 and 2007 enlargements on the EU, a necessity to extend the scope of the EU's neighbourhood produced the initiation of the ENP in 2003. Compared to the EMP, ENP is much more inclusive as it also contains the EU's Eastern neighbours along with the EMP countries. However, the divergent characteristics of the Mediterranean and East European regions as well as the divergent characteristics of several sub-regions within those regions forced the ENP to become a rather bilateral policy mechanism compared to the regional characteristic of the EMP. In fact, the creation of two separate initiations as the Eastern Partnership and the Union for the Mediterranean has been an outcome of the necessity to recognise the differences with regard to these regions as well as the desire to generate more effective goals for the countries of these regions in line with the differentiation criteria. In this context, for the sake of precision, the Eastern Partnership has been excluded in the analysis of the effectiveness of the ENP and more specifically due to their historical special relationship with the EU and its member countries and due to the specific characteristics of the region and its relations with the EU, the Maghreb region has been chosen as the laboratory to test the effectiveness of the ENP. Yet, Eastern Partnership also provides another laboratory to implement the novel concept of informal hegemony and the extent of the EU's influence with regard to a sub-region within the Eastern partnership can be the subject of a similar comprehensive research. The conceptualisation of informal hegemony can even be further tested by comparing several other actors' roles in several other regions as well.

With regard to its methodology, this research is an eclectic study bringing together both the heterodox and orthodox methodologies in the study of IPE. As for its heterodox approach, the novel conceptualisation of informal hegemony is defined within the neoliberal ideology both regarding the formation and the spread of

capitalist values in the contemporary world system and the definition of the global system in line with the structural power approach introduced by Susan Strange. Especially the knowledge and welfare structures located among primary power structures within the definition of informal hegemony stress the vitality of ideas, belief systems, and scientific knowledge as well as the social systems, education, and class formation on the way toward obtaining informal hegemonic status. On the other side, the possession of power on the way towards becoming informal hegemon within the global neoliberal order is revealed by several indicators that can be considered to fall within the realm of positivist methodology. In this context, the chapter on informal hegemony analyses all the power structures as described by Strange and locates potential informal hegemonic powers with regard to their capabilities within each structure. These capabilities are measured by distinct indicators for each structure. For instance, military spending of individual countries and their weight of participation in the decision making mechanisms of key IOs such as the UN in the security structure are analysed among several other indicators of power. Whereas, indicators such as credit to GDP ratios and participation to the decision making mechanisms of IOs such as the International Monetary Fund (IMF) in financial structure, Gross Domestic Product (GDP) and the number of Transnational Corporations (TNCs) in production structure, research and development (R&D) spending, the number of researchers, and the number of patents held in knowledge structure, and the amount of net official development assistance and development aid provided, or the share of public in health expenditure in welfare structure are highlighted among several other indicators in outlining potential informal hegemonic powers at the global level. Simultaneously, a hierarchical relationship is outlined among power structures in order to determine their weight on the way towards obtaining informal hegemonic status.

Moreover, in outlining the theoretical foundations of informal hegemony in the first part of this research, secondary resources such as the IR and IPE literature on hegemony has been utilised. Moreover, reports of several IOs such as the World Bank, IMF, World Intellectual Property Organisation (WIPO), North Atlantic Treaty Organisaiton (NATO), etc. have been utilised in determining the indicators of power within power structures. This also enabled this research to mark a distinction between potential informal hegemonic powers in each power structure.

Accordingly, the EU emerged as a major potential informal hegemonic power in the global neoliberal setting. Indeed, the EU itself along with its external policy is a neoliberal project. In this context, the ENP as a regional neoliberal governance mechanism provides the EU with a valuable tool to export its system to a region within the broader global neoliberal system. The effectiveness of the ENP is measured with reference to two important concepts in this research as the EU's *involvement* and the EU's *capacity* to shape the structures in the Maghreb region. The EU's involvement in the region refers to indicators such as the level of European investments in the production structure, EU member states' and companies' roles in the financial structure, the involvement of the European institutions, European universities and European companies in education, patent creation, patent protection and R&D programmes within the knowledge structure, the level of EU trade with the Maghreb as compared to other major actors with the potential to exert informal hegemonic influence in the region with regard to the trade structure as well as the level of EU involvement in the official development aid provided with an aim to generate change in the social policies of the partner countries with regard to the welfare structure. This in turn marks the interest of the EU to generate the desired outcomes in the Maghreb region. The capacity of the EU, on the other hand, refers to the ability of the EU to generate necessary reforms as desired by the European stakeholders with an interest to be in the Maghreb region. In this context, the capacity of the EU refers to the ability of the EU to generate reforms as foreseen by the Action Plans (APs) signed between the EU and the Maghreb countries and is more related to the policy responses given by the target countries.

In this framework, in analysing the EU's involvement and capacity to become an informal hegemon in the Maghreb region, the APs as the roadmaps outlining the EU's objectives, change in several material indicators within structures after the entry into force of the APs and the annual country progress reports prepared by the European Commission measuring the progress achieved emerge as the basic tools to be utilised. More specifically, the critical indicator in measuring the success of the APs in the Maghreb region is regarded as the regulatory convergence towards the EU generated in the target countries. Breaking the regulatory convergence

concept down into its components reveals two important points. The first is that the regulatory mechanism outlines the path that the target country will take in employing policies falling within a power structure. In other words, the target country can be considered to follow a neoliberal path as long as the regulatory mechanism to be implemented by the country is defined within neoliberal boundaries. For instance, general neoliberal values such as privatisation, deregulation and liberalisation constitute the backbone of the APs. The second is that the EU is looking for convergence towards its own neoliberal sub-system within the broader global neoliberal system by shaping the regulatory mechanism in the target countries. For instance, objectives such as the liberalisation of the movement of capital between the EU and the target country, trade liberalisation between the parties, or the objective set to undertake European Competition regulation puts the EU one step ahead of other potential informal hegemonic powers within the global neoliberal world order.

Indeed, this study interprets regulatory convergence to be composed of three sub-headings. The first refers to *legal approximation* towards the EU on policy areas relating to the five power structures necessary for obtaining informal hegemonic status. The second is *convergence at the institutional level* by participation to several EU programmes that result in institutional reforms in the partner countries as foreseen by the APs. And the third aspect supporting regulatory convergence is regarded as the *financial support* granted by the EU to generate reforms within the necessary power structures.

Moreover, this study argues that the success of the ENP can be measured in comparison to the capacities of other external actors and other external governance mechanisms over the power structures in the Maghreb countries, rather than a comparison with the success of the EU's enlargement policy. Ultimately, the ENP generates reforms in the Maghreb without any EU membership expectation by the Maghreb countries as opposed to the case in the Eastern Europe, and in this sense, the ENP towards the Maghreb is and is expected to be more successful than any other external governance mechanism developed by any other potential informal hegemonic power. Within this framework, the engagement and effectiveness of several other actors in the Maghreb region such as the United States (US), the

World Bank and the IMF through several governance mechanisms are also compared with the engagement and effectiveness of the EU through the ENP.

As for its unique tool that marks the difference of the ENP from the EMP, APs and the outcomes with regard to the reform priorities set out by the APs emerge as the most critical component in measuring the effectiveness of the ENP in the Maghreb. In this context, the case with Algeria differs from Morocco and Tunisia due to the lack of an AP which does not make the ENP a completely different policy tool than the EMP in Algeria. However, the ENPI allocations as well as Algeria's partnership to the EU programmes such as twinning and TAIEX are the only mechanisms that mark the further step taken by the ENP in Algeria. Nevertheless, besides the political developments due to the Arab Spring which increases the potential of the EU to increase its power over other structures in Algeria, the lack of an AP does not grant the EU structural power going beyond the production and trade structures in Algeria as granted by the AA.

The case with Morocco and Tunisia, on the other hand, is much different. As discussed above, the uniqueness of the APs lies within the fact that they set targets on regulatory convergence towards the EU *acquis* in these countries. Accordingly, the effectiveness of the ENP in granting informal hegemonic status to the EU in these countries by generating regulatory convergence is much different than the case in Algeria. The level of progress in Morocco and Tunisia is regarded as satisfactory by the EU which resulted in granting 'advanced status' to Morocco and 'privileged partner status' to Tunisia. However, there are also differences between the progresses recorded by these two countries due to the differences emanating from their interpretation of the APs in line with their desires. Yet again, within the aspirations of this study which analyses the outcomes of the APs with regard to the five power structures defined within the IPE, the general criticism directed towards Tunisia for not being able to transform economic reforms into political ones as foreseen by the AP is curbed down. In this context, with regard to the regulatory convergence that it has already generated, the AP with Morocco seems to grant structural power to the EU over production, finance, knowledge, trade and welfare structures as required by the conceptualisation of informal hegemony. The case with Tunisia is rather different as the AP grants the EU

structural power in production, knowledge and trade structures in Tunisia, but falls short of the accomplishments realised in Morocco in finance and welfare structures. However, a comparison between the role of the EU and other external actors such as the U.S., IMF and mainly the World Bank, over the five structures in all these countries reveals that, although not being able to obtain informal hegemonic status yet, the EU is by far the most influential actor over all the necessary power structures in the Maghreb region.

Moreover, as this study implicitly analyses overall change of the international system since 1945, it would be possible to argue that change is a process and does not happen overnight. Within this perspective, as seen by the involvement of the EU in the power structures of the Maghreb countries and the effects neoliberal ideology in these countries such as the reform demands of the citizens of these countries during the Arab Spring, the APs stand as very promising tools to stand as neoliberal anchors for these countries with the prospective of increasing the overall capacity of the EU to shape the necessary power structures to become an informal hegemon in the Maghreb region. Thus, the study gives a positive answer to the question of, 'is the EU *becoming* an informal hegemon in the Maghreb region by means of the ENP'. Nevertheless, it should also be stated that currently, the EU is not an informal hegemon in the region besides its strong potential. Can the EU realise this potential remains to be seen. The obvious result however is that the EU is a differentiated power in the region.

Within this perspective, this research is designed as follows. Chapter two is based on the evolution of the hegemony term throughout the literature up until the 1970s and its relationship with power. Accordingly, in order to locate the new conceptualisation of hegemony on a concrete basis, an assessment of HST, NHST, WSA and subsequently the Gramscian and neo-Gramscian conceptualisations of hegemony are given thoroughly. This analysis paves the way to the evolution of the conceptualisation of hegemony which has been the basis of the redefinition of the term in line with the developments in the international system after the 1970s which resulted in the introduction of "global" and/or "neoliberal" hegemony during the first decade of the 21st century. Simultaneously, a discussion on relational and structural power as well as the power structures defined by Susan

Strange and their relevance in understanding the contemporary global system will enable the reader to locate the need for a redefinition of hegemony. In addition, this discussion opens the debate with regard to the shift of the central assumptions of previous conceptualisations of hegemony and the attempts for a reconsideration of the term.

Upon this necessity, chapter three reveals the first attempts to redefine hegemony in the light of the developments in the international system during the 1980s and beyond. Hence, the evolution of the international system with particular emphasis on globalisation, its effects on the state and on the international system resulting in authority problematique of the state with a special focus on `neoliberal hegemony` is given. The main era under discussion in this chapter is 1980s and 1990s which witnessed the evaporation of state power *vis-a-vis* other actors as well as the system in several aspects and the solidification of the neoliberal order at the global level. In this context, the repercussions of American economic policy both domestically and internationally which resulted in the spread of neoliberal values throughout the globe is the major case at hand. Yet, the chapter concludes with a coherent critique on the theoretical foundations of `neoliberal hegemony` due to its erratic nature in defining hegemony at the global level by divorcing hegemony from its *actor* and introducing the hegemony of the *values*. However, the main argument in this chapter is that, since hegemony mainly refers to the dominance of an actor *within* the system and since globalisation itself is the main reason to divorce hegemony from a global context, hegemony should be defined regionally in the contemporary world system along with the dominance of an agent as its exerciser. In other words, since the attainment of hegemony in its classical sense is far from possible today due to a shift in its main components, a re-redefinition of the term is inevitable.

Basing on these arguments, chapter four carves out a new conceptualisation of hegemony and labels it as `informal hegemony`. In doing that, the chapter utilises the structures of IPE in line with Strange's classification. These structures are considered to constitute the spheres of influence in international relations which overall forms the whole international system. In this context, global domination or global hegemony refers to superiority in all these structures whereas informal

hegemony refers to regional domination over adequate structures via coherent external governance mechanisms within the framework of the neoliberal system. Thus, the basic question of this chapter is which power structures precede others within the global neoliberal order to obtain informal hegemonic power. Within this framework, the chapter analyses global neoliberal system, its main actors and the relationship between the structures of political economy with an aim to construct a hierarchical order among these structures and understand their relative weights within the global neoliberal system. A significant outcome of this analysis is marking a difference between overall hegemony referring to dominance in all power structures and informal hegemony referring to dominance in several power structures determined in line with their relevance in the global neoliberal order. Accordingly, the conceptualisation of 'informal hegemony' demonstrates distinctive aspects placing it in a unique position with regard to earlier conceptualisations of 'power' and 'hegemony'. In this context, two most important aspects of informal hegemony are highlighted in this chapter. First, informal hegemony is *not* introduced *an alternative* to neoliberal hegemony but is to be interpreted in line with and under the domination of neoliberal order at the global level; and second, within global neoliberal hegemony, informal hegemony refers to *regional domination* via effective regional and/or bilateral *governance mechanisms* granting power to the actor in necessary structures.

After a neat discussion of informal hegemony and an attempt to apply the term into the contemporary world system, this research proceeds with particular focus on the concept of governance. A comparison between governance at the global level as in the form of Washington - Post-Washington Consensus (PWC) policies and at the regional level under the effects of multilateral world order reveals that regional governance is more effective in generating desired recipes for peace, prosperity and economic growth. More specifically, the governance model developed by the EU is under specific scrutiny as it better meets the requirements of the so-called post-hegemonic era. Furthermore, a deeper look into the EU's external governance model reveals the significance of the ENP. Hence, while drawing upon the discussion of power and hegemony in the preceding chapters, chapter five concentrates on the likelihood of the EU to become informal hegemon in the Maghreb region. For the sake of precision and due to the fact that it provides one

of the most developed external governance mechanisms of our age, the ENP is the case at hand in this chapter. Moreover, since informal hegemony is defined in regional terms and that the ENP countries demonstrate very divergent characteristics, EU's relations with the Algeria, Morocco and Tunisia as the Maghreb region is chosen as the laboratory. The exclusion of Libya as a Maghreb country from this study is due to its exclusion from the ENP and hence due to a lack of a coherent governance mechanism for Libya. The evolution of the EU's relations with the region until the ENP and the introduction of the ENP as a broader governance mechanism are also given in this chapter with an aim to mark its distinction. In the meantime, previous attempts made by the EU to formulate specific governance mechanisms for the Maghreb region since the 1970s will also be discussed to mark the significance of the region in the EU's external relations and hence granting validity to the decision to choose the Maghreb as the laboratory.

Following a general analysis of the ENP and locating it in a broader `development policy` perspective, this research examines the main policy rationale of the EU through neat analyses of the AAs and APs with Algeria, Tunisia and Morocco in chapter six. In answering the question of whether or not the EU is becoming an informal hegemon in the Maghreb by means of the ENP, special attention is paid to regulatory convergence towards the EU *acquis* as foreseen by the APs as the distinctive tools of governance in the ENP. Indeed, the regulatory convergence envisaged in several domains is the critical policy tool that grants the EU the power to shape the structures in the partner countries. In this context, chapter six analyses in which structures convergence is taking place and attempts to answer whether the APs grant the EU the power to shape the necessary structures in the partner countries and transform the EU into an informal hegemon in the Maghreb region. The outcome of this analysis leads up to the conclusion that the ENP provides a perfect mechanism for the EU to *become* an informal hegemon in Morocco, Tunisia, and Algeria but the process is incomplete. The main conclusion however is that the EU stands as a differentiated actor in terms of its power, presence, capacity and influence in the Maghreb region compared to other potential informal hegemonic powers. Finally, in chapter seven, the study highlights the overall conclusions drawn throughout this research.

Save their commonly accepted definitions in the literature, some important concepts mentioned in this thesis shall be specifically interpreted in line with the frameworks given as follows:

Actor: Actor is the unit with the capacity to operate at the international system whose actions produce repercussions for the actor itself, for other actors and for the system. Traditionally states have been considered as the sole actors due to the fact that they have been the only agents whose actions have consequences at the international level. In the contemporary international system however, non-state actors such as international organisations, multinational companies and even individuals can be actors. Actors are agents that exercise power in the international system. The scope of their power over each other as well as over the system determines their level of influence.

System: The organism in which actors exist and interact at the international level. In line with Hegel's definition, system can be considered as a whole composed of its parts but going beyond it with a character of its own. In this context, system can also be considered as a structure which imposes limits on the actions of actors in it. Hence, system is both an organism in which actors interact and a structure which determines the rules of their interactions. Change is a defining characteristic of the system and is in symbiotic relationship with interaction among actors. Change in the system refers to change in the relative positions of actors operating in the system. Change of the system however, refers to change in the overall value-base of the system rather than the rise and fall of actors in it. For instance, bipolar system was security-based in which realist values formed the determining characteristic of the system, whereas multi-polar system is more welfare-based shaped in line with liberal/neoliberal values. Thus, values that are embraced by the system can also set the norms in which interaction takes place.

Governance: Policies and institutions formally or informally employed at the political, economic, social, cultural and ideological spheres by actors - both state and non-state - to manage their relations with and the functioning of the national systems, the international system as well as other actors in these systems.

Neoliberal Governance: Policies and institutional instruments that are employed to manage relations both at the national and international level, shaped in line with neoliberal ideology prioritizing capitalist market logic such as minimum intervention of the state into the market and neoliberal values shaped by overarching privatisation, liberalisation and deregulation policies.

Global Governance: Policies and institutional instruments employed collectively at the global level to manage and regulate the international system. Global governance policies such as Washington Consensus and Post-Washington Consensus policies refer to the norms and rules within which global governance is shaped.

Regional Governance: For the purposes of this study, regional governance refers to policies and institutional instruments implemented by an actor to manage its relations with other regions and actors in these regions. In this framework, ENP is considered as a regional governance mechanism employed by the EU to manage its relations with its neighbourhood. The ENP's distinction from the PWC style policies is that it envisions convergence towards European norms and rules within broader global governance policies.

Power: Power is the ability of an actor to shape the actions and preferences of another actor as well as the ability to shape the structures of the international system in which actors relate to each other with regard to the issue areas that form these structures. In this framework, power refers to both relational and structural power in this study. This study compares the power of the EU to shape selected structures in the Maghreb compared to the power of other actors and concludes that the EU has more power than other actors to shape these structures in the Maghreb.

Hegemon: The actor that exports its norms and values over other actors and over the system (national or international) hence determining the norms and values in which other actors interact. As the origin of the norms and standards of the international system, hegemons also set the rules of international interaction. The

ability to transform the international system in line with their norms grants hegemons the power to dominate both the system and other actors in it.

Hegemony: The domination of particular norms and rules that set the defining characteristic of the system in which actors operate. Hegemony is usually defined side by side the hegemon exporting its norms and rules to the system and hence dominating other actors in the system. Hegemonic dominance is peaceful. In other words, hegemony takes place with the consent of other actors in the system. Coercion on the contrary is peculiar to imperial dominance as opposed to hegemonic dominance. The term hegemony also refers to the era that coincides with the domination of a hegemon or specific norms and rules in the system. Examples of this type of the term are British hegemony or neoliberal hegemony.

Neoliberal hegemony: Domination of neoliberal values in political, economic, cultural, and ideological aspects at the national, transnational and global levels without any actor being able to deliberately orchestrate the process. The deviation of neoliberal hegemony from previous definitions of hegemony is that it is defined without the existence of a particular neoliberal hegemon.

Informal Hegemony: Under global neoliberal hegemony, informal hegemony refers to domination over decisive power structures via effective regional and/or bilateral external governance mechanisms. In this context, informal hegemons are actors with the power to shape the production, financial, knowledge, trade and welfare structures in a region with governance mechanism/s. Informal hegemony brings in the actor component into the definition of neoliberal hegemony.

Informal Hegemon: Informal hegemon is the actor that can dominate necessary power structures in a region by shaping them with a regional governance mechanism. In this framework, this study analysed whether the EU is an informal hegemon in the Maghreb region via the ENP as the governance mechanism; and concluded that although the ENP grants the EU more power than any other actor in determining the norms and rules that shape the necessary structures in Maghreb, the EU is not an informal hegemon in the region yet.

CHAPTER 2

THE EVOLUTION OF THE CONCEPT OF HEGEMONY

Hegemony is one of the mostly debated concepts in IR, while attempts to incorporate it into the frequently changing nature of international relations result in a variety of conceptualisations. Basically, the evolution of the concept is a result of the evolution of the mainstream theories of IR. Starting with realist-neo realist theory, carrying on with neo-liberal institutionalist theory, being manipulated with critical and structural theories and finally being the subject of a new debate in the age of globalisation, the conceptualisation of hegemony provided an empty canvas for scholars to work on. Up until today, various conceptualisations for the term have been given, all in line with the theoretical vision of the scholars as well as the empirical developments in international relations. As a matter of fact, this chapter will give the main dynamics of these diverse conceptualisations with an aim to provide the theoretical background and the state of the literature in order to make a solid base to the new conceptualisation of the term, informal hegemony. In doing that, this chapter will guide the reader to focus mainly on the dynamics leading to this new conceptualisation.

At the outset, a discussion on relational and structural power will be given to outline a major divergence in the assumptions of the mainstream theories of hegemony. Such an introduction will also help the reader to locate the structural power perspective embedded in this research as well as in informal hegemony. Subsequently, the chapter will depict the main assumptions of the hegemonic stability theory, non-hegemonic stability theory, the world systems analysis and the neo-Gramscian conceptualisation of hegemony. Such a depiction will reveal the distinctive characteristics of these conceptualisations. Subsequently, with a focus on change of the international system after the ‘70s, the repercussions of the dynamics of the international system and the basic elements of the dynamics of change will be given in chapter three where, first, the effect of globalisation on the

notion of 'state' as the holder of hegemonic power in its orthodox sense, and second, its effects on the geographical scope of hegemony forcing to narrow it down will be discussed.

2.1. THE NOTION OF POWER WITHIN THE CONTEXT OF HEGEMONY

With regard to the aspirations of this study which interprets the global international system as a whole composed of power structures as defined by Susan Strange, a distinction between the relational and structural power shall be made clear. In basic terms, relational power refers to the power of an agent *over* its counterpart. The prominent definition of power provided by Robert Dahl which reads as "A has power over B to the extent that he can get B to do something that B would not otherwise do"[4] defines power in the context of a relationship between two actors. Power in this definition can either be co-optive or coercive yet it is absolutely relational in the sense that it defines the power of A *over* B to push B act in a way that A prefers. However, a very important dimension of this definition is that it divorces the measurement of power from its resources and it implicitly introduces the process of achieving the desired outcomes as the sole determinant of power acquisition. In this context, power is regarded by Dahl as an effect of an actor over another actor to produce the outcomes that the first actor desires and it is measured by the extent that the receiver's actions are in line with the imposer's desires.

Dahl's widely accepted definition of power is regarded as the first face of power by his successors such as Peter Bachrach and Morton Baratz[5] who draw attention to framing and agenda setting. Power can be implicitly demonstrated by limiting the available options for an actor and hence forcing it to choose from those options that are in line with the desires of the beholder of power. The most prevalent way of imposing this kind of power takes place via international institutions or the social discourse generated among actors. In other words, the receiver accepts the legitimacy of the agenda formulated by the imposer and hence complies with the

[4] Dahl, R.A., 'The Concept of Power', in *Behavioral Science*, Vol. 2, No. 3, 1957, p. 202.

[5] Bachrach, P., and Baratz, M., 'Decisions and Nondecisions: An Analytical Framwork', in *American Political Science Review*, Vol.57, No.3, 1963, pp.632-642.

options provided under that agenda. Hence, in the second face of power "A controls the agenda of actions in a way that limits B's choices of strategy."[6]

In opposition to the second face of power which emphasizes the agenda-setting power on the way towards limiting the options of the target, Steven Lukes argues that the sources of power such as the ideas and values shape targets' *initial* preferences.[7] A criticism brought by Lukes on the second face of power is that it is almost impossible to determine the target's initial preference and hence it is not easy to determine whether an action taken by the target is taken due to the power imposers' desire or not. In this sense, Lukes argues that getting others to want the same outcomes that one wants would render the necessity to override the initial desires obsolete.[8] In a nutshell, as Nye describes, the third face of power includes the power holders' actions to create and shape the target's basic beliefs, perceptions and preferences where the target does not realise the effect of A's power.[9] Furthermore, a significant point in Lukes's conceptualisation of power is that he not only values the ability of the power beholder to shape the beliefs, perceptions and preferences of the target but he also focuses on causal processes in order to analyse individual's capacities to judge and decide for themselves. In Lukes's words, "…if power is to be effective, those subject to it must be rendered susceptible to its effects."[10] In analysing the target's capacity Lukes highlights the subject or issue area rather than the agent in determining the effectiveness of power. In other words, Lukes's focus is on the structure in shaping the beliefs of the actors but not the imposer of power as an actor or the resources of power that actor possesses. In this sense, Lukes's analysis of power can be considered as being structural in a way that concentrates on the power *to* determine the boundaries and the rules of the system in which actors operate. So to speak, it is

[6] Nye Jnr., J.S., *The Future of Power*, Perseus Books Group, New York, 2011, p. 14.

[7] Lukes, S., *Power: A Radical View, 2nd Ed*., Palgrave Macmillan, London, 2005.

[8] Nye, J.S., *The Future of Power*, *op.cit.*, p. 14.

[9] *Ibid.*, p.14.

[10] Lukes, S., 'Power and the Battle for Hearts and Minds: On the Bluntness of Soft Power', in *Power in World Politics*, Berenskoetter, F., and Williams, M.J., (Eds.), Taylor&Francis e-Library, 2007, p.96.

Lukes who formally brings the structure into the discussions of power and underlines its dominance in shaping the behaviour of the agents.

As Strange puts, "...it is not only the direct power of authority over markets that matters; it is also the indirect effect of authority on the context or surrounding conditions within which the market functions."[11] The surrounding conditions here refer to the structures of the international political economy. These structures indeed shape the boundaries of the system that the actors in international political economy operate and interact. The possessors of power to shape these structures and accordingly determine the available options and the conditions to operate in are considered to have structural power. In Strange's words, "Structural power...is the power to shape and determine the structures of the global political economy within which other states, their political institutions, their economic enterprises and (not least) their scientists and other professional people have to operate."[12]

A major point in this definition is that by structural power, Strange makes a differentiation from the concept of soft power with regard to the actor possessing power. In this sense, soft power takes states as the main possessor and focuses on the interaction among states in determining the weight of their power. However, structural power goes beyond states' agenda setting power so as to include the power to decide the rules of the system, to shape the frameworks within which actors beyond states, such as, people or corporate enterprises relate to each other.[13] Hence, structural power also differentiates from relational power in the sense that it includes the power to shape the structures of international political economy and turns out to be the power over a structure rather than the direct power over other actors in the system. Structural power refers to something more than the power to directly affect other actors' actions but implicitly embraces relational power as well. In short, "structural power is the power to dictate the rules of the game,

[11] Strange, S., *States and Markets: An Introduction to Internaitonal Political Economy*, Basil Blackwell, New York, 1988, p. 23.

[12] *Ibid.*, p. 25.

[13] *Ibid.*

whereas relational power refers to the maximum number of points a player can gain in the game, if she plays her hand well."[14]

Within this framework, Strange highlights four primary structures of international political economy as security, production, finance and knowledge, and four secondary structures as transport, trade, energy and welfare. The common feature of all is the ability of the possessor to determine the range of choices open to others, without directly putting pressure on the actors to take one decision or make one choice rather than others.[15] Therefore, in contrast to the literature on soft power, the concept of structural power argues that the contemporary world system is not composed as simple as a set of several issue areas. Rather, interaction between states and other major actors of international political economy take place within various structures.

As for the scope of the structures; the security structure is state-centred, but in line with the perception of Strange it is greatly affected by the dynamics of technologies and markets, and provides or withdraws security from individuals, social groups and corporate enterprises.[16] Whereas, "production structure can be defined as the sum of all the arrangements determining what is produced, by whom and for whom, by what method and on what terms."[17] Financial structure is related to international monetary relations and the creation of credit and debt, where;

> The power to create credit implies the power to allow or deny other people the possibility of spending today and paying back tomorrow, the power to let them exercise purchasing power and thus influence markets for production, and also the power to manage or mismanage the currency in which the credit is

[14] Verbeek, B., 'Criticizing US Method and Thought in International Relations: Why a Trans-Atlantic Divide Narrows IR's Research Subject', in Lawton T.C., Rosenau J.N., and Verdun A.C., (Eds.), *Strange Power: Shaping the Parameters of International Relations and International Political Economy*, Ashgate, Vermont, 2000, p. 140.

[15] Strange, S., *States and Markets, op.cit.,* p. 31.

[16] Story, J., 'Setting the Parameters: A Strange World System', in Lawton T.C., Rosenau J.N., and Verdun A.C., (eds.), *Strange Power, op.cit.,* p. 32.

[17] Strange, S., *States and Markets, op.cit.,* p. 64.

> denominated, thus affecting rates of exchange with credit denominated in other currencies.[18]

Finally, knowledge refers to what we know as gathered and accumulated throughout history. It also includes how we know, as well as gather, deliver and utilize it. In this sense, knowledge structure refers to a rather abstract one compared to other structures of power, yet it is much more related to all. Moreover, contrary to the power derived from other structures that take place by providing security and credit or organizing production, power derived from knowledge structure is rather unquantifiable and lies in the capacity to deny knowledge by excluding others, not by sharing it.[19]

Secondary structures of power in global political economy also provide frameworks for actors in the system to determine their options but they are not as directly influential as the primary structures according to Strange. Rather they take part in shaping the primary structures and provide issue areas in which actors relate to each other. In this regard, international trade and the relative weights of actors as well as their interactions fall within the scope of trade structure; the means of transport, the distribution of power in this issue area in times of war and peace and everything related to interactions among actors with regard to transport constitutes the transport structure; "…the impact of states' actions on the markets for various sources of energy, with the impact of these markets on the policies and actions, and indeed the economic development and national security of states"[20] relates to energy structure; and "…the benefits and opportunities available through the market and the benefits and opportunities made available through the political intervention of states or other authorities"[21] constitutes the welfare structure.

Within the lenses of this study, all primary and secondary structures classified by Strange make up a coherent whole in understanding the international system. Any

[18] *Ibid.*, p. 90.

[19] *Ibid.*, p.119.

[20] *Ibid.*, p. 195.

[21] *Ibid.*, p. 211.

sort of relations among actors in the international system either falls within the scope of these structures or is rather negligible with regard to its effects on the grand picture. Throughout history, hierarchy among states has been the result of their relative abilities to shape the structures of international political economy. In this context, these structures, their relationship with each other, and the distribution of power within the structures constitute a vital area of study in order to determine the relative weights of actors at the global level, paving the way to understand hegemony.

2.2. HEGEMONIC STABILITY THEORY (HST)

Hegemonic stability theory asserts that the construction and maintenance of a liberal international economy is not only necessary but also sufficient by hegemony or a single dominant economic power.[22] Smaller states and the hegemonic power share incentives to collaborate on the way towards maintaining order because "…the hegemonic power gains the ability to shape and dominate its international environment, while providing a sufficient flow of benefits to small and middle powers to persuade them to acquiesce."[23] Hence, hegemonic stability is not only the outcome of the hegemon's actions in asserting the rules of the international system but it also includes the consent of the other actors in the system.

A deeper analysis of the relationships in issue areas between 1947 and 1967 reveals a bipolar overview under the leadership of the U.S. and the Soviet Union with regard to security structure, which was not only visible in world security crises but also obvious in the UN decision making mechanism. In opposition to the bipolar world system in security structure, global finance, production and trade structures were marked with sole American dominance especially in the 50s and

[22] Lake, D.A., 'British and American Hegemony Compared: Lessons for the Current Era of Decline', in *International Political Economy: Perspectives on Global Power and Wealth*, Frieden J.A., and Lake D.A., (Eds.), Thomson, Wadsworth, 2000, p. 128.

[23] Keohane, R.O., 'The Theory of Hegemonic Stability and Changes in International Regimes, 1967-1977", in *Changes in the International System*, Holsti, O., Siverson, R., and George, A., (Eds.), Westview Press, Boulder, 1980, pp. 90-91.

60s. Moreover, as for the production structure, American businesses were producing not only for the American market but also for the rest of the capitalist world including European and Japanese markets when these regions were incapable of establishing their own industrial infrastructure right after the destruction of the WW II. The reason for this was the outstanding productive power of American economy compared to the rest of the world, such as, the relative labour productivity of the U.S. - as a determinant of the efficiency of a country's economic production power - has been the highest in world history in 1950 and 1960.[24] Under these circumstances, neither Europeans nor Japanese were able to pay for the American goods imported for the needs of their markets. Therefore, the Marshall Plan introduced by the Truman administration granted credits to those regions under reconstruction, thereby increasing economic activity and hence enabling overall economic growth. Accordingly, the unmatched crediting power of the American economy increased the power of the dollar as the main crediting currency and, by 1958, the value of an ounce of gold was fixed at 35$ leading to the birth of the gold standard. So to speak, the U.S. and the dollar were the singular values in financial structure.

With regard to trade structure, as the forerunner of the liberal international system and the major supplier of manufacturing products to overseas markets, the U.S. was the major proponent of free trade. The establishment of the General Agreement on Tariffs and Trade (GATT) in 1947 aimed the collective attainment of free trade at the global level. In 1950, the U.S. accounted for 33.3% of the trade of the U.S., European Economic Community (EEC) and Japan combined.[25] Hence, post-war international trade system was also marked in line with the interests of the U.S. as a net exporter and the most effective trader at the world scale.

In energy structure, the story is less clear-cut than security, finance, production and trade structures. Although, power in oil, as the most important component of energy structure, was mostly concentrated in the hands of a few multinational

[24] Keohane, R.O., *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton University Press, New Jersey, p. 36.

[25] *Ibid.*, p.199.

companies, mainly American and British, in the aftermath of the WWII until early 1970s, American dominance in oil was much less influential or institutionalised in this issue area. The immediate aftermath of WWII was one of a bargaining between private oil companies and the governments as well as between the U.S., Britain and to some extent France. The owners of the rich oil fields on the other hand, such as Egypt, Iraq, Iran and Saudi Arabia were much dependent on Western multinational oil companies extracting oil in those lands. The rise of American power after WWII by controlling the Arab oil through companies such as Socal, Texaco, Aramco, Standard Oil and Socony-Vacuum was the outcome of first discord and then cooperation with mainly Britain as the second most influential actor in the Middle East oil fields. Throughout the '50s and early '60s American influence in Egypt (the Suez Canal crisis), in Saudi Arabia (as the holder of the biggest share in extracting Saudi Oil) and Iran (after the revolution to bring in Shah into power) constantly increased at the expense of other actors. Yet, more importantly, it is established via cooperation and mutual policy adjustment with them rather than discord and confrontation. Although hegemonic cooperation was eventually achieved in energy structure, it was not achieved as harmoniously as in other spheres such as security, trade and finance but rather it was a compulsory outcome of discord.[26]

Under these circumstances the theory of hegemonic stability comes forward with two key propositions as, (1) the necessity and sufficiency of a single dominant world power for the creation of order in world politics, and (2) the requirement of the continuity of hegemony for the maintenance of world order.[27] Moreover, the theory implicitly puts forward that, the existence of hegemony enables cooperation at the international level. However, one major defect of the theory of hegemonic stability in terms of the theoretical discussions on power is that in determining the existence of hegemony and its influence on the structures, only material power resources are taken into consideration which is a sign that the hegemonic stability theory is a by-product of the realist school in IPE. Accordingly, for the theory of

[26] *Ibid.*, p. 158.

[27] *Ibid.*, p. 31.

hegemonic stability, control over raw materials, over sources of capital, over markets and the possession of competitive advantages in the production of high value-added goods are the key requirement to establish hegemony.[28] A second major theoretical defect of this theory in terms of the general debate on IPE is that the hegemonic stability theory takes order and stability as the constant and completely overlooks change in the international system.

HST also asserts that periods when dominant powers in world history lead the system are marked with cooperation and stability. In this context, although there are debates on the existence of hegemonic powers throughout world history, HST mainly asserts that Britain in late 19th century (*Pax Britannica*) and the U.S. after WW II (*Pax-Americana*) until 1967 are considered as hegemons. In this context, according to HST, contemporary international system is not hegemonic and hence in order to achieve the stability of the system the focus should be on the good management of the system without the existence of a hegemon.[29]

2.3. NON-HEGEMONIC STABILITY THEORY (NHST)

On the contrary, neo-liberal thinkers in IR such as Keohane, argue that cooperation and stability of the international system is possible even without hegemony via the establishment of regimes. The most precise and prominent definition of international regimes is given by Krasner as: "[international regimes are]…sets of implicit or explicit principles, norms, rules and decision-making procedures around which actors' expectations converge in a given area of international relations."[30] It is also worth noting that international regimes are not constructed by idealists for the sake of common good but by governments seeking to promote the interests of their states who also seek wealth and power along with other values.[31]

[28] *Ibid.*, p. 32.

[29] Spero, J.E., and Hart, J.A., *The Politics of International Economic Relations*, Seventh Ed., Wadsworth, Boston, 2010.

[30] Krasner, S.D., (Ed.), *International Regimes*, Cornell University Press, Ithaca, 1983, p. 2.

[31] Keohane, R.O., *After Hegemony*, *op.cit.*, p. 22.

Within this framework, the rise of neo-liberal institutional thinking in the '70s introduced a different conceptualisation of hegemony to the literature. Known as *non-hegemonic stability theory*, this conceptualisation diverges from its realist counterpart in the sense that it does not require the existence of a hegemonic power for the stability of the system. In fact, as a result of the increasing role of economics in daily functioning of the international system, and increase in the number of major actors in the system at the expense of the dominance of state, the realist distinction between high-politics and low-politics turned out to be obsolete. In this regard, the characteristic of the system can now be described as "complex interdependence". According to neo-liberal institutionalists, rather than states or a leading state in the system, international regimes help provide the stability of the system. Hence, regimes provide some sort of an auto-pilot in the management of the international system which do not necessitate a controller, a leading power or a hegemon. Nevertheless, the establishment of regimes in which actors 'expectations and actions converge' is not easy and requires a leading power to draw the main boundaries. Yet, the maintenance of the system was possible without it once the norms and standards (regimes) are established.

> Concentrated power alone is not sufficient to create a stable international economic order in which cooperation flourishes, and the argument that hegemony is necessary for cooperation is both theoretically and empirically weak. If hegemony is redefined as the ability and willingness of a single state to make and enforce rules, furthermore, the claim that hegemony is sufficient for cooperation becomes virtually tautological.[32]

The definitions of regimes in IR theory range from patterned behaviour to convergent norms and expectations, to explicit injunctions.[33] Regimes do not impose patterns of behaviour on states that are not desirable by them and cooperation created by regimes is the outcome of the consent of the parties. However, a distinction between regimes and cooperation should also be made in the sense that although regimes are examples of cooperation and facilitate

[32] *Ibid.*, p. 38-39.

[33] Haggard, S., and Simmons, B.A., 'Theories of International Regimes' in *International Organization*, Vol. 41, No. 3, 1987, p. 492.

cooperation, they are not the *sine qua non* component of cooperation. Cooperation can also take place in the absence of regimes.[34] Moreover, regimes should be distinguished from institutions in the sense that regimes help institutionalise international interactions but not every international institution, such as the balance of power, is defined by norms, values as well as explicit rights and rules.[35] Finally, regimes should also be distinguished from order and stability in the sense that although regimes may facilitate them, sometimes regimes may result in instability such as the Bretton Woods regime in late 1960s[36] which in fact resulted in an artificial order bound to collapse.

Accordingly, there are two important points with regard to regimes. First, regimes create a cooperation friendly environment for states by creating common norms, standards, values and hence patterns of behaviour. However, it should be reemphasized that regimes do not force states to comply with them; in contrast they reflect and reconcile individual national interests. Second, and maybe more importantly, regimes can revise individual interests or preferences in line with the common goals created by the regime through consent.[37] Regimes emerge in several issue areas either in the form of institutions or patterned behaviour. Answering the question whether or not the existence of a hegemon leads to the establishment of regimes or more precisely, whether a hegemon is both a necessary and sufficient condition for the establishment of cooperation unveils the relationship between hegemony and regimes.

Indeed, the role of the hegemon in establishing cooperation is contested in the sense that the leadership of the hegemon with an aim of establishing cooperation comes with deference on the part of the weaker states. However the rules of cooperation can not be established without the consent of other parties. Hence, consent is established via institutions or regimes that guide the behaviour of the

[34] *Ibid.*, p.495.

[35] *Ibid.*, p.496.

[36] *Ibid.*

[37] *Ibid.*, p. 514.

parties. The extent to which the hegemon is influential in establishing a regime in a way that receives the consent of other states marks the extent of the role of hegemony in establishing regimes. As a matter of fact, consent turns out to be the key component of both hegemony and cooperation. Therefore, "hegemony and cooperation are not alternatives; on the contrary, they are often found in symbiotic relationships with one another."[38]

Keohane summarises the relationship between hegemony and regimes as "Hegemony…provides what otherwise has to be constructed more laboriously through multilateral international regimes: standards for conduct, information about others' likely patterns of behaviour, and ways of providing incentives to states to comply with rules."[39] Moreover, he develops his argument on the relationship between hegemony and regimes, and asserts that the relationship between hegemony and cooperation makes cooperation *after hegemony* possible:

> …if hegemony can substitute for the operation of international regimes, it follows that a decline in hegemony may increase the demand for international regimes. Although this by no means guarantees that international regimes will appear in response to government's need for them, it does suggest that, after hegemony, regimes may become potentially more important as means of limiting uncertainty and promoting mutually beneficial agreements.[40]

In this context, NHST is a rather norm governed, value based, cooperation friendly and neo-liberal institutionalist theory compared to power centred, material resource based, anarchic and realist HST. If HST were to be correct, the relative demise of American material resource based power would lead to some sort of a hegemonic war among the declining American power and the rising powers such as Europe and Japan with the start of 1970s. Even though there occurred comparable instability in several issue areas with the start of 1970s, the strength of regimes in

[38] Keohane, R.O., *After Hegemony*, *op.cit.*, p.46.

[39] *Ibid.*, pp.180-181.

[40] *Ibid.*, p.181.

several other issue areas - or structures for the rhetoric of structural power - proved that cooperation is possible even after hegemony. In the absence of a hegemon, certainty and confidence created mainly by multilateral institutions as the most visible elements of regimes reveal that international regimes may be adaptable to a post-hegemonic era rather than collapse as hegemons decline.[41] Regimes become more difficult to supply as hegemony erodes however the demand for them persists due to the regimes' contributions to facilitating mutually beneficial agreements among states.[42]

Accordingly, basing its arguments on the theory of international regimes, NHST argues that cooperation is the order of the day after hegemony. According to NHST, international regimes function in line with the demands of states with shared interests and when regimes are in place they can be maintained even after the original conditions for their creations have disappeared.[43] Hence, NHST argues that regimes change and adapt to the needs of their time which makes them invaluable for cooperation after hegemony.

Although regime theory as the backbone of NHST seems like a coherent and rational theory, severe criticisms have also been brought against it paving the way for further discussion on the notion of hegemony. One of the strongest criticisms directed against the theory comes from Susan Strange in a seminal article published in 1982. Basically Strange criticises regime theory for being a passing fad, being imprecise in terms of conceptualisation, being value-biased in favour of cooperation, order and stability, being overly static and underemphasizing the dynamic nature of international political economy, and finally, being a narrowly state-centric paradigm which leads the theory to deal with the status-quo excluding hidden motives and to ignore a vast area politics beyond the domain of regime

[41] *Ibid.*, p. 183.

[42] *Ibid.*, p. 195.

[43] *Ibid.*, p. 215.

theory.[44] Rather, Strange offers a more structural analysis in line with the structures of IPE that govern relations between actors beyond the scope of states.

Strange asserts that as rule-based establishments, regimes imply a value preference for order. However, "…the anarchic society of states is characterized by the precariousness of the international order, the dispersion of authority, the weakness of international law and a large number of unresolved problems and conflicts."[45]Moreover, the proliferation of institutional governance in several issue areas as well as the amplification of rules and norms for international interaction mislead the students of IPE to abandon the areas and issues of non-agreement and controversy.[46] In this context, it turns out to be valid to argue that the perception of regime theory is not capable of coherently embracing the developments in the structures and misses several important structures of IPE.

Concurrently, the basic similarity of HST and NHST is that the international states system and the ultimate aim of establishing stability and order in the system lie at the core of both theories. Moreover, for both theories, power relationship in which actors relate to each other is defined in a relational context as the ability to change the actions of other actors. Accordingly, as a reaction to the dominance of HST and NHST, two very important criticisms emerge. First, the state should not be the primary unit of analysis in IPE as "the focus of study and enquiry should be on the system, and on the mix of values in it."[47]; and second, the limits of politics should be extended and the concept of power should be broadened to include structural power along with relational power.[48] Hence, against the school of hegemonic stability and regime theorists, Strange proposes to replace regimes with structures,

[44] Strange, S.,'Cave! hic dragones: a Critique of Regime Analysis", in *International Organization*, Vol. 36, No. 2, 1982, pp. 479-480.

[45] Story, J., 'Setting the Parameters: A Strange World System', in Lawton T.C., Rosenau J.N., and Verdun A.C., (Eds.), *Strange Power, op.cit.*, p. 29.

[46] Strange, S.,'Cave! hic dragones: a Critique of Regime Analysis", *op.cit.*, p.491.

[47] Strange, S., 'Political Economy and International Relations', in *International Relations Theory Today*, Booth, K., and Smith, S., (Eds.), The Pennsylvania State University Press, Pennsylvania, 1995, p. 172.

[48] *Ibid.*

issues with values, and capabilities with outcomes.[49] Moreover, both theories' obsession with order and stability of the international system leads them to overlook change in the system which emerges as another major defect of these theories.

2.4. WORLD-SYSTEMS ANALYSIS (WSA)

Meanwhile, the systemic-structural analysis introduced by Immanuel Wallerstein brings a new dimension to the concept of hegemony in the sense that 'change' rather than stability is regarded as constant in international relations. The 'World Systems Analysis' (WSA) theory takes the capitalist economic structure of the world system in which states and all other actors relate to each other. According to WSA, it is the economic structure of the system and the relative positions of the actors in world economy that defines hegemony, other major powers, and the underdogs, or core, semi-periphery and periphery as the rhetoric has it. Wallerstein's theory embraces three main characteristics of hegemony. First, hegemony takes place on the condition that allied leading powers are clients and opposing major powers are in a defensive position. Second, hegemony requires productive, commercial and financial superiority. And third, hegemonic status enables its holder to impose rules in economic, political, military, diplomatic and even cultural spheres.

According to WSA, capitalism is the most basic common system among different political, social and legal systems which in fact bridges the gaps between separate units and unifies the system into a world system. Therefore, WSA is structural due to its unorthodox unit of analysis as the whole capitalist economic system and the relations governing it rather than the nation state and the relational context in which nation states relate to each other. The domination of the capitalist economic system since the mid-18th century led to the transformation of relations among states into a world economy which is a large geographic zone indifferent to state boundaries. World economy refers to a system with a single division of labour

[49] Story, J., 'Setting the Parameters: A Strange World System', in Lawton T.C., Rosenau J.N., and Verdun A.C., (Eds.), *Strange Power*, *op.cit.*, p. 31.

composing multiple cultures but with no overarching political structure to redistribute the appropriated surplus, which turns out to be the role of the market.[50] At the same time, as the sole holders of sovereignty in the system states intervene in the market by setting the rules and conditions on the commodities, capital and labour to pass their borders, by creating rules on property rights, by setting rules on employment and compensation of employees, by deciding on the costs to be borne by companies, by deciding on the types of economic processes to be monopolised, by taxation and by externally affecting decisions of other states and hence creating the regulatory environment for firms to operate.[51]

WSA asserts that the production structure mark states' position in the world economy. The clustering of more profitable production structures within specific boundaries and hence the nature of the division of labour differentiates from state to state which in turn establishes hierarchy among states. Wallerstein also asserts that states with more profitable productive capacity also have stronger regulatory mechanisms. In contrast to core, the production structure is less profitable and the state mechanism is less powerful in peripheral states.

However, the accumulation of capital at the centre of capitalist economy, in time, results in overproduction and decreases the rates of profit for those once shining industries. Overproduction is in fact a result of the profitability of an industry that attracts more employees, that leads to a decrease in unemployment and hence results to increase in wages. The paradox is that rising wages result in increasing costs and decreasing profitability. As a consequence profitable industries shift to first semi-peripheral and then to peripheral states with lower wages with an aim to increase profitability. Hence, there is a cyclical movement in world economy which results in the rise and fall of core states as well as an ongoing competition between strong and weak states.

[50] Wallerstein, I., 'A World-System Perspective on the Social Sciences', in *The British Journal of Sociology*, Vol. 27, No.3, Special Issue, History and Sociology, 1976, p. 348.

[51] Wallerstein, I., *World Systems Analysis: An Introduction, 4th Ed.*, Duke University Pres, Durham and London, 2006, p. 46.

Two possible outcomes of this competition are the achievement of world-empire and the achievement of hegemony. However, since world-empire means a political structure with the ability to preclude the priority for the endless accumulation of capital, it is against capitalism as the central feature of world economy.[52] Hegemony on the other hand is possible because it is very useful for capitalist firms since it creates some sort of a stability within which capitalist enterprises thrive.[53] Moreover, in modern world system, no single state has managed to conquer the entire core region, rather the core demonstrated a "hegemonic sequence" marking the rise and fall of hegemonic core states.[54] Thus, hegemonic modern world-systems based on capitalist production structure are less politically centralized than earlier empires dominating the core.[55] "The simplest structural difference between a core-wide empire and a hegemonic core state is with regard to the degree of concentration of political/military power in a single state."[56] Actually, in modern-world system, hegemony establishes the rules of the game in the states system in a way that enables the states to dominate the world economy in production, commerce and finance, that enables them to get their way politically with a minimal use of military force and that enables them to formulate the cultural language of the world.[57]

However, hegemony is not forever due to the nature of the capitalist system and world economy. This is due to the fact the on the way towards becoming hegemonic power, it is absolutely important to concentrate on efficiencies of production which lay the base for the hegemonic role whereas the maintenance of hegemony necessitates the hegemonic power to divert itself into a political and

[52] *Ibid.*, p. 58.

[53] *Ibid.*

[54] Chase-Dunn, C., and Grimes, P., 'World Systems Analysis', in *Annual Review of Sociology*, Vol. 21, August 1995, p. 390.

[55] *Ibid.*

[56] *Ibid.*, p. 411.

[57] Wallerstein, I., *World Systems Analysis: An Introduction*, *op.cit.*, p. 58.

military role, which is both expensive and abrasive.[58] However, a more important factor is that the use of coercion to maintain hegemony destroys consent as the key ingredient of hegemonic dominance. At the end of the day, the priority is the capitalist world-system and the priority in the capitalist world-system remains the endless accumulation of capital which is best achieved by an ever-shifting set of political and cultural dominances enabling the capitalist firms to manoeuvre, obtaining their support but escaping their dominance.[59]

The application of structural power analysis to the conceptualisation of hegemony in WSA reveals the explicit primacy of production, trade, finance and security structures and the implicit precedence of knowledge and welfare structures. For more than 15 years after WW II, absolute American dominance in global production structure gave the U.S. the power to shape the world economy by setting the rules of the system in line with its own priorities. Moreover, when exchange occurs, monopolised products are in a stronger position compared to competitive products which results in a constant flow of surplus-value from the producers of peripheral products to the producers of core-like products.[60] Hence, world trade is one of "unequal exchange" between the U.S. and other countries in the capitalist system, marking American hegemony in trade structure as well. Accordingly, surplus generated by the U.S. placed it in a net creditor position in world financial system in the aftermath of WWII. The bulk of world trade carried on in U.S. dollars set dollar as the strongest and most reliable currency in the finance structure hence granting the U.S. the ability to set the rules of the world financial system in line with its own priorities. American dominance in security structure however was not as absolute as in production, knowledge, finance and trade structures yet, it should also be noted that Cold War never witnessed direct confrontation between the two superpowers. In this context, it should also be noted that both superpowers were in a defensive position in security structure and other core powers of the world economy were allied powers with the U.S.

[58] *Ibid.*
[59] *Ibid.*, p. 59.

[60] *Ibid.*, p. 28.

The story of American hegemony in the knowledge and welfare structures is beset with rather implicit dominance. Indeed, American dominance in production structure is a by-product of its dominance in knowledge structure. "…The engine driving a rising core state and contender for hegemonic status is that it is the geographical home for the emergence of some revolutionary new technology and related product(s)."[61] The novelty of the production technique and hence the products results in disproportionate accumulation enabling the aspiring new core to rapidly gain the capital required for continued investment and military build-up.[62] In terms of welfare on the other hand, the reconstruction of the devastated European infrastructure and Europe's reinsertion in the productive activity of the world economy as well as the peaceful decolonisation of the ex-colonial world with significant aid for economic development have been unique features of American hegemony.[63] In this context, the peaceful distribution of welfare throughout the world has been the main reason of consent over American hegemony.

Indeed, it is necessary to note that the systemic analysis lies at the structural nature of the WSA. It is not the relationship among states, individuals or other actors in the system but the structure itself that determines the nature of system. Within this framework, and in particular with regard to its focus on *change*, WSA can be considered as a fresh interpretation of international relations. However, the theory also falls short of explaining the change *of* the system towards a multi-centric world order after the '70s and '80s which will be further analysed in chapter three.

2.5. GRAMSCI AND NEO-GRAMSCIAN CONCEPTUALISATION OF HEGEMONY

Before closing the discussion on mainstream theories on hegemony the critical perspective should also be highlighted in this chapter. "Critical theory does not

[61] Chase-Dunn, C., and Grimes, P., 'World Systems Analysis', *op.cit.*, p. 413.

[62] *Ibid.*

[63] Wallerstein, I., 'America and the World: Today, Yesterday and Tomorrow', in *Theory and Society*, Vol. 21, No.1, 1992, p. 3.

take institutions and social power relations for granted but calls them into question by concerning itself with their origins on how and whether they might be in the process of changing."[64] Moreover, as history for critical theory is composed of both material and non-material, it deals with the structures that constitute our productive or material and institutional worlds, as well as our non-material and ideational worlds.[65] In this context, according Cox, change in the production structure or a shift in the ownership of leading production techniques from one class to another in domestic terms and from one state to another at the international level leads to decline in hegemony and the emergence of counter-hegemony.

In his pioneering study, *Prison Notebooks,* Gramsci defined the quality of power exercised by ruling authorities on the civil society by employing specific concepts such as 'supremacy', 'domination' and 'hegemony'. More specifically, supremacy as the accumulation of political power generating from economy, civil society and the state; has two dimensions: domination and hegemony. Lying at the opposite ends of a scale, domination and hegemony are reflections of supremacy in exercising power. In defining ideological components of hegemony, Gramsci utilised Machiavelli's prominent conceptualisation of the *centaur* (mythological half-men, half-horse) where half-man refers to the ideological power of domination (consent) and half-horse entails the physical power (coercion).[66] The translation of the dominant economic position of a class into supremacy in superstructure which refers to civil society and the state is through the formation of hegemony. Consent is a key component of hegemony according to Gramsci in the sense that in liberal societies, consent of the popular masses legitimises the political authority of ruling classes.[67] The way towards domination in economy, civil society and the state is not automatic where the prevailing role of the ruling class in economic domain

[64] Cutler, A.C., 'Theorizing the No-Man's-Land' Between Politics and Economics', in Lawton T.C., Rosenau J.N., and Verdun A.C., (Eds.), *Strange Power, op.cit.,* p. 162.

[65] *Ibid.,* p. 163.

[66] Gramsci, A., (translated and edited by Hoare, Q., and Smith, G.N.), *Selections from the Prison Notebooks,* International Publishers, New York, 1971, p. 170.

[67] *Ibid.,* p. 238.

would result in achieving hegemony in civil society only by domination in state and hence obtaining the legitimate use of force when necessary.[68]

In Gramsci's conceptualisation, social order and hegemony are interrelated where consent turns out to be a key component of social stability. In this context, 'domination' and 'ethical hegemony' are defined as two opposing ends where in domination exclusive coercion rather than consent is utilised, whereas ethical hegemony is based on consent and refers to the "intellectual and moral leadership" of the hegemonic classes.[69] Coercion is mostly used when the ethical domination of hegemonic classes are questioned in civil society. For Gramsci, the achievement of hegemonic status takes place through legitimisation of domination in the eyes of the public. In other words, civil society is the most crucial domain to legitimise hegemonic status. In this context, the ruling class claiming hegemony should not only reflect the interests of the ruling class but also should respond to the needs of the other segments of civil society and gain popular support by sustaining the economic development of the society as a whole.

The achievement of hegemony in civil society is a process where intellectual efforts to capture the ideological sphere, strategic planning and establishing sound alliances within the society take place. Defined as the 'war of position', this turns out to be a long process of negotiations and confrontations between different segments of the civil society. These different segments are indeed defined as 'historic blocs' by Gramsci which help the formation of coherent economic, political and cultural spheres within the civil society towards a common ideological goal created by the eventual ruling class. Moreover, 'organic intellectuals' play crucial role in developing the ideological base of hegemony to spread a coherent world view throughout the civil society.[70] Thus, the quest and fight for hegemony within the civil society is in fact an ideological 'war of

[68] *Ibid.*, p. 57.

[69] *Ibid.*

[70] *Ibid.*, p. 330.

position' between historic blocs aiming to dominate the public common sense via ethical and consensual means.[71]

Ethical domination and consent are the most important elements of hegemony on an ideological basis according to Gramsci. The shaping of public common sense in line with the interests of the ruling class also requires meeting the demands of the dominated group. Otherwise, the ethical basis of hegemony shifts and discontent spreads throughout the civil society which in turn would lead the flourishing of opposite historic blocs challenging the legitimacy of established hegemony via wars of position. In other words, hegemony is a dynamic process leading to "authority crisis" and eventually changing hands which is called as an "organic crisis" by Gramsci. Organic crisis refers to the loss of coherence between the state and civil society due to a loss of ethical leadership and hence leading to a "crisis of hegemony" where coercion rather than consent turns out to be the only tool of domination by the ruling class.[72] This organic feature of hegemony in fact refers to the fact that change is both natural and unavoidable. Such a change forms the basis of *counter-hegemony* which is established through the formation of new historic blocs legitimising their authority in all segments of civil society and hence gaining popular support.

Pulling Gramsci's conceptualisation of hegemony to the international level, Robert Cox argues that change is a result of the interaction between social forces, world orders and forms of states which in turn build up historical structures.[73] The relationship between social forces, power, hegemony and economic production is a key one in Cox's analysis. New social forces are generated through changes in the organisation of production which in turn changes the structure of states that is reflected on change in the world order.[74] In this context, Cox sees hegemony as an

[71] *Ibid.*

[72] *Ibid.*, p. 210.

[73] Cox, R.W., 'Social Forces, States and World Orders; Beyond International Relations Theory', in *Approaches to World Order*, Cox R.W. and Sinclair B., Cambridge University Press, Cambridge, 1981, pp. 100-101.

[74] *Ibid.*, p. 100.

outcome of social forces stemming from economic activity formed through the consent of different segments of civil society. At the international level, the formation of a global economic system taking its roots from domestic social forces homogenised at the international level and hence leading to a global civil society as the basis of hegemony. In other words, hegemony at the global level is an outcome of internally established hegemony from wars of position among historic blocs at the domestic level.[75] In line with Gramsci's conceptualisation of hegemony, consent is the basic ingredient of hegemony according to Cox and other neo-Gramscian scholars. It is due to this fact that Pax Britannica and Pax Americana are the two global hegemonic orders in world history.

According to neo-Gramscian ideology, the supremacy of capitalism in the global system is an outcome of the clash between domestic historic blocs in civil society, leading to social stability first at the domestic level which is then spread to the global level. However, the role of international institutions as the flag carriers of dominant world order is also worth noting. According to Cox, world hegemonic order requires harmony between social, political and economic domains which can take place under consistency between the configuration of power, ideas and international institutions at the global level.[76] Cox maintains that international institutions embody the rules that facilitate the expansion of hegemonic world orders, are the products of the hegemonic world order, ideologically legitimate the norms of the world order, include the elites from the peripheral countries and absorb counter hegemonic ideas.[77] The dominance of international institutions in global polity is evident in Pax Americana since they legitimate American ideology and leadership at the global level and generate consent among other actors in the system. However, in the process of hegemonic change where counter-hegemonic contestations take place, the role of international institutions in legitimising

[75] Cox, R.W., 'Gramsci, Hegemony and International Relations; An Essay in Method', in *Approaches to World Order*, Cox R.W. and Sinclair B., Cambridge University Press, Cambridge, 1983, p. 137.

[76] *Ibid.*

[77] *Ibid.*, p. 138.

hegemonic dominance diminishes. This has actually been the case in the global system with the start of 1970s.

According to neo-Gramscian scholars, the immediate aftermath of WWII coincides with the completion of the transformation of the production structure in the American economy which is the outcome of domestic war of position within the American civil society. The dominant historic bloc in the U.S. and its leading ideology is labelled as Fordism which advocates the supremacy of money and productive capitals as the core of first American and then global finance and production structures. Hitting the common ground between the social forces in American and global civil society introduced the formation of "corporate liberalism" in Van der Pijl's words which was a synthesis of Fordism, universalism-multilateralism and Keynesian economic understanding legitimizing the intervention of state into the market when necessary.[78] Fordism refers to mass capitalist production and high wages for workers to create a sustainable consumer demand for the mass industrial output which in a cyclical manner leads to unprecedented economic growth and increased social welfare. Multilateralism is the spread of liberal economic and trade policies and monetary stability based upon currency convertibility with the aim of the attainment of international peace and stability. In combination with Keynesian economic policy which legitimises the intervention of the state to fix the shortcomings in the market, Fordism and multilateralism have been the key components of the ideological consensus in both American and global civil society. In Cox's rhetoric, this period witnessed the internationalisation of the state and the internationalisation of production. Hence, the first two decades of the post WWII era witnessed American hegemony in the neo-Gramscian conceptualisation as well.

However, the 1970s has been a decade of international instability in both financial and production structures. The OPEC oil crisis, the collapse of the Bretton Woods system marking the fact that international institutions were no longer able to legitimise the hegemonic ideology, and accordingly the rise of protectionism in trade structure resulted in unrest among the global social forces. Cox argues that

[78] Van der Pijl, K., *The Making of the Atlantic Ruling Class*, Verso, London, 1984, pp. 8-20.

the stagflation of 1970s disabled the U.S. and the social forces at the origins of its hegemony to provide a common hegemonic consensus to sustain economic growth and welfare.[79] Thus according to Cox, the world economic crisis was in fact an authority crisis ending American hegemony.

In fact, several other neo-Gramscian scholars discussing hegemony at the international level do not deviate much from Cox. In applying Gramsci's concept to the international level, Arrighi asserts that a state can become hegemonic on the occasion that it can credibly claim to be the motor force of a general expansion or claim that the expansion of its power relative to some or even all other states is in the general interest of the subjects of all states.[80] Thus, according to Arrighi, global consent generated via persuading the global civil society that the actions of a particular is serving public good, lies at the core of establishing a hegemonic status within a world economic crisis. However, bearing in mind the existence of several diverging regimes in a post hegemonic world, Arrighi states that "…each step forward in the process of internalisation of costs by a new regime of accumulation involves a revival of governmental and business strategies and structures that had been superseded by the preceding regime".[81]

A particular point to be made about neo-Gramscian scholars with regard to the understanding of hegemony at the international level is that, hegemony is seen as a form of class rule, not primarily as a relationship between states.[82] On this point, Morton argues that transformation of production resulted in the transnational restructuring of capitalism within globalisation which has led to the emergence of

[79] Cox, R.W., *Production, Power and World Order: Social Forces in the Making of History*, Columbia University Press, New York, 1987, Ch. 8.

[80] Arrighi, G., *The Long Twentieth Century: Money, Power and the Origins of Our Times*, Verso, London, 1994, p.30.

[81] Arrighi, G., *The Long Twentieth Century: Money, Power and the Origins of Our Times*, Verso, London, 2010, p.377.

[82] Overbeek, H., 'Transnational Class Formation and Concepts of Control: Towards a Genealogy of Amsterdam Project in International Political Economy', in *Journal of International Relations and Development*, Vol.7, No.2, 2004, p.127

new social forces of capital and labour.[83] As a result, after the world economic crisis of the '80s, an 'axis of influence' consisted of institutions such as the World Bank or the IMF ensured the ideological osmosis and dissemination of policies in favour of the perceived exigencies of the global political economy.[84] After all, the common point of neo-Gramscian scholars on the definition of hegemony has been their focus on the relations between social interests in the struggle for consensual leadership rather than concentrating solely on state dominance.[85]

2.6. CONCLUSION

All in all, mainstream theories on hegemony attempt to interpret the developments in the international system with particular emphasis on diverse characteristics on power and hegemony. The state-centric and material resource based HST mainly asserts that the stability of the system is the basic desire which can only be achieved by the existence of a hegemon. However, in times of its disappearance stability vanishes and the focus shall be on the collective good management or governance of the system to achieve stability. On the other hand, NHST argues that stability is possible after the decline hegemony thanks to international regimes. Accordingly, the regime theory highlights the importance of rules and norms governing several issue areas which make cooperation the order of the day. Strange criticises both theories on several grounds such as their assumption of taking the state as the sole unit to be taken into account in world affairs.[86] More importantly, the most groundbreaking perspective brought by Strange has perhaps been the structural power perspective against the issue areas defined by NHST. According to her, great powers rise and fall, but world politics only shifts from one structure to another.[87] For Strange, defining characteristics of international relations are, the

[83] Morton, A.D., *Unravelling Gramsci: Hegemony, and Passive Revolution in the Global Political Economy*, Pluto Press, London, 2007, p. 124.

[84] *Ibid.*, p. 125.

[85] *Ibid.*, p. 134.

[86] Story, J., 'Setting the Parameters: A Strange World System', in Lawton T.C., Rosenau J.N., and Verdun A.C., (Eds.), *Strange Power, op.cit.*, pp. 21-22.

[87] *Ibid.*

power to shape the structures rather than power over actors, values determining the options rather than issue areas, and outcomes as the indicator of power rather than capabilities. Hence, the structural power perspective brings in a macro-level and coherent analysis of both the international system and the concept of hegemony.

Alternatively, WSA emerges as an important theory embracing a structural perspective. WSA's analysis of the global capitalist system within the lenses of a hierarchy among states as well as the rise and fall of hegemonic powers provides a unique contribution to the literature. However, WSA's interpretation of the world system as equivalent to the capitalist system and its emphasis on security, production and trade structures over other structures misses a holistic approach to understand the international system. In turn, Cox's critical approach on the concept of hegemony, with particular emphasis on ideology and class formation first domestically and then spilling over to global civil society provided a groundbreaking thesis in the literature. Nevertheless, from a structural power perspective, this conceptualisation can also be criticised as being too embedded in the production structure and therefore missing the overall picture. Save that, Cox deserves a big applause for its success in singling out his theorisation from the orthodox epistemology by introducing the ideological component of hegemony at the international level which in fact constitutes the basis for neoliberal hegemony that will be further analysed in the next chapter.

In this regard, after a snapshot of the literature on hegemony and its shortcomings in this chapter, the subsequent chapter will attempt to reveal the redefinition of hegemony after the '70s. In particular, the rise of non-state actors and their control in the international system at the expense of states, the waning of the power of state in controlling the power structures and the homogenisation of the international system with globalisation had several repercussions on the conceptualisation of hegemony in its orthodox sense. In particular, the components making up the orthodox conceptualisation of hegemony has shifted due to the transformation of the conceptualisation of 'state' and its role in the system, the blurring of the boundaries between structures and the increased difficulty of exerting power to shape the structures. Last but not least, since global dominance in the contemporary world proves impossible due to the spread of regional power

hubs in this age of globalisation, the geographical scope of hegemonic governance is also shifting. Accordingly, neoliberal hegemony referring to the hegemony of the neoliberal values rather than the dominance of an actor over others is the main concept at hand in the next chapter.

CHAPTER 3

GLOBALISATION, AUTHORITY PROBLEMATIQUE AND NEO-LIBERAL HEGEMONY

Change is constant in international relations in political, economic, cultural and ideological aspects. What is more important is to understand the reasons and outcomes of change. The theories on hegemony try to explain and understand the change of the international system after the WWII until 1970s and from the 1970s onwards from different perspectives. What all these perspectives agree on is that the main reason of change of the international system after the 1970s is the so-called globalisation which resulted in the collapse of American hegemony and paved the way to the reign of "neo-liberal hegemony" in the form of the hegemony of neoliberal values free from the control of any actor.

In understanding the functioning of the international system, the periods between 1945 and 1970 and 1970s onwards have been two breaking points in modern history. The former relates to American dominance in global relations, the reign of high-politics, realist-neorealist explanations in global security structure, unprecedented economic growth via Keynesian economic policies and the intervention of state in the market as well as the distribution of welfare in the liberal world under the leadership of the U.S. The structural interaction in national and eventually global civil society also marked the dominance of the capitalist system and class formations at the global level. The latter, on the other hand, witnessed the increased role of low-politics and attention to liberal-neoliberal explanations and interdependence, searching for ways to explain 'cooperation under anarchy'[88], the decline of American hegemony and the increased role of non-state actors in IR and IPE, the reign of neoliberal system in global economy as well as the formation of global civil society under neoliberal setting. The scene for

[88] Oye, K., 'Explaining Cooperation Under Anarchy: Hypotheses and Strategies', in Oye, K., (Ed.), *Cooperation Under Anarchy*, Princeton University Press, 1986.

global relations experienced drastic changes since 1970s which also affected not only American hegemony in particular but also the role of the state in general, leading to the questioning of authority in the international system, hence striking hot debates on governance at the global level. Economic, political, social and ideological changes that accelerated with the start of 1970s, which have been labelled as "globalisation", have various interrelated reasons. The main aim of this chapter is to give a thorough analysis of the reasons of globalisation and its effects on global relations and the power structures, on the issues on governance as well as on the concept of hegemony. Accordingly, the main argument of this chapter is that the effects of globalisation on the authority of the state as the main actor in the international system with the capability of exerting power and hence possessing hegemonic status divorced it from the conceptualisation of hegemony which also resulted in the emergence of the hegemony of neoliberal values as well as shifted the theoretical base of hegemony and its relationship to the hegemon as the actor. However, such a shift on the theoretical grounds of hegemony seems rather problematic which leads this study to come up with its new conceptualisation "informal hegemony" that attempts to bring in the actor to the exercise of hegemonic power under the contemporary neoliberal world order.

3.1. GLOBALISATION

"In its broadest sense globalisation refers to the existence of relations between the different regions of the world and, as a corollary, the reciprocal influence that societies exert upon one another."[89] Another general definition of globalisation, refers to "…a set of processes that have increased interconnectedness across the globe, and where, crucially, these connections in many respects transcend the narrow boundaries of the nation-state."[90] Anthony Giddens defines globalisation as "…the intensification of worldwide social relations which links distant localities in such a way that local happenings are shaped by events occurring many miles away

[89] Amin, S., 'The Challenge of Globalisation', in *Review of International Political Economy*, Vol.3, No.2, Summer 1996, translated by David Luckin, p. 231.

[90] Kiely, R., *Empire in the Age of Globalisation: US Hegemony and Neoliberal Disorder*, Pluto Press, London, 2005, p. 1.

and vice versa."[91] David Held and his co-writers' definition is somewhat similar to Giddens's as they define globalisation as "…the widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life, from the cultural to the criminal, the financial to the spiritual."[92] There are many more varying definitions and interpretations of globalisation, but with similar components and common characteristics.

Collectively, globalisation refers to the increased interconnectedness in all spheres including political, economic, social and ideological dimensions. The increased role of capitalism in world economy including both production and finance structures, the increased role of non-state actors in the administration of the global system as well as the authority exerted on the system at the expense of state authority, the homogenisation of social classes in different national systems leading to the formation of classes at the global level shaped by capitalist production structure and the dominance of neoliberal ideology in the global political-economic system are the common characteristics embracing both the reasons and effects of globalisation. The mix and match of various definitions of globalisation leads us to come up with the sense that globalisation would mean the establishment of a global market for the exchange of goods, services and capital, it refers to the universal character of competing technologies and progress towards a global system of production as well as the political weight carried by the global system in the competition for global or regional hegemonies and the cultural aspect of universalisation.[93] In this context, it is impossible to deny the acceleration of change of the international system leading to integration in several aspects but at the same time forcing polarisation and/or pluralisation in several others. Yet a closer look at the historical development of the global system reveals that although globalisation in theory is a novel phenomenon, the acceleration of interconnectedness and interdependence in practice is not.

[91] Giddens, A., *The Consequences of Modernity*, Polity Press, Cambridge, 1990, p. 64.
[92] Held, D., McGrew, A., Goldblatt, D., Perraton, J., (Eds.), *Global Transformations: Politics, Economics and Culture*, Stanford University Press, Stanford, 1999, p. 2.

[93] Amin, S., 'The Challenge of Globalisation', *op.cit.*, p. 231.

Keohane, contends that there are semantic differences between interdependence and globalisation in the sense that interdependence means a *state of the world*, whereas globalisation refers to a "…*trend* of increasing transnational flows and increasingly thick networks of interdependence." [94] In depicting this variance, in order to make interdependence and globalisation comparable, Keohane utilises a different concept called "globalism" which also refers to a state of the world like interdependence. Deviating from globalisation, both globalism and interdependence can be viewed as having matters of degree which can lead them to increase or decrease.[95] However, globalisation means increases in globalism by which according to Keohane it makes more sense to mention a "decline in globalism" between 1914 and 1945 rather than a "decline in globalisation".[96] In this context, rather than connectedness solely in issue areas, globalism includes "thick" networks of interdependence on a transnational basis; therefore interdependence involves specific actors and issue areas whereas globalism is attributed to the aggregation of these thick networks as well as their organisation on a global scale.[97]

In a seminal article, called *The Challenge of Globalization*, Samir Amin asserts four principle characteristics of the challenge posed by globalisation to modern societies. These are, first, the relative stagnation of the economic system since the 1970s that ended the illusions of the previous two decades such as full employment, economic growth of the West, development in the South and the catching up through socialism in the East; second, the capability of multinational companies in developing global strategies freeing them from the tutelage of states' national policies; third, the increased importance of financial preoccupations for economic activity which encourages greedy behaviour leading to negative economic consequences for economic and social life; and finally, the decreasing

[94] Keohane, R.O., 'Introduction: From Interdependence and Institutions to Globalization and Governance', in *Power and Governance in a Partially Globalized World*, Keohane, R.O., (Ed.), Routledge, London, 2002, p. 15.

[95] *Ibid.*

[96] *Ibid.*

[97] *Ibid.*

temptation of the alternative systems to capitalism such as socialism, resulting in capitalism to stand for the world system with no alternatives.[98] The fundamental issue at hand with these four challenges is that even though the roots of globalisation lie in the transformation of capitalist economic activity, its effects go beyond economic life spreading into political life by creating an authority problem in the market and into social life due to socio-economic inequality. Indeed, these two spheres comprise the critical factors leading to the transformation of the concept of hegemony.

Two basic reasons of American hegemony between 1945 and late 1960s are its economic domination of the globe and its international institutional dominance[99] which also equipped it with legitimacy and hence consent. Moreover, unmatched American superiority in security structure enabled the U.S. to reinforce its hegemony until the early 1970s. However, several groundbreaking developments in political and economic spheres resulted in the turn of the decade to be one of turmoil. The start of the détente period in the political sphere, the catching up of European and Japanese economies with the American economy since the late '60s and hence resulting in the loss of absolute global superiority of American economy, American efforts to finance the war in Vietnam, the crash of the Bretton Woods System and the OPEC oil crisis resulted in dire conditions for the U.S.. The loss of superiority in manufacturing for the U.S., the rise of European and Japanese economies resulting in increased trade deficits for the American economy since the 1970s, the decrease in the number of dominant American companies in key industries over the globe and accordingly the steady increase of foreign investment into the U.S. due to devalued dollar and hence increased interest rates sealed the overall economic scene after the '70s.[100] In finance structure on the other hand, the role of the dollar as the main currency in international financial transactions – besides its relative weakness compared to the previous decades - and maintenance of the dominance of the U.S. in international financial institutions such as IMF and

[98] Amin, S., 'The Challenge of Globalisation', *op.cit.*, pp. 216-217.

[99] Paupp, T.E., *The Future of Global Relations: Crumbling Walls Rising Regions*, Palgrave, MacMillan, New York, 2009, p. 29.

[100] *Ibid.*

World Bank marked the continuation of the U.S.'s dominance after the '70s as well. Nevertheless, decline in production structure marked the end of Fordism in American economy leading to new balances among actors in the global system. Particularly, the new trend in the American and global capitalist economy has been labelled as "post-Fordism" and more specifically "Reaganomics" under the leadership of Ronald Reagan in the U.S. between 1981 and 1989 and "Thatcherism" under the leadership of Margaret Thatcher in the U.K. between 1979 and 1990. In more exclusive terms, post-Fordism, Reaganomics and Thatcerism have been policy responses to global pressures put on capitalist economy which, crudely speaking, favoured decreased regulatory intervention into the market. While post-Fordism is more relevant in explaining the stand-point of firms envisaging shift from mass production for global markets to less homogenous and less standardised production and from economies of scale to economies of scope; Reaganomics and Thatcherism refer to deregulation movements by the state on market via privatisation and tax cuts enhancing international financial freedom and the increased flow of investment beyond national borders. Thus, the birth of neoliberal order has been the outcome of these premises in the economic sphere.

As a matter of fact, in order to understand the roots of neoliberal order accelerated by globalisation, one needs to first understand the nature of capitalism under globalisation. In doing that, a comparison of the pressure of globalisation on liberal-capitalist production structure from the collapse of Bretton Woods onwards (the neoliberal world order) would be appropriate.

Indeed, until the early '70s, the abundance of the dollar outside the U.S. has been the engine of growth for Europe and Japan which has been indispensable for their recovery. However, the outflow of dollars via Marshall Aid, coupled with the efforts to finance the wars in Korea and Vietnam as well as the recovery of European and Japanese economies taking the form of increased imports by the U.S. resulted in increased deficits for American economy. Conversely, the strength of the dollar was bound to the strength of American economy in surplus which was no longer possible. Thus, as a result of the need for the devaluation of the dollar for the sake of increased competitiveness of the U.S. economy, the collapse of the

Bretton Woods System was inescapable in theory as well. An immediate result as the abolishment of fixed exchange rates across the world and the shift of power to international financial markets in deciding the value of floating currencies paved the way for further deregulation of financial markets, which came to dominate the era of globalisation from the 1980s on.[101]

Furthermore, the effects of Thatcherism and Reaganomics via employing policies to cut down inflation through the control of money supply, reducing the role of trade unions and hence curbing massive strikes which resulted in bringing down unemployment via bringing down wages had overwhelming consequences on economic growth and employment in the '80s.[102] Controversially however, "…the deregulation of the economy made it very difficult to control the supply of money, as liberalised financial companies found new ways of expanding credit."[103] This dilemma in economic policies of '80s resulted in further retreat of the state in economic life and the increased dominance of neoliberal order.

In the meantime, the periphery was facing dire economic conditions during the '70s and '80s. This was mainly due to the economic policies of the developed world after the collapse of the Bretton Woods system. The weakening dollar with an aim to increase the competitiveness of American economy and increasing interest rates to attract investment to the developed world which was directed towards the developing world until the early '70s resulted in lack of money and hence plummeting growth for the periphery. Although the role of the World Bank was to decrease poverty and increase welfare in the developing world via credits in the form of aids, the inadequate supply of aid to these countries and the inefficient use of aids by corrupt administrations resulted in the debt crisis first in Latin America in the '80s. This was also due to increased isolation of these countries from global production, financial, and hence trade structures after the '70s which was an outcome of the tendency of international investments to gravitate towards

[101] Kiely, R., *Empire in the Age of Globalisation: US Hegemony and Neoliberal Disorder*, *op.cit.*, pp. 93-94.

[102] *Ibid.*, p.94.

[103] *Ibid.*

stable economies. The role was now on the IMF to expand the neoliberal order globally by fastening these countries to the global economy through the supply of credit in return for costly structural economic reforms which further increased inequality in the global capitalist system. These structural reforms forced the periphery to employ policies in line with the needs of neoliberal order lacking the priority to increase domestic welfare in a balanced manner. Hence, globalisation did not occur out of the blue. Rather it was a product of the transition from neo-Keynesian policies to neoliberal capitalism in the '70s and early '80s which was further extended in the late '80s and '90s.[104]

Three basic components of neoliberal capitalism that are imposed on the developing world by the obligatory structural economic reforms have been privatisation, deregulation and liberalism.[105] Privatisation as the shift of former state companies to private entrepreneurs aimed to enhance competition and hence efficiency.[106] Deregulation aims to cut down the role of state and hence increase competition and productivity in line with the rules of the market.[107] Liberalisation refers to a policy of openness to international trade and investment in order to increase the countries' exports and inflow of foreign investments and hence money.[108] Accordingly, access to credit by the developing world was only possible on the condition that they comply with these structural reforms. Although these neoliberal premises advocated increased efficiency, productivity, growth and eventually welfare for the developing world, they were not free from their own setbacks such as increased poverty and inequality both within these countries and among them and the developed world. In fact, since capital tends to concentrate on developed countries now and since financial deregulation increases instability mainly for the developing world, it is possible to conclude that neoliberal economy

[104] *Ibid.*, p.95.

[105] *Ibid.*, p.98.

[106] *Ibid.*

[107] *Ibid.*

[108] *Ibid.*

tends to create inequalities in overall global economy.[109] Moreover, as a result of these reforms, the opening up of the markets of the developing world to free trade and investment inflows in the '90s (the Third Way) also increased the inflow of capital into stocks and bonds yielding high interests and eventually increasing debt often bringing interrupted economic growth. This was in fact the main reason behind Asian economic crisis experienced in 1997.

Economic effects of globalisation have not been the sole actor of the change of the international system after the '70s. The capitalist domination in the global economy has also been both the effect and the result of plurality and polarisation in national as well as global civil society. In general, globalisation can also be considered to affect exportation of the polarisation of national civil society brought by Fordism in the U.S. to the global level. Marxist analysis of class formation process in domestic capitalist economies has been extended to the global level by neoliberalism. The end of the clash of interest between labour and capital at the favour of capital opened up the way for the endless accumulation of capital at the global level, always searching for new markets. The transformation of state into capitalist state after winning the struggle for the control of the state by capitalists also legitimised the capitalist economy in Western world and later at the global level. Accordingly, consent has been created within the civil society in favour of capitalist production structure phasing out the demands of labour. The creation of capitalist dominance advocated the endless accumulation of capital and economic growth as the ultimate goal which is regarded as working for the good of all segments of the society. The structural power of capital is now above all other considerations in the sense that the prevailing ideology for the state apparatus was to use every means to ensure the capital to expand. The main ideology of capitalist governance was that "…a revival of economic growth depended on business confidence to invest, and that this confidence depended on the 'discipline' directed at trade unions and government fiscal management."[110]

[109] *Ibid.* p. 118.

[110] Cox, R.W., *The Political Economy of a Plural World*, Routledge, New York, 2002, p. 81.

The global structuring of production as described above and the role of debt on the periphery's inclusion into neoliberal global economy resulted in the utilisation of territorial divisions of international economy by playing off one territorial jurisdiction against another to maximise cost reduction, savings in taxes, escaping from anti-pollution regulation, control over labour and guarantees of political stability.[111] Moreover, globalisation in production and financial structures formed three segments of global society, the *integrated*, the *subordinate* and the *excluded*.[112] The integrated segment of global civil society is comprised of the global economy managers and the privileged workers serving global economy in relatively stable employment.[113] The subordinate level is composed of rather disposable labour force dependent to the structure of global economy created by post-Fordism.[114] The excluded is the permanently unemployed, surplus labour with little or no prospect of class transition and living in periphery.[115] Nevertheless, phasing out the alternatives to the reign of capitalist economic structure at the global level by neoliberal hegemony resulted in the inclusion of all these three segments into the capitalist property relationship. Accordingly, this new global social structure also muddied the 19th and early 20th centuries' concept of classes in the sense that class relationship is more of a cultural matter than something defined by a property relationship.[116] In a nutshell, global economy brought inequality and increased hierarchy both within and among countries.

Samir Amin contends the polarising nature of globalisation by comparing it with the earlier economic and political systems such as mercantilism and feudalism. He argues that the ancient system is confined to catching up rather than polarization which resulted in Europe becoming a core power besides its economic inferiority

[111] *Ibid.*, p.82.

[112] *Ibid.*, p.84.

[113] *Ibid.*

[114] *Ibid.*

[115] *Ibid.*

[116] *Ibid.*, p. 85.

with regard to China until the 16th century.[117] In contrast, the emergence of capitalism and its acceleration in the 19th century widened the gaps in the framework of new capitalist polarisation in the sense that the core-periphery opposition is synonymous with the performance of industrialised countries and those struggling to start their industrial revolution yet.[118] In this context, while the space of production is becoming globalised, in the sense that the core stands as the centre of capital accumulation and the periphery provides its input via low cost labour and low profitability, the spheres of political and social management of the global system remain limited by the political frontiers of states.[119] In other words, the Marxist rhetoric's law of value is globalised, creating the alienation of periphery from the global system while the core stands as the exploiter. This global relationship stands as the basic polarisation within global capitalism both territorially and socially. Furthermore, the free flow of capital in the form of investments beyond national frontiers creates global capitalists in periphery as well, which at the same time creates a global civil society based on a global production structure regardless of territorial boundaries. In this context, the ideological hegemony of globalisation generates consent for the dominated by the legitimacy of economic efficiency and global competitiveness for the sake of development. Thus globalisation seems to be the ultimate form of alienation.[120]

3.2. AUTHORITY PROBLEMATIQUE

If one is to examine the political outcomes of neoliberal hegemony, analysing the effects of globalisation on territoriality and state authority turns out to be a major issue at hand. Without a doubt, the global transformation of the international system in political, economic, social and ideological spheres directs one to pose the question of "who governs" globalisation. In other words, the increasing role of

[117] Amin, S., 'The Challenge of Globalisation', *op.cit.*, pp. 231-232.

[118] *Ibid.*, p. 232.

[119] *Ibid.*, pp. 249-250.

[120] Cox, R.W., *The Political Economy of a Plural World*, *op.cit.*, p. 93.

global economy at the expense of state authority and the problem of governing global relations created an authority problematique.

In considering the diminishing authority of the state one first needs to depict where does its authority rest. In fact, Strange's power structures would present a good starting point here. Even though Strange does not argue that state is the sole possessor of power in the structures of IPE, she cites security, production, finance, knowledge, energy, trade, transport and welfare as well as their relationship to one another as the most critical spheres on which power is exercised. She contends that answering the question of who gets what in these structures would help the reader to establish an image of the beholder of authority in IPE. Strange also admits that while implicitly criticising the state-centrism of the literature on IPE she also fell into the trap of concentrating too much on the authority of states over markets.[121] Yet it should also be admitted that analysing the question of authority and governance under globalisation requires a comparison with the authority of states to comprehend where or to whom did its authority shift. Broadly speaking, Strange argues that power has shifted from weak states to stronger ones with regional or global reach beyond their borders; it has shifted horizontally from states to markets and non-state authorities which derive power from their market shares; and some power has evaporated in the sense that it is not exercised by any authority any more.[122]

In contrast to Strange's argument with regard to the retreat of the state, Gilpin emphasises important state functions establishing the legal framework for economic activities and managing the national economy through the use of macroeconomic policy.[123] He rejects the arguments of the globalisation thesis on the decreased effectiveness of both fiscal and monetary systems by the integration of national financial systems and increased international financial flows on the

[121] Strange, S., *The Retreat of the State: The Diffusion of Power in the World Economy*, Cambridge University Press, Cambridge, 1996., p. 185.

[122] *Ibid.*, p. 189.

[123] Gilpin, R., The Retreat of the State?', in Thomas C. Lawton, James N. Rosenau, Amy C. Verdun (Eds.), *Strange Power*, *op.cit.*, p. 199.

grounds that the limits on macroeconomic policy at both international and domestic levels have existed long before the introduction of the term globalisation.[124] Hence, he attacks the globalisation thesis on lacking historical perspective and in doing that he argues that:

> During the three periods of intense concern about national security, governments fashioned new tools to manage their economies and began to exercise historically unprecedented control over their economies. The Great Depression, the rise of organised labor and the huge sacrifices imposed on national societies by World War II led Western governments after 1945 to expand their activities to guarantee full employment and the economic welfare of their citizens. After World War II, governments in every advanced economy assumed the responsibility to promote full employment, provide social insurance and achieve an ever-rising national standard of living.[125]

In short, according to Gilpin, rather than economic globalisation, constraints on the effectiveness of macroeconomic policy have been due more to the limited ability of governments to manage the economy, which is the result of a significant change in international politics and economic ideology rather than the constraining effects of economic globalisation.[126] Eventually, for Gilpin, state continues to have a significant role in contemporary economics.

However, Gilpin's focus seems very much embedded in economic policy and misses the grand picture. Indeed, the process of this power shift in a structural perspective tells a different story. Traditionally, the powers and responsibilities attributed to state are manifold. States are seen as the sole providers of security, or more precisely the legitimate use of violence within a defined jurisdiction area. In addition, the responsibility to provide internal security requires protecting citizens from external security threats as well. As a matter of fact, globalisation did not take away the role of the states as the providers of security to their citizens however the

[124] *Ibid.*, pp. 204-209.

[125] *Ibid.*, p. 211.

[126] *Ibid*, pp. 211-212.

role of physical security in a globalised and economically integrated world decreased considerably. Moreover, security does not only include military security but it also includes security from the threats of market forces leading to decreased welfare for the citizens which also comprise an important part of it. Indeed, it is the area of economic and financial security that globalisation threatens the authority of states. In a more open and more integrated world economy, states are no longer capable of controlling the flow of goods, services and capital as they used to be. Power has shifted from states to markets and private firms in security structure.

In production structure, the role of the state diminished considerably at the expense of private enterprise. In particular, the privatisation, deregulation and liberalisation efforts in the post-Fordist era, under Reagan and Thatcher administrations in the developed world and under the rule of neoliberal globalisation process for the developing world diminished the role of state in production structure. The free flow of capital around the globe and its tendency to concentrate on profit maximising markets compel states to designate the most investment friendly environment possible in order to attract foreign investment. This compulsion frequently led to more deregulation in line with the needs of private enterprises and resulted in the retreat of the state from economic activity and its regulation. At the end of the day, rather than the states or the rulers, the rules of the market and the private enterprise determine who gets what in the production structure.

Maintaining the value of its currency is probably one of the most important responsibilities of the state.[127] The situation of the finance structure has been one of hegemonic domination until the collapse of the Bretton Woods System. The dollar was the main currency and the U.S. was the sole exerciser of seignorage power as the value of its currency was fixed to the value of gold. The collapse of the Bretton Woods System due to the increasing deficits of American economy and the need to devalue the dollar for the sake of competitiveness paved the way to floating exchange rates and the loss of U.S.'s hegemonic status in finance structure. The duty of stabilising global financial markets fell on the IMF as the main creditor in the international system. As analysed above, the inclusion of the

[127] Strange, S., *The Retreat of the State, op.cit.,* p. 73.

developing world into global financial structure and the structural reform requirements borne on the shoulders of these countries in return for access to credit indicated the shift of power from states to private institutions such as banks as well as international institutions in financial structure.

It should also be maintained that the swiftest and the most ground breaking changes brought about by globalisation took place in the knowledge structure. Indeed, for some, globalisation itself refers to the acceleration of the spread of knowledge and communications around the globe which turns the globe into a *small village*. Today, anything happening at one side of the world is even visible at the other end of the globe in seconds. Knowledge has two significant aspects. One is the creation of knowledge and the other is communicating it. Thus, the sole possession of power in knowledge structure requires superiority in both creating knowledge and controlling its communication. Historically, states have not been the sole authority in creating knowledge. Yet the mushrooming of non-state actors and their role in producing knowledge further dispersed the already fragile power of the state in knowledge structure. Furthermore, although states can regulate the ways and means of communicating knowledge within their boundaries through enabling access to it or censorship, it is now in the hands of telecommunication companies, internet server providers and even hackers to decide on the speed and the spread of knowledge around the globe. Hence, globalisation also weakened the authority of the state in knowledge structure as well.

Without a doubt, energy is the one of the most critical components for economic growth. Nevertheless, it also valid to argue that states who possess considerable energy resources are not the ones who enjoy the fastest economic growth. This also stands as a solid proof of the fact that the possession of structural power lies beyond the limited importance of material capabilities. As discussed under HST, the history of power in energy structure until the OPEC oil crisis demonstrates that private companies under the legislation of consumer countries have been the major actors determining the outcome in energy structure. Hence, in energy structure the authority was shared between private companies and the states where these companies originate. After the OPEC oil crisis, the producer countries also started to play significant roles in determining the outcome in energy structure. Moreover,

the establishment of International Energy Agency (IEA) as the platform to strike the interests of the consumer countries, in response to OPEC as the club of producer countries demonstrate the need for international institutional bodies beyond the authority of states. Accordingly, the rules of the game in the energy structure under globalisation are also rather vague but it is possible to argue that they also go beyond the authority of states.

Perhaps trade is the most crucial component of economic activity today. Concurrently, the possession of authority in trade structure has been the most slippery among all structures. The authority of the state in the mercantilist period until the 16th century has been an absolute one in the sense that states not only regulated trade both internally and externally but they also participated in its exercise. The maturing of capitalism plugged in the private sector starting from the 16th century. However, up until the 18th century the capitalist classes were not critically influential in terms of their intervention into the regulation of trade. Indeed, the desire for the endless accumulation of capital opened up the borders of the state paving way to fierce colonisation in quest for new markets for capitalist outputs from the 19th century until the First World War. The period between two world wars has been one of protectionism in trade, yet the immediate aftermath of the Second World War witnessed the superiority of the U.S. in trade structure as well which was stemming from its productive capabilities. After WWII further liberalisation of trade was the dominant ideology but it was not until 1995 that the establishment of a multilateral organisation governing commercial relations at the global level took place. Although actual trade is realised between private companies, states have been the sole regulators of the flow of goods within and beyond their frontiers. Conversely, in response to this regulatory power possessed by the states, the tendency of private enterprises to seek for relaxed regulations in trade structure has been visible in the GATT rounds until the establishment of the WTO and afterwards. In particular, transnational companies (TNCs) as the most developed forms of capital accumulation have been and still are very influential in shaping multilateral trade negotiations. [128] Thus, under the pressures of

[128] For an excellent analysis of the role of TNCs in the transformation in trade structure, see: Altay, S., '*Hegemony and Private Actors, and International Institutions: Transnational Corporations as the Agents of Transformation of the Trade Regime from GATT to the WTO*", PhD Dissertation,

globalisation, power is dispersed in trade structure among states, private companies and the WTO and historically the dispersion of power has always been at the expense of state authority.

Transport is in the nature of and hence as important as other structures of IPE. The acceleration of technology and its reflections on transport systems is directly linked to the power exercised in transport structure as well. Interestingly, one of the most significant elements with regard to transport structure is its immediate relation to other power structures. In security structure, the dominance of the U.S. air force gave it the ability to deliver two atomic bombs during WW II and the ability to deliver intercontinental ballistic missiles during the Cold War. The use of sophisticated transport systems for civilian purposes in the 20th century also granted considerable power to states. In production and trade structures transport is directly related to costs. The ability to deliver goods and services most efficiently and quickly also grants considerable power to the beholder. Globalisation resulted in immense development in transport as well. Even though the security structure is still the one in which states exercise relative immunity, the largest fleets for the transport of goods and services in trade structure are private. Moreover, since transport structure directly relates to the movement of persons, goods and services beyond the borders, regulations with regard to transport structure are also multilateralised, marking a decrease in the authority of states at the expense of both private actors and international institutions in this structure as well.

Both internal and external responsibilities of the state in welfare structure have also been transformed under globalisation. In broad terms, the main responsibilities of the state in welfare structure can be considered as choosing the appropriate form of capitalist development, correcting the tendency of market economies to cyclical booms and slumps, providing a safety net for those least able to survive successfully in a market economy, its responsibility to taxation with an aim to strike even income distribution in society, its development strategy and its role in

providing the competitive environment internally with due respect to equality.[129] States try to realise these aims in spite of several shocks posed on them by globalisation. However there are major strains on the state in realising these objectives. For instance, the intervention of international institutions in states' policy choices and limiting their options with the introduction of structural adjustment requirements curb the capabilities of states to effectively respond to the needs of their citizens. Moreover, interruptions in the growth of global economy that result in regional and global crises and generate external shocks also hamper states' efforts to adjust their economy in line with their responsibility to society. In fact, states' economic capabilities are defined by the general condition of the global economy and determine the policy choices open to them in protecting the welfare of their citizens. The globalisation of the market even affects the states' taxation choice in line with the needs of the TNCs which can move freely beyond the boundaries. Hence, although still possessing the sole authority to tax, states are no longer in a position to adjust their tax policies independent of the priorities and concerns of those who are being taxed. In a globalised economy, states' overall national development strategies are also adjusted in line with the needs of the market with an aim to strike a balance between the welfare needs of the society and favourable competitive environment for both domestic and international investors. Besides, established with an aim of decreasing global poverty in response to the negative effects of globalisation, the World Bank undertakes some degree of responsibility in shaping the global and accordingly national welfare structures. Therefore, authority shift in welfare structure has also been at the expense of state bringing in many more actors.

Although the effects of globalisation on the structures of IPE and the authority of states has been immense, three most significant areas of state authority remained intact: the right to use or not to use armed force, the right to tax and borrow, and the power to determine what is lawful or criminal.[130] However, when the shift of power is to authorities other than state and whose basis is not their command over

[129] Strange, S., *The Retreat of the State; The Diffusion of Power in the World Economy*, *op.cit.*, pp. 74-80.

[130] *Ibid.*, p. 184.

territory as states but their command over the nature, location and manner of production and distribution of goods and services, this raises some new questions about the nature of sovereignty, the dispersion of power and political control.[131] In fact, the management of global capitalism is a multi level process, determined at the national level by the balance of social forces within states, at the transnational level by neoliberalism produced by its proponents, at the international level by those institutions that develop officially endorsed policy guidelines, and again at the national level by the incorporation of these guidelines into concrete measures of national economic policy.[132] Therefore, the multilevel nature of global governance requires particular attention.

Since the effects of globalisation go beyond national, regional and transnational borders, its governance should also be global. Paradoxically, the authority of the state and the legitimacy of its governance used to rest within its borders. Indeed, authority at the national level and legitimacy to exercise this authority within the limits of its frontiers are the bases of the sovereignty of the state. Moreover, the main reason of the 'anarchic' nature of the international system underlies the fact that gaining legitimacy to the exercise of authority at the international level by a single state is problematic. As discussed previously, the legitimacy of a state derives from the consent of its population hence it is a question about the relationship between the state and the society it governs. The degree of the legitimacy of a state in the eyes of its society "…range from a population that is participant in the political process and regards its political institutions as the natural order of things; and a population that looks upon political authority and its agents as alien and predatory."[133] Elevating the legitimacy issue to the international level, on the other hand, requires looking at international institutions and the extent of their legitimacy. Therefore, the questions at the international level turn out to be how global relations should be governed and what brings legitimacy to global governance.

[131] *Ibid.*, p. 45.

[132] Cox, R.W., *The Political Economy of a Plural World*, *op.cit.*, p. 33.

[133] *Ibid.*, p. 35.

Keohane and Nye describe governance as "…the process and institutions, both formal and informal, that guide and restrain the collective activities of a group."[134] They contend that governance need not necessarily be conducted by governments and international organisations, rather private firms, associations of firms and NGOs can engage in governance sometimes with sometimes without governmental authority.[135] Thus, global governance brings multilateralisation, and at the same time, the mushrooming of international organisations demonstrates an aspiration to govern the effects of globalisation that go beyond the authority of the state. In 1996, there were 1830 international governmental organisations and 38243 international non-governmental organisations which is a striking increase when compared to 37 international governmental organisations and 176 international non-governmental organisations in the year 1900.[136] Although quantity does not guarantee quality, this increase seems to arise out of the need to govern issue areas that progressively gain transnational characters, making it impossible to manage at the national level. Today, issue areas ranging from child labour to nuclear arms control are governed at the international level. This lays down the fact that at least a minimum level of consent in regulating these issue areas are struck among the members of these organisations. This assertion embraces two important components. One is that states are still major players of global governance as the sovereign entities to decide on their priorities and concerns as well as their representation in IOs; and second, global governance is established via consent which is established first at the national level through the consent of national society. Indeed, the transformation of governance under globalisation is not at the expense of states but being supplemented by other actors in a more complex geography.[137] Therefore, since the issue areas affecting international relations and

[134] Keohane, R.O., and Nye Jr., J.S., 'Governance in a Globalizing World', in in *Power and Governance in a Partially Globalized World*, *op.cit.*, p. 202.

[135] *Ibid.*

[136] Held D., and McGrew, A., *Globalization/Anti-Globalization*, Polity Pres, Cambridge, 2002, pp. 6-7.

[137] Keohane, R.O., and Nye Jr., J.S., 'Governance in a Globalizing World', in *Power and Governance in a Partially Globalized World*, *op.cit.*, p. 202.

the stakeholders are more diverse, governance should be more inclusive at the global level.

In more detail, normative structures, functions and procedures of international institutions claiming to govern global relations need to be 'inclusive' in order to generate legitimacy. As for the normative structures, contemporary international institutions seem to embrace the global civil society formed in line with the values of liberal democracy imposed by capitalist ideology. With regard to their functions, successful international organisations are those that serve as platforms to limit violence, that limit negative externalities of decentralised action, that provide focal points in coordination games, that deal with a system of disruptions and that provide guarantee against abuse. [138] In terms of procedures, international organisations governing global relations need to be *accountable* to public for their actions, they need to be *participatory* in the sense that making collective decisions is open to all related people, and they need to be *persuasive* in a sense that includes the existence of institutionalised procedures for communication avoiding manipulation and threats. [139] Moreover, successful and sustainable global governance requires being limited and somewhat shallow, otherwise it would rely too much on material sanctions and coercion.[140] These are the basic components of inclusiveness.

The reality on the other side, does not match perfectly with the theory. For instance, the *subordinate* and the *excluded* segments of global civil society do not seem to embrace the normative structure of IOs. Mass demonstrations against the most prominent IOs such as the WTO, IMF and World Bank pose good examples. In terms of accountability, the actions of the IMF to repair the economies of Latin America during the 1980s produced undesirable results. However, the blame was put on the debtor countries by the IMF claiming that the implementation of the reform plans were not carried out as promised. In the meantime, public protests

[138] Keohane, R.O., 'Governance in a Partially Globalized World', *Power and Governance in a Partially Globalized World*, *op.cit.*, pp. 248-249.

[139] *Ibid.*, p. 250.

[140] *Ibid.*

were against the IMF in these countries. Whether or not the problem was due to the lack of implementation, would the IMF be accountable if it were to blame is still an open question. As for participation, the UN Security Council stands as the most solid dilemma, which does not require more word. Finally, persuasion also seems to be rather blurry. In fact, the UN as one of the most concrete bodies of global governance proved inadequate when the decision to wage a war against Iraq in 2003 was made without a UN decision which placed the UN under questioning in the eyes of the public, damaging trust and consent.

Nonetheless, it can be argued that inclusiveness has initially been struck at the national level through the process of capitalist class formation and the attainment of Gramscian sense of hegemony in civil society. After all, contemporary international organisations are a reflection of Western values that are elevated to the global level. IOs are the products of the worldwide spread of capitalist production structure and neoliberal world order. In the same vein, it is the liberal-capitalist nature of IOs that cause the spread of neo-liberal values to the global level as the legitimate form of global governance. Nevertheless, the diminishing authority of the state and the problem of governance at the global level shift the theoretical ground of the concept of hegemony under globalisation. Hence, in our contemporary world rather than hegemony in its orthodox sense, one can talk about the hegemony of neoliberal "ideology" reflected in neoliberal value systems or "neoliberal hegemony" replacing earlier forms of hegemony. All in all, rather than a 'class' in its orthodox sense at the national level or a 'state' reflecting the priorities of that hegemonic class at the international level, neoliberal 'ideology' is the *position* of the neoliberal *historic bloc* in the 'global' civil society.

3.3. NEO-LIBERAL HEGEMONY

As analysed in the preceding chapter, the conceptualisation of hegemony has evolved in line with views varying from neo-realist (HST), liberal institutionalist (NHST) and Marxist-structuralist (WSA) theorisations. The acceleration of globalisation, its effects on IR and IPE as well as the declining authority of states and hence the waning relevance of statist explanations on hegemony generated the establishment of critical-neo-Gramscian theorisation of hegemony. Accordingly,

rather than attempts on explaining the hegemonic status of states, contemporary analyses of hegemony focussed on the hegemonic status of neoliberal ideology under the effects of globalisation as well as the role of politics, economy, ideology and culture in the formation of neoliberal hegemony.

A closer look at the political, economic and ideological-cultural components of neoliberalism becomes inevitable in assessing the hegemony of neoliberal ideology. As for the *political component of neoliberal hegemony*, the decreasing authority of states in relation to markets, NGOs, IOs and private actors due to globalisation led to the elevation of the problem of governance to the global level. Nevertheless, states as the main regulators at the national level and as the main actors of IOs still possess important roles under globalisation. Indeed, main political result of globalisation on state authority has been the transformation of state into neoliberal state in the sense that states turn out to be the instruments of capitalist domination and the products of capitalist social relations. Under the hegemony of neoliberal ideology states "…serve a number of functions for capital, including the protection of private property rights, the provision of infrastructure, the protection for industries, as well as broader functions of repression and the provision of social legitimation."[141]

Although, the intervention of states in the market for the good of the spread of global capital and the inflow of FDIs into national economies for the sake of increased welfare is still critical, the basic contention of neoliberalism is that national economies should be left to the efficiencies of market forces through privatisation, deregulation and liberalisation which would lead to rapid growth and improved living standards for all.[142] In this context, analysing actions of a single state that dominates global relations would be far from convincing. Indeed, neoliberal ideology sets the rules of the game and those states rejecting the dominance of neoliberalism are either isolated or intervened in. Cuba sets a good individual example and the inclusion of former Soviet Union member East

[141] Kiely, R., *Empire in the Age of Globalisation: US Hegemony and Neoliberal Disorder*, *op.cit.*, p. 35.

[142] *Ibid.*, p. 95.

European states into global neoliberal system via EU membership is a case of its own. Interveners are only the representatives of neoliberal ideology.

Thus, states are not ruled out by globalisation and the spread of neoliberal hegemony, but they are transformed. In fact, the nation-state system is the universal norm yet it is much different than its Westphalian predecessor. The absolute sovereignty of states and the principle of non-intervention have been ruled out for the sake of neoliberal hegemony. The free flow of capital at the global level and the minimum intervention of state into the market are the main requirements of neoliberalism as the ultimate form of capitalism. Contemporary capitalist state is much different then its feudal or social-liberal predecessor. Currently, even military engagements under the exclusive authority of states are not for territorial domination but for the sake of capitalist market expansion. Although, neo-realists would tend to seek a flag carrier state for the spread of neoliberal ideology at the global level, contemporary dominance of neoliberalism is not under the control of a single state. Rather, it is an overall process even creating its own regional power hubs. The issue of regionalisation will be further depicted below. What needs to be highlighted here is that neo-realist, state-centric ideology and its liberal-institutionalist alternative help to explain hegemony of states but falls short of explaining neoliberal hegemony as the hegemony of neoliberal values free from the control of any actor.

The *economic component of neoliberal hegemony* is perhaps the most critical one affecting other spheres. Although it would not be correct to speak of the hegemony of a state in global neo-liberal economy, tracing the origins of the rise of neoliberalism reveals the central role of American economy in shaping neoliberal ideology domestically and then spreading it to the global level. As discussed previously, the deterioration of global trade and shortage of foreign exchange for the developing countries during the early ‘80s have in fact been a result of governmental economic policies. For instance, Reagan’s policy was in fact aiming to liberalise more dynamic sectors of international economy, as well as liberalising labour and capital markets within the U.S. which benefited the strongest American

corporations.[143] Moreover, the collapse of the Soviet Union did not only leave the U.S. as the sole superpower in military terms but it also granted neoliberal ideology the ability to spread around the globe. In this context, the '80s and '90s witnessed the light speed spread of both multilateralism and regionalism with an aim to liberalise global markets and the role of the U.S. in the spread of neoliberal values in all the spheres of IPE can never be undermined. The dilemma here is that although neoliberal ideology flourished in the U.S. and besides the U.S.'s central role in neoliberal economy, the country is unable to unilaterally govern neoliberal economy at the global level.

In fact, patterns such as the establishment of the WTO in 1995 and the inclusion of as many countries as possible to this institution, the entry into force of NAFTA in 1994 and the formation of several other trading blocs, the widening and deepening of the EU have all resulted in further exportation of neoliberal economy at the global level. Moreover, the roles of the IMF and the World Bank as two leading IOs in spreading neoliberal values around the globe have been influential in reinforcing global neoliberal hegemony.

In the same vein, globalisation and neoliberal domination do not necessarily mean homogenisation. Rather, it can be argued that regionalism emerged out of the pressures of globalisation and it is a response of capitalist economy to globalisation. In fact, the requirements of global capitalism and the quest for easier market access for the TNCs as the main actors of global capitalism, result in the establishment of regional economic and trading blocs enabling them to reach economies of scope. Accordingly, the EU, NAFTA, ASEAN, ANDEAN, MERCOSUR, Gulf Cooperation Council, Common Market for Eastern and Southern Africa (COMESA), APEC, and many more regional economic integration models gained pace especially after the '80s with the acceleration of the spread of neoliberalism throughout the globe. When analysed within the lenses of global capitalism, it becomes clear that the formation of these regional blocs is not a coincidence. As the largest capital accumulators, the demands of the TNCs to

[143]Gill, S.R., 'Neo-liberalism and the Shift Towards a US-Centred Transnational Hegemony', in *Restructuring Hegemony in the Global Political Economy: The Rise of Transnational Neo-liberalism in the 1980s*, Henk Overbeek (Ed.), Routledge, London, 1993, p. 271.

secure preferential market access and economic partnership first with their immediate neighbourhood and then with the rest of the globe accelerated regional integration to increase competitiveness within global economy. In fact, the realisation of economies of scope at the regional level subsequently equips TNCs with adequate power to become global actors. Hence, in economic terms, regionalisation is the outcome of the basic law of economies of scope in global economy. In this context, another effect of neoliberal hegemony has been the production of regional power hubs, in contrast to the global domination of a single hegemony. Thus, the acceleration of regionalisation and the acceleration of globalisation take place concurrently under neoliberal hegemony.

In fact, "[n]ew regionalism is characterized by a systematic pattern of intensified interaction between private (predominantly transnational business) and public authority predominantly designed to strengthen microeconomic competitiveness."[144] Increased competitiveness in the regional and global markets is the major goal, and to this end, private sector is more and more involved in the decision making process. In this context, a neo-Gramscian analysis would highlight the role of the TNCs and other private actors within the framework of the neoliberal historic blocs and their role in the formation of regional and global consent. Although global hegemony of neoliberal ideology is the main focus of this section, the role of the TNCs in the formation of varying *regional* blocs is also worth considering. Plehwe *(et.al.)* contend that instead of a global, homogenous neoliberal hegemony, the construction of *neoliberal hegemonic constellations* at the national, transnational, world-regional and global levels is at the core of regionalisation of neoliberal hegemony.[145] These hegemonic constellations as outcomes of different regional historic blocs result in the rise of regionalisation within the context of a larger neoliberal global hegemony.

Concurrently, *the cultural component of neoliberal hegemony* would mainly focus on the role of national, transnational and global actors in the formation of

[144] Plehwe, D., Walpen, B., and Neunhöffer, G., (Eds.), *Neoliberal Hegemony: A Global Critique*, Routledge; Taylor & Francis Group, 2006, p. 13.

[145] *Ibid.*, p. 3.

neoliberal historic blocs at the regional and global level. Neoliberal hegemony is produced and reproduced through an expansive network ranging across diverse institutional arenas including regional blocs, IOs, NGOs, academia, business, politics and media.[146] The cultural aspect of neoliberal hegemony is established via striking the common ground among these actors. Contemporary neoliberal hegemony is pursued by an infinite number of actors engaged in different levels of civil society. But more importantly, the transnational class formation with an aim to realise global economic deregulation has been at the core of global neoliberal hegemony. With regard to the relationship between neoliberal hegemony and class formation as the root of its cultural aspect Gill argues that:

> The moment of hegemony occurs if and when there is a widespread acceptance of key principles and political ideas of a leading class fraction or constellation of interests. When this happens, the policies which embody these principles will appear to be more natural and legitimate to broader elements within civil and political society. What is crucial to this argument, however, is that such a nucleus of ideas is not simply a form of direct ideological domination, but rather a structural force which conditions and constrains class and other social forces.[147]

In this context, the internationalisation of the hegemony of capitalist class faction also internationalised the view that market mechanism is the most efficient form of global economic organisation, capital mobility and free trade increases global welfare and long-term improvement of the overall condition of the globe would be best served by the strengthening of capitalist states.[148] In a nutshell, the integration of global capitalist culture into global civil society lies at the core of the cultural aspect of neoliberal hegemony. In other words,

> …the purpose of neoliberal ideology is the construction of a sense of reality that the present social structure of global capitalism and the distribution of wealth and power

[146] *Ibid.*, p. 39.

[147] Gill, S.R., 'Neo-liberalism and the Shift Towards a US-Centred Transnational Hegemony', *op.cit.*, pp. 266-267.

[148] *Ibid.*

> engendered by that social structure is, and should be, natural. That is that the global capitalist society is not the product of power and arbitrariness, but of normal and natural processes that have to be accepted.[149]

In broad terms, neoliberal hegemony indicates the control performed by neoliberal values rather than states in political, economic, cultural and ideological aspects at the national, transnational and global levels. As discussed above, the ideological legitimation of neoliberal hegemony is based on the institutional structure of the contemporary international system. In particular, the roles of IOs in political and economic realms reflect basic elements of neoliberal hegemony. The economic aspects of neoliberal hegemony would not be further discussed here. In political terms however, it can be argued that redefining the roles of international institutions such as the UN and NATO can be considered as examples of neoliberal projects at the global level. More precisely, a major aspect of this redefinition is that after the fall of the Soviet Union, intervention into another states' domestic affairs has been legitimised on the condition that it is 'humanitarian intervention'. Nevertheless, a critical reading of the NATO intervention into Kosovo reveals that it can be considered as embracing at least two different dimensions. The first is the humanitarian side where the aim was to stop the atrocities there. The second, however, is the legitimation of NATO as the guardian of Western neoliberal values against a former communist union and ideology. With regard to this second aspect it can be argued that, positive rights such as the right to a basic income, food, clothing and shelter and negative freedoms such as the right to exercise individual autonomy from the state through the ownership of private property, free speech and such are outcomes of liberal rights theory. [150] In this context, the universalisation of rights is in fact the universalisation of Western values over the globe. Thus, the ideological hegemony of neoliberalism via the legitimation of neoliberal values by international institutions in turn generates consent in the majority of global civil society.

---

[149] Tooze, R., 'Ideology, Knowledge and Power in International Relations and International Political Economy', in Thomas C. Lawton, James N. Rosenau, Amy C. Verdun (Eds.), *Strange Power*, *op.cit.*, p. 191.

[150] Kiely, R., *Empire in the Age of Globalisation: US Hegemony and Neoliberal Disorder*, *op.cit.* p. 128.

3.4. RE-INTERPRETING NEOLIBERAL HEGEMONY: INFORMAL HEGEMONY

The introduction of neoliberal hegemony in the IPE literature opened a new era in the conceptualisation of hegemony and shifted the ground of previous formulations in several aspects. First, the declining authority of states comprises the basis for the severest criticism of state-centred orthodox hegemony theories. Second, the form of power exercised under neoliberal hegemony is now much scattered hence opening questions for the sources and outcomes of power for becoming hegemons. Third, the literature on globalisation versus regionalisation necessitated to reconsider the scope of hegemony. Fourth, the introduction of civil society and class formation in the establishment of global civil society on the way towards maintaining consent introduced new dynamics in the quest for hegemonic status. Fifth, with the acknowledgment of the fact that neoliberalism is the global order now, it proves inevitable to question which actors perform better in exporting their influence towards becoming a hegemon in a given geographical area within the boundaries of neoliberal hegemony. Subsequently, each of these corollaries of neoliberal hegemony needs further attention to relocate the conceptualisation of hegemony in the global world system.

As previously depicted, although the authority of the state in neoliberal world order is waning, states as the traditional and historically legitimate forms of political organisation are still fundamental components in power relations. On the other hand, the exercise of power is now shared among states and various non-state actors. The domination of economic relations at the global level and its effects on politics are crucial reasons of change in international relations. Decreased regulatory intervention of state into the market, increasing role of economic actors in determining the policies of states, the role of IOs in shaping global regulatory environment through intergovernmental bargaining and the role of non-state actors in shaping the policies applied at the international level have been basic elements of neoliberal hegemony. States no longer maintain absolute immunity in exercising power at the international level and shaping the structures of IPE. Hence, the governance of the international system is more complex in the contemporary world

which embraces various actors taking role in several segments of the global system. Accordingly, taking states as the possessor of hegemonic power turns out to be problematic because under neoliberal hegemony even states are sometimes policy takers with regard to the needs of markets.

Moreover, it is possible to argue that there is a hierarchy among states as well as between states and non-state actors in terms of their ability to cope with the pressures of globalisation and neoliberal order. In addition, the rise of regional power hubs and supranational establishments such as the EU takes the exercise of power activity beyond the capabilities of the state. In contemporary world, hegemony at the global level is not confined by the capabilities of state. On the contrary, hegemony rests in the hands of regional groupings of states and other market players in terms of power accumulation as well as in the hands of IOs in terms of legitimacy in building consent as a *sine qua non* component of hegemony. Consequently, it is the extent of the influence of the actors on the components of the global system that determines the possession of hegemonic power. In this context, utilising the structures of IPE as described by Susan Strange gives considerable insight to understand the components of the global system and determine the actors having the ability to shape these structures. This will be the issue at hand in the subsequent chapter.

The sources and outcomes of power on the way towards becoming hegemon have also shifted under neoliberal order when compared to the orthodox conceptualisation of hegemony. "The term hegemony is applied to a variety of situations in which one state appears to have considerably more power than others."[151] Yet, the sources and types of power that lead to hegemony are debatable. For instance, during *Pax Britannica* and at the peak of its relative power in 1870, Britain ranked third behind the United States and Russia in GNP and third behind Russia and France in military expenditures.[152] In fact, it is the rising importance of economic superiority that equipped Britain with considerably more

[151] Nye, Jr., J.S., 'The Changing Nature of World Power', in *Political Science Quarterly*, Vol. 105, No.2. (Summer, 1990), p. 186.

[152] *Ibid.*

power than other states placing it in a hegemonic situation. Besides its situation as a follower in GNP and military expenditures, Britain was first in the more limited domains of manufacturing, trade, finance, and naval power.[153] In this context, a theoretical paradox takes place. As often contended by theorists, full hegemony is defined as an outcome of productive, commercial, and financial as well as political and military power.[154] On the other hand, a comparison with regard to capabilities reveals that even those states that are considered as hegemonic in modern world history do not embrace absolute domination neither in all the structures of IPE nor throughout the globe. Although capabilities or power as resources are important indicators, superiority in power structures would be critical in analysing the extent of domination over the course of becoming hegemonic. In this context, rather than focussing on realist-neorealist view which sees resources and capabilities such as population, geography, raw materials, GDP, etc. or liberal-neo-liberal view which sees factors such as economy, technology, education, etc. as the indicators of power, it seems more appropriate to focus on Strange's power structures embracing all aspects of both views in determining the outcomes of the exercise of power and the way towards hegemonic superiority.

Moreover, power over the structures of IPE in the context of determining the choices available to actors in these structures brings in the consent factor in structural power. How this consent is generated and by whom it is entertained is a basic question at hand to be analysed in chapter five. Nevertheless, the quest for superiority in power structures gives clues about the establishment of hegemony in the contemporary world system. Especially under neoliberal order, the intertwined indicators of specific power structures and their implicit hierarchy renders orthodox conceptualisations of hegemony invalid and also paves the way for a novel conceptualisation called "informal hegemony" that will be further evaluated in the following chapter. In fact, full hegemony has never been possible in modern world history and it is not possible in the neoliberal order. However, hierarchy among states as well as other actors is the outcome of superiority in power

[153] *Ibid.*

[154] *Ibid.*

structures. In this context, domination on several structures would form the basis of informal hegemony under neoliberal order.

Neoliberal hegemony also affected the scope of the orthodox conceptualisations of hegemony fundamentally. Under neoliberal order, hegemonic power is no longer exercised by a state at the global level but by several actors including supranational authorities at the regional level. In fact, countries that have been considered as hegemons throughout history have never exercised world domination in opposition to ancient Empires such as Rome or the Kingdom of Macedonia under Alexander the Great. Hegemony of neoliberalism is global yet the scope of the hegemonic influence of an actor under neoliberal order is regional. Moreover, "[c]ontrary to the myths about *Pax Britannica* and *Pax Americana*, British and American hegemonies have [also] been regional and issue-specific rather than general."[155] In particular, relative independence of the Far East in comparison to India and Africa during *Pax Britannica* and the subsistence of the communist bloc until early '90s during *Pax Americana* have been the geographical limits of British and American hegemonies.

Under neoliberal order, the effects of globalisation and neoliberal hegemony on power structures vary in regional terms, being shaped in line with the diverse needs and characteristics of different regions. In other words, although neoliberal hegemony is global, it does not produce one size fits all type of outcomes at the global level. Instead, it generates different responses in different regions which in turn determine the extent of power possessed by alleged hegemonic powers. For instance, the interaction of the U.S. and the EU with the Middle East and North Africa (MENA) region demonstrates different responses from the region although both policies are formed in line with neoliberal principles. To illustrate, in trade structure it is possible to argue that the EU possesses more power than the U.S. in the MENA region which is generated through its comprehensive AAs with the countries of the region. These agreements foresee regulatory harmonisation in these countries in line with the neoliberal priorities determined by the EU. A global domination theory would lead us to expect the outcome of these regulatory

[155] *Ibid.* p. 187.

changes to be in line with the priorities of the U.S. as well, however the extent that the EU is involved in the trade structure of the MENA countries is deeper and much comprehensive which decreases the share and effect of the U.S. in trade with the region. Thus, the EU's superiority in trade structure in the MENA region is more than the U.S. On the contrary, a comparison of the roles of both trading giants in North America reveals a different story which is a result of NAFTA. Consequently, structural power explanation of the neoliberal global order leads us to conclude that although neoliberal order is global, the power exercised and superiority entertained in this global order is regional. A giant in terms of the possession of alleged hegemonic status in one region and in one power structure could be a dwarf in another region. Therefore, the regional characteristic of superiority would also be a critical component of informal hegemony to be analysed further in chapter five.

Another significant component of neoliberal hegemony is the introduction of new actors with various interests into the power structures. Even though the rise of new actors and their position with regard to the decision making system is directly related to the retreat of the state, the relation of these actors with the neoliberal order in terms of the formation of consent in civil society requires particular attention. Moreover, the extent of these actors' participation in decision-making system and the effects of their role in shaping decisions grant them considerable power. Indeed, the weights of the actors in diverse power structures are different which lead to the dominance of one or several actors in one structure and several other actors in other structures. For instance, the role of TNCs is very decisive in production and trade structures than in security and welfare structures whereas the role of the state and IOs take precedence in the latter structures. Therefore, the possessor of power in diverse structures and the formation of neoliberal values in line with the interests of those possessors vary among power structures. In this context, the conceptualisation of informal hegemony requires a deeper look into the interests of actors in specific power structures and their roles in the formation of consent in these structures. This naturally brings in 'governance' at both global and regional levels as a basic concept to be discussed more extensively. Such a duty will also be accomplished after carving out necessary power structures and potential informal hegemonic powers at the global level in the next chapter.

Depicting the extent of the roles of the actors in different power structures would also bring the question of hierarchy among actors in terms of exercising power. Eventually, hegemonic status refers to the superiority of one actor over another in this hierarchy. However, globalisation and neoliberal order brought in various variables to be taken into account for the contemporary conceptualisation of hegemony. Accordingly, in quest for the possessor of informal hegemonic power, the questions to be answered are *which actor* ranks above others, in *which structure*, and over *which region*. Hence, under the effects of globalisation and neoliberal order three variables come to the fore as the main determining elements of informal hegemony. They are the actor exercising power, the power structure in which this power is exercised, and the region in which the outcomes are observed. As mentioned above, the influence of one actor, on one power structure over a specified region would be different than the influence of the *same actor* on the *same power structure* over a *different region*. In fact, it is globalisation, the authority problematique and neoliberal order that brought these three variables into the conceptualisation of power and hegemony in modern sense which further muddied the already murky waters.

Accordingly, in order to be comprehensible in defining the characteristics of informal hegemony, two variables should be kept constant out of actor, power structure, and region. More precisely, answering the question of "which actor is the possessor of informal hegemonic power" requires analysing the varying degrees of power exercised by different actors in same power structures over the same region. Applying this analysis to a different region could result in concluding with the preponderance of another actor. Answering the same question in a different power structure would also lead to a different actor as the informal hegemon. For example, the power of the U.S. in trade structure in MENA region could be less than that of the EU, whereas the power of the U.S. in security structure in MENA region could be more than that of the EU. In the same vein, the power of the U.S. in trade structure could be more than the EU in Latin America whereas it could be less than the EU in welfare structure in the same region. In other words, analysing the roles of actors in the same power structure over the same region would generate meaningful outcomes in the sense that it would reveal the hierarchy

among actors and hence the possessor of informal hegemonic power. Accordingly, first, the components of informal hegemony and its relation to structural power at the global level would be further clarified in the next chapter which will pave the way for its application to the regional level in chapter five with a specific focus on global and regional governance.

CHAPTER 4

CARVING OUT DECISIVE POWER STRUCTURES AND POTENTIAL INFORMAL HEGEMONS IN THE GLOBAL CONTEXT

The domination of neoliberal ideology since the last decade of the twentieth century shifted the building blocs of the notion of hegemony in academic literature. The blow of globalisation on state-centrism, on the sources and the form of power, on the rise of regionalism, on the role of neoliberal class fractions in decision making and on the blurring of the determinants of hierarchy among states divorced hegemony from the state as its beholder and introduced the hegemony of neoliberal ideology or neoliberal hegemony. Yet, as discussed in the preceding chapters, despite the retreat of the state from global political economy, its central role as the legitimate holder of power in domestic and international levels and its ability to regulate the structures of power - although in diverging extents – still places the state in a rather influential position in the neoliberal world order. Nevertheless, contemporary power relations, in both relational and structural spheres, witness the participation of the state in global decision making mechanisms via its influence over other actors also possessing the power to shape power structures as well as via its regulatory power over these structures. Today, power at the global level is exercised by states, regional blocs, IOs, TNCs, and even by individuals, in contrast to its exercise unilaterally by the traditional Westphalian state. In the same vein, the power of non-state actors generates from their influence on other actors, including the state, who are influential on the decisions at the global level. Thus, power under neoliberal order is shared among several actors and the extent of these actors' power varies with regard to specific power structures.

Accordingly, the traditional conceptualisation of hegemony is no longer valid under neoliberal order. Nevertheless, hierarchy among actors is still at place and forms the basis of informal hegemony. Ultimately, the question of 'who gets what' is immortal in global power relations. Contemporary world system is composed of

power structures determining the spheres in which actors relate to each other and who gets what in these structures determines the beholder of informal hegemonic status under neoliberal order. In this context, informal hegemony takes place under the global domination of neoliberal hegemony. Since all the power structures of IPE are determined by neoliberal order, answering the question of who benefits on the way towards becoming an informal hegemon would require a comparison between the actors' relative power over individual power structures at the global level as well. Moreover, the relationship between power structures as well as hierarchy among those structures also establishes hierarchy among actors as the beholders of power in those structures. The ability to shape power structures within the boundaries of neoliberal hegemony is the source of informal hegemony. In this context, informal hegemonic powers emerge with regard to the extent of their control on several power structures.

In addition, since superiority on the exercise of power varies regionally as well, it is possible to depict the existence of several informal hegemons based on their regional influences. Therefore, several variables in the use of 'informal hegemony' concept set the context of its application. Nonetheless, before limiting this study with a specific region to see which actor enjoys superiority in power structures pertaining to that region on the way towards becoming an informal hegemon, this chapter attempts to outline the general requirements for dominance in specific power structures. Hence, this chapter will also outline potential informal hegemonic powers at the global level. In doing that, a hierarchy among power structures would simultaneously be drawn to determine the conditions of becoming informal hegemons. In other words, from a structural power perspective, since absolute global domination would require dominance in all power structures and since absolute global domination of an actor is impossible under neoliberal hegemony; domination in several structures would be the basis of informal hegemonic power. Therefore, which power structures precede others is the basic question at hand in this chapter.

Indeed, the application of structural power analysis to traditional conceptualisations of hegemony with regard to the U.S.'s dominance would also be very useful on the formulation of informal hegemony in the neoliberal world

order. In doing that, answering the questions of 'what was the role of the U.S. in specific power structures between 1945 and 1970', 'how did that specific structure change with globalisation' and 'what are the new components of power in this structure' would lead this study to come up with a sense about the general requirements of the possession of power in that structure. Therefore, as a result of a discussion of hierarchy among power structures in this chapter, a general conceptualisation of informal hegemony would also be revealed. In fact, the main requirement for informal hegemony occurs as superiority in an optimum number of power structures. Although superiority on power structures would vary from region to region with regard to the governance mechanisms created towards that region, this chapter would attempt to outline the general indicators of superiority in power structures under neoliberal order. Accordingly, a regional analysis as the other basic component of informal hegemony with a specific focus on governance would be the topic of the next chapter.

Finally, in comparing the powers of the main actors over several power structures, the EU will be taken as a single entity in this chapter due to its competences emanating from the EU Treaties. In particular, Treaty on European Union, Treaty on the Functioning of the European Union and the Treaty of Lisbon define the boundaries of the EU's competences in its external relations with regard to member state competences in those areas. In particular, ranging from consolidated action to exclusive Community competence, EU Treaties grant power to the EU in all the traditional power structures introduced by Susan Strange. Accordingly, in line with its external competences, external governance mechanisms created by the EU in all the power structures grant a degree of power to the EU as a single entity which will be further clarified below.

4.1. SECURITY STRUCTURE

Without a doubt the most drastic change in the global security structure has been the dissolution of the Soviet Union in the last decade of the 20th century which left the U.S. as the superior unbalanced power in global politics. The effects of the end of Cold War have not only resulted in some sort of a power vacuum towards neoliberalism but also required a redefinition of old institutional setting in the

security structure in order to equip these institutions with legitimacy. The last decade of the twentieth century and the first decade of the twenty-first century witnessed several important developments signifying the change in the security structure along with the role of the actors taking place in it.

In fact, the first test within the global security structure has been the breakout of the war in Yugoslavia which provided a ground to test actors' relative weights in this structure. In this context, the inability of European 'civilian' power to respond effectively to the crisis and eventual NATO intervention into Kosovo marked the first major outcome of the relative abilities of significant actors in security structure. Indeed, it took three years for NATO to intervene into the situation in 1999. The hesitation was the result of the quest for a legitimate ground for intervention into another state which was an outcome of change in security structure after the Cold War. Although the UN system guarantees non-intervention at the international level, the legitimating ground for intervention after the Cold War has been labelled as 'humanitarian intervention' backed by UN Resolutions. Moreover, the redefinition of the roles of NATO as the guardian of neoliberal values such as democracy, human rights, and its central role in the war against terrorism after 9/11 also provided NATO with legitimacy in global civil society which has also been shaped in line with neoliberal values. This has been evident in subsequent NATO interventions in Afghanistan, Gulf of Eden and Libya as well. Hence, in general, shift from bipolarity to collective action on neoliberal premises in security structure changed actors' abilities in shaping the structure.

In the meantime, Iraq war has been a controversial issue in the sense that it also signifies a rather chaotic situation in contemporary security structure compared to NATO interventions. The main reason is that the abovementioned NATO interventions labelled as 'humanitarian interventions' have been backed by UN Resolutions providing them with legitimacy to some extent. However, this kind of legitimacy has been the lacking component in the case with Iraq in 2003 which has been an important aspect of contemporary security structure. Being mainly an outcome of a unilateral decision of the U.S. backed by a number of countries labelled as 'coalition forces', Iraq war of 2003 also marks another change in global security structure which increased the role of the state against international

organisations such as NATO and the UN. Hence, the lack of legitimacy in Iraq war opens the debate for hegemony without consent in security structure.

In fact, consent has been the building bloc of the hegemonic status of the U.S. in the immediate aftermath of WWII. Back then, the actions of the U.S. in security structure as the provider of security against the communist threat has been legitimised as 'the fight against communism'. Security threat in the minds of the people was immediate as the tension between the U.S. and the Soviet Union was on the brink of war especially until the '70s. In this context, the providers of consent were also in need of security provided by the U.S. Accordingly, if the U.S. was hegemony in the security structure back then, it was due to the consent generated at the non-communist part of the world.

Indeed, the fight against terrorism in Iraq and Afghanistan is legitimised in the neoliberal world in similar terms. As evident in the statements of Osama Bin Laden, terrorist attacks of 9/11 against the U.S. were in fact against the neoliberal values represented by the U.S. Hence, in ideological terms, being a part of the *subordinate* and/or *excluded* in the neoliberal system, the so-called belligerents are considered to be against neoliberal values. Similar to the non-communist rhetoric, the fight against terrorism embraces the collective security of the neoliberal world against this belligerence. In this context, war against terrorism can also be labelled as an attempt to reinforce and further expand the neoliberal world order. In other words, contemporary crises in security structure can be interpreted as tensions between neoliberal hegemony and its opponents rather than pure power struggles within the neoliberal order. As a matter of fact, since power struggle to obtain informal hegemonic status takes place within the neoliberal order in the sense that the distinctive characteristic of informal hegemony is superiority exercised within the neoliberal world order in specific power structures, security structure would step out of the decisive power structures defining informal hegemony.

A state-centric view would argue about the hegemony of the U.S. as the leader of war on terrorism in the contemporary security structure. However, large demonstrations against Iraq war even in the neoliberal world prove the lack of full consent without a collective decision at the international level. Moreover, the

decision to go to war in Iraq was also opposed by several neoliberal states such as France, Germany and Canada. Hence, in the contemporary security structure it turns out to be difficult to argue that states are the exclusive actors and their actions go without checks and balances. Indeed, legitimacy and consent at the international level is generated by IOs and in this context, superiority is shared between states and IOs in the security structure.

In terms of capabilities on the other side, it is possible to speak about the superiority of the U.S. in unilateral and NATO and the UN in multilateral terms. Then again, if one is to reduce superiority to the state level it turns out to be critical to look into the decision making mechanism in NATO and the UN. Indeed, this necessity arises out of the fact that as the legitimate possessors of military capabilities, states are the main actors possessing power in the security structure at the international level. The unique role attributed to NATO and the UN emerges out of the fact these two organisations can also exercise and more importantly legitimise military actions at the international level. In this context, the role of the U.S. arising out of its superiority in military capabilities compared to other members of both organisations should be highlighted. For instance, defence expenditures of NATO members reveal the striking difference between the U.S. and other members, as the estimated defence expenditure of the U.S. in 2011 is around 732 billion dollars whereas 25 European NATO members' defence expenditure for the same year is estimated to be only around 282.5 billion dollars.[156] Without a doubt, from a realist point of view this gives the U.S. incredible bargaining power with regard to the actions to be taken by NATO compared to other members. Moreover, since there is no regional security alliance possessing considerable power other than NATO, a comparison between the extent of power possessed by NATO member countries proves inevitable in measuring their relative power. At the UN side moreover, a comparison between the role of the U.S. as a permanent member of UN Security Council with other members in terms of capabilities measured with numbers such as the size of its military and economic power also reveals the U.S.'s relative weight in decision making besides

[156] http://www.nato.int/nato_static/assets/pdf/pdf_2012_04/20120413_PR_CP_2012_047.pdf, last accessed on May 28th, 2012.

the veto power of other permanent members. The role of the U.S. in securing UN Security Council Resolutions 1696, 1737, 1747, 1803, 1835, 1887 and 1929 concerning Iran for non-proliferation provide a good example.

Therefore, the superiority of the U.S. as the main actor in the security structure at the international level in the contemporary world system can be considered as stemming from its military capabilities. However, the legitimacy and accordingly consent factors bring in NATO and the UN as the main actors where bargains are struck and consent is created. In other words, although the U.S. can be considered as the ultimate superior power in the global security structure, the legitimation process of its actions requires other individual states to step in. Accordingly, besides an obvious imbalance of power in security structure, the infeasibility of unilateral action at the international level grants considerable power to the UN and NATO along with its members. In this context, other members of NATO and the UN Security Council are also considered to possess a significant amount of power in global security structure, though not adequate to obtain hegemonic status.

Furthermore, an analysis of the relation between power as capabilities and power as outcomes brings in a discussion on power conversion capacity as the ability to convert capabilities into outcomes. Indeed, this is the context where legitimacy gets into equation and separates the use of force as in the form of coercion from power as the ability to produce desired outcomes. In security structure, power as capabilities can turn into power as outcomes via deterrence. In this sense, rather than consent, deterrence can be considered as the determining factor in generating the desired outcome by the superior power. Accordingly, the possessors of world's largest armies and alliances formed among them are considered to be the most important actors in contemporary security structure.

Therefore, the power to shape the security structure also rests with those who provide security at the global level as well as those who have the capacity to change the security structure. In fact, the main reason underlying the bipolar world during WWII was the ability of both superpowers to change the security structure which would lead to collective destruction. In this context, the non-proliferation tendency and the containment of countries aiming to obtain considerable military

capabilities, such as Iran, that would enable them to change global security structure can be considered as attempts to maintain the status quo in the global security structure. Accordingly, actorness in global security structure is rather state-centred and the possession of structural power in the contemporary security structure rests primarily in the hands of those states with superior military capabilities. In meantime, the role of the abovementioned IOs in granting legitimacy to actions in the security structure are complementary but never negligible.

However, as stated in the section on power, although security structure is beset with the actions of states as the legitimate holders of military power, global security structure is not to be interpreted only with international power politics. Regional incidences within the security structure do not always attract the attention of traditional superior powers which leads the reader to think that security interests are also defined in line with neoliberal interests. For instance, the beholder of power in the security structure in Rwanda has nothing to do with the traditional superior powers in global security structure. In Strange's words, "…the political economist might do well to draw security maps showing areas of high, low or uncertain security from various kinds of threats."[157] It is again the extent to which a designated territory is *integrated* in the neoliberal order that defines the extent of international involvement in the security structure in that territory. Hence, in more general terms, a distinction should be made among the power possessors in line with Cox's differentiation among the *integrated*, *subordinate* and the *excluded* fractions and states in neoliberal world order. The involvement of traditional superior powers is higher in the *integrated* and *subordinate* areas whereas the fate of people is rather decided by national dictators, individual outlaws or mafia in the *excluded* parts.

The interaction of security structure with other power structures is another case in hand which can also be considered as an outcome of neoliberal world order. In the contemporary world, security is not to be seen only through the lenses of military security. Cyber security for instance is a growing area of importance within the

[157] Strange, S., *States and Markets*, *op.cit.*, p. 59.

global security structure. Defence ministries in most countries are growingly populated with information technology experts both with an aim to secure the confidential information relating to the security of these countries as well as to operate the most developed weapons of our time. Furthermore, cyber power, in more general terms, is increasingly used as an instrument of soft power to shape the ideas of people around the world. As for the actors, power is more dispersed in this domain including governments, non governmental actors with structured networks as well as individuals. The battlefield of America's Tenth Fleet and Twenty-fourth Air Force is not ships or planes but the cyberspace.[158] As for the organised structures taking role in cyberspace, giant IT companies such as Microsoft, Apple, Google, etc. as well as Al-Qaeda's increased mobility via the internet place them as major actors in global security structure.[159] Finally, the role of Facebook and Twitter during the Arab Spring provides an interesting case which had been perhaps the most influential tool in shaping international public policy against the governments of those states. Power in this case was exercised by individuals.

In terms of actorness on the other side, analysing security structure diverts scholars to state-centred analyses due to the fact that states have historically been the fundamental actors of this structure. However, increased role of IOs with regard to the legitimacy they grant on the exercise of power and their effects on converting power as capabilities to power as obtaining desired outcomes also locates non-state actors as important components of security structure. In terms of military capabilities, the superiority of the U.S. as the only superpower of our age places it in a unique position however the roles of NATO, the UN Security Council and their members in generating consent for military actions also grant them some sort of power over the security structure. Moreover, the spread of communication technology in our age brought in several more actors in the security structure ranging from states to individuals.

[158] Nye, J.S., *The Future of Power*, *op.cit.* p. 135.

[159] *Ibid.*, pp. 136-138.

In a nutshell, security structure under neoliberal order is one of the most decisive structures with regard to its immediate effects on human life. While contemporary wars are fought to pursue the interests of neoliberal world system and not with the sole aim of obtaining territory, the immediate relationship of security structure to human life places it as a critical power structure in which superiority would lead the way to informal hegemony. However, a demarcation should also be made with regard to its importance in the integrated, subordinate and excluded fractions of neoliberal world order. In this context, under neoliberal hegemony, due to the superiority of integrated over the subordinate and excluded fractions in both domestic and interstate levels, security threats are less imminent within the integrated fraction. This is evident in the peaceful relations among the developed states within the neoliberal system. Accordingly, peaceful relations and hence order pave the way for increased role of other power structures rather than the security structure in the integrated part of the neoliberal system. Thus, tensions in security structure are defined in terms of the domination of neoliberal hegemony. Therefore, the weight of security structure diminishes within the neoliberal world order and security structure becomes rather insignificant to establish dominance in order to become informal hegemon.

4.2. PRODUCTION STRUCTURE

As previously discussed, production structure lies at the core of the neoliberal world order. The internationalisation of the state and production along with the spread of capitalist economic system first in the west and then throughout the globe with the collapse of the Soviet Union has marked the final change in the production structure. Moreover, the solidification of neoliberal world order with the end of the Cold War and the integration of former communist countries into the neoliberal world order reinforced the power of actors determining the production structure. Global neoliberal order as the ultimate form of capitalism prioritising the production structure in fact determines the value created in global economy, the actors taking part in its creation as well as the accumulation of profit via production. Eventually, the state and global civil society are transformed into neoliberal state and neoliberal society based on capitalist production relations.

What is produced and the amount of value added to the economy out of production in a defined territory constitute major resources of power in production structure. In fact, the hegemonic status attributed to the U.S. in the immediate aftermath of WWII was mainly a result of its superior productive capacity compared to the rest of the globe. Until early '70s, the U.S. was producing for global markets without major competition. As Strange maintains "…as the world economy has become more integrated and the production structure has become global…it is obvious that the firstcomers, in producing for and selling to this market, have had tremendous…advantages over the latecomers."[160] However, increased competition in global markets with the '70s and hence the effects of post-Fordism marked a major shift of power in global production structure. An analysis of the state of play in current global neoliberal order and the relative positions of actors in production structure would provide valuable inputs to recognise the beholder of power in this structure.

The defining characteristic of production structure lies in its central role in producing wealth in global political economy. Simultaneously, power generated out of wealth increases the capabilities of actors to shape the production structure itself. Moreover, under neoliberal world order, once security is obtained, maximising wealth stands as the ultimate aim. Although power in production structure can not merely be defined in terms of capabilities, a comparison between the major players in production structure in pure numerical terms at the outset would give an idea on the main actors in this structure.

A state-centric view would again necessitate looking into GDP figures at the international level. In fact, the hegemonic status of the U.S. in the immediate aftermath of WW II was also stemming from its GDP compared to the rest of the world. The share of the U.S.'s GDP in world total was 38% in 1960 whereas it gradually decreased to 23% in 2010.[161] A realist view of hegemony would take this figure as a major indicator of decline in American hegemony. In contrast, the share

[160] Strange, S., *States and Markets*, *op.cit.*, p. 81.

[161] http://data.worldbank.org/indicator/NY.GDP.MKTP.CD/countries, last accessed on May 29th, 2012.

of the EU in world GDP in 2010 is 27% scoring a higher share than the U.S..[162] Although this figure demonstrates the rising power of Europe in the production structure in pure numerical terms, several other components with regard to the sources of power and the actors in production structure needs further attention. The GDP figures of a country or a jurisdiction area are measured in terms of production carried out in that territory. Without a doubt, this gives an idea about the extent of power of that territorial entity however the internationalisation of production and the extent of the authority of that entity on production pave the way for further discussion on the roles of actors in production structure.

The classical meaning of internationalisation of production refers to production for international markets. However, the free flow of investments around the globe and the formation of TNCs also result in the internationalisation of production. Indeed, the declining hegemony of the U.S. with early '70s was an outcome of the increased productive capacity in Europe and Japan which was actually triggered by American investments in those territories. Investments inflows to the EU constantly increased from the 1970s onwards scoring increases of 395% in 1980, 358% in 1990 and 625% in 2000.[163,164] The total amount of FDI inflows in the EU in 2010 is around 8.5 trillion dollars whereas the same figure for the U.S. in the same year is around 3.5 trillion dollars.[165] As for a comparison of the GDPs of the two giants, the 2010 figures indicate the GDP of the EU as 16.2 trillion dollars and the GDP of the U.S. as 14.5 trillion dollars.[166] In a narrow state-centric view and in pure numeric terms, the abovementioned numbers would indicate that the main actor in production structure is the EU today, followed by the U.S.. However, the

[162] *Ibid.*

[163] http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD/countries, last accessed on May 29th, 2012.

[164] In 2010, the FDI amount in the EU decreased for 40%. The reasons for this decrease are manifold such as an overall decline in world FDI inflows and the financial crisis in the EU.

[165] http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD/countries, last accessed on May 29th, 2012.

[166] http://data.worldbank.org/indicator/NY.GDP.MKTP.CD/countries, last accessed on May 29th, 2012.

main actors can only be outlined after a neat discussion on the extent of these entities' authority on production in their territory.

In the contemporary world, production is carried out by private companies not only in the developed world but also in the developing world, thanks to privatisation. As previously discussed, privatisation is a step towards neoliberal world order, either as an option taken voluntarily by the developing countries to take part in this order or imposed on the developing world by the IMF as an actor for the spread of neoliberalism throughout the globe. Privatisation divorces the state from production, leaving the production process to the hands of private entrepreneurs whose main aim is capital accumulation as opposed to social considerations of the state. In this context, the exclusion of the state from production separates the link between the private company and the state which in turn reduces the significance of the territorial origin of production. As a response, as the sole possessors of the right to tax and the right to decide what is lawful or criminal in their territory, states exercise these authorities on the production structure which grant them the power to regulate the actions of companies operating in their territory. However, since production creates wealth which can be considered as a source of power, the desire to attract more investments with an aim to increase production and hence wealth directs states to regulate production in line with the requests of capital. In other words, capital in the form of FDIs wanders from one territorial jurisdiction to another in line with its own needs under neoliberal order. Therefore, the struggle between the state and capital turns in favour of capital under neoliberal hegemony and hence leads to the emergence of capital as a major actor in production structure.

In this context, the GDP figures discussed above would lead the reader to come up with deceptive conclusions with regard to the beholder of power in production structure. In fact, large multinational companies as the real actors of production enjoy considerable power in production structure. When measured in terms of the value created in the global economy, several companies are producing more than a bulk of states in global economy. For instance, companies such as Apple, Exxon, Petrochina, Petrobras, IBM, Microsoft, HSBC, Siemens, Rolls Royce and so on are producing more value to the global economy than the GDPs of several countries in

the world today which places them as major actors in production structure. In this context, their bargaining power in the global economy is considerably higher than several countries. Moreover, since the law of value diverts these companies to produce in territories offering the lowest possible costs, they also increase the bargaining power of countries they produce in with regard to other countries. However, taking into consideration these companies' bargaining power against the countries they produce in as well as the endeavour of countries to keep these companies to produce in their territory leading to further retreat of the state, it is possible to conclude that power in the production structure is determined in line with the needs of neoliberal order.

Indeed, power in production structure rests with those actors who act most efficiently in line with the rules of the neoliberal world order. The roles of TNCs in shaping the policies of states and hence the production structure as well as the roles of the states in exerting power derived out of production structure on other states and regions of the world is a unique case. In this context, the power vacuum created towards the EU after the fall of communism can be analysed in terms of the EU's attraction for the Central and Eastern European Countries' (CEECs) with regard to the wealth it possesses and generates. The appealing wealth created by the capitalist economic system and hence the attraction of neoliberal order for the CEECs diverted these countries to apply for EU membership as the immediate power hub in their neighbourhood. In other words, the abundance of wealth in the EU 15 before the CEECs' accession equipped the EU with considerable power. The motor of this power was the EU's productive capacity that led the supranational entity to turn into a model for the CEECs. Accordingly, the EU's power generated through its productive capacity was also transformed into normative power which enabled the EU to set several norms and criteria for the CEECs with the prospect of sharing wealth in the EU. This demonstrates the critical role of production structure in the neoliberal world order which leads the *subordinate* to delegate a significant amount of state authority to supranational institutions in return for increased wealth.

Moreover, the formation of capitalist classes within the CEECs and their relative power within these countries helped the formation of consent and marked the first

steps of their integration into the neoliberal world order. Consequently, power generated in production structure by the EU has been the backbone of its attractiveness which has then turned into some sort of hegemony over the CEECs. In other words, as for the case with the CEECs, EU membership can be interpreted as the hegemony of the *integrated* over the *subordinate* in neoliberal order. In this sense, since neoliberal hegemony and the neoliberal system grants more power to actors who are an integral part of it, it places them as attractive power hubs for the subordinates in the system. The existence of the neoliberal system as the order of the day is the main factor on determining the options of the subordinate and hence produces consent in the subordinates' tendency towards becoming more integrated with the neoliberal order as well as with the representatives of the neoliberal system.

In production structure, the power of the *integrated* stems from the power of the private sector producing in their territory. However, TNCs also pursue their own interests without regard to the jurisdiction area they are located and hence they sometimes play one jurisdiction area against another to expand their interests. On the other hand, the role of the state in securing a favourable environment for the TNCs also includes its relationship with the labour as another major factor of production. In this sense, striking a common ground between the rights of labour and the demands of capital turns out to be a major policy choice for the states. Leaning towards the capital end of the continuum results in social unrest and the loss of power by the government and/or the ruling elite whereas leaning towards the labour end of the continuum would result in losing capital to other jurisdiction areas which would eventually reduce wealth and power generated through wealth. Hence, labour also gets into equation with regard to power over production structure. In this context, states' choices between the interests of labour and capital also determine the extent of all actors' power over production structure.

At the same time, the separation of the link between the TNCs and their home country is not crystal clear. In this context, the role of the TNCs to influence their home country's policies at the international arena provides a good example. In fact, the most developed neoliberal countries are preferable for the TNCs to operate in due to their openness to TNC lobbying activities and interests. For instance,

associations of industrialists in the EU and the U.S. exert considerable power on the decision making mechanism of these jurisdiction areas. At the same time, the number and sector based diversification of industrialist associations in these territories are much higher than in the subordinate part of the world. In the EU, not only national associations but also European level associations such as the European Roundtable of Industrialists, Aerospace and Defence Industries Association of Europe, The European Cement Association, BusinessEurope, to name a few, carry out lobbying activities in the decision making system which is a key component of their power over the production structure. On the labour part, organisations such as European Trade Union Confederation, Union Network International and International Confederation of Free Trade Unions carry out lobbying activities by the governments at both national and international level to pursue the interests of labour. However, since the main tendency of the governments is towards the capitalist side of the continuum in the neoliberal world order, labour unions' effectiveness is not as much as the employer associations'. In fact, since these associations are at the core of the contemporary global civil society, the solidification of neoliberal order in line with the interests of capital also demonstrates the difference between the effectiveness of employer and labour associations. Furthermore, these interest groups do not only shape the decisions to be applied internally but also have an effect on interstate relations. In this context, they grant power to their governments in their relations with third parties by developing coherent policy agendas and by making it possible to pursue their interests in third countries as well. The case in the EU's relations with the ENP countries to be discussed in the next chapter will further shed light on this argument.

Production structure is a central component in the neoliberal world order. Power over production structure grants power to the beholder on the way towards becoming an informal hegemon. The relationship between the EU and the CEECs during their integration into the neoliberal system after the Cold War is a clear demonstration of the role of production structure. The main actors in the production structure are the developed neoliberal jurisdiction areas such as the EU and the U.S. as well as the TNCs as the chief actors of production. On the other hand, the role of labour as a factor of production has been curbed down in the

neoliberal world order which favours capital over labour. At the global level, the tension between states and capital determine their relative power over production structure, yet the balance in this tension is determined by neoliberal hegemony. When considered in regional terms, the actors possessing power over production structure in a region would also differ in line with their abilities to integrate that region into their area of influence. As previously discussed in the preceding chapter, the power of the EU over production structure in Latin America would be less than that of the U.S. in that region but it would be more than the power of the U.S. over production structure in the ENP countries. This is due to the fact that immediate benefits offered by the EU in the ENP region is more than those offered by the U.S. This issue will be further clarified in the subsequent chapter. What needs to be highlighted here is that production structure lies as a central structure to exercise power, on the way towards becoming an informal hegemon in a specific region.

4.3. FINANCIAL STRUCTURE

Financial structure is also a fundamental component of the contemporary neoliberal system in the sense that it is the structure which regulates the flow of money as the major outcome of production over the globe. Contemporary financial structure is composed of highly developed mechanisms dealing with the creation of money as well as borrowing and lending as both a factor and an outcome of production. The era of American hegemony witnessed the role of the U.S. as the main creditor in the global financial system until the collapse of the Bretton Woods System which was an outcome of declining competitive power of the American economy. Subsequently, the last three decades of the twentieth century has been an era of financial turmoil marked by the OPEC crises in the ‘70s, the Latin American debt problem in the ‘80s, and the Asian financial crisis in the ‘90s. The main reason of all these crises was one way or another the lack of real value in economy as corresponding to the money created in the financial structure. Although the first decade of the twenty-first century has been one of economic boom for the American and European economies, the unhealthy expansion of crediting mechanism without robust checks in the system resulted in the global financial crisis of 2008 whose effects are still visible in the developed world.

In this context, the current global economic crisis can be considered as the final major change in the financial structure thus transforming the actors' relative positions and powers over the structure itself. Financial structure has been a key component of global economic growth especially since the 1980s. A comparison between the growth of world GDP and domestic credits by banking sector as a percentage of GDP since 1980s would provide the significance of the financial structure for economic growth. The domestic credits provided by the banking sector have been recorded as 93% of world GDP in 1980, increasing to 130% in 1990, 159% in 2000 and 167% in 2010.[167] The same period witnessed an increase in world GDP from approximately 11 trillion dollars in 1980 to 63 trillion dollars in 2010.[168] A striking fact is the increase in the value of credit which was around 10 trillion dollars in 1980 and reached to around 105 trillion dollars in 2010.[169] The increase in the value of credit from 1980 to 2010 has been 926% while the increase in world GDP in the same period has only been around 474%. These figures are fundamental in demonstrating the central role of the financial sector in world economic growth. However, the difference between the amount of credits and the value created in real economy is in fact recorded as debt which does not have real value correspondence in the global economy yet and which is the main reason of the current global economic crisis.

Traditionally, the main users of credit are states, companies and individuals whereas states, banks and IOs such as the IMF and World Bank stand as main creditors in the system. The amount of credit created by the U.S. in its domestic economy reached to 33.6 trillion dollars in 2010 and the same value for the EU is around 26 trillion dollars which places them as the most important actors in global financial structure on state-centric terms.[170] Credits are used by states to

[167] http://data.worldbank.org/indicator/FS.AST.DOMS.GD.ZS, last accessed on May 30th, 2012.

[168] http://data.worldbank.org/indicator/NY.GDP.MKTP.CD/countries, last accessed on May 30th, 2012.

[169] *Ibid.*, last accessed on May 30th, 2012.

[170] *Ibid.*, last accessed on May 30th, 2012.

compensate the expenditures exceeding the revenues; by companies to be used as capital for further investments to generate revenue as the basis of future amortisation; and by individuals to meet needs beyond their economic capabilities. Insurance companies step in this equation by their functions to insure credits in return for regular payments which would be used to compensate unpaid credits. Hence insurance business is in fact insuring risks against future default. The underlying requirement in the crediting mechanism is growth in excess of the debts owed. In other words, credits need real value in the economy by their due date, otherwise the financial system is bound to collapse and go through significant change affecting actors' relative powers and significance.

In the contemporary financial structure, each and every abovementioned actor takes active role but their weights differ with regard to the extent of their involvement in regional financial structures. For instance the role of the IMF in the financial structure of the developing world is more decisive than in the developed world.[171] On the other hand, the role of states in regulating the financial structure as well as the banks in creating credit is more decisive in the developed world. States' role in credit creation stems from their authority to print money (seignorage) as well as lend money out of their revenues. States also act as debtors via borrowing money from other actors by selling government bonds in return for interest. Nevertheless, the distinguishing role of the states in the financial structure is their authority to regulate the financial structure by policies such as setting upper limits for borrowing in the market, interest rates to be implemented in their jurisdiction area, taxation, spending, etc. On the other hand, the inflationary pressures of seignorage make it a last resort to carry out sustainable economic condition. Thus, in regulating the financial structure and the overall economy in general, states use two primary policy choices as fiscal policy and monetary policy. Fiscal policy is composed of two main instruments as taxation and spending which in turn determine the amount of money in a given economy. Monetary policy on the other hand, is carried out by central banks as independent institutions in an

[171] http://data.worldbank.org/indicator/DT.DOD.DIMF.CD/countries, last accessed on May 30th, 2012.

economy which is directly responsible for the supply of money through using interest rates as the main instrument.

At the international level however, there is no superior authority to regulate the financial structure which leads to a rather chaotic order and global financial crises. As Strange puts,

> Whether it is coordinated effort to lift a sluggish world economy out of recession, or policies to stabilise volatile currency rates, or the implementation of a really effective system of supervision over credit-creation and marketing by banks and non-banks, no benign, farsighted hegemonic power is to be found.[172]

The case with the global financial crisis of 2008 is no exception, and an analysis of the crisis would give insight about the role of actors in the global financial structure.

The global financial crisis was triggered in the U.S. by the ballooning mortgage credits. The immediate result of unpaid credits has been the default of banks as the first hand creditors and insurance companies as the guarantor of credits. The integration of world financial system beyond national borders via insuring credits by the companies based in third country markets resulted in the spread of the crisis first to the developed world. Subsequently, the contraction of demand in the developed world also severely affected the exports of and hence the production structure in the developing world which turned the crisis into a global crisis. The bailout plans introduced by the U.S. and the EU were targeted to increase of the supply of money in economy which in turn was aimed to keep demand alive and economy running. However, the impossibility of governance of the financial structure at the global level and the lack of collaborative action resulted in the emergence of protectionist policies with an aim to export the crisis rather than bring it to a complete end. Still, states as the only authorities to regulate finance in their jurisdiction area stand as the most influential actors in financial structure. In particular, the policies of the U.S. and the EU as two giants in global financial

[172] Strange, S., *States and Markets, op.cit.*, p. 117.

structure have been more effective than any other state. In this context, a distinction should also be made between them in the sense that taking into consideration the similar size of both economies, the ability of the U.S. to regulate its economy federally is more than the ability of the EU which lacked adequate supranational level policies in monetary policy area. In other words, the actions of FED have been more effective than the actions of ECB in curbing out the effects of the financial crisis which is a key reason of the current European financial crisis.

Moreover, the role of banks and other private actors in finance structure shall not be dismissed. Actions of private crediting institutions have the effect of changing the global financial structure which grant them considerable amount of power. Private institutions such as banks are the main bodies of credit creation yet, the responsibility of the of the state in regulating their field of action which even increased after the global financial crisis brought states or regulatory authorities back in as the key actors to govern the financial structure.

A brief word shall also be said with regard to the role of credit rating agencies in global financial structure. Companies such as Morgan Stanley, Standard&Poor's, Fitch, etc. rate the credibility of several actors including the states in global economy which help the investors to make up their decisions. Hence, their ratings turn out to be influential in targeting an economy worthwhile for investments and naming some others as risky areas. In this context, countries aiming to increase their visibility in global financial structure pay attention to the credit rating agencies' recommendations in regulating their financial policies. Accordingly, these institutions also enjoy some sort of power over the financial structure. Nevertheless, bearing in mind that countries such as the U.S., Ireland, the U.K. were the shining stars according to these institutions' analyses, the collapse of the financial structure in the developed world severely damaged the credibility of the credit rating institutions hence curbing down their power in financial structure.

The story on the developing world with regard to the main actors in the financial structure is somehow different. Traditionally, the developing world is struggling to catch up with the developed world in terms of its economic and financial performance. However, comparatively immature financial structure in these

economies has been both the cause and the result of interruptions in their economic growth. In general terms, the need for capital in these countries gave rise to increased interest rates which in fact brought investments in the stock markets rather than manufacturing investments. Accordingly, when it has been impossible to carry on debts generated out of interests, the need for credit in the developing world increased even more. The reluctance of the developed world to bail out these countries brought the IMF as a decisive actor over the financial structure of the developing world which provided credits in return for neoliberal policy adjustments fastening the developing world in the subordinate status. Nevertheless, it can also be argued that the financial crisis in the developed world resulted in the rise of several developing countries in global financial structure hence shaking the influence of the IMF over these countries. The economic development in countries such as Brazil, Russia, China, India, Indonesia and Turkey stand as good examples.

As for the underdeveloped world, development aids provided by the World Bank places the institution in a rather influential position in the financial structure. Countries such as Afghanistan, Ethiopia, Democratic Republic of Congo, Haiti, Pakistan and Tanzania top the list on the amount of net official development assistance and official aid received in 2010.[173] However, the negligible relative importance of the underdeveloped world in the global financial structure does not place the World Bank as a key actor in this structure.

The relationship of financial structure with other power structures highlights its significance as a key power structure on the way towards hegemonic superiority. Security for instance, does not only relate to security from military threats. Financial security is also an important component for the well being of states, companies and individuals. States and international financial institutions as the main regulators of the flow of money are key actors to provide security from financial instability. Indeed, a robust financial regulatory environment in a country would minimize the security risks associated with immediate capital inflows and

[173] http://data.worldbank.org/indicator/DT.ODA.ALLD.CD/countries, last accessed on May 30th, 2012.

outflows into and out of stock markets thus minimizing the security threats to the well being of the country and its citizens. The global character of financial structure also validates this argument at the global level. As for the relationship of financial and production structures, it should be highlighted that revenue generated out of production is validated in the financial structure which would also generate more revenue to be utilised as capital in the production structure. In the neoliberal world system, finance turns out to be a key component of global economy. Change in financial structure reshuffles the cards in the system and changes the relative power of actors over the power structures. This has been witnessed in the global financial crisis of the year 2008 as well, which resulted in the increased importance of the developing world in global neoliberal economy. Nevertheless, it should also be admitted that these countries' influence in global financial structure is far from being decisive.

As for the main actors in contemporary global financial structure, it seems like the role of the U.S. and the EU, as well as private credit creating institutions such as banks and insurance companies and the IMF as a major anchor for the developing world's connection to global economy precede other actors. In regional terms however, the relative weights of these actors vary in line with the extent of that specific region's integration into the global financial structure. Although it would be a naïve attempt to argue about the absolute exclusion of a state from the global economy, it is still possible to talk about the degree of integration and the level of influence. Accordingly, the intensity of involvement and influence of key actors of the global financial structure vary on a regional basis which determines their relative superiority on that region. Hence, holding the status of informal hegemon depends on the effects of the actions of these actors over a region. Nonetheless, superiority on financial structure in that region is a must on the way towards becoming an informal hegemon.

4.4. KNOWLEDGE STRUCTURE

Compared to other primary structures of power in Strange's classification, knowledge structure stands more abstract than security, production and financial structures in the sense that the power over knowledge structure stems from the

negative capacity to deny knowledge and to exclude others rather than in the power to convey knowledge.[174] Nevertheless, a defining characteristic of knowledge structure also lies in the fact that the effects of globalisation has been immediate over this structure as it took the form of the ease of spread of knowledge around the globe. Hence, denying access to knowledge turned out to be a much difficult action compared to previous decades. In this vein, the change of the knowledge structure and its effects on the role of the actors taking part in it, is expected to be drastic in the current era.

However, change in knowledge structure does not simply refer to advancements in technology. Technological advancements change knowledge structure "…only if accompanied by changes in the basic belief systems which underpin or support the political and economic arrangements acceptable to society."[175] In this context, two major revolutions in the modern history of the knowledge structure are the retreat of the Church in social, political and economic life and the emergence of scientific state; as well as the spread of neoliberal system over the globe after the fall of communism. The only major effect of globalisation has been swift advancements in information technology in the scientific realm. On the other hand, the effects of the global spread of neoliberal ideology on knowledge structure have been immense. Today, superiority is measured within the context of neoliberal norms and values which is the underlying ideology in the belief systems of actors in global political economy. Thus, the contemporary knowledge structure is beset with two main elements: the superiority of science and technology over religious ideology and the superiority of capitalist economic model over alternative models. In this context, actorness and relative powers of actors in the knowledge structure are measured in line with these two elements.

Initial look on the effects of neoliberal hegemony over knowledge structure and the role of actors in it would reveal the increased role of private companies, scientists and individuals as the agents in the creation and communication of knowledge.

[174] Strange, S., *States and Markets*, op.cit, p. 119.

[175] *Ibid.*, p. 127.

However, "…it is by no means clear that all states have lost structural power to other sources of authority…" [176] Power in knowledge structure is defined in territorial terms since states are the legitimate regulators of the communication of and active actors in the creation of knowledge. Intelligence organisations are state institutions; defence industry as embracing the most advanced technology is under the authority of the state and world's largest defence companies such as Boeing, Lockheed Martin, Northrop Grumman and BAE Systems produce knowledge for states. Although civilian use of information technology is much more widespread today, access to knowledge by individuals can be forbidden by states on security concerns.

Moreover, the creation of knowledge by universities and scientists are bound to the availability of research and development (R&D) expenditure which is under the authority of the state. Although private donors can also contribute to university budgets, the bulk of R&D expenditure is spent by states. Hence, states not only regulate the communication of knowledge but they also divert the creation of knowledge in line with their needs. In a nutshell, since power over knowledge structure stems from the negative capacity to deny access to knowledge, states as the main regulators of the creation and the communication of knowledge occupy the chief spot in exercising power over the knowledge structure.

As for the possession of power in knowledge structure, it can be argued that several indicators can be taken into account to measure the relative powers of actors in it. These indicators would give an idea about the weight of the actor in the sense that shift in the actors' power in the knowledge structure would be an outcome of an increase or decrease in these indicators. Accordingly, since these indicators are measured on territorial basis, this will first provide an insight on the relative powers of states in the knowledge structure. In the same vein, the powers of other actors in the knowledge structure relative to states would subsequently be analysed to understand the beholder of superior power in the knowledge structure.

[176] *Ibid.*, p. 130.

Knowledge lies in the core of progress. In the contemporary world, the protection of knowledge is regulated at both domestic and international levels which grant the producers of knowledge the right to deny access to their production. Knowledge creation mainly takes place in universities, by researchers utilising from the money allocated for R&D. Patents and trademarks are the main mechanisms for the protection of a new technology or product. Patent rights are regulated at the national level by domestic bodies for patents and trademarks and at the international level by the World Intellectual Property Organisation (WIPO). In this context, the amount of R&D expenditures, the number of patent applications, the number of scientific and technical journal articles as well as the number of researchers can be taken as indicators of power which would lead the reader to obtain an idea on the relative powers of actors in the knowledge structure.

The amount of money allocated to R&D as a percentage of GDP can be considered as an indicator of the desire of that country's influence in the knowledge structure whereas the value of that amount demonstrates the country's level of involvement in knowledge creation. Naturally, countries with larger GDPs turn out to be more influential actors in knowledge creation. As for the amount of money allocated to R&D as a percentage of GDP, Israel, Finland, Japan, South Korea, Switzerland, Denmark, and the U.S. top the list.[177,178] In addition to these countries, Germany, Austria, Singapore, Iceland and Australia come to the fore due to the fact that they allocate more shares of their GDPs to R&D than world average which is around 2.15%.[179] In terms of real value on the other side, in line with the size of their economies, the U.S., EU, Japan and China top the list of countries allocating money for R&D. Their total share comprises 75% of total money allocated to R&D in the world. Among these countries, the U.S. and the EU leads the list with around 398 billion dollars and 355 billion dollars allocated to R&D in 2008. The figure for Japan is around 168 billion dollars; and for China it is around 66 billion dollars.

[177] http://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS/countries, last accessed on May 31st, 2012.

[178] Data is for the year 2008 which is the latest data for all countries.

[179] *Ibid.*

Hence, utilising from the size of their economies, the U.S. and the EU stand as significant global actors in the creation of knowledge.

During *Pax Americana* patent applications by the residents of the U.S. was by far more than the rest of the world[180] which was a source of its hegemonic dominance. By 1980, Japan and the EU took the lead with approximately 2.3 million and 919 thousand applications between 1970 and 1980; while the U.S. ranked third in the same period with approximately 645 thousand applications.[181] The ranking of these countries did not change in the year 1990 whereas the year 2000 witnessed the rise of the U.S. to second position after Japan and before the EU. The ten year period between 2000 and 2010 on the other hand, witnessed the rise of China and South Korea in the number of patent applications by their residents ranking behind Japan and the U.S. and before the EU. Out of around 8.5 million patent applications between 2000 and 2010, Japan accounts for 40% of total applications, the U.S. for 25%, China for 15%, South Korea for 13%, and the EU for only 12%. The fall of the EU to the fifth place and the rise of China and South Korea in 2010 is one indicator of power shift in knowledge structure. As for the number of patents held by countries today, Japan, U.S., EU, China, and Korea are the leading countries.[182] Moreover, patent applications are directly related to the efficiency of R&D in the sense that patents can be considered as being created out of money allocated for R&D. In this regard, Japan, China and South Korea can be considered as the most efficient users of R&D money.

The number of researchers as well as the number of scientific and technical journal articles are also outcomes of the money allocated to R&D. The figures on these indicators also demonstrate the supremacy of the EU, Japan and the U.S. in knowledge structure. In 2010, out of approximately 12 million scientific and technical journal articles worldwide, around 4 million were published in the EU, 3.7 million were published in the US and approximately 1 million were published

[180] http://data.worldbank.org/indicator/IP.PAT.RESD/countries, last accessed on May 31st, 2012.

[181] *Ibid.*

[182] http://www.wipo.int/ipstats/en/statistics/patents/, last accessed on May 31st, 2012.

in Japan, followed by China and Canada both with approximately half million.[183] Data on the number of researchers in R&D engaged in the conception of creation of new knowledge is also consistent with the number of articles where the EU, Japan, and the U.S. top the list, followed by Canada and Russian Federation.[184] In sum, all the indicators with regard to the creation of knowledge as well as its protection as a tool to deny access to knowledge signify the EU, U.S. and Japan as the most influential actors in global knowledge structure and they also signify the rise of China, South Korea and Russia as potential leading powers.

Apart from the budget allocated to R&D by governments, the quality and attractiveness of a country's universities and research institutes also grant considerable power in knowledge structure which is also consistent with the figures on R&D expenditures. The leading role of the American and European universities and research centres in global knowledge structure is well known. In fact, "The American language has become the *lingua franca* of the global economy and of the transnational social and professional groups."[185] Each and every year, large numbers of students go to the U.S. for education which spreads the American language to the world and gives the U.S. leading power in the knowledge structure in this sense. As obvious in the abovementioned figures, the only competitor for the U.S. is a European *union* which lacks unity in terms of a common language for knowledge creation.

Furthermore, the role of the universities, companies as well as individual researchers in knowledge structure is not as strong as states since they depend on the resources provided for knowledge creation. Nevertheless, as the first hand actors of knowledge creation they also possess a level of power in the knowledge structure but in negligible amounts compared to states. For instance, budgets of private universities would be an indicator for their capabilities in the creation of

[183] http://data.worldbank.org/indicator/IP.JRN.ARTC.SC/countries, last accessed on May 31st, 2012.

[184] http://data.worldbank.org/indicator/SP.POP.SCIE.RD.P6/countries, last accessed on May 31st, 2012.

[185] Strange, S., *States and Markets*, *op.cit.*, p. 137.

knowledge however they are again negligible compared to the budgets allocated to R&D by governments.

The effects of knowledge structure are global compared to regional applicability of other power structures. Power in knowledge structure is spread on to other power structures and makes knowledge structure a main component in relation to all power structures. The creation of a new weapon, a new production technique, a new finance mechanism or a new transport system are all outcomes of knowledge creation. Therefore, power in knowledge structure spills over and reinforces power in other power structures.

Knowledge creation is global and does not differ from one region to another. However, the protection of knowledge has global, regional and national dimensions. For instance, a patent granted in one national or regional entity is not automatically applicable in another region. Although WIPO sets out general rules for the protection of patents in global knowledge structure, full patent protection requires multilateral and bilateral recognition. In fact, the inclusion of Trade Related Intellectual Property Rights (TRIPS) agreement into the WTO Agreement as well as separate IPR protection chapters on regional and bilateral trade agreements serve the aim of full protection of knowledge at the global and regional levels. Accordingly, states with more patents are more willing to include chapters on IPR protection in their agreements with third countries with an aim to posses the power to deny access to knowledge which in turn solidifies their power in knowledge structure. Therefore, although knowledge structure grants power at the global level, its effective protection takes place via regional or bilateral governance.

In a nutshell, superior powers over the knowledge structure at the global level can exercise their power regionally by the imposition of IPR rights on their counterparts. However, consent of the inferiors to accept their denial to knowledge requires carrots on other structures such as the inflow of investments in production structure, the ability to access markets in trade structure or receiving international aid in welfare structure. Knowledge generates power but the protection of power in knowledge structure is trickier compared to other structures. Regional superiority

on knowledge structure requires effective IPR protection mechanisms in regional terms otherwise the spread of knowledge in that region creates rival powers in knowledge structure. Within this framework, arguments on the rise of China as a regional power and its apparent problems with IPR protection provide good examples. In other words, its central location among all power structures and effective protection of knowledge in a region bring superiority in knowledge structure in that region which is a key component on the way towards becoming an informal hegemon.

4.5. TRANSPORT STRUCTURE

Transportation is labelled as a power structure due to its central role and intertwined relationship with other power structures. Transport is a core component of international interactions in the sense that it acts as the connecting mechanism among different geographical locations. Historically, transportation played a crucial role during wars as the main component for the carriage of soldiers, weapons, etc. and during peace as the main component for the carriage of people, goods, services, etc. Hence, transport structure's immediate relation to other power structures places it in a critical position. The hegemonic status of Britain during *Pax Britanica* was mainly attributed to its naval dominance which granted it superiority in both military and commercial transportation. Similarly *Pax Americana* was marked with American superiority in transport structure due to the continued integrity of the American industry with regard to the production and operation of transport systems. Today, air transport as the quickest and most efficient transportation system is also another critical segment in international transport structure. Hence, a detailed analysis of the composition of the contemporary transport structure as well as the roles of actors taking place in it would require particular attention for sea and air transport systems. Moreover, since transport during wartimes is an issue directly related to a discussion on security structure, the state of play in transport structure in peace time would be particularly highlighted here.

The regulation of the transport structure at the international level has been a critical issue determining the relative powers of actors over this structure. Accordingly,

states, as usual, have been central actors due to their regulatory authority in the transport structure at both national and international levels. At the international level, even though there are several IOs such as the International Maritime Organisation (IMO), governing the codes of conduct for the safety and security of international shipping, International Civil Aviation Organisation (ICAO) setting standards and regulation for safety and security of air travel, and International Air Transport Association (IATA) as an umbrella organisation for national airlines, decision-making mechanisms in these IOs highlight particular attention to state interests as major determinants. For instance, the wider purpose of ICAO as 'to ensure that the rights of contracting states are fully respected in every way…'[186] clearly reveals the role of states in transport structure. Moreover, even though sea and air carriers in all sectors (people, goods, etc.) are largely operated by private companies, states step into this structure due to the fact that the flag status of ships and planes determines the extent of the private operators' competence. In this context, in relation to operators' interaction in national territories as well as in areas considered to be international, the legislation of states they operate in or operate for determine the rules of conduct. As for sea transportation for instance, the rules and regulations of the harbour state is applicable to all vessels anchored by its harbours whereas the flag carrier state's legislative authority is applicable to all kind of incidents taking place on board at the high seas.

In this framework, the relative weights of states in transport structure stems from the extent of their presence in sea and air transport systems. This presence can be calculated by their involvement in the production and trade of transport vehicles such as ships and planes as well as their involvement in the operation of transport services. As for sea transport, for instance, the EU, South Korea, Japan, China and the U.S. emerge as the main exporters of ship and yachts.[187] The merchant fleets of the world by flags of registration on the other hand demonstrate a rather different story. As of January 1st, 2010, Panama ranks first in the list of countries on the

[186] *Ibid.*, p. 157.

[187] http://www.iib.org.tr/files/downloads/PageFiles/%7B1ECD3487-C65F-4C89-99E6-DB3C35270784%7D/Files/2011%20Yili%20Gemi%20ve%20Yat%20Sektor%20Raporu.pdf, last accessed on June 2nd, 2012.

number of total fleet having its flags registered for merchant fleets.[188] The EU, Liberia, Marshall Islands, Bahamas and China follow Panama in the list. However, the existence of Panama, Liberia, Bahamas and Marshall Islands on this list is an invention of American policy makers to cut the costs for US shipping companies as low as possible by utilising from low taxes, non-existent minimum wages and vague safety inspections in these countries.[189] However, as for the ownership of these fleets it should be highlighted that one-third of these ships are American owned which would be subject to recall by the US government in wartime, regardless of the neutral or belligerent status of the flag state.[190] Therefore, the main actors behind the scene in sea transport again emerge as the U.S., EU, China and Japan. As for the operation side, figures on global container port traffic and countries' involvement in this give an idea about the major actors in sea transport. Accordingly, in 2010, China, EU and the U.S. witnessed the busiest traffic in terms of the flow of containers[191] which results in the private operators' obligation to comply with these countries rules and regulations in their harbours.

Furthermore, the story of air transportation also signifies the same actors as dominant powers in this structure. In this regard, statistics on registered carrier departures worldwide in 2010 as a figure on domestic take-offs and take-offs abroad of air carriers registered in the country, show that the U.S., EU and China are the busiest actors with the U.S. having 32% of total world departures followed by the EU with 23% and China with 9% shares.[192] Thus, how these actors exercise their power in transport structure in general turns out to be a more important issue at hand.

Powerful states can agree on rules or can delegate their authority to the operators which will influence the distribution of profit, the incidence of risk, and of cost, to

[188] http://archive.unctad.org/en/docs/rmt2010anx3a_en.pdf, last accessed on June 2nd, 2012.

[189] Strange, S., *States and Markets*, op. cit. p. 147.

[190] *Ibid.*

[191] http://data.worldbank.org/indicator/IS.SHP.GOOD.TU, last accessed on June 2nd, 2012.

[192] http://data.worldbank.org/indicator/IS.AIR.DPRT, last accessed on June 2nd, 2012.

the users.[193] In this context, a major source of power in transport structure under neoliberal hegemony emerges as the ability of actors to generate revenue out of transportation services. However, the denial of transportation for the goods, services or citizens of a state is not a customary action and would relate to the attempts to isolate the state from the international system which would primarily be related to interaction in other structures. In other words, the exercise of power in transport structure in times of peace is directly related to trade structure and complements it since transport is a means for trade. Therefore, superiority in transport is not an end in itself. In this context, although power in transport structure would increase actors' abilities to perform better in other power structures, domination in transport structure would not directly result in hegemonic dominance. In fact, an analysis of the superior actors in transport structure would reveal their dominance in trade structure as well. Exercise of authority in transport structure lies at the hands of each and every state in its territory; the extent of states' influence on fleets is directly related to the number of fleets they send and receive and this number is directly related to the level involvement of that state in global trade. In the same vein, since the regulation of transport structure at the international level demonstrates an intergovernmental characteristic in the sense that there is no higher authority or powerful company to impose their will on states, the size of a state's market would determine the level of its involvement in transport structure. Yet, due to its secondary role in terms of interactions under neoliberal world order transport structure emerges as a rather weak one for dominance on the way towards becoming an informal hegemon.

4.6. TRADE STRUCTURE

Trade is a central component of the spread of neoliberal order throughout the globe. The interaction of trade structure with all other power structures is more overt in the sense that as liberal theorisation argues trade curbs down belligerence and leads to peaceful relations in security structure; increase in trade is both a result of and cause for increased production capacity; payments with regard to trade necessitates more efficient and improved finance mechanisms which can only

[193] Strange, S., *States and Markets*, op. cit. p. 163.

be introduced via developments in knowledge structure; increase in trade increases dependence on transportation; trade increases welfare; and its positive effects on production capacity increases dependence on energy. In this context, trade turns out to be a major source of power and indeed it can be regarded as a primary power structure in global political economy. Trade, as a major component of capitalist exchange system and a main element in the neoliberal world order, grants overall power to the leading actors in trade structure as well as determines both their level of involvement in the neoliberal system and superiority arising out of this involvement.

The regulation of trade at the international level reflects main actors' interests and in fact turns out to be a bargaining platform among these interests. The superiority of Britain during *Pax Britanica* and the U.S. during *Pax Americana* partially stems from their dominance in global trade structure. Similarly, the most influential actors in the contemporary neoliberal order are those who can impose their interests on the regulation of trade at the international level. In line with the requirements of neoliberal world order, trade liberalisation is a basic priority and its governance by the WTO at the multilateral level and by numerous trade agreements at the regional and bilateral levels is a major area of interaction among the stakeholders in trade structure. Moreover, the extent of issue areas regulated by these agreements such as IPR, trade in services, public procurement, competition policy, investments, environment, development, etc. also mark the central role of trade in global power relations in general and global political economy in particular. In this context, the relative powers of actors in trade structure stems from the level of their involvement in global trade which also grants them considerable negotiation power in multilateral, regional and bilateral levels which usually go beyond the scope of merely trade.

Wealth generated via trade is appealing for all the actors in trade structure however there is great inequality at the advantage of developed world in terms of the level of participation in global trade. Nevertheless, the increasing number of regional and bilateral trade agreements especially in the last three decades which are mainly among the developed and the developing countries is a sign of the desire of the developing world to further participate in the global trade structure. In fact, this can

be attributed to the domination of neoliberal hegemony in the world today which changes the mindset in the developing world in a way that favours increased involvement in global capitalism for the sake of increased wealth. On the other side, the bargaining power of the developed world stems from the size of their markets which offer lucrative opportunities to the developing world. Therefore, in return for the market access opportunity provided for the developing world, developed world is taking the advantage of their bargaining power by including provisions favouring their priorities on other areas of interest such as IPR, competition policy or the operation of state owned enterprises. In a nutshell, trade agreements in the contemporary world go beyond the aim of only governing trade and increasingly include provisions regulating other power structures as well.

A brief look into the figures for the contemporary trade structure reveals the leading traders and gives an idea about their relative influence over trade structure. In 2010, the EU, China, U.S. and Japan emerge as the leading merchandise exporters with shares of 15.1%, 13.1%, 10.8% and 6.5% in total world exports.[194] As for the leading merchandise importers which is directly related to the size of the markets and hence the amount of bargaining power in trade structure, the year 2010 recorded the EU, U.S., China and Japan with respective shares of 16.5%, 16.4%, 11.6% and 5.8% of total world imports.[195] The same rankings apply to trade in commercial services as well[196]. Accordingly, the role of the developing world in trade structure is rather limited in comparison to the developed world. For instance, the share of Africa, Caribbean and Pacific (ACP) countries in total world exports in 2011 is 3%, whereas the figure for Andean Community is 1%, for ASEAN is 7%, for Gulf Cooperation Council (GCC) is 5%, for Mercosur is 2% and for Middle Eastern countries is 7%.[197] The same figure on imports is 2% for ACP countries, 1% for Andean community, 6% for ASEAN, 2% for GCC, 2% for

[194] http://wto.org/english/res_e/statis_e/its2011_e/its11_world_trade_dev_e.htm, last accessed on June 3rd, 2012.

[195] *Ibid.*, last accessed on June 3rd, 2012.

[196] *Ibid.*, last accessed on June 3rd, 2012.

[197] http://stat.wto.org/StatisticalProgram/WSDBViewData.aspx?Language=E, last accessed on June 3rd, 2012.

Mercosur and 4% for Middle Eastern countries.[198] In fact, this inequality between the developed and the developing world is also reflected at the relative weight of actors in the governance of the trade structure at the international level as a sign of superiority as well.

In this context, multilateral trade negotiations at the WTO stand as the main governance mechanism for trade structure at the international level. The main problem with these negotiations has always been the difficulty to strike a common ground between the interests of the developing and the developed world. More precisely, a general look at the outcome of negotiations rounds in the GATT and the WTO over the course of last five decades signifies the success of the developed world to impose their interests over the interests of the developing world. Examples include the liberalisation of international markets for industrial goods as traditional export items of the developed countries before the liberalisation of international markets for raw materials and agricultural products, the inclusion of provisions on trade in services and TRIPS in return for agricultural concessions given by the developed countries or the role of the U.S. in initiating the Multifibre Agreement negotiations, which can be interpreted as indicators of the inequality on decisions at the multilateral level. Nevertheless, the successful conclusion of all previous negotiation rounds until Doha signifies that a common ground has always been struck between the developed and the developing countries. The Doha Round on the other hand provides the ultimate battle ground between the interests of the developed and developing countries and is stalled since 2008.[199]

In fact, the acceleration of regional and bilateral trade negotiations as a result of stalemates in multilateral trade negotiations can be interpreted as attempts by influential actors in trade structure to govern their trade relations beyond the capabilities of the WTO. Today, the U.S. has 18 free trade agreements (FTAs) in force[200] and a regional FTA is under negotiation,[201] the EU has more than 20

[198] *Ibid.*, last accessed on June 3rd, 2012.

[199] Hanrahan, C.E., and Schnepf, R., *WTO Doha Round: The Agricultural Negotiations*, Congressional Research Service Report, July 20th, 2008.

[200] http://www.ustr.gov/trade-agreements/free-trade-agreements, last accessed on June 3rd, 2012.

FTAs, Association Agreements, Customs Union Agreements or Stabilisation and Association Agreements (SAAs)[202], Japan has 11[203] and China has 7 FTAs in force.[204] Interestingly however, up until today, bilateral trade agreements have not been a ground to strike deals between the leading traders. Rather they have been used by the leading trader countries as governance mechanisms to pursue their commercial interests in the developing world in return for the lucrative market access opportunities provided to the counterparts.

As for the creation phase of commercial interests in both multilateral and bilateral trade negotiations, the role of the private sector in building up the negotiation stance of the developed world is an important case at hand. In this context, the productive power of the developed world made possible by large TNCs headquartered in their territories, the lobbying activities of industry associations for further liberalisation of trade and the role of intra firm trade pertaining to TNC investments in developing countries can be cited among the major factors behind the relative stances of the parties' multilateral, regional and bilateral trade negotiations. Thus, TNCs and industry organisations as the real trading actors have also been influential in global trade structure. In fact, it is the clustering of these actors in the developed world that granted the governments of the developed world power in trade structure. However, the role of neoliberal hegemony in trade structure should also be highlighted since the bargaining position of the developed world could be interpreted as pursuing the interests of the 'neoliberal historic bloc' formed by various actors beyond state bureaucracies.

Then again, since states stand as the main negotiating platforms where the interests of their subordinates are pursued, their relative weights in international trade

---

[201] Trans-Pacific Partnership (TPP) Agreement.

[202] http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/agreements/#_europe, last accessed on June 3rd, 2012.

[203] http://www.meti.go.jp/english/policy/external_economy/trade/FTA_EPA/index.html, last accessed on June 3rd, 2012.

[204] http://fta.mofcom.gov.cn/english/fta_qianshu.shtml, last accessed on June 3rd, 2012.

negotiations that stem from the capacity of actors in their jurisdiction area arise as key indicators of power in trade structure. In this context, the possession of power in trade structure is directly related to the productive capacity, the size of the economy and the level of involvement in international trade. Furthermore, the governance of external trade relations via multilateral, regional or bilateral trade agreements going well beyond the aim of mere trade liberalisation are the grounds of consent in the developing world. Thus, trade agreements stand as tools to regulate trade structure in line with the interests of the neoliberal historic bloc clustered in the developed world. Moreover, since the commitments made by regional and bilateral agreements go beyond the WTO commitments, these agreements become major tools in shaping the trade structure in the developing world. The state of play in global trade structure reflects neoliberal hegemony whereas regional and bilateral trade agreements locate some actors ahead of others within the neoliberal order and grant them superiority over trade structure in a region. In this context, governance mechanism created by trade agreements paves the way towards becoming an informal hegemon. Although trade structure is a secondary power structure like transport structure according to Strange, its central position in neoliberal world order, its direct interaction with all other power structures and its success in creating governance mechanisms going well beyond the regulation of trade places it as a decisive power structure to obtain superiority in order to become informal hegemon. Accordingly, answering the question of 'who benefits' in quest for informal hegemonic status requires a deeper analysis of the relative weights of actors in trade structure over a specific region.

4.7. ENERGY STRUCTURE

Energy lies at the core of production which in fact makes it an important factor of production along with land, labour and capital as traditional factors of production. Diverging from other power structures, power distribution in energy structure is rather dispersed among various actors such as states, where a demarcation line should be drawn between energy producing and energy consuming states, and companies as the major actors in the production of energy. Traditionally, politics of energy is equated with politics on oil due to the central role of oil as a source of energy. In fact, oil is still the most important source of energy however; the

instability of oil markets and previous shocks and crises diverted the consumer states as important powers in production structure as well, to diversify their energy sources to alternative sources of energy such as nuclear energy, natural gas and renewable energy. In this context, diverging from classical studies on energy structure, this sub-heading will attempt to analyse the sources of power in energy altogether to come up with a better understanding of the relative weights of actors in this structure.

As previously discussed, power relations in energy structure have been dominated by continuous tension between the producer states gathered under the umbrella of OPEC, consumer states under IEA, as well as private companies doing the oil production business and extracting the bulk of the revenues in oil. Today, price instability of oil and attempts to diversify energy resources seem to change the picture on energy structure. Accordingly, the extent of the success of the main actors in quest for more power in energy structure lies in the following figures. As for the production of energy including crude oil, natural gas liquids, solid fuels, combustible renewables, waste and primary electricity, 2009 figures demonstrate the superiority of OPEC producing 31% of total energy produced in the world, followed by China with 17%, U.S. with 14%, Russian Federation with 10% and the EU with 7%.[205] On the other hand, the figures on consumption measured in terms of kilo tonnes of oil equivalent show China, U.S., the EU, India and Russian Federation as the largest energy consumers each respectively taking shares of 19%, 18%, 14%, 6% and 5% of total world energy consumption.[206] The difference between production and consumption generates dependence on oil for economic growth which can only be compensated by shifting to alternative energy resources. In this context, figures on the use of alternative resources of energy by the abovementioned actors indicate that 16.9% of total energy use of the EU is from alternative sources and nuclear energy in 2009, whereas the same figure is 11.8% for the US, 3.6% for China, %9.0 for Russian Federation, and 2.3% for India.[207]

[205] http://data.worldbank.org/indicator/EG.EGY.PROD.KT.OE, last accessed on June 4th, 2012.

[206] http://data.worldbank.org/indicator/EG.USE.COMM.KT.OE, last accessed on June 4th, 2012.

[207] http://data.worldbank.org/indicator/EG.USE.COMM.CL.ZS, last accessed on June 4th, 2012.

These figures indicate the sensitivity and vulnerability of the main actors which affect their relative positions in energy structure. In this context, the EU, U.S. and India seem to be the most sensitive actors in energy structure. They are also vulnerable to changes in energy prices since their production is below their consumption and they are unable to compensate their energy deficit by reliance on alternative energy resources. Accordingly, the U.S. consumes around 2 million kilo tonnes of oil whereas it produces around 1.7 kilo tonnes; and the figure for the EU is 1.7 kilo tonnes on the consumption side and 818 thousand kilo tonnes on the production side; the same figure for India is around 676 thousand kilo tonnes of oil in consumption side and 502 thousand kilo tonnes on the production side. In fact, the desire to diversify energy needs to alternative resources emerge out this vulnerability. Yet, the EU can only consume around 284 thousand kilo tonnes from alternative resources and the U.S. consumes around 250 thousand kilo tonnes of oil equivalent from alternative resources. The case with India for alternative resources is rather different since it can not be considered to be a successful country in switching to alternative resources. India only consumes around 16 thousand kilo tonnes from alternative resources and hence imports around 25% of its energy use.[208] The imports figures are more striking for the EU and the U.S. where the EU imports around 52% of its energy use, the U.S. imports around 22%.[209] The figures on energy imports reveal the vulnerability of these major players in energy structure which is also reflected on power relations on other structures. China, on the other side, imports only around 7% of its energy use whereas Russian Federation is a net energy exporter.[210] Therefore, their vulnerability in energy structure is less than the EU, U.S., and India, if not non-existent.

This analysis place Russian Federation as a major actor possessing structural power in energy structure along with OPEC. Yet, bringing in energy companies into the picture changes the scene. Today, the biggest actors on the company side

[208] http://data.worldbank.org/indicator/EG.IMP.CONS.ZS, last accessed on June 4th, 2012.

[209] *Ibid.*, last accessed on June 4th, 2012.

[210] *Ibid.*, last accessed on June 4th, 2012.

in energy structure are American, European, Chinese and Russian. This is also reflected in the politics and rivalry in energy structure along with other power structures. For instance, the tension between Russia and the EU with regard to the price of natural gas as well as the role of American and European companies in the Middle East portray the rivalry in energy structure. Moreover, since energy is a major factor of production, it turns out to be a vital input for all national economies and for the largest economies in particular. Energy boosts production, which in turn has imperative repercussions on trade, finance, transport and even security structure. Witness the rise of Nazi Germany before WW II as a result of its increased production capacity generated through increased use of energy.

The crucial role played by energy structure also necessitates the formation of a governance mechanism for it at the international level. Yet, it can be argued that the formation of IEA as a platform to represent the interests of energy consuming states against OPEC cartel did not generate the desired results. In particular, the inability of IEA to respond to successive oil shocks after its creation in 1974 demonstrate the fact that change in the energy market is not under the authority of any single actor. Moreover, the role of markets in determining the circumstances of the energy structure also makes this structure rather difficult to be dominated by any actor be it a state, an IO or a company.

In the same vein, governance of energy structure at the regional level turns out to be problematic. For instance, as one of the most vulnerable actors in energy structure, the EU strives to secure its energy supplies via several actions. The EU-Russia Energy dialogue aiming to provide reliability, security and predictability in energy relations; the EU-US Dialogue aiming to deepen coordination on strategic energy issues of mutual interest; Baku initiative aiming to enhance the integration of the partner countries' energy markets; and EU-OPEC dialogue aiming to enhance producer-consumer relations in energy structure can be counted as the most concrete attempts by the EU to govern its external energy relations.[211] Furthermore, the inclusion of chapters on energy in several action plans under the

[211] European Council, External Dimension of European Union Energy Policy, Press Release, February 4th, 2010.

ENP and in Association or Cooperation Agreements[212] can not be considered to generate desired outcomes for effective external governance. Rather diversified structure of the energy market and the inability of either consumer or producer countries to dominate the energy structure even in regional terms due to its market oriented structure deprives any actor of the ability to become an informal hegemon in energy structure. Thus, the uniqueness of the energy structure and the difficulty to govern the structure makes it a rather secondary structure to obtain hegemonic status - even informal.

4.8. WELFARE STRUCTURE

Welfare structure is perhaps the most blurry one among all other structures in the sense that it is not only related to material benefits provided to or acquired by a country but it is also related to the regulatory intervention of the authority to the allocation of welfare both nationally and internationally. For the sake of the purposes of this study, the national dimension of welfare creation and allocation will be put aside and its international dimension relating to power relations among the actors within the welfare structure will be depicted.

As for the measurable aspect of international welfare structure, an important figure which would provide a useful input to see the relative positions of actors with regard to each other is pertaining to net official development aid donors and their role in the welfare structure. According to OECD figures, in 2010 the total aid donated by 15 OECD member EU countries places them at the top of the list with a share of 30% of total official development assistance provided worldwide.[213] These 15 states are followed by the U.S. with a share of 20% and Japan with a share of 11%.[214] As for the figures on official development assistance provided at the multilateral level, the total amount of aid donated by the EU institutions come at the second place after the International Development Agency (IDA) donations with

[212] *Ibid.*

[213] http://stats.oecd.org/Index.aspx?datasetcode=CRS1, last accessed on June 6th, 2012.

[214] *Ibid.*, last accessed on June 6th, 2012.

a share of 8% of all donations where IDA donations account for 9%.[215] These figures reveal an important aspect of international development assistance. Obviously, donor countries choose to give out development assistance individually which is due to the fact that development assistance is in fact related to commitments given by the recipient countries. Thus, international official aid is also utilised as a form of governance in the sense that it creates consent on the part of the recipient. It is this characteristic of welfare structure that generates power to the beholder.

In relation to this, comparatively low level of aids donated by international institutions in turn decreases their influence in welfare structure which again leads to a state-centric analysis on the way towards finding the most influential actors in this structure. Indeed, states also utilise several specialised institutions to strengthen their presence in welfare structure. For instance, the role of institutions such as United States Trade and Development Agency (USTDA), European Investment Bank (EIB) or national Ex-Im banks in supporting development through loans aimed to increase trade and investment in the recipient countries is unique. By providing loans to the recipient countries, these institutions also monitor the implementation of projects in line with the requirements set forth by them which in general foresee the necessary equipments for these projects to be sold by the donor country. Thus, as a general rule, the more donations are granted by the donor, the more income is generated out of it.

On the other hand, welfare structure is not only related to its measurable aspect but several important regulatory mechanisms at the international level also determine the role of actors in it. In the meantime, it should also be stated that the regulatory environment in welfare structure is also beset with neoliberal values which place the developed world at the centre of welfare structure. In general terms, welfare is directly related to material capabilities such as productive capacity, development through trade, and economic power in general. In this context, the superior position of the developed world in this structure generates international validity to the values advocated by it. In this context, the immeasurable aspects of welfare such as

[215] *Ibid.*, last accessed on June 6th, 2012.

the rights of women and children, access to health, the condition of international refugees and human rights in general turn out to be neoliberal values best embraced by the developed world and expected from the underdeveloped. Thus, several international bodies such as the IDA, UNCIEF, UNHCR, UNDP, and the World Bank indeed reflect the aim of global pursuit of values created at the contemporary neoliberal world by the neoliberal historic bloc. In Strange's words, general figures in welfare structure suggest that "…aid programmes are not simple welfare transfers of resources, military or civilian, from rich countries to poor ones, but rather transfers which benefit particular constituencies in the donor country as well as in the receiving country."[216] These constituencies are the representatives of the global neoliberal historic bloc aiming to relate the developing and the underdeveloped world to the global neoliberal order.

Therefore, the most influential actors in welfare structure turn out to be those who are most active in the governance of welfare creation and distribution at the multilateral and bilateral levels both in normative and material terms. Moreover, since the role of multilateral governance mechanisms are under the influence of neoliberal hegemony and limited in terms of their material value compared to the donations given out by individual donors, governance mechanisms in the welfare structure created by individual donors and particularly by the EU and the U.S. require specific attention. Among others, main components of EU development assistance are the empowerment of civil society and non-state actors in the receiving country, reform of public administration with an aim to reduce corruption and increasing democratic governance via specific intervention in key governance areas. In return, these instruments increase the influence of the EU in the recipient country and converges governance in the recipient country towards the EU norms and values. In particular, the European Neighbourhood and Partnership Instrument (ENPI) emerges as one of the most coherent mechanisms for external aid which not only foresees the development of the partner countries but also aims the approximation of legislation in these countries with that of the EU *acquis*; thus granting considerable power to the EU in these countries. Similarly, the case with the U.S. diverts particular attention to U.S. Agency for

[216] Strange, S., *States and Markets, op.cit.*, pp. 221-222.

International Development (USAID) operations. However, diverging from the EU's presence in the welfare structure of its neighbouring and surrounding countries, main recipients of U.S. development aid in 2010 emerge as Afghanistan, Iraq, Pakistan and Haiti.[217] Therefore, a regional comparison with regard to the presence of the two largest donors reveals their policy priorities and the main aspiration behind development aids which can be interpreted as the endeavour to increase influence in the recipient countries and regions.

Hence, the role of welfare structure on the way towards increasing the donor's influence at the recipient country or region shall not be undermined. In fact, structural transformation expected in return for the development aid is the main aspect of power in welfare structure. Concurrently, the dominance of neoliberal hegemony in global welfare structure shall also be underlined due to the main roles of the EU and the U.S. as the main representatives of neoliberal world order. However, in regional terms the levels of involvement of the main donors differ which grants more power to one donor in one region and more to the other donor in another region. Specific governance mechanisms designed for specific regions are the tools for domination in regional welfare structure. In this context, since the regional aspect of informal hegemony requires a regional analysis of actors' influence on welfare structure and since dominance in the welfare structure of a region grants considerable power to beholder in several other aspects including normative power, on the way towards becoming an informal hegemon, welfare shall be cited among the decisive structures to possess power over.

4.9. Overall Assessment

The dilemma of globalisation lies in the fact that the accelerated integration of various regions with specific comparative advantages in certain power structures renders domination in all power structures impossible. Hence, hegemony as in the form of global dominance in its orthodox term proves impossible. In fact, British and American hegemonies were not global either. Their hegemonic power were stemming from dominance over the actors that concurrently take place with them

[217] http://usoda.eads.usaidallnet.gov/data/fast_facts.html, last accessed on June 6th, 2012.

in the system. Yet, the frontiers of systems of their times were limited by the liberal world during *Pax Britanica* and the anti-communist world during *Pax Americana*. On the contrary, contemporary neoliberal system is much more inclusive and global. Yet, as discussed in this chapter, global domination in all power structures is far from possible. Nonetheless, several power structures in the current neoliberal order are more decisive than others with regard to their roles in determining superiority of an actor in a region. In this context, the strength of power structures in granting informal hegemonic power to the beholder varies as follows:

Table 4.1. Superiority in Power Structures to Become an Informal Hegemon in a Region

		POWER STRUCTURES							
INFLUENCE		**Security**	**Production**	**Finance**	**Knowledge**	**Transport**	**Trade**	**Energy**	**Welfare**
	Weak	**X**				**X**		**X**	
	Strong		**X**	**X**	**X**		**X**		**X**

As a matter of fact, the hierarchy of power structures stems from their capacity to change power distribution *within* the neoliberal order. Accordingly, actors having the ability to exercise power to change structures having **strong** influence on power allocation in a region have the potential to be informal hegemons. Concurrently, structures that have been labelled as having **weak** influence on power allocation in a region are labelled so due to their inability to affect power allocation *within* the neoliberal world order. However, this is not to mean that they are not influential at all. Since informal hegemony is defined within the context of neoliberal world order, power structures that are influential in changing power allocation within the neoliberal order gain precedence over other power structures.

Accordingly, security structure is labelled as a weak structure in determining the possession of informal hegemonic power due to its negligible role *within* the neoliberal world order. Yet, this should never ignore the fact that security is the most basic need of all actors in the international system. Indeed, security structure is still the most important structure among all. However, as discussed in this chapter, contemporary security crises do not take place among the dominant actors of the neoliberal world. Rather, change in the security structure of a region takes place with the aim of solidifying neoliberal order in that region. Therefore, security structure is related to the spread of neoliberal order rather than the endeavour to impose dominance within the neoliberal system. In this context, in the contemporary world dominant powers in security structure act as the guardians of neoliberal world order rather than as aggressive powers to impose their dominance over other actors *in* the neoliberal system. On the other side, as discussed above the case with transport and energy structures is rather different in the sense that both structures stand as secondary structures in granting power to dominant actors within the neoliberal order. On the contrary, the central role of production, finance, knowledge, trade and welfare structures in the neoliberal system grant them strong influence in determining the locus of superiority on the way towards becoming an informal hegemon in a region operating under neoliberal order.

Finally, consent is the central component in exercising power in regional terms towards obtaining hegemonic status which can only be generated via legitimate governance mechanisms designed specifically for the region over which power will be exercised. In this context, informal hegemony emanates from authorized governance mechanisms created between the core and the periphery. These governance mechanisms are designed to regulate several power structures in a region which are directly related to obtaining superiority within those power structures that would lead to informal hegemonic status. In this context, the efficiency of regional governance mechanisms leads to divergences between the levels of influences for various actors over a region hence determining superiority in that region.

In this context, the quest for informal hegemonic status in different regions requires answering the question of ‘who gets what’ by looking into the actors’

abilities to shape the production, finance, knowledge, trade, and welfare structures in those regions. In doing that, the efficiency of the governance mechanisms created by a core power over a region should be analysed. Accordingly, the next chapter of this study will look into the role of both global and regional governance as the basis of consent as a building bloc of hegemony. In other words, in order to mark the distinction between potential informal hegemons in a specific region, an empirical study and an analysis of governance mechanisms created to shape the power structures globally and regionally will be the question at hand in chapter five. In doing that particular focus will be given to the role of the EU in its neighbourhood since the ENP emerges as the most coherent external governance mechanisms of our time.

CHAPTER 5

GOVERNANCE UNDER THE GLOBAL HEGEMONY OF NEOLIBERAL IDEOLOGY

The conceptualisation of 'informal hegemony' has distinctive aspects placing it in a unique position with regard to earlier conceptualisations of 'power' and 'hegemony'. In this context, two most important aspects of informal hegemony will be highlighted here. First, informal hegemony is *not an alternative to neoliberal hegemony* but is to be interpreted in line with and under the domination of neoliberal hegemony at the global level; and second, within global neoliberal hegemony, informal hegemony refers to *regional domination* over decisive power structures via effective regional and/or bilateral external *governance mechanisms*.

As discussed previously, the evolution of the global capitalist system and the acceleration of globalisation especially in the last three decades resulted in the spread of neoliberal values over the globe. The inclusion of almost each and every national economy into the neoliberal economic system also resulted in the political, economic, cultural, social, and ideological domination of neoliberal norms and values throughout the globe. Accordingly, traditional conceptualisations of hegemony as in the cases of *Pax Britanica* and *Pax Americana* fall short of explaining current world order due to the impossibility of obtaining global hegemonic status. More precisely, globalisation complicated the definition of actorness with regard to the possession of hegemonic status. Accordingly, deviating form prior 'state-centred' conceptualisations, contemporary conceptualisation of hegemony describes the beholder of hegemonic status as the neoliberal 'values' and labels it as 'neoliberal hegemony'. Indeed, it should be admitted that the neoliberal system demonstrates hegemonic characteristics. However, as theoretical debates on 'power' bestow it in the hands of 'actors' and define power as the ability control actions of other actors or the outcomes pertaining to power structures, a contradiction in the conceptualisation of

neoliberal hegemony emerges. By its definition, power is exercised by an 'actor' - be it states, IOs, companies or individuals. Power stems from the capability of an actor to impose its will over other actors (relational power) and/or the system (structural power). In this sense, hegemony is defined with a hegemon exercising it. This refers to the preponderance of an actor by the possession of power in the form of capabilities as well as outcomes. Hence, hegemony emanates from the ability to exercise power and refers to the dominance of the hegemon over other actors as well as over power structures. In fact, the literature on power has never considered values as an actor.

Currently, the context of neoliberal hegemony is upside down since the neoliberal 'values' or the neoliberal 'system' is defined as an actor exerting hegemonic influence over actors interacting within it. However, the actorness of the system is rather contradictory. In line with this terminology, as the system has always been the factor that defines the rules of conduct in which actors relate to each other and that draws the boundaries of these actors' abilities; it is possible to argue that in fact, the system has always had hegemonic status in international relations. Paradoxically however, hegemonic statuses of Britain during *Pax Britanica* and the U.S. during *Pax Americana* were attributed to their preponderance over other actors *in* the system. In line with the contemporary definition of hegemony however, it would be possible to conclude that neither Britain nor the U.S. but the system was the hegemon, and Britain and the U.S. only performed better than other actors in the system. Accordingly, a comparison between the relative power of the system and the actors in it would always signify the superiority of the system and would therefore be deceptive. In a nutshell, the dilemma of neoliberal hegemony is that it takes system as an actor and hence overlooks the relative powers of actors in the system.

Therefore, in accordance with the traditional conceptualisation of hegemony, the possession of hegemonic status would rest with the actors operating *in* the system. In this context, informal hegemony reintroduces the actor into the picture and in doing that carries out a state centric analysis due to states' central role emanating from their regulatory power in all power structures. Nonetheless, informal hegemony shall also be interpreted within the context of neoliberal system. In fact,

this is how power structures get into the picture. As the essential components of the neoliberal system and the platforms for interaction, power structures provide grounds for quest of superiority among actors. In this context, development levels of actors in the neoliberal system stem from different levels of involvement in the system that sets the rules of interaction as well as costs and benefits to be incurred. Therefore, concepts such as 'developed', 'developing' and 'underdeveloped' refers to differences in the abilities of the actors to play the game in accordance with the rules imposed by the neoliberal system. Turning back to Cox and Wallerstein's conceptualisations, developed refers to the *integrated* or the *core* states whereas developing refers to the *subordinate* or *semi-periphery* and the underdeveloped refers to the *excluded* or *periphery*. Moreover, Wallerstein's conceptualisation of hegemony refers to superiority within the core which turns other core states into clients and opposing major powers into a defensive position. In the contemporary neoliberal world system however, due to the existence of several regional power hubs in the core, such as the U.S. and the EU, enjoying superiority over each other in different power structures, obtaining hegemonic status within the core is challenging - if not impossible. However, obtaining hegemonic status over semi-periphery and periphery via possessing the power to shape power structures within the neoliberal system over a region is achievable. This brings us to the second distinctive characteristic of informal hegemony as being regional rather than global. Therefore, governance as the basis of exercise of power both at the global and regional levels are under discussion in this chapter.

5.1. GOVERNANCE IN A GLOBAL CONTEXT

As discussed previously, global economic system passed through extensive transformation from the 1980s onwards. The attempts of the developed world led by the U.S. to restore global competitiveness, further attack on the state in economic sphere via Reaganomics and Thatcherism, introduction of new macroeconomic policies favouring capital over all other factors of production as well as over state intervention and shift to post-Fordism resulted in the flow of capital into developed countries which in turn led to economic instability in the developing world and gave its first sign as the debt crisis in Latin America. The consequent intervention of the IMF and the World Bank in these countries aimed at

bringing structural change to the developing world in favour of neoliberal world system marked the spread and absolute superiority of neoliberal system at the global level which has also been termed as neoliberal hegemony. The state was no longer a policy maker but only a respondent to the needs of the neoliberal order.

The adjustment policies pursued by the IMF and the World Bank as the main agents of the neoliberal system have been applied as template rules designated for the opening up of the developing world economies to global economy and included identical macro economic policy reforms for each and every developing country suffering economic crisis. The main pillars of the policy reforms formulated for the crisis-hit developing countries has been summed up under ten related headings by John Williamson [218] and labelled as 'Washington Consensus' due to the geographical location of the IMF and the World Bank. These ten policy instruments are;

- 'fiscal deficits', aiming to restore fiscal discipline and balanced budget,
- 'public expenditure priorities', aiming to reduce expenditures by switching expenditure from subsidies towards education and health and infrastructure investment,
- 'tax reform', aiming to increase tax revenues as an alternative to decreased public expenditures,
- 'interest rates', aiming to bring them under the control of market forces and holding them at positive levels to discourage capital flight and increase savings,
- 'the exchange rate', aiming to bring them at competitive levels to boost exports and allow the economy to grow at the maximum rate permitted by its supply-side potential,
- 'trade policy', aiming to liberalise trade as to increase access to imports of intermediate inputs at competitive prices hence boosting exports,
- 'foreign direct investments', aiming to eliminate barriers to foreign direct investments as much as possible to increase productivity,

[218] Williamson, J., 'What Washington Means by Policy Reform', in *Latin American Adjustment: How Much Has Happened?*, John Williamson (Ed.), Peterson Institute for International Economics, Washington, 1990.

- ‘privatisation’, aiming relieve the pressure on government budget,
- ‘deregulation’, aiming to promote competition as employed by the U.S. during Reagan administration, and
- ‘property rights’, aiming to provide investors with secure environment to operate[219]

Williamson’s ten policy instruments have since been regarded as the motto of neoliberalism and the basic policies of global neoliberal governance. Summarised under three broader headings as prudent macroeconomic policies, outward orientation and free-market capitalism, the outcomes of the Washington Consensus policies have been very much debated since the early ‘90s. In fact, history has shown that these policies did not necessarily restore economic growth and in several cases resulted in further crises. Moreover, the Washington Consensus has not been motivated by the development literature and even Williamson himself asks whether Washington is correct in its implicit dismissal of the development literature and expectation of growth and development out of the proposed policy reforms for the underperforming developing world.[220]

Concurrently, the economic performance of Latin America during ‘90s demonstrated that the Washington consensus policies have not proved the desired outcomes of economic growth and sustainable development. As the 2005 report of the World Bank[221] summarises, besides the implementation of proposed polices, the countries suffered from deep and prolonged collapse of output and crises continued in Latin America, East Asia, Russia and Turkey. Latin American recovery in early ‘90s was not sustainable and significant poor performances of previous ‘poster boys’ for Washington consensus policies, such as Argentina and Brazil, have been extremely problematic. In the meantime, the stunning economic performances of China and India during the ‘90s have been the last nail on the coffin for the Washington consensus policies. Dani Rodrik explains the failure of

[219] *Ibid.*

[220] *Ibid.*

[221] World Bank, *Economic Growth in the 1990s: Learning from a Decade of Reform*, 2005. Available at http://www1.worldbank.org/prem/lessons1990s/, last accessed on July 2nd, 2012.

Washington consensus policies under five headings as concluded by the aforementioned World Bank Report. For him, the reasons for failure are; first, reforms did not pay enough attention to stimulating the dynamic forces that lie behind the growth process; second, market oriented incentives, macroeconomic stability and outward orientation do not translate into unique set of policy actions; third, different characteristics of different economies require tailored polices for each economy; fourth, stabilisation, privatisation and liberalisation do not always produce better outcomes than government discretion; and finally, reforms need to be selective and focus on the individual obstacles on economic growth rather than taking a template approach. [222]

Thus, all the stakeholders in the development field conclude that reforming the reform policy itself proved inevitable in the first decade of the second millennium. In this context, Rodrik's first recommendation for reform focuses on 'institutions' as to increase institutional capacity in the recipient countries to undertake the pressures of liberalisation. However, Rodrik also warns about the difficulty in changing institutional structure as it does not happen overnight and requires unique policy approaches for each country. Accordingly, "Telling poor countries in Africa or Latin America that they have to set their sights on the best-practice institutions of the United States or Sweden is like telling them that the only way to develop is to become developed…"[223] His second recommendation is increased 'foreign aid' in support of the negative consequences emerging out of liberalisation. In terms of specific policies, Rodrik introduces an "Augmented" Washington consensus to include corporate governance, anti-corruption, flexible labour markets, WTO agreements, financial codes and standards, prudent capital-account opening, non-intermediate exchange rate regimes, independent central banks/inflation targeting, social safety nets and targeted poverty reduction. [224] Rodrik's suggestions are compatible with the literature on hegemony in the sense that designing unique

[222] Rodrik, D., 'Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's Economic Growth in the 1990s: Learning from a Decade of Reform', in *Journal of Economic Literature*, Volume 44, December 2006, pp. 973–987.

[223] *Ibid.*, p. 980.

[224] *Ibid.*, p. 978.

policies for each country and supporting the negative consequences grants legitimacy to the reforms to be implemented by the recipient countries and to the overall governance mechanism; hence creating consent on the part of the recipient and accordingly increasing the legitimacy and influence of the policy-maker.

A neo-Gramscian interpretation of the Washington consensus would read the policy as resulting in the solidification of neoliberal order at the global level. As Gill argues, the solidification of neoliberal hegemony in the '70s and '80s have been due to three important developments as, (1) the movement of large amounts of capital between countries resulted in the development of a transnational historic bloc whose material interests and key ideas are bound up with the progressive transnationalisation and liberalisation of the global political economy, (2) the strengthening of some of the links and associated networks has gone simultaneously with the transnationalisation of the state where state policies and institutional arrangements are conditioned and changed by the power and mobility of transnational factions of capital, (3) these changes in economics and politics have gone with changes in the prevailing ideologies and in the terrain of contestability concerning appropriate policy.[225] In this framework, the Washington consensus policies have further exported the neoliberal system into the developing world during the '90s. Yet, it was not hegemonic due to its own problems such as the lack of legitimacy and therefore consent on the part of the recipient countries.

The reconsideration of Washington consensus policies in the first decade of the 2000s evolved into a renewed policy approached referred to as the Post-Washington Consensus (PWC). The distinctive characteristic of PWC can be regarded as the introduction of a new policy tool into the development field as the Poverty Reduction Strategy (PRS) approach supporting the quest for economic growth which emphasises recipient country ownership of the policies and civil society participation as its two key principles and hence partnership and cooperation between international financial institutions (IFIs), developing country

[225] Gill, S.R., 'Neo-liberalism and the Shift Towards a US-Centred Transnational Hegemony', *op.cit.*, pp. 261-263.

governments and civil society organisations. [226] Especially the inclusion of the previously excluded people via partnership and cooperation "…is part of an effort to make the neoliberal project and its concomitant principles of privatisation, liberalisation and deregulation truly hegemonic."[227] In this context,

> The introduction of the PWC could be interpreted as an attempt to facilitate the expansion of a hegemonic neoliberal world order, by ideologically legitimating the norms of this order through a shift in the IFIs development discourse towards emphasising poverty reduction and country ownership as the operational principles in all [World] Bank and [International Monetary] Fund activities, without straying too far from neoliberal principles in the actual development practice.[228]

Three policy reflections of the PRS approach as, the attempt to involve developing countries in the national and global policy making process via country ownership policies, the attempt to include the poor and the marginalised into the policy making process through civil society participation, and the attempt to encourage the developing countries to increase their social spending aimed at poverty reduction such as health care and education, can be interpreted as efforts to include material incentives and concessions as well as the construction of social compromises on the way towards hegemony building.[229] Nevertheless, the tension between the market logic of neoliberalism and the logic of social inclusion proves to be the key contradiction in the PRS approach[230] that generates problems in the implementation of PWC policies as well.

Ruckert warns us about the incompatibility between neoliberalism and efforts to reduce poverty by drawing rather reasonable causal links under common headings of every development policy tool employed by different actors such as the IMF,

---

[226] Ruckert, A., 'Towards an Inclusive-Neoliberal Regime of Development: From the Washington to the Post-Washington Consensus', in *Labour, Capital and Society*, Volume 39, April 2006, p. 36.

[227] *Ibid.*, p. 38.

[228] *Ibid.*, p. 40.

[229] *Ibid.*, pp. 40-42.

[230] *Ibid.*, 42.

World Bank or the EU. As for policy reforms such as economic growth, macroeconomic stability and redistribution; inflation targeting as a major neoliberal policy in fact reduces developing governments' policy options in times of economic recessions due to the unavailability of tools such as inexpensive credit that are open to developed economies.[231] Moreover, fiscal policy and taxation targets favour capital over the suppressed via broadening tax base in the society at the expense of the poor. In addition, the liberalisation of finance and trade does not necessarily bring about economic growth, more employment and higher wages but often contribute to higher levels of unemployment and wage inequality due to increased foreign competition which also leads to the closure of domestic industries. [232] Notwithstanding the short term positive budgetary effects of privatisation of public utilities, in the long run, privatisation puts burden on the shoulders of the taxpayers in order to guarantee universal access to privatised services such as health care and education.[233] Finally, civil society participation does not take the form of including the poor and excluded segments of the society in decision making but takes the form of forming cooperation and alliances between the donor and the elite in the developing country.[234] Thus, the main goal of participation seems to be the creation of transnational consensus around the content of the governance mechanism whose parameters have been predefined by the donor rather than the incorporation of alternative ideas by the civil society in the governance mechanism or the empowerment of the poor.[235]

Moreover, as the history evolved it has been witnessed that the last global financial crisis severely damaged the credibility of the market based neoliberal policies. In this context, Birdshall and Fukuyama cite five major paradoxical consequences of

[231] *Ibid.*, p. 52.

[232] *Ibid.*, p. 56.

[233] *Ibid.*, p. 59.

[234] *Ibid.*, p. 60.

[235] *Ibid.*, p. 61.

the financial crisis experienced mainly by the developed world.[236] The first consequence of the crisis is "…that open capital markets combined with unregulated financial sectors is a disaster in the waiting"; "the second consequence is a new respect among developing countries for the political and social benefits of a sensible social policy"; "the third consequence of the crisis has been the rise of a new round of discussions about industrial policy – a country's strategy to develop specific industrial sectors…", the fourth consequence has been the requirement of the reform of public sectors towards increased efficiency even in the developed world while promoting industrial development and providing a social safety net, and the final consequence is the move to multipolarity in the world as seen in the case of the transformation of G-7 to G-20.[237] Moreover, the performances of 'neoliberal development policy free countries' such as China and India prove evidence that "…development has never been something that the rich bestowed on the poor but rather something that the poor achieved for themselves."[238]

5.2. REGIONALISATION AS AN ALTERNATIVE TO GLOBAL GOVERNANCE

The major point in the inadequacy of global governance mechanisms to produce desired peace, prosperity and economic growth in the global system lies in the fact that these policies overlook the multilateral nature of the post-Cold War world system. The contemporary world system is *post-hegemonic* in the sense that regional mechanisms rather than a global hegemon prove to be more efficient in coming up with effective solutions to global problems. In this context, the relationship between globalisation and regionalisation requires particular attention. As Telo puts, since the global dimension needs a stronger regional dimension, an enhanced economic and political role for regional associations within a multilevel global regulation system is required.[239] The defining criterion of a hegemonic

[236] Birdshall N., and Fukuyama, F., 'The Post-Washington Consensus: Development After the Crisis', in *Foreign Affais*, Volume 90, March/April 2011, pp. 45-53.

[237] *Ibid.*, pp. 47-52.

[238] *Ibid.*, p. 53.

[239] Telo, M., 'The EU as a Model, a Global Actor and an Unprecedented Power', in Telo, M., *The EU and Global Governance*, Routledge, London, 2009, pp. 53-54.

structure is the non-existence of autonomous middle powers and hegemonic decline thus implies multipolarity that makes regionalised world order possible.[240] Today, regional organisations fill the power gap as U.S. hegemony declines and consensual governance among regional and international actors for the sake of genuine national and regional developments become pragmatic antidotes to neoliberal economic models.[241] Accordingly, the question here turns into what does regionalism and regional governance refer to in the 21st century?

5.2.1. REGIONALISATION AS A RESPONSE TO GLOBALISATION

Indeed, regionalism is not a novel phenomenon. During the peak of the Cold War in 1950s and 1960s, the world system was divided into regions in line with the bipolar nature of global politics. However, this was rather artificial in the sense that those regions were in fact a reflection of bipolar security alliances which were established from above via the influences of the two superpowers as a result of attempts to increase their comparative global power. The new regionalism on the other hand, is defined as a multidimensional form of integration including economic, political, social and cultural aspects going far beyond the goal of creating region-based free trade regimes or security alliances.[242] In this context, new regionalism is from 'below' as a way of coping with global transformation, as states realise that they lack the capability and the means to manage such transformation at the national level.[243] Indeed, regionalism can be considered as a result of globalisation in the form of a growing world market increasingly penetrating and dominating subordinate national economies which in the process lose some of their nationness.[244] Hence, the transformation of the global system into a neoliberal value based system requires the actors in the system to play in line

---

[240] Hettne, B., 'The New Regionalism: A Prologue', in *Globalism and the New Regionalism*, Hettne, B., Inotai, A., and Sunkel, O. (Eds.), St. Martin's Pres, Inc., New York, 1999, p. xxiii.

[241] Paupp, T., *The Future of Global Relations*, Palgrave, Macmillan, New York, 2009, pp. 237-238.

[242] Hettne, B., 'The New Regionalism: A Prologue', in *Globalism and the New Regionalism*, *op.cit.*, p. xvi.

[243] *Ibid.*, p. xvii.

[244] *Ibid.*, p. xx.

with the rules of neoliberalism. Such a pressure results in the homogenization of identities at the global level which also transposes into regional alliances with closer common values leading to enhanced integration. These common values take the shape of shared security priorities as well as cultural and social affinity that brings states in the same region closer in coping with the pressures of globalisation. Yet more importantly, in economic terms, increased competitiveness via economies of scale that translates into the quest for larger and more liberal immediate markets for the economic operators of a region turns out to be a more effective catalyst in forming regional alliances.

Besides the common concerns and priorities from within a region as cultural, security, economic and political dimension that lead to regional alliances, the levels of regionalisation that take place in the contemporary world also require particular attention. Hettne defines these levels as the structure of the world system, interregional relations, the region itself and the subnational level, which overall result in alternative world orders leading to regional multilateralism.[245] Accordingly, first, in order for regionalism to flourish, the structure of the world system must permit a room-for-manoeuvre for the regional actors which at the same time constitutes global structural change towards multipolarity as a result of hegemonic decline.[246] Second, as a result of increased regionalisation, interregional relations are also becoming more important in the contemporary world system in the sense that the behaviour of one region has an impact on the behaviour of others, such as the establishment of NAFTA as partly being a response to 'Fortress Europe'.[247] Third, on the level of region, regionalisation flourishes as a result of homogenisation and the elimination of extremes, in terms of culture, security, economic polices and political system by identifying, comparing and analysing individual national options.[248] Finally, at the subnational level, the integration of

[245] Hettne, B., 'Globalization and the New Regionalism: The Second Great Transformation', in *Globalism and the New Regionalism*, *op.cit.*, pp. 14-16.

[246] *Ibid.*, p. 14.

[247] *Ibid.*

[248] *Ibid.*, pp. 14-15.

civil societies first at the regional before the global level acts as a catalyst. In this respect,

> Globalisation is not flattening civil societies around the world but, rather, combining with local conditions in distinctive ways, accentuating differences, and spurring a variety of social movements seeking protection from the disruptive and polarising effects of economic liberalism.[249]

Eventually, the level of "regionness" defined with particular reference to how deep such integration is achieved, determines the effectiveness of a region in terms of coping with the pressures of globalisation as well as its weight in the overall global system.

5.2.2. IMPLICATIONS OF NEW REGIONALISM ON GOVERNANCE

Therefore, regionalism, as a response to globalisation can also be situated as a result of the failure of the quest for global governance to regional issues. In this context, "…regionalisation represents a new form of global governance that increases exchange, contact and coordination within a region."[250] Since regional form of governance represents the practice of inclusiveness in cultural, political and economic affairs, it is expected to mitigate the damage done by socioeconomic and socio-political marginalisation. [251] Therefore, new regionalism can be interpreted as an opposition to any hegemonic project that attempts to impose a developmental model that results in greater social exclusion and higher levels of inequality.[252]

With regard to the forms of regional alliances that exist in the contemporary world, the EU emerges as the most coherent and well-established one. The formation of the EU does not only have implications for its internal relations but it also emerges

[249] Mittelman, J.H., 'Rethinking the 'New Regionalism' in the Context of Globalization', in *Globalism and the New Regionalism*, *op.cit.*, p. 34.

[250] Paupp, T., *The Future of Global Relations, op.cit.*, p.219.

[251] *Ibid.*

[252] *Ibid.*, p. 220.

as an actor in the global system. However, before going into the international actorness of the EU, the governance model that it establishes internally which also spills over to its external relations should be discussed. Bearing in mind the blow of globalisation on state authority in the sense that there is growing uncertainty about where the sovereignty is located, the EU could be seen as the first post-modern state weakening traditional kinds of political authority and becoming in fifty years the first actor in the transformation of the nation state.[253] With the introduction of the new systems of law and forms of governance as in the case of the supranational character of the EU, regional governance is also politically strengthened as a complementary or subsidiary level of national and local governance.[254] National actors are better fostered to adapt and adjust to global pressures at the regional level since regional agreements imply issue linkages fostering stability.[255] Hence, while delegating some sovereignty to supranational institutions, member states of the EU grasp the chance of both enhanced political, economic, social and cultural integration which also turns into increased weight for the EU in global affairs compared to the weight of individual its members.

Moreover, the success of regional integration spills over to the external relations of those alliances. "New regionalism can be seen as an attempt by states to react by strengthening regional control when traditional centralized national sovereignty no longer functions and to bargain collectively with extra-regional partners."[256] In fact, the success story of the EU in coping with both traditional internal conflicts and national diversities, by transforming states' functions and structures, plays an important role as a reference for new regionalism elsewhere.[257] Moreover, the proactive external policies developed by the EU, transforms the static nature of it as a reference into a more dynamic role deliberately undertaken by it.

---

[253] Telo, M., 'Introduction: Globalisation, New Regionalisation and the Role of the European Union', in *European Union and New Regionalism: Regional Actors and Global Governance in a Post-Hegemonic Era*, Telo, M., (Ed.), Second Edition, Ashgate, Vermont, 2007, p. 11.

[254] *Ibid.*

[255] *Ibid.*, p.13.

[256] *Ibid.*, p. 7.

[257] *Ibid.*

Accordingly, the EU is deliberately exporting its regional governance model which not only increases its role in global affairs but also acts as a better governance model grasping the requirements of our post-hegemonic world system. Of course, such an argument should be verified by looking into the traditional unilateral governance model employed by the U.S. after the Cold-War and comparing it with interregional relations as referring to relations between the EU and other regional alliances. In Hettne's words,

> The US strategy emphasizes bilateralism in regional contexts, creating weak regions held together mainly by trade relations, whereas the EU strategy, as it has been developing so far, encourages multidimensional intra-regional links as well as institutionalised inter-regional relations.[258]

As a matter of fact, the formation of the EU itself is an outcome of US policies after the WW II which aimed to create alliances against the Soviet threat. However, the improvement of the European project did not show itself as a major actor in international relations until the fall of the Berlin Wall in 1989 which gained pace after the inclusion of former Soviet Union member CEECs into to the EU. Accordingly, the enlargement policy of the EU is the first sign of the success of the European form of governance. Indeed, the success of the European form of governance lies in the fact that in regional arenas where both the US and the EU meet, the US unilateral policy tries to break them up through bilateral agreements whereas the EU tries to form of consolidate regional groups.[259] Moreover, Europe as an external actor is more than EU policies in different arenas taken together but the Union's relative weight has an impact on the rest of the world, turning the EU into an international actor.[260] In the near abroad, more specifically, the EU's actorness is particularly strong, even leading to enlargement. [261] The EU's

[258] Hettne, B., 'Interregionalism and World Order: The Diverging EU and US Models', in *European Union and New Regionalism: Regional Actors and Global Governance in a Post-Hegemonic Era, op.cit.*, p.107.

[259] *Ibid.*, p.109.

[260] *Ibid.*, p. 111.

[261] *Ibid.*

uniqueness lies in the fact that it is created by voluntary processes and therefore depends more on dialogue and consensus building than on coercion which also lies at the core of the EU being a model for the preferred world order.[262]

What kind of power does the EU become out of this policy configuration? There are varying answers to this question. The EU is considered to be a 'civilian power' due to the clear pattern in its external policy aiming to shape the world order in accordance with its own experience of solving conflicts through respect for the 'other', dialogue, multilateralism based on international law and institutionalised relations.[263] Barcelona Process, for instance, is a strategy of cooperation where peace and stability are first priorities resulting in some sort of asymmetrical relationship based on conditional ties.[264] However, this study argues that rather than the civilian power rhetoric suggests, the way that the EU exports its governance model to its immediate neighbourhood locates the EU as a 'normative power'[265] in the sense that the EU aims "…to modify the structural conditions in which all actors operate."[266] The argument that the EU stands as a normative power is based on the claim that the EU is different as reflected in its pursuit of norms and values with the capability to 'shape conceptions' of what is normal in international affairs.[267] Accordingly, the norms are enforced through the EU legal order as in the form of the *acquis communautaire*, and the political process of dialogue, whereas externally, the enforcement is reliant on whatever capacity the EU can bring to bear through conditionality and other political and economic

[262] *Ibid.*

[263] *Ibid.*, p. 114.

[264] *Ibid.*, pp. 114-115.

[265] Manners, I., 'Normative Power Europe: A Contradiction in Terms?', in *Journal of Common Market Studies*, Vol. 40, No.2, December 2002, pp. 235-58.

[266] Hettne, B., 'Interregionalism and World Order: The Diverging EU and US Models', in *European Union and New Regionalism: Regional Actors and Global Governance in a Post-Hegemonic Era*, *op.cit.*, p.120.

[267] Farrell, M., 'From EU Model to External Policy? Promoting Regional Integration in the Rest of the World', in Meunier, S., and Mcnamara, K., (Eds.), *The State of the European Union - Making History: European Integration and Institutional Change at Fifty*, Vol.8, Oxford University Press, New York, 2007, p. 308.

incentives.[268] In particular, the EU's attempt to export its norms into its neighbourhood via the ENP will be the issues at hand in the rest of this study. What needs to be highlighted here is the fact that, basing on its own experience internally the EU's external relations are dominated with the desire to build regions in its neighbourhood which are expected to operate in line with the normative systems developed by the EU. In this context, the level of these regions' ability to absorb European norms and to act in line with those determines the success of the ENP as defined by the EU. In other words, the ENP proposes that the partner countries adapt their political and economic policies towards the norms of the EU and as this occurs, greater access is provided to the instruments of the Union itself, except participation in the actual governance of the EU.[269] The issue will also be further discussed below.

What needs to be highlighted here is that, the external regional governance model of the EU is indeed a successful policy. However, this study argues that the orthodox literature comparing the EU's external regional governance mechanism with the enlargement policy is misleading due to the fact that the lack of membership opportunity marks the basic divergence between the motivations of candidate countries and others in terms of undertaking the responsibilities put forward by the EU. Accordingly, in order to verify the argument that the regional form of governance employed by the EU stands as an effective mechanism grasping the multilevel nature of contemporary post hegemonic age, a deeper discussion of the ENP proves necessary. This is the task at hand in the following section.

5.3. ENP AS A REGIONAL NEOLIBERAL GOVERNANCE MECHANISM

In this framework, the evaluation of the ENP should take the current global picture into account with regard to its objectives and outcomes. As the ENP has advantages and disadvantages emanating from the global context, it also has

[268] *Ibid.*

[269] Joffe, G.H., 'The EU and the Mediterranean: Open Regionalism or Peripheral Dependence?', in *European Union and New Regionalism: Regional Actors and Global Governance in a Post-Hegemonic Era*, *op.cit.*, p.267.

benefits and shortcomings peculiar to it. In fact, the evolution of the ENP demonstrated a similar pattern with global governance mechanisms on development policies, besides the fact that ENP is governed not as a pure development policy. The uniqueness of the ENP lies in its focus on exporting structural change towards specific regions with an aim to create convergence with the *European* capitalist form of governance as a sub-system of global neoliberal order. The extent of its success in this context is the question at hand in this study. Whether the ENP reinforces the EU's structural power is in fact a question of how deep is the EU involved in the structures of political economy in the partner countries. Yet more importantly, the power peculiar to the EU will be assessed by looking into how much regulatory convergence takes place towards the EU in these structures, rather than towards the global neoliberal system as advocated by general PWC policy framework inherent in the ENP. It is this regulatory convergence that gives the EU comparative advantage over other proponents of the global neoliberal system.

EU's interaction with its neighbouring and surrounding countries date back to the 1970s when the Mediterranean was considered as a part of Europe's 'near abroad' during Soviet influence in the Central and Eastern Europe. Yet, until the Southern enlargement as Spanish, Portuguese and Greek memberships to the EU have been realised, the EU did not have a specific and coherent policy for the southern Mediterranean. The year 1995 signalled the initiation of the Barcelona Process as a policy designed specifically for the countries[270] of the wider Mediterranean region. The main policy areas in the Barcelona Process which was set out as 'Euro-Mediterranean Partnership' (EMP), have been labelled as 'political and security dialogue' aiming to create a common area of peace and stability underpinned by sustainable development, rule of law and human rights; 'economic and financial partnership' aiming to create an area of shared prosperity by the gradual establishment of a free trade area with an aim to promote shared economic opportunity as well as sustainable and balanced socio-economic development; and

[270] Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, and Tunisia.

'social, cultural and human partnership' aimed to increase intercultural dialogue.[271] Hence, the EMP is in fact a three pillar structure envisioning cooperation beyond mere economic and commercial integration. In this context, the Association Agreements (AAs) signed between the EU and the Euro-Med countries are of particular importance due to the fact that they set out the basic legal framework for the follow-up of the policy rationale of the EMP.

A more detailed analysis of the AAs marks several important features of the EMP as well as its success and shortcomings. All the AAs start with provisions on political dialogue which constitute the basis of cooperative and stable relations between the parties and give particular reference to the Barcelona Process which intend to form the basis of 'shared values'. The AAs then continue with commercial provisions that outline the context of trade promotion and trade facilitation with particular reference to the 'free movement of industrial and agricultural goods', 'the right of establishment and services', 'payments, capital, competition and other economic provisions' as well as further 'economic cooperation' on numerous sectors, 'cooperation in social and cultural matters' and 'financial cooperation' which stand for the benefits available to the target countries.

In fact, it can be argued that the EMP provided the EU with a promising governance method when compared to rather dispersed policies geared towards the Mediterranean until 1995. Yet, above all, the AAs are related to the EU's regional trade strategy as their major aim emerge as the alignment of economic and commercial policies of the EMP countries with those of the EU. The EU imposes its own trading system in terms of product classification, standards and regulations, as well as conditionality and technical assistance by way of concluding AAs with the EMP countries. This enables the EU to govern regional trade relations with its own trade measures and place itself in a rather advantageous position with regard to other giant economies of the world. Accordingly, not only geographical proximity but also identical standards and regulations from the application of

[271] Barcelona Declaration, available at http://trade.ec.europa.eu/doclib/docs/2005/july/tradoc_124236.pdf, last accessed on July 3rd, 2012.

competition policy to trade related intellectual property rights limit the choices of the EMP countries in choosing their main trading partners.

The effects of the AAs are mostly visible in the commercial and economic structures of the partner countries which granted the EU power in the production and trade structures of these countries. The preferential treatment in favour of the partner countries located them into the EU's axis of influence by means of transforming their industrial infrastructure along with the needs of the EU market. In particular, the regulatory reforms in trade structure required by the AAs such as the mutual recognition agreements in terms of standards and conformity assessment regulations, and preferential rules of origin to be transposed into national law mainly transformed the industrial infrastructure in these countries in a way that turns them into suppliers to the EU as well as a market for European origin goods. Hence, benefiting from its huge and lucrative market which grants the EU power through trade, the EU turns out to possess some sort of structural power in production and trade structures in AA partner countries. Thus, along with several deficiencies in the governance of the policy, the EMP provided the EU with regional power - albeit mainly limited with production and trade.

In this context, although Emerson and Noutcheva reflect on the Barcelona Process as being "a valuable systemic/institutional advance in Euro-Med relations and a confidence building measure on a large scale"[272], it is doubtful whether it acts as a functional accelerator especially in terms of broader political, economic and cultural reforms in the Euro-Med countries. Moreover, with regard to its institutional capacity on behalf of the EU and its role as a policy initiator, the Barcelona Process cannot be considered as being very successful because several loopholes exist for the sequential implementation of economic and political reforms in partner countries. In other words, a prospective "spillover effect" in Euro-Med countries has not been enhanced by the Barcelona Process.

[272] Emerson, M., and Noutcheva, G., 'From Barcelona Process to Neighbourhood Policy – Assessment and Open Issues', *Centre for European Policy Studies* (CEPS) Working Document, No.220, March 2005.

Bearing in mind the political shortcomings of the Barcelona Process as well as its dysfunctional political nature in terms of not being able to turn economic reforms into political ones; it turns out to be possible to argue that in order to be able to grasp the desired outcomes a reformation of the EMP to turn it into a more coherent policy filling in the loopholes deemed necessary. Hence, a major departure point of the ENP from the Barcelona Process has been its ambition to extend the areas of cooperation to include political, economic, social, security, and sector based areas with more concrete policy tools and financial mechanisms. Indeed, the Commission stresses that efforts made by the EU within the context of ENP should promote regional and sub-regional cooperation and integration which are preconditions for political stability, economic development and the reduction of poverty in the neighbourhood.[273] In this context, a special emphasis on poverty reduction as in the case of PWC style governance and designing special tools such as legislative harmonisation, participation of partner countries to EU programmes and financial assistance aimed to decrease poverty has been defining characteristics of reform of the EMP. Hence it is obvious that although offering preferential access to the EU market at the first instance, ENP emerged out of the ambition to generate a separate body of political governance for the EU towards its neighbouring countries. Thus, compared to the Barcelona process whose primary aim emerges as the establishment of a free trade area between its partner countries with a view to initiate convergence among the partners' administrative models and towards the EU's, broader and more ambitious political goals generated by the ENP marks a step forward on the Barcelona Process.

In light of these developments, it can be possible to argue that the EU's general governance method by the ENP is to strengthen its influence in trade and to spill this influence over other power structures. As Meunier and Nicolaidis put[274], swift influence shift of the EU as a power *in* trade towards being a power *through* trade has several repercussions both for its regional partners who undertake the

[273] Communication from the Commission to the Council and the European Parliament, 'Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours', Brussels, 11.3.2003, COM(2003), 104 final, p.3.
[274] Meunier, S., and Nicolaidis, K., 'The European Union as a conflicted trade power', in *Journal of European Public Policy*, Vol: 13, No:6, September 2006, pp 906-925.

obligations of partnership and for global players - including the US - who seek global influence in economic, political military, diplomatic and even cultural terms.

Although ambitious provisions of AAs between the EU and the partner countries include titles on political cooperation, they are not as binding and large-scale as the economic provisions are. In fact, the Union aims to spread its power through offering the partner countries a right to access its huge market which is expected to enable the EU to become a power *through* trade via using its internal market as a bargaining chip to obtain changes in the domestic policies of the trading partners, such as labour standards or human rights.[275] Hence, the form of regional governance that the EU pursued since 1995 is to export not only its trade policy but also its norms and standards. At the political level, however, the impact of the EU on the domestic policies of the EMP countries was limited because the "carrots" available to transform the political structures of the EMP countries have not been adequate. In other words, cooperation at the economic level or "a stake in the EU internal market" did not prove the adequate means to make political reforms that EU wishes to see for the partner countries.

The opportunity of enhanced access to EU internal market as foreseen in the AAs was in return for somehow painful structural change to be realised in the partner countries. The provisions on right of establishment and supply of services as well as capital movements necessitate a certain level of alignment with European norms and gives particular reference to multilateral international agreements governing the so-called topics. The main motivation behind these provisions is the liberalisation and smooth operation of these sectors in the partner countries as well as securing lucrative markets for European enterprises. This in turn gives partner countries 'the' stake in the internal market as an opportunity to participate in the European services and capital market albeit limited with strict norms and standards.

[275] *Ibid.*, p.907.

More precisely, regional incentives or the prospected gains offered by the EU internal market generally do not sound extremely profound with regard to national incentives which sometimes conflict with the policy aspirations of the EMP. In general, as for the partners, the advantages can be cited as upgrading their existing regulatory framework along a European template, coping with market failures at a lower cost, reducing transaction cost duplication, enhancing prospects of market access by conforming in the domestic market to the EU rules and mirroring the EU's defensive trade strategies by adopting contingent protection laws.[276] As regards the EU on the other side, the major advantages of the AAs can be cited as promoting regional strategy through integration and reforming the EU's preferential trade policy more in line with WTO requirements.[277]

In order to enable the partner countries to comply with these defined norms and standards, the AAs foresee a financial cooperation mechanism as well, yet on the occasion that these countries meet the conditionality criteria. In this context, conditionality criteria can be described as being rather political in the sense that at the political sphere democratic principles, the rule of law, human rights and fundamental freedoms are set as the basic elements for the uninterrupted continuation of funding which at the same time require structural reforms for the partner countries. Hence, 'accompanying measures' (*measures d'accompagnement* - MEDA) programme on financial and technical measures to accompany the reform of economic and social structures in the framework of EMP has been introduced by the EU in 1996 and has been amended in 2000 (MEDA II). MEDA I was allocated 3.3 billion Euros for 1995-199 period whereas MEDA II programme was allocated 5.3 billion Euros for the period between 2000 and 2006.[278] The huge difference between MEDA I and MEDA II demonstrates the fact that the EU is also learning by doing in cooperation with its neighbours. Moreover, EIB loans have also been made available for the partner countries.

[276] Maur, J.C., 'Exporting Europe's Trade Policy', *The World Economy*, Vol: 28, pp. 1565-90, 2005, p.1578.

[277] *Ibid.*, pp.1578-9.

[278] Holden, P., *In Search of Structural Power: EU Aid Policy as a Global Political Instrument*, Ashgate, Surrey, 2009, p. 52.

In fact, piecing together the EMP by solidifying enhanced cooperation on headings beyond mere economic and commercial alignment set out the primary ambition of the ENP in comparison to the Barcelona Process. With regard to its outcomes, the major success of the Barcelona Process stands as the establishment of a free trade area between the EU and its Mediterranean partners. The ENP on the other hand, utilises the experiences of the EU on its enlargement policy and turns out to be a more coherent and inclusive external governance mechanism. The launch of the ENP marks further institutionalisation and expansion of the Euro-Med Partnership to include the Eastern neighbours [279] into the EU's most coherent external governance mechanism apart from the accession process. The ENP's clear exclusion of EU membership for the related countries places it at a unique position in the sense that the policy aims to increase the EU's influence in its neighbourhood by creating convergence on the part of the economic, political and legal infrastructure of the partner countries however, it aims to realise this without the 'golden carrot' of membership. Nevertheless, the carrots offered by the ENP such as 'a stake in the internal market' or 'everything but the institutions' provide an element of motivation on the part of the ENP countries. Accordingly, the extent of the partner countries' motivation determines the extent of the EU's influence in its neighbourhood.

Indeed, as a transposition of the enlargement policy, the ambitious reforms foreseen by the ENP in broad policy areas are severely criticised due to the ENP's exclusion of prospective membership for the partner countries. Albeit the quest for policy harmonisation and regulatory convergence where possible, as employed by the enlargement process, the lack of membership prospect at the end of the process seems to be the biggest defect of the ENP. As the literature on the 'normative power' or even 'normative hegemony' of Europe makes its inferences out of the enlargement process, they conclude that any neighbourhood policy that fails to take EU membership into account is doomed to be sub-optimal.[280] However, due to

[279] Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

[280] Haukkala, H., *A Normative Power or a Normative Hegemon? The EU and its European Neighbourhood Policy*, EUSA 10th Biennial Conference in Montreal, Canada, 17-19 May 2007, p. 18.

the regional exclusion of the Southern Mediterranean from membership under the EC Treaty since the establishment of the EEC, the ENP is expected to be more effective in the Mediterranean region than in Eastern Europe. Furthermore, membership is not always regarded as the heaven in world. As the CEE enlargement in the first decade of 2000s made it clear, the delegation of sovereignty to the EU institutions under common policies has also been a painful process. In fact, several new members were granted derogations from the full implementation of common policies for specific periods.

Therefore, the reason for taking the Maghreb region as the laboratory in assessing the prospects for the EU to become informal hegemony by the ENP is twofold. First, is the continuous endeavour of the EU to develop effective external governance mechanisms towards the region and the historical evolution of the EU policy in the region. Second is the higher prospect of success of the ENP in Maghreb due to the lack of ultimate membership expectations of the Maghreb countries.[281] In fact, the question of 'would the Maghreb countries be willing to delegate their newly attained sovereignty to the EU on common policies or would further integration into global neoliberal system and convergence with the EU sub-system be satisfactory' is a major one to be borne in mind. This question can be reformulated as 'is it the EU membership that the Maghreb countries would seek or is prospective prosperity to be generated by further convergence satisfactory?' This study attempts to show that since economic conditionality under the ENP works better than the political actions envisaged by the APs, at this stage prosperity seems to be the priority.

As for the southern neighbours, the ENP is a more coherent policy compared to the Euro Mediterranean Partnership and resembles the governance mechanisms developed by the IMF and the World Bank in the sense that the 'Strategy Paper on the ENP'[282] sets out the general guidelines of the policy, which is then followed by

---

[281] Morocco's EC membership application has been rejected in 1987 due to its geographical location outside Europe.

[282] Communication from the Commission, 'European Neighbourhood Policy Strategy Paper', Brussels, 12.5.2004, COM (2004) 373 final.

the signing of Action Plans (APs) with each partner country marking the ENP's bilateral character as well. The major legal tool in transforming the Barcelona Process into ENP has been the APs. In carrying pure commercial partnership forward, APs included headings on enhanced political dialogue and reform; economic and social reform and development; trade related issues, market and regulatory reform; cooperation in justice and home affairs; transport, energy, information society and environment as well as people-to-people contacts, and hence extending the EU's involvement in several other power structures.

A concise analysis demonstrates that the structure of the APs is identical with those used in the accession negotiations for the Central and Eastern European Countries (CEEC). The main developments brought with APs are more developed democracy and human rights agenda, cooperation in CFSP, development and alignment with EU standards in terms of access to internal market, more detailed and specific transport and energy policy domains advocating EU standards or regulatory approaches and more developed justice and home affairs domain going beyond 'cooperation'.[283] At this point it turns out to be trickier to determine the level of compliance with the conditionality criteria in the ENP. Moreover, as obvious in the nature of the relationship governed by the ENP there is too much 'at stake' for the Euro-Med countries in return to grasping the opportunity offered by 'the stake' in the internal market.

The APs, designed within the broader policy agenda of the ENP, are tailored to each partner's expectations and capabilities and set out similar time frames ranging from three to five years to reach the targets set therein. An overview of all the APs shows that they are mainly designed in line with the policies attributed to the Post-Washington Consensus style governance besides several specific targets for both the EU and the partner countries. Moreover, yearly progress reports and Country Strategy Papers prepared by the Commission for each partner country assess the effectiveness of the policy and monitor the track record of the country in question.

---

[283] Emerson *et.al.*, *op.cit* (March 2005), p.9.

Without a doubt, enhanced dialogue and prospective reform on policy areas ranging from political dialogue and reform, economic and social cooperation and development, trade-related issues, market and regulatory reform, cooperation in justice and home affairs, sector based cooperation and human dimension [284] requires further financial assistance. In this context, a specific funding (European Neighbourhood Partnership Instrument - ENPI) is designated for the implementation of the ENP Action Plans by the EU which amounts to approximately 12 billion Euros for the financial framework 2007-2013.[285] The funding is allocated to compensate the negative effects of policy convergence such as economic liberalization, institutional and social transformation, and political change. In fact, the funding allocated to the ENP also constitutes a carrot for the partner countries. However, the funding is allocated in line with the conditionality criteria which relates to the allocation of more funding for the countries which comply more with their APs. The final transformation of the conditionality criteria in the ENP is spelled out by the EU as 'more for more' principle meaning;

> …only those partners willing to embark on political reforms and to respect the shared universal values of human rights, democracy and the rule of law have been offered the most rewarding aspects of the EU policy, notably economic integration (based on the establishment of Deep and Comprehensive Free Trade Areas – DCFTAs), mobility of people (mobility partnership), as well as greater EU financial assistance. Equally, the EU has reacted to violations of human rights and democracy standards by curtailing its engagement.[286]

Moreover, differentiation pertaining to the designation of specific policy targets in line with the needs and expectations of each partner country is alleged to be a unique advantage of the ENP. However, a more in depth examination of the APs reveal that they share common policy targets designated by the EU to increase its structural power in the related country/region. Accordingly, in general terms, the ENP can be considered to grant structural power to the EU in line with its broader

[284] http://ec.europa.eu/world/enp/howitworks_en.htm, last accessed on July 3rd, 2012.

[285] EC Regulation 1638/2006, Official Journal of the European Union, L 310/1, 9.11.2006.

[286] High Representative of the European Union for Foreign Affairs and Security Policy, 'Delivering on a new European Neighbourhood Policy', Brussels, 15.5.2012, JOIN(2012) 14 final, pp. 3-4.

effects by further increasing the EU's economic weight and gravitational pull, altering domestic legal and economic structures in line with the EU's internal rules and in some cases even extending European regulatory system, developing international legal and institutional frameworks favourable to European values and interests, as well as encouraging patterns of behaviour, modes of thinking and modes of governance favourable to the EU's interests.[287]

Furthermore, in 2011, the ENP has been revised to include a new approach aiming to provide greater support to partners engaged in building deep democracy, to support inclusive economic development, to strengthen the regional dimensions of the ENP and to provide the mechanisms and instruments fit to deliver these objectives.[288] The EU cites policy mechanisms of the revised ENP under three main headings.[289] The first heading aims to support progress towards deep democracy via institutional reforms pertaining to free and fair elections, rule of law, anti-corruption, and law enforcement; it aims to establish partnership with societies via more inclusive civil society dialogue as foreseen by the PWC; and it aims to intensify political and security cooperation via joint actions on key international security issues. The second heading aims to support sustainable economic and social development via sustainable economic growth and job creation, via strengthening trade ties, via enhancing sector cooperation, and via increasing cooperation on migration and mobility. The final heading is aimed to build effective regional partnerships via strengthening economic, cultural and political ties within the eastern and southern regions as well as between them. To this end, mechanisms such as the Eastern Partnership and the Union for Mediterranean (UfM) are created to enhance regional cooperation which can be considered as a natural outcome of the endeavour to cope with the different characteristics and motivations of different regions under the ENP.

[287] Holden, P., *In Search of Structural Power: EU Aid Policy as a Global Political Instrument*, *op.cit.*, p. 19.

[288] High Representative of the European Union for Foreign Affairs and Security Policy, 'A new response to changing Neighbourhood', Brussels, 25/05/2011, COM (2011) 303, p. 2.

[289] *Ibid.*

A general overview of the strategic goals of the ENP leads one to think that they are designed to guarantee the security and stability of the EU through establishing a 'ring of friends' in its neighbourhood. As a matter of fact, the global development agenda also significantly changed after 9/11 to include security concerns. As the European Consensus on Development states "without peace and security, development and poverty eradication are not possible, and without development and poverty eradication no sustainable peace will occur." [290] Moreover, a broader consideration of the external relations of the EU reveals that, in general, a concern for the needs of developing countries is of secondary importance. [291] Ghana, for instance, receives limited support for democracy promotion because European interests are marginal, which is a clear sign that the reality of security and democracy promotion is far less impressive than the rhetorical claims made by the EU suggest.[292] Hence, the role of security in the designation of the ENP stands as a policy priority.

Nonetheless, the ENP goes beyond classical development policy *per se* in the sense that although the proximate goal stands as the aim to alter the regulatory system directly related to trade and commercial interaction, a deeper form of transformation involving the reformation and modernisation of economic, legal and administrative institutions and polices of the partners is targeted,[293] which forms the basis of the EU's structural power in its neighbourhood. Moreover, the funding allocated by the EU to curb down the negative effects of these reforms as well as to stand as the carrot to carry out these reforms constitute the basis of the similarity between the ENP and a PWC style development policy. In this context, Wil Hout argues that "…EU development policies [including the ENP] are essentially neoliberal in character and that their governance related strategies…are

[290] European Parliament, Council, Commission, 'The European Consensus on Development", *Official Journal of the European Union*, 24 February 2006, C 46/01, p. 7.

[291] Hurt, S.R., 'Understanding EU Development Policy: history, global context and self interest'', in *Third World Quarterly*, Vol. 31, No. 1, 2010, p. 165.

[292] *Ibid.*, p. 166.

[293] Holden, P., *In Search of Structural Power: EU Aid Policy as a Global Political Instrument*, *Ibid.*, p. 52.

instrumental to deepening market-based reform in aid-receiving countries."[294] Moreover, the fact that "the governance profile is not meant to be done necessarily jointly with the partner country but its content should be shared *(but not negotiated and agreed)* with the partner country during the programming dialogue"[295] is the basis of the dictation mode inherent in the ENP that grants the EU the upper hand. Moreover, regulatory convergence towards EU rules and regulations is the unique feature of the ENP separating it from a regular PWC style policy tool which forms the basis of the EU's structural power. In other words, the ENP turns out to be a policy granting the EU the ability to shape the structures of political economy in the partner countries in line with broader neoliberal order but with convergence towards the EU sub-system via legislative harmonisation envisaged in several policy areas as well as policy coordination envisaged in others.

As a matter of fact, the responses of separate regions within the scope of the ENP show the success of the EU in pursuing its policy objectives in these countries and regions. This success mainly depends on the extent of the partner country's involvement into the neoliberal system as well as its ability to undertake the reforms for further involvement. This perspective also helps to explain the exclusion of countries such as Libya and Iraq from the ENP. As discussed previously, neoliberal governance mechanisms works for the countries that are already involved or are willing to be involved in the global neoliberal order. This has also been the reason for excluding the security structure from the decisive power structures in the conceptualisation of informal hegemony which is defined within the neoliberal order.

[294] Hout, W., 'Governane and Development: Changing EU policies', in *Third World Quarterly*, Vol. 31, No. 1, 2010, p. 3.

[295] *Ibid.*, p. 7.

CHAPTER 6

TESTING THE ENP: IS THE EU BECOMING AN INFORMAL HEGEMON IN THE MAGHREB BY MEANS OF THE ENP?

The European Neighbourhood Policy (ENP) provides one of the most coherent and well established external governance mechanisms of our age. In order to understand the extent of its success, it has first been located in a broader neoliberal governance literature to help the reader draw conclusions about its relevance and its success. The global governance mechanisms in force especially after the 1980s as a response to the economic crises experienced especially in the developing world mainly serve the aim of extending neoliberal values over the globe and including the developing world into the global neoliberal system. In this context, there are various similarities between the World Bank and IMF projects carried out in the developing world and action priorities of the ENP designed for the ENP partner countries. Hence, the ENP is very similar to the global neoliberal project aiming to integrate the developing world into the neoliberal system and shape the structures of political economy in these countries in line with the imposers' values.

In order to assess the structural power enjoyed by the EU via the ENP, the ENP's distinction from the general global neoliberal governance mechanism must also be given which is the task at hand in this chapter. In this regard, two indicators require particular attention to draw the ENP's distinction. The first one is the level of the EU's involvement in the power structures within the partner countries. This indicator will lead us to understand to the EU's *interest* to influence the structures in the partner countries. Then comes the second indicator as the level of regulatory convergence towards the EU *acquis* achieved by the ENP. Accordingly, this indicator will lead us to understand the EU's *capacity* to influence the structures in the partner countries.

In this context, in assessing the level of success of the ENP in granting the EU informal hegemonic power, several sub-regions within the scope of the ENP should be analysed separately. This study takes the Maghreb region in general and Tunisia, Morocco and Algeria in particular as its laboratory to test the extent of the EU's power in the region. Hence, in assessing whether or not the EU is becoming an informal hegemon in the Maghreb region, the ENP provides the governance mechanism to test the effectiveness of EU policies. Accordingly, the following part of this chapter is composed of an assessment of the role of the EU over production, finance, knowledge, trade and welfare structures in Algeria, Morocco and Tunisia with an aim to define the extent of its informal hegemonic power in the region.

In assessing the success of the ENP in the Maghreb region, APs and the partners' compliance with their provisions as well as the level of involvement of the EU in the partner countries' power structures will be analysed. While analysing the EU's power in structures, specific interest will be paid to the level of regulatory convergence towards the EU rather than to general compliance with the APs. This is due to the fact that only this kind of a study can reveal the structural power peculiar to the EU in comparison to other potential informal hegemonic powers such as the IMF, World Bank or the U.S. In this context, the preceding sections will look into selected important items in the APs pertaining to power structures as well as the most important reforms carried out by partner countries with regard to those specific headings. Moreover, other important tools of the ENP as participation to European programmes and the special funding available to the partner countries will also be highlighted in the subsequent analysis.

Meanwhile, the effectiveness of the ENP in generating the desired outcomes will be analysed by looking into the EU's involvement in each power structure in the region which will give clue about the EU's interest in shaping the related structure, as well as by analysing its capacity to generate the desired outcomes which will be assessed by a comparison between the priorities set out in the APs and the related outcomes. The EU's capacity to generate reforms in the Maghreb compared to other agents of global neoliberal order will be revealed by the degree of regulatory convergence towards the EU, the level of participation into EU programmes by the partner countries and the amount of funding made available by the EU on specific

headings. Since this funding is consumed mainly by programmes such as twinning projects aiming convergence with the EU, such an analysis will also reveal the peculiar role of the EU in the partner countries' power structures. Accordingly, assessing the capacity of the EU to shape the pre-defined power structures of informal hegemony via the ENP would pave the way to answer whether the EU is becoming and informal hegemony in the Maghreb region by means of the ENP or not.

EU-Morocco Action Plan has been adopted on July 27th, 2005 and EU-Tunisia Action Plan has been adopted on July 4th, 2005. The relationship with Algeria has been rather problematic due to the country's lack of enthusiasm to converge its legislation with the EU. This can be attributed to several reasons such as the comparatively high reluctance of government against outside intervention due to Algeria's former colonial experience with France [296] and its relatively better economic condition in the region as a net energy exporter. However, the Association Agreement (AA) between the EU and Algeria is in force since 2005 and, with the effect of the Arab Spring, in December 2011 Algeria officially indicated its willingness to start exploratory negotiations regarding the elaboration of an Action Plan under the renewed ENP.[297] Since AA headings are similar with the AP headings under the ENP and since APs provide better structured roadmaps for the implementation of the AAs, in this section EU-Algeria relationship will be analysed basing on the AA since 2005. Yet, the decision of Algeria to start exploratory AP negotiations in 2012 will also be a guide in assessing the formation of consent in Algeria to establish closer ties with the EU which can also be attributed to the Arab Spring.

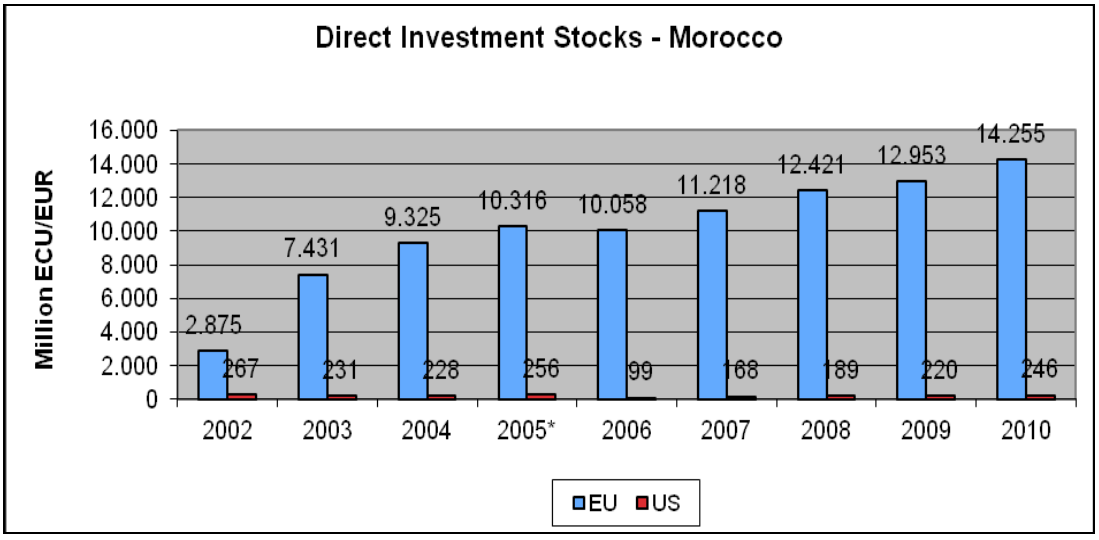
6.1. PRODUCTION STRUCTURE

The EU's involvement in the production structure of Algeria, Morocco and Tunisia has traditionally been apparent due to the geographical proximity of the regions,

[296] Thomas, M., 'France Accused: French North Africa Before the United Nations, 1952-1962', in *Contemporary European History*, Vol.1, 1, March 2001, pp. 91-121.

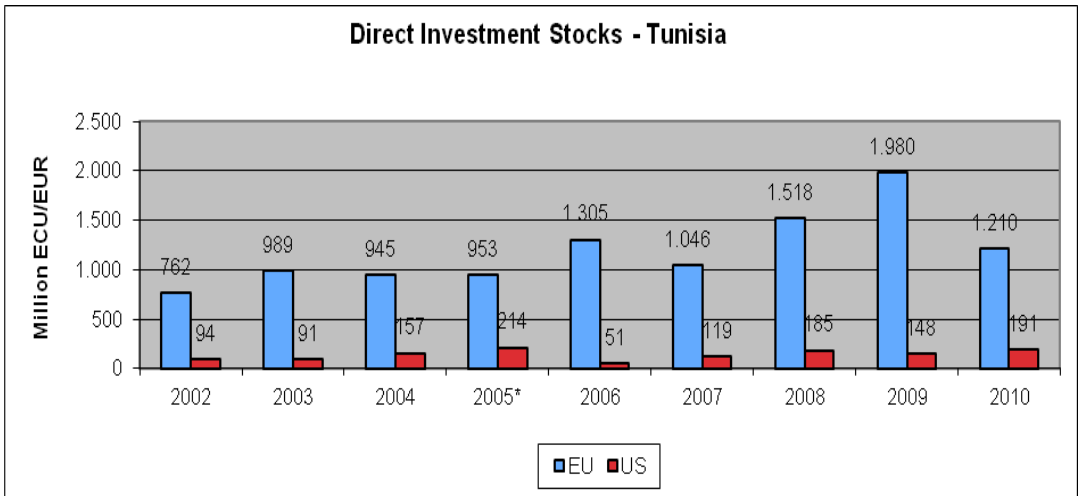
[297] European Commission, ENP Package-Algeria, Press Memo/12/329, Brussels, 15 May 2012.

and the historic contacts between the parties. The Barcelona Process and its most successful achievement as the creation of free trade areas between the EU and the partner countries further increased the EU's involvement in these countries' production structure through FDI inflows from the EU to the region. As the following figures indicate, the EU's FDI stocks have been higher than other giant economies of the world, mainly the United States in the region with the exception of Algeria. The case of Algeria will be further depicted later. What needs to be highlighted here is the fact that the higher the EU's involvement in the production structure in the region, the higher its interest to shape the production structure via policy reforms on the way towards generating predictability and sustaining stability in these economies. Accordingly, as will be discussed below, the priorities set out in the ENP, APs reflect this specific aim of the EU. The outcomes of the APs on the other side would give clue about the capacity of the EU to regulate the production structure and hence the extent of its structural power.



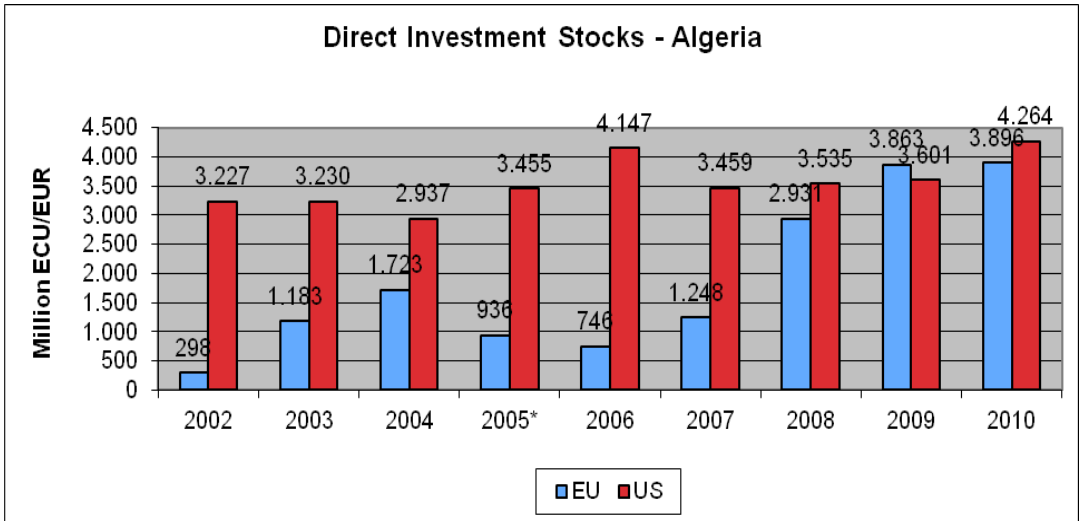
Source: Eurostat
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.1. Direct investment stocks in Morocco - Million ECU/EUR



Source: Eurostat
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

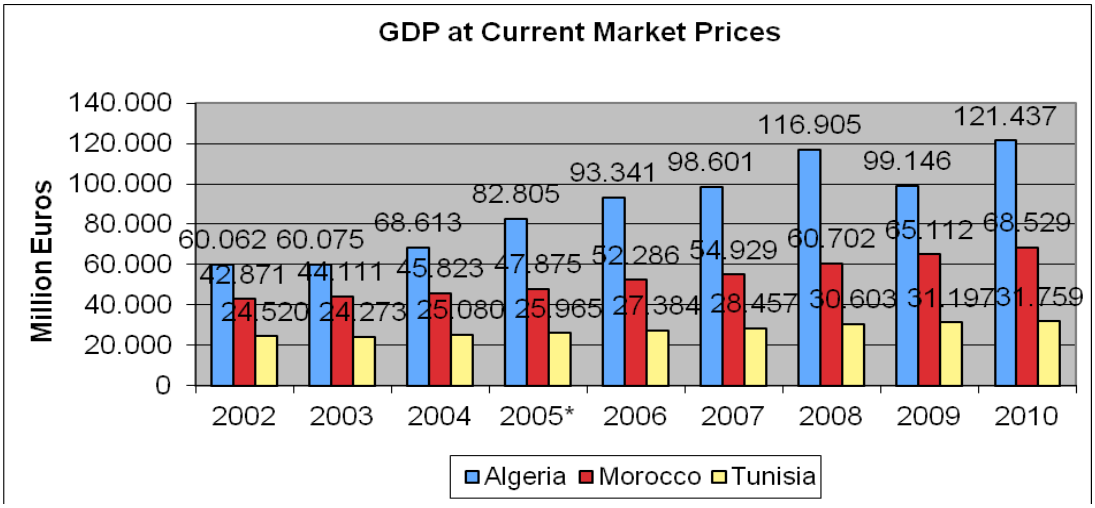
Figure 6.2. Direct investment stocks in Tunisia - Million ECU/EUR



Source: Eurostat
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.3. Direct investment stocks in Algeria - Million ECU/EUR

In 2010, the EU's foreign direct investment stocks in Morocco and Tunisia amounted to 14.2 and 1.2 billion Euros respectively. The same figures for American investments in the same countries are 191 and 246 billion Euros respectively. Nonetheless, Algeria poses a different story. EU foreign direct investment stocks in Algeria in 2010 are 3.9 billion Euros, whereas the same figure for U.S. FDI stocks is 4.2 billion Euros. This figure can be explained by the abundance of natural resources in Algeria and the domination of American companies in the energy sector as discussed under energy structure in Chapter 4. Yet, the diversification of European investments in Algeria makes the regulation of the production structure in Algeria a priority for the EU as reflected to the provisions of the AA with Algeria.



Source: Eurostat
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.4. GDP at Current Market Prices (Algeria, Morocco and Tunisia)

The role of the EU in these countries' production structures would be further revealed by looking at the share of the EU investments in these countries' GDPs. In 2010, Morocco's GDP has been around 68.5 billion Euros, Algeria's GDP has been around 121 billion Euros and Tunisia's GDP is expected to be around 31.7 billion Euros. Thus, EU investments constitute approximately %20,8 of Moroccan GDP, %3,88 of Tunisian GDP and %3,21 of Algerian GDP. As seen above, the same figures for the U.S. as the other most significant player of the global

production structure are much below the level of European involvement in these economies, except Algeria. Moreover, these figures also demonstrate the extent of the openness of the partner countries economies and hence the level of their integration into neoliberal system which is also an important factor for the EU's influence in these countries. Accordingly, the 'advanced status' granted to Morocco and 'privileged partner status' granted to Tunisia are also indicators of their willingness to undertake neoliberal policy reforms. Although this comparison looks like a classical dependence study, it includes a reciprocal relationship as the EU is also dependent on the predictability and openness in these countries. In this sense, the efforts of the EU to regulate the production structure in the ENP partner countries serve the interests of European investments there. Simultaneously, the more the EU is involved in the partner countries' production structures, the more power it accumulates over their production structure. Accordingly, the general aim of the EU to regulate the production structure can be interpreted in this context. Just like the Marshall Plan employed by the U.S. in the aftermath of the WW II in Europe, the ENP serves to change the power structures in the partner countries by aiming increased convergence in the regulatory environment towards the EU *acquis*.

In this context, the aspiration of the APs in the production structure emerges as the attempt to transform the legal environment in which European investments operate in line with the EU regulatory framework. However, transformation does not take place over night and it requires several policy tools in the form of carrots and sticks that would affect the partner country governments' decisions to make the required adjustments. In this context, the priorities and the outcomes of the APs will be examined under three separate formulations as the 'substantive scope' referring to legislative approximation with the EU *acquis*, the 'institutional level' referring to institutional cooperation such as participation into various EU programmes, and the financial mechanism referring to the funding made available by the EU to help transform the production structure in the partner countries in the form of ENPI funding and beyond.

Both EU-Morocco and EU-Tunisia APs indicate that they will enable a more targeted implementation of the AAs to support the objective of bringing the

partners' economic and social structures more into line with those of the Union which requires the approximation of the partners' legislation, regulations and standards to those of the EU with a view to gradual integration in the Union's internal market and its regulatory structures.[298] Without a doubt, regulatory approximation grants the EU predictability and power over the rules and regulations of the partner countries enhancing its structural power in the region. As for the production structure, APs can be interpreted to be designed so as to favour European enterprises and productive power in the partner countries. A more detailed look into the APs with Morocco and Tunisia with regard to their provisions on production structure are given below.

6.1.1. MOROCCO

Table 6.1. AP Priorities and Outcomes for Morocco

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Continue efforts to liberalise establishment and foreign investment (screen Moroccan legislation on establishment and identify barriers, expand the scope of the AA to include companies' right of establishment)	Minimum capital required to set up a limited company has been reduced A law facilitating the creation of limited liability companies have been published in the official bulletin in June 2011 Active participation to the working groups on Investment Security in the Mediterranean Region (ISMED) mainly promoted by the EU
Convergence with EU rules and standards in company law (audit, modernisation of business register, start discussions on a Code of Corporate Governance)	A code of conduct has been adopted in November 2011 with regard to public enterprises questioning their profitability,
Equal treatment irrespective of nationality as regards working conditions, remuneration and dismissal, non-discrimination in the area of social security, coordination of social security systems	Participated at twinning programmes with an aim to align Moroccan legislation with the EU's
Tax system and institutions based on European standards (bilateral double taxation agreements, EU Code of Conduct for business taxation)	Transparency of tax regulations improved and tax system reformed

[298] EU-Tunisia Action Plan and EU-Morocco Action Plan

Table 6.1. AP Priorities and Outcomes for Morocco (continued)

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Competition Policy (Association Council decision implementation, administrative capacity for enforcement, identifying possible cooperation measures, develop legislation and an enforcement mechanism compatible with those in the EU, training, implement current Moroccan legislative framework on non-discrimination, transparency, compliance with the EC *acquis* on state aids)	Moroccan Competition Authority has been created in June 2011 A competition directorate responsible for the enforcement of free and fair competition in the Moroccan market under the EU supervision has been set up
Consumer protection (exchange of experience and know-how on enforcing Moroccan consumer protection law, encourage Moroccan consumer protection organisations to integrate with European networks)	A law on consumer protection drawing extensively on EC directives has been enacted National Consumer Centre has been established in September 2011
Public Procurement (open, competitive awards of public contracts)	Introduction of the framework legislation on public concession Receiving support from SIGMA (a joint initiative by the EU and the OECD) to curb down the differences between Moroccan legislation on public procurement and the EU acquis
Enterprise Policy (improve the climate and conditions for the development of competitive businesses and investment promotion, implement EuroMed industrial cooperation working party, adopt EuroMed Enterprise Charter, develop EU-Morocco dialogue on enterprise policy and exchange of best practices, dialogue on industrial policy in particular textile and clothing)	Application to become a party in Enterprise Europe Network to increase cooperation and coordination between European and Moroccan industry submitted

Source: ENP Action Plan and Morocco Progress Reports

As for its substantive scope, EU-Morocco AP envisions legislative approximation on the right of establishment and foreign investments, company law, taxation, competition policy, consumer protection and enterprise policy. The outcomes achieved on these headings can be deemed satisfactory since substantive legal work have been carried out by Moroccan authorities. In particular, the law facilitating the creation of limited liable companies, the adoption of code of conduct on the profitability of public enterprises, the reformation of the tax system, the creation of Moroccan Competition Authority, enacting consumer protection law in line with the EU directives, the establishment of National Consumer Centre, and the introduction of the framework legislation on public procurement have been positive steps on the way towards reform and legal convergence with the EU

acquis. For those areas where legal action has been lacking, Morocco has been actively cooperating with the EU institutions and participating in various programmes marking convergence at the institutional level. In this context, ISMED participation under EU promotion, twinning programmes on equal treatment to foreigners at work, participating at the joint SIGMA initiative and application to become a party to Enterprise Europe network pose good examples on institutional convergence. Moreover, since legal reforms require prepared institutional structure, it would not be unrealistic to expect further legal approximation in these areas as well.

Overall, progress made by Morocco in complying with the ambitious goals with regard to the transformation of its production structure is found satisfactory and praised by the EU. The reforms are funded by the EU through the ENPI allocations as well as European Investment Bank (EIB) and EBRD loans. Funding allocated for reforms envisaged by the APs further encourage Morocco to carry on its reform process in line with the EU's priorities. The funding available to Morocco under the National Indicative Programme (NIP) for 2011-2013 period is 580.5 million Euros and the EIB lending to Moroccan industry has been 200 million Euros in 2011.[299] Furthermore, Morocco is participating in 54 twinning projects with the EU to carry out further institutional and regulatory reforms with an aim to realise convergence with the EU *acquis*.[300]

The roles of other big donors/lenders are rather limited in Morocco compared to EU financial assistance. World Bank loans in 2008-2011 period amounted to 1.1 billion dollars, and in 2011-2012 period to 785 million dollars ranging in projects on employment, judicial reform, public administration reform, urban development, waste management, etc. [301] Although this amount is close to EU financial

[299] European Commission, 'Implementation of the European Neighbourhood Policy in 2011 Statistical Annex', *Delivering on a New European Neighbourhood Policy*, Brussels, 15.05.2012, pp. 60-61.

[300] http://eeas.europa.eu/delegations/morocco/projects/list_of_projects/project_fr.htm, last accessed on July 5th, 2012.

[301] http://www.worldbank.org/en/country/morocco/projects, last accessed on July 23rd, 2012.

cooperation under the ENPI and the EIB, the range of EU policy reform ambitions and the aim of convergence with the EU *acquis* rather than a general and broader neoliberal reform agenda puts the EU one step ahead of the World Bank in its capacity to shape the power structures. Moreover, Morocco made its last transaction with the IMF in 1997 and the U.S. is Morocco's 7th largest donor after France, EU, and Spain. Hence, in terms of financing with regard to the designation of AP outcomes, the EU seems without any competitors in Morocco not only in production structure but also in other structures where the APs set priorities for reform.

6.1.2. TUNISIA

As seen above, the level of EU involvement in Tunisia in the production structure has also been extensive. This can also be attributed to the signing of an FTA between the parties 1998. Yet, the role of the AP as the most coherent roadmap foreseeing regulatory transformation in Tunisia goes beyond any other tool. In this context, major AP priorities and outcomes for Tunisia in the production structure are given below.

Table 6.2. AP Priorities and Outcomes for Tunisia

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Improve the performance and competitiveness of the Tunisian economy (Short term - promoting private investment, reforming legal procedure for calling in guarantees, notification of regulatory changes to commercial operators, opening up the infrastructure sector to private participation. Medium term- Privatisation and disengagement of the State, Framework law on concessions)	Company law improved in line with EU standards
Promote greater freedom in relation to establishment and foreign investment (effective implementation of bankruptcy legislation, study EU legislation on company establishment, identify barriers to establishment, set AA as the limit for restrictions, include right of establishment in the AA)	Reforms carried out to reduce the number of government approvals necessary for foreign establishment

Table 6.2. AP Priorities and Outcomes for Tunisia (continued)

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Auditing, accountancy in line with the EU rules, modernising business register and discussion on a code of corporate governance	New obligations for the members of board of directors, audit committees for large or listed companies Requirement to appoint external financial auditors and stricter publication requirements put in place Participating to SIGMA since 2008 with projects on External Audit and Parilamentary Accountability, and Public Service and Human resources Management
Equal treatment to foreigners	The number of government approvals reduced Restrictions on purchases of industrial estates by foreigners lifted
Non-discrimination in the area of social security, coordinating EU-Tunisia social security systems	Participating in twinning programmes to further align its legislation with the EU law
Align tax system with EU standards (bilateral double taxation agreements, vocational training, tax administration management, exchange experience on EU member state taxation systems, Code of Conduct for Business Taxation, align legislation with the EU)	Reforming its tax system so as to reduce corporation tax Tax administration is modernised by setting up a DG for large taxpayers Legislation on tax amnesty has been approved Participating to the Euro-Mediterranean Industrial Cooperation working programme for 2011-2012
Competition policy (implement AA, develop legislation and control mechanism compatible with the EU, state monopolies and state aid control regime and legislation compatible with that of the EU)	Legislative and institutional changes have taken place which also applies to state aid Legislation adopted in line with the EU acquis to consolidate the legal and regulatory framework and the institutions (Competition Council and Directorate General for Competition) making them more independent.
Convergence with the key principles governing all levels of public procurement (eliminate national preference clauses)	Legal framework reformed by introducing better planning, reducing the time taken to refund guarantees and improving the right of bidding companies to appeal and apply for a stay of proceedings. A decree in May 2011 clarifying procedures on urgent public purchases, obligating the procurers to publish allocations on the Internet

Table 6.2. AP Priorities and Outcomes for Tunisia (continued)

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Enterprise policy (competitive business and investment promotion, adopt the Euro-Med Charter for enterprise, simplify administrative rules, promote SMEs, involve Tunisia in European initiatives for stimulating competitiveness and innovation, partnerships and networks between Tunisian and EU enterprises)	Creation of a bank to promote the development of SMEs and the introduction of online business start ups Implemented the principles of the Euro-Mediterranean Enterprise Charter to improve the business environment, Joined the Enterprise Europe Network in 2011

Source: ENP Action Plan and Tunisia Progress Reports

As for its 'substantive scope', EU-Tunisia AP envisions legislative approximation on privatisation, the right of establishment and foreign investments, auditing and accountancy, company law, taxation, competition policy, public procurement, and enterprise policy. Compared to the progress made by Morocco, the outcomes achieved on these headings falls behind the desired level however, attempts are being made towards further liberalisation of the production structure. Legal approximation with the EU is currently going on in company law, taxation, competition policy, and enterprise policy; whereas a more general liberalisation beyond the EU legal framework is ongoing on the right of establishment and foreign investments, public procurement as well as auditing and accountancy. In this context, it can be argued that the capacity of the EU to generate legislative approximation in Tunisia is rather limited compared to its capacity in Morocco. However, this can also be attributed to the lower level of openness of the Tunisian economy compared to Morocco; and the role of the EU in setting out the targets for general liberalisation by the AP is extensive.

Furthermore, work on 'institutional convergence' to generate an environment conducive to future legal approximation is more substantive in Tunisia. In particular, in participation to programmes such as SIGMA on auditing and accountancy, twinning programmes on non-discrimination to foreigners in the area of social security, Euro-Med Industrial Cooperation programme, and Enterprise

Europe Network are signs of the EU's capacity to generate reforms in Tunisia's production structure.

Currently, the EU is undertaking 47 projects in Tunisia.[302] Accordingly, in line with the 'more for more' principle introduced by the EU, Tunisia is expected to receive comparatively higher amounts of EU funding which is expected to reach the level of around 1 billion Euros for the 2007-2013 period. Under the 2007-2011 NIP for Tunisia 300 million Euros was programmed, 60% of which was allocated for economic governance, competitiveness and convergence with the EU whereas the NIP for 2011-2013 envisions 390 million Euros.[303] The EIB lending in 2011 focussed on transport and industry and totalled around 303 million Euros.[304] In carving out the EU's weight in Tunisia a comparison shall be made between other biggest donors of the global neoliberal system who also aim for convergence with the neoliberal system in a broader sense. In this context, World Bank loans in 2008-2011 period amounted to 452 million dollars, and in 2011-2012 period to 641.6 million dollars ranging in projects on waste management, energy efficiency, governance, education, etc.[305] Yet, a general overview of these projects reveals that they fall short of the EU assistance in generating regulatory convergence in Tunisia. Tunisia made its last transaction with the IMF in 2001 and the U.S. is not even among the top ten donors in Tunisia.

6.1.3. ALGERIA

Since the entry into force of its AA with the EU in 2005, Algeria's GDP increased for 46.7% to 121.4 billion dollars in 2010. However, it should be highlighted that abundant energy resources in the country and high energy prices in the world

[302] http://eeas.europa.eu/delegations/tunisia/projects/list_of_projects/projects_fr.htm, last accessed on July 5th, 2012.

[303] European Commission, 'Implementation of the European Neighbourhood Policy in 2011 Statistical Annex', *Delivering on a New European Neighbourhood Policy*, Brussels, 15.05.2012, p. 66.

[304] *Ibid.*, p. 67.

[305] http://www.worldbank.org/en/country/tunisia/projects, last accessed on July 23rd, 2012.

markets in that period has been the main drive of this increase. Similarly, total FDI inflows into the country increased for 174% since 2005 reaching to 19.1 billion dollars in 2010.[306] Although the main reason of this growth is related to the developments in global energy markets, the role of the EU in Algeria's economic growth is also non-negligible. Yet, the EU's power in production structure in Algeria is rather limited compared to its influence in Morocco and Tunisia due to the lack of an AP to set better designed convergence targets.

Nonetheless, the APs and AAs foresee similar policy reform to be applied in the ENP partner country, being APs more coherent and well designed roadmaps further setting deadlines for the implementation of AAs. The most important aspect with regard to the reforms foreseen in the APs and the AA with Algeria is the fact that rather than a general stabilisation, liberalisation and privatisation process, they envision convergence with the EU *acquis* - although in varying degrees - hence granting EU enterprises advantage over their international competitors via enabling predictability in their operations in Algeria, Morocco and Tunisia.

The case with Algeria on the other hand is different due the lack of an AP envisaging structural reforms and progress reports monitoring its implementation. However, headings related to production structure in EU-Algeria AA attempt to shape this structure in Algeria in line with the EU standards. Nonetheless, it can not be considered as coherent and influential as the APs. Notwithstanding this shortcoming, Algeria's motivation to start negotiations on an Action Plan with the EU demonstrates the former's willingness to converge its legislation with the EU and possibility of the latter's structural power in Algeria. All in all, although the EU can not be considered as possessing structural power in Algeria as it has in the case of Morocco and Tunisia, the developments in relations with Algeria are promising for the EU to increase its power. The EU-Algeria AA headings pertaining to the production structure are;

- Competition policy (administrative cooperation in the implementation of legislation, adjusting state aids in five years in a non-discriminatory manner),

[306] http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD, last accessed on July 5th, 2012.

- Reciprocal and gradual liberalisation of public procurement contracts,
- Employing measures to support partnerships and direct investment by operators and privatisation programmes,
- Regional cooperation on economic integration, development of economic infrastructure, scientific and technological research, education, teaching and training, customs matters,
- Industrial cooperation (promotion of direct investment, direct cooperation aiming the access of Algeria to Community business networks and decentralised cooperation networks, modernisation and restructuring Algeria's public and private sector industry, fostering development of SMEs, supporting private initiative, restructuring industry to foster competitiveness),
- Promotion and protection of investments (establishment of harmonised and simplified procedures, co-investment machinery and methods of identifying and providing information on investment opportunities, a legal restructuring to generate an environment conducive to investment between Algeria and the EU by concluding investment protection and avoidance of double taxation agreements, technical assistance by the EU to schemes that promote and guarantee national and foreign investments),
- Energy and Mining (institutional, legislative and regulatory upgrading, technical and technological upgrading, partnership between European and Algerian companies in the activities of exploration, production, processing, distribution and services in the energy and mining sectors by the adaptation of regulatory framework on market economy rules by European technical, administrative and regulatory assistance, restructuring public enterprises in these sectors, support and promotion of foreign investment in these sectors),
- Consumer protection (compatible consumer protection systems, exchange of information on legislative activities, exchange of experts, organisation of seminars and training courses, establishing permanent systems of mutual information, institutional reforms, technical assistance, organisation and introduction of a warning system to be integrated into the European system)

The lack of an AP and therefore a country progress report for Algeria renders the monitoring of Algerian progress rather difficult. However, as in the case of

Morocco and Tunisia, the EU is providing financial support for Algeria's inclusion into Community programmes as well as twinning projects to generate cohesion between the partners' policies pertaining to the AA headings on production structure. To this end, Algeria is allocated 172 million Euros for the 2011-2013 period for several projects focussing on diversification of the economy, sustainable development, facilitation of trade, development of infrastructure, reinforcement of social programmes, development of education, and human rights reform. These project areas also demonstrate compatibility with the AA in the sense that they are aimed at transforming Algerian economy in areas mainly related to production, trade, and welfare structures. As for the roles of other donors, it should also be stated that Algeria is not an important recipient country in the world. Algeria made its last transaction with the IMF in 2006, the U.S. ranks eighth among the main donors to Algeria and the World Bank does not have any projects and funding in Algeria. Moreover, total IBRD loans to Algeria amounts to 5.9 billion dollars which has been paid back in full.

In order to carve out the actorness of the EU in the Maghreb, a comparison between the outcomes of the ENP policy priorities and the outcomes of the actions of other global potential informal hegemonic powers in the region shall be made. Such a comparison reveals that the EU has stronger influence than other actors in production structure. As seen in Table 6.3., the outcomes relating to production structure are mostly in line with the priorities set by the APs with Morocco and Tunisia. The case of Algeria however, is not as significant as Morocco and Tunisia; but the existence of the AA at least draws a framework of EU policies towards Algeria. Such a framework enables us to see the EU's specific influence in Algeria.

On the other hand, the involvement of other potential informal hegemonic powers within the production structure in Maghreb seems to result in the shift of the target countries towards broader neoliberal values. The significance of the ENP in this regard is that, the partner countries' shift takes the form of convergence with the EU style neoliberal policies within a broader global neoliberal order. More precisely, although regulations related to production structure in the EU and the U.S. can be considered as the most advanced policy guidelines of a global

neoliberal system, they are not identical. As a matter of fact, one of the main challenges of the upcoming Transatlantic Trade and Investment Partnership negotiations between the EU and the U.S. is expected to take place on regulatory harmonisation. Therefore, setting regulatory targets for the Maghreb countries in line with the EU style neoliberal policies as opposed to another style places the EU one step ahead of other potential informal hegemons in the region. In other words, the EU shares normative power with other agents of global neoliberal order and the norms and values advocated by the EU are a transposition of global neoliberal values in the Maghreb region. What makes the EU different from other actors is its capabilities to transform these countries towards a European neoliberal system. This can be seen as an extension of global neoliberalism into the Maghreb, not directly by force - as opposed to the pre-colonial time - but more by an effective governance mechanism such as the ENP.

Furthermore, different levels of convergence of each country are due to the level of involvement of that country into the global neoliberal system. In this context, the role of actors other than the EU becomes important as well. Indeed, the success of the EU in shaping power structures in a target country is in symbiotic relationship with the success of all actors in integrating that country into the global neoliberal system. The more a country is involved in the global neoliberal system, the more successful is the ENP in creating convergence of that country towards the EU.

A good exemplification to carve out the EU's influence can be made by examining legal approximation and institutional convergence towards the EU created by the APs. Several legal reforms in production structure relating to company law, taxation policy, competition policy, non-discrimination to foreigners, consumer protection, etc. are in fact requirements of global neoliberal order as discussed in the previous chapter. In this context, all items under legal approximation can be considered as the reflection of privatisation, liberalisation, and deregulation policies imposed by global neoliberal values. What is unique to the EU however is the fact that the specifics of general privatisation, liberalisation and deregulation policies in the Maghreb are inspired by the EU *acquis* rather than PWC style policies employed by other actors. Therefore, the EU as the mentor has the capacity to formulate the details of the legislation to be implemented. Accordingly,

legislation relating to production structure that is in full compliance with the EU *acquis* would eliminate adjustment costs for European enterprises doing business with the Maghreb. Enterprises operating under a different type of neoliberal set of regulations however would face higher barriers in their relationship with the Maghreb countries.

Similarly, at the institutional level, the creation of institutions inspired by European institutional structure provides advantages to the EU in terms of its relations with the Maghreb countries. In this framework, participation of the institutions of Maghreb countries into twinning projects and programmes such as SIGMA, ISMED, Enterprise Europe Network, etc. provides a European template for the neoliberal institutional structure to be established in the Maghreb countries. Such an institutional resemblance would also reflect on the mindset of the decision-makers in the Maghreb region, hence generating convergence more to the EU institutional structure than another neoliberal institutional structure. In the meantime, World Bank projects carried out in the Maghreb countries would help these countries to internalise broader neoliberal values, thus helping the EU to more easily pursue its own neoliberal policies in the region. In this framework, the policies employed by the World Bank in the region would be interpreted as complementing the ENP rather than contesting it. The uniqueness of the ENP however is that it transposes European template within a broader neoliberal value system therefore, empowering the EU more than other agents of global neoliberal order in the region.

The amount of financial aid supporting the efforts of these countries' compliance with the ENP has also been another important component of the EU's distinction from other actors. In the production structure, financial support provided by the EU as a component of the ENP goes beyond other actors. This directly affects the EU's capacity to shape the power structures in the Maghreb. This capacity in turn determines the EU's informal hegemonic influence in the region. As for other actors on the other hand, the lack of well designed and coherent governance mechanisms like the ENP as well as the financial component related to those governance mechanisms seem to be the main reasons of inferiority against the EU in their relationship with the region. In this context, the ENP equips the EU with

Table 6.3. Comparing the EU and Other Actors

REGULATORY CONVERGENCE	MOROCCO		TUNISIA		ALGERIA	
	EU	OTHER ACTORS	EU	OTHER ACTORS	EU	OTHER ACTORS
Legal Approximation	Law on LLCs Code of conduct on the profitability of public enterprises Reformation of the tax system Framework legislation on public procurement Law on consumer protection	Not as specific as EU involvement	Company law Taxation policy Competition policy Enterprise Policy Nondiscrimination to foreigners	Right of establishment Foreign Investments Public Procurement Auditing and Accountancy	Administrative cooperation in competition policy Reciprocal and gradual liberalisation of public procurement contracts Privatisation Industrial cooperation Promotion and protection of investments Consumer protection	Insignificant
Institutional Convergence	Creation of Moroccan Competition Authority Establishment of National Consumer Centre Participation to ISMED Twinning programmes (54) Participation to SIGMA Enterprise Europe Network	World Bank projects on employment, judicial reform, administration reform, urban development, and waste management	Participation to SIGMA (auditing and accountancy) Twinning programmes (47) EuroMed Industrial Cooperation Programme Enterprise Europe Network Competition Council	World Bank projects on waste management, energy efficiency, governance and education	27 twinning projects mainly on the diversification of economy, sustainable development and infrastructure	No World Bank projects
Financial Support	NIP (€580.5m. for 2011-2013 period) EIB Lending (€200m. in 2011)	World Bank ($1.1b. for 2008-2011 period) World Bank ($785m. for 2011-2012 period) U.S. (7th largest donor) IMF (last transaction in 1997)	NIP (€300m. for 2007-2011 period) NIP (€390m. for 2011-2013 period) EIB Lending (€303m. in 2011)	World Bank ($452m. for 2008-2011 period) World Bank ($641.6m. for 2011-2012 period) U.S. (not among top 10 largest donors) IMF (last transaction in 2001)	ENPI (€172m. for 2011-2013 period out of €220m. for 2007-2013 period)	U.S. (8th largest donor) IMF (last transaction in 2006) (IBRD loans ($5.9b. in total, paid back in full)

the capabilities to shape the production structure in the Maghreb more than any other potential informal hegemonic power. Accordingly, as seen on Table 6.3., the responses of individual countries to the policies employed by the EU and other potential informal hegemonic powers reveal that the EU possesses the power to shape the production structure in all three countries of the region more than any other actor.

In production structure, it is possible to argue that compliance with the ENP objectives generated positive results in terms of the economic development of all three countries. This is both a reason and a result of the level of their inclusion into the global neoliberal order. Reforms carried out in the Maghreb with an aim to meet with the AP priorities increased overall economic welfare in the region. In this context, Morocco's GDP increased for 43.1% from 47.8 billion Euros to 68.5 billion Euros between 2005 and 2010. Moreover, the role of FDI inflows to Morocco, which came mainly from the EU, has been a determining factor of this growth thanks to more investment friendly atmosphere created in the Moroccan economy by these reforms. While the total FDI inflow into Morocco in 34 years from 1970 to 2004 was around 6.4 billion dollars, after the entry into force of the AP, the same figure in a 6 year period from 2005 to 2010 increased to the level of approximately 15 billion dollars.[307] Without a doubt, Morocco's compliance with the AP has been an influential factor of these positive figures which further grants power to the EU to shape Morocco's production structure.

Similar to the case with Morocco, albeit rather limited, reforms carried out by Tunisia seem to be triggered mainly by the EU as they are all set out in the AP and hence contributes to the argument that the EU is exercising power over production structure in Tunisia by means of the ENP. As an indicator of the outcome of reforms, it should also be highlighted that overall figures of Tunisia in the production structure have also been improving. After the entry into force of the AP, Tunisia's GDP increased for 20.2% between 2005 and 2009 and reached to the level of 31.2 billion Euros. Increasing FDI inflows to Tunisia has also been an important determinant. In this context, total FDI inflows into Tunisia which was 8.6 billion

[307] http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD, last accessed on July 5th, 2012.

dollars in 2004 increased for 129% between 2004 and 2010 and reached to the level of 19.7 billion dollars in 2010.[308] As indicated by the figures above, the main source of FDI in Tunisia is the EU. In fact, regulatory convergence stemming from the AP and accordingly the increased predictability of the Tunisian market for European firms has been the main drive of increased FDIs which further enhanced the EU's power in Tunisia's production structure.

Algerian case on the other hand is not as positive as Morocco and Tunisia. This can be attributed to the economic welfare of Algeria stemming from its abundant energy resources, and even more importantly the lack of an AP with the country. APs compared to AAs contain well defined policy objectives as well as coherent roadmaps for the attainment of these objectives. Therefore, the monitoring of reforms with a view to achieve the desired objectives is also much easier under an AP. Hence, it is not easy to see whether any reform carried out in Algeria is a result of the country's relation with the EU or not. Nevertheless, a comparison between the EU's and other actor's involvements in the sense of the existence of well designed governance mechanisms reveals that the EU is by far more involved in Algeria's production structure than any other potential informal hegemon. In other words, as seen in Table 6.3., objectives set out in the EU-Algeria AA go well beyond the policies employed by other actors.

Consequently, the EU in general, can be considered as being in the process of obtaining structural power over the production structure in Morocco and Tunisia. It should also be stated that both countries' APs include ambitious provisions on generating regulatory convergence towards the EU. In this context, the extent of the EU's success in obtaining the desired outcomes is limited at this stage. However the reforms carried out in these countries demonstrate that the EU is successful to guide the transformation in the production structure in Morocco and Tunisia. The case with Algeria, however, is complicated since the country does not have an AP within the context of the ENP. The AA headings relating to production structure on the other hand, does not grant the EU considerable power to set reform targets with an aim to shape the production structure in Algeria. Thus, no extensive regulatory

[308] http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD, last accessed on July 5th, 2012.

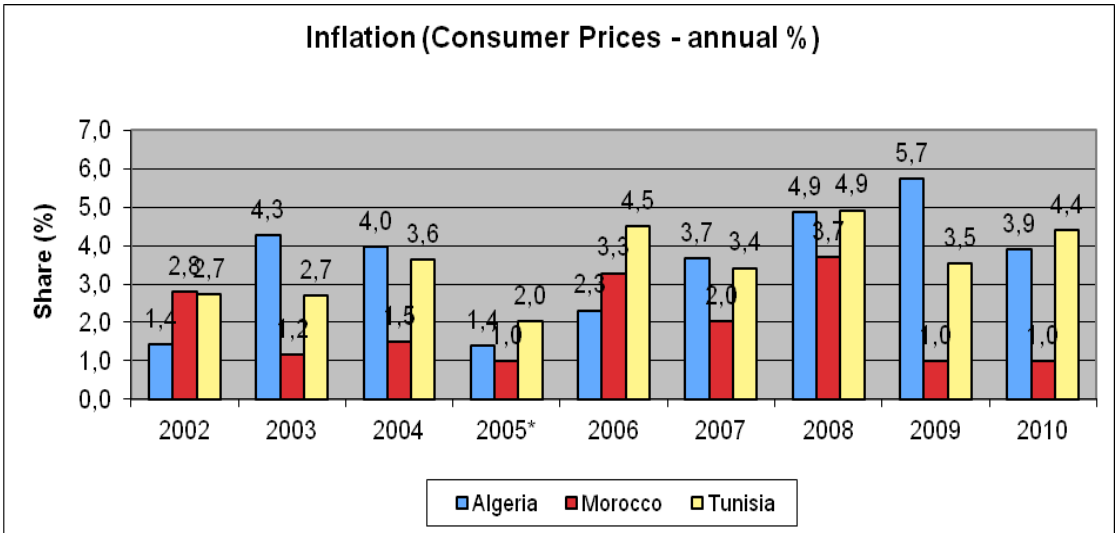
convergence took place in Algeria. This is also reflected in the amount of ENPI allocation available for Algeria in 2007-2013 period which is 220 million Euros and currently 27 projects are carried out by the EU in Algeria[309] which is half the number of projects carried out in Morocco and Tunisia.

6.2. FINANCIAL STRUCTURE

Healthy financial condition of the partner country in terms of general indicators such as sustainable budgets, amount of credit available for public and private enterprises, and the external debt of a country creates a favourable environment for both domestic and foreign economic operators in that country and therefore increases the productive capacity of the country. In this context, bearing in mind the level of EU involvement into the production structures of Algeria, Morocco and Tunisia, the EU's endeavour to sustain healthy financial situation in the partner country turns out to be an important policy choice for the EU. However, since the financial structures in the partner countries are rather protectionist and the liberalisation process is at the infant stage compared to the developed world, the immediate aim of the EU turns out to generate reforms in relation to the free flow of capital between the EU and the partner countries while keeping the financial indicators stable and promising. Moreover, convergence towards the EU seems to be of secondary importance compared to the reform aspirations in the production structure. Notwithstanding that, the free flow of capital is a critical aspect for especially foreign enterprises operating in the ENP Maghreb countries. In this context, the EU envisages the reformation of these financial markets since the entry into force of the AAs with Algeria, Morocco and Tunisia. In addition, since the signing of the APs with Morocco and Tunisia, the EU seeks regulatory reforms in the financial structure of these countries. However, due to the initial stage of financial liberalisation in the partner countries, the regulatory convergence with the EU in the APs are rather limited compared to those in the production structure. Below, a general overview of the financial structure in the partner countries are given with a special focus on the date of entry into force of the APs with Morocco and Tunisia and the AA with Algeria which is then followed

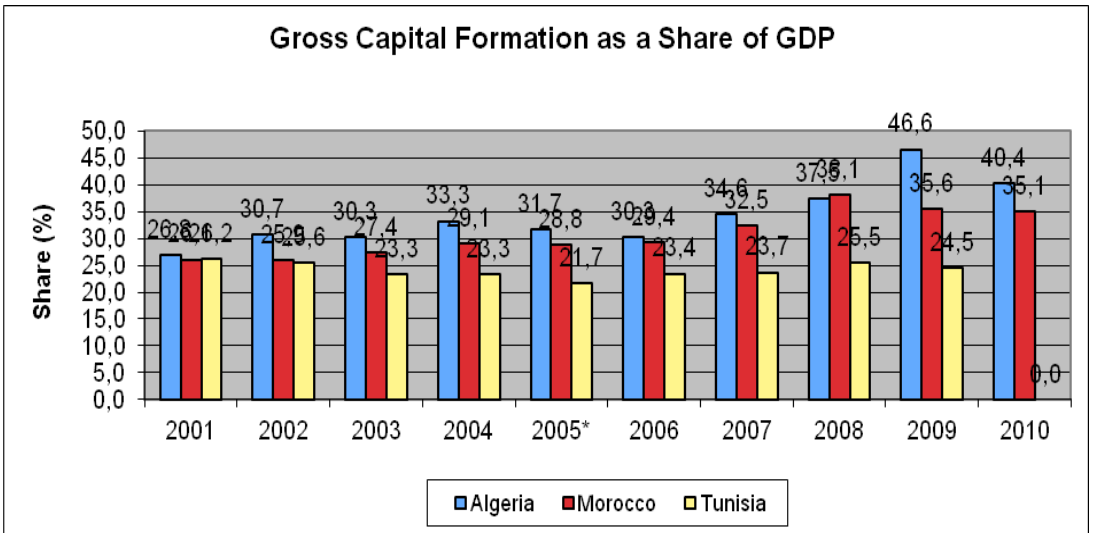
[309] http://eeas.europa.eu/delegations/algeria/projects/list_of_projects/projects_fr.htm, last accessed on July 5th, 2012.

by specific country analyses and the capacity of the EU to transform the financial structure in these countries.



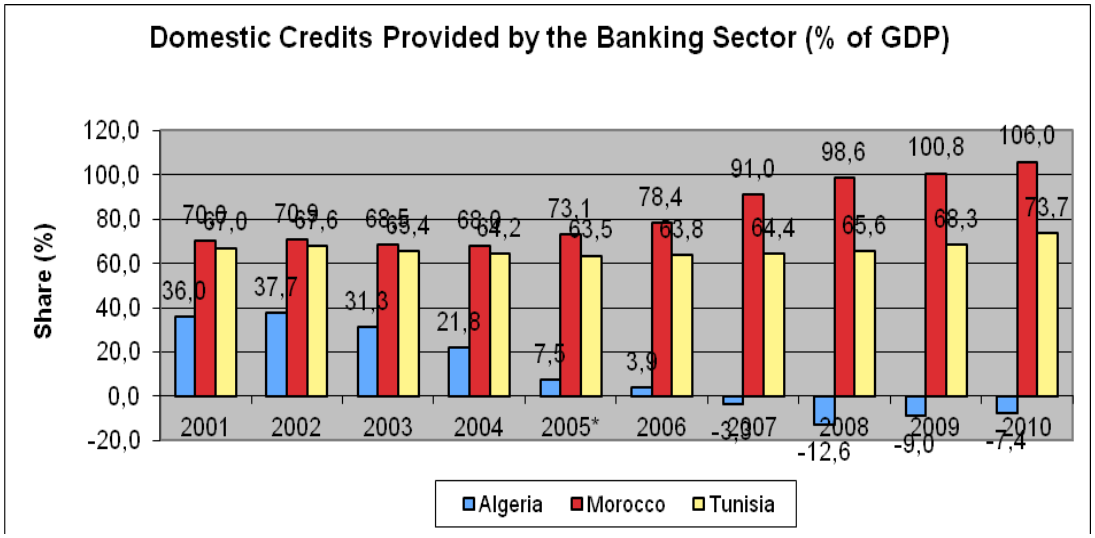
Source: World Bank
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.5. Inflation, consumer prices (annual %)



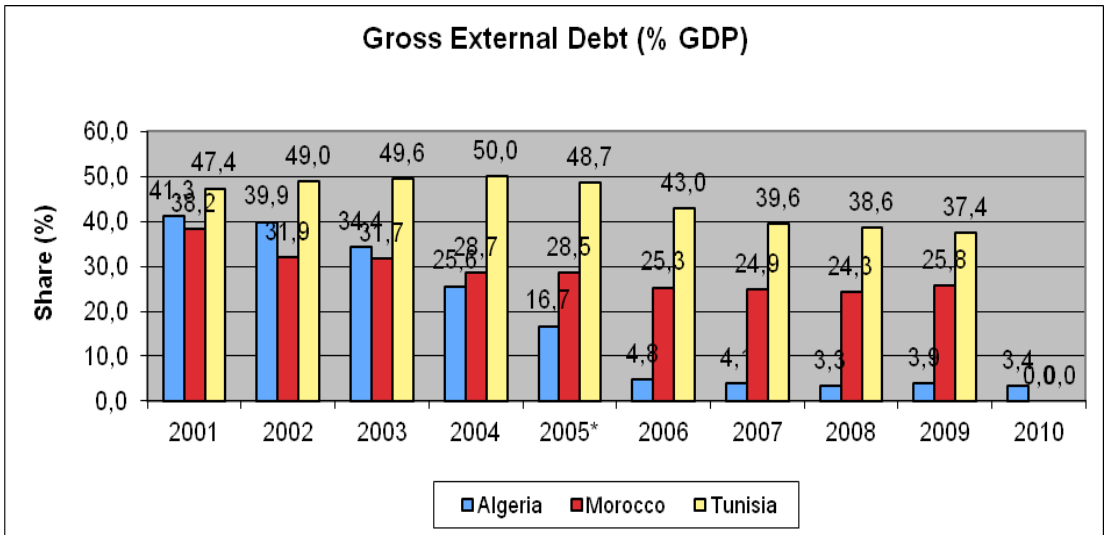
Source: Eurostat
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.6. Gross capital formation, as a share of GDP (%)



Source: World Bank
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.7. Domestic credit provided by banking sector (% of GDP)



Source: Eurostat, data is not available for Morocco and Tunisia for the year 2010.
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.8. Gross external debt, as a share of GDP (%)

6.2.1. MOROCCO

General financial indicators of Morocco seem rather healthy thanks to the country's ability to carry out important reforms since 2005. Inflation has been stable at 1%-2% band except 2006-2008 period, gross external debt fell from 38,2% of GDP in 2001 to 25.8% in 2009, gross capital formation as a share of GDP increased from 26% in 2001 to 35% in 2010, and domestic credits provided by banking sector increased from 70% of GDP in 2001 to 106% in 2010. These indicators reveal that Morocco is steadily opening up its financial sector globally. Although how much of these indicators can be attributed to the AP will be a contested question, Morocco's willingness to carry out reforms in the financial sector, as well as its participation to European programmes and twinning projects as signs of regulatory convergence at the institutional level are strong indicators of the EU's power in the country's financial structure.

Table 6.4. AP Priorities and Outcomes for Morocco

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Macroeconomic stabilisation (controlling budget deficit, monitoring the budget impact of tax expenditures, gradual capital account liberalisation)	New expenditure frameworks have been set up Reforms to enhance the efficiency of public administration has been undertaken (such as early retirement of civil servants)
Modernisation of financial system (particularly the public banks, reinforce non-bank sectors such as insurance and pensions, implementation of the new statute of the Central Bank, more integrated financial system)	The new statute of Central Bank entered into force aligning its principles with the Basle Principles of effective banking supervision In September 2011 a project law on credit insurance control authority enacted
Develop a regulatory framework for the supervision of financial markets converging towards the EU's	Current account transactions have been liberalised and a technical dialogue has been set up with the Commission A new banking law setting up a supervisory committee and strengthening depositor protection entered into force in 2006
Gradual capital account liberalisation (efficiency and credibility of financial supervision, sustainability of external accounts, stability of macroeconomic framework, protection of foreign investment as well as liquidation or repatriation of these investments and of any profits stemming therefrom, exchange of information on restrictions on capital account, full liberalisation of capital movements)	Drafting an Organic Finance Law with the EU to reinforce the performance and transparency of budget Moroccan Capital Market Authority Law has been adopted by the government in August 2011

Table 6.4. AP Priorities and Outcomes for Morocco (continued)

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Management and control of public finances (capacity building, modernising State accounting system, financial and accounting transparency, exchange of experience, strengthening international financial control in the public sector, adapting the legislative and regulatory framework of the Inspectorate General of Finance Ministry to the new accounting and financial context, arranging exchanges of experience and know-how between Moroccan public finance control and audit bodies and the EU counterparts)	Managers' accountability and governance in the public sector increased Reformation of court of claims is ongoing New Regulation of Public Business has been finalised Public finance management has been reformed In June 2008 the Support for the Improvement of Government Management (SIGMA) extended its support to Morocco under the ENPI by supporting projects in General Administrative Law and Organisation of Public Administration, Legal Assistance and Institution Building, Policy and Strategic Capacities, Public Internal Financial Control including Internal Audit, and Public Service and Human Resources Management Twinning Project for the Interior Ministry's Inspectorate General of Local Administrations is ongoing

Source: ENP Action Plan and Morocco Progress Reports

As for the outcomes of the AP with Morocco, the regulatory convergence with the EU is also satisfactory for the EU. Under the substantive scope of the regulatory convergence as in the form of legislative approximation the EU sets priorities on macro economic stabilisation, the modernisation of the financial system, the supervision of financial markets, capital account liberalisation, and management and control of public finances. The reforms carried out by Morocco under these priority areas took the form of the introduction of new public expenditure frameworks and reform of the efficiency of public administration, putting into force the new statute of Moroccan Central Bank and enacting a law on credit insurance, putting into force a new banking law, drafting an organic finance law with the EU and the establishment of Moroccan Capital Markets Authority, increasing accountability in the public sector, regulating public businesses and reforming public finance management. In this context, the AP can be considered as successful under its substantive scope. As for regulatory convergence at the institutional level referring

to participation in the EU programmes and cooperation with the EU institutions, the AP priorities envision the same primary headings and the Moroccan convergence took the form of setting up technical dialogue with the Commission on current account transactions, extensive participation in the SIGMA programme and carrying out various twinning projects including the inspection of local administrations.

As for other external actors in the financial structure in Morocco, World Bank projects deserve particular attention. In this context, between 2008 and 2012 World Bank lent 415.8 million dollars to Morocco on public administration reform including financial accountability and on sustainable access to finance. Yet, World Bank's involvement into the financial structure falls short of the EU's involvement via the AP with Morocco. In this context, in support of the reforms in the financial structure, the EU allocates 9-11% of the 580.5 million Euro ENPI in 2011-2013 period to economic sector and 39-41% to institutional support which makes it the most important external actor in shaping the financial structure in Morocco.

6.2.2. TUNISIA

Tunisia's AP is rather poor on headings with regard to financial structure compared to the AP with Morocco due to Tunisia's comparatively poor performance in government finances resulting in constant budget deficits. Therefore, Tunisia can be considered as a late starter with regard to the financial reforms required for integration into the European and global financial system.

General financial indicators of Tunisia are also promising besides several problems experienced due to the global financial crisis and the social unrest experienced in the country in 2011. Since the year 2002, inflation fluctuated within the band of 2,7% and %4,9 which has been recorded as %4,4 in 2010. Although the inflation is higher than Morocco, it can still be considered as manageable. Gross external debt fell from 47,3% of GDP in 2001 to 37,3% in 2009, domestic credits provided by banking sector increased from 67% of GDP in 2001 to 73,7% in 2010. However, the portion of the financial sector in overall economy is rather shrinking as gross capital formation as a share of GDP decreased from 26% in 2001 to 24,5% in 2010. These indicators demonstrate that there is much to achieve with regard to the financial

sector in Tunisia. Yet, the outcomes of the AP in financial structure show that the EU is influential on the regulatory reforms in the financial sector and Tunisia is willing utilise the EU experience via its active participation in cooperation and coordination programmes offered by the EU.

Table 6.5. AP Priorities and Outcomes for Tunisia

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Macroeconomic stabilisation (prudent fiscal policy and public debt management by primary balance surplus)	In June 2008, Sigma extended its support to Tunisia in the framework of the EU's European Neighbourhood and Partnership Instrument (ENPI). Sigma supports Tunisia through projects in the following areas: External Audit and Parliamentary Accountability, Public Service and Human Resources Management
Putting banking institutions on a sound financial footing	A directorate general for debt and financial cooperation has been set up at the Ministry of Finance.
Liberalise capital movements (modernising foreign exchange code, implement AA)	The amount of foreign currency that can be freely exported by non-residents increased Measures have been taken to open up access to foreign capital to make it easier for foreigners to buy land and shares in SMEs
Goal oriented budget management	Tax reform reflecting short term commitments in the AP abolish 29% tax in 2007, reducing corporation tax from 35% to 30% and introduce 10% rate for offshore companies
Strengthen internal financial control in the public sector and the legislative framework	Public Finance management is now exercised by Tunisian Court of Accounts and the institution so far published 5 reports on accountability
Strengthen external audit (align the control methods of the Court of Auditors with the EU standards, administrative capacity building to tackle fraud in the management of Community funds, cooperation with EU institutions in the case of on-the-spot checks)	Public Expenditure and Financial Accountability being reinforced Twinning programme for budgetary reform started in September 2011

Source: ENP Action Plan and Tunisia Progress Reports

As for the substantive scope of the regulatory convergence, the EU-Tunisia AP envision reforms on banking institutions, liberalisation of capital movements, budget management, and strengthening financial control in the public sector. The outcomes generated with regard to these priorities have been the establishment of a body responsible for debt and financial cooperation, decreasing the amount of foreign

currency to be exported by non-residents and opening up access to foreign capital, reforming the tax system for effective budget management, the start of exercising public finance by the Tunisian Court of Accounts. The institutional level of regulatory convergence has also showed considerable progress as Tunisia is included in the SIGMA programme, and a twinning programme with the EU for budgetary reform started.

Since Tunisia made its last transaction with the IMF in 2001 and as the U.S. involvement in Tunisia in terms of financing structural change is rather negligible, the role of World Bank stands as the main body dealing with structural change in the financial structure in Tunisia. In this context, between 2008 and 2012, the World Bank allocated 500 million dollars for the development of public governance and opportunity which also includes increasing the efficiency of public finance. However, since EU funding of around 120 million Euros between 2007 and 2011, and further allocation of around 100 million Euros between 2001 and 2013 explicitly envisions convergence with the EU on economic governance and competitiveness which also include the financial sector, the EU seems to be implementing well designed projects on regulatory convergence towards the EU in Tunisia. Accordingly, although not as effective as in Morocco, the EU-Tunisia AP can be considered to generate regulatory convergence towards the EU in Tunisia yet it seems like the process is still under way.

6.2.3. ALGERIA

The reluctance of Algeria to align its financial legislation with the EU can be attributed mainly to the country's overall positive position in its financial indicators. Since the year 2002, inflation fluctuated within the band of 1,4% and 5,0% which has been recorded as 3,9% in 2010. However, this fluctuation mainly stems from volatile global oil prices and the country's dependence on oil and natural gas exports. Since the year 2005, the rise in global energy prices enabled the country to pay off its external debt before due date and resulted in the plummeting of the country's gross external debt from 41,3% of GDP in 2001 to 3,4% in 2010. Due to these global financial developments the domestic credits provided by banking sector fell from 36,0% of GDP in 2001 to -7,4% in 2010. This figure indicates that the

country is in surplus and financial transactions are carried by real money rather than credits. Accordingly, gross capital formation as a share of GDP increased from 26% in 2001 to 40% in 2010. The positive position of the country in the financial domain results in Algeria's comparatively independent attitude within the ENP. Yet, the country's dependence on energy exports and the related weakness of other economic sectors can be considered as influential in the decision to start negotiations an AP with the EU. In this context, in the economic domain the main expectation of Algeria from the prospective AP would be interpreted as the aim to diversify its economy under the EU's guidance. However, the EU can not be considered as possessing structural power on the financial structure in Algeria today. The outcomes of the prospective AP, however, remain to be seen.

The provisions of EU-Algeria AA on financial structure are rather primitive and do not necessarily include harmonisation or convergence but relate to institutional cooperation and exchange of information. The main provisions are;

- Current payments and movement of capital (envisioning free movement of capital relating to direct investments and the yield and profit relating to it),
  Regular economic dialogue between the Parties covering all areas of macro-economic policy (communication and exchanges of information, transfer of advice, expertise and training, implementation of joint actions, technical, administrative and regulatory assistance),
- Improvement and development of financial services by the exchange of information concerning financial regulations and practices and training schemes, in particular with a view to the creation of SMEs, supporting the reform of Algeria's banking and financial systems including the development of the stock market.

With regard to the institutional level and financing side, there is no IMF or World Bank involvement into Algerian financial structure and the U.S. is only the eighth largest donor in Algeria. On the other hand, the EU is involved in twinning projects on the general management of the economy with a contribution of 20 million Euros, on the diversification of economy with a contribution of 17.5 million Euros, on the

implementation of the AA with a total of 34 million Euros contribution, among others.

A comparison between the role of the EU and other actors in the financial structure of all three countries demonstrate that the EU is more influential in creating regulatory convergence towards its own neoliberal sub-system than other actors. As for the other actors, the role of the World Bank is important since the Bank's projects in Morocco and Tunisia result in reinforcing global neoliberal values in the region. Likewise, the APs create convergence towards global neoliberal values in the region. Yet going beyond that, the APs include more specific and better designed roadmaps than policies employed by other actors, thus helping the EU become a leading actor in shaping the financial structure in the Maghreb.

In general, introduction of new public expenditure frameworks, creating credit insurance mechanisms, liberalising and strengthening the banking sector via the introduction of new banking law, an organic finance law, creating auditing and accountancy systems in line with global standards, and further liberalising the financial sector by easing access to credit by foreigners have all been policy objectives set out by the APs with Morocco and Tunisia. A deeper look into these reforms would reveal their compatibility with the Washington Consensus and PWC style development policies as employed by the agents of global neoliberal order. An immediate effect of such reforms is the integration of Moroccan and Tunisian economies into the global financial system. Such integration increases the predictability of the financial sector in these countries, enabling easier access of international financial actors to the region. It also enlarges the global financial market and provides more room for profit at the global financial system.

The specific advantage pertaining to the EU in this process is the introduction of financial reforms in line with the EU regulations. Since predictability is a key factor in the global financial system, operating under a familiar set of rules and regulations in the Maghreb would place European financial operators one step ahead of their foreign competitors in these markets. In this context, the APs are significant tools increasing the EU's influence in the financial structure in Maghreb.

Furthermore, as foreseen by the APs, the creation of financial institutions in Maghreb that are designed in line with their European counterparts places the EU in a more advantageous position than other actors in the region. For instance, engaging in technical dialogues with the EU, participating in twinning projects and establishing institutions in line with European legal and practical experiences mimics the EU institutional structure in the Maghreb. An important outcome of such an influence is that solutions to any problems faced in the operation or structure of these institutions would be guided by European experience. Therefore, EU style governance in the financial sector as opposed to any other actor's experience would be the mental roadmap for these fresh authorities in the region. Hence, the legal and mental resemblance of Maghreb's institutional structure with that of the EU places the EU in a unique position in its relations with the region.

The level of financial involvement of the EU in the Maghreb is also ahead of other actors. This not only provides incentives for reforms relating to the financial structure in the region, but also reinforces the EU's role in comparison to other actors. In other words, financial support generates incentives in the region which in turn increases the capacity of the donor to shape the regional financial structure. In general, the level of financial support allocated to a project is directly related to the success of that project and hence the influence of the donor. In the Maghreb, EU financial support that is directly related to reform efforts in the financial structure goes beyond the financial support provided by other potential informal hegemonic powers. Therefore, complying with the AP priorities becomes both easier and more appealing for the countries of the region. In this framework, Table 6.6. demonstrates that reforms implemented as envisioned by the APs places the EU in a more influential position than any other potential informal hegemon in the financial structure in Maghreb.

On the other hand, diverging results of the APs in the financial structures of Morocco and Tunisia prove the necessity of differentiation criteria within the ENP. For Morocco, the AP can be considered as professionally designed in line with the needs and capabilities of the country. For Tunisia on the other hand, besides its more

Table 6.6. Comparing the EU and Other Actors

REGULATORY CONVERGENCE	MOROCCO		TUNISIA		ALGERIA	
	EU	OTHER ACTORS	EU	OTHER ACTORS	EU	OTHER ACTORS
Legal Approximation	New public expenditure frameworks (reform of public finance management) New regulation on public business Law on credit insurance New banking law (supervisory committee and strengthening depositor protection) Organic finance law in line with the EU	Not as specific as EU involvement	Amount of foreign currency allowed to be exported by nonresidents increased Access to foreign capital eased Tax reform (corporation tax reduced - including off-shore) Public expenditure and financial accountability enforcement strengthened Right of establishment Foreign investments Public procurement Auditing and Accountancy	Not as specific as EU involvement	Insignificant	Insignificant
Institutional Convergence	New statute of Moroccan Central Bank Creation of Moroccan Capital Markets Authority Creation of Credit Insurance Control Authority Reform of Court of Claims Participation to EU programmes (technical dialogue with the EU on current account transactions)	World Bank projects on reform of financial accountability and sustainable access to finance	Participation to SIGMA (external audit and parliamentary accountability, public service and human resources management) Directorate General for debt and financial	World Bank projects on development of public governance, and increasing the efficiency of public finance	Twinning projects relating to financial sector	No World Bank projects

Table 6.6. Comparing the EU and Other Actors (continued)

REGULATORY CONVERGENCE	MOROCCO		TUNISIA		ALGERIA	
	EU	OTHER ACTORS	EU	OTHER ACTORS	EU	OTHER ACTORS
	SIGMA (improvement of government management) Twinning projects		cooperation established Twinning project on budgetary reform (2011) Public finance management by Tunisian Court of Accounts			
Financial Support	NIP (10% of €580.5m. for 2011-2013 period to financial sector and 40% to institutional support) ENPI allocated for supporting projects in general administrative law and organisation of public administration, legal assistance and institution building, policy and strategic capacities, public internal financial control, including internal audit and public services and human resources management)	World Bank ($415.8m. for 2008-2011 period) U.S. (7th largest donor)	ENPI (€120m. for 2007-2011 period) ENPI (€100m. for 2011-2013 period)	World Bank ($500m. for 2008-2012 period) U.S. (not among top 10 donors)	ENPI (€34m.)	Last transaction with IMF in 2006

general aims, the AP still seems to constitute rather ambitious priorities for the country. Nevertheless, structural reforms carried out by both countries and the willingness to utilise from the EU experience and to cooperate via participation in the Community programmes would lead one to think that the EU is in the process of achieving structural power over the financial structure of Morocco and Tunisia. However, it is also obvious that due to the current financial crisis experienced in the EU and the limited capabilities of Morocco and Tunisia to undertake the required reforms in the defined time frame, there is much to be achieved by both the partner countries and the EU.

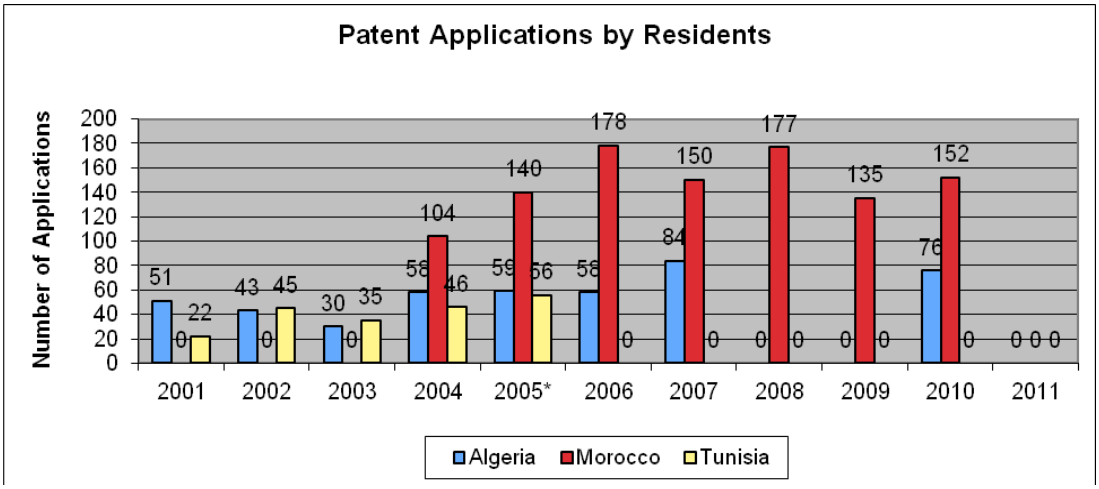
The case with Algeria is rather unique due to the country's absolute advantage as an energy exporter and hence relatively better financial position. However, its dependence on energy exports also makes the country vulnerable to the volatility of global prices beyond its control. In this sense, one of the motivations behind Algeria's decision to start AP negotiations with the EU can be considered as an attempt to decrease this vulnerability. At the same time, this decision reveals the EU's role as a gravitational pull in the region and is promising for the EU to obtain structural power over Algerian financial structure in the future. All in all, though in varying extents, the EU can be considered as having the greatest potential among other actors to obtain structural power over the financial structures of Algeria, Morocco and Tunisia. Although, there is still much to be achieved in order to be considered as an informal hegemon, its distinct capability to generate reforms in financial structure of these countries in line with its own regulations would make the EU an informal hegemon in the future.

6.3. KNOWLEDGE STRUCTURE

As defined by Susan Strange, power in knowledge structure refers to the ability to create knowledge and the ability to deny access to knowledge. Knowledge in this context also refers to the belief systems and how they are shaped. In the contemporary world, belief systems are different than the medieval times when religion was the main component of belief systems. Today, belief systems are shaped by scientific knowledge such as knowledge created in the higher education institutions by research and development. The denial of access to knowledge in the

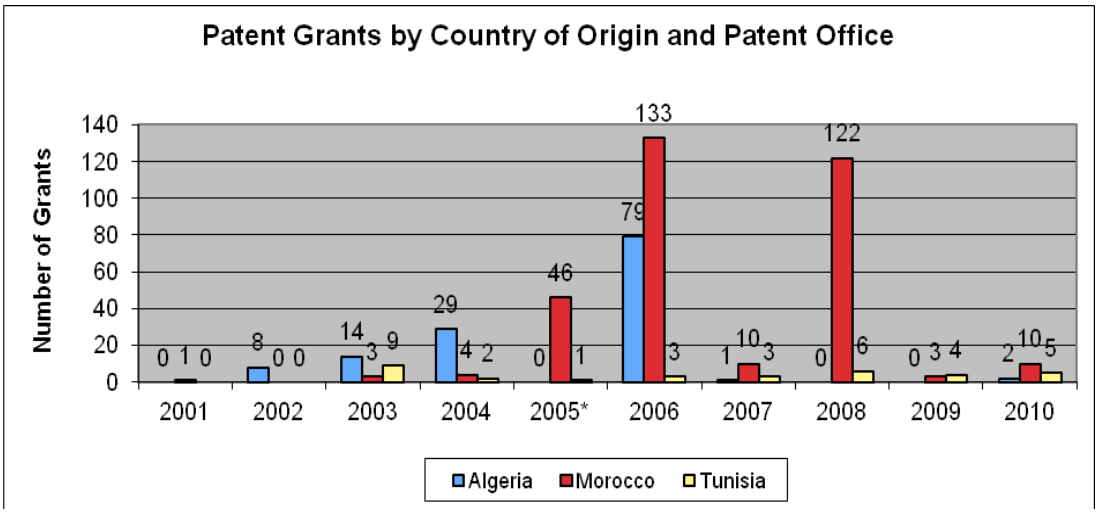
contemporary world on the other hand requires effective protection of intellectual and industrial property rights which are obtained by time, effort, and money devoted to innovation. In this context, as analysed in the previous chapter, the EU stands as a major actor in the global knowledge structure.

Within this framework, the governance of knowledge structure in a partner country requires superiority in both the creation and protection of knowledge. When analysed from this perspective, the APs with Morocco and Tunisia include priority actions on both aspects. The partnerships created between the EU and the partner countries in the creation of knowledge take the form of cooperation on research and development area, exchange of experts, twinning projects for the development of R&D centres and information society, as well as participation into EU programmes by the partner countries. As for the protection of knowledge side, the APs require the partner countries to accede to the international standards on the protection of intellectual and industrial property rights, cooperation with the European Patent Office, and ultimately providing the highest possible extent of protection to knowledge in their territory. An interpretation of this dimension from the perspective of European investments in the partner countries would lead one to come up with an understanding that protection of knowledge in the partner countries' territory would grant protection to the knowledge possessed by European companies operating in the partner countries. As for Algeria on the other side, although there is no AP in force yet, the conclusion of an agreement on scientific and technological cooperation in 2012 can also be considered as attempt to cover both aspects of power in knowledge structure. The general indicators of the state of play in the partner Maghreb countries in knowledge structure with particular reference to the entry into force of the APs with Morocco and Tunisia and the AA with Algeria are given below.



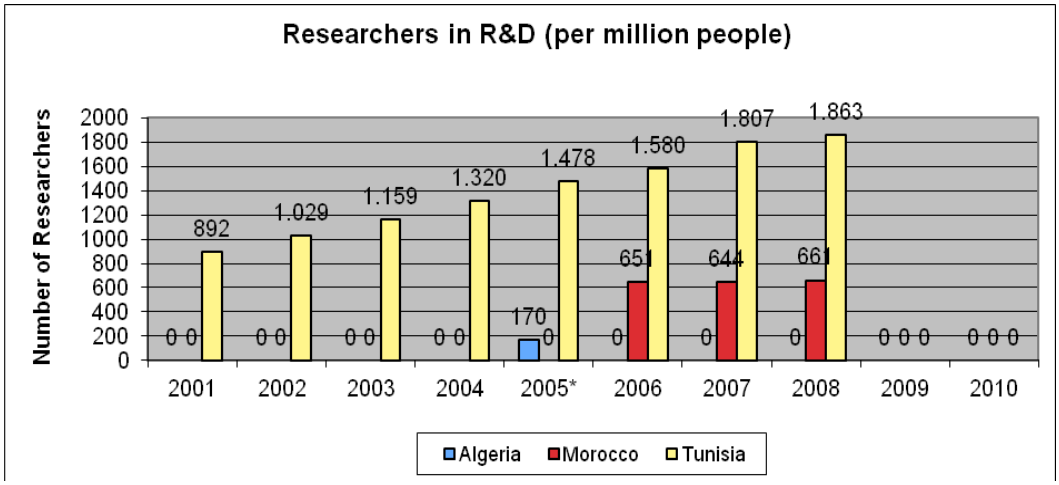
Source: World Bank
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.9. Patent applications, residents



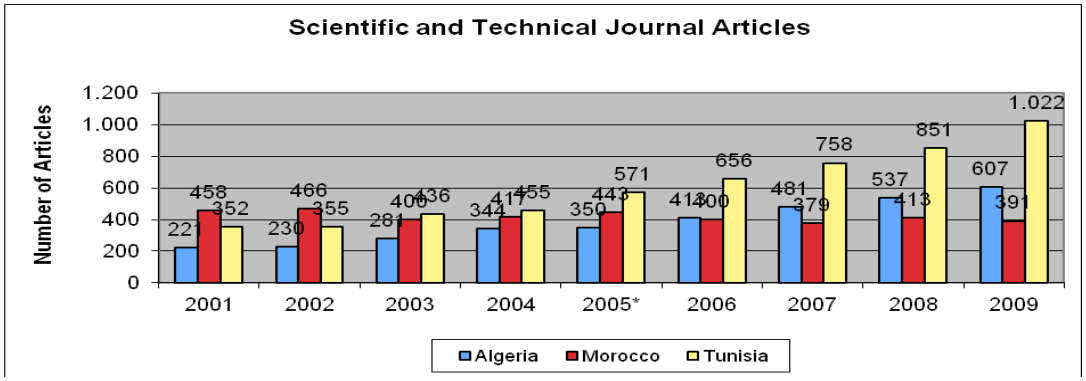
Source: WIPO
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.10. Patent grants by country of origin and patent office



Source: World Bank
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.11. Researchers in R&D (per million people)



Source: World Bank
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.12. Published scientific and technical journal articles

6.3.1. MOROCCO

Effective protection of IPR and efficient participation to EU mechanisms in the creation knowledge also increased Morocco's capability in the knowledge structure since the entry into force of the AP. Patent applications made by Morocco have steadily increased from 104 applications in 2004 to 152 applications in 2010, with a total application of 932 patents since 2005. As for the number of patents granted by the WIPO, between 1995 and 2004 Morocco was granted 254 patents whereas the

number of patents granted to Morocco in a 6 year period between 2005 and 2010 after the entry into force of the AP has been 324. Similarly, the number of researchers in R&D in Morocco has also increased from 644 to 661 per million people in 2008. How much of these developments in the knowledge structure in Morocco can be attributed to the benefits of the AP with the EU require further analysis of the AP priorities and outcomes which are given below.

Table 6.7. AP Priorities and Outcomes for Morocco

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Intellectual and industrial property rights (ensure a level of protection similar to that of the EU, explore enhanced links with the European Patent Office, administrative cooperation and monitoring, capacity building of Moroccan Industrial and Commercial Property Office and the Moroccan Copyright Bureau, enhanced integration with Euromed partners, gradually strengthen the level of protection in order to reach a level comparable with the EU's)	Morocco became a party to WIPO Trademark Law Treaty in 2009, to the International Union for the Protection of New Varieties of Plants Convention in 2006, to WIPO Copyright Treaty in WIPO Performances and Phonograms Treaty and WIPO Budapest Treaty in 2011 International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations is the only Treaty that Morocco has not become a party yet with regard to IPR protection
Statistics (approximation of statistical methods to bring them fully in line with European standards, strategy for harmonisation, technical cooperation to align foreign trade statistics with the EU's)	Adhered to IMF Special Data Dissemination Standard in 2005 Law on the establishment of Common Business Identifier system which facilitates the utilisation of administrative sources for stastical purposes has been enacted in 2011 Law on statistics has been revised in 2011 to introduce National Statistical Information Council
Information society (liberalise mobile telephony market, complete regulatory framework, cooperation between regulatory authority-ANRT and EU)	Market liberalisation in Telecom took place (three operators in fixed telephony market and three licences for third generation mobile communications) The public monopoly disappeared in audiovisual sector and 11 licences were granted to private operators.
Dialogue and cooperation on information society technologies (participation in the EUMEDIS programme, exchange of information on the EU regulatory framework, know –how on certification and security of communications and electronic transactions, develop exchanges between computing networks)	Cooperation between EUMEDIS and Moroccan Academic and Research Wide Area Network (MARWAN) is ongoing

Table 6.7. AP Priorities and Outcomes for Morocco (continued)

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Speed up Morocco's integration in the European research area and the Community framework programmes (organise EU-Morocco cooperation in RDT-I)	Participates to EC framework programmes on research and innovation National research system twinning project started in 2011 8.2 million Euro allocated to finance Moroccan research programmes until mid October 2011
Promote Morocco's integration in high-level scientific exchanges (Tempus, Marie-Curie, Erasmus,etc.)	Participating the Tempus programme, three projects under Tempus IV Scientific and Technologic Cooperation Agreement with the EU is under consideration 163 scholarships admitted to Morocco under Erasmus Mundus, three projects under way 22 research institutions and 9 Moroccan researchers are benefiting from the actions under Marie Curie
Improve Morocco's education and vocational training systems in order to promote competitiveness, employability and mobility, particularly by bringing Morocco closer to the European higher education area (TEMPUS), cooperation in the areas of education, youth and sport	Projects with European Training Foundation is ongoing 93 million Euro EU contribution to Urgency Action Plan on Education of Morocco for 2009-2012 has been granted

Source: ENP Action Plan, Morocco Progress Reports

With regard to the substantive scope of regulatory convergence created by the AP, the document explicitly sets priorities on the protection of intellectual and industrial property rights in the form of ensuring a level of protection similar to that of the EU, statistics in the form of the approximation of statistical methods, and information society in the form of establishing cooperation between the Moroccan regulatory authority on mobile telephony and the EU. Indeed, convergence with regard to substantive scope does not foresee full legislative harmonisation with the EU as in the case of production and finance structures but is rather related to general liberalisation of the knowledge structure at this stage. In this context, within the 7 year period since the entry into force of the AP, Morocco became a party to several international treaties on the protection on IPR including the WIPO and the IMF, enacted laws on the reformation of the national statistical system such as the establishment of National Statistical Information Council and the liberalisation of the telephony market and the audiovisual sector.

However, the AP headings are more substantive on convergence at the institutional level where the outcomes are also promising. Convergence at the institutional level envisions dialogue and cooperation on information society, enhancing Moroccan integration in EC framework programmes in research area, promotion of Morocco's integration in high-level scientific exchange programmes, and improving the country's educational system. In this context, cooperation between the EUMEDIS and MARAWAN enhanced, Moroccan participation to EC framework and twinning programmes and research field increased, participation to TEMPUS, Erasmus-Mundus and Marie-Curie programmes accelerated, and projects with the European Training Foundation has gained pace. Within this framework, the EU financing to Morocco on knowledge structure has also accelerated as seen in the table above. As for the involvement of other actors in Moroccan knowledge structure, the only project that is worth of note is the 2010 project on the development of first education which has been allocated 60 million dollars. Yet, compared to the EU involvement in the country's knowledge structure both in terms of creation and protection of knowledge, other actors' involvement are rather negligible.

Consequently, it can be argued that these developments have been carried out together with the EU Moreover, it seems like the influence of the EU in creating knowledge reinforced with the adherence of Morocco to international IPR Treaties with the EU guidance grants the EU power to shape the knowledge structure in Morocco.

6.3.2. TUNISIA

The case with Tunisia with regard to the knowledge structure is not much different than the case with Morocco. Indeed, effective cooperation with the EU and other international organisations as envisaged by the AP increased Tunisia's capability in the knowledge structure. The number of patents granted by the WIPO to Tunisia, between 1997 and 2004 was 12, whereas the number of patents granted in a 6 year period between 2005 and 2010 after the entry into force of the AP has been 22. Similarly, the number of researchers per million people in R&D in Tunisia has also increased from 1320 in 2004 to 1863 in 2008. Moreover, the number of scientific

and technical journal articles published by Tunisian academics in 2004 was 455 which increased to 1022 in 2009. As depicted below, the role of the APs and the cooperation it generated in the knowledge structure between Tunisia and the EU is undeniable which leads to the conclusion that the EU also enjoys a degree of power to shape the knowledge structure in Tunisia.

Table 6.8. AP Priorities and Outcomes for Tunisia

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Liberalising the information industry, including the distribution of foreign media	Limited progress is being made in the liberalisation of postal and information and communication technology markets
Enhanced access to the internet	Cooperation with the EU is ongoing by twinning projects, on the improvement of e-infrastructure and connectivity (third phase of EUROMEDCONNECT launched in 2011) and active and democratic use of internet "No Disconnect Strategy" will be launched in 2012
Intellectual and industrial property rights (protection at the highest standards, administrative cooperation with third countries, fighting against piracy and counterfeiting, strengthening the Industrial Property department of the National Institute for Standardization and Industrial Property, reinforcing bodies responsible for patents and copyright)	Adhered to WIPO Budapest Treaty in 2004 Adhered to UPOV Convention in 2003 Effective confiscation of counterfeit goods at the customs is in place In May 2011 an MoU and a two year plan were signed between the Tunisian National Institute of Standardisation and Industrial Property and the European Patent Office
Adopt statistical methods fully compatible with European standards	Convergence with the EU especially agricultural, energy and health data and improving administrative capacity. In May 2011, a law have been enacted to which makes the publication of economic and social statistics compulsory by the Tunisian Statistical Institute and which also makes access to administrative documents free
Information society (liberalise fixed & mobile telephony market, regulatory framework to encourage investment in the sector, cooperation between the national regulatory authority (INT) and the EU, Promote the use of new communication technologies, participation to EUMEDIS programme)	Telecommunications market is being liberalised and in fixed telephony market until 2011, 3 operators have been granted licence by Tunisia Telecom Tunisia is actively participating to EUMEDIS programme (participating to 6 projects out of 10)

Table 6.8. AP Priorities and Outcomes for Tunisia (continued)

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Speed up Tunisia's integration in the European research are and the Community framework programmes (develop a patent culture, Agreement on Scientific and Technological Cooperation, technology parks, promote scientific and technology information through reciprocal access to databases and scientific documentation, integration into European networks of excellence and/or participation in research group)	12 million Euros project on research in 2011 financed by ENPI. Until mid October 2011 Tunisia has signed 55 contracts including 58 participants and benefited from 7.8 million Euros financial contribution.
Creation of a knowledge based society (vocational courses, bring the Tunisian education system into line with those in the EU, TEMPUS programme, institutional and legislative framework in line with the principles of the Bologna process)	In order to respond to the need to improve the link between training and the professional environment, a new Programme of Education, Professional training, and higher education related to the employability of young graduates' (PEFESE) was launched in January 2011. The Programme is funded by the European Union with an amount of €65 million eTwinning programme will be extended to include schools in Tunisia
University cooperation, training and youth (Erasmus Mundus programme)	139 students benefited from Erasmus Mundus Youth in Action Programme In 2011, 181 young Tunisians participated in 54 projects

Source: ENP Action Plan, Tunisia Progress Reports

Breaking down the general concept of regulatory convergence under three headings on its substantive scope, convergence at the institutional level and the financing part further clarifies the capacity of the EU in generating the desired outcomes in the knowledge structure in Tunisia. In this context, as for the substantive scope, the AP sets priorities on the liberalisation of communication industry including the media, protection of IPR, alignment of statistics, and supporting the information society. The outcomes with regard to these priorities in Tunisia have not been as satisfactory as in Morocco but still the EU can be considered as being able to generate reforms in Tunisia under these headings. In this context, although limited, progress is made in the liberalisation of postal and communication technology markets, accession to international IPR treaties are under way, convergence with the EU on statistics is going on, and developments on the liberalisation of the telecommunications market have been recorded and are still under way.

As in the case with Morocco, convergence at the institutional level is more visible in Tunisia. The AP headings on guaranteeing enhanced access to the internet, the protection of IPR, enhancing the information society, accelerating Tunisia's integration with Europe in the research field, and enhancing several education programmes especially on educational cooperation generated fruitful outcomes. Accordingly, Tunisia is actively participating in the EUROMEDCONNECT programme led by the EU, strengthening its ties with the European Patent Office on IPR issues, participating to EUMEDIS and PEFESE programmes, as well as taking active part in Erasmus Mundus projects along with several twinning projects in education. In this context, Tunisia is granted higher amounts of ENPI funding on research projects than before and subsequently the EU is getting more actively involved in the knowledge structure in Tunisia. Again, the most influential external actor in Tunisia besides the EU is the World Bank which does not make the knowledge structure a priority in its projects. Therefore, among all other external actors involved in the knowledge structure in Tunisia, the EU can be considered as possessing greater capacity in shaping and generating convergence in this specific structure.

6.3.3. ALGERIA

Diverging from the production and finance structures, Algeria has been more proactive in cooperation with the EU on knowledge structure. The signing of a Technological and Scientific Cooperation Agreement between the Parties in 2012 has been an important step towards the EU. Moreover, Algeria is already benefiting EU funding to increase its knowledge infrastructure and the country is participating in twinning projects in science and technology. As a result, the number patents granted by the WIPO to Algeria increased from 51 in the period between 1995 and 2004 to 82 from 2005 to 2010. Similarly, the number of scientific and technical journal articles published by Algerian academics increased from 1286 in the period between 2000 and 2004 to 2388 in the period between 2005 and 2009. In a nutshell, Algeria decided to utilise from the benefits of cooperation with the EU in knowledge structure which is reflected in its decision to deepen this cooperation with an agreement. Furthermore, the country's willingness to extend this cooperation to

other areas with an AP reflects the EU's potential to reinforce its power to shape the knowledge structure in Algeria.

With regard to the knowledge structure the EU-Algeria AA provisions foresee;

- Suitable and effective protection of intellectual, industrial and commercial property rights in line with highest international standards, providing assistance to Algerian bodies responsible for intellectual, industrial and commercial property,
- Elimination of barriers to the free movement of personal data,
- Scientific and technological cooperation (the access of Algeria to Community technological research and development programmes, the participation of Algeria in decentralised cooperation networks, strengthening research capacity in Algeria, stimulating technological innovation, the transfer of new technologies and know-how, implementation of technological research and development projects and optimisation of the results of scientific and technical research),
- Information society and telecommunications (to establish dialogue on telecommunications policies, technical assistance on regulations of information and communication technologies, the dissemination of advanced information and telecommunication technologies, implementation of joint projects for research, technological development or industrial applications in information technologies communications, having Algerian bodies participate in pilot projects and European programmes under the specific arrangements pertaining to them in the sectors concerned, the interconnection and interoperability of Community and Algerian networks, technical assistance to effectively use radio communications in the Euro-Mediterranean region)
- Cooperation in statistics (harmonisation of the methods of the Parties, technical assistance by the EU)

There is no World Bank or IMF involvement in the knowledge structure in Algeria and the role of the U.S. is rather limited with the energy sector. However, Algeria is actively participating to TEMPUS IV project of the EU

with 22.7 million Euro funding allocated by the EU which favours education and exchange of professionals between the EU and the ENP partners.

As seen on Table 6.9. even though reforms pertaining to knowledge structure in Morocco, Tunisia and Algeria mainly take the form of accession to international agreements protecting intellectual and industrial property rights, the role of the EU in generating reforms in these countries is more effective than any other actor. The major aim of international agreements is to increase the level of protection of knowledge in signatory countries. Such an outcome serves the interests of both local and international actors who create or possess original knowledge. Intellectual or industrial property such as patents and trademarks or any kind of knowledge created via research and development serve as capital in contemporary global economics. Therefore, the value of intellectual and industrial property makes up the bulk of the overall value created in world economy. In this context, its effective protection secures the capital required to generate wealth in the global economy and hence provides a favourable environment for capital to flourish.

Accordingly, the accession of Maghreb countries into international treaties protecting knowledge accelerates these countries' integration into the global neoliberal system. The more knowledge is protected in a country, the easier it is for a company to operate in that economy. Therefore, effective protection of knowledge flourishes its creation and also brings increased inflow of foreign investments with authentic knowledge into a country. Within this framework, the APs setting accession to such international treaties as targets for the Maghreb countries would be considered as expanding global neoliberal values into the region. The uniqueness of the EU however lies in the fact that cooperation with the European institutional structure creates convergence towards European set of rules pertaining to knowledge.

Accordingly, cooperation on standardisation with Tunisia and on statistics with Morocco enables the partners to speak the same language between them and with the EU in terms of both qualifying and quantifying knowledge. More precisely, application of same standards and the employment of same statistics in the EU and

Table 6.9. Comparing the EU and Other Actors

REGULATORY CONVERGENCE	MOROCCO		TUNISIA		ALGERIA	
	EU	**OTHER ACTORS**	**EU**	**OTHER ACTORS**	**EU**	**OTHER ACTORS**
Legal Approximation	Party to WIPO Trademark Treaty, WIPO Copyright Treaty, WIPO Performances and Phonograms Treaty Adhered to IMF Special Data Dissemination Standard Law on Common Business Identifier system (statistical) New law on statistics Market Liberalisation on telecom Scientific and Technological Cooperation Agreement with the EU	Membership to International Treaties (all are also foreseen by the AP with the EU)	Party to WIPO Budapest Treaty Party to UPOV Convention Confiscation of counterfeited goods in customs improved Convergence with the EU on agriculture, energy, and health data Law on compulsory publication of economic and social statistics Market liberalisation on telecom	Membership to International Treaties (all are also foreseen by the AP with the EU)	Scientific and Technological Cooperation Agreement with the EU in 2012	Insignificant
Institutional Convergence	National Statistical Information Council introduced Cooperation between EUMEDIS and Moroccan Academic and Research Wide Area Network (MARWAN) Participation to EC framework	World Bank project on the development of first education	Twinning projects on e-infrastructure Third phase of EUROMEDCONNECT No disconnect strategy MoU between Tunisian National Institute of Standardisation and Industrial Property and European Patent Office EUMEDIS (6 projects)	No specific projects relating to this structure	Education and twinning programmes TEMPUS IV (education and exchange of professionals)	No World Bank projects

Table 6.9. Comparing the EU and Other Actors (continued)

REGULATORY CONVERGENCE	MOROCCO		TUNISIA		ALGERIA	
	EU	**OTHER ACTORS**	**EU**	**OTHER ACTORS**	**EU**	**OTHER ACTORS**
	programmes on research and innovation National research system twinning project 3 projects under TEMPUS IV 163 scholarships provided by the EU under Erasmus Mundus 22 research institutions and 9 researchers benefiting from Marie Curie program Projects by European Training Foundation are carried out		PEFESE in 2011 139 students benefited from Erasmus Youth in Action Programme			
Financial Support	€8.2m. until October 2011 for Moroccan research programmes €93m. for 2009-2012 period on Urgency Action Plan on Education	World Bank ($60m.)	€12m. in 2011 for research projects €65m. for PEFESE	Insignificant	€22.7m. for TEMPUS IV	None

Maghreb further integrate the partners. In this context, the participation of Maghreb countries into EU programmes such as EUMEDIS, TEMPUS, PEFESE, and EUROMEDCONNECT creates a common language between the EU and these countries in knowledge creation. Such a common language translates into the formation of a similar mindset between the partners. Furthermore, participation of Maghreb students and researchers into programmes like Marie Curie or Erasmus Mundus, and utilising from the benefits of European Training Foundation creates a knowledge network between the EU and the Maghreb. Such a network not only enables the EU to be involved in knowledge creation process in the Maghreb but also grants it the power to influence the mindset relating to knowledge creation in the region. Accordingly, this involvement forms the basis of the EU's greater capability to shape the knowledge structure in Maghreb compared to other actors.

Similarly, the financial involvement of the EU in the region via supporting projects relating to the development of knowledge creation and protection is deeper than any other actor. The EU financial support in the knowledge structure in Morocco, Tunisia and Algeria adds up to a total of approximately 200 million Euros whereas the World Bank as the most significant player in the region after the EU allocates a total of around 60 million dollars to support its projects. This naturally translates into greater influence on the part of the EU compared to other actors which reinforces the basis of its power to become an informal hegemon in the region.

Overall, regulatory convergence and cooperation envisaged in the APs with Morocco and Tunisia results in a win-win situation for both the partner countries and the EU. While the partners extend their knowledge creation capabilities via cooperation with the EU and while the effective protection of IPR further encourages investments in the partner countries; the EU increases its power in knowledge structure over the partner countries. Indeed, knowledge structure can be considered as the most advanced one in terms of the EU's influence in the partner countries. The main reason behind this is the fact that the partner countries enjoy the benefits of knowledge creation in the short-run which further encourages them to cooperate with the EU in knowledge structure.

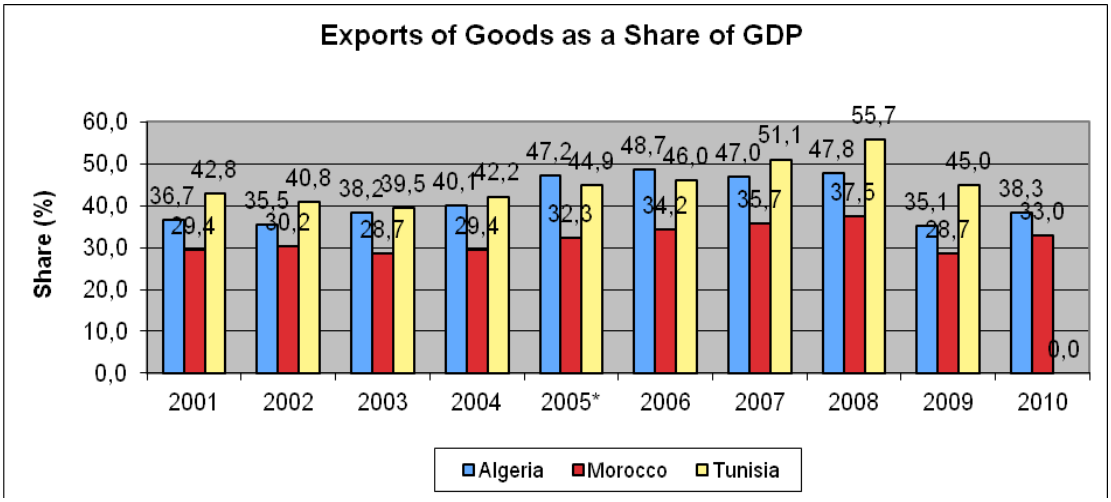
The case with Algeria is not very different than Morocco and Tunisia in this case. Being able to benefit from EU funding in R&D as well as being able to attend education and twinning programmes of the EU with the AA, Algeria directly enjoys the benefits of partnership in knowledge structure. Moreover, comparatively limited amount of funding available to Algeria due to the lack of an AP can be considered as a motivation for the country to sign a scientific and technological cooperation agreement with the EU as well as to decide the initiation of AP negotiations covering broader topics. Thus, the EU is not only achieving power in the knowledge structure in Algeria but also cooperation with this country in knowledge structure is apt to spill over to other structures which seems to reinforce the EU's overall influence in Algeria.

6.4. TRADE STRUCTURE

Trade is the area which provides the deepest connection between all three countries and the EU. This in fact results from the fact that the AAs signed between the EU and the partners are mainly free trade agreements envisaging the gradual elimination of all barriers to trade between the Parties. Moreover, due to the fact that they are in force since 1998 for Morocco and Tunisia, it provides a better time frame to test the level of EU involvement in the trade structure in these countries. Moreover, the APs provide the potential for deeper regulatory convergence as they aim further legislative and institutional reform in these countries. As usual, the EU's capacity to transform the trade structure in Algeria on the other hand lags behind its power in Morocco and Tunisia due to the lack of an AP. However, its involvement in all three countries' trade structure is much deeper than any other actor in the global trade structure which makes the EU a priority for these countries as well, hence enabling the EU to use its power in trade as a power through trade.

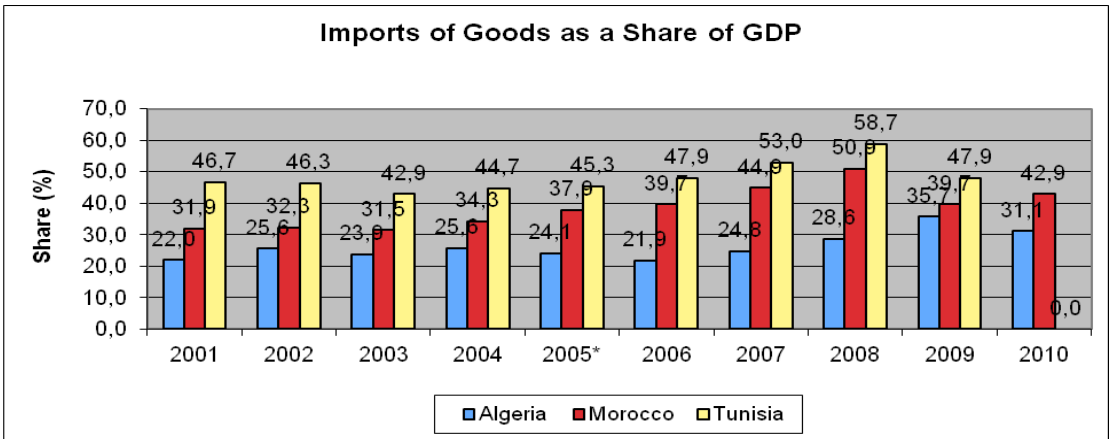
As for the figures in 2010, the EU takes a share of 50,6% in Algeria's imports and 49,5% in its exports; it takes a share of 50,2% in Morocco's imports and 59,1% in its exports; and it takes a share of 66,9% in Tunisia's imports and 74,1% in its exports. Without a doubt being the most important market and the biggest supplier for the Maghreb countries, the EU enjoys a great degree of power in trade structure in the region. In this context, the APs with Morocco and Tunisia aim to further

converge these countries' trade related regulations with the EU rules and regulations. Therefore, the more the desired outcomes are achieved the more power the EU accumulates in trade structure.



Source: Eurostat
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.13. Exports of goods as a share of GDP (%)



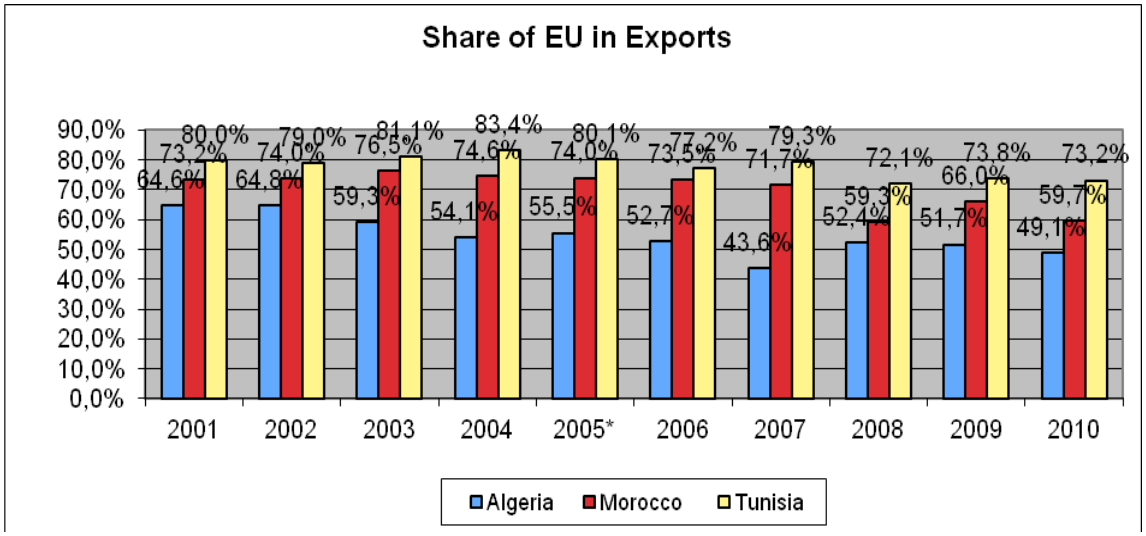
Source: Eurostat
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.14 Imports of goods, as a share of GDP (%)

Table 6.10. Trade with the EU in Million ECU/EURO

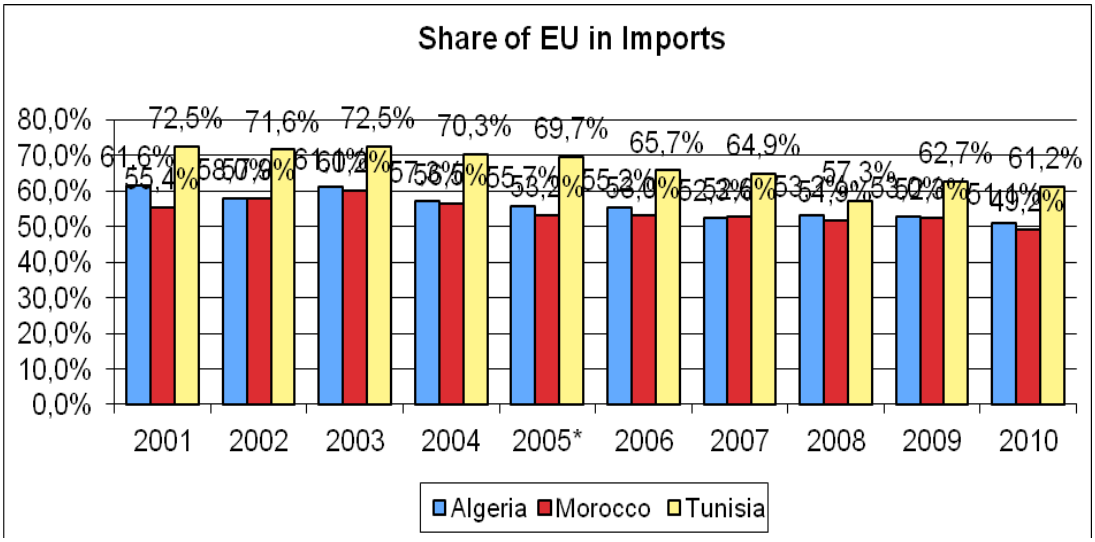
	Imports			Exports			Balance		
	Algeria	Morocco	Tunisia	Algeria	Morocco	Tunisia	Algeria	Morocco	Tunisia
2001	7.748	7.604	8.063	16.170	6.365	6.287	-8.423	1.239	1.776
2002	8.332	7.829	7.668	14.410	6.425	6.168	-6.078	1.404	1.500
2003	8.020	8.182	7.243	14.594	6.368	6.250	-6.574	1.813	993
2004	9.511	8.912	7.621	15.253	6.586	6.754	-5.742	2.326	867
2005*	10.492	11.832	7.971	20.885	9.103	6.810	-10.392	2.729	1.161
2006	9.966	10.467	8.717	24.154	7.217	7.612	-14.189	3.250	1.105
2007	11.247	12.371	9.504	20.584	8.085	8.976	-9.337	4.286	527
2008	15.356	14.445	9.903	28.258	8.398	9.497	-12.902	6.047	407
2009	14.776	11.933	9.021	17.411	6.561	8.048	-2.634	5.371	973
2010	15.547	13.681	11.097	21.069	7.737	9.534	-5.522	5.943	1.563
2011	17.221	15.347	10.931	27.549	8.744	9.878	-10.327	6.603	1.053

Source: Eurostat
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*



Source: Eurostat
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.15. Share of the EU in Exports



Source: Eurostat
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.16 Share of the EU in Imports

6.4.1. MOROCCO

Table 6.11. AP Priorities and Outcomes for Morocco

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Implementation of the AA (application of Combined Nomenclature, extend liberalisation of trade in goods, administrative capacity building, Pan-Euro-Med Origin protocol)	Revised RoO signed by Morocco in April 2012 A product classification system in line with the EU regulations entered into force on 1 April 2012
Reform in agriculture (convergence towards the necessary conditions for establishment of a Morocco-EU free trade area, exchange of information on agricultural policies, private sector investment incentives, reforms)	Agreement on further liberalisation of agricultural, processed agricultural and fishery product tariffs entered into force on July 1st, 2012.
Modernisation and capacity building of customs services, securing the international supply chain, alignment of customs legislation with EU standards (legislative alignment, training and customs controls)	Became a party to World Customs Organisation in 2005 Strategic plan for customs administrations and reforming their organisation has been adopted inspired by the EU acquis.

Table 6.11. AP Priorities and Outcomes for Morocco (continued)

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Technical Regulations (market access facilitation for industrial products, bringing Moroccan legislation in line with EU rules and practices, bring national standards in line with the EU standards, conformity assessment ACCA)	Agreement on Conformity Assessment and Acceptance of Industrial Products (ACCA) negotiations are planned to start in 2013 Moroccan Standardisation Institute has been established Moroccan Accreditation Committee law enacted in 2011 CENELEC (European Committee for Electrotechnical Standardisation) membership is under way
Elimination of restrictions (screen Moroccan legislation on product composition, labelling, manufacture and description to bring it in line with the existing EU general rules, eliminate non-tariff barriers)	Deep and Comprehensive Free Trade Agreement (DCFTA) mandate taken by the Commission DCFTA will foresee regulatory convergence in areas such as competition, intellectual property rights, public procurement, trade facilitation and customs procedures aiming to eliminate non-tariff barriers
Health and plant health issues (Progressive approximation to EU veterinary and phytosanitary rules, convergence on food hygiene and food safety, establish a phytosanitary statute with regard to the organisms mentioned in Directive 2000/29/EC, examine the possibility of cooperation under the early warning system Regulation (EC) 178/2002, establish and develop a national institute for food safety)	Draft law on safety and consumer protection adopted in 2006 TAIEX programmes under way in aligning legislation with the EU on SPS issues to reinforce National Animal Health Office Twinning projects on health and plant health are ongoing
Liberalisation of trade in services (screen Moroccan legislation to conclude an agreement, finalise Euromed services protocol, exchange experience and know-how on general or sectoral legislation to converge with the EU's regulatory framework)	Negotiations on liberalisation of trade in services are expected to be finalised in 2012

Source: ENP Action Plan and Morocco Progress Reports

The response of Morocco to the AP priorities is very satisfactory for the EU which resulted in the decision to start DCFTA negotiations with Morocco in line with the 'more for more' principle. As for the substantive scope of regulatory convergence, the AP sets priorities on the implementation of the AA, reforming the agricultural sector, modernisation and capacity building of customs services, alignment in technical regulations, further elimination of trade restrictions, approximation of health and plant health rules with the EU, and liberalisation of trade in services. Morocco's response within this substantial scope has been impressive as it signed

the revised Pan-Euro-Med RoO and reformed its product classification system in line with the EU's, agreement on further liberalisation of trade in agricultural products entered into force, strategic reform plan for customs administrations has been prepared in line with the EU acquis, technical regulations are being aligned and institutional reform is taking place as Moroccan Standardisation Institute has been established, safety and consumer protection law has been adopted and negotiations on the liberalisation of trade in services with the EU is ongoing. As for convergence at the institutional level, Morocco's membership application to CENELEC, participation to twinning and TAIEX programmes on health and animal health further integrates Morocco with the EU.

As for the involvement of other actors in trade structure, World Bank emerges as the most influential actor in Morocco. Plan Maroc Vert (PMV) Program which is targeted to improve the efficiency of domestic markets and the agricultural services in Morocco granted loans amounting to 205 million dollars. In addition, several World Bank projects on increasing the efficiency of irrigation and sanitation systems also have direct impact on trade structure and foresee around 300 million dollars. Yet, a comparison between ENPI funding which allocated around 200 million Euros to the economic sector out of 654 million Euros between 2007 and 2010, as well as the programmed funding of around 580 million Euros for 2011-2013 period aiming to increase the efficiency of social, economic and institutional support sectors also place the EU one step ahead of other actors in terms of funding in Morocco. Moreover, the Neighbourhood Investment Facility and EIB lending in Morocco further increases the EU's influence in Morocco. It is also possible to argue that the EU's involvement and capacity to transform trade structure is more coherent and effective due to the AA and the AP. In turn, the EU not only enjoys its power through trade but it also enforces its regulatory system on Morocco which reinforces the EU's power to shape trade structure in Morocco.

6.4.2. TUNISIA

Table 6.12. AP Priorities and Outcomes for Tunisia

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Conclude FTAs with other Med partners (Apply Pan-Euro-Med RoO Protocol)	Revised Regional Protocol on Pan-Euro-Med RoO is expected to be signed in 2012 Tunisia became a member to Agadir Agreement and signed an FTA with Turkey
Trade facilitation (Tunisia Trade Net, Digital database on technical control regulations)	Protocol on dispute settlement on commercial matters has been signed in 2009 and approved by the Association Council but not yet in force Electronic customs systems entered into in force
Improve the operation of customs services in Tunisia, align customs legislation with EU standards (bring the Customs Code in line with the Community Customs Code), develop cooperation to secure international supply chain (certification of operators)	Electronic customs systems entered in force
Technical Rules (conclusion of a Conformity Assessment Agreement-ACAA, approximate Tunisian legislation to the EU *acquis*, bring national standards into line with EU for industrial products, establishment of national bodies responsible for implementing EU legislation)	Independence of National Accreditation Council has been guaranteed Agreement on Conformity Assessment and Acceptance of Industrial Products negotiations will start in 2012 for electrical products and construction materials (EU allocated a budget of 23 million Euros) In November 2011, Tunisian Accreditation Body (TUNAC) has become a member to the European Coordination for Accreditation
Screen Tunisian legislation on product composition, labelling, manufacture and description to bring it into line with the existing EU general rules	Decree on Import and Export Controls and Food Safety Act is in the process of being aligned with the EU law
Implement EU animal and plant health rules as well as food safety rules	A law on animal products in convergence with the EU rules has been adopted Animal traceability system is being revised Institutional twinning project on health and plant health started
Agreement on trade in services and further liberalisation of agricultural products	Negotiations on liberalisation of trade in services are ongoing Negotiations on Agricultural Trade Agreement deepening liberalisation in the agricultural, processed agricultural and fishery sectors resumed in February 2012 after two years

Source: ENP Action Plan and Tunisia Progress Reports

Tunisia also poses another good example in complying with the AP headings. Although not as successful as in Morocco, the EU can also be considered as having the capacity to shape the trade structure in Tunisia. Roughly 70% of Tunisia's

foreign trade is with the EU which makes the EU the most important actor in Tunisia by far. Since the entry into force of the AA in 1998, the country not only strengthened its trade with the EU, but also opened up to global trade structure. In this context, the policy priorities set in the AP further liberalised trade but at the same time generated regulatory convergence towards the EU. Accordingly, a closer look at the AP priorities and outcomes within the context of their substantive scope and institutional convergence gives an idea about the EU's capacity to shape trade structure in Tunisia.

As for the substantive scope of regulatory convergence aimed by the AP, the main targets set for Tunisia by the EU are the extension of its FTA links, trade facilitation, improving the customs system in line with the EU standards, conclusion of an ACCA with the EU on the technical regulations side, as well as further legal approximation with the EU on areas such as product classification, animal and plant health issues and services trade. In this context, legal reforms carried out by Tunisia have also been impressive and leading to further regulatory convergence with the EU. Tunisia became a member to the Agadir Agreement and signed an FTA with Turkey, introduced electronic customs system, guaranteed the independence of National Accreditation Council, is aligning its legal system on animal and plant health issues with the EU, and started negotiations with the EU on trade in services as well as on agricultural trade. Institutional convergence with the EU is also under way as Tunisian Accreditation Body has become a member to the European Coordination for Accreditation, and several twinning projects such as on increasing the competitiveness of services industry and on animal and plant health among others are under way. Therefore, it can also be argued that regulatory convergence with the EU on the institutional level is also ongoing.

World Bank is again the most active actor in Tunisia's trade structure after the EU. The most relevant Bank projects pertaining to the trade structure in Tunisia are the 6 million dollar project on export development which started in 2008 and 250 million dollar project on increasing the integration and competitiveness of Tunisian economy which started in 2009. Moreover, a total amount of approximately 200 million dollars is allocated to Tunisia by the World Bank on projects ranging from energy efficiency to management of natural resources. Yet, the role of the EU in

Tunisia in terms of funding has also been more effective as approximately 240 million Euros has been allocated under the ENPI between 2007 and 2011 for projects on economic governance, competitiveness, convergence with the EU and sustainable development in Tunisia. Moreover, besides the EIB lending, approximately 100 million Euros is expected to be allocated for Tunisia between 2011 and 2013 under the ENPI on projects to increase the economic competitiveness. Accordingly, it turns out to be possible to argue that institutional and regulatory reforms in Tunisia as prioritised by the AP, further reinforce the EU's power to shape trade structure in Tunisia.

6.4.3. ALGERIA

The case with Algeria in terms of liberalisation of trade with the EU is not different than Morocco and Tunisia; however the lack of an AP disables the EU to enjoy the power to transform the institutional and regulatory composition of trade structure in Algeria. Nevertheless, the EU enjoys a substantial degree of power stemming from the AA and Algeria's dependence to its market. As discussed above, Algeria is also realising approximately 55% of its foreign trade with the EU and after the entry into force of the AA in 2005 further liberalisation of trade and trade related regulations in Algeria is under way. In this context, EU-Algeria AA provisions pertaining to trade structure also aim regulatory convergence towards the EU yet the outcome can not be considered as successful as in the case of an AP. Accordingly, an overview of the AA provisions are given below:

- Liberalisation of trade in goods (Establishment of a free trade area in 12 years, WTO Agreement on subsidies and countervailing duties, safeguards,
- Liberalisation of trade in services (non-discrimination in cross-border supply of services, commercial presence, national treatment for branches
- Cooperation on standardisation and conformity assessment (encouraging the use of European standards and conformity assessment procedures and techniques, upgrading Algerian conformity assessment and metrology bodies and helping to establish the necessary conditions for the eventual negotiation of mutual recognition agreements, cooperation in the area of quality management,

providing assistance to Algerian bodies responsible for standardisation and quality

- Cooperation on agriculture, forestry and fisheries sectors (food security, establishing closer relations between enterprises, groupings and professional organisations representing these sectors, technical assistance and training, harmonising phytosanitary and veterinary standards and checks, cooperation between rural areas by exchange of experience and know-how on rural development, support for privatisation and for research programmes)
- Cooperation in customs (simplification of customs codes, introduction of a single administrative document similar to the Community's and linking Community and Algerian transit systems, fostering education, teaching and training in customs matters)

Another important figure in trade structure is the share of trade as a percentage of the country's GDP. As stated above, Algeria realises approximately half of its foreign trade with the EU. At the same time, after the entry into force of the AA, imports of goods and services as a share of Algeria's GDP increased from 24% to 31%. Bearing in mind that 50% of Algerian imports are from the EU, it turns out to be possible to argue that the EU increased its influence over trade structure in Algeria after the entry into force of the AA. Nevertheless, the AA does not result in large scale regulatory convergence and this mainly limits the EU's power over trade structure in Algeria.

At the institutional level however, Algeria is participating several twinning projects with the EU. These projects range on topics such as the management and diversification of the economy, implementation of the AA, and the facilitation of commerce. Moreover, bearing in mind that neither the World Bank nor any other actor is carrying out projects in Algeria, the ENPI allocation of approximately 200 million Euros on economic growth and development between 2007 and 2013 strengthens the EU's power in Algeria.

Integration between the EU and the Maghreb is deeper in trade structure than other structures. Hence, a comparison between the role of the EU and other actors reveals

that the power of the EU in shaping trade structure in Maghreb is going beyond its superiority over other actors in other structures. The basis of the EU's superiority indeed stems from the AAs signed between the EU and all three countries that generate legislative approximation among the parties. Furthermore, the APs build on top of the provisions of the AAs and extend the areas of cooperation to a wider scale than trade in goods.

As seen on Table 6.13 in regulatory areas relating to trade, the EU's involvement in the region transposing into areas such as trade in services, further liberalisation of agricultural trade, harmonisation of customs procedures, safety of goods, consumer protection, etc. not only regulates these areas in the partner countries but also generates legislative approximation between the EU and the Maghreb. Such approximation creates more predictability for the EU economic operators engaging in trade with the region. In particular, similar standards set in trade, such as product classification systems, sanitary and phtyosanitary measures, rules of origin, conformity assessment, import-export controls, etc. enable the smooth flow of trade among the parties by avoiding the duplicate controls in customs. In this context, the AAs and the APs not only open up the Maghreb countries in a broader global neoliberal framework, but also places the EU ahead of other potential informal hegemonic powers in the region. For instance, once an agreement between the EU and the partner country is signed, if a good subject to trade is cleared in the EU that good would be free from control in the partner country customs.

An important effect of the AAs with Algeria, Morocco and Tunisia stems from the Pan-Euro-Med rules of origin system (RoO) which is another field of convergence required by the EU to fully utilise the benefits of the AAs. In this context, the market access opportunity offered by the EU in trade structure is only granted to the products that originate in the partner countries. Thus, RoOs set the criteria for the necessary amount of value to be added on each and every product by the partner country. In other words, RoOs define the level of processing that must be carried out on imported intermediary goods that are going to be exported free of customs duty to the EU and other ENP countries. Bearing in mind that the traditional export items

Table 6.13. Comparing the EU and Other Actors

REGULATORY CONVERGENCE	MOROCCO		TUNISIA		ALGERIA	
	EU	**OTHER ACTORS**	**EU**	**OTHER ACTORS**	**EU**	**OTHER ACTORS**
Legal Approximation	Revised Rules of Origin signed Product classification system in line with the EU Agreement on further liberalisation of agricultural trade in force Party to World Customs Organisation Strategic plan on customs in line with the EU acquis Agreement on Conformity Assessment and Acceptance of Industrial Products to be negotiated Deep and Comprehensive Free Trade Agreement Negotiations started Law on safety and consumer protection Trade in services negotiations started	FTA with the United States	Revised Rules of Origin signed Protocol on Dispute Settlement signed Electronic customs system entered into force Agreement on Conformity Assessment and Acceptance of Industrial Products to be negotiated Import export controls and food safety acted is being aligned with the EU acquis Animal traceability system is revised Law on animal products in line with the EU acquis Trade in services negotiations ongoing Agricultural trade negotiations ongoing	Not as specific and comprehensive as EU involvement	Association Agreement priorities such as liberalisation of trade in goods and services, cooperation on standards and conformity assessment, Mutual Recognition Agreements, cooperation in agriculture and fisheries, cooperation in customs are being pursued	Insignificant
Institutional Convergence	Moroccan Standardisation	World Bank projects on the efficiency of domestic	Independence of National	World Bank projects on export development,	Twinning projects on the implementation of AA and	No World Bank projects

Table 6.13. Comparing the EU and Other Actors (continued)

REGULATORY CONVERGENCE	MOROCCO		TUNISIA		ALGERIA	
	EU	**OTHER ACTORS**	**EU**	**OTHER ACTORS**	**EU**	**OTHER ACTORS**
	Institute established Moroccan Accreditation Committee established European Committee for Electrotechnical Standardisation membership discussed TAIEX and twinning projects on sanitary and phytosanitary measures ongoing	market, agricultural services, efficiency of irrigation and sanitation systems)	Accreditation Council guaranteed Tunisian Accreditation Body became a member to European Coordination for Accreditation Twinning projects on sanitary and phytosanitary measures as well as on services industry	increasing the integration and competitiveness of economy, and on management of natural resources	facilitation of commerce ongoing	
Financial Support	ENPI (€200m. out of €654m. for 2007-2010 period) ENPI (€580m. for 2011-2013 period)	World Bank ($205m. for Plan Maroc Vert) World Bank ($300m. for Agriculture)	ENPI (€240m. for 2007-2011 period) ENPI (€100m. for 2011-2013 period) €23m. funding allocated for the Agreement on Conformity Assessment and Acceptance of Industrial Products	World Bank ($456m. for the abovementioned projects)	ENPI (€200m. on economic growth and development for 2007-2013 period)	None

of the partner countries are raw materials and intermediary goods rather than finished products, the industrial infrastructure to be established in these countries need to take the RoOs into account for profitability. Otherwise, the market access opportunity can not be utilised. Accordingly, in order to be able to enjoy the benefits offered by the AAs, partner countries also need to transform their production structure in line with the rules imposed by the EU. Since the RoOs are assessed in line with the needs of the European market and since the AAs foresee regulatory convergence in terms of RoOs, they grant the EU power over the production structure in all the ENP countries including Algeria, Morocco and Tunisia.

Another interesting convergence taking place between the EU and the Maghreb is at the institutional level. As discussed previously, setting up institutional structure in the Maghreb in line with the European model places the EU one step ahead of other actors in the region. The establishment of institutions at the national level on issues relating to trade such as accreditation or standardisation helps to reinforce the neoliberal values in the target countries. Accordingly, regulatory power of the state is exercised via those bodies that are established in line with global neoliberal values. Hence, neoliberal ideology is embedded in the fresh institutional structure in the Maghreb. What makes the EU the biggest candidate of informal hegemon in the Maghreb is its unique influence in shaping this institutional structure diverging from the influence of other actors. Within this framework, the role of European Coordination for Accreditation in guiding the national accreditation bodies in Maghreb, or the implementation of TAIEX and twinning projects generating convergence towards the EU institutional structure differentiates the EU from other actors. On the other hand, the role of the World Bank is also quite significant in creating convergence towards a global neoliberal system in the region. The projects employed and the financial support allocated by the Bank in the region is also helping the region to digest these neoliberal reforms rather easily.

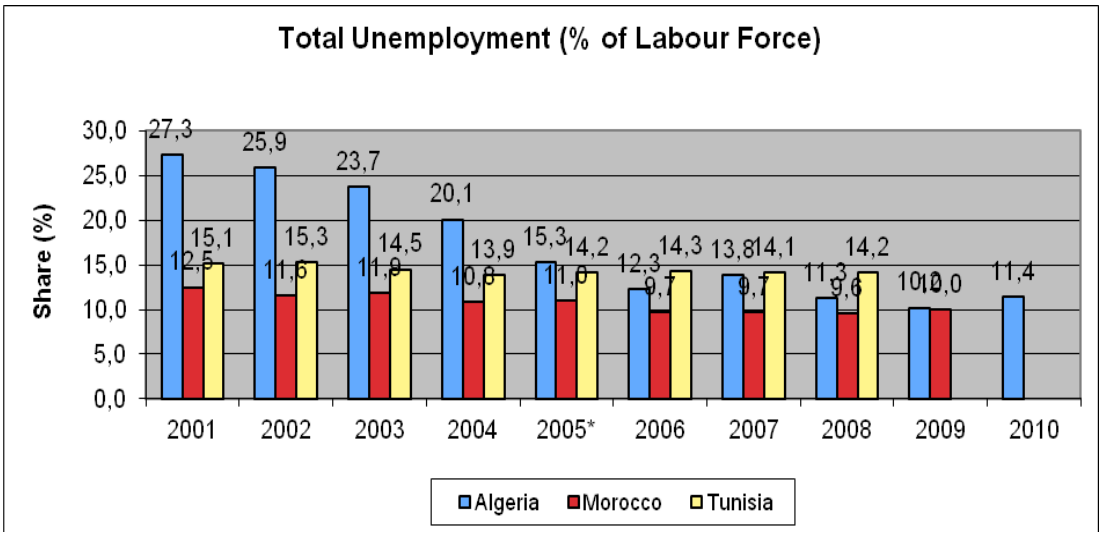
Overall, the APs can be considered as granting the EU power in trade structure of the partner countries. Building on the dependence of the partner countries to the EU, the APs envision and realise regulatory convergence towards EU legislation in trade structure. Moreover, the level of convergence carried out by Morocco and Tunisia has been very satisfactory for the EU which in turn paves the way to further

deepening trade ties with these countries by a DCFTA. What the DCFTA brings on top of the AAs is further convergence in rules and regulations with regard to non-tariff barriers such as competition policy, intellectual property rights, public procurement, trade facilitation, and customs procedures. Indeed, these topics are hotly debated issues at the multilateral level under the heading of 'Singapore Issues'. For the sake of precision the details of this debate will not be given here; however it is important to highlight a common outcome of the studies on Singapore Issues as they are designed to bring advantage to the developed countries in trade with the developing world. In this context, once concluded, the DCFTAs are expected to further increase the EU's power in trade structure of Morocco and Tunisia. Similar effect is also expected from the prospective AP with Algeria.

6.5. WELFARE STRUCTURE

Welfare structure is perhaps the most distinctive structure among others due to its direct effect on the living conditions of people. It is not only related to the development aid granted by one party to the other, but it is much broader in the sense that it relates to all the policies employed with aim to decrease poverty and unemployment, preserve public health, and promote sustainable development in a country. In other words, all actions of governments within the context of social policy have direct influence on the welfare structure. In this context, the EU's involvement in the welfare structure of the ENP partner countries with an aim to increase the general living conditions of the population forms the basis of consent towards EU governance within these countries. Accordingly, consent emanating from actions in welfare structure helps to legitimise governance in other power structures in the eyes of the public and increases the EU's overall influence in the partner country. Although it is difficult to separate which policies are applied as a result of EU influence and which policies would have been applied without the EU's encouragement, an analysis of the AP headings as the targets set for the partner countries and the outcomes would reveal the extent of the EU's influence over the welfare structure in the partner countries.

EU involvement in the welfare structure of the partner countries has three dimensions. First is the international dimension referring to the partner countries' convergence to international standards on welfare as envisaged in the APs; second is the EU dimension referring to the EU assistance via partnership programmes and harmonisation of regulations; and third is the domestic dimension referring to the adoption of social policy by the partner country with EU support. The reading of the subsequent section should pay special attention to all these dimensions in order to see the EU's influence over the welfare structure of the partner countries. In this context, selected indicators pertaining to welfare structure in the Maghreb demonstrate the progress in these countries and the capacity of the EU to transform the welfare structure in these countries would be further revealed by a deeper analysis of the APs with Morocco and Tunisia and the AA with Algeria.



Source: World Bank
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.17. Unemployment, total (% of total labour force)

Table 6.14. Unemployment, female (% of female labour force)

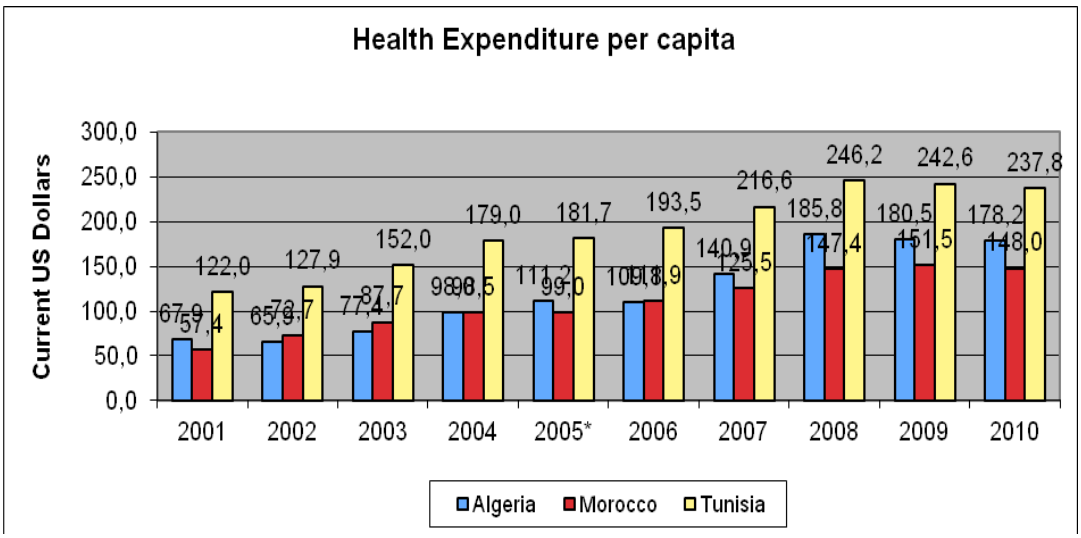
	Algeria	Morocco	Tunisia
2001	N/A	12,5	16,2
2002	N/A	12,5	16,3
2003	25,4	13,0	16,2
2004	21,3	11,3	17,1
2005*	17,5	11,5	17,3
2006	14,4	9,7	N/A
2007	18,4	8,4	N/A
2008	10,1	9,8	N/A
2009	18,1	10,5	N/A
2010	20,0	N/A	N/A

Source: World Bank
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Table 6.15. Unemployment, male (% of male labour force)

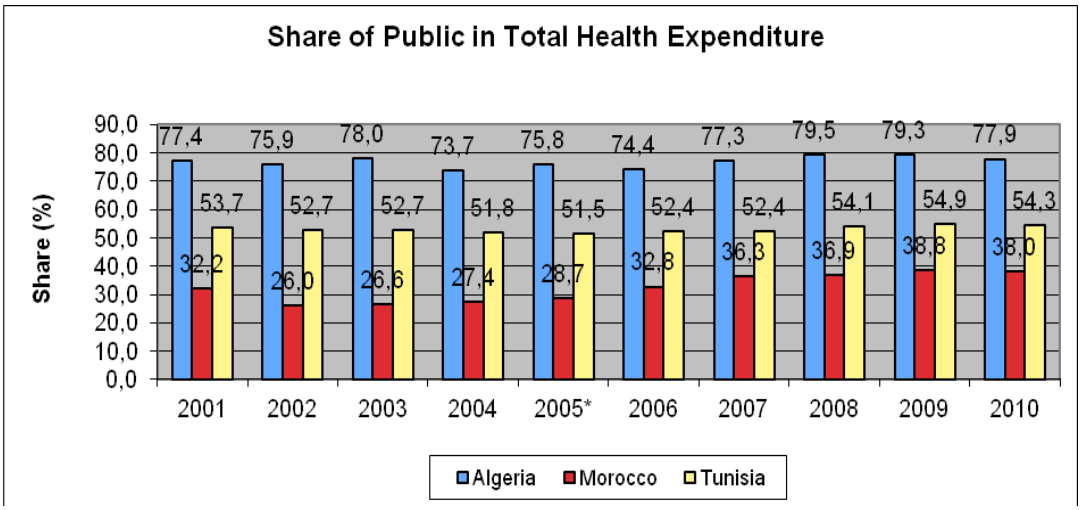
	Algeria	Morocco	Tunisia
2001	N/A	12,4	14,5
2002	N/A	11,3	14,9
2003	23,4	11,5	13,9
2004	19,8	10,6	13,2
2005*	14,9	10,8	13,1
2006	11,8	9,7	N/A
2007	12,9	10,2	N/A
2008	11,0	9,5	N/A
2009	8,6	9,8	N/A
2010	10,0	N/A	N/A

Source: World Bank
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*



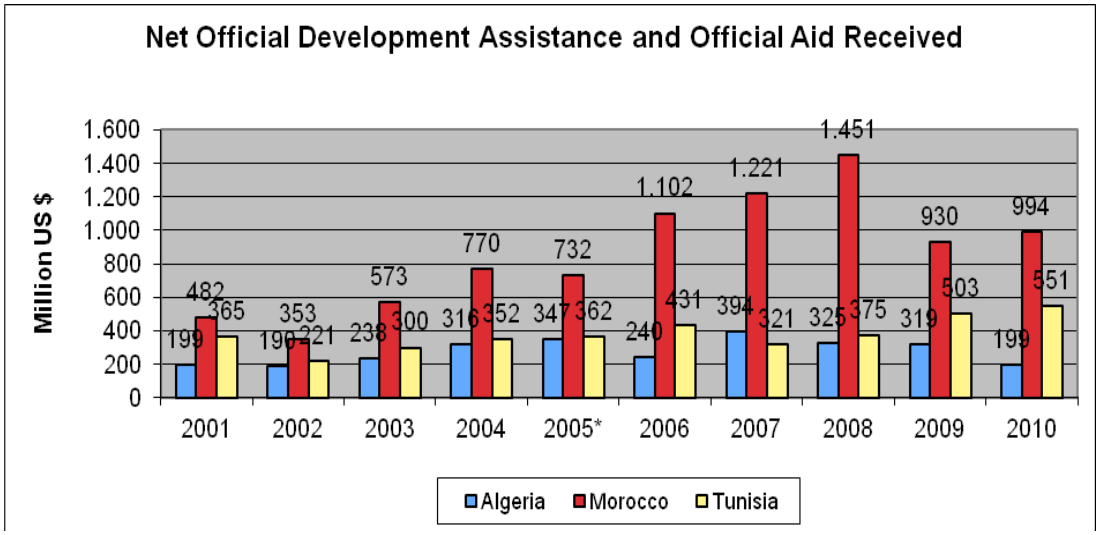
Source: World Bank
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.18. Health expenditure per capita (current US$)



Source: World Bank
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.19. Health expenditure, public (% of total health expenditure)



Source: World Bank
** Date of entry into force of the APs for Morocco and Tunisia and the AA with Algeria*

Figure 6.20. Net official development assistance and official aid received (million US$)

6.5.1. MOROCCO

Morocco showed impressive progress with regard to welfare within the framework of the ENP. Since the entry into force of the AP, the unemployment rate in Morocco is constantly decreasing. The unemployment rate which was 11,1% in 2005 decreased to 9,1% in 2010 besides the global economic crisis. The role of the legislative reforms adopted in line with the AP has undoubtedly played role in decreasing unemployment in Morocco. The figures on per capita health expenditure in Morocco also increased from 99 dollars in 2005 to 148 dollars in 2010. An important figure on the role of the government in public health is reflected on the figures on the share of public in total health expenditure. Morocco also showed progress in diverting the public resources to health as the share of public in total health expenditure increased from 29% in 2005 to 38% in 2010. In the same period, net official development assistance and official aid received by Morocco also increased from 732.000 dollars in 2005 to 994.000 dollars in 2010. Carving out the role of the EU in Morocco's welfare structure requires an analysis of the AP which is given below:

Table 6.16. AP Priorities and Outcomes for Morocco

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Fundamental social rights and core labour rights (ILO), promotion and protection of the rights of women and children	ILO Labour Administration Convention and Collective Bargaining Convention ratified in 2009 ILO Maternity Protection Convention ratified in 2011
Implement Articles 69 to 72 of the Association Agreement and align Moroccan legislation with EU standards and practices in the social and employment sectors (support the implementation of the new provisions of labour code, training programmes, etc., approximation of Moroccan legislation to the extent possible with Community standards in the social sector)	An economic and social committee started works to write a social charter based on fundamental contracts and employment of young in priority employment areas Considerations to extend work insurance schemes are ongoing European Neighbourhood Programme for Agriculture and Rural Development launched in 2012
Combat poverty (Decentralisation Charter, strengthen safety nets)	In April 2011, an agreement between the government and syndicates have been concluded on minimum wage increase in private, public and agricultural sectors increasing minimal wage from 53 to 89 euros 41% of Morocco's 2011 budget is allocated to social sector
Promotion of sustainable development.	New rural development programme in the North developed in 2011
Health (raise the level of public health in line with EU legislation and WHO, integrate Morocco into EU health information system, network of laboratories, improve basic health care at the regional level	Coverage of health benefit is extended to include all citizens in March 2012 126 million Euro health project with the EU to avoid social and geographic inequalities started, in July 2011 Framework Law on Public Health has been published in the official bulletin allowing the creation of National Public Health Agency Morocco will participate the "EpiSouth Plus" project financed by the EU for the security of public health in South East Europe and the Mediterranean region.
Further EU Assistance	The mandate of the EBRD is extended to allow it fund activities in Morocco Protocol on the participation of ENP partner countries in EU programmes and agencies will enter into force in 2013

Source: ENP Action Plan and Morocco Progress Reports

Indeed, AP priorities related to welfare structure also foresee regulatory convergence both towards international standards and the EU standards. In this context, with regard to the substantive scope of regulatory convergence, the AP lays out targets such as the effective implementation of AA provisions on social and employment sectors, approximation of Moroccan legislation with Community

standards in the social sector, combating poverty via strengthening safety nets, promoting sustainable development both in urban and rural areas, increasing the scope of health benefits. In this context, Morocco's response in the form of carrying legislative reforms has been satisfactory. In particular, Morocco started writing a social charter on fundamental contracts and employment, syndicates have been increasingly involved in the decision making process on wage structure, budget has been reformed to include the social sector more extensively, new rural development programme in the North have been developed, coverage of health benefit is extended and a framework law on public health creating National Public Health Agency has been enacted.

Convergence at the institutional level has been more visible in welfare structure, including convergence with broader international standards. Morocco's compliance with the AP targets such as improving fundamental social rights and core labour rights, and raising the level of public health demonstrates a more general social development. In this context, Morocco's adherence to several ILO conventions, it participation to several EU projects including the EpiSouth Plus project and the European Neighbourhood Programme for Agriculture and Rural Development are particularly worth mentioning. Yet, answering to what extent can this overall development be attributed to the EU requires a closer look into the EU social projects and assistance in Morocco in comparison to other actors.

Indeed, the EU plays the most important role in development assistance provided to Morocco not only via the ENPI assistance but also via EBRD and EIB loans. Moreover, it supports Moroccan social development policies via twinning projects aimed to increase the institutional efficiency with regard to urban development, health and employment policy. In this context, the EU can be considered as having the capacity to generate reforms in Morocco. In particular, the social sector constituted 45.3% of the 654 million Euro ENPI assistance provided by the EU to Morocco between 2007 and 2011. As for 2011-2013 period social sector is expected to constitute around 21% of 580.5 million Euro ENPI assistance. The World Bank also provides generous financing for the social sector in Morocco which makes it another important actor over the country's welfare structure. Among several projects carried out by World Bank in Morocco between 2008 and 2012, 100 million dollar

project on increasing employment and 50 million dollar project on general development policy attract attention. Yet, this amount in fact constitutes a negligible sum in total World Bank funding of over 1.5 billion dollars allocated between 2008 and 2012 to several other projects on areas such as irrigation, waste management, transport. Hence, it is again possible to argue that the projects carried out and the funding allocated by the EU seems more focussed than World Bank involvement in the welfare structure in Morocco. Furthermore, the regulatory convergence generated by the AP reinforces the EU's power over Morocco's welfare structure, enhances the effectiveness of the ENP in Morocco.

6.5.2. TUNISIA

Tunisia has shown little progress on policies related to the welfare structure as it fell short of Morocco's impressive record especially in terms of acceding to international agreements. As for the general indicators on welfare since the entry into force of the AP, the unemployment rate stayed constant at 14,2% in 2008, per capita health expenditure increased from 182 dollars in 2005 to 238 dollars in 2010, and the share of public in total health expenditure slightly increased from 52% in 2005 to 54% in 2010. However, a comparison of the share of the public health with Morocco reveals that the Tunisian government is more involved in public health expenditure than Morocco. The figure on net official development assistance and official aid received, which showed a significant increase from 362.000 dollars in 2005 to 550.000 dollars in 2010 shows that Tunisian welfare reform is just starting. In this context, an analysis of the AP would reveal how much of this limited transformation can be attributed to the EU.

Table 6.17. AP Priorities and Outcomes for Tunisia

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Promotion and protection of the rights of women and children	National Family and Population Office aiming to stop violence in family Plan for a minimum %35 women participation in government has been announced
Fundamental social rights and core labour rights (ILO)	Negligible progress

Table 6.17. AP Priorities and Outcomes for Tunisia (continued)

ACTION PLAN HEADINGS - PRIORITIES	OUTCOMES
Articles 69-73 Association Agreement (Alignment of Tunisian legislation on EU standards and practices in the social employment sector)	Negligible progress
Rural development and rural poverty	European Training Foundation implementing projects since March 2012 in Medenine region aimed at fostering youth employability and adapting education and training to the needs of the local labour market
Public health (raise the level of public health in line with the EU legislation and WHO by participation in information networks)	Tunisia is a partner to EpiSouth Plus programme financed by the EU
Further EU Assistance	European Neighbourhood Programme for Agriculture and Rural Development launched in 2012 The mandate of the EBRD is extended to allow it fund activities in Tunisia

Source: ENP Action Plan and Tunisia Progress Reports

Indeed, Tunisia can not be considered as showing satisfactory progress with regard to the AP priorities on the substantial scope of the regulatory convergence. The headings on the promotion and protection of the rights of women and children, increasing the level of protection with regard to fundamental social rights and core labour rights, aligning Tunisian legislation on EU standards and practices in the social and employment sector witnessed negligible progress on the Tunisian side. Two developments worth noticing has been the establishment of National Family and Population Office and the decision to increase the participation of women in government to a minimum of 35%. However, alignment of legislation with the EU and increasing the level of protection with regard to fundamental social rights and core labour rights proved unsatisfactory.

On convergence at the institutional level however, Tunisia's participation to European programmes has been more promising. In particular, the priorities set by the AP on rural development and public health generated productive outcomes in terms of institutional cooperation. In this context, Tunisia became a partner to the EpiSouth Plus programme and the European Training Foundation started implementing projects aimed at fostering youth employability in Tunisia. Moreover, Tunisia participates in several EU twinning programmes on social development and

employment which aims further convergence of Tunisian institutions with that of the EU. To this end, the EU plays the most important role in development assistance provided to Tunisia via the ENPI assistance, EBRD and EIB loans as well as via the institutional cooperation extended to Tunisia. Between 2007 and 2011 21.7% of 300 million Euros total ENPI assistance has been allocated to the improvement of graduate employability, support to the employment system and less favoured areas, and 37.3% has been allocated to support projects under a more general heading on sustainable development. ENPI allocation in 2011-2013 period on the other hand envisions more involvement into the social sector since 30.8% of a total of 390 million Euro ENPI assistance for this period is allocated to projects on employment.

World Bank is also carrying out several projects in Tunisia on employment and social policy in general. A specific project introduced in 2011 on employment is funded by 50 million dollars and a more general Development Policy Lending Programme (DPL) designed in 2011 to improve health infrastructure, labour markets and general human development allocates 250 million dollars out of a total of 500 million dollars for these specific topics on welfare structure. In this context, the amounts of funding made available to Tunisia by the EU and the World Bank on welfare structure demonstrate similarities however the priorities set by the AP provides the EU with a coherent roadmap on setting and monitoring policy reforms in Tunisia. With regard to the outcomes of the AP, although Tunisia's progress seems rather limited on the substantive scope side of regulatory convergence, convergence at the institutional level seems more promising. Hence, it seems like both the EU and Tunisia are willing to increase their cooperation on welfare structure which can be interpreted as a sign of the potential for the EU to obtain power in Tunisian welfare structure. Yet, Tunisia's transformation in welfare structure is just beginning and whether the EU will possess power in this structure remains to be seen.

6.5.3. ALGERIA

Indeed, the main indicators with regard to welfare in Algeria are also directly related to general economic condition of the country. Positive financial position of Algeria is reflected in the government's deep involvement in health sector and the increased

oil revenues lead to fast reduction in unemployment. Although health expenditure per capita increased from 111 dollars in 2005 to 178 dollars in 2010, share of the public sector in total health expenditure stayed very high and even increased from 74% in 2006 to 78% in 2010. Moreover, the decrease in unemployment rate has been striking as it plummeted from 23.7% in 2003 to 10% in 2010. In line with these positive developments, net official development assistance and official aid received by Algeria decreased from 347 million dollars in 2005 to 199 dollars in 2010. As will be further depicted below, the EU is the main donor in Algeria.

EU involvement in the welfare structure in Algeria is also rather limited compared to its influence in Morocco and Tunisia. The AA with Algeria envisages cooperation rather than policy reform or regulatory convergence. Therefore, the EU can neither impose nor follow reforms in Algeria. The EU-Algeria AA provisions with regard to welfare structure are;

- Economic cooperation to curb down the negative effects of trade liberalisation, generating growth and employment as well as diversifying Algerian exports
- National treatment to workers,
- Bolstering Algerian family planning and mother and child protection programmes, improving social welfare and health systems, improving living conditions in poor areas, improving vocational training system by cooperating with the EU
- Improvement of the education and training system, developing the level of expertise of senior staff in the public and private sector by the establishment of lasting links between the Parties
- Financial support towards Algeria to facilitate reforms designed to modernise the economy, upgrade economic infrastructure, promote private investment and job creation, supporting social sector.

Although Algeria is participating to several projects with the EU pertaining to its welfare structure, in line with the amount of limited monetary support received, EU involvement can be considered as having negligible effect on the welfare structure in Algeria compared to the policies applied by the Algerian government. However,

taking into account that no other external actor is involved in the welfare structure in Algeria, it turns out to be possible to argue that once the AP enters into force, the EU will be without any competitors to transform the country's welfare structure in line with its own priorities. Even today, the ENPI funding is allocated to projects on economic growth and employment. Between 2007 and 2011 approximately 100 million Euros has been allocated to the social sector and another 100 million Euros is planned to be allocated to the same sector between 2011 and 2013. In this context, Algeria is currently participating to EU twinning programmes on health reform, vocational training, and employment, as well as to the Euro-Med Gender Equality programme. Nevertheless, due to the lack of an AP to define a coherent roadmap and monitor reforms as well as due to the negligible effect of EU involvement, it is not possible to argue about the EU's power in Algerian welfare structure yet. However, bearing in mind that the EU is the sole external actor in Algerian welfare structure, it is possible to argue that its influence is also yet to begin due to the prospective AP with Algeria.

As Table 6.18 demonstrates the most important reforms with regard to legal approximation of the Maghreb countries has been towards broader neoliberal set of rules and regulations in welfare structure. Indeed, such transformation was foreseen in the APs with Morocco and Tunisia. The AA with Algeria on the other hand does not envision specific legislative action in welfare structure. However, Algeria has not been completely left out in the cold by the EU, as opposed to other international actors. The accession of Morocco to ILO conventions guaranteed further protection of rights of labour in the country, hence adding up on overall wealth. Furthermore, the introduction of a new rural development programme inspired by the EU, increasing minimum wage, extending the coverage of health benefit to all citizens, publishing a framework law on public health, and allocating almost half of the 2011 budget to social sector are policies that have been encouraged by the EU. Such an influence of the EU results in overall welfare increase in Morocco and makes the Union policies more legitimate in the eyes of the public. In other words, the EU's more proactive stance with regard to policies relating to welfare structure places the Union at the forefront compared to other actors with regard to their comparative influence in generating reforms for the benefit of the Moroccan public. Tunisian progress in welfare structure has not been as impressive as Morocco in the sense that

the country did not become a member to any international labour convention after the AP with the EU. However, increasing women participation in the government adds up on the EU's image as the reform's ideational architect in Tunisia.

Furthermore, although the EU's influence in general goes beyond other actors' at the institutional convergence sphere in all three countries, the World Bank's participation into the welfare structure of these countries via its poverty reduction policies in line with the PWC style governance makes the Bank an important actor in Maghreb. In Morocco, the establishment of National Public Health Agency and launching the ENP programme on agricultural and rural development have been important tools triggered by the EU. Moreover, the ENPI allocation of almost 500 million Euros in welfare structure has been influential in bringing these projects into life. The World Bank on the other side, employed projects aimed to increase employment and relating to general development policy in Morocco. The Bank also supported these projects with 150 million dollars. In particular, the participation of Morocco in the EU's EpiSouth Plus programme aiming to increase the level of public health protection in the partner countries creates institutional convergence and hence likeminded policy makers in public health in all participating countries. Such a mechanism also equips the EU with grater influence than other actors involved in the welfare structure in Morocco. The same effect can also be seen in Tunisia since the country also participates in EpiSouth Plus, other ENP programmes. Accordingly, EU inspired institutions are established in the country. Moreover, the World Bank's influence in Tunisia's welfare structure is deeper than Morocco in terms of both the extent of projects and the financial support allocated to them. In this context, the EU is not the sole actor in Tunisia's welfare structure and shares informal hegemonic influence with the World Bank. In Algeria on the other hand, the EU is the sole actor with the capability to influence the welfare structure in the country as there is no other actor employing policies relating to welfare structure in Algeria.

Overall, the APs contain promising provisions envisioning cooperation between the EU and partner countries, convergence with international and European standards as well as partnership on projects related to increasing the overall living conditions of

Table 6.18. Comparing the EU and Other Actors

REGULATORY CONVERGENCE	MOROCCO		TUNISIA		ALGERIA	
	EU	**OTHER ACTORS**	**EU**	**OTHER ACTORS**	**EU**	**OTHER ACTORS**
Legal Approximation	ILO Labour Administration and Collective Bargaining Convention ratified ILO Maternity Protection Convention Ratified Work insurance schemes to be extended Minimum wage increased from 53 to 89 Euros 41% of 2011 budget allocated to social sector New Rural Development Programme in northern Morocco put into effect Health benefit coverage extended to all citizens Framework Law on Public Health published	Membership to International Treaties (all are also foreseen by the AP with the EU)	Plan guaranteeing 35% women participation in government	Not as specific as EU involvement	No specific influence	Insignificant
Institutional Convergence	National Public Health Agency established EpiSouthPlus participation	World Bank projects on increasing employment and on general development policy	National Family and Population Office established European Training Foundation Projects in	World Bank projects on employment and general social policy World Bank Development Policy Lending (DPL)	Twinning projects on health reform, vocational training,	No World Bank Projects

Table 6.18. Comparing the EU and Other Actors (continued)

REGULATORY CONVERGENCE	MOROCCO		TUNISIA		ALGERIA	
	EU	**OTHER ACTORS**	**EU**	**OTHER ACTORS**	**EU**	**OTHER ACTORS**
	European Neighbourhood Programme on Agriculture and Rural Development launched		Medenine Region fostering employability are in force EpiSouthPlus participation European Neighbourhood Programme on Agriculture and Rural Development launched	Programme for health, infrastructure, labour markets and general human development	employment EuroMed Gender Equality Programme	
Financial Support	€126m. for health project with the EU EBRD allowed to fund projects in Morocco ENPI (45.4% of €654m. for 2007-2011 period allocated to social sector) ENPI (21% of €580.5m. for 2011-2013 period allocated to social sector)	World Bank ($100m. for employment) World Bank ($50m. for general development)	EBRD allowed to fund projects in Tunisia ENPI (21.7% of €200m. for employability and supporting the employment system, 37.3% on sustainable development for 2007-2011 period) ENPI (30.8% of €390m. on the involvement of social sector for 2011-2013 period)	World Bank ($300m. for the abovementioned projects out of $500m. on general welfare)	ENPI (€100m. on social sector for 2007-2011 period) ENPI (€100m. on social sector for 2011-2013 period)	None

the people. Accordingly, the track records of Morocco and Tunisia with regard to these three points are impressive which is reflected in the transposition of international rules into national systems and the improved national indicators pertaining to welfare structure. The role of the EU is visible especially with regard to joint projects and overall financial assistance granted to partner countries. In this regard, four of five the priority areas for the allocation of 580.5 million Euros through the ENPI to Morocco in 2011-2013 are development social policies, economic modernisation, institutional support, as well as good governance and human rights. This further increases the EU involvement in Morocco's welfare structure and reinforces its power to shape the structure. Besides its shortcomings compared to Morocco, the case with Tunisia on financial assistance is not much different. In 2011-2013, the priority areas for the allocation of 240 million Euros to Tunisia are determined as employment, programme of support to integration II, programme of support to businesses and justice. Further EU involvement into the welfare structure in the partner countries serves the result of both legitimising the EU in the eyes of the public and increasing its power to shape the welfare structure in the partner countries.

When compared with the involvement of other external actors in the Algerian welfare structure, it can be argued that partnership with Algeria on welfare structure is more promising than cooperation in other structures – with the exception of knowledge structure. In this framework, 172 million Euros allocated for Algeria under the ENPI for 2011-2013 period aims to carry out projects explicitly on human rights reform, sustainable development, diversification of economy, development of education, reinforcement of social programmes among others. Overall, the EU's involvement in Algerian welfare structure has the potential to obtain the power to shape this structure in Algeria. However, it is yet to come.

6.6. Overall Assessment

The evolution of external governance via development policies since the 1980s passed through significant transformation. Washington Consensus style policies prescribing template macro-economic policy reforms for all underperforming

developing countries regardless of their specific problems failed when the 1990s proved that this kind of reform has not been effective in carving out the desired outcomes. Accordingly, designing specific prescriptions in line with the needs of specific patients and transforming macro-economic reforms to include development friendly poverty reduction strategies has been the most important change brought by the Post-Washington Consensus style governance. However, the impressive performance of the non-governed developing countries during the current global economic crisis and the wounded economies of the developed countries increased concerns relating to the Post-Washington Consensus Style governance methods as well. Within this framework, the policies advocated by the ENP show similarities with the common global governance model but its uniqueness lies in the fact that the ENP is tailored in line with the needs and capabilities of the partner countries, and therefore it presents one of the best designed external governance mechanisms of our age.

Indeed, governance through the ENP goes well beyond classic development policies imposed by the agents of neoliberal hegemony such as the IMF, World Bank and the United States. With the ENP, the EU aims to achieve very broad objectives in the partner countries including political dialogue, economic and social cooperation, development, trade, regulatory reform, cooperation in justice and home affairs, sector based cooperation, and human dimension. Furthermore, specific financial instruments allocated to increase the effectiveness of the ENP increase the EU's capability to pursue its broader objectives by providing short-term benefits to the partners. However, the level of cooperation under these broader objectives differs due to the current level of integration between the EU and the partner countries under each objective area. This is also the basic reason of the differentiation criteria under the ENP. Yet, the vital part of the ENP is the regulatory convergence envisaged by the policy under specific topics. And the topics that envision regulatory convergence are not chosen haphazardly but in line with the priorities of the EU in further integrating the partner country into its system. This also gives the EU a chance to increase its power in the partner country.

In order to answer the question of whether or not the EU is becoming an informal hegemony in the Maghreb region by means of the ENP, several focal points should

be clarified. In this context the first question at hand is `what kind of novelty is brought by the ENP?`

The AAs as the basis of the EMP first and foremost envision economic and commercial integration between the EU and the Mediterranean partner countries. For all other policies beyond economic and commercial sphere, the AAs fall short of possessing powerful provisions on regulatory convergence, rather they envision cooperation between the partner countries and the EU. In this context, the AAs have the capacity of granting EU the power to be an active actor merely over production and trade structures in the partner countries. As analysed above, the level of EU involvement in the Maghreb countries production and trade structures have already been impressive after the entry into force of the AAs. The case with Algeria is perhaps the most visible example of the effects of the AAs over the EU involvement in production and trade structures in the partner country. Another interesting outcome of the AAs is that they not only increase the level of EU involvement as the amount of trade and investment between the EU and the AA partner increases, but they also result in the opening up of the partner countries' economy globally as the share of the EU gradually decreases. Yet, it is still very safe to say that the EU is by far the most influential actor in the Maghreb countries' production and trade structures. Indeed, compliance with the AAs also brings reforms in the partner countries' production and trade structures in the form of liberalisation and convergence towards a broader global neoliberal order.

Notwithstanding the impressive level of EU involvement in production and trade structures by the AAs, these agreements can not be considered as granting the EU the adequate *capacity* to shape the power structures in partner countries. In fact, this is where the novelty of the ENP lies. The APs, as the distinctive mechanisms of the ENP, not only foresee the solidification of economic and commercial ties by their bold provisions on the implementation of the AAs, but also they envision a spillover effect to other areas of cooperation beyond economic and commercial spheres. In this context, the extent of their success would mark the extent of the ENP's success. Being well designed roadmaps for the implementation of the ENP in partner countries, the APs impose regulatory convergence in specific policy areas and establish the skeleton of further monitoring of the reforms. In fact, regulatory

convergence with the EU is hugely critical since it draws the basic distinction between the EU's capacity to shape the power structures and global neoliberal influence in the partner countries.

The literature on the effectiveness of the ENP on the other hand hugely overlooks the regulatory convergence component. Borrowing many of its components from the enlargement process, the success of the ENP is mainly compared with the success of enlargement. In other words, since the success of the EU in imposing its priorities over the ENP partner countries falls short of its success in imposing its priorities over the new EU members, the ENP turns out to be considered as a flawed mechanism to bring about convergence in the partner countries. Nonetheless, this kind of an analysis is bound to end up with unfair conclusions about the ENP. Instead of such a comparison, the capacity of the EU to generate reforms in the ENP partner countries shall be analysed in comparison to the capacity of other global neoliberal actors in the same countries. Indeed, this study aimed to realise such a responsibility and the conclusions reached demonstrate that the APs grant the EU an extensive capacity to shape power structures in the Maghreb region compared to other actors. However, it has also been made clear that first, the reactions of individual countries differ substantially, and second, the EU's capacity also changes with regard to the power structure it is involved. At the same time, as seen in the case of Algeria, it should also be clearly stated that being an ENP partner country without an AP does not add up on the capacity of the EU obtained by the AA. Accordingly, the EU's capacity to shape structures beyond the production and trade structures in Algeria is limited. Therefore, it should also be stated that, it is the APs that mark the uniqueness of the ENP.

Inspired from a well known Western movie, Bicchi labels the EU's relations with Morocco, Tunisia and Algeria `The Good, the Bad and the Ugly`.[310] `The Good` label for Morocco is given due to its thriving relations with the EU since the introduction of the ENP, whereas Tunisia is labelled as `the Bad` due to its

[310] Bicchi, F., `The Impact of the ENP on EU-North Africa Relations: The Good, the Bad and the Ugly`, in Whitman, R., and Wolff, S., (Eds.), *The European Neighbourhood Policy in Perspective: Context, Implementation and Impact*, Palgrave-Macmillan, Hampshire, 2012, pp. 206-222.

reluctance to turn economic successes into political openings, while Algeria is labelled as ugly due to a series of ups and downs in its relationship with the EU.[311] As discussed above, the ENP and the APs are not limited with production, finance, knowledge, trade and welfare structures. On the contrary, they contain provisions explicitly on security, transport and energy structures and they envision regulatory convergence in these structures as well. In fact, answering the question of `is the EU becoming an *overall* hegemony in the Maghreb by means of the ENP` would require an analysis of these structures as well. However, as analysed in the previous chapter, security, transport and energy structures are excluded from the definition of *informal* hegemony in line with their specific reasons. Therefore, analysing the ENP as a means to become an informal hegemony ignores the political openings expected by the EU and hence saves Tunisia from its reputation as `the Bad`. Nevertheless, this does not mean that Tunisia is as successful as Morocco in carrying out the desired reforms as prioritised by the AP. On the contrary, regulatory convergence created by the AP in Tunisia lags behind Morocco's performance, yet by looking at the outcomes of the AP with Tunisia one can easily observe that - although in varying degrees - the EU can be considered as having the capacity to generate reforms in production, finance, knowledge, trade and welfare structures in Tunisia.

Being the major novelty of the APs, the concept of regulatory convergence is characterised to contain three important elements in this study. The first element as its substantive scope refers to the legislative approximation generated in each partner country, convergence at the institutional level as the second element refers to the participation of the partner country in various EU and other joint programmes, and the third element is composed of EU funding allocated to the partner countries to encourage regulatory convergence as foreseen by the APs. In this context, different levels of regulatory convergence in individual cases and under specific power structures are analysed to evaluate the EU's capacity to shape the power structures in the Maghreb countries. This kind of study also contributes to the analytical questions and the methodological difficulties in the literature with regard to *how* to

[311] *Ibid.*, p. 206.

study the ENP.[312] As stated above, similar studies can be extended to all the power structures and other regions under the ENP to test the success of the overall policy in comparison to other external actor involvements in those specific regions. Yet, the limits of this study are drawn by the requirements of informal hegemony concept introduced earlier.

As for the conclusions of this study, it has been clear that the EU's structural power via the ENP actually stems from the APs. In this context, cooperation with Morocco far exceeds the substance of meetings arranged under the provision of the EMP[313] and the EU enjoys an extensive degree of power over the production, finance, knowledge, trade, and welfare structures in Morocco. In fact, as Mark Leonard puts it "Morocco is definitely in the `Eurosphere`` in many respects.[314] Tunisian case is somehow different than Morocco but this study also observed that "...the ENP has allowed the EU and Tunisia to update and deepen the economic relationship created under the EMP."[315] In line with the requirements of the novel 'informal hegemony' term defined within the context of IPE, this study does not make an assessment of all power structures contained in the ENP. Therefore, as the EU's capacity to shape the necessary power structures for informal hegemony is greater than its capacity in security, transport and energy structures, this study also concludes that, currently, the EU enjoys power over production, knowledge, and trade structures in Tunisia. Although its capacity to shape finance and welfare structures in Tunisia falls short of its capacity in production, knowledge and trade structures; it is getting stronger. The case with Algeria, however, is different than Morocco and Tunisia since the EU's power is limited with production and trade structures as granted by the AA. Indeed, this is due to the fact that Algeria "...has not yet formally developed all the

[312] Manners, I., `As You Like It: European Union Normative Power in the European Neighbourhood Policy`, in Whitman, R., and Wolff, S., (Eds.), *The European Neighbourhood Policy in Perspective: Context, Implementation and Impact*, *op.cit.*, pp. 29-50.

[313] Bicchi, F., `The Impact of the ENP on EU-North Africa Relations: The Good, the Bad and the Ugly`, *op.cit.*, p. 209.

[314] Leonard, M., *Why Europe Will Run the 21st Century*, Fourth Estate, London, 2005, p. 145.

[315] Bicchi, F., `The Impact of the ENP on EU-North Africa Relations: The Good, the Bad and the Ugly`, *op.cit.*, p. 214.

documents and settings that characterise the ENP..."[316] and accordingly labelling Algeria as an ENP partner country seems like a rather clumsy attempt made by the EU to keep the country on track. As a matter of fact, locating Algeria within the ENP even without an AP legitimises its utilisation from the ENPI and its participation in several EU programmes and twinning projects. This also seems to produce the desired outcome as Algeria decided to start exploratory negotiations on an AP with the EU in 2012. This is a very promising development that gives the impression that the EU's structural power in Algeria is also yet to increase.

Indeed, the decision of Algeria to negotiate an AP with the EU and the impressive progress of Tunisia in coping with the priorities of the AP starting from 2011 can also be interpreted within the context of the Arab Spring. The year 2011 witnessed mass street demonstrations in all the Middle East and North Africa Region. The main motive of these demonstrations can be summarised as the quest for increased democratic standards and more freedom at the expense of the autocratic regimes in power. The development and outcomes of the Arab Spring in the three countries as the subjects of this study have also been different. Demonstrations in Morocco have been the least violent cases and focussed on constitutional amendments aimed at improving democracy and the rule of law. Accordingly, new Moroccan constitution mainly envisioning enhanced participation of all segments of the Moroccan society in government took effect on 13 September 2011 and positive discrimination has been implemented for young and female candidates in November 2011 elections. The main reason of the protests in Algeria is attributed to the lack of housing yet the demands of the people focussed on broader democratic reforms. As a result, the 19 year-old state of emergency has been lifted in Algeria in 22 February 2011. Demonstrations produced the severest outcomes in Tunisia as President Ben Ali left the country after 23 years in power. Tunisia is still carrying out reforms on political freedom, inclusive democracy, and better living conditions which have been the main motives of mass uprisings. Indeed, the uprisings, the demands of the people and the outcomes of the demonstrations in all these countries can be summarised under the neoliberal motto of 'privatisation, liberalisation, and deregulation'. Seen from this perspective, Arab Spring can be considered as the "neoliberalisation" of

[316] *Ibid.*, p. 217.

these countries from inside which in turn gives the EU more room for manoeuvre within the context of the ENP. By utilising its position as a gravitational pull as the most developed neoliberal model in the region both in economic normative terms, the EU now has the opportunity to increase its capacity to shape the power structures in these countries in line with its priorities. In this context, the ENP provides an indispensable governance mechanism to strengthen the EU's influence in the Maghreb region.

Accordingly, answering the question of 'whether the EU is becoming an informal hegemony in the Maghreb by means of the ENP or not' requires an analysis of the level of convergence in production, finance, knowledge, trade and welfare structures of IPE as well as the level of EU involvement in these power structures along with its capacity to shape outcomes. As provided in this chapter, this analysis reveals that the EU is more influential over all these structures in Morocco and Tunisia. This relates to the existence of APs with these countries. As for Algeria on the other hand, EU involvement and influence is much visible in areas explicitly governed by the AA, but less visible in areas where more general cooperation is envisaged by the AA. Nonetheless, Algeria's decision to start exploratory negotiations with the EU for an AP demonstrates the EU's overall appeal for Algeria. This can also be interpreted as the existence of consent on the part of Algeria which constitutes the substantial component of hegemony.

Is the EU *becoming* an informal hegemony in the Maghreb by means of the ENP? This study demonstrated that the answer to this question will be positive. However, the answer turns out to be negative when the question is reformulated as 'is the EU an informal hegemony in the Maghreb by means of the ENP?' EU's engagement in the Maghreb is very promising and generating impressive reforms as well as regulatory convergence towards the EU. The EU is by far the most influential external actor in the production, finance, knowledge, trade and welfare structures of Algeria, Morocco, and Tunisia. However, as of today, this influence is not realising its full potential, differs from country to country, and hence can not be interpreted as granting the EU hegemonic power in the region currently. Meanwhile, change does not happen overnight. Bearing in mind that the transformation and reformation in the Maghreb is ongoing under the principal influence of the ENP in general and the APs

in particular, it is possible to argue that the EU is *becoming* an informal hegemony in the Maghreb by means of the ENP. Can the potential be realised in the near future remains to be seen.

CHAPTER 7

CONCLUSION

This study analysed if the EU is becoming an informal hegemon in the Maghreb by means of the ENP. The answer to this question has been an outcome of a two part study. The first part analysed the conceptualisation of hegemony throughout the literature and marked a shortcoming of the contemporary conceptualisation of neoliberal hegemony as its negligence of an actor exercising neoliberal hegemonic power. Accordingly, the term 'informal hegemony' has been conceptualised to overcome this negligence which establishes the initial original contribution of this thesis. The term is defined under the global domination of neoliberal hegemony with an attempt to bring in the actor component into neoliberal hegemony. However, since globalisation itself deprived any actor of exerting hegemonic influence at the global level as analysed in the literature, informal hegemony introduced the informal hegemon as its actor at the regional level. Basing on this conceptual first part, the second part of this study implemented the concept into the EU's Neighbourhood Policy and evaluated its effectiveness in granting the EU informal hegemonic status in the Maghreb region. Indeed, such an analysis is not exhaustive in the sense that several other analyses within this conceptualisation can be further employed on several other actors and regions by various studies which establishes an additional original contribution of this study in the literature.

Informal hegemony refers to the ability of an *actor* to shape the production, financial, knowledge, trade, and welfare *structures* in a *region* by effective *governance mechanism/s*. Within this framework, the EU has strong potential to become an informal hegemon in the Maghreb region by means of the ENP.

As for the *actor* component in informal hegemony, this study argued that the conceptualisation of neoliberal hegemony is relevant with regard to the empirical developments in the international system. Yet, at the same time, since neoliberal hegemony refers to the hegemony of neoliberal values or the hegemony of the

neoliberal ideology over actors and over the system, it falls into the trap of divorcing hegemony from its actor. In other words, until the introduction of neoliberal hegemony the literature on hegemony has always defined the concept side-by-side the hegemon exercising hegemonic influence. Therefore, the conceptualisation of neoliberal hegemony seems to fall short of the previous conceptualisations of hegemony with regard to its assumptions. Accordingly, the conceptualisation of informal hegemony is an attempt to reintroduce the actor into the concept under the global dominance of neoliberal ideology. Hence, it accepts the supremacy of neoliberal values at the global level for the definition of concepts in the contemporary international system however it rejects the definition of hegemony as the domination of the system without any actor being able to dominate it. In this context, informal hegemony is an attempt to bring back the actor in the definition of hegemony under the domination of global neoliberal values over the system.

As for the *structure* component in this new conceptualisation, this study argued that Susan Strange's classification of structures of IPE provides a coherent and holistic view of the contemporary international system. Within this framework, the orthodox conceptualisation of hegemony would refer to the superiority of an actor to shape all the primary and secondary power structures at the global level. Within the perspective of this study, such domination would refer to full or overall hegemony. However, this study argued that globalisation and its effects on the authority of state - being still the primary actor in the international system - rendered overall hegemony impossible. Indeed, the introduction of the term neoliberal hegemony is also a result of this inability. In other words, since no actor but the neoliberal values is able to shape all the power structures in the contemporary international system, hegemony has been used side by side with the hegemony of the neoliberal system. On the other hand, since the supremacy of any actor to shape all the power structures is impossible under the effects of globalisation, an attempt to bring in the actor as a necessary component of hegemony required making a hierarchical relationship between the structures of IPE. As a result, with regard to their relative positions in granting power to the dominant actors within the global neoliberal order, production, financial, knowledge, trade, and welfare structures emerge as primary power structures. Besides, a hierarchical sequence among actors in shaping these structures revealed that among prominent global powers such as the U.S., the IMF or the

World Bank, the EU emerges as a potential informal hegemonic power with a prospective ability to shape all five structures. However, this potential does not automatically transform into reality. This study also showed that in order to exercise informal hegemonic influence a governance mechanism provides a very useful mechanism to employ the powers to shape these five necessary structures.

As for the *region* component of informal hegemony, this study argued that due to its polarisation and pluralisation effects, globalisation also resulted in the rise of regional power hubs rendering the global domination of an actor impossible, even in a single power structure. However, due to the rise of regionalisation under the multilateral nature of the contemporary international system, the exercise of informal hegemonic power turned out to be possible at the regional level. Moreover, the exercise of informal hegemonic influence of an actor depends on the level of involvement of that actor in a region. In other words, the influence of one actor, on one power structure over a specified region would be different than the influence of the same actor on the same power structure over a different region. Hence, in quest for the beholder of informal hegemonic power in the light of structural power analysis under neoliberal order, this study held two variables constant, the power structures and the region over which power is exercised; and analysed the roles of potential informal hegemons in the same power structure over the same region.

As for the *governance* component of informal hegemony, this study argued that in order to differentiate among the influences of several actors over power structures in a region, the existence of formal governance mechanisms specifically designed for that region provide effective tools to be analysed. This is due to the fact that, the existence of formal governance mechanisms makes the desired plans of potential informal hegemons and the outcomes of their actions in the region more visible. Governance under the effects of globalisation is a tricky topic in the sense that making a differentiation between the effects of the actions of an actor and the effects of the global neoliberal system on the power structures in a region is a difficult task at hand. However, the existence of a formal governance mechanism designated by an actor to govern its relations with an actor or a region provides an invaluable tool to make the aforementioned distinction. Yet indeed, the existence of formal governance mechanisms is not a prerequisite for the determination of informal

hegemony. As analysed in this research, several indicators of power in specific power structures such as the amount of investments, financial involvement, or official aid provided to the counterpart can also illustrate the level of involvement of a potential informal hegemon in a region. Moreover, the level of involvement also gives a clue about the capacity to shape power structures in the sense that the more involved an actor in a region, the more likely that it would have the capacity to shape the relevant power structure in that region. Therefore, the existence of a governance mechanism provides a valuable tool to observe that a specific outcome in a region is a result of the potential informal hegemon's action. In this context, making a causal relationship between the objectives set by the governance mechanism and the outcomes acquired with regard to these objectives is possible by the existence of a governance mechanism.

A further look into regional governance in this study revealed that regionalisation is a concept defined hand in hand with globalisation. Washington Consensus and PWC policies developed to curb down inequalities created by globalisation resulted in further acceleration of regionalisation. The failure of Washington Consensus policies due to their negligence of different characteristics of different economies as well as the failure of PWC policies due to the incompatibility between its poverty reduction aspirations and the dominant global neoliberal ideology necessitated implementing regional solutions to regional or individual setbacks created by globalisation. Liberalisation, privatisation and deregulation policies at the global level do not result in economic prosperity, more employment or higher wages at the national level but curb down economic development and welfare due to increased economic competition leading to the failure of domestic industries. Indeed, the main reason of the inadequacy of global governance policies to produce desired outcomes in the global system has been their ignorance of the multilateral nature of the contemporary international system. Within this perspective, regional governance emerged as the most viable alternative to global neoliberal governance policies and their effects leading to greater social exclusion and higher inequality. Alternatively, homogenisation of identities at the regional level is expected to increase shared priorities as well as cultural and social affinity that would bring states in the same region closer in coping with the pressures of global neoliberal policies.

Therefore, the implications of regionalisation on governance have also been under scrutiny in this study. In this framework, focussing on the external implications of regionalisation this study argued that increased power at the national level via forming regional alliances with common policy priorities increases the bargaining power of regional alliances with extra-regional partners. Hence, a new external governance model also emerges out of regionalisation as a response to global governance policies. Nevertheless, regional alternatives to global governance do not necessarily pose alternatives to the global neoliberal governance models but they complement each other in the sense that several regional neoliberal sub-systems emerge within a global neoliberal system. In the contemporary world system, the more these regional alternatives comply with global neoliberal model the more successful they are in encouraging multidimensional intraregional links and institutionalising interregional relations.

Furthermore, the level of integration of a regional alliance as in the form of the level of common norms and policies generated and embraced by the members of that regional entity defines the actorness of that region in its external relations. In other words, strong regional governance models also contribute to the actorness of regional alliances at the international level. As a matter of fact, the more integrated a region is in terms of its common legal identity the more powerful it is in its external relations. In this sense, in exporting its governance model to other countries and regions, the common priorities and shared responsibilities of the region stands as a reference point.

This is where the uniqueness of the EU lies. The EU provides the most coherent and solid neoliberal regional alliance with the ability to export its own neoliberal sub-system. Such coherence and solidity is a result of the extensiveness of the EU *acquis* that outlines common priorities and shared responsibilities of the EU member states. Similarly, as a reference point, EU *acquis* stands as the guideline in governing the EU's external relations. Even in some cases, the major aim of the EU emerges as the transposition of the *acquis* into the partner countries' legislative frameworks and general governance mechanisms. As a matter of fact, such an attempt has been most successful in the EU's enlargement policy. The extent of its success via the ENP has been the major question at hand in this study.

In answering this question, the conceptualisation of informal hegemony provides a useful tool in differentiating among the actors with regard to their influences in a region. For instance, a comparison among, China, Japan and the U.S. with regard to their potential informal hegemonic status in Southeast Asia, a comparison among the U.S., EU and the World Bank in Latin America, or a comparison among Russia, China and the U.S. in Central Asia turn out to be much feasible and logical with the implementation of informal hegemony analysis. Within this framework, this study took the EU's involvement in the Maghreb via the ENP as its case study and outlined the superiority that the ENP granted to the EU in Maghreb compared to several other actors such as the U.S., the IMF and the World Bank. Consequently, this study found that due to its superiority in shaping production, financial, knowledge, trade and welfare structures in Maghreb compared to other potential informal hegemonic powers, the EU is on the way to become an informal hegemon in the Maghreb region by means of the ENP as the governance mechanism.

In doing that, the most critical component of the ENP emerged as the regulatory convergence that the policy generated in the region towards the EU as a neoliberal sub-system. Indeed, regulatory convergence refers to convergence of the Maghreb countries' regulatory system with the EU *acquis*. In line with the conceptualisation of informal hegemony, regulatory convergence takes place within a broader global neoliberal order. This means that, the Maghreb countries - and especially Morocco and Tunisia - are already under the influence of broader global neoliberal hegemony which is not orchestrated by a single actor. However, being a neoliberal project itself, the ENP locates the EU as a centre of gravity for the Maghreb countries. In this context, regulatory convergence emerges as the most critical component of this gravitation. Yet, regulatory convergence via the ENP does not occur automatically. It is the building up of historical relationship between the EU member states and the region since colonisation as well as an outcome of several previous attempts leading to the formulation of the ENP.

The EU's involvement in the Maghreb region dates back to the '70s which further gained pace after the southern enlargement of the Union. The EMP, AAs signed with the Mediterranean countries and then the ENP has been the tools governing the

EU's relations with the region. In a nutshell, the basic aim of the EMP was to create a common area of peace and stability, shared welfare, sustainable socio-economic development and increased intercultural dialogue. Hence, AAs as the basic tools of the policy included provisions on various aspects. However, the provisions relating to aims going beyond economic and commercial cooperation have not been appealing for the Mediterranean countries which resulted in the EMP to lag behind its original objectives. This was due to the fact that the stake provided by compliance with all the provisions of the AAs fell short of the stake provided by the EU internal market. In trade related areas on the other hand, the AAs granted power to the EU over trade structure in Maghreb. More precisely, identical standards and regulations with particular reference to free movement of goods, as well as the right of establishment and services granted the EU upper hand in the Maghreb in comparison to other potential informal hegemons. This superiority has been the result of the establishment of familiar rules and regulations with the EU *acquis* in Maghreb. The preferential treatment granted to the EMP countries by the AAs located the partners into the EU's axis of influence by means of transforming their industrial and commercial infrastructure in line with the EU legislation. Yet, the power granted to the EU by the AAs has been limited with trade and - to some extent - production structures.

On the other hand, the ENP, among other external policies of the Union, emerges as the most coherent and well designed policy governing structures ranging from security to welfare. Therefore, this study located the ENP within broader neoliberal governance mechanisms with particular reference to the PWC style development policies employed by several other actors at the global level. In this context, the APs distinction within the framework of the ENP by setting clear objectives for the parties in order to enable the smooth integration of the Mediterranean countries within the ENP, to the global neoliberal order in general and the European neoliberal system has particularly been outlined. Moreover, annual monitoring of the progress achieved by the target countries via ENP progress reports provides a useful mechanism to evaluate the success of the ENP. Thus, the uniqueness of the ENP lies in its focus on exporting structural change in broader policy areas and towards specific regions with an aim to create convergence with the *European* capitalist form of governance as a sub-system of global neoliberal order. Such convergence forms

the basis of the EU's structural power deviating from the PWC style governance policies that generate structural change towards global neoliberal order. In fact, bridging the gap between the policy priorities of the EMP by solidifying enhanced cooperation on topics going beyond mere economic and commercial alignment marks the primary ambition of the ENP in comparison to the EMP. Such a policy reformulation as a transposition of the enlargement experience created a more coherent and inclusive external governance mechanism.

Accordingly, broader regulatory convergence towards the EU *acquis* created by the ENP gives the EU comparative advantage over other potential informal hegemons in Maghreb. As a matter of fact, the EU shares global neoliberal norms and values with other potential informal hegemons. What is unique for the ENP is the fact that the policy increases the EU's capability to generate reforms in the target countries compared to the aspirations and policies employed by other actors in the region. Furthermore, the financial component of the ENP going beyond that of the EMP adds up on both the appeal of the policy for the partner countries and the capabilities of the EU to initiate structural change in broader policy areas. Hence, the EU's capabilities stemming from the ENP establish the basis of the EU's distinctiveness from other potential informal hegemons. Within this framework, this study located the ENP as a governance mechanism designed to grant the EU an ability to shape power structures in the partner countries in line with broader global neoliberal order but with convergence towards the EU sub-system via legislative harmonisation with the EU *acquis* envisaged in several policy areas as well as policy coordination envisaged in others.

As the major legal tools in transforming the Barcelona Process in to the ENP, the APs aim to extend commercial partnership into areas such as political, economic and social dialogue and reform with particular reference to cooperation in justice and home affairs, transport, energy, security, information society, environment, people-to-people contacts which transposes into deeper involvement of the EU in various power structures in the ENP region. More precisely, with regard to the capabilities that the ENP aims to grant the EU, the policy can be considered to give structural power to the EU in line with its broader effects by further increasing the EU's economic weight and gravitational pull, altering domestic legal and economic

structures in line with the EU's internal rules and in some cases even extending European regulatory system, developing international legal and institutional frameworks favourable to European values and interests, as well as encouraging patterns of behaviour, modes of thinking and modes of governance favourable to the EU's interests.[317]

Accordingly, this study analysed the extent of the ENP's success with regard to its aspirations. In doing that, the EU's involvement in the region with particular reference to the indicators of the power structures has been analysed. In this context, before and after the entry into force of the AA with Algeria and the APs with Morocco and Tunisia a comparison has been made with regard to indicators such as GDP growth, direct investment stocks from the US and the EU for the production structure, inflation, domestic credit provided by the banking sector and gross external debt for the financial structure, patent applications and grants, researchers in R&D and the number of published scientific and technical journal articles for the knowledge structure, change in the exports and imports of goods and services as a share of GDP and the EU's share in foreign trade for trade structure; and finally change in unemployment, public health expenditure as well as net official development aid received for welfare structure. Such a study helped to understand the *involvement* of the EU in the Maghreb region compared to other prominent actors as well as the progress made by the Maghreb countries in integration to the neoliberal world system. However, carving out the EU's *capacity* in generating neoliberal reforms in the Maghreb required a more in depth analysis of the AA with Algeria and the APs with Morocco and Tunisia.

Eventually, it is the APs and the ENP progress reports that provide the causal link between the objectives and the outcomes of policy reform in the Maghreb region. More precisely, the APs envision convergence towards the EU style neoliberal governance within broader neoliberal system. In this framework, regulatory reform required by the APs emerges as the most critical component. Moreover, as regulatory reform objectives set by the APs embrace all power structures including

[317] Holden, P., *In Search of Structural Power: EU Aid Policy as a Global Political Instrument*, *op.cit.*, p. 19.

the necessary ones to determine informal hegemony, this study focussed on the regulatory reform generated by the APs in five necessary power structures of informal hegemony. In this analysis, within the objectives set by the APs, regulatory convergence is broken down into three subheadings: legal approximation, convergence at the institutional level and financial support on conditionality.

As for the legal approximation, AP objectives such as the liberalisation of foreign investments, convergence with the EU *acquis* on company law, approximation of consumer protection law, public procurement law, and enterprise policy, establishing strong regulatory framework for the supervision of financial markets converging towards the EU's, management and control of public finances in line with the EU standards, ensuring a level of protection similar to the EU's on industrial and intellectual property, adopting statistical methods fully compatible with the EU's, alignment of technical regulations in trade, and raising the level of public health in line with the EU legislation are important objectives among others set by the APs. As for the institutional convergence, to name a few, establishing a taxation system and institutions based on the EU standards, establishing national competition authorities overseeing compliance with the EU competition law, participation to institutional twinning programs overseeing convergence, and establishing capital market authorities emerge as important objectives set by the APs. Finally, financial support through MEDA and ENPI on the basis of conditionality criteria referring to more financial aid to those who are in more compliance with the objectives has been an important tool in generating regulatory reform in the form of convergence towards the EU regulatory system in these countries.

A further comparison between the role of the EU and other potential informal hegemons in five power structures revealed the EU's superiority over other actors in its capability to shape these structures in Maghreb. In production and trade structures, regulatory convergence created by EU policies in Morocco, Tunisia and Algeria surpassed those of other actors. Convergence towards the EU legal framework such as the implementation of same standards on company law, enterprise policy, product classification systems, customs procedures, etc. gives the EU more leverage than other potential informal hegemons in Maghreb. Moreover,

besides the introduction of legal reforms inspired by the EU *acquis*, the creation of institutions regulating national production and trade structures especially in Morocco and Tunisia has been an important component of the EU's structural power. In this context, legal reforms helped create familiar regulatory environment for European enterprises operating in Maghreb and granted European economic operators competitive superiority in the region over their international counterparts. Furthermore, the implementation of twinning programmes, participation of the Maghreb countries into European programmes and bodies such as SIGMA, European Coordination for Accreditation, and European Committee for Electrotechnical Standardisation that aim to create convergence mainly among the EU member states, as well as the reflection of European institutional structure to Maghreb helped create a similar mindset in the EU and Maghreb which located the EU as a mentor in the region. Meanwhile, the implementation of World Bank projects in production and trade structures bringing the Maghreb more in line with global neoliberal values also helped the EU to more easily pursue its own neoliberal policies. Financial support granted by the EU in production and trade structures also surpassed the support granted by other potential informal hegemons in the region which seals the EU's superiority. Indeed, the success of the ENP in both structures in Maghreb is due to the fact that the policies envisioned by the APs are continuation of those envisioned by the AAs, thereby being a result of a longer time of implementation efforts of those reforms. In addition, the existence of AAs with all three countries helps the EU to exercise power over production and trade structures in the whole region.

In financial, knowledge and welfare structures on the other hand, the lack of an AP with Algeria marks the EU's less influential role in the country compared to its role in Morocco and Tunisia. Yet again, a comparison between the EU and other actors over these structures in the region revealed the superiority of the former. In financial structure, legal approximation carried out by Morocco in complying with the priorities of the AP has been satisfactory. In this context, the introduction of legal reforms pertaining financial structure in Morocco has been an outcome generated by the EU. The case with Tunisia has also been similar however the outcomes in Tunisia fell short of the priorities set by the AP. Moreover, at the institutional level, Morocco has been more proactive than Tunisia in copying the EU institutional

structure. Similarly, the World Bank has also implemented several projects in both countries relating to financial structure however the Bank's attempt fell short of EU's capacity to generate reforms. Overall, the EU's influence over the financial structure in Tunisia has not been as extensive as in Morocco however it has been far beyond other actors. In Algeria on the other hand, the only actor carrying out policies relating to financial structure is the EU, yet its involvement does not transform into a strong capacity and is far from granting the Union informal hegemonic status. Thus, although the EU is more active than any other actor over the financial structure in the region, the responses of individual countries in compliance with the AP priorities demonstrate that currently the EU enjoys potential informal hegemonic power over financial structure only in Morocco.

In knowledge structure, the most visible outcome of the APs on legal approximation has been the accession of Morocco and Tunisia into international conventions protecting intellectual and industrial property rights. The institutional convergence taking the form of the creation of national institutions inspired by the EU institutional structure, as well as participation to European programmes such as EUMEDIS, TEMPUS, PEFESE, EUROMEDCONNECT, Erasmus Mundus, and Marie Curie resulted in the creation of an active knowledge network between the EU and these countries. Furthermore, the lack of specific World Bank projects relating to knowledge structure in Tunisia and the existence of a single Bank project on the development of first education in Morocco increased the gap between the EU's and other actors' influence over the knowledge structure in Morocco and Tunisia. In Algeria, the signing of a Scientific and Technological Cooperation Agreement with the EU also marked an important step for the EU to increase its influence over knowledge structure. The participation of the country to education and twinning programmes with EU as well as TEMPUS IV besides the non-existence of any World Bank projects placed the EU one step ahead of other potential informal hegemons. However, the lack of an AP is still a major shortcoming. All in all, the EU enjoys superiority over other international actors in the knowledge structure in Maghreb whereas its differentiated structural power is more visible in Morocco and Tunisia than in Algeria which is also expected to flourish with the signing of an AP as envisioned by the country.

In welfare structure, the EU's influence is much more visible in Morocco than in Tunisia and Algeria. Morocco's accession to ILO Conventions, its implementation of rural development programmes, increasing the minimum wage, allocation of almost half of the budget to social sector as well as the publication of framework law on public health has been positive steps envisioned by the AP towards integrating the country into global welfare structure inspired by the EU. Furthermore, the country's participation to common EU programmes aimed to improve health conditions and rural development located the EU as a source of inspiration in Morocco. The World Bank is also actively implementing projects on increasing employment and on general development policy in Morocco however the financial support allocated for these projects fall short of the EU's financial involvement in the country. Hence the EU is enjoying structural power over the welfare structure in Morocco. In Tunisia however, compliance with the AP has not been as successful as required with regard to legal approximation. At the institutional level however, the establishment of national offices inspired by the EU institutional structure as foreseen by the AP as well as participation to several common EU programmes such as EpiSouthPlus, ENP programme on agricultural and rural development, and European Training Foundation projects aimed to foster employability has been positive steps towards regulatory convergence with the EU. Interestingly however, the World Bank is more active on welfare structure in Tunisia with several projects funded by around 800 million dollars. Such involvement of the Bank avoids the emergence of the EU as a superior actor over the welfare structure in Tunisia. In other words, in order to locate the EU as the most influential potential informal hegemon over the welfare structure in Tunisia further compliance of the country with the priorities of the AP shall be encouraged by the EU. In Algeria on the other hand, no actor other than the EU is active in welfare structure and the EU's involvement is limited with the country's participation in several twinning projects on health reform, vocational training, and employment as well as in EuroMed Gender Equality Programme.

Overall, an analysis of the outcomes with regard to these objectives and the effectiveness of the tools set to realise these objectives revealed that the EU is more successful than other global potential informal hegemonic powers in its capabilities to shape the production, financial, knowledge, trade and welfare structures in the

Maghreb region. In particular, several reforms achieved by Morocco and Tunisia in line with the APs demonstrate that the ENP is successful compared to other mechanisms employed by other actors in the Maghreb region. As for Algeria on the other hand, the process is slower compared to Morocco and Tunisia due to the lack of an AP setting clear reform priorities. However, progress achieved since the entry into force of the AA in 2005 and the decision of Algeria to enter into AP negotiations with the EU demonstrates that the EU's influence is increasing in Algeria as well. In this context, the EU seems to possess structural power over production, finance, knowledge, trade and welfare structures in Morocco, over production, knowledge and trade structures in Tunisia, and over production and trade structures in Algeria. Nonetheless, a comparison between the role of the EU and other external actors such as the U.S., IMF and mainly the World Bank, over the five structures in all these countries reveals that, although not being able to obtain informal hegemonic status yet, the EU is by far the most influential actor over all the necessary power structures in the Maghreb region. Consequently, this study concludes that the EU is becoming an informal hegemon in the Maghreb region by means of the ENP, though there is much to achieve. On the other hand, an obvious conclusion is that the ENP grants the EU a differentiated influence in the Maghreb region compared to other potential informal hegemons and hence putting the EU a step further among them.

In this context, another conclusion to be drawn out of this study is that although the emergence of neoliberal hegemony relates to change in first the American economic system which is then spread throughout the global system, what matters in the age of globalisation is the ability to control the dynamics of change. However, due to the results of globalisation which disables any actor including the U.S. to exert hegemonic control at the global level as well as due to the rise of regional power blocs within the global neoliberal world order, regional domination via successful policies employed to govern power structures grant actors the ability to shape the actions of other actors in that region. In this context, the ENP emerges as a significant governance mechanism which grants the EU the ability to shape power structures in its neighbourhood. However, the success of the ENP is different in various regions embraced by the policy which is due to the diverging levels of integration of the target countries into the global neoliberal order. Therefore, the

success of such governance mechanisms designed within the global neoliberal order first depends on the success of the global neoliberal hegemony in integrating the target countries into the neoliberal system.

Subsequently, designing successful governance mechanisms that grant their employer informal hegemonic power requires a neat understanding of first, the global neoliberal system and its effects on actors. Consequently, a differentiation between the employer of the governance mechanism and other potential informal hegemonic powers with regard to the capabilities that the governance mechanism grants to the employer can be made. In the case of the ENP in Maghreb region, regulatory convergence generated by the policy is a valuable tool putting the EU one step ahead of other actors with regard to its capabilities to generate neoliberal reforms in the region. In order to make it more successful, it seems like the EU needs to put more effort in first encouraging the target countries to be more involved into the global neoliberal system. Realising such objective needs better designed roadmaps for ENP countries like setting more achievable objectives as in the form of less ambitious legal and institutional reforms at the outset or allowing more financial support for legal and institutional convergence towards the *acquis* which would transform the EU into a more appealing model. Only then the EU can differentiate between itself and other actors by providing more incentives than other actors aiming to obtain informal hegemonic status in a specific region. In other words, once there is consent on the part of the target countries to become a member of the global neoliberal order, it turns out to be a question of who provides more incentives on the way towards establishing its informal hegemonic status in a region. Therefore, the more attractive a neoliberal project is for a region, the more potential it has to grant its employer informal hegemonic status in that region. In this respect, this attractiveness is related to the involvement of the actor within the power structures in the target region which also directly affects the capacity of the actor to shape the relevant power structures on the way towards becoming an informal hegemon. Consequently, actors that can transform this capacity into outcomes by effective governance mechanisms are those with more potential to become informal hegemons.

In the case of the EU, the ENP increases the Union's capacity to shape the relevant power structures in target regions. This capacity is also directly related to the actorness of the EU. The union not only stands as an agent of global neoliberal order exporting global neoliberal norms and values to the region but also the EU *acquis* provides the set of rules to convergence towards within the global neoliberal order. Hence, the EU becomes a normative power as a transmission of the global neoliberal system through Maghreb and it becomes a regulatory power by providing its *acquis* as the regulatory model to converge towards within that global neoliberal order. The Union's capacity to generate reforms in the Maghreb via the ENP differentiates it from other actors. However as this study demonstrated there is much to achieve on the part of the Union to be considered an informal hegemon in the region. ENP in the Maghreb is and is expected to be more successful than any other external governance mechanism developed by any other potential informal hegemon which also locates the EU as the biggest candidate to become an informal hegemon in the region. Whether the EU can achieve this objective would depend on its ability in further customising the policy in line with the individual capacities of the partner countries, allowing further financial aid supporting neoliberal policy reforms, and time required for the partner countries to internalise these reforms.

REFERENCES

1. PRIMARY SOURCES

1.1. OFFICIAL DOCUMENTS

- Communication from the Commission to the Council and the European Parliament, *'Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours'*, Brussels, 11.03.2003, COM(2003), 104 final.

- Communication from the Commission, *'European Neighbourhood Policy Strategy Paper'*, Brussels, 12.5.2004, COM (2004) 373 final.

- EC Regulation 1638/2006, Official Journal of the European Union, L 310/1, 09.11.2006.

- European Commission, 'Implementation of the European Neighbourhood Policy in 2011 Statistical Annex', *Delivering on a New European Neighbourhood Policy*, Brussels, 15.05.2012.

- European Commission, 'Implementation of the European Neighbourhood Policy in 2011 Statistical Annex', *Delivering on a New European Neighbourhood Policy*, Brussels, 15.05.2012.

- European Commission, ENP Package-Algeria, Press Memo/12/329, Brussels, 15 May 2012.

- European Council, *External Dimension of European Union Energy Policy*, Press Release, February 4th, 2010.

- European Parliament, Council, Commission, 'The European Consensus on Development", *Official Journal of the European Union*, 24 February 2006, C 46/01.

- EU-Tunisia Action Plan

- EU-Morocco Action Plan

- High Representative of the European Union for Foreign Affairs and Security Policy, *'A new response to changing Neighbourhood'*, Brussels, 25.05.2011, COM (2011) 303.

- High Representative of the European Union for Foreign Affairs and Security Policy, *'Delivering on a new European Neighbourhood Policy'*, Brussels, 15.05.2012, JOIN(2012) 14 final.

- Morocco ENP Progress Reports
- Tunisia ENP Progress Reports
- World Bank, *Economic Growth in the 1990s: Learning from a Decade of Reform*, Washington, 2005.

1.2. INTERNET SOURCES

- European Commission www.ec.europa.eu
- European External Action Service www.eeas.europa.eu
- Eurostat www.epp.eurostat.ec.europa.eu
- International Energy Agency www.iea.org
- International Monetary Fund www.imf.org
- Istanbul Exporters' Association www.iib.org.tr
- Ministry of Commerce of the People's Republic of China www.mofcom.gov.cn
- Ministry of Economy of Turkey www.ekonomi.gov.tr
- Ministry of Economy, Trade and Industry of Japan www.meti.go.jp
- North Atlantic Treaty Organisation www.nato.int
- Organisation for Economic Cooperation and Development www.oecd.org
- U.S. Department of Commerce Bureau of Economic Analysis www.bea.gov
- United Nations Conference on Trade and Development www.unctad.org
- United States Trade Representative www.ustr.gov
- USAID www.usaid.gov
- World Bank www.worldbank.org

- World Intellectual Property Organisation www.wipo.int
- World Trade Organisation www.wto.org

2. SECONDARY SOURCES

- Altay, S., *"Hegemony and Private Actors, and International Institutions: Transnational Corporations as the Agents of Transformation of the Trade Regime from GATT to the WTO"*, PhD Dissertation, International Studies and Economics and Social Sciences, School of International Studies, University of Trento, May 2011.
- Amin, S., (translated by Luckin, D.),'The Challenge of Globalisation', in *Review of International Political Economy*, Vol. 3, No.2, 1996.
- Arrighi, G., *The Long Twentieth Century: Money, Power and the Origins of Our Times*, Verso, London, 1994,
- Bachrach, P., and Baratz, M., "Decisions and Nondecisions: An Analytical Framwork", in *American Political Science Review*, Vol.57, No.3, 1963.
- Balaam, D.N., and Veseth, M., *Introduction to International Political Economy*, Prentice Hall, New Jersey, 1996.
- Bicchi, F., `The Impact of the ENP on EU-North Africa Relations: The Good, the Bad and the Ugly`, in *The European Neighbourhood Policy in Perspective: Context, Implementation and Impact*, Whitman, R., and Wolff S., (eds.), Palgrave-Macmillan, Hampshire, 2012.
- Birdshall, N., and Fukuyama, F., 'The Post-Washington Consensus: Development After the Crisis', in *Foreign Affairs*, Vol. 90, March/April 2011.
- Burchill, S., Linklater, A., Devetak, R., Donnelly, J., Paterson, M., Reus-Smit, C., True, J., *Theories of International Relations, 3rd Ed.*, Palgrave Macmillan, New York, 2005.
- Chase-Dunn, C., and Grimes, P., 'World Systems Analysis', in *Annual Review of Sociology*, Vol. 21, August 1995.
- Cohen, B.J., *International Political Economy: An Intellectual History*, Princeton University Pres, Princeton, New Jersey, 2008.
- Cox, R.W., 'Gramsci, Hegemony and International Relations; An Essay in Method', in *Approaches to World Order*, Cox R.W. and Sinclair B., Cambridge

University Press, Cambridge, 1983.

- Cox, R.W., 'Social Forces, States and World Orders; Beyond International Relations Theory', in *Approaches to World Order*, Cox R.W. and Sinclair B., Cambridge University Press, Cambridge, 1981.

- Cox, R.W., *Production, Power and World Order: Social Forces in the Making of History*, Columbia University Press, New York, 1987.

- Cox, R.W., *The Political Economy of a Plural World*, Routledge, New York, 2002.

- Dahl, R.A., 'The Concept of Power', in *Behavioral Science*, Vol. 2, No. 3, 1957.

- Egan, M., Nugent, N., Paterson, W.E., (eds.), *Research Agendas in EU Studies: Stalking the Elephant*, Palgrave, Macmillan, New York, 2010.

- Emerson, M., and Noutcheva, G., 'From Barcelona Process to Neighbourhood Policy – Assessment and Open Issues', *Centre for European Policy Studies* (CEPS) Working Document, No.220, Brussels, March 2005.

- Farrell, M., Hettne, B., and Langenhove, London, L.v. (eds.), *Global Politics of Regionalism: Theory and Practice;* Pluto Press, Ann Arbor, Michigan, 2005.

- Frieden, J.A., and Lake, D.A., 'International Politics and International Economics', in *International Political Economy: State Market Relations in the Changing Global Order*, Goddard, C.R., Passé-Smith, J.T., Conklin, J.G., (eds.), Lynne Rienner Pub., Boulder, 1996.

- Gamble, A., Lane, D., (eds.), *European Union and World Politics: Consensus and Division*, Palgrave, Macmillan, New York, 2009.

- Giddens, A., *The Consequences of Modernity*, Polity Press, Cambridge, 1990, p. 64.

- Gill, S., and Law, D., *The Global Political Economy: Perspectives, Problems and Policies*, The Johns Hopkins University Press, Maryland, 1988.

- Gill, S.R., 'Neo-liberalism and the Shift Towards a US-Centred Transnational Hegemony', in *Restructuring Hegemony in the Global Political Economy: The Rise of Transnational Neo-liberalism in the 1980s*, Overbeek H., (ed.), Routledge, London, 1993.

- Gilpin, R., *The Political Economy of International Relations*, Princeton University Press, New Jersey, 1987.

- Gilpin, R., *U.S. Power and Multinational Corporation: The Political Economy of Foreign Direct Investment*, Basic Books, New York, 1975.

- Gramsci, A., (translated and edited by Hoare, Q., and Smith, G.N.), *Selections*

from the Prison Notebooks, International Publishers, New York, 1971.

- Haggard, S., and Simmons, B.A., 'Theories of International Regimes' in *International Organization*, Vol. 41, No. 3, 1987.

- Hanrahan C.E., and Schnepf, R., *WTO Doha Round: The Agricultural Negotiations*, Congressional Research Service Report, Washington D.C., July 20th, 2008.

- Haukkala, H., *A Normative Power or a Normative Hegemon? The EU and its European Neighbourhood Policy*, EUSA 10th Biennial Conference in Montreal, Canada, 17-19 May 2007.

- Held D., and McGrew, A., *Globalization/Anti-Globalization*, Polity Pres, Cambridge, 2002.

- Held, D., McGrew, A., Goldblatt, D., Perraton, J., (eds.), *Global Transformations: Politics, Economics and Culture*, Stanford University Press, Stanford, 1999.

- Hettne, B., Inotai, A., and Sunkel, O., (eds.), *Globalism and the New Regionalism*, St. Martin's Pres, Inc., New York, 1999.

- Holden, P., *In Search of Structural Power: EU Aid Policy as a Global Political Instrument*, Ashgate, Surrey, 2009.

- Hout, W., 'Governane and Development: changing EU policies', in *Third World Quarterly*, Vol. 31, No. 1, 2010.

- Hurt, S.R., 'Understanding EU Development Policy: history, global context and self interest'', in *Third World Quarterly*, Vol. 31, No. 1, 2010.

- Jabko, N., Parsons, C., (eds.), *The State of the European Union: With US or Against US? European Trends in American Perspective Vol. 7*, Oxford University Press, New York, 2005.

- Keohane, R., Nye Jr., J.S., *Power and Interdependence: World Politics in Transition, 4th Ed.*, Longman Classics in Political Science, Pierson, Illinois, 2011.

- Keohane, R.O., 'Introduction: From Interdependence and Institutions to Globalization and Governance', in *Power and Governance in a Partially Globalized World*, Keohane R. O., (ed.), Routledge, London, 2002.

- Keohane, R.O., 'The Theory of Hegemonic Stability and Changes in International Regimes, 1967-1977", in *Changes in the International System*, Holsti, O., Siverson, R., and George, A., (eds.), Westview Press, Boulder, 1980.

- Keohane, R.O., *After Hegemony: Cooperation and Discord in the World Political Economy*, Princeton University Press, New Jersey, 1984.

- Kiely, R., *Empire in the Age of Globalisation: US Hegemony and Neoliberal Disorder*, Pluto Press, London, 2005.

- Krasner, S.D., (ed.), *International Regimes*, Cornell University Press, Ithaca, 1983.

- Lake, D.A., 'British and American Hegemony Compared: Lessons for the Current Era of Decline', in *International Political Economy: Perspectives on Global Power and Wealth*, Frieden J.A., and Lake D.A., (eds.), Thomson, Wadsworth, 2000.

- Lawton T.C., Rosenau J.N., and Verdun A.C., (eds.), *Strange Power: Shaping the Parameters of International Relations and International Political Economy*, Ashgate, Vermont, 2000.

- Leonard, M., *Why Europe Will Run the 21st Century*, Fourth Estate, London, 2005.

- Lukes, S., 'Power and the Battle for Hearts and Minds: On the Bluntness of Soft Power', in *Power in World Politics*, Berenskoetter, F., and Williams, M.J., (eds.), Taylor&Francis e-Library, 2007.

- Lukes, S., *Power: A Radical View, 2nd Ed.*, Palgrave Macmillan, London, 2005.

- Mahncke, D., Gstöhl, S., (eds.), *Europe's Near Abroad. Promises and Prospects of the EU's Neighbourhood Policy*, P.I.E. Peter Lang, Germany, 2008.

- Manners, I., `As You Like It: European Union Normative Power in the European Neighbourhood Policy`, in *The European Neighbourhood Policy in Perspective: Context, Implementation and Impact*, Whitman, R., and Wolff, S., (eds.), Palgrave-Macmillan, Hampshire, 2012.

- Manners, I., 'Normative Power Europe: A Contradiction in Terms?', in *Journal of Common Market Studies*, Vol. 40, No.2, December 2002, pp. 235-58.

- Maur, J.C., 'Exporting Europe's Trade Policy', in *The World Economy*, Vol. 28, pp. 1565-90, 2005.

- Mearsheimer, J.J., *The Tragedy of Great Power Politics*, W.W. Norton, New York, 2001.

- Meunier S., and Nicolaidis, K., 'The European Union as a conflicted trade power', in *Journal of European Public Policy*, Vol. 13, No.6, 2006.

- Meunier, S., and Mcnamara, K., (eds.), *The State of the European Union - Making History: European Integration and Institutional Change at Fifty*, Vol.8, Oxford University Press, New York, 2007.

- Morgenthau, H.J., *Politics Among Nations: The Struggle for Power and Peace, 6th ed*, Knopf, New York, 1985.

- Morton, A.D., *Unravelling Gramsci: Hegemony, and Passive Revolution in the Global Political Economy*, Pluto Press, London, 2007.

- Murphy, C. and Tooze, R.,*The New International Political Economy*, Lynne Rienner Publishers, Boulder, Colorado, 1991.

- Nousios, P., Overbeek, H., Tsolakis, A., (eds.), *Globalisation and European Integration. Critical Approaches to Regional Order and International Relations*, Routledge, New York, 2012.

- Nye Jnr., J.S., *Soft Power: The Means to Success in World Politics*, Perseus Books Group, New York, 2004.

- Nye Jnr., J.S., *The Future of Power*, Perseus Books Group, New York, 2011.

- Nye, Jr., J.S., 'The Changing Nature of World Power', in *Political Science Quarterly*, Vol. 105, No.2, 1990.

- Overbeek, H., Transnational Class Formation and Concepts of Control: Towards a Genealogy of Amsterdam Project in International Political Economy', in *Journal of International Relations and Development*, Vol.7, No.2, 2004.

- Oye, K., 'Explaining Cooperation Under Anarchy: Hypotheses and Strategies', in *Cooperation Under Anarchy*, Oye, K., (ed.), Princeton University Press, New Jersey,1986.

- Paupp, T.E., *The Future of Global Relations: Crumbling Walls Rising Regions*, Palgrave, MacMillan, New York, 2009.

- Plehwe, D., Walpen B., and Neunhöffer G., (eds.), *Neoliberal Hegemony: A Global Critique*, Routledge; Taylor and Francis Group, 2006.

- Rodrik, D., 'Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's Economic Growth in the 1990s: Learning from a Decade of Reform', in *Journal of Economic Literature*, Volume 44, December 2006.

- Ruckert, A., 'Towards an Inclusive-Neoliberal Regime of Development: From the Washington to the Post-Washington Consensus', in *Labour, Capital and Society*, Vol. 39, April 2006.

- Schmidt, B.C., 'Realist Conceptions of Power', in *Power in World Politics*, Berenskoetter, F., Williams, M. J., (eds.), Taylor and Francis Group, Routledge, 2007.

- Spero, J.E. and Hart, J.A., *The Politics of International Economic Relations*, Wadsworth, Boston, 2010.

- Strange, S., 'Political Economy and International Relations', in *International*

Relations Theory Today, Booth, K., and Smith, S., (eds.), The Pennsylvania State University Press, Pennsylvania, 1995.

- Strange, S., *States and Markets: An Introduction to International Political Economy, 2nd Ed.*, Continuum, London, 1994.

- Strange, S., *The Retreat of the State; The Diffusion of Power in the World Economy*, Cambridge University Press, Cambridge, 1996.

- Strange, S.,'Cave! hic dragones: a Critique of Regime Analysis", in *International Organization*, Vol. 36, No. 2, 1982.

- Telo, M., *The EU and Global Governance*, Routledge, London, 2009.

- Telo, M., (ed.), *European Union and New Regionalism: Regional Actors and Global Governance in a Post-Hegemonic Era*, Second Edition, Ashgate, Vermont, 2007.

- Thomas, M., 'France Accused: French North Africa Before the United Nations, 1952-1962', in *Contemporary European History*, Vol.1, 1, March 2001, pp. 91-121.

- Van der Pijl, K., *The Making of the Atlantic Ruling Class*, Verso, London, 1984.

- Van Vooren, B., *EU External Relations Law and the European Neighbourhood Policy. A Paradigm for Coherence*, Routledge, New York, 2012.

- Wallerstein, I., 'A World-System Perspective on the Social Sciences', in *The British Journal of Sociology*, Vol. 27, No.3, Special Issue, History and Sociology, 1976.

- Wallerstein, I., 'America and the World: Today, Yesterday and Tomorrow', in *Theory and Society*, Vol. 21, No.1, 1992.

- Wallerstein, I., 'The Curve of American Power', in *New Left Review*, Vol. 40, July-August 2006.

- Wallerstein, I., *World Systems Analysis: An Introduction, 4th Ed.*, Duke University Pres, Durham and London, 2006.

- Waltz, K., 'The Origins of War in Neorealist Theory', in *The Origin and Prevention of Major Wars*, Rotberg, R., Rabb, T.K., (eds.), Cambridge University Press, Cambridge.

- Waltz, K., *Theory of International Politics*, Addison Wesley, Reading, 1979, p.126.

- Warleigh-Lack, A., Robinson, N., Rosamond, B., (eds.), *New Regionalism and the European Union Dialogues,Comparisons and New Research Directions*,

Routledge, New York, 2011.

- Weber, K., Smith, M.E., Baun, M., (eds.), *Governing Europe's Neighbourhood. Partners or Periphery?,* Palgrave, MacMillan, New York 2007.

- Whitman, R.G., (ed.), *Normative Power Europe: Empirical and Theoretical Perspectives*, Palgrave, MacMillan, New York, 2011.

- Williamson, J., 'What Washington Means by Policy Reform', in *Latin American Adjustment: How Much Has Happened?*, Williamson J., (ed.), Peterson Institute for International Economics, Washington, 1990.

- Woolcock, S., *European Union Economic Diplomacy: The Role of EU in External Economic Relations,* Ashgate, Vermont, 2012.

- Wunderlich, J.U., Bailey, D.J., (eds.), *The European Union and Global Governance. A Handbook,* Routledge, New York, 2011.

APPENDIX A

CURRICULUM VITAE

PERSONAL INFORMATION

Surname, Name: Bülbül, Onur
Nationality: Turkish (TC)
Date and Place of Birth: 10 September 1980, Trabzon
Marital Status: Married
Phone: +1 202 612 67 80
Fax: +1 202 238 06 29
email: bulbulo@ekonomi.gov.tr

EDUCATION

Degree	Institution	Year of Graduation
MA	University of Sussex, European Law and Society	2004
BSc.	METU, International Relations	2003
High School	Trabzon Anatolian High School	1998

WORK EXPERIENCE

Year	Place	Enrollment
2011-Present	Turkish Embassy, Washington D.C.	Deputy Commercial Counselor
2010-2011	Ministry of Economy	Advisor to the Minister
2008-2010	Ministry of Economy	Foreign Trade Expert
2005-2008	Ministry of Economy	Assistant Foreign Trade Expert

FOREIGN LANGUAGES

Advanced English, Intermediate French

PUBLICATIONS

Bülbül, O., "AB Devlet Yardımları ve Sanayi Politikalarının Çelişkisi Işığında Son AB Genişlemesine Eleştirel Bir Bakış", Ankara Avrupa Çalışmaları Dergisi, 5(3), 159-175, (2006)

HONORS

Order of Bernardo O'Higgins from the Republic of Chile, Officer Ranking, 2007
Honor Student, Middle East Technical University, 2003

APPENDIX B

TÜRKÇE ÖZET

Bu çalışma AB'nin Komşuluk Politikası yolu ile Mağreb bölgesinde bir gayri resmi hegemona dönüşmekte olup olmadığını analiz etmektedir. Bu soruya iki bölümden oluşan bir çalışma ile cevap verilmektedir. Çalışmnın birinci bölümü, literatürde yer alan hegemonya kavramını analiz etmekte ve güncel neoliberal hegemonya kavramının önemli bir eksikliğini kavramın neoliberal hegemonik güce sahip bir veya daha fazla aktörden bağımsız olarak tanımlanması olduğunu vurgulamaktadır. Bu doğrultuda, "gayri resmi hegemonya" terimi bu eksikliği ortadan kaldırmayı amaçlayarak kavramsallaştırılmış ve söz konusu kavramsallaştırma bu çalışmanın literatüre ilk orijinal katkısını oluşturmuştur. Bu itibarla, gayri resmi hegemonya kavramı neoliberal hegemonyanın küresel hakimiyeti altında tanımlanmakta ve neoliberal hegemonya kavramının tanımına aktör bileşenini de geri getirmeyi amaçlamaktadır. Ancak, literatürde analiz edildiği üzere, "küreselleşme" olası hegemonik aktörleri güçlerini küresel seviyede uygulama yeteneğinden yoksun bıraktığı için gayri resmi hegemonya kavramı, kavramın aktörü konumundaki "gayri resmi hegemon"u bölgesel seviyede tanımlamaktadır. Söz konusu kuramsal birinci bölüm temelinde, çalışmanın ikinci bölümü gayri resmi hegemonya kavramını AB'nin Komşuluk Politikası çerçevesinde analiz etmekte ve AB'nin Mağreb bölgesinde gayri resmi hegemonik bir güç olup olmadığını değerlendirmektedir. Bu tür bir değerlendirme esas itibarı ile Mağreb bölgesi ve AB ile sınırlı değildir. Dolayısı ile başka bir çok çalışma söz konusu kavramsallaştırma çerçevesinde başka aktörlerin başka bölgelerdeki gücünün gayri resmi hegemonik bir güç olup olmadığını araştırabilir. Kavramın değişik bölgelere değişik aktörler özelinde uygulanabilir olması ise bu çalışmanın literatüre bir diğer orijinal katkısını oluşturmaktadır.

Gayri resmi hegemonya, bir *aktörün* bir *bölgedeki* üretim, finans, bilgi, ticaret ve refah *yapılarını* etkin *yönetişim mekanizmaları* ile şekillendirebilme gücünü ifade

etmektedir. Bu çerçevede, bu tez AB'nin Komşuluk Politikası yolu ile Mağreb bölgesinde bir gayri resmi hegemon olma yolunda büyük bir potansiyele sahip olduğunu göstermektedir.

Gayri resmi hegemonya kavramının *aktör* bileşeni bağlamında bu çalışma uluslararası sistemde yaşanan ampirik gelişmelerin neoliberal hegemonyanın kavramsallaştırılmasında ele alınış şeklinin doğru olduğunu savunmaktadır. Bununla birlikte, neoliberal hegemonya neoliberal değerlerin veya neoliberal ideolojinin aktörler ve sistem üzerindeki hegemonyası anlamına geldiğinden, hegemonya kavramını bugüne kadar tanımlandığının aksine aktör bileşeninden bağımsız tanımlamaktadır. Diğer bir ifadeyle, neoliberal hegemonya kavramı literatüre girene kadar hegemonya kavramı üzerine oluşturulan literatür bu kavramı hegemonik güce sahip aktör, yani hegemon ile birlikte tanımlamıştır. Dolayısı ile neoliberal hegemonya kavramı varsayımları itibarı ile hegemonya kavramının bugüne kadar varolan bileşenlerini bütüncül olarak içermekten uzaktır. Bu itibarla bu çalışma gayri resmi hegemonyanın kavramsallaştırılmasında neoliberal ideolojinin küresel hakimiyeti altında hegemonya terimine aktör bileşenini geri getirmeyi amaçlamaktadır. Bu özelliği ile gayri resmi hegemonya kavramı günümüz uluslararası sisteminde yer verilen kavramların tanımlanmasında neoliberal değerlerin küresel hakimiyetini kabul etmekte ancak hegemonya teriminin herhangi bir aktör veya aktörlerin yerine düzenin veya değerlerin hakimiyeti olarak tanımlanmasına karşı çıkmaktadır. Bu çerçevede gayri resmi hegemonya kavramı, hegemonya kavramının tanımına küresel neoliberal değerlerin sistem üzerindeki hakimiyeti altında aktör bileşenini geri getirmeyi amaçlamaktadır.

Bu çalışma gayri resmi hegemonya kavramının *yapı* bileşeni itibarı ile Susan Strange'in uluslararası siyasi iktisadın yapılarını sınıflandıran çalışmasının güncel uluslararası sistemde yer alan ilişkilerin tamamını kapsayan bütüncül bir yaklaşım getirdiğini savunmaktadır. Bu çerçevede, hegemonya kavramı geleneksel tanımı itibarı ile bir aktörün tüm birincil ve ikincil güç yapılarını küresel seviyede şekillendirebilme yeteneği olarak anlaşılabilir. Böyle bir durum tam veya topyekün hegemonya anlamına gelmektedir. Bununla birlikte, küreselleşmenin uluslararası sistemde hala birincil aktör konumunda olan devlet ve devletin gücü üzerindeki etkisi tam hegemonyayı imkansız hale getirmektedir. Diğer bir ifadeyle, günümüz

uluslararası sisteminde tüm güç yapıları herhangi bir aktör tarafından değil ancak neoliberal değerler tarafından şekillendirilebildiğinden hegemonya kavramı neoliberal değerlerin hegemonyası olarak tanımlanmaktadır. Öte yandan, küreselleşmenin etkisi altında herhangi bir aktörün tüm güç yapılarını şekillendirme yeteneği mümkün olmadığından hegemonya kavramının gerekli bir bileşeni olan aktörün kavrama geri kazandırılması uluslararası siyasi iktisadın güç yapıları arasında bir önem sırası yapma ihtiyacını da beraberinde getirmektedir. Bu bağlamda, gayri resmi hegemonya kavramının tanımlanmasında, küresel neoliberal düzen içerisinde aktörlere üstünlük sağlayan konumları itibarı ile üretim, finans, bilgi, ticaret ve refah yapıları birincil güç yapıları olarak öne çıkmaktadır. Diğer taraftan, bu yapıları küresel seviyede şekillendirebilme gücü bağlamında aktörler arasında yapılan bir hiyerarşik sıralama neticesinde ABD, IMF ve Dünya Bankası gibi aktörlerin yanı sıra AB de söz konusu beş güç yapısını şekillendirebilme yeteneğine sahip bir potansiyel gayri resmi hegemon olarak öne çıkmaktadır. Ancak bu potansiyel kendi kendine gerçeğe dönüşmemektedir. Bu bağlamda bu çalışma, bu beş güç yapısının şekillendirilmesi yolu ile gayri resmi hegemonik gücün hayata geçirilmesinde yönetişim mekanizmalarının son derece önemli bir bileşen olduğunu savunmaktadır.

Güvenlik, taşımacılık ve enerji yapılarının gayri resmi hegemon olma yolunda belirleyici güç yapılarının tanımlanmasında dışarıda bırakılmasının birkaç sebebi vardır. Örneğin, küresel seviyede günümüzde yaşanan güvenlik krizleri incelendiğinde güvenlik önceliğinin neoliberal sistem içerisinde hakimiyet sağlanmasından ziyade neoliberal ideolojinin dünyanın ekonomik açıdan önemli ancak ideolojik açıdan dışarıda kalan bölgelerine yayılması olduğu gözlemlenmektedir. Neoliberal sisteme dahil olan ülkeler arasında ise liberal ideolojinin felsefi temelleri doğrultusunda güvenlik krizleri ortaya çıkmamaktadır. Ancak bu değerlendirme, güvenlik yapısının günümüz dünyasında tamamen önemsiz bir yapı olarak algılanması anlamına gelmemelidir. Gayri resmi hegemonya kavramının sınırları genel neoliberal sistem içerisinde tanımlandığı ve askeri ve siyasi anlamda güvenlik kavramı neoliberal sistem içerisinde ikincil planda kaldığı için, güvenlik yapısının gayri resmi hegemon olma yolunda diğer yapılara kıyasla daha zayıf bir ağırlığa sahip olduğu düşünülmektedir. Diğer taraftan, savaş zamanında taşımacılık yapısı ve bu yapının güvenlik yapısı ile ilişkisi güvenlik

yapısında güce sahip aktörlerin belirlenmesinde taşımacılık yapısını önemli bir güç yapısı haline getirmektedir. Ancak, neoliberal düzenin genel hali olan barış zamanında taşımacılık yapısı ikincil bir konuma gelmekte ve küresel seviyede taşımacılık yapısındaki güç dağılımı ticaret yapısındaki güç dağılımından doğudan etkilenmektedir. Dolayısıyla neoliberal küresel düzen içerisinde güç dağılımının belirlenmesinde ikincil planda kalması nedeniyle taşımacılık yapısı gayri resmi hegemonik gücün belirlenmesindeki etkisi itibarı ile de diğer yapılara kıyasla daha az etkin bir yapı olarak konumlandırılmaktadır. Enerji neoliberal dünya düzeninde bu yapıda güç sahibi olan aktörlere önemli rekabet avantajı sağmakla birlikte, günümüz dünyasında enerji yapısında gücün dağılımı devletler, şirketler ve uluslararası örgütler gibi bir çok aktör arasında dağılmış durumdadır ve bu yapıda güç aktörlerin hareketlerinden ziyade pazarın dinamikleri doğrultusunda belirlenmektedir. Bu özelliği itibarı ile enerji yapısında herhangi bir aktörün küresel düzeyde hegemonik bir güce sahip olamaması gayri resmi hegemonik gücün tespit edilmesi yolunda da enerji yapısını ikincil bir konuma getirmektedir. Dolayısı ile bir bölgede güç yapılarını düzenleyen bir yönetişim mekanizması vasıtası ile gayrı resmi hegemonik güce sahip olunması bir aktörün aynı bölgedeki üretim, finans, bilgi, ticaret ve refah yapılarını diğer aktörlere kıyasla şekillendirebilme yeteneğine bağlıdır.

Gayri resmi hegemonya kavramının *bölge* bileşeni itibarı ile bu çalışma, küreselleşmenin ayrıştıran ve çoğullaştıran etkilerinin ortaya çıkardığı bölgesel güç odaklarının bir aktörün tek bir güç yapısında bile küresel seviyede hakimiyet kurmasını çok zor, hatta bazı güç yapıları için imkansız hale getirdiğini savunmaktadır. Bununla birlikte, güncel uluslararası sistemin çok taraflı doğası altında ortaya çıkan bölgeselleşme kavramı gayri resmi hegemonik güce bölgesel seviyede sahip olunmasını mümkün kılmaktadır. Bir aktörün gayri resmi hegemonik güce sahip olması söz konusu aktörün belirli bir bölge ile yürüttüğü ilişkilerin derinliğine bağlıdır. Diğer bir ifade ile bir aktörün bir bölgedeki bir güç yapısı üzerindeki etkisi aynı aktörün başka bir bölgedeki aynı güç yapısı üzerindeki etkisinden farklı olabilir. Bu çerçevede, küresel neoliberal düzendeki güç yapıları analizi ışığında gayri resmi hegemonik güce sahip aktörler araştırılırken bu çalışmada iki değişken sabit tutulmuştur. Bu değişkenler şekillendirilmeye çalışılan güç yapıları ile gücün uygulanmaya çalışıldığı bölgedir. Dolayısı ile bu çalışma

potansiyel gayri resmi hegemonların aynı bölgedeki aynı güç yapıları üzerindeki etkilerini karşılaştırmaktadır.

Gayri resmi hegemonya kavramının *yönetişim* bileşeni bağlamında ise bu çalışma, aktörlerin bir bölgedeki güç yapıları üzerindeki etkilerinin karşılaştırılmasında o bölge ile ilişkilerini düzenlemek amacıyla oluşturulan yönetişim mekanizmalarının incelenmesi gereken son derece önemli araçlar olduğunu savunmaktadır. Bunun sebebi yönetişim mekanizmalarının potansiyel gayri resmi hegemonların amaçlarını ve söz konusu amaçlar doğrultusunda bölgede ortaya çıkan sonuçları ortaya koyabilmeleridir. Esas itibarı ile yönetişim kavramı küreselleşmenin etkisi altında tanımlanması güç bir kavramdır. Bunun sebebi bir bölgedeki güç yapılarındaki değişikliklerin bir aktörün etkisi ile mi yoksa küresel neoliberal politikaların etkisi ile mi ortaya çıktığının anlaşılmasının zorluğudur. Bununla birlikte, bir aktör tarafından o aktörün bir bölge ile olan ilişkilerinin yönetilmesi amacıyla tasarlanan bir yönetişim mekanizmasının varlığı söz konusu ayrımın yapılmasına imkan tanımaktadır. Aslında gayri resmi hegemonyanın tespit edilmesinde yönetişim mekanizmalarının varlığı bir gerek şart değildir. Bunula birlikte, bu çalışmada ilgili güç yapılarında yatırımlar, ikili mali ilişkiler veya karşı tarafa sağlanan resmi mali yardımlar gibi göstergelerin bir potansiyel gayri resmi hegemonun bir bölge ile ne kadar yakın ilişkisi olduğunu gösterdiği ifade edilmektedir. Bu bağlamda, söz konusu yakın ilişkiler bir potansiyel gayri resmi hegemonun bir bölgedeki güç yapılarını şekillendirme yeteneği hakkında fikir verebilmektedir. Dolayısı ile bir aktörün bir bölge ile sahip olduğu ilişkilerin derinliği, o aktörün o bölgedeki güç yapılarını şekillendirme yeteneğini de artıran bir durumdur. Yönetişim mekanizmaları ise bir bölgedeki bir güç yapısındaki değişikliğin söz konusu mekanizmayı hayata geçiren potansiyel gayri resmi hegemonun faaliyetleri sonucunda ortaya çıktığının gözlemlenmesine imkan sağlayan son derece önemli araçlardır. Bu itibarla, bir yönetişim mekanizmasının incelenmesi neticesinde o mekanizma ile koyulan hedefler ile o hedeflere yönelik olarak bölgede elde edilen sonuçlar arasında bir sebep-sonuç ilişkisi kurmak mümkün olmaktadır.

Bölgesel yönetişim kavramına daha derinlemesine bir bakış kavramın kürelleşme kavramı ile birlikte tanımlandığını göstermektedir. Bu bağlamda küreselleşme yolu ile ortaya çıkan eşitsizlik sorununun özellikle en az gelişmiş ve gelişme yolundaki

ülkeler üzerinde yarattığı olumsuz etkileri ortadan kalıdrmak amacıyla uygulanan Washington Mutabakatı ve Washington Mutabakatı Sonrası (WMS) tarzı politikalar bölgeselleşme hareketlerinin hızlanmasına yol açmıştır. Washington Mutabakatı politikalarının farklı ekonomilerin farklı özelliklerini göz ardı eden doğası ve WMS politikaların yoksulluğu azaltma hedefi ile hakim kürsel neoliberal ideolojinin öncelikleri arasındaki uyumsuzluk küreselleşme nedeni ile bölgesel veya ülke temelinde ortaya çıkan problemlerin bölgesel politikalar yolu ile daha etkin bir şekilde çözümlenmesine neden olmuştur. Küresel seviyede uygulanan serbestleşme, özelleştirme ve daha az regülasyon politikaları öngörüldüğü gibi ekonomik refahın, istihdamın ve ücretlerin artışına neden olmamış, aksine ulusal sanayilerin artan rekabetçilik nedeniyle yok olmasına ve buna bağlı olarak ekonomik kalkınma ve refahın azalmasına yol açmıştır. Esasen, küresel yönetişim politikalarının küresel sistemde arzu edilen sonuçları doğurmamasının temel nedeni günümüz uluslararası sisteminin çok taraflı doğasını görmezden gelmeleridir. Bu çerçevede bölgesel yönetişim, küresel neoliberal politikalara ve bu politikaların yol açtığı sosyal adaletsizlik ile artan eşitsizliğe en anlamlı alternatif olarak ortaya çıkmaktadır. Bu bağlamda, bölgesel seviyede farklılıkların azalması, bölgedeki aktörler arasında paylaşılan önceliklerin, kültürel ve sosyal yakınlığın artmasına, dolayısı ile bölgeselleşme hareketlerine dahil olan ülkelerin küresel neoliberal politikaların bölge ve aktörler üzerindeki olumsuz etkileri ile daha iyi başedebilmelerine yol açmaktadır.

Kürselleşmenin bölgeselleşme üzerindeki etkileri bu çalışmada yukarıda açıklanan yönü ile ele alınmaktadır. Bölgeselleşmenin dış ilişkiler üzerindeki etkileri üzerine özel olarak odaklanan bu çalışma, ortak politika öncelikleri temelinde meydana gelen bölgeselleşme hareketlerinin hem ulusal seviyede hem de bölgesel oluşumların bölge dışındaki aktörlerle olan ilişkileri seviyesinde müzakere gücünü artırdığını savunmaktadır. Bu doğrultuda, bölgeselleşme küresel yönetişim politikalarına bir cevap olarak yeni dış yönetişim mekanizmalarını da beraberinde getirmektedir. Diğer taraftan, bölgesel yönetişim mekanizmaları küresel neoliberal yönetişim mekanizmalarına bir alternatif sunmaktadır. Ancak oluşturulan bölgesel alt-sistemler genel itibarı ile küresel neoliberal ideoloji çerçevesinde oluşan bölgesel neoliberal sistemler olarak küresel sistemin tamamlayıcısı konumunda yorumlanabilirler. Günümüz uluslararası sisteminde ortaya çıkan bölgesel yönetişim mekanizmaları bu

özellikleri ile bölgesel çok seviyeli ilişkiler ve bölgeler arası kurumsal ilişkilerin güçlendirilmesinde küresel neoliberal yönetişim modeli ile uyumlu oldukları ölçüde başarılı olmaktadırlar.

Öte yandan, bir bölgesel oluşumun üyeleri arasında oluşturulan ve paylaşılan ortak normlar ve politikalar bağlamındaki entegrasyon seviyesi söz konusu oluşumun diğer dış aktörler ile olan ilişkilerinde en belirleyici unsurdur. Diğer bir ifade ile bölgesel seviyede oluşturulan yönetişim modellerinin etkinliği söz konusu modellerin uluslararası seviyede aktörlüğüne de olumlu katkılar yapmaktadır. Dahası, söz konusu aktörlüğün belirlenmesinde, ortak öncelikler ve paylaşılan sorumluluklar olarak da tanımlanabilecek bölgesel yönetişim modelinin üçüncü ülkelere ve bölgelere ihraç edilebilmesi belirleyici bir özellik olarak ortaya çıkmaktadır.

AB'yi diğer bölgesel aktörlerden ayıran özelliği de bu noktada yatmaktadır. Halihazırda AB uluslararası sistemde kendi neo-liberal alt sistemini etkin olarak ihraç edebilme yeteneğine sahip en kapsamlı ve güçlü neoliberal bölgesel oluşumdur. Bir bölgesel oluşum olarak AB'nin söz konusu gücü ve kapsamı AB üyeleri tarafından paylaşılan ortak önceliklerin ve sorumlulukların yer aldığı AB mevzuatının derinliğinden kaynaklanmaktadır. Benzer bir şekilde, AB mevzuatı Birliğin dış ilişkilerini de düzenleyen bir referans noktasıdır. Hatta belli başlı noktalarda AB'nin ana hedefi, mevzuatını diğer ülke ve bölgelerin hukuki çerçevelerine ve yönetişim meknizmalarına aktarmak olarak ortaya çıkmaktadır. Bu girişimin en başarılı örneği AB'nin genişleme politikasıdır. Bu çalışmanın ana konusu ise söz konusu girişimin Komşuluk Politikasında ne kadar başarılı olduğunun araştırılmasıdır.

Bu soru cevaplanırken, çalımanın birinci kısmında kavramsallaştırılan gayri resmi hegemonya terimi bir bölgede bölge dışı aktörlerin etkileri arasındaki farklılıkların ortaya konulmasında önemli bir araçtır. Örneğin, Çin, Japonya ve ABD'nin Güneydoğu Asya'daki; ABD, AB ve Dünya Bankası'nın Latin Amerika'daki veya Rusya, Çin ve ABD'nin Orta Asya'daki potansiyel hegemonik güçlerinin karşılaştırılmasında gayri resmi hegemonya kavramından yararlanılması söz konusu karşılaştırmaları daha anlamlı kılmaktadır. Bu çerçevede, bu çalışma AB'nin

Komşuluk Politikası yolu ile Mağreb'deki varlığını ana analiz konusu alarak, bu politikanın AB'ye ABD, IMF ve Dünya Bankası gibi aktörlere kıyasla nasıl bir üstünlük sağladığını araştırmaktadır. Çalışmanın sonucunda, AB'nin bir bölgesel yönetişim mekanizması olan Komşuluk Politikası yolu ile Mağreb bölgesinde üretim, finans, bilgi, ticaret ve refah yapılarını şekillendirmede diğer aktörlere kıyasla üstünlüğe sahip olduğu ve dolayısı ile AB'nin Mağreb'de bir gayri resmi hegemonya olma yolunda olduğu ortaya konmaktadır.

Söz konusu sonuca varılırken Komşuluk Politikası ile bölgede AB tarzı neoliberal alt-sisteme doğru yaratılan "düzenleyici yakınsama" en önemli bileşen ortaya çıkmıştır. Bu bağlamda, düzenleyici yakınsama Mağreb ülkelerindeki düzenleyici yapıların AB mevuzatı ile uyumlaştırılması anlamına gelmektedir. Gayrı resmi hegemonya teriminin kavramsallaştırılması ile paralel olarak düzenleyici yakınsama daha geniş küresel neoliberal düzen içerisinde gerçekleşmektedir. Bu itibarla, Mağreb ülkelerinin ve özellikle Fas ve Tunus'un, esasen herhangi bir aktör tarafından bütünüyle kontrol edilemeyen küresel neoliberal hegemonyanın etkisi altında oldukları gözlemlenmektedir. Bunun yanısıra, bir neoliberal proje olan Komşuluk Politikası AB'yi Mağreb bölgesi için bir çekim noktası haline getirmektedir ve düzenleyici yakınsama söz konusu çekimin en önemli bileşenidir. Ancak Komşuluk Politikası vasıtası ile oluşan düzenleyici yakısama kendi kendine ortaya çıkmamaktadır. Diğer bir ifade ile bu yakınsama kolonileşme döneminden bu yana AB ile bölge ülkeleri arasındaki ilişkilerin geçmişi ve bölgeye yönelik olarak uygulanan ve nihayetinde Komşuluk Politikasının oluşturulmasına yol açan diğer politikaların sonucudur.

Bu bağlamda, AB'nin bölgesel bir oluşum olarak Mağreb ülkeleri ile 1970'li yıllara dayanan ilişkileri Birliğin güney bölgesine doğru genişlemesi ile hız kazanmıştır. AB'nin Akdeniz Politikası, bölge ülkeleri ile imzalanan Ortaklık Anlaşmaları ve sonrasında gelen Komşuluk Politikası AB'nin bölge ile olan ilişkilerini düzenleyen araçlardır. Akdeniz Politikası'nın ana hedefi barış ve istikrarın hakim olduğu, refahın paylaşıldığı, sürdürülebilir sosyo-ekonomik kalkınmanın ve artan kültürlerarası diyaloğun hüküm sürdüğü ortak bir bölge yaratılmasıdır. Bu doğrultuda imzalanan Ortaklık Anlaşmaları pek çok alanda hükümler içeren temel politika araçları olarak ortaya çıkmıştır. Ancak, ekonomik ve ticari işbirliğinin ötesinde amaçlar içeren

hükümler Akdeniz ülkeleri için tahmin edildiği ölçüde çekici olmamış ve Akdeniz Politikasının orijinal amaçlarının hayata geçirilmesinde başarısız olmasına neden olmuştur. Bu başarısızlığın ana nedeni Ortaklık Anlaşmalarına tam uyum neticesinde AB tarafından bölge ülkelerine sağlanan çıkarların tamamının ortak pazara erişim çıkarı kadar net ve açık olmamasıdır. Bu itibarla, Ortaklık Anlaşmaları ticarete ilişkin konularda AB'nin bölgenin ticaret yapısı üzerinde güç sahibi olmasına neden olmuştur. Daha net bir ifade ile malların ve hizmetlerin serbest dolaşımı ile yerleşme hakkı gibi konularda aynı standartlar ve düzenlemeler AB'ye Mağreb'de diğer potansiyel gayrı resmi hegemonlara kıyasla üstünlük vermektedir. Söz konusu üstünlük, Mağreb'de AB mevzuatı ile yakınsayan kurallar ve düzenlemeler oluşturulmasından kaynaklanmaktadır. Akdeniz ülkelerine Ortaklık Anlaşmaları ile verilen tercihli ticaret imkanı söz konusu ülkelerin ticari ve sınai yapılarının AB mevzuatı ile şekillendirilmesine ve dolayısı ile bu ülkelerin AB etki alanına kaymalarına neden olmaktadır. Bununla birlikte, AB'nin Ortaklık Anlaşmaları ile elde ettiği bu güç temelde ticaret ve kısıtlı da olsa üretim yapıları ile sınırlıdır.

Bununla birlikte, Komşuluk Politikası güvenlik yapısından refah yapısına kadar tüm alanlarda AB'nin bölge ülkelerine yönelik uyguladığı diğer politikalara kıyasla en kapsamlı ve en iyi tasarlanmış politika olarak öne çıkmaktadır. Bu yönü ile bu çalışma Komşuluk Politikasını genelde küresel neoliberal yönetişim mekanizmaları özelde ise birçok başka aktör tarafından uygulanan WMS kalkınma politikaları ile karşılaştırmaktadır. Bu çerçevede, Komşuluk Politikasının temel araçları olan Eylem Planlarının temel özelliği Komşuluk Politikası kapsamındaki Akdeniz ülkelerinin genel olarak küresel özel olarak ise Avrupa neoliberal sistemi ile entegrasyonları sürecinde nispeten net tanımlanmış hedefler koymalarıdır. Söz konusu hedeflere uyumun değerlendirilmesinde ise ilgili ülkelerin amaçlar ile uyumunu yıllık olarak değerlendiren AB ilerleme raporlarından faydalanılmıştır. Bu bağlamda, Komşuluk Politikası'nın en önemli özelliği belli bölgelerde politika alanlarında küresel neoliberal sistemin bir alt-sistemi olan AB yönetişim sistemi ile yakınsama amacı gütmesidir. Bu yakınsama AB'nin küresel neoliberal düzene doğru bir yapısal değişim öngören WMS tarzı yönetişim politikalarından farklılaşan yapısal gücünün temelini oluşturmaktadır. Bu itibarla, Komşuluk Politikasının ana hedefi salt ekonomik ve ticari alanlarda yakınsama doğuran Akdeniz Politikasındaki boşlukları,

söz konusu alanların ötesine geçen alanlarda ilerlemiş işbirliği hedefi ile doldurma amacıdır. Bu bağlamda, genişleme politikasından edinilen tecrübe ile yeniden formüle edilen Komşuluk Politikası daha kapsamlı ve kapsayıcı bir dış yönetişim mekanizması haline gelmiştir.

Bu özelliği ile AB mevzuatı ile daha kapsamlı bir yakınsama öngören Komşuluk Politikası Mağreb bölgesinde AB'ye diğer potansiyel gayri resmi hegemonlara kıyasla mukayeseli üstünlük sağlamaktadır. Esasen AB, küresel neoliberal norm ve değeleri diğer potnasiyel gayrı resmi hegemonlarla paylaşmaktadır. Komşuluk Politikasının, kendine özgü olan özelliği ise diğer aktörlerin bölgedeki hedefleri ve bu hedeflere yönelik uyguladıkları politikalara kıyasla AB'ye hedef ülkelerdeki reformların tetiklenmesi yeteneği kazandırmasıdır. Bunun yanısıra, Komşuluk Politikasının Akdeniz Politikasının ötesine geçen mali yardımlar boyutu politikanın hedef ülkeler için çekiciliğini ve dolayısı ile AB'nin hedef ülkelerdeki yapısal değişiklikleri etkileme gücünü artırmaktadır. Bu boyutu ile AB'nin Komşuluk Politikası ile kazandığı güç AB'nin bölgede diğer potansiyel hegemonlardan farkının temelini oluşturmaktadır. Bu çerçevede, bu çalışma Komşuluk Politikasını hedef ülkelerde küresel neoliberal düzen doğrultusunda birçok politika alanında AB mevzuatı ile uyum yaratarak, birçok başka politika alanında ise işbirliği yolu ile AB neoliberal alt-sistemine yakınsama yaratarak, AB'ye bölge ülkelerindeki güç yapılarını şekillendirme kabiliyeti veren bir yönetişim mekanizması olarak konumlandırmaktadır.

Eylem Planları, adalet ve içişlerinde işbirliği, ulaşım, enerji, güvenlik, bilgi toplumu, çevre, bireyler arası iletişim gibi konulara özel vurgu yaparak Barselona Süreci'ni Komşuluk Politikasına dönüştüren ve bu şekilde siyasi, ekonomik, sosyal refomlar yolu ile AB ile bölge ülkeleri arasındaki ticari ortaklığı daha da genişleterek AB'nin bölgedeki değişik güç yapıları üzerinde daha derin etki sahibi olmasını hedefleyen ana hukuki araçlardır. Başka bir ifadeyle, Komşuluk Politikası, AB'ye kazandırdığı yapısal güç ve politikanın geniş kapsamlı hedefleri bağlamında AB'nin ekonomik ağırlığını ve çekim gücünü artırmakta, yerel hukuki ve ekonomik yapıları AB'nin iç kuralları çerçevesinde değiştirerek bir çok alanda AB'nin düzenleyici sistemini bölge ülkelerine genişletmekte, uluslararası hukuki ve kurumsal çerçeveleri, davranış

şekillerini, düşünce yapılarını ve yönetişim şekillerini AB değerleri ve çıkarları doğrultusunda geliştirmektedir.

Bu itibarla, bu çalışma Avrupa Komşuluk Politikasının başarısını Politika ile ortaya konuan hedefler doğrultusunda analiz etmektedir. Söz konusu analiz yapılırken AB'nin Mağreb bölgesindeki nüfuzu ilgili güç yapılarının belirli göstergeleri ile ele alınmıştır. Bu çerçevede, Cezayir ile Ortaklık Anlaşması ve Tunus ve Fas ile Eylem Planlarının yürürlüğe girmesinden önce ve sonra üretim yapısında gayrisafi yurtiçi hasıla büyümesi, ABD ve AB'den söz konusu üllkelere doğrudan yatırım verileri; finans yapısında enflasyon, bankacılık sektörü tarafından sağlanan krediler, dış borç; bilgi yapısında patent başvuruları, ar-ge işinde çalışan araştırmacıların, bilimsel ve teknik makalelerin sayısı; ticaret yapısında gayrisafi yurtiçi hasılaya oranlar ülkelerin ticaret hacmindeki değişim, AB'nin diğer ülkelere kıyasla ilgili ülkenin dış ticretindeki payı; ve refah yapısında işsizlik oranlarındaki değişim ile kamu sağlık harcamaları ve ülkelerce alınan net kalkınma yardımı gibi göstergelerdeki değişimler incelenmiştir. Bu incelemeler gerek AB'nin Mağreb bölgesindeki diğer potansiyel gayri resmi hegemonlara kıyasla nüfuzu gerekse Mağreb ülkelerinin genel neoliberal dünya sistemine entegrasyon seviyesinin anlaşılmasına yardımcı olmuştur. Bununla birlikte, Mağreb bölgesinde neoliberal reformların tetiklenmesinde AB'nin özel etkisinin anlaşılması Cezayir ile olan Ortaklık Anlaşması ile Fas ve Tunus ile olan Eylem Planlarının daha derin incelenmesi ile mümkün olmaktadır.

Esasen, Eylem Planları ile İlerleme Raporları Mağreb bölgesindeki reformların amaçları ve sonuçları arasındaki sebep-sonuç ilişkisini ortaya koyan en önemli araçlardır. Eylem Planları, genel neoliberal sistem içerisinde AB neoliberal alt-sistemine yakınsama öngörmektedir. Dolayısı ile Eylem Planları ile öngörülen mevzuat reformu söz konusu yakınsamada en önemli bileşen olarak ortaya çıkmaktadır. Bu reformlar esasen sadece gayri resmi hegemonya kavramının tanımında yer alan güç yapılarının ötesinde tüm güç yapılarını kapsamaktadır. Ancak bu çalışmada analiz gayri resmi hegemonyanın belirlenmesinde ön plana çıkan üretim, finans, bilgi, ticaret ve refah yapıları ile sınırlı tutulmaktadır. Söz konusu analiz yapılırken Eylem Planları ile öngörülen düzenleyici yakısama, hukuki yakınsama, kurumsal yakınsama ve şartlılık ilkesine bağlı mali yardımlar olarak üç alt başlıkta ele alınmıştır.

Hukuki yakınsama başlığında, yabancı yatırımların serbestleştirilmesi, şirketler hukuku, tüketici hakları kanunu, kamu alımları kanunu, girişimcilik politikası gibi alanlarda AB mevzuatı ile yakınsama, AB mali piyasaları ile benzer güçlü düzenleyici çerçevelerin inşası, kamu maliyesinin AB standartları temelinde idaresi, fikri ve sınai mülkiyet haklarının korunmasında AB'de mevcut seviyenin sağlanması, AB ile tamamen uyumlu istatistik sistemlerinin oluşturulması, ticarete ilişkin teknik mevuzatın AB ile yakınlaştırılması ve kamu sağlığına ilişkin koruyucu düzenlemelerin AB ile aynı seviyeye çıkarılması gibi hedefler Eylem Planları ile öngörülen önemli hedefler olarak ortaya çıkmaktadır. Kurumsal yakınsama başlığında ise Eylem Planlarında diğer amaçların yanısıra AB standartları temelinde vergi sistemleri ve kurumların inşa edilmesi, AB rekabet hukuku ile uyum öngören ulusal rekabet kurumları kurulması, temelde AB ile yakınsama öngören kurumsal eşleştirme programlarına iştirak ve AB kurumsal sisteminden esinlenerek ulusal sermaye piyasaları kurumları kurulması gibi hedefler öngörülmektedir. MEDA ve Komşuluk Politikası Enstrümanları yolu ile öngörülen ve Eylem Planları ile koyulan hedeflere daha çok uyum sağlayan ülkelere daha çok mali destek öngören şartlı mali yardımlar da AB düzenleyici sistemine yakınsama bağlamında hedef ülkelerde amaçlanan reformların hayata geçirilmesinde önemli araçlar konumundadır.

Gayri resmi hegemonyanın belirlenmesinde ön plana çıkan beş güç yapısında Mağreb bölgesinde AB'nin etkisi diğer potansiyel gayri resmi hegemonlar ile karşılaştırıldığında, söz konusu güç yapılarının şekillendirilmesinde AB'nin diğer aktörlere kıyasla üstünlüğü göze çarpmaktadır. Örneğin, üretim ve ticaret yapılarında, Fas, Tunus ve Cezayir'de AB politikaları ile yaratılan düzenleyici yakınsama diğer aktörlerin girişimlerine kıyasla daha verimli sonuçlar doğurmuştur. Şirketler hukuku, girişimcilik politikası, ürün sınıflandırma sistemleri ve gümrük prosedüreleri gibi alanlarda AB ile benzer standartların uygulanması; özellikle AB hukuki çerçevesine yakınsama başlığında AB'nin bölgede diğer potansiyel hegmeonlara kıyasla daha fazla güç sahibi olduğuna işaret etmektedir. AB mevzuatından esinlenerek hayata geçirilen hukuki reformların yanısıra, özellikle Fas ve Tunus'ta üretim ve ticaret yapılarını düzenleyen ulusal kurumların AB kurumsal yapısı ilham alınarak kurulması AB'nin söz konusu güç yapılarının şekillendirilmesindeki yapısal gücünün önemli göstergelerdir. Bu çerçevede, hayata

geçirilen hukuki reformlar Mağreb bölgesinde iş yapan AB girişmcileri için tanıdık bir düzenleyici çerçeve oluşturmakta ve AB ekonomik operatörlerine bölgede diğer uluslararası rakiplerine kıyasla üstünlük sağlamaktadır. Öte yandan, hayata geçirilen eşleştirme programları ve AB kurumsal yapısının Mağreb ülkelerinin SIGMA, Elektroteknik Standardizasyonda Avrupa Akreditasyon Koordinasyonu, vs. gibi genel itibarı ile AB üyesi ülkeler arasında kurumsal yakınsama sağlamayı amaçlayan AB programlarına katılımı yolu ile bölgeye yansıtılması, AB ve bölge ülkeleri arasında benzer düşünce yapıların oluşmasına ve AB'nin bölgede bir lider olarak konumlandırılmasına neden olmaktadır. Diğer taraftan, bu süreç sırasında, Mağreb ülkelerini küresel neoliberal değerlerin etkisi altına almak amacıyla üretim ve ticaret yapılarında uygulanan Dünya Bankası projeleri AB'ye kendi neoliberal projelerini uygulamada daha geniş bir alan vermektedir. Üretim ve ticaret yapılarında AB tarafından sağlanan mali yardımlar da bölgedeki diğer potansiyel gayri resmi hegemonların sağladığı yarıdmların ötesine geçerek ilgili güç yapılarında AB'nin üstünlüğünü daha da belirgin hale getirmektedir. Esasen, Komşuluk Politikasının Mağreb'deki üretim ve ticaret yapıları üzerindeki başarısı söz konusu reformların bölge ülkeleri ile daha önce imzalanan Ortaklık Anlaşmalarının devamı olarak tasarlanmış olmaları ve dolayısı ile bölgede öngörülen reform sürecinin daha uzun bir süreye yayılmasının bir sonucudur. Dolayısı ile her üç bölge ülkesi ile daha önceden Ortaklık Anlaşmaları imzalanmış olması AB'nin bölgedeki üretim ve ticaret yapıları üzerinde yapısal güce sahip olmasına olumlu etki sağlamıştır.

Finans, bilgi ve refah yapılarında ise, Cezayir ile AB arasında bir Eylem Planı olmaması AB'nin bu ülkede Fas ve Tunus'a kıyasla daha sınırlı bir güce sahip olmasına neden olmaktadır. Ancak, AB ve diğer potansiyel gayrı resmi hegemonların bölge ülkeleri üzerindeki etkileri kıyaslandığında bölge genelinde AB'nin diğer aktörlerden daha etkin bir güce sahip olduğu görülmektedir. Örneğin finans yapısında Eylem Planları ile öngörülen hedeflere ulaşma yolunda özellike Fas tarafından hayat geçirilen reformlar AB için tatmin edici düzeydedir. Bu çerçevede, Fas'ta finans yapısına ilişkin olarak hayata geçirilen reformlar genel itibarı ile AB tarafından tetiklenen reformlardır. Finans yapısında Tunus'taki değişim de benzer bir özellik taşımakla birlikte, ülkede hayata geçirilen reformlar Eylem Planı ile öngörülen reform hedeflerinin gerisinde kalmaktadır. Diğer taraftan, kurumsal seviyede de Fas, AB sisteminin üstlenilmesinde Tunus'a kıyasla daha başarılı

olmuştur. Benzer şekilde, Dünya Bankası da her iki ülkedeki finans yapısının şekillendirilmesi amacıyla bir çok proje uygulamış ancak Banka'nın bölgedeki reformları tetiklemedeki etkisi AB'ye kıyasla daha düşük seviyede kalmıştır. Genel itibarı ile AB'nin Tunus'un finans yapısı üzerindeki etkisi Fas'ın finans yapısı üzerindeki etkisinin gerisinde kalmaktadır ancak bu etki diğer potansiyel gayri resmi hegemonların etkisine kıyasla daha üst seviyededir. AB, Cezayir'de ise AB finans yapısına ilişkin politika araçlarını hayata geçiren tek aktör konumundadır ancak AB'nin söz konusu nüfuzu bu ülkede reformların hayata geçirilmesinde güçlü bir kapasiteye dönüşmemekte ve Birliğe Cezayir'deki finans yapısı üzerinde garyi resmi hegemon statüsü kazandıramamaktadır. Dolayısı ile, diğer potansiyel gayri resmi hegmeonlara kıyasla bölgedeki finans yapısı üzerinde AB daha etkin bir yapısal güce sahip olmakla birlikte, Eylem Planı öncelikleri ile uyum amacıya bölge ülkelerinde bireysel olarak hayata geçirilen reformlar incelendiğinde AB'nin halihazırda sadece Fas'ta bir gayri resmi hegemonik gücü olduğu gözlemlenmektedir.

Bilgi yapısında, hukuki yakınsama başlığında göze çarpan en önemli reformlar Eylem Planları ile öngörülen hedeflere paralel olarak Fas ve Tunus'un fikri ve sınai mülkiyet haklarının korunması alanında mevcut uluslararası anlaşmalara taraf olmalarıdır. Öte yandan, AB kurumsal yapısından ilham alarak tasarlanan ulusal kurumsal yapıların kurulması şeklinde orataya çıkan kurumsal yakınsama alanında bölge üllkelerinin, EUMEDIS, TEMPUS, PEFESE, EUROMEDCONNECT, Erasmus Mundus ve Marie Curie gibi Avrupa programlarına katılımı AB ile bölge ülkeleri arasında aktif bir bilgi ağının kurulmasına yol açmıştır. Bunun ötesinde, Tunus'ta bilgi yapısına ilişkin bir Dünya Bankası projesi olmaması ve Fas'ta sadece ilk öğretim sisteminin gelişimine yönelik bir Dünya Bankası projesinin uygulanıyor olması söz konusu ülkelerdeki bilgi yapısı üzerinde AB ile diğer aktörlerin etkileri arasındaki farkın artmasına neden olmaktadır. Diğer taraftan, Cezayir'in yakın zamanda AB ile imzaladığı Bilimsel ve Teknik İşbirliği Anlaşması'nın AB'nin söz konusu ülkedeki bilgi yapısı üzerindeki etkisinin artmasında önemli bir rol oynaması beklenmektedir. Diğer taraftan, Cezayir'de Dünya Bankası dahil olmak üzwere hiç bir potansiyel gayri resmi hegemon tarafından bilgi yapısına ilişkin bir proje yokken, ülkenin AB ile söz konusu yapıya ilişkin eşleştirme programlarına ve TEMPUS IV programına katılımı Birliğin ülkedeki bilgi yapısı üzerinde diğer potansiyel gayri

resmi hegemonlara kıyasla daha etkin bir güce sahip olmasına neden olmaktadır. Bununla birlikte, Cezayir ile AB arasında bir Eylem Planı'nın olmaması AB'nin ülkedeki yapısal gücünün etkin olarak uygulanmasının önünde önemli bir eksiklik olarak durmaktadır. Sonuç olarak, AB genel itibarı ile Mağreb bölgesinin bilgi yapısı üzerinde diğer potansiyel gayri resmi hegemonlara kıyasla üstünlüğe sahiptir. Ancak AB'nin diğer aktörlerden farklılaşan etkisi Fas ve Tunus'ta daha belirgindir. Cezayir'de ise bu gücün imzalanması öngörülen bir Eylem Planı ile etkin hale gelmesi beklenmektedir.

Bölgenin refah yapısı üzerinde AB'nin etkisinin Fas'ta Tunus ve Cezayir'e kıyasla daha güçlü olduğu gözlenmektedir. Fas'ın Eylem Planı ile öngörülen hedefler doğrultusunda Uluslararası Çalışma Örgütü Anlaşmaları'na taraf olması, hayata geçirdiği kırsal kalkınma planları, ülkedeki asgari ücret artışı, bütçenin önemli bir kısmının sosyal sektöre ayrılması ve kamu sağlığına ilişkin çerçeve kanunun yayımlanması Fas'ın AB'den ilham alarak küresel refah yapısına entegrasyonunu hızlandıran olumlu adımları teşkil etmektedir. Bunun yanısıra, Fas'ın genel sağlık şartları ve kırsal kalkınma gibi refah yapısına ilişkin ortak AB programlarına katılımı AB'yi refah yapısında Fas için önemli bir ilham kaynağı konumuna sokmaktadır. Dünya Bankası da ülkede istihdamın artırılması ve genel kalkınma politikasına ilişkin projeler uygulamakla birlikte, söz konusu projeler için Banka tarafından öngörülen mali yardımlar AB tarafından refah yapısında Fas'a sağlanan mali yardımların gerisinde kalmaktadır. Bu itibarla, AB Fas'ın refah yapısı üzerine yapısal güce sahiptir. Tunus'ta ise, hukuki yakınsama alanında Eylem Planı'na uyum süreci hedeflerin sonuçların alınması bağlamında yeterince başarılı olmamıştır. Bununla birlikte, kurumsal seviyede Eylem Planı'nda öngörüldüğü şekilde AB kurumsal yapısından ilham alarak kurulan ulusal ajanslar ve Tunus'un EpiSouthPlus, tarımsal ve kırsal kalkınmaya ilişkin Komşuluk Politikası programı, ve istihdamın artırılması amacıyla uygulanan Avrupa Staj Derneği projeleri gibi insiyatiflere katılımı AB ile düzenleyici yakınsamanın hayata geçirilmesinde önemli adımları teşkil etmektedir. Dünya Bankası'nın Tunus'un refah yapısı üzerindeki nüfuzu ise Banka'nın diğer yapılardaki nüfuzuna kıyasla çok daha etkindir. Bu bağlamda, Dünya Bankası tarafından Tunus'ta hayata geçirilen projelere aktarılan mali yardımlar toplam 800 milyon dolar seviyesindedir. Banka'nın Tunus'un refah yapısına bu derece derin nüfuz etmesi AB'nin söz konusu yapıdaki gücüne olumsuz

etki etmektedir. Diğer bir ifade ile, AB Tunus'un refah yapısı üzerindeki gücünü artırabilmek için ülkenin Eylem Planı ile öngörülen hedeflere uyumuna daha çok mali destek ayırmalıdır. Cezayir'de ise AB dışında hiçbir aktör ülkenin refah yapısına nüfuz etmemiştir. AB'nin nüfuzu ise ülkenin sağlık reformu, istihdam öncesi eğitim gibi çeşitli eşleştirme programları ile Avrupa-Akdeniz Cinsiyet Eşitliği Programına katılımı ile sınırlı kalmaktadır.

Eylem Planları ile öngörülen hedeflerin, söz konusu hedeflere uyum sürecinde ortaya çıkan sonuçların ve bu sonuçların hayata geçirilmesi amacıyla uygulanan araçların bütünü itibarı ile incelenmesi neticesinde Mağreb bölgesindeki üretim, finans, bilgi, ticaret ve refah yapılarının şekillendirilmesinde AB'nin diğer potansiyel gayri resmi hegemonlara kıyasla daha başarılı olduğu ortaya çıkmaktadır. Özellikle Fas ve Tunus tarafından Eylem Planı ile uyum içerisinde hayata geçirilen belli başlı reformlar Avrupa Komşuluk Politikası'nın diğer aktörler tarafından uygulanan farklı mekanizmalara kıyasla daha başarılı bir politika olduğuna işaret etmektedir. Cezayir örneğinde ise reform süreci, bu ülke ile AB arasında net reform öncelikleri öngören bir Eylem Planı olmaması nedeniyle Fas ve Tunus'a kıyasla daha yavaş ilerlemektedir. Bununla birlikte, AB-Cezayir Ortaklık Anlaşmasının 2005 yılında yürürlüğe girmesinin ardından katedilen mesafe ve Cezayir'in AB ile bir Eylem Planı müzakerelerine başlama kararı AB'nin bu ülkedeki etkisinin artacağına işaret etmektedir. Bu veriler ışığında, AB'nin, Fas'ta üretim, finans, bilgi, ticaret ve refah yapılarında, Tunus'ta üretim, bilgi ve ticaret yapılarında, Cezayir'de ise ğretim ve ticaret yapılarında yapısal güce sahip olduğu gözlemlenmektedir. Bunula birlikte, bu üç ülkede ve beş güç yapısında AB'nin gücü ABD, Dünya Bankası, IMF gibi diğer aktörler ile kıyaslandığında Birliğin bölgede bir gayrı resmi hegemon seviyesinde olmasa da diğer aktörlerden farkılaşan etkin bir güce sahip olduğu anlaşılmaktadır. Bu doğrultuda, bu çalışma AB'nin daha çok zamana ihtiyacı olmakla birlikte Mağreb bölgesinde bir gayri resmi hegemon olma yolunda olduğunu göstermektedir. Ancak bu çalışma ile kesin olarak ortaya konulan sonuç, Avrupa Komşuluk Politikası'nın diğer potansiyel gayri resmi hegemonlara kıyasla AB'ye Mağreb bölgesinde farkılaşan bir güç verdiği ve AB'yi bölgedeki etkisi itibarı ile diğer aktörlerden bir adım öne çıkardığıdır.

Bu çerçevede, bu çalışmadan çıkarılabilecek daha genel bir diğer sonuç neoliberal hegemonyanın ilk olarak ABD ekonomik sisteminin değişimi ve bu değişimin küresel seviyeye yayılması neticesinde ortaya çıkmış olması ile birlikte, günümüzün kürselleşen dünyasında fark yaratan özelliğin değişimin temeli olmak değil değişimin dinamiklerini kontrol edebilme yeteneği olduğudur. Bununla birlikte, küreselleşmenin ABD dahil olmak üzere hiçbir aktörün küresel seviyede hegemonik kontrole sahip olamaması ve küresel neoliberal düzen içerisinde bölgesel blokların oluşması gibi sonuçları nedeniyle güç yapılarının yönetişimi amacıyla uygulanan politikalar yolu ile kurulabilen bölgesel hakimiyet, bu politikaları uygulayan aktörlere diğer bölgelerde yer alan diğer aktörlerin davranışlarının şekillendirilmesi sürecinde güç vermektedir. Bu çerçevede, Avrupa Komşuluk Politikası AB'ye komşu ve çevre ülkelerdeki güç yapılarını şekillendirme gücü veren önemli bir yönetişim mekanizmasıdır. Ancak, Politika'nın uygulandığı değişik bölgelerdeki başarı oranının farklı olmasının nedeni hedef ülkelerin küresel neoliberal düzene entegrasyon seviyelerinde ve dolayısı ile Politika ile öngörülen reformların hayata geçirilmesinde karşılaşılan farklılıklardır. Bu itibarla, küresel neoliberal düzene uyumlu olarak tasarlanan yönetişim mekanizmalarının başarısı küresel neoliberal hegemonyanın hedef ülkeleri neoliberal sisteme dahil edebilme başarısına da bağlıdır.

Bu doğrultuda, uygulayıcısına gayrı resmi hegemonik güç bahşeden başarılı yönetişim mekanizmalarının tasarlanabilmesi için öncelikle küresel neoliberal sistemin ve bu sistemin aktörler üzerindeki etkilerinin doğru anlaşılması gerekmektedir. Bir yönetişim mekanizmasının uygulayıcısı ile diğer potansiyel gayrı resmi hegemonlar arasındaki fark ancak o yönetişim mekanizmasının diğer aktörlere kıyasla uygulayıcısına sağladığı güç incelenerek anlaşılabilir. Avrupa Komşuluk Politikası'nın Mağreb bölgesinde incelenmesi, Politika ile hayata geçirilen düzenleyici yakısamanın AB'yi bölgede neoliberal reformların tetiklenmesinde diğer aktörlere kıyasla bir adım öne geçiren değerli bir araç olduğunu ortaya koymaktadır. Komşuluk Politikası'nı daha başarılı bir politika haline getirmek için AB'nin öncelikle hedef ülkelerin küresel neoliberal düzene entegrasyonunu desteklemesi gerektiği düşünülmektedir. Bu amacın gerçekleştirilmesi Komşuluk Politikası kapsamındaki ülkeler için daha iyi tasarlanmış yol haritaları çizilmesini gerektirmektedir. Söz konusu yol haritaları hedef ülkeler için daha kolay erişilebilir

amaçlar belirlenmesi, başlangıç aşamasında daha az talepkar hukuki ve kurumsal reformlar hedeflenmesi veya AB mevzuatı ile hukuki ve kurumsal yakınsama sürecinde daha çok ve kapsamlı mali yardım sağlanması gibi revizyonlar içerebilir. Bu durumda AB'nin hedef ülkeler için daha da çekici bir model haline geleceği düşünülmektedir. AB, ancak bu şekilde kendisini bir bölgede gayri resmi hegemonik güce sahip olmak isteyen diğer aktörelerden ayırt edebilir. Diğer bir ifade ile, hedef ülkelerde küresel neoliberal düzenin bir parçası olma yönünde irade oluşması durumunda bir aktörün gayri resmi hegemon konumuna gelmesi o aktörün bölgeye ne kadar teşvik edici araç sağladığına bağlıdır. Dolayısı ile bir neoliberal proje bir bölge için ne kadar çekici ise, o projenin uygulayıcısına o bölgede gayri resmi hegemonik güç verme potansiyeli o kadar fazladır. Bir projenin çekiciliği projeyi uygulayan aktörün projenin uygulandığı bölgedeki güç yapılarına nüfuzu ile doğrudan ilişkilidir. Bu nüfuz da aktörün o bölgede bir gayri resmi hegemon olma sürecinde ilgili güç yapılarını şekillendirme kapasitesi ile doğrudan ilişkilidir. Sonuç olarak, bu kapasitelerini etkin yönetişim mekanizmaları ile gerçeğe dönüştürebilen aktörlerin gayri resmi hegemon olma potansiyeli daha fazladır.

AB örneğinde Komşuluk Politikası Birliğin hedef bölgelerdeki ilgili güç yapılarını şekillendirme kapasitesini artırmaktadır. Bu kapasite aynı zamanda AB'nin Birlik olarak aktörlüğü ile de doğrudan ilişkilidir. AB sadece küresel neoliberal düzenin değerleri ve kurallarını ihraç eden bir aktör olarak değil, aynı zamanda AB mevzuatı ile yakınsama gerçekleştirilecek neoliberal kuralları da belirleyen bir çekim gücü olarak karşımıza çıkmaktadır. Dolayısı ile AB, hem küresel neoliberal sistemin Mağreb'e genişlemesini sağlayan bir normatif güç hem de mevzuatını küresel neoliberal düzen içerisinde yakınsama sağlanacak bir model olarak ortaya koyan bir düzenleyici güç haline gelmektedir. Komşuluk Politikası yolu ile Mağreb'de reformları tetikleme kapasitesi AB'yi diğer aktörlerden ayrıştırmaktadır. Bununla birlikte, bu çalışma AB'nin bölgede bir gayri resmi hegemon olması için daha çok yol kat etmesi gerektiğini ortaya koymaktadır. Komşuluk Politikası Mağreb bölgesinde herhangi bir potansiyel gayri resmi hegemon tarafından hayata geçirilen diğer dış yönetişim mekanizmalarına kıyasla çok daha başarılıdır ve gerekli revizyonların yapılması halinde Politika'nın gelecekte daha da başarılı olması beklenmektedir. Bu yönü ile Komşuluk Politikası AB'yi Mağreb'de en önemli potansiyel gayri resmi hegemon konumuna getirmektedir. AB'nin bu potansiyeli

hayata geçirip geçiremeyeceği ise Komşuluk Politikası'nı her bir ülkenin öncelik ve ihtiyaçları doğrultusunda revize edip edemeyeceğine, neoliberal politika reformlarını daha fazla mali yardım ile destekleyip destekleyemeyeceğine ve hedef ülkelerin reformları içselleştirmede ihtiyaç duydukları zamana bağlı olacaktır.

APPENDIX C

TEZ FOTOKOPİSİ İZİN FORMU

ENSTİTÜ

Fen Bilimleri Enstitüsü	☐
Sosyal Bilimler Enstitüsü	X
Uygulamalı Matematik Enstitüsü	☐
Enformatik Enstitüsü	☐
Deniz Bilimleri Enstitüsü	☐

YAZARIN

Soyadı : Bülbül
Adı : Onur
Bölümü : Uluslararası İlişkiler

TEZİN ADI (İngilizce) : Hegemony in the age of globalisation and governance by the European Neighbourhood Policy: Is the EU becoming an 'informal hegemon' in the Maghreb by means of the ENP?

TEZİN TÜRÜ : Yüksek Lisans ☐ Doktora X

1. Tezimin tamamından kaynak gösterilmek şartıyla fotokopi alınabilir. X
2. Tezimin içindekiler sayfası, özet, indeks sayfalarından ve/veya bir bölümünden kaynak gösterilmek şartıyla fotokopi alınabilir. X
3. Tezimden bir bir (1) yıl süreyle fotokopi alınamaz. ☐

TEZİN KÜTÜPHANEYE TESLİM TARİHİ: