

ADB Working Paper Series on Regional Economic Integration



The Role of Membership Rules in Regional Organizations

Judith Kelley

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Abstract

This paper argues that success in the struggle for regional integration hinges foremost on the degree of heterogeneity among regional states. Regional organizations therefore must consider how to optimize their leverage to forge convergence that will foster agreement and cooperation. To do so, regional organizations can rely on inclusive designs that admit member states and then seek to mold their behavior ex post, or they can use exclusive designs that condition membership on ex ante changes in state behavior. This paper examines the success of these designs in using various ex ante versus ex post tools in soliciting cooperative behavior among regional states, arguing that ex ante tools generally have greater advantages. However, because the advantages vary by issue areas, regions may benefit from creating layers of institutions with different designs. Finally, even after admitting states, regional organizations have options for varying membership rules across different areas of cooperation. Drawing especially on the European experience, the paper considers these various forms of differentiated rules that organizations can use to forge cooperation among different groups of member states despite remaining differences.

Keywords: Regional integration, international cooperation, membership rules

JEL Classification: F5, F50, F53, and F55

1. Introduction

Regional organizations can pursue a wide array of membership models. The most inclusive choice is a “convoy” model, which allows all regional states to participate. Such organizations have low admission and participation criteria. They may still debate the admission of a given state, but the state is not asked to meet a set of formalized criteria as a standard condition of entry. At the other extreme, organizations may choose a “club” model, enforcing strict admission criteria.¹ The entry requirements may vary. For example, states may be required to have mechanisms for controlling corruption, or to implement the fiscal and monetary policies of the organization, or to respect human rights. Of course, organizations can choose a compromise between these models and membership rules can vary in many other ways.

How do these rules matter for regional integration? The membership rules reflect the preferences of the founding states. If the preferences change, the rules can also be changed. However, this does not make the rules inconsequential. The initial choices are made under uncertainty and with imperfect information (Williamson, 1985), and change may be difficult. The inertia of existing institutions may be hard to overcome, or some flagship organizations may become too significant to be easily circumvented. More importantly, to the extent that many developments are path-dependent, rules may produce outcomes that can limit future options. As Baldwin (2010) notes, “If the Treaty of Rome had expired after 50 years as did the ECSC [European Coal and Steel Community] Treaty, it would be absolutely impossible to get unanimous agreement on renewing the institutions from today’s 27 members”. The choice of membership rules can shape the development of regional integration, because they determine which states control the decision-making structures and, therefore, influence the organization’s ability to cooperate and shape the organization in the future.

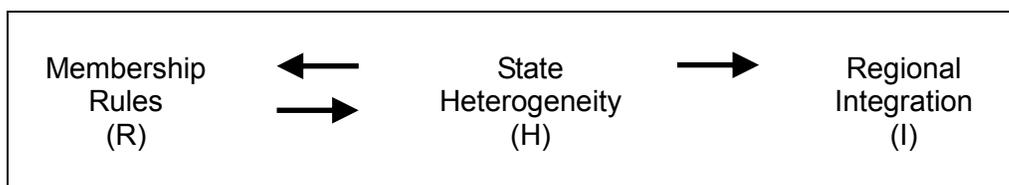
If all states in the region initially agreed on the nature of their cooperation and had no incentives to defect from their agreements, then the membership rules would be unimportant. However, it is never that simple. The core challenge for interstate cooperation and hence regional integration is heterogeneity among regional members. This is certainly true in Asia and it has been the case even in Europe. This heterogeneity takes three forms. The first is preference divergence: states in the region may prefer different political solutions to their common problems, or they may disagree about how to distribute the costs and benefits of cooperation among themselves. In trade and environmental issues, for example, they may face instances of free riding, with a state preferring to renege on its agreement while other states keep theirs (Schelling, 1997). Even if they agree on the benefits of cooperation, states may disagree strongly about the exact policy solutions, preferring, in economic terms, different points on the Pareto frontier (Krasner, 1991). Second, states may differ in their capacities to implement regional policies. Less economically developed states may have less administrative capacity, or their economic or political fundamentals may not be conducive to stable

¹ Note that here “club” is not used to signify that the organization is providing a traditional economic “club good”—that is, some private benefit that derives value partly from the exclusion of some actors—but merely to denote organizations that have high entry requirements.

coordination with other states in the region. Finally, states may vary in their information and beliefs. For example, they may have different political norms about domestic governance, sovereignty, and interstate interaction. These divergent beliefs create normative and distributional struggles, and make it difficult to adopt policies and enforce agreements (Keohane, 1984). Thus, heterogeneity among regional states in the form of divergent preferences, capacities, and beliefs is the core challenge of intergovernmental cooperation and regional integration.

Because of this heterogeneity, the choice of membership model—whether organizations operate as convoys or clubs—can influence the success of regional integration. Clubs can leverage higher entry criteria to solicit behavior changes prior to admission for any late joiners. However, convoys, with lower entry barriers, can take a less confrontational approach to outlier states, interacting with them within the organization rather than erecting barriers. Thus, these different membership models offer different mechanisms for how an organization can influence states in the region, leading to greater regional convergence necessary for successful integration. This “R-H-I” relationship between rules, heterogeneity, and integration is illustrated in Figure 1 below.

Figure 1: The R-H-I Relationship



The question, therefore, is whether regional integration is more likely to succeed if there are no barriers to entry and member states use post-admission tools to solicit cooperation from each other? Or is regional integration more likely to succeed if it starts out with an exclusive organization of states that are all aligned to the organization’s goals and then erects high barriers to entry and uses other pre-admission tools to solicit behavior changes prior to admission for any late joiners? This paper asks the following: *what type of heterogeneity matters for regional integration efforts? What are the advantages and disadvantages of the different membership models with respect to influencing this heterogeneity among states in a region and building regional integration? How can organizations navigate differing membership models to their advantage to deepen regional integration? And, importantly, what are the options for changing existing membership models?*

1.1 Plan of the Paper

The paper draws on the experiences of regional organizations, especially, but not exclusively, in Europe. The analysis draws on research from political science and

economics, but it emphasizes the political analysis. A thorough analysis by an economist would render a useful complementary analysis.

The paper begins by discussing the elements of successful regional integration that may be influenced by membership rules. This section starts by discussing the relevance of the traditional concern that the sheer number of participating states hinders effective cooperation. However, arguing that heterogeneity is actually the central obstacle to regional integration in the R-H-I relationship, the paper then discusses the “H→I” relationship between heterogeneity and integration. For example, what elements of heterogeneity matter for regional integration? In addition, this section argues that there is an important relationship between political and economic integration, and that regional integration efforts depend on national attitudes towards sovereignty. Through a regional comparison, the paper further examines the relationship between sovereignty and regional integration.

Next the paper focuses on the relationship between “R→H,” that is, the relationship between membership rules and heterogeneity. It surveys the different tools organizations have available to address heterogeneity among regional states, paying particular attention to how likely club and convoy designs are to use these tools successfully.

The next section considers a broader range of membership models, not simply clubs and convoys, but also variations on the models that may allow regions to promote deeper integration and work beyond existing institutional structures.

The paper concludes by considering the implications for Asia. The paper does not provide answers, but it raises questions drawn from the insights of the paper in the hope that those with greater Asia expertise can use the questions constructively.

2. Elements of Successful Regional Integration

2.1 Do Numbers Matter?

Because membership rules influence the number of countries in an organization, it is important to consider whether the number of countries involved in regional organizations hampers cooperation. Traditionally, a greater number of actors has been considered to hamper cooperation, but this conjecture may well be overstated and, in some instances, even misleading.

Traditional K-group theory argues that when enforcement is central to cooperation, as it most often is when there are complex rules and regulations that must be implemented and monitored, then more participants increase the enforcement problem and lower the benefits of cooperation (Olson, 1965). This theory implies that for issues requiring enforcement, large organizations may be impractical, particularly if entry requirements are low as in convoys, leaving the organization with few enforcement options.

Regional experiences seem to confirm this. The African efforts to move towards a single monetary zone illustrate the difficulty of accomplishing such ambitious goals convoy-

style. The African Union (AU) established the African Economic Community through the 1991 Abuja Treaty with the goal of achieving a single monetary zone for Africa by 2028. Various sub-regional groupings have proceeded highly unevenly, however, and some states have sought to break free of the laggards by creating their own “fast tracks” towards greater monetary cooperation (Nnanna, 2006). Conversely, in South America, Mercosur started a process of regional economic integration with a smaller number of states and has been somewhat more successful. The same was true for the ECSC, formalized in 1951 and comprising the “inner six,” of Belgium, France, Germany, Italy, Luxembourg and the Netherlands, while the so-called “outer seven,” of Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom (UK) were either unable or unwilling to join the successor organization to the ECSC—the European Economic Community (EEC)—and instead cooperated among themselves through the European Free Trade Association (EFTA).

Starting small by no means guarantees successful cooperation, as the relatively weak performances of the Andean Community and many African sub-groupings demonstrate. However, whereas there are some examples of regional organizations that started small and have been successful, there are no examples of large regional organizations that have achieved the same level of regional integration *en masse*. It may, of course, still be possible for some organizations, such as the Economic Community of West African States (ECOWAS), to eventually accomplish this objective. However, experience to date suggests that starting out with fewer states is a better formula for regional integration.

The question of the relationship between the number of member states and the depth of cooperation among them has been the focus of the classic widening-versus-deepening debate in the European Union (EU) (Hausken, Mattli et al., 2006; Lorz and Willmann, 2008). Contrary to the critics of enlargement, the EU has been able to continue to deepen cooperation while also widening membership. Thus, although there is no precedent for launching a fully functioning common market for a large number of states simultaneously, there is little evidence that the number of cooperating states alone makes cooperation infeasible, although it undoubtedly makes it more cumbersome.

Indeed, the difficulties of garnering cooperation among the many members of the EU may have been mistakenly attributed to the number of members. Recent work has found little support for the conjecture that in issue areas with greater enforcement problems, organizations tend to choose more restrictive membership models (Koremenos, Lipson et al., 2001). However, there is some evidence that organizations tend to restrict membership more when there is greater uncertainty over prospective members' likelihood to exhibit cooperative behavior and compliance with organizational norms. However, rather than sheer numbers, it appears that the observed difficulties with cooperation among greater numbers likely stems from other fundamentals (for example, increased economic heterogeneity) that change as more states are brought into the integration efforts; it is these changes, as opposed to the number of actors, that may do more to hamper cooperation (Keohane and Ostrom, 1995; Snidal, 1995).

Furthermore, institutional devices, such as voting rules, can ameliorate the difficulties of decision making introduced by wider participation (Kahler, 1992). For example, the Organization for Security and Co-operation in Europe (OSCE) amended its consensus-

based decision making structure to avoid de facto veto rights for any one state. Thus, the OSCE adopted the “consensus minus one” rule in 1992 so that in cases of a state’s “clear, gross and uncorrected violation” of OSCE commitments, decisions could be taken without the consent of the state concerned (CSCE, 1992).² Thus, the OSCE has changed some decision-making rules to address its wide membership, as has the EU, which has moved towards majority rules and other compromise-decision rules on several issues. The Association of Southeast Asian Nations (ASEAN), however, has maintained strong consensus-based rules. This poses problems under such pronounced heterogeneity as is the case with ASEAN, and does make a growing numbers of participants more problematic.

The question of membership models is therefore related to, but distinct from, the question of the number of members or the optimal size of an intergovernmental organization. Numbers matter, but not merely because more is always worse. More is worse only to the extent that more increase heterogeneity.

2.2 Heterogeneity

As noted in the introduction, states may vary in their capacities, information and beliefs, and in their preferences. Importantly, these factors are not fixed. Capacity, information and beliefs, and state preferences can change over time.

Central to the discussion of membership models and to the argument of this paper, these factors may themselves be influenced by the cooperative institutional arrangement in the region. That is, just as state preferences will determine the design of regional cooperation, so these regional cooperation choices may in turn influence the preferences of states in the region over time (Hix, 2010). Nowhere has this been observed more than in Europe, where the EU has strongly shaped the member states and exerted immense influence on candidate states.

Because regional integration arrangements can influence states in the region it is important to consider how membership models vary in their ability to influence the behavior of states in the region (i.e., the R→H relationship). Therefore, advantages and disadvantages of different membership models will be discussed later. First, however, it is important to consider the H→I relationship: how does the heterogeneity of states matter for regional integration? What aspects of states are important in facilitating integration? What attributes of regional cooperation influence the success of regional integration? These considerations are important because they highlight the conditions that regional organizations need to address to deepen their cooperation and identify which elements of heterogeneity are important for regional integration efforts to minimize.

² In 1992, what was then referred to as the Conference on Security and Co-operation in Europe (CSCE) used this rule to suspend Yugoslavia from the CSCE. The CSCE also adopted the “consensus minus two” rule, which allows the Ministerial Council to instruct two disputing participating states to seek conciliation without their consent. To date, this option has not been put into practice.

There are many conditions that influence the success of regional economic integration efforts. Indeed, economist would surely take into account an extensive list of domestic economic and financial factors (Gochoco–Bautista, 2010), just as legal scholars could surely consider many aspects of the harmonization of laws and domestic legislative requirements. The following discussion, however, focuses on other political and state characteristics that influence the success of regional integration.

2.2.1 Regime Type

Discussing the African context in the 1960s, Haas noted that “countries which are poorly integrated internally make poor partners in a regional integration process because of the reluctance of leaders to further undermine their control at home (Haas, 1970).” More recently, research is emerging that supports this claim. Generally, democracies have been found to be more likely to cooperate with each other than with nondemocratic states on trade and finance. Democratic elections prompt leaders to cooperate more on international trade issues than their nondemocratic counterparts (Mansfield, Milner et al.; 2002). Other scholars contend that democratically elected legislatures may hinder multilateral cooperation (Rüland, 2009). This is clearly something that the EU has seen as it has struggled for the ratification of various treaties to deepen integration.

Neofunctionalists have also argued that integration has been most likely to emerge among richer liberal democratic countries, because these were less likely to have class conflict and ethnic rivalries, and could gain from regional economic integration (Haas and Schmitter, 1964). They envisioned that the process of integration would occur through trade and labor, and capital mobility. Such economic exchanges would eventually spill over into other areas, deepening regional integration. Thus, similar economic development and societal structures were viewed as optimal for deepening economic integration. Importantly for integration in diverse regions, states with different governance systems (democratic versus autocratic regimes) have a harder time cooperating (Leeds, 1999).

Other research also suggests that domestic governance problems may affect the ability of a state to adhere to its international commitments more generally. States with a low rule of law or low administrative capacities are less likely to keep their international commitments (Simmons 2000; Weiss and Jacobson 2000; Kelley 2007)(Pevehouse, 2010). Some have argued, for example, that in ASEAN, corruption and unreliable judicial systems hinder integration because they make contracts hard to enforce. In Central Asia, for example, it is the autocratic super-presidential regimes that hinder regional cooperation (Pomfret, 2010). Significant research suggests that the domestic regime-type influences intergovernmental cooperation and regions with democratic governments with a high rule of law have an advantage in terms of achieving regional integration.

2.2.2 Information and Beliefs

Related to domestic regime type is research suggesting that cooperation benefits from shared information and beliefs (Keohane and Ostrom, 1995). With cooperation that requires commitments and trust, it is important that the participants share characteristics that define them as a community (Snidal, 1995). In the 1960s, authors writing about

regional integration emphasized not only economics, but also the importance of culture and geography (Russett, 1967; Caparaso and Choi, 2002). In their work on the European integration process, Stone-Sweet and Sandholtz (1998) argued that the main obstacles to economic integration are differences among national rules and norms, and that political integration, therefore, implies the need to either eliminate any differences or find ways to coordinate policies around them. Of course, potential member states need not require complete agreement on beliefs and information before starting regional integration, and, as discussed later, participating in regional integration efforts can itself contribute to the building of a shared identity and culture (Herrmann and Risse et al., 2004). However, the benefit of some considerable level of shared norms and beliefs upon entering into cooperation remains.

Venezuela's entrance into Mercosur highlights the importance of shared political beliefs. Oil-rich Venezuela's philosophical opposition to free trade and its nationalization of domestic industries has caused tensions as President Hugo Chávez has advocated for a shift in the focus of the bloc, saying: "We need a Mercosur that prioritizes social concerns. We need a Mercosur that every day moves farther away from the old elitist corporate models of integration that look for ... financial profits, but forgets about workers, children, life, and human dignity."³ Thus, Venezuela's membership has caused considerable debate. As of August 2009, Brazil and Paraguay had yet to ratify Venezuela's membership in the bloc.⁴

2.2.3 Economic Development and Capacity

The ability of states to succeed in regional economic integration also depends on domestic economic conditions (Russett, 1967), as differences in degrees of economic development present hindrances to creating currency unions (Haas, 1970). Haas argued that such differences were central to the failure of the Latin American Free Trade Association (LAFTA) in the 1960s. Others similarly argue that the divisions between oil-poor and oil-rich states' in the Middle East have contributed to the failure of most of the early regional integration attempts.⁵

Indeed, when it comes to economic issues, the question of club membership is a quite practical question of whether the underlying fundamentals in the prospective countries are compatible with the economic cooperation objectives. Thus, prospective members may simply not have the capacity or the economic fundamentals that makes it optimal for the organization to invite them to join in a particular form of economic cooperation (Bayoumi and Eichengreen, 1992). Less-developed states often have less administrative capacity to handle the commitments of integration. In ASEAN, for example, average gross domestic product (GDP) per capita ranges from US\$209 to US\$50,000 per year, and this presents a wide range of economic needs and capacities.

³ <http://www.cfr.org/publication/12762/#p6>, for Chavez statement <http://www.venezuelanalysis.com/news/1521>

⁴ Paraguayan government withdraws bill for Venezuela's Mercosur incorporation. MercoPress. 14 August 2009. Brazilian Senate condemns Venezuela further delaying its Mercosur bid. MercoPress. 4 September 2009.

⁵ <http://www.cris.unu.edu/fileadmin/workingpapers/20060117093527.O-2006-1.pdf>

This is why the EU has spent so many resources on assistance programs to candidate states. The EU Phare program, for example, does not comprise purely altruistic aid, but an effort to bring candidate states to a comparable level of economic fundamentals. Furthermore, the European Commission has negotiated extensively with countries to insure that they have the capacity to implement community law. Much more could be added about the economic conditions needed for successful regional integration, with the key points being that domestic economic conditions are central when forging regional integration and states in a region must consider the domestic economic conditions and capacities to implement organizational commitments. Even with all these efforts, the EU has faced a deep crisis in 2010 as it learned of rising debt levels in Greece and other members of the single currency, the Euro.

2.3 The Relationship between Political and Economic Integration

Heterogeneity among states in the region is also important because it influences the ability of the states to build joint political institutions necessary for economic integration.⁶ Already in 1964, Haas and Schmitter noted that deeper economic integration is facilitated by deeper levels of political integration: “[D]efinite political implications can be associated with most movements toward economic integration even when the chief actors themselves do not entertain such notions at the time of adopting their new constitutive charter.” (Haas and Schmitter, 1964). Furthermore, scholars of European integration have stressed the centrality of political commitments to the integration efforts (Winters, 1997; Moravcsik, 1998) and the importance of institutions with independent authority (Pollack, 2003) (Hix, 2010). Politics was central to the ECSC in 1951, which was intended to reduce Franco-German tensions. Politics has also been central to NAFTA, Mercosur, the ASEAN free trade area, and the Southern African Development Community (Schiff and Winters, 1998). Indeed, in his seminal article on regional integration, Haas defined regional integration as the “voluntary creation of larger political units” (Haas, 1970) and argued that without economic integration in the form of a common market, regional integration efforts were unlikely to have much influence on member states (Haas, 1970). In the same work he also argued that in the process of regional integration, states cease to be wholly sovereign. Thus, even if regional states initially do not intend for their cooperation to involve political dimensions, politics and economics are inevitably linked.

The linkage between economic and political integration rests on the distributional politics created by international economic factors and the relationship between domestic politics and economic performance. Elaborating on the linkage between economic and political integration, and the level of shared institutions required to address them, is outside the scope of this paper. However, the linkage is central to discussing membership models, because it suggests that the success of economic integration rests partly on the willingness of the states in a region to participate in some level of political integration. A common market or greater levels of economic integration require political institutions and political cooperation. Thus, the absence of strong institutions within the ASEAN+3

⁶ Economists have created a typology of different levels of economic integration such as free trade areas, customs unions, common market, economic union, and full economic integration (Balassa, 1961). These represent different levels of integration, although the necessity of the sequential nature is unclear (Caparaso and Choi, 2002) (Baldwin, 2010).

framework, for example, poses challenges for deepening integration in East Asia (Dent, 2010).⁷ Fear of intrusions on sovereignty, as discussed later, are likely to hamper the development of common political institutions needed to facilitate economic and regional integration, as has been observed in the AU and the League of Arab Nations.

2.4 Integration and Sovereignty: Regional Comparisons

Because regional integration depends on the characteristics of regional states and their willingness to build joint political institutions, effective regional integration cannot be a sovereignty-neutral process; states will need to delegate some authority to regional institutions (Bradley and Kelley, 2008). Indeed, the choice of a club model is by definition an acceptance of some forms of organizational interference in domestic affairs, although this interference—at least theoretically—occurs with the consent of the state. As the following discussion demonstrates, regional experiences to date suggest that regional attitudes to sovereignty are fundamental to regional integration.

2.4.1 High Defense of Sovereignty, Weak Integration: The AU and the Arab League

Although the original Organization of African Unity (OAU) set ambitious goals rhetorically, in the wake of colonialism the primary goal of the member states was to confirm their own sovereignty and assure existing borders (Herbst, 2007). Thus, African regional organization tends to be highly inclusive, non-hierarchical, and attentive to national sovereignty (Herbst, 2007). The OAU was effective at maintaining the boundary regime, but ineffective at promoting intergovernmental cooperation. Many attempts at economic unions in Africa under the OAU failed (Herbst, 2007).

However, with the reorganization of the OAU into the AU in 2002, the organization has become more interventionist. The OAU refused to interfere in the "internal affairs" of member states, and stood by during the genocide in Rwanda. However, the constitution of the new AU permits collective intervention in a member state to combat "war crimes, genocide, and crimes against humanity," and has taken action in Darfur (Cohen and O'Neill, 2006). Breakthroughs have been limited to peacekeeping, however. The AU's attempts to build institutions to oversee human rights and elections have been toothless (Anglin, 1998; African Union, 2002; Kelley, 2009a). The African Commission on Human and People's Rights created by the 1981 Charter on Human and People's Rights has no powers.⁸ Although the number of democracies in Africa has more than doubled since the organization's founding and the AU has begun to address coups by suspending the membership of several countries, these efforts have been ineffective and the organization has continued to be guided by lowest common denominator policies.

The Arab League experience is similar to that of the OAU. Cooperation was not hindered by an unwieldy number of members, as the original league, formed in 1945, only had

⁷ ASEAN+3 comprises the ten member economies of ASEAN plus the People's Republic of China, Japan, and the Republic of Korea.

⁸ Nwankwo, Clement. 1993. The OAU and Human Rights. *Journal of Democracy*. Volume 4 (3). Pp. 50–54.

seven members (Barnett and Solingen, 2007). However, the League has not promoted regional integration, because Arab leaders, like those of Africa, created their regional organization mainly to protect their nations' sovereignty. Rhetoric of Arab unity was used to legitimize their regimes, but not to undertake cooperation that would delegate authority to the regional organization. Thus, the Arab League was created not to promote change, but to preserve the status quo (Barnett and Solingen, 2007). As a result, the Arab League has never removed economic barriers and trade between member states has remained low. As in Africa, common markets and other economic measures remain weak, although the Greater Arab Free Trade Area (GAFTA) has been a step forward.⁹ The Arab League's conflict resolution track-record has been similarly unimpressive (Barnett and Solingen, 2007).

Thus, both the OAU and the Arab League were designed to be weak. The persistently low ambitions of their member states along with their convoy structure have ensured lowest common denominator policies. However, their performances have not been weak because OAU and Arab League member states chose convoy structures, rather member states deliberately chose convoy structures because they wanted their respective regional organizations to be weak and focus narrowly on protecting sovereignty.

2.4.2 Changing Attitudes Towards Sovereignty: The OAS and ASEAN

ASEAN and the Organization of American States (OAS) both started as convoys with fairly weak intergovernmental cooperation agendas, but have subsequently undergone pressure to change as some countries have increased their ambitions for their respective organization's role in regional cooperation.

ASEAN fits this pattern with regard to its non-interference policy. As the organization has matured, its ambition for regional economic integration has grown and it has launched efforts such as the ASEAN Free Trade Area (AFTA) and the Trade in Services, both of which offer considerable potential in the future. ASEAN also launched the Single Asian Market and the Comprehensive Investment Area, although these remain far from operational. However, the organization's members have been at odds over the membership criteria and the extent to which domestic conditions matter when admitting states, a question that went directly to the organization's policy of complete non-interference in domestic matters.

Disagreements about whether there should be any domestic pre-conditions for joining ASEAN began with the application of Viet Nam and Cambodia (Acharya, 2001). After Cambodia's coup, a special ASEAN Foreign Ministers' meeting reaffirmed the commitment to non-interference, but also decided to delay admission of Cambodia and send an ASEAN delegation there. Singapore's Foreign Minister said that if ASEAN had not delayed Cambodia's entry, this would imply that ASEAN condoned unconstitutional changes of government. This view revealed a possible shift in the non-interference doctrine by suggesting that forcible ouster of governments violated an ASEAN norm. However, it was not a formal ASEAN position. Furthermore, the ASEAN position was that

⁹ In 1997, 14 Arab countries concluded an agreement to create the Greater Arab Free Trade Area (GAFTA). By 2005, tariff removal was complete, but the removal of non-tariff barriers was not (Abedini and Péridy, 2008).

the reaction was justified because Cambodia's events violated the Paris Peace Agreement and were therefore not entirely domestic (Acharya, 2001). In response to the coup in Cambodia, the Malaysian Deputy Prime Minister suggested a policy of "constructive intervention." Although ASEAN rejected this policy, Thailand's Foreign Minister conceded that there was a recognition that "growing interdependence" meant that ASEAN needed to rethink some of its assumptions about non-interference (Acharya, 2001).

ASEAN also delayed observer status for Myanmar and vigorously debated the extent to which Myanmar's internal politics mattered for its entry. Some countries advocated a demand for domestic policy changes, some stressed the non-interference doctrine, and others argued that admitting Myanmar to ASEAN could have a positive impact on its domestic political situation (Acharya, 2001). When ASEAN leaders signed a charter to further economic integration and commit to creating a human rights body in November 2007, several ASEAN countries threatened to refuse to ratify the charter until Myanmar improved its human rights record. However, within a year they had all ratified the agreement although Myanmar had showed no progress. An ASEAN human rights body has officially been created but lacks any real power and will be bound by the non-interference policy of ASEAN.

In Asia, more generally, the emphasis continues to be on sovereignty and non-interference (Caballero-Anthony, 2010). The cautious attitudes towards non-intervention and sovereignty may create institutional roadblocks for ASEAN, because they prevent the strengthening of the central secretariat to the degree necessary to carry out its goals (Severino, 2010).

The experience of the OAS is interesting to compare with ASEAN, because the OAS also started as an organization opposed to interference in domestic affairs. However, many member states underwent significant changes during the 1970s and 1980s (Cooper and Legler, 2001). Thus, in the last two decades, the OAS has also seen a period of convergence on higher preferences for intergovernmental cooperation and the states in the region have endowed the organization with greater influence in domestic affairs.

In the organizations' early years there were great disagreements about the extent to which the organization should interfere in domestic affairs to uphold democratic governance. The Inter-American Juridical Committee wrote a report reaffirming the OAS Charter's commitment to human rights and democracy, but the committee also upheld that collective action to restore democracy would be inadmissible under the terms of the Charter of Bogota. Thus, the 1959 Draft Convention on the Effective Exercise of Representative Democracy was too controversial and failed (Munoz, 1993). Similarly, in 1962 the OAS excluded Cuba from decision-making power in the organization, but was passive as many other dictatorships reigned during the 1970s.

The OAS has benefitted from the fact that democratization has been so pervasive in most of the region that the result has not been insurmountable divergence, but rather shared growing preferences for deeper cooperation. Thus, the organization has been able to make significant changes since the Cold War ended. Cooperation between

member states has deepened and broadened over the organization's life span as nearly all states in the region have become more democratic and more interested in trans-border cooperation on drugs, corruption, and many other issues.

Importantly, however, there is little evidence that it was the convoy-like structure of the OAS that led to this convergence over time. Rather, many of the activities of the OAS to uphold democratic norms have only emerged after the countries in the region established their democratic regimes (Cooper and Legler, 2001). The OAS was then able to capitalize on these national changes to institutionalize organizational procedures such as the Santiago Declaration and the Unit for the Promotion of Democracy to help the countries in the region to "lock in" these domestic changes. Thus, although the OAS has not changed its membership composition much, its membership rules have grown more club-like over time; the membership criteria have hardened, making suspension and interference more likely. Yet, these changes were gradual.¹⁰ Only decades of changes in domestic conditions led to a move away from strict non-intervention.

Ironically, even if the OAS has been able to deepen political cooperation, despite its organization of the Summits for the Americas, which launched the so-far unsuccessful talks on the Free Trade Area of the Americas in 1994, the OAS has been far too large and diverse to act as an effective vehicle for regional economic integration. Smaller regional sub-groups such as NAFTA, Mercosur, and the Andean Community have instead begun to address this challenge. The lesson of OAS, therefore, is that changes towards sovereignty came from the member states, not from the convoy structure. Furthermore, whereas flexible attitudes towards sovereignty may be necessary for productive regional integration, they are not sufficient for an organization to succeed in a very large and diverse region.

2.4.3 Sovereignty in Europe

Europe differs strongly from other regions because of its longer experience with democracy, the devastation of the Second World War, and the subsequent East–West division, among other factors. Importantly, however, one of the ways in which Europe differs considerably from other regions where integration is less advanced concerns attitudes towards sovereignty. Contrary to developments in these other regions, the European organizations were founded on a desire to avoid the rogue state behavior that had led to the rise of Nazi Germany and the Second World War. Germany, one of the largest states in Europe, has supported the creation of a supra-national structure to limit its own freedom (Krasner, 2001), and other states have agreed to "pool" their sovereignty in order to tie Germany's hands. European countries also learned to accept constraints through conditions attached to the Marshall Plan and the security provisions of the Atlantic alliance (Wallace, 1999). Furthermore, the formation of the Council of Europe was driven by a desire of states to use regional institutions to "lock in" their own commitments to democracy by binding themselves to institutions (Moravcsik, 2003).

¹⁰ For a good overview of the history of the many events that led to a deeper and more formalized OAS commitment to democracy, see Munoz (1993).

Thus, the principles of sovereignty and non-interference had a lower priority in Europe than elsewhere (Keohane, 2002). Rather, states were keen to use the regional organizations to commit themselves to democracy and human rights. Supranational institutions became drivers of integration in Europe (Baldwin, 2010). The growing regional interdependence has created further incentives for the greater pooling of sovereignty (Keohane, 2002). And the countries seeking to join the EU have been willing to do so at the cost of a reduction in their sovereignty. Again, this has been facilitated by decades of oppression in communist states, and the desire of these newly independent states to avoid a repeat of this oppressive past. Thus, on all fronts, European states have been more tolerant towards intrusions into their traditional sovereignty.

3. Addressing Heterogeneity and Building Foundations for Successful Cooperation

The preceding section has made three central sets of claims:

- (i) Heterogeneity is the main obstacle to regional integration. Several domestic characteristics of a state influence the success of regional integration. Therefore, regional integration is more likely to succeed among democratic governments and governments that share cultures, norms, and values. Regional integration is also more likely to succeed among countries where the rule of law is established and among countries that have sufficient capacity to implement the obligations of membership in regional integration efforts. Great disparities in economic development hinder regional integration because the differences in economic fundamentals hinder stable coordination.
- (ii) Political integration and economic integration are intricately linked. Therefore, regional integration may be hampered when states are unwilling to create joint institutions.
- (iii) Furthermore, regional integration cannot be a sovereignty-neutral process. Greater opposition to interference has traditionally led to convoy designs and hindered regional cooperation. One of the defining features of the successful integration of Europe has been a more accepting attitude towards the pooling of sovereignty.

The H in the R-H-I relationship has been refined to encompass several domestic characteristics as well as attitudes towards joint political institution building and, by implication, attitudes toward sovereignty. The importance of heterogeneity means that regional integration cannot be separated from domestic governance issues or political integration. Visions of pure economic integration that ignore these areas are not particularly promising. Thus, even an organization that wishes to stick solely to a mandate for economic integration will have to build political institutions and consider some level of political integration.

Furthermore, the greater the heterogeneity among regional states, the more an organization will have to consider how it can encourage domestic governance that will facilitate regional integration. This paper now turns to consideration of the tools of influence associated with international organizations more generally.

3.1 Mechanisms for Shaping State Behavior

At the core of the question about membership rules is a deeper question that all intergovernmental organizations face: if regional integration is to be broad and successful, what is the best way of shaping the behavior of states in the region? Research suggests that the behavior of government and decision-making elites can be influenced through at least two mechanisms.

The first is the use of incentives. Sanctions and political conditionality can change the incentive structure of decision-making elites by altering their payoffs for different behaviors (Crawford, 1997; Hufbauer and Schott et al., 2007). This mechanism rests on the rationalist assumption that actors are cost-benefit-calculating, utility-maximizing actors. This concept was illustrated well by Bulgarian Prime Minister Ivan Kostov's comment in April 2000 as Bulgaria was vying to join the EU: "With all my respect for the West, I am watching there only the opinion of the structures, which finance Bulgaria. All the others, whatever they say, are of no importance."¹¹ Because they yield benefits for their members, intergovernmental organizations may be able to alter the incentive structures of non-member and member states in a variety of ways, such as promising rewards or punishment for behavior, or by providing institutional assurances that help governments commit to certain policies.

The second mechanism seeks to change not simply the behavior, but also the underlying preferences and beliefs of decision-making elites by socializing them into a new set of norms. Socialization does not link any material incentives to behavior, but relies on persuading or shaming actors in order to change their policies or simply to habituate them into new behavior. Socialization occurs through discourse, diplomacy, and frequent interactions with state actors. Such efforts may change behavior either by changing actors' beliefs or by appealing to a state's concern for its reputation (Johnston, 2001; Kelley, 2004b). Intergovernmental organizations may be expected to act as "sites of socialization" (Checkel, 2005), because state agents are "exposed to alternative theories about the nature of world politics" (Johnston, 2001). Thus, constructivist scholars have argued that institutions can not only constrain states, but can actually change their interests (Finnemore, 1996; Checkel, 1999; Checkel, 2005) and help diffuse norms to other member states (McNeely, 1995). The managerial approach within international law also suggests that international organizations may cause states to redefine their own interests. Participation in organizational discourse and activities is said to be able to realign domestic priorities and induce compliance with organizational norms (Chayes and Chayes, 1995). Convoy organizations are argued to facilitate dialogue and socialization (Acharya, 2010).

¹¹ Reuters Wire Service, 14 April 2000.

Whether organizations are able to effectively employ these incentive and socialization mechanisms depends on what tools they have available before and after admission—*ex ante* and *ex post* admission tools. Thus, membership rules can influence a region's heterogeneity. This paper naturally cannot assess the overall effectiveness of all these tools, but this section of the paper seeks to provide a catalog of measures and asks: how does the ability of clubs and convoys to use these tools differ? What are some possible dimensions of the relationship between membership rules and state heterogeneity (i.e., $R \rightarrow H$)? How important is the ability of a club to use *ex ante* tools compared to a convoy's ability to use *ex post* tools? What advantages and disadvantages do the different organizational models bring to each of the tools of influence? This section ends with a summary, but the discussion below provides greater detail.

3.2 Ex Ante Tools

3.2.1 Membership Conditionality

As discussed above, the strength of the club approach is its ability to set requirements for entry. The use of membership conditionality is, therefore, by definition restricted to clubs. Downs and Rocke et al. (1998) argue that if an organization uses a club model to manipulate the order and timing of entries, including promoting earlier entry for states that favor deeper cooperation, this allows it to reduce the negative consequences of increasing the breadth and depth of cooperation.¹² Using a formal model, they argue that starting out small with a club model and then admitting more states, as they align their preferences with the organization, leads to organizations with greater depth than those based on a convoy model, because a club model with conditional enlargement can achieve both breadth and greater depth.¹³ Forming smaller clubs and then relying on strict admission criteria also allows the existing members to establish their preferred policies before inviting outsiders (Hausken and Mattli et al., 2006). Clubs can, therefore, be much more demanding of newcomers, offering asymmetrical benefits to the core founding states.

These claims align well with the experiences of the EU. The initial six member states were able to cooperate on a deeper level and in a manner closer to their preferences than would have been the case had a compromise been reached with the states that choose instead to form EFTA. Only after EFTA's member states changed their preferences towards greater integration did they join the EU, and they did so on the EU's terms, adopting wholesale its existing policies and obligations (Winters, 1997). This does not mean that the new member states have been entirely unable to influence the future policies of the EU. But as a counterfactual, it seems plausible that the EU has reached

¹² Even some research on common pool resource problems, which are generally characterized by increased benefits the greater the level of participation, suggests that environmental problems may benefit from a club structure (Finus and Altamirano-Cabrera et al., 2005).

¹³ "We show how the strategy of admitting potential members sequentially over time based on their preferences for cooperation ... produces a multilateral organization that will often be deeper at every stage of its development than would be obtained by an inclusive strategy; and it mitigates, even if it does not fully eliminate, the breadth–depth trade-off so prominent in the existing literature. As a result, large multilaterals that start out small will tend to become considerably "deeper" in a cooperative sense than those that start out with many members" (Downs and Rocke et al., 1998).

greater depth of cooperation because it waited to admit member states only as their preferences for integration changed.

Indeed, the European clubs have been quite effective at using membership conditionality. Because the organizations offer considerable benefits and because they are clubs, these organizations have been able to extract considerable concessions from applicant states. This has been true even for the Council of Europe, although it does not offer benefits commensurate with those of the EU. However, because no state has ever joined the EU without first joining the Council of Europe, the Council has been able to benefit from the leverage of the EU attraction on non-member states. Still, the Council of Europe has applied membership conditionality with mixed results, partly because its broad membership has sometimes made it difficult for the organization to be consistent in its enforcement of the membership criteria. There are clear success cases, however. For example, since 1994, the Council of Europe has been effective at requiring the abolishment of the death penalty in any applicant states (Schabas, 1999).

The EU in particular has been strict in its entry requirements and has grown even more so as it fine-tuned its accession tools during the 1990s. For example, the December 1999 Helsinki European Council made it an explicit condition that a country must have stable democratic institutions, not only to join the EU but also to be able to open negotiations to join the EU. This was why the opening of Turkey's negotiations was delayed once again and did not start until 2000.

The success of the EU in using membership conditionality to solicit behavioral changes in candidate states is strongly established in the extensive literature on the subject (Kelley, 2004a; Kelley, 2004b; Vachudova, 2005; Epstein, 2008; Epstein and Sedelmeier, 2008; Pridham, 2008; Sasse, 2008; Schimmelfennig, 2008; Sedelmeier, 2008). The tenuous transitions from post-communism were greatly aided by the assistance and incentives of the European organizations, leading to greater convergence of preferences between the formerly divided halves of Europe and enabling broader and stronger regional integration.

Furthermore, the EU has been able to ensure that candidate states adopted the required legislation and created needed capacity to address the economic commitments of their membership. Although candidate states have been able to choose how they would like to meet their obligations in many areas (Jacoby, 2004), the candidate states have not been able to negotiate the content of their obligations as members; the rules of membership had to be taken as a given at the time of entry (Grabbe, 2003).

Some argue that the candidate states have adopted policies much faster than current member states did. For example, Grabbe argued that: "It took Greece well over a decade to adapt to the EU's single market norms. By contrast, prospective CEE [Central and Eastern European] members are expected to have oriented their institutions and policies to the EU prior to membership, which means less than a decade in practice. Moreover, they have done so from a much lower starting-point and with very limited scope for negotiating transitional periods. The EU has been able to push CEE policy reforms faster than they would otherwise have gone because of the priority accorded to accession by their governments and because of the institutional lacunae resulting from

the communist era” (Grabbe, 2002b). This would suggest that leverage is greater on countries outside the club than inside it and, therefore, all else being equal, the more behavioral adaptations the organization can extract prior to entry, the better.

Of course, the effectiveness of the club approach depends on whether the non-member states indeed do eventually align their preferences with the club members. But the EU case suggests that to the extent that the club is able to achieve deep cooperation that yields highly valuable benefits, exclusion may become too costly for non-member states, even if originally they preferred not to cooperate. Thus, strong regional clubs will likely present non-members with increasing incentives to meet the requirements to join the organization.

3.2.2 Associational Memberships

The EU has also made effective use of degrees of membership by offering, for example, association agreements and pre-accession agreements. Advancing from one level of membership to the next has been a powerful incentive for candidate states, allowing the EU to use leverage at multiple points in time. The EU’s accession process has evolved to include a multitude of steps and tools (Grabbe, 2002a; Kelley, 2004a). The more arduous the process and the greater the number of evaluation points and stages of accession, the greater the opportunity for the organization to identify weaknesses, push for the adaptation of domestic laws and regulations, and create decision points that focus attention on applicant states. The danger, however, is that the process is so arduous that it appears unattainable, as it has perhaps at times in the case of Turkey in relationship to the EU. This may have the effect of lowering the organization’s credibility and thus its leverage vis-à-vis a candidate state.

Again, club organizations are more likely to be able to use associational or other intermediate memberships as a tool of influence. Whereas convoys may use associational memberships, these are not considered halfway stations to full membership and, therefore, do not provide leverage as such. As noted, for example, Myanmar briefly had observer status in ASEAN, but this had no influence on Myanmar’s behavior. That said, associational memberships or observer status can be used by any organization to bring countries into institutional forums, thus increasing the opportunity for socialization, as will be discussed further below.

3.2.3 Ex Ante Monitoring

Both the Council of Europe and the EU have used monitoring in conjunction with the accession process. The Council of Europe has extensive monitoring procedures and issues numerous political and legal recommendations before a country can enter the organization. The Council of Europe’s *rapporteurs* visit applicant countries and bring reports to the Assembly, which then passes resolutions recommending policy changes that must be accomplished before admission. Sometimes however, the Council of Europe accepts a commitment from a state to change a controversial policy within a pre-set timeframe, most commonly 6 months. Although no systematic research exists comparing the pre-accession conditions with post-accession expectations, there is evidence that at least on some issues states are less likely to implement the changes if

they are allowed to join the organization without having first implemented the changes (Kelley, 2004b). This contrast offers an interesting insight into the debate about whether it is easier to influence countries from within an organization or outside of it.

The EU has also monitored candidate states very effectively. The European Commission, which oversees enlargement, instituted annual reviews that contained recommendations as to the readiness of each candidate state according to the goals set out in various accession agreements. Candidate states know that their accession progress is closely tied to meeting the recommendations in the report. Thus, candidate states work eagerly to address concerns and await the issuance of each annual report with considerable anticipation (Kelley, 2004a; Vachudova, 2005).

As part of the monitoring, the EU has also worked to ensure that candidate countries have been ready take on their many obligations once inside the union. Thus, the European Commission has negotiated compliance with the entire body of EU law before entry, assisted prospective members to gain competency to implement their obligations of membership, and incorporated transition periods for countries in areas of obligations where they were not yet ready to join.

3.2.4 Suspending Guest Status

The EU has also suspended intermediate agreements to pressure states. Because it uses an extensive graduated approach to membership, there are numerous stages at which the EU can suspend the association and accession process. After the overthrow of the democratically elected Greek government in 1967, the EU suspended Greece's Association Agreement. Some scholars argue that this pressure was important in Greece's 1973 transition to democracy, because it undermined the military regime financially and politically: "Exclusion from the rapidly integrating Community was a singularly dangerous prospect" (Couloumbis, 1977; Verney and Couloumbis, 1991). The EU has also suspended the associations of candidates and guest observers on several occasions with Turkey, Belarus, Croatia, and others. However, the EU's influence on Belarus appears minimal.¹⁴ In Turkey's case, suspension may have only reinforced domestic beliefs that EU membership was unattainable.

The Council of Europe also suspended Belarus' Special Guest status in 1997 due to the lack of progress on democracy, human rights, and the rule of law; and froze Belarus' membership application the following year (Parliamentary Assembly, 2009). However, this suspension appears to have had little effect on the behavior of Belarus.

3.3 Ex Ante or Ex Post Tools

3.3.1 Exchanges, Workshops and Legal Advice

Both clubs and convoys may engage in various activities to educate non-member states on a set of behavior or norms. This may include education programs such as academic or parliamentary exchanges, or running workshops or conferences, all of which are

¹⁴ See http://ec.europa.eu/external_relations/belarus/intro/non_paper_1106.pdf.

techniques used to varying degrees by the EU and Council of Europe. Such efforts rarely produce large changes that can be captured by standard measurements. However, research has also shown that the North Atlantic Treaty Organization (NATO) was able to teach some new liberal-democratic norms to incoming East European actors (Gheciu, 2005). Furthermore, the Council of Europe and the EU have both offered such legal advice and often worked directly with national officials to formulate draft legislation before countries entered their respective organizations (Grabbe, 2002a; Kelley, 2004a). The EU also offers support through “twinning”, which is a process whereby the EU sends a civil servant from an EU member state to advise candidate states on the implementation of EU policies.

Most of the examples of these programs having any success are connected to clubs. At least this is the case in Europe. Indeed, scholars have argued that many of the efforts of monitoring and socialization of non-members may work only when used with states hoping to enter the organization (Johnston, 2001). A convoy-structured organization can practice these tools just as much as clubs. For example, the OSCE has engaged extensively in providing legal advice on the protection of national minorities. However, the impact of OSCE efforts has been contingent on EU cooperation (Kelley, 2004a).

Furthermore, the little research there is on the effectiveness of workshops and legal advice, for example, has focused on the teaching of political norms and behaviors. This is primarily because these tools are not typically employed to get states to comply with an organization’s economic policies.

3.4 Ex Post Tools

3.4.1 Socialization

After admission, organizations may seek to socialize member states through monitoring, educational programs, and legal advice, as well as exposure to organizational discourse through member state interactions. Convoy organizations have to rely more heavily on this mechanism, as the *ex ante* tools are not available to them. Furthermore, because convoy organizations admit more outlier states, they have a greater need to socialize member states to enable institutional cooperation.

As noted earlier, scholars have argued that intergovernmental organizations may expose state agents to alternate views and socialize them to new norms (Chayes and Chayes, 1995; McNeely, 1995; Finnemore, 1996; Johnston, 2001; Checkel, 2005). However, empirical research on socialization is still scarce, due mostly to the difficulty of measuring preferences and identifying sources of preference changes. Subsequently, research on socialization within intergovernmental organizations lacks the consensus over effectiveness that exists with membership conditionality.

Some scholars have found evidence of socialization within international organizations. Bearce and Bondanella (2007) argue that intergovernmental organizations promote the convergence of member state preferences as measured by voting records within the United Nations (UN) General Assembly. Interestingly, they find the strongest effect of this

within Asia. Kent (2002) also documents several issue areas ranging from disarmament to labor rights, where the People's Republic of China (PRC) has redefined its interests via participation in international organizations. Sometimes this has been a pragmatic adjustment, but in other cases it has led to institutionalization of norms within the PRC. Acharya (2010) also documents several instances of socialization with respect to the PRC, India, and Viet Nam.

However, research on socialization has focused primarily on norms and political behavior. As discussed earlier, the CSCE directly contributed to changes in human rights behavior within participant states. The participation of Mikhail Gorbachev and other high-level Soviet officials led to significant learning within the government, and, ultimately to changes in behavior (Thomas, 2001 and 2005). The United Nations Educational, Scientific and Cultural Organization (UNESCO) has also successfully taught member states the importance of creating national scientific agencies, which has led to the creation of such agencies in many member states (Finnemore, 1993). Other research also finds some evidence of the socialization of domestic militaries after admission to NATO (Tovias, 1984; Pevehouse, 2003). Finally, several regional organizations—such as the Council of Europe, OSCE, and OAS—monitor elections in member states in an effort to teach electoral norms. Success has been mixed, but it exists (Kelley, 2009b).

On the other hand, some scholars find little evidence of socialization within organizations. Some researchers have found that the views of EU officials are largely determined by domestic factors (Beyers, 2005; Hooghe, 2005). Others also dispute that there are any effects of intergovernmental organizations more generally on member state preferences (Boehmer, Gartzke et al., 2004). Efforts by the Council of Europe and EU vis-à-vis the post-communists states, through a series of interactions and reprimands, tended only to work when domestic opposition to the proposed norms were weak, domestic actors favoring the norms held power within government coalitions, or when these socialization efforts were combined with powerful membership incentives from the EU (Kelley, 2004b; Kelley, 2004a). Furthermore, Myanmar has been a clear example that ASEAN's policy of constructive engagement, which rests entirely on a philosophy of socialization, is not working. Prior to admission, Myanmar made some minor concessions on the repatriation of Muslim refugees (Zaw, 2001), but has made no further concessions. On the contrary, after admission to ASEAN, Myanmar ratcheted up its oppression of the opposition, having seen its admission as a sign of legitimacy. Critics have noted that "expansion has not enhanced ASEAN bargaining power" (International Institute for Democracy and Electoral Assistance, 2001). Thus, the evidence that socialization may build trust and change beliefs is weak. The prior discussion of changing attitudes toward cooperation within the OAS also suggest that this did not come about as a result of socialization within the organization, but that domestic changes in member states drove reforms within the OAS.

Moreover, there is little research on whether socialization works with the economic issues that are so central to regional integration efforts. Theory suggests that to the extent that defection from economic commitments is important, building trust through interaction within organizations is equally important. However, given that organizations that deal with economic matters typically also have specific policy-related entry requirements, or have some enforcement mechanisms, it is difficult to establish whether

states keep their requirement because they have been socialized into keeping such commitments, or because of the enforcement mechanisms. For example, EU member states generally do keep their commitments, including economic commitments. As discussed below, EU member states now implement about 96% of their commitments satisfactorily (Tallberg, 2003). Interestingly, in 90% of the cases where commitments were violated, the European Commission was able to gain compliance by naming and shaming violating states by publishing the violations. However, it is unlikely that this apparent socialization was really socialization at all, because states likely anticipated that the alternative to compliance would be court action, as discussed more below.

Furthermore, when France and Germany missed the targets of the Stability Pact in 2003 (Buti and Pench, 2004), the EU was not willing to use socialization tools to shame these countries, let alone resort to the pre-determined sanction measures. Thus, on such large economic matters and when dealing with powerful member states, membership in an organization does not appear to install a sense of obligation or appropriateness that automatically leads states to comply when other economic interests are at stake. The 2010 Greek debt crisis suggests a similar, albeit far more serious, failure of both enforcement and socialization.

To the extent that organizations can socialize states, is there any reason to think that this ability differs for convoy and club organizations? To date, no research has been done that compares convoys and clubs with respect to socialization, partly because the comparison would be complicated by many other factors.

Is the environment within a convoy organization more conducive to socialization on some issues? Perhaps the more inclusive nature of the organization creates a better opportunity for constructive dialogue? Consider the OSCE's predecessor, the CSCE, which was founded with the Helsinki Act in 1975 at a time in history when the security preferences of European states diverged enormously. Indeed, some states were enemies. Given that the purpose of the Act was "to improve and intensify their relations and to contribute in Europe to peace, security, justice and co-operation as well as to rapprochement among themselves,"¹⁵ excluding potential member states through strict membership criteria would defeat the organization's very purpose to recognize "the indivisibility of security in Europe as well as their common interest in the development of co-operation throughout Europe and overcome differences."¹⁶ A club model would be more likely to increase hostilities, as demonstrated by the enlargement of North Atlantic Treaty Organization (NATO), which increased trust with new members, but raised hostilities with the still excluded Russia (Kydd 2001). Thus, it does appear that convoy models have an advantage over clubs when it comes to issues of reconciliation and security. This is important because regional integration efforts may not always begin with economic considerations. Indeed, as noted earlier, the EU, Mercosur, and ASEAN were motivated by political security considerations as well as economic goals.

On the other hand, if convoys are more diverse because of their lower admission criteria, perhaps when it comes to socialization on political issues other than security, their

¹⁵ Helsinki Final Act. 1975. Introduction.

¹⁶ Helsinki Final Act. 1975. Questions Relating to Security in Europe.

persuasive power is lower. Research has found that the ability of international organizations to influence the level of democracy in member states depends in part on how democratic the organization's general membership is (Pevehouse, 2003).

The absence of strong evidence for socialization sans strong enforcement measures does not mean that such socialization does not occur. However, the relatively weak evidence for socialization within organizations is nevertheless important for the question of the advantages and disadvantages of the different membership models. This is because convoy organizations have to rely on socialization within organizations more so than clubs do, because convoys cannot use *ex ante* tools and convoys are more likely to admit outlier states that may encumber other organizational efforts to influence member state behavior.

3.4.2 Institutional Safeguards for Societal Elites

Another way regional organizations may influence member states is by influencing domestic stakeholders. This is particularly important on economic matters. Some research suggests that regional organizations make business interests more supportive of economic liberalization. By raising the costs of domestic policy changes, regional organizations help guarantee business elites' economic interests, thus making them more amenable to liberalization (Pevehouse, 2003). Other research has found that regional trade arrangements help lock in commitments among states (Milner, 1995; Fernandez and Portes, 1998; Goldstein, 1998; Mansfield, 1998; Mansfield and Milner et al., 2002). Such commitments ensure elites that free trade will continue even if the regime moves towards more democracy. Regional organizations that institutionalize free trade agreements by promoting regional integration may be able to influence outlier states in the region to liberalize both economically and politically.

Some research also suggests that regional organizations can decrease the domestic military's concerns that liberalization and regime openness will sideline the military. Southern European governments were able to internationalize the military's role through integration into NATO (Pridham, 1994). Some work suggests that by increasing resources for the military, membership in NATO's Partnerships for Peace program was important in lowering military resistance to political opening and the completion of the democratic transition in Hungary (Vetschera, 1997). Thus, membership in regional organizations may increase the willingness of both economic and military stakeholders to liberalize.

However, it is uncertain whether convoys and clubs are equally capable of promoting this stakeholder effect. The examples above relate to the provision of resources in the EU and NATO, suggesting that these benefits are more likely to be associated with trade- or security-related organizations. Importantly, however, it does not really seem to matter whether countries are actually full members of an organization. The stakeholder effect may even occur before a country becomes a full member of an organization. For example, to join the EU, countries first must sign Association Agreements that allow them to begin to benefit from trade and other arrangement with the EU. Association Agreements with the then-European Economic Community (ECC) were an important factor in the democratization of Portugal (Manuel, 1996) and Spain (Whitehead, 1986;

Powell, 1996), even though the EEC did not admit these countries to the organization but only formalized trade and other agreements. Yet, these agreements with the EEC helped assure the domestic elites that democratization would not lead to loss of property or hinder the free movement of goods (Whitehead, 1996).

The types of guarantees required to convince stakeholders tend to be economic in character and these guarantees can be rendered to countries just as well in intermediate associational membership arrangements as through full membership. This suggests that club organizations, which are more likely to have deep economic assurances to offer, are not hindered by their exclusionary structure in using these tools of influence. Convoy organizations can also use these types of guarantees, but they may have fewer guarantees to offer if they have not been able to develop deep economic integration.

3.4.3 Issue-linkage

Some scholars have argued that admitting countries to an organization can draw them into a set of interrelated bargains that influence the interests and negotiating positions of states (Sandholtz, 1996). For example, research has found that in situations of asymmetric externalities, as in many environmental cooperation problems, welcoming states into an organization induces perpetrators to join and broadens the cooperative scope to take advantage of opportunities for issue-linkage (Mitchell and Keilbach, 2001). No research, however, compares the ability of convoys and clubs in using issue-linkage. At first, it may seem that clubs are at a disadvantage, because it is harder to link issues with non-member states. This may be mitigated somewhat by giving non-members associational status, or by using membership conditionality. Still, convoys in which all countries are equal members increase the opportunity for issue-linkage. However, if convoys tend to have shallower cooperation, then the linkage may not be very powerful.

3.4.4 Legal Enforcements

Another tool for influencing member states is various forms of dispute resolution mechanisms ranging from informal *ad hoc* non-binding mechanisms to formal courts with binding authority that can serve as important compliance tools after admission. The Council of Europe and the EU have well-developed courts, whereas many other convoy-style regional organizations rely on their respective councils to settle disputes over whether member states are complying with their commitments (Tallberg, 2003).

In the infringement procedure under Article 226 (ex. Art. 169), the European Commission functions as prosecutor and the European Court of Justice (ECJ) as judge. However, as noted earlier, the European Commission attempts to name and shame violating states by publishing the violations before it uses its power to bring cases to court. Indeed, only about 1 in 10 cases end up with the ECJ as most member states prefer finding amicable solutions. Thus, the rate of legal implementation of EU directives has been high for a long time and in the 1990s it rose to about 96% (Tallberg, 2003). The threat of referral to the ECJ is a very important tool in achieving compliance.

In the Council of Europe, which is a more open club than the EU, the European Court of Human Rights (ECHR) has been a strong tool for the Council's continued influence on member states after admission. However, the level of compliance with court decisions is lower than in the EU.

The relevance of these legal enforcement mechanisms to membership models is that not all membership models may be equally able to acquire and apply such mechanisms. Effective dispute resolution mechanisms and courts may be harder to acquire and use in convoys than in clubs. Few organizations have effective courts yet, so it may be too soon to draw conclusions, but the fact that no convoy organization has really developed an effective court may well be because the convoy organizations are likely to have greater preference divergence than clubs, and this divergence prevents support for such features or makes their use intractable under consensus rules, which are also more prevalent in convoy organizations. Meanwhile, it is interesting to note that the Council of Europe, which has a more heterogeneous membership than the EU on its own core issue of human rights, developed its court during a time when the member states were more heterogeneous than they are today. Path dependence may have played a big role in the existence of the ECHR, which is one of the few cases where an organization that has considerably lower entry requirements than the EU still has a relatively effective compliance tool. Furthermore, the success of the ECHR has been greatly enhanced by the Council of Europe's overlapping membership and cooperation with the dominant regional club, the EU. Thus, no country has ever joined the EU without first joining the Council of Europe.

In spite of a strong legal enforcement system, it may difficult for regional organizations to successfully sanction their own member states, especially if sanctions are costly for all of the organizations' members. When France and Germany missed the targets of the Stability Pact (Buti and Pench, 2004), they promised to up their ante and the European Commission took no action. Punitive proceedings were started against Portugal in 2002 and Greece in 2005, but penalties were never applied. Nor did the member states of the Euro choose legal actions to address the 2010 debt crises in Greece and elsewhere. Even strong legal tools may be useless in addressing fundamental economic issues that conflict with national interests.

3.4.5 Suspensions

Finally, organizations may be able to suspend or expel member states, as has occurred in several instances, such as the suspension of Zimbabwe from the Commonwealth, Egypt from the Arab League, and Guinea from ECOWAS.¹⁷ Suspensions and expulsions are drastic measures and they are difficult to execute because they require a high level of agreement within the organization. Convoys lack rigid membership standards and the diversity of member state preferences within the organization will make agreement on such drastic censures of another member state more difficult. When Jordan was perceived as violating the Arab League's norm of Arab nationalism in 1950 by negotiating a peace treaty with Israel, the League discussed expulsion of Jordan but ultimately settled on a strongly worded resolution prohibiting any peace agreement

¹⁷ http://news.xinhuanet.com/english/2009-01/11/content_10637610.htm

(Barnett and Solingen, 2007). Even clubs may be unable to agree on expulsions, and if the area of cooperation entails great interdependence among member states, as for example a single currency such as the Euro, then expulsions could be too devastating to implement.

Suspension and expulsion are the most tangible tools that convoy organizations have. Such actions appear to have had only mild success. In 1992, the OSCE came up with the principle of “consensus minus one” to suspend the Federal Republic of Yugoslavia (FYR). The attacks on Bosnia and Herzegovina flagrantly violated the FYR’s OSCE commitments. The suspension of Serbia and Montenegro continued for 8 years, but it seemed to achieve little. There was great debate within the OSCE about the best course of action. Perry (1998) noted that keeping the FYR out of the forum of debates in the organization and being unable to send representatives to engage in dialogue was ineffective.

Both the African Union and the OAS have become increasingly willing to suspend member states recently, but most of the time the target state merely shrugs off the act as has occurred most recently in Honduras. However, in one case in particular, a suspension may have had some effect. After a coup led by Jorge Serrano in Guatemala in May 1993, some argue that the OAS played a critical role by criticizing Guatemala and moving to sanction the regime. The military forced Serrano from office within 5 days and installed a civilian regime (Farer, 1996; Cameron, 1998). Still, any such case is naturally over-determined, so that the cause of the event cannot be isolated analytically.

The EU has only once sanctioned a member state by curbing relations. This occurred in the case of Austria in 2000, when the extremist Austrian Freedom Party led by the racist Jörg Haider entered the Austrian government. Virulent debate ensued within the EU, but the diplomatic sanctions had no effect on Austrian politics. Haider did step down from his party’s leadership eventually, but remained influential in party politics.

In sum, there is not much evidence that suspensions or expulsions are effective tools for convoys or clubs. They elicit strong disagreements within the organization and target states are generally too preoccupied with domestic affairs to take notice. Furthermore, suspensions and expulsions tend to relate to political rather than economic matters, so there is little use for suspensions or expulsions as a tool of economic integration for either convoys or clubs. While expulsions or suspensions may be necessary on principled grounds, that is not the focus of the present analysis.

3.5 Summary

Table 1 summarizes some of the observations from the above discussion about the available research on the effectiveness of various tools for clubs and convoys toward non-member and member states. The discussion above does not cover all the possible tools. For example, the use of aid and assistance programs is omitted, as are use of sanctions. Aid programs were omitted because their effectiveness is unlikely to depend on membership models, although their use is more likely to occur with rich trade clubs that have significant resources to expend. Sanctions have not really been a tool of regional organizations, although theoretically they could be employed more often.

Table 1: Summary of Tools

	Clubs	Convoys
Membership conditionality	Extensively used; strong effects, both political and economic	Not relevant
Associational memberships	Extensively used; strong if used in conjunction with accession	No purpose, unlikely to have any effect
Ex ante monitoring	Extensively used; strong if used in conjunction with accession	Not relevant
Suspending association status for non-members	Occasional use; weak	Not relevant
Exchanges, workshops, legal advice	Weak; directed mostly at political issues	Weak; any effects of the OSCE appear related to cooperation with the EU
Socialization	Mixed results that appear contingent on the threat of enforcements or on the existence of inducements	May have advantages on broad issues concerning security; may be weaker on political issues due to greater organizational heterogeneity
Institutional safeguards for societal elites	Results uncertain; if it matters, it is likely to work best in trade areas and it is just as likely to work pre-accession, as long as trade occurs	Rare and uncertain
Issue-linkage	Common with both associational members and non-members through special agreements	Uncertain
Legal enforcements	Common; effectiveness depends on enforcement	Rare and if it exists, likely weak
Suspensions	Weak	Weak

EU = European Union, OSCE = Organization for Co-operation and Security in Europe.

Furthermore, the discussion of the different tools of influence cannot be summed up in a definitive statement about which membership model is the best. The above discussion has made no attempt at such a comprehensive evaluation, nor would such an evaluation based on past events necessarily predict future outcomes. However, the discussion does suggest some insights:

- (i) On some issue such as security, the conciliatory and inclusive nature of convoy organizations retains advantages over clubs.
- (ii) However, clubs do appear to have more tools at their disposal and these tools have been quite strong, at least in the European context. Of course, this context is defined by the unique post-communist environment that accompanied the end of the Cold War.
- (iii) More generally, the discussion shows that membership models cannot be assessed independently of the activities and tools of specific organizations. The power of a convoy organization may, for example, be greatly enhanced by a strong judicial system or by close cooperation with other regional organizations that may be able to offer leverage.
- (iv) Furthermore, states do not need to have full membership before an organization can interact with them. Clubs can extend various levels of inclusiveness that may offer opportunities for interaction akin to that of convoys.

4. How to proceed? Options for modes of integration

This paper has argued that political integration and economic integration are linked, and that regions wishing to develop deeper economic integration must be prepared to develop deeper political integration. The process of regional integration cannot be sovereignty neutral. Regional integration is more likely to succeed if the region can mitigate heterogeneity among states in their preferences, capacities, and beliefs. This entails a concern with domestic affairs, just as the creation of regional institutions entails some delegation of authority.

Furthermore, a large number of members do not necessarily hinder intergovernmental cooperation. But as the number of states increase, their heterogeneity will likely increase and thus increase complications for cooperation. The more successful attempts at regional economic integration have shared the feature of starting with relatively few member states.

The comparison of the tools of influence in both club and convoy models suggests that the club model disposes over a greater array of tools. Convoys have historically shown strength in promoting security and reconciliation, but clubs such as the EU and Mercosur have also played important roles even in this area. Furthermore, clubs can set conditions for membership, yet still interact with non-members through trade and associational agreements. Some research even suggests that socialization efforts, the central method through which convoys seek to influence member states, work best when countries are

seeking to join a club. Thus, the discussion of tools of influence, although far from exhaustive, suggests that clubs are better positioned to address heterogeneity among states in a region.

High admission criteria also reduce uncertainty about the behavior of a new member state. If states have to implement policies before joining, the likelihood that these policies will continue to comply with organizational standards is much higher. This is particularly important in economic matters when the interdependence among member states is very high, such that the failure by new entrants to follow the organization's policies will impose high costs on existing members.

The reality of the matter, however, is that many regions—from Latin America to Asia, the Middle East to Africa—launched their regional integration efforts through pan-regional convoy organizations. This was done foremost to protect national sovereignty. In other cases it was also to promote reconciliation. Thus, both the OSCE and ASEAN assumed a convoy form to build confidence and security in their respective regions.

More importantly, no region today has a clean slate with respect to regional integration arrangements. Europe is far progressed, whereas other regions, although many have been engaged in regional integration efforts for decades, have still only made modest advances. Because of these efforts, however, all regions face constraints in terms of existing institutional arrangements. Yet, they also have a considerable range of options for membership models in the future. Even Europe continues to discuss optimal modes of integration. Although no region begins with a clean slate, and although existing arrangements impose some path-dependency, regions continue to evolve and still have the ability to shape the nature of their integration patterns.

Regional integration cannot be apolitical or sovereignty-neutral. Cooperation is hindered, but not impossible, in regions with many heterogeneous states. Club models offer the best array of tools for reducing heterogeneity and promoting integration. Yet, regions have to work with their existing arrangements as a starting point.

This brings up the introductory question of this paper: How can organizations navigate the membership models to their advantage to deepen regional integration? Clearly organizations such as the AU, OAS, and ASEAN cannot disinvite current members. They could expel members, but as noted, that has not been terribly effective, nor would that be a positive step towards deepening regional integration. However, if regions have adopted a convoy model in the past, the variety of regional organizational forms to date suggest ways that regions and organizations can evolve and in so doing develop cooperative arrangements that draw on the lessons of this analysis in the future.

4.1 Option 1: Degrees of Membership

If all regional states are not already members, organizations can make greater use of varied associational forms. If an organization uses multiple levels of association, it can also employ different participation requirements for different levels. Observer states usually have few rights within the organization except to observe. Associate members, however, often have some rights and can obtain benefits from the organization.

Observer states sometimes are states that do not have a prospect of full membership, whereas associate states may be members-in-waiting. In both cases, an organization may be able to bring countries into their institutional forums by granting them such intermediate levels of association. This may enable these states to be part of important debates within the organization and it may enable the organization to set some conditions for granting association status. Thus, an organization may allow states to participate as observers or associate members, and these levels of membership can provide opportunities both for socialization as well as for continued leverage over prospective members.

4.2 Option 2: Entry Requirements can Change

Entry requirements evolve as an organization deepens the scope and depth of cooperation. The greater the organization's existing body of rules and regulations, the greater the requirements for entering the organization, as any new member will need to take on the obligations of membership and existing organizational law. Thus, convoy organizations need not remain convoys with respect to future members. Organizations can introduce new entry requirements at any time, even if such have not traditionally existed. The Copenhagen Criteria introduced new requirements for joining the EU, with new member states having to meet requirements that the initial members were not asked to meet. Although an organization like ASEAN or ECOWAS may not have had certain requirements in place upon their founding, new requirements can be added. This can be partly because the organization has evolved and requires a different level of preparation before members can join smoothly, or it can be simply because the existing member states decide to impose new requirements. Furthermore, this need not mean that old member states will be scrutinized based on these new standards. The EU efforts at addressing ethnic minority problems in candidate states in the 1990s did not mean that the current members would become subject to similar examination and requirements. This may seem unfair, but the reality is that the current members can set the rules.

4.3 Option 3: Multiple Institutions

4.3.1 Layered Integration through Complementary Institutions

Although a region might have created a convoy organization, not all cooperation need proceed within the frameworks of this organization. Rather, regions can take a layered approach to integration. Regional integration may proceed via multiple institutions created to address different issues. This occurs in all regions, but Europe has again been particularly successful at using this structure of complementary institutions. In Europe, separate regional organizations were created to address different issues: security, human rights, economics, and political integration.

Instead of a multi-function, pan-regional convoy organization such as the AU or OAS, the Europeans chose to create a combination of organizations. The Council of Europe was founded in 1949 by 10 Western European states to address human rights issues. The founding members of the Council of Europe shared a set of human rights norms, and the Statute of London states that countries seeking to join the organization have to meet

these standards and can be suspended if they do not.¹⁸ As such, the Council is a club organization, although its membership criteria are not as broad or elaborate as that of the EU. The Western European countries also formed two clubs, EFTA and the EEC, which evolved into the current day EU, to initiate economic cooperation at different levels. Over the decades, many EFTA members that originally preferred more limited economic cooperation have joined the EU.

To address security issues, a smaller group of countries signed the Brussels Treaty in 1948 and when they were joined by Germany and Italy in 1954, the Western European Union was created. Membership remained at 10 countries, however, although several other countries became observer states or associate members. Much later, in 1975, the pan-regional CSCE, spanning both Western and Eastern Europe, was created with a narrower security mandate. Initially the CSCE was a conference not an organization, but negotiations were open to all states in the region, making it a convoy-style organization.

The main advantage of this approach is that it allows regions to apply different organizational membership models to different issues. Given that the nature of addressing various issues may favor different membership models, this differentiation can be advantageous. Furthermore, as opposed to the models of differential integration that are described below, complementary institutions can have completely separate decision-making and administrative structures. This can allow greater institutional autonomy and avoid complex hierarchies within one organization.

Importantly, however, the European organizations have worked closely together. The former communist states, which were originally excluded entirely from economic cooperation in Europe, have also joined the OSCE, Council of Europe, and EU after making vast changes to their domestic politics and regulations. Regional integration in Europe has emerged from a very diverse set of states through a network of interlocking organizations that were able to mix convoy and club models to influence the states in the region.

Other regions may be able to emulate this model to some degree. It suggests, for example, that regional human rights or monetary organizations may not be best situated within the existing convoy structures created to address security issues, as is for example ASEAN's recent efforts to create an Inter-Governmental Commission on Human Rights. Rather, separate organizations, perhaps with fewer but more committed members, might be able to initiate deeper cooperation on human rights or on monetary issues if they are not held to the lowest common denominator of the existing convoy structure. Such an organization might benefit from greater institutional autonomy than it would enjoy if it were institutionally embedded within the convoy, while still sustaining close cooperation among members.

¹⁸ Statute of the Council of Europe. 1949. Article 3-8. Statute of Rome, European Treaty Series - Nos 1/6/7/8/11.

4.3.2 Dangers of Sub-grouping

A different pattern of integration is when states in a region form sub-groups that can exploit their homogeneity and smaller size to form multiple organizations. Sociologists have referred to this as nested enterprises (Ostrom and Benjamin, 1993). It occurs when a region ends up with multiple sub-regional organizations that individually pursue the same objectives, such as coexisting common markets that cover different countries within the same region. The difference between sub-grouping and layering is that layered integration consists of regional organizations that address different issues, whereas sub-grouping consists of organizations that address the same issues, but do so in smaller groups of states.

Africa, for example, has multiple Regional Economic Communities (RECs) that have been formed among sub-groups of states in the region.¹⁹ These RECs are nested within the African Economic Community (AEC), but they often have overlapping membership. In addition, there are RECs that are not organized within the AEC. Taken together, this makes for a very fragmented structure of regional and sub-regional organizations, all of which are progressing towards their stated goals of free trade areas and customs unions at very different speeds while not following similar standards and procedures. This greatly complicates the attainment of the AECs goals of a single market and a central bank, despite rhetorical commitment to these goals.²⁰

Merging sub-groups may be difficult. EFTA and the ECC were essentially two sub-groups created to address economic cooperation. However, they did not eventually merge. Rather, most of the EFTA countries joined the EEC. This is because trade diversion created what Baldwin has called a “domino effect,” where all states eventually gravitate towards joining the larger market. As Baldwin notes: “The final result was that the two blocs collapsed into one. The lesson for Asia today is that you cannot have two FTA [free trade area] blocs near each other. Once regional integration starts, it is hard to resist” (Baldwin, 2003).

Subgroups may also present inter-organizational conflicts. For example, in Latin America, Mercosur members cannot join the Andean Community of Nations (CAN)—a smaller trade bloc that includes Bolivia, Colombia, Ecuador, and Peru—because Mercosur’s charter prohibits its members from forging an FTA with nonmember nations. Thus, to join Mercosur, Venezuela had to leave CAN. However, Bolivia, which also aims to join Mercosur, refuses to leave CAN. To address the problem, CAN and Mercosur leaders have agreed to form a third organization, Unasur, which could eventually replace both organizations.²¹

A similar potential lies in Asia. Here, several regional organizations now have overlapping membership and overlapping agendas. As Dent (2010) notes, there is a risk that organizations such as ASEAN+3 or the East Asia Summit (EAS) will have competing goals and duplicate efforts on issues such as free trade and energy security. The

¹⁹ <http://www.dfa.gov.za/au.nepad/recs.htm>

²⁰ <http://afp.google.com/article/ALeqM5i0GmLiOhihzyOZ4WZrjTghlGPosQ>

²¹ <http://www.cfr.org/publication/12762/#p6>

Australian Chamber of Commerce and Industry has warned that “less can be more [because] while ASEAN, ASEAN+3, APEC, ARF, and the EAS are all potentially useful regional bodies, their mutual existence has the real potential to result in duplication of effort and dilute outcomes for both businesses and countries in our region.”²²

4.4 Option 4: Differentiated Integration

Organizations can also use differentiated integration to overcome the challenges of heterogeneity. Differentiated integration refers to how an organization’s existing member states may pursue future integration *within* the organization (as opposed to the layered integration described above, which involves separate institutions). Here again lessons are best drawn from the EU, where three modes of differentiated integration have occurred and where significant debate continues about which of these is the best approach to apply to future cooperation.

4.4.1 Multi-speed Integration

Multi-speed integration refers to the fact that states integrate at different times. Multi-speed integration is when “the pursuit of common objectives is driven by a core group of member states which are both able and willing to go further, the underlying assumption being that the others will follow later” (Stubb, 1996). Multi-speed is exemplified by the European Monetary Union (EMU), the harmonization of value-added taxes (VAT), as well as by the accession agreements and transition periods given to states. With EU accession, all new member states become members of the EMU, but they have derogations according to Article 7c of the EC treaty. Although most new member states are eager to join, this means that they can postpone EMU membership by not meeting the Maastricht criteria, as Sweden has done (De Grauwe and Schnabl, 2005). Similarly, Article 115 of the EC treaty allows states to take temporary protective measures against third-country imports (Stubb, 1996).

Multi-speed integration has also been used vis-à-vis new member states in the EU. Transition periods can be particularly useful in economic areas where they decouple the institutional commitment from the stresses of adjustment. Thus, long transition periods have helped ease the process of transition to full membership for both old and new members (Winters, 1997). In political areas, however, transition periods can be detrimental to achieving eventual compliance. For example, the Council of Europe has often used transition periods, giving new member states a fixed period to comply with certain democratic standards. Once admitted, however, states have been likely to ignore these requirements (Kelley, 2004a).

Some multi-speed integration may also have developed in Asia, with the “ASEAN-x” possibility embedded in the new 2007 Charter and the “X+2” approach that allows two member countries to integrate certain sectors before other members are ready to join them.²³

²² Australian Chamber of Commerce and Industry. February 2006. Asian Regionalism: Less can be More. Press Release.

²³ <http://www.iseas.edu.sg/viewpoint/dhocht03.pdf>

4.4.2 Variable Geometry

Smaller groups can also enhance their cooperation even within large group settings, as demonstrated by the EU's use of so-called "variable geometry," the most prominent example being the monetary union (Alesina and Grilli, 1993). Variable geometry is "a mode of differentiated integration which admits to unattainable differences within the main integrative structure by allowing permanent or irreversible separation between a core of countries and lesser developed integrative units" (Stubb, 1996).

Thus, variable geometry differentiates integration across space rather than time. It is a more permanent acceptance of the fact that some states do not wish to participate in certain objectives. It allows more stable separation between the hard core and periphery, permitting a core group of states to advance their cooperation without the rest. The term is most often used to describe differential integration within the EU. Examples include Airbus, the European Operational Rapid Force (EUROFOR), Schengen, and the European Monetary System (EMS) (Stubb, 1996).

More recent examples can also be found in Africa. For example: "The New Partnership for Africa's Development (NEPAD) was developed by the five initial states of the OAU (Algeria, Egypt, Nigeria, Senegal, and South Africa) and formally adopted in July 2001. NEPAD's primary objectives are poverty eradication, sustainable development, and integrating Africa into the global economy. It focuses on establishing partnerships with industrial countries for increased aid, foreign investment, debt relief, and market access. In 2002, NEPAD was placed under the purview of the AU; a committee reports annually to the AU Assembly. In March 2007, NEPAD leaders decided the partnership should be integrated into the structures and processes of the AU."²⁴

4.4.3 À la Carte

À la carte integration is when member states can simply pick and choose what policy areas they want to participate in while sharing only a minimum number of common objectives. Thus, it is differential integration across matter, as opposed to time or space. Rather than a group of states advancing with integration on a certain issue, à la carte integration occurs when individual states opt out of cooperation that is proceeding among the rest of the organization. Examples include Denmark and the UK with the euro, Denmark with defense, the UK with social policy, and Ireland on abortion (Stubb, 1996). À la carte integration is the least visionary mode of integration and it has so far been used mostly as emergency options when single countries have been unable to agree to further integration steps. As such, it is an important tool to circumventing consensus-based decision-making procedures, although it is not a way to promote comprehensive regional integration.

²⁴ http://www.cfr.org/publication/11616/african_union.html, <http://www.prlog.org/10132837-united-states-of-africa-african-economic-community.html>

4.4.4 Advantages of Differentiated Integration

The point of these differentiated forms of integration is not the typology itself, but that options exist for organizations to vary the membership modes even within the organization. Using multi-speed integration, for example, allows deeper cooperation to evolve, because it is not necessary to wait for all states to be prepared to undertake the commitments of cooperation. Existing convoy organizations can include all member states in the visionary discussions of future integration, and then the prepared states can commence without excluding the other states, because these states are already on course to join the cooperation when they are ready and they have had some voice in creating the institutional structures and rules. Thus, the non-participants remain outside, but are not excluded.

On the other hand, using variable geometry allows an organization to move beyond seemingly irreconcilable differences without abandoning the organization as the regional framework for cooperation. Of course, variable geometry need not mean that initially disinterested countries cannot join cooperative efforts in the future, only that at the time of negotiations they have expressed no intention nor are they under any obligation to do so. Both multi-speed and variable geometry integration offer options for convoy organizations whose membership is too heterogeneous for the organization to deepen *en masse*.

The danger, of course, is that multi-speed integration ends up being more permanent and actually becomes variable geometry. This can occur if some states forge far ahead of poorer countries, for example, without providing assistance for these countries to catch up.

Although all of these modes of differentiated integration fall short of deep and comprehensive integration, they may be an important alternative to the paralysis that might otherwise be produced by heterogeneous convoys. Over decades, they may turn out to be important stepping-stones to fuller integration.

Furthermore, using differentiated forms of integration may allow organizations to make better use of the tools of clubs, even if the overarching organization is a convoy. By having states that remain outside cooperation, entry requirements can be made for states wishing to join. Such requirements are often already built into multi-speed integration, where they benefit from an inclusionary process of debate, such that late joiners have had a voice in the rules from the start. When organizations use variable geometry, the states that opt for deeper cooperation may eventually display such benefits from their cooperation that the other states wish to join. In that case, the core group is able to use the tools of conditionality to ensure that states only join when they are committed to and capable of cooperating.

Table 2 summarizes the different membership options.

Table 2: Membership Options

Options	Description	Advantages and Disadvantages
Membership and participation rules	Organizations set rules for membership and participation ranging from convoys to clubs, or any level in-between.	Rules allow organizations to shape their membership and exert different forms of influence, but they can be politically contentious to enforce.
	<p><i>Convoys</i> Convoy organizations have low entry and participation requirements.</p>	<p>Convoys are inclusive and enable the organization to engage with all the states in the region. Convoys may be particularly well-suited for socializing regional states. On some issues, such as security, the conciliatory and inclusive nature of convoy organizations may retain advantages over clubs.</p>
	<p><i>Clubs</i> Clubs have high entry and participation requirements.</p>	<p>Clubs are better able to use the tools of membership conditionality, monitoring, expulsion, and suspension. On complex regulatory matters, clubs are better able to ensure that new entrants can meet the expectations of membership.</p>
	<p><i>Degrees of Membership</i> Organizations can use observer and associate status to interact with regional states. Observer states sometimes are states that do not have a prospect of full membership, but associate states may be members-in-waiting. Observer states usually have few rights within the organization except to observe. Associate members, however, often have some rights and can obtain benefits from the organization.</p>	<p>Multiple levels of association allow organizations to use different participation requirements for different levels. In both cases, an organization may be able to bring countries into their institutional forums by granting them such intermediate levels of access. This may enable these states to be part of important debates within the organization and can provide opportunities both for socialization as well as for continued leverage over prospective members.</p>
	<p><i>Revisiting entry requirements</i> Organizations can introduce new entry requirements any time, even if such requirements have not traditionally existed.</p>	<p>Changing entry requirements allows them to evolve as an organization deepens its scope and depth of cooperation. Thus, convoy organizations need not remain convoys with respect to future members.</p>

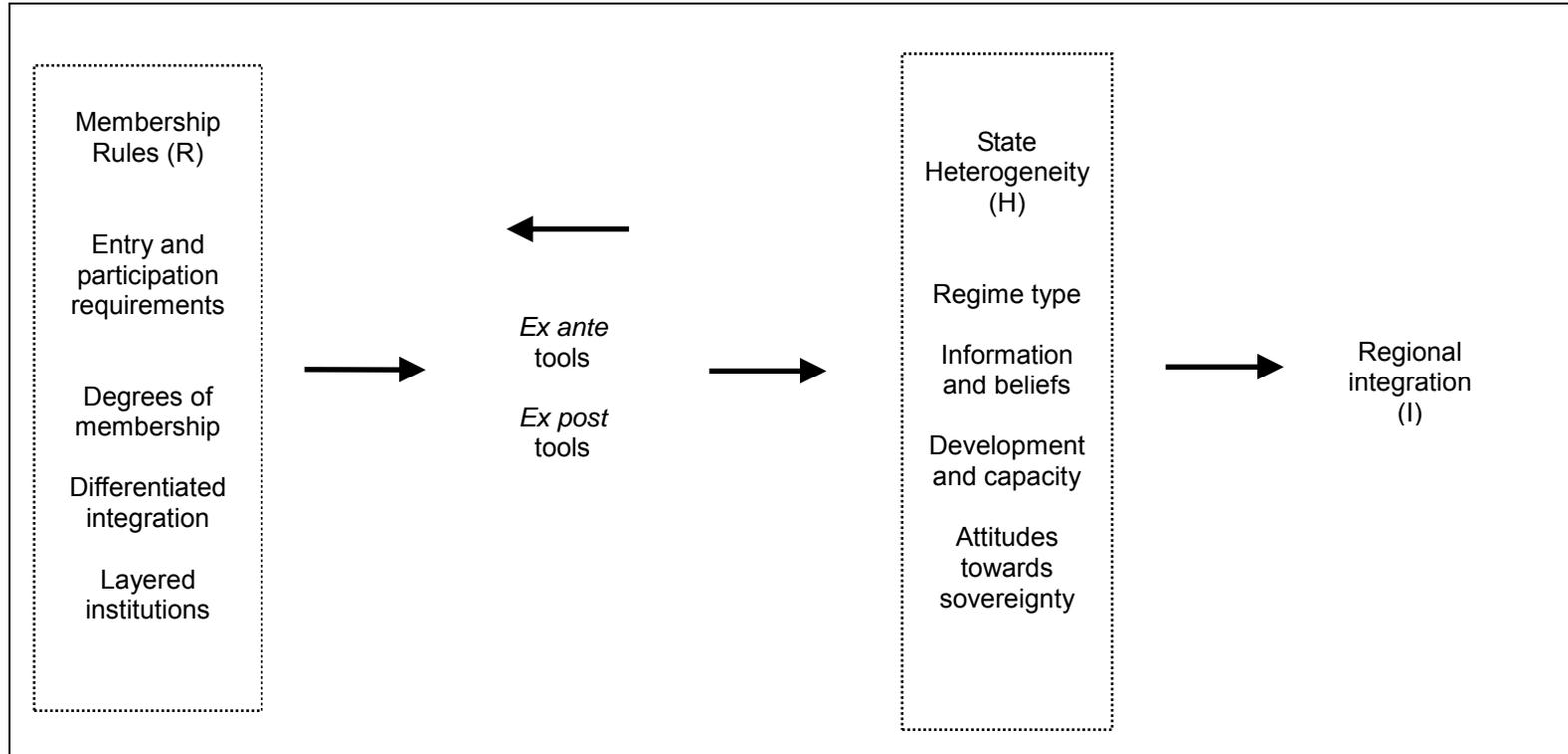
Table 2: Membership Options, continued.

Options	Description	Advantages and Disadvantages
Multiple regional organizations	<p data-bbox="422 326 1045 386">Regions develop an array of organizations to address their cooperation needs.</p> <p data-bbox="422 407 1045 613"><i>Layered integration through complementary institutions</i> Although a region has created a convoy organization, not all cooperation need proceed within the frameworks of this organization. Rather, regions can take a layered approach to integration by creating multiple institutions to address different issues. Europe has been particularly successful at using this structure of complementary institutions.</p> <p data-bbox="422 667 1045 1003"><i>Sub-grouping</i> States in a region form sub-groups that can exploit their homogeneity and smaller size to form multiple organizations. Thus, a region ends up with multiple sub-regional organizations that individually pursue the same objectives, such as coexisting common markets, that cover different countries within the same region. The difference between sub-grouping and layering is that layered integration consists of regional organizations that address different issues, whereas sub-grouping consists of organizations that address the same issues, but do so in smaller groups.</p>	<p data-bbox="1073 326 1904 358">While layered integration is beneficial, sub-grouping can introduce problems.</p> <p data-bbox="1073 407 1904 613">This approach allows regions to apply different organizational membership models to different issues. Given that the nature of different issues may favor different membership models, this differentiation can be advantageous. Furthermore, as opposed to the models of differential integration described below, complementary institutions can have completely separate decision-making and administrative structures. This can allow greater institutional autonomy and avoid complex hierarchies within an organization.</p> <p data-bbox="1073 667 1904 862">Sub-grouping risks a very fragmented structure of regional and sub-regional organizations that progress towards their stated goals at very different speeds and processes. This greatly complicates the attainment of larger regional integration, despite rhetorical commitment to these goals. Overlapping membership and overlapping agendas may present inter-organizational conflicts and produce duplication of effort and diluted outcomes.</p>

Table 2: Membership Options, continued.

Options	Description	Advantages and Disadvantages
Differentiated integration	<p>The use of either multi-speed, variable geometry, or à la carte integration is described below.</p> <p><i>Multi-speed integration</i> refers to the fact that states integrate at different times. A core group proceeds with the expectation that others will follow when they are ready.</p> <p><i>Variable geometry</i> differentiates integration across space. It is a more permanent acceptance of the fact that some states do not wish to participate in certain objectives. Other states can later join, but they are not required to do so.</p> <p><i>À la carte integration</i> is differential integration across matter. Member states pick and choose what policy areas to participate in and share only minimal common objectives.</p>	<p>Differentiated integration allows organizations to make better use of the tools of clubs, even if the overarching organization is a convoy. By having states that remain outside cooperation, entry-requirements can be made for states wishing to join.</p> <p>This approach allows some states more time to prepare for cooperation (transition periods) without holding up the whole organization. Non-participants remain outside, but are not excluded from cooperation. Non-participants benefit from an inclusionary process of debate so that late joiners have had a voice in the rules from the start. Multi-speed integration can be useful in economic areas by decoupling the institutional commitment from the stresses of adjustment. In political areas, however, transition periods can be detrimental to achieving eventual compliance.</p> <p>Allowing more stable separation between hard core and periphery states can permit a core group of states to advance their cooperation without the rest, while still preserving the regional organization. The benefits of inclusion may eventually grow so strong that the other states wish to join. In that case, the core group can use conditionality to ensure that states only join when they are committed to and capable of cooperating. Variable geometry risks dividing the member states and introduces multiple possible issues for cooperation.</p> <p>À la carte integration prevents a single member state or a few states from entirely blocking cooperation. The lack of shared vision, however, undermines comprehensive regional integration, making it more an <i>ad hoc</i> arrangement.</p>

Figure 2: The Expounded R-H-I Relationship



5. Questions for Asia

Figure 2 summarizes the arguments of this paper: rules do reflect state preferences, but regions can also employ a variety of organizational forms and rules. These rules have different features that enable organizations to use various *ex ante* and *ex post* tools to influence the heterogeneity of states in the region. This heterogeneity, in turn, influences the ability of regional states to build strong joint institutions and the prospects for successful regional integration.

Asia remains a highly heterogeneous region in a number of key dimensions (Haggard, this volume; Hix, this volume) that include preferences, capacities, and beliefs. Convergence in these areas will be difficult to achieve and the foundation for regional integration is weaker than in Europe. Regional comparisons should be made with great caution. Unlike in Europe, market forces, not political forces, have been driving economic integration in Asia (Asian Development Bank, 2008), and this leaves much less room for grand political planning. The foundation for integration in Asia is further weakened by the region's strong antipathy towards delegation of authority to supra-national institutions (Baldwin, this volume, 64-65).

However, this heterogeneity and aversion to supra-nationalism, coupled with a norm of consensual processes, makes it important for Asia to consider the design of membership rules in regional organizations. This paper has argued that to the extent it is possible to bring about greater convergence of preferences, capacities, and beliefs, regional integration will be more likely to succeed. Furthermore, this paper has argued that membership rules may help bringing about greater convergence because they can provide different opportunities for influencing the preferences, capacities, and beliefs of states in the region over time.

This paper has been focused on the role of membership rules more broadly and has not provided a blueprint for the design of membership rules in Asian institutions. However, it does generate some suggestions for consideration in the Asian context for those with expertise in the region:

1. *Organizations in Asia possibly take greater advantage of tiers of membership, thus avoiding outright exclusion, but yet reserving some leverage.*

This paper suggests that clubs have considerable advantages over convoys in terms of bringing convergence among states and deepening economic and regional integration. However, it also suggests that there are several ways that a region can use club-like features. The existing convoy structure of Asian institutions may make it unlikely that new organizations of core heterogeneous states can start independently of existing institutions. However, there may still be ways for Asian institutions to take advantage of club-like features. For example, existing organizations may make use of a wider range of associational forms of membership before admitting states fully. Although it is difficult, existing institutions can change their membership rules for new members and possibly adopt new tiers of membership. The criteria and process for joining the EU, for example, has evolved greatly over time. This may also grow out of functional needs, as organizations with deeper integration will have a greater set of rules and regulations to which new member states will need to adopt.

2. *Organizations in Asia may be able to make better use of differential integration*

Differential integration can create tiers of members within an organization of heterogeneous preferences. However, variable geometry does provide ways for broader, convoy-like organizations to break deadlocks and advance cooperation. This need not proceed on a permanently exclusionary basis. Should some of the initial non-participants wish to join later, such an arrangement also creates leverage that the existing participants can apply to promote greater convergence before new states join.

When states agree on a common objective, but have heterogeneous capacities, multi-speed integration provides a way for states to introduce participation requirements without complete exclusion. States not ready to participate can still take part in negotiations and the framing of the cooperation. They can remain as observers and then join when they are ready. Might Asian organizations usefully apply this concept? Some Asian organizations already grant transitional periods for new members, but this concept can also be used when a set of existing states within an organization wish to proceed.

The caveat, however, is to use mechanisms to assist non-participants in joining, rather than creating permanent classes of rich and poor member states.

3. *Asia may be able to benefit from layered integration, which allows countries to adapt the membership model to the issue at hand, because all issues are not bundled in one institution.*

The paper suggests convoys may have some comparative advantages over clubs on certain issues that lend themselves better to socialization. Whereas it is harder to use socialization to achieve some forms of cooperation, such as getting states to lower their tariffs, socialization may be the best way to address human rights or security, for example. The paper suggests that Europe benefitted from a layered regional integration, which allowed different organizations to use different membership models, being inclusive on topics where inclusiveness was advantageous. Is layered integration a better solution to ongoing institutional proliferation within Asian organizations? Is a Human Rights Commission really best situated within the ASEAN framework, for instance?

4. *Asia may be able to tailor membership rules to avoid inefficient sub-regional fragmentation.*

Latin America and Africa have both experienced a proliferation of regional economic integration efforts. In Africa the multitude of RECs has led to confusion and in Latin America it has highlighted the lesson learned in Europe, namely that regional economic institutions do not sit easily side by side. Asia is running the risk of developing too many overlapping and competing institutions. Rethinking membership rules in current institutions and ways to work from within these institutions may help avoid fragmentation. For example, to avoid institutional proliferation, some sub-regional organizations could consider inviting states that were not originally conceived as geographic candidates.

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The Role of Membership Rules in Regional Organizations

This paper explores how membership rules affect the ability of organizations to promote regional integration. The paper studies the advantages and disadvantages of including versus excluding countries, and the benefits of having multiple regional organizations in a form of layered integration. Drawing especially on the European experience, the paper then discusses ways to vary membership of different cooperative efforts within an existing organization. The paper ends by considering the implications for Asia.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries substantially reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.