

**Globalisation, global and European co-operation, and
national telecommunication policies**

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1 Introduction

The central question of this paper is the following: To what extent does regional co-operation reinforce or constrain the supposed restrictive effect of globalisation on national policy making freedom, in particular with respect to telecommunications¹.

In section two, the theoretical framework of this paper is presented. This theoretical section starts with a definition and overview of some aspects of globalisation of economic relations. Second, it analyses the effects of globalisation on national policy making freedom. Starting point is the claim that globalisation of economic relations restricts national policy making freedom of states. This means they have less policy instruments at their disposal (i.e. less “potential policy instruments”).

Thereafter, the paper discusses two effects of regional co-operation on the relationship between globalisation and national policy making freedom. On the one hand, regional co-operation can reinforce the effect of globalisation on national policy making freedom (e.g. in case of handing over powers to the European level by national authorities). Thus, the number of potential instruments will be even more restricted.

On the other hand, regional co-operation can constrain the restrictive effects that globalisation has on national policy making freedom. Namely, regional co-operation can work as a protecting mechanism against the external pressures of globalisation. Thus, the number of potential policy instruments will be less restricted. Moreover, even if globalisation leads to a reduction of national policy-making freedom, states might compensate for this loss by gaining influence on the regional level.

The central claim of this paper is that the aggregate effect of regional co-operation on the relation between globalisation and national policy making freedom will be a combination of these reinforcing and constraining effects. That is, regional co-operation can have a mix of reinforcing as well as constraining effects, depending on the nature of specific aspects of regional co-operation. These specific aspects of regional co-operation are the following: policy-making, implementation, nestedness in regimes (e.g. WTO), and financial contributions.

In the final part of the theoretical section, this paper discusses the way in which national governments will make a choice from the range of potential policy instruments in order to determine their actual use of policy instruments. This paper claims that, in case of a reduction of national policy-making freedom, national governments will try to develop new policy instruments and/or they will be inclined to badly implement existing policies (i.e. more “evasive policy”). Furthermore, I will shortly discuss the possible motivations of national governments underlying their choice to use specific policy instruments. For instance, this choice can be driven by the relation that a national government has with national pressure groups or by the position of that government in international regimes.

In section three, the methodological approach of this research is presented. I will shortly introduce the different indicators that I chose in order to measure the central variables in this research. Furthermore, I present the main arguments for the selection of case studies. That is,

¹ This paper has been written as part of my research in order to write a PhD thesis. It presents a summary of the theory of this thesis, and a short account of its methodological approach. Unfortunately, I have not been able yet to include an overview of the empirical findings of this research.

this research focuses on (specific elements of) the telecommunications sector, and it compares several small countries in Western Europe (the Netherlands, Switzerland, Sweden), Southeast Asia (Singapore), and Northern America (Canada). Moreover, it looks at the period starting in 1980 up till the present.

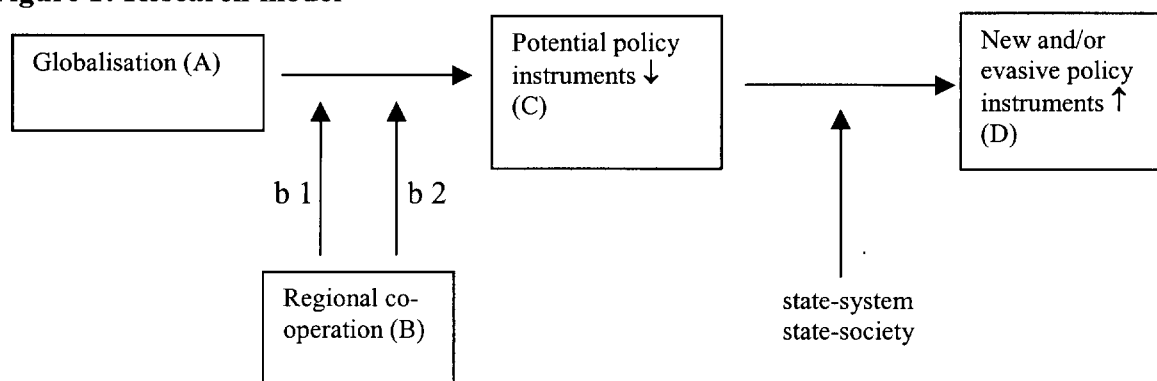
Finally, I would like to make some remarks about the scientific purpose of this research project. One reason for doing this research is that there has been little empirical research as to the consequences of globalisation for national policy-making freedom. A lot of claims have been made about the consequences of globalisation for national policy-making freedom², but little empirical research has been used to support these claims. About the same can be said about the effect of regional co-operation on the relation between globalisation and national policy-making freedom. Several authors have made claims about the nature of this relationship, but I think that more empirical research is needed. Furthermore, I think that especially the analysis of the effect of regional co-operation on the relation between globalisation and national policy-making freedom is what makes this an interesting research project. Moreover, I am of the opinion that it is useful to focus on a specific sector (i.e. telecommunications) in order to analyse the relations between the different variables in this research, instead of keeping the analysis on the level of the national economy as a whole.

2 Theory

2.1 Introduction

In section one, the theoretical framework of this research was shortly introduced. This framework can be summarised in the following figure:

Figure 1: Research model



In this section, the different variables from the theoretical framework will be discussed. Moreover, I analyse the relations between these variables and I present my hypotheses as to the nature of these relations. Section 2.2 is concerned with globalisation. Then, section 2.3 looks at the relation between globalisation and national policy-making freedom. Section 2.4 focuses on the relation between regional co-operation, globalisation, and national policy-making freedom. In section 2.5, I discuss the consequences of changes in national policy making freedom for the actual use of policy instruments by national governments. Finally, section 2.6 will conclude this theoretical section.

² These claims can be made with the use of different kinds of terminology. For instance, a lot of authors make use of the term 'internationalisation' instead of globalisation and they might say for example national autonomy or sovereignty instead of national policy making freedom.

2.2 Globalisation³

The starting point of this research is globalisation⁴. In very general terms, globalisation can be described as ‘the intensification of economic, political, social, and cultural relations across borders’ (Holm and Sørensen 1995, p.1). This research focuses on globalisation of economic relations. An economically oriented definition of globalisation is given by the IMF (1997, p.45): ‘globalization refers to the growing economic interdependence of countries worldwide through the increasing volume and variety of cross-border transactions in goods and services and of international capital flows, and also through the more rapid and widespread diffusion of technology’.

There are two main possible approaches to the analysis of globalisation. One approach looks at it from the viewpoint of interdependence. This viewpoint is reflected by the IMF-definition. Namely, it refers to growing interdependence between countries as a result of increasing international flows of goods, services and production factors. On the other hand, globalisation can be approached from the viewpoint of geography. That is, as a result of the enormous developments in transport and communication, geography –and accordingly the concepts of space and time- has become increasingly less important. Thus, transaction costs have decreased enormously and geography has lost much of its importance in determining where production takes place⁵. In this paper, both approaches will come up.

In the literature on globalisation of economic relations, four main aspects of globalisation can be distinguished: international trade, international capital flows, multinational corporations, and technology and transaction costs. I will shortly discuss these four aspects.

First aspect of globalisation I mentioned was international trade. Since the Second World War, the growth rate of world trade has generally exceeded the growth rate of world output (ILO 1995, pp. 27-34). World exports as a share of GDP increased from 7.0 per cent in 1950 to 13.5 per cent in 1992. Between 1950 and 1973, the growth rate of world trade was around 7.5 per cent. As a result of two oil price crises and the debt crisis, the growth of trade slowed down to a percentage of 3.1 per cent between 1974 and 1983. After 1983, international trade recovered to its previous growth rate (ILO 1995, pp. 27-34).

Second aspect of globalisation is that of international capital flows. Since the mid-1980s, flows of foreign direct investment and of portfolio investment have increased enormously. For instance, between 1983 and 1990, FDI flows expanded 34 per cent per year on average (Hirst and Thompson 1996, pp. 54-58). The growth of international portfolio investment has been even more impressive. For example, world trade in financial derivatives

³ I suppose the contents of the discussion about globalisation are relatively well-known to most of you. Therefore, I will just summarise some of the main points that are relevant to the theoretical framework of this research. Some of the literature with respect to globalisation: Albrow (1996), Baylis and Smith (eds., 1997), Goverde (ed., 2000), Hirst (1997), Hirst and Thompson (1996), Holm and Sørensen (1995), Hout and Sie Dhian Ho (1997a), Hout and Sie Dhian Ho (1997b), Keohane and Milner (eds., 1996), Kofman and Youngs (1996), Krugman (1996), Martin and Schumann (1996), Mittelman (1996), Rodrik (2000), Ruigrok and Van Tulder (1995), Stubbs and Underhill (1994), Van Kersbergen, Lieshout and Lock (eds., 1999), Waters (1995), Woods (2000).

⁴ In this paper, I will use the terms internationalisation and globalisation to refer to one and the same phenomenon. Some authors make a sharp distinction between internationalisation and globalisation. For instance, Hirst and Thompson use the term international to refer to a world economy with growing interconnectedness between national economies. However, these national economies remain the principal entities. By contrast, in a truly global economy, national economies are absorbed by a global system (Hirst and Thompson 1996, pp. 7-17).

⁵ Decreasing transaction costs and its consequences will be discussed in more detail later on in this paper.

grew from 620 thousand million dollars in 1986 to almost 7,840 thousand million dollars in 1993 (Hout and Sie Dhian Ho 1997b, p. 556). Moreover, it should be noted that there are far more types of financial instruments available now than there were before.

Third aspect of globalisation is that of the multinational corporation (MNC). This aspect is also sometimes referred to as multinationalisation of production. Multinational companies are increasingly splitting up their production processes. In other words, they can locate different parts of the production process in different regions or countries depending on local advantages. Next to introducing multinationalisation of production, MNCs have changed the character of international relations. For, they are becoming more and more important as an actor in international relations.

Fourth aspect of globalisation of economic relations that I want to discuss is that of technology and transaction costs⁶. Technological developments in the fields of transport and communication have strongly reduced the significance of the concepts of space and time. An important example of these technological developments is the development of information technology. These technological developments are reflected by decreasing transaction costs. This decrease is caused for instance by lower transport costs (e.g. easier transport because of containerisation) and lower costs of infrastructure (e.g. systems of international communication) (cf. Frieden and Rogowski 1996, pp. 26-27).

Next, I would like to make one final remark about globalisation of economic relations. Often, a historical comparison is made between current globalisation trends and the half-century of international economic integration before the First World War⁷. Some authors claim that current globalisation is mainly a recurrence of what happened about one hundred years ago, whereas others describe it as an entirely new phenomenon. I agree that current globalisation shows a strong similarity to comparable developments that took place about one century ago. However, I also think that several elements of current globalisation make it an entirely new phenomenon. For instance, the quantity of international portfolio investment is far higher than it was one hundred years ago. Furthermore, there are several, more qualitative, new elements to current globalisation. One new element is the rise of intra-industry trade. Furthermore, there are far more financial instruments available and financial capital can be transferred from one end of the world to the other instantaneously. Another example is multinationalisation of production, as was discussed above. A final example is the fact that far more countries are involved in international economic relations nowadays than there were about one century ago.

In sum, I distinguished four main aspects of globalisation of economic relations: international trade, international capital flows, multinational corporations, and technology and transaction costs. Furthermore, I agree that current globalisation shows some similarity to what happened about one century ago. However, I am of the opinion that it has several important new characteristics and I therefore regard current globalisation as a relatively new phenomenon.

⁶ Technological developments can also be regarded as a cause of internationalisation (i.e. technological developments as a facilitator of internationalisation) or as a consequence of internationalisation (internationalisation facilitates the development and diffusion of technology). However, in this paper, I will not go into this discussion.

⁷ See for instance Bairoch and Kozul-Wright (1996) for an assessment of this historical comparison. Irwin (1996) makes a similar comparison for the United States economy.

2.3 Globalisation and national policy-making freedom

As was mentioned in section one, the starting point of this research is the claim that globalisation of economic relations restricts national policy making freedom of states⁸. This means they have less policy instruments at their disposal (i.e. less “potential policy instruments”). Thus, I want to formulate the following proposition about the influence of globalisation on national policy-making freedom:

Proposition 1: Globalisation of economic relations restricts national policy-making freedom of states.

First, I will shortly discuss the concept of national policy-making freedom. Then, I will argue why I think globalisation restricts national policy-making freedom. Finally, I will discuss in what way the impact of globalisation on small states differs from the impact on large states.

Several terms are used in the discussion about globalisation and its consequences for the nation-state. Terms that can be applied to the discussion are for instance governance, transformative capacity, national autonomy, autarky, sovereignty, or state versus market. In this research, I use the term national policy-making freedom. By this term, I refer to the number of potential policy instruments. That is, the range of policy instruments that is available to a national government.

Then, let us have a look at the arguments that support the proposition that globalisation restricts national policy-making freedom. The basic mechanism by which globalisation restricts national policy making freedom is formulated with the help of economic theory, and more specifically by referring to the concept of ‘relative prices’. As was mentioned before, globalisation involves decreasing transaction costs. According to economic theory, changes in the international economy, such as easier international transactions, can be regarded as changes in relative prices. A change in world prices relative to domestic prices will have consequences for the national economy. For, prices are ‘the proximate (if not the underlying) determinant of wages, rents, and profits’. Thus, international economic activities and international economic trends will have a higher impact on national economies⁹ (Frieden and Rogowski 1996, pp.29-31).

With the help of this basic mechanism, we can distinguish several ways in which globalisation can restrict national policy-making freedom. One way is by means of international trade in goods and services. This restriction of national policy-making freedom by international trade can take place in two manners. First, easier international transactions will increase the number of tradables in the national economy. Thus, there will be more pressure to adapt domestic prices to world prices and world price shocks will have more influence on national economies. In sum, easier international transactions will increase the impact of the world economy on national economies and domestic economic actors (Frieden

⁸ Some literature with respect to internationalisation and (policy-making freedom of) the nation-state: Boyer and Drache (eds., 1996), Cable (1995), Clark (1998), Evans (1997), Falk (1997), Frieden and Rogowski (1996), Garrett (1998a), Garrett (1998b), Higgott (1996), Hirst and Thompson (1996), Hirst (1997), Holm and Sørensen (1995), Holton (1998), Hout and Sie Dhian Ho (1997a), Hout and Sie Dhian Ho (1997b), Hout (1997a), Keohane and Milner (1996), Müller and Wright (eds., 1994), Ohmae (1995), Reich (1991), Rodrik (2000), Rosenau (1997), Scholte (1997), Sie Dhian Ho (1997), Stopford and Strange (1991), Strange (1994), Strange (1995), Strange (1996), Strange (2000), Van Kersbergen, Lieshout, and Lock (1999), Weiss (1996), Williams (1996).

⁹ It should be kept in mind that this is a *ceteris paribus* argument. Thus, it is based on the idea that transaction costs go down, and everything else stays the same.

and Rogowski 1996, pp.29-31). Therefore, national policy makers will have less freedom to independently determine their economic policies.

Second, increasing international trade in goods and services also means a higher competitive pressure from trade on the world market. Therefore, if domestic companies want to remain or become competitive, there will be a pressure to reduce the size of the public sector. For, a public sector means public spending, which is at the expense of the private sector and private investment. Furthermore, a public sector has to be supported, among other things, by taxes for domestic firms. Thus, if the private sector wants to increase its competitiveness, this will put pressure on the public sector (Garrett 1998b, p. 792). According to Garrett, this increasing trade competition, and the resulting pressure on the public sector, is one of the mechanisms by which globalisation leads to a reduction of national policy autonomy. In my opinion, it is quite likely that this pressure to reduce the public sector will also reduce national policy-making freedom.

The next way in which globalisation can restrict national policy-making freedom is through international financial capital flows. As was mentioned before, international financial capital flows are one of the most significant characteristics of current globalisation. Financial capital can be moved from one end of the world to the other instantaneously. Huge capital flight can have enormous consequences for a national economy. That is why threats of capital flight to another country can have a high impact on national governments. Thus, people who have control over financial capital, like asset holders, multinational companies, or private banks, can try to impose their policy preferences on national policy makers, by means of threatening with the exit of capital. Therefore, financial capital can severely limit national policy-making freedom (cf. Helleiner 1994; Garrett 1998b).

Another manner by which globalisation can reduce national policy-making freedom is by means of multinational companies. As we saw in section 2.2, MNCs can split up their production processes and locate different parts of the process in different countries. In combination with decreasing transaction costs, this leads to a situation where it gets easier for MNCs to take their business from one country to the other. Thus, sometimes an MNC can even threaten a national government by claiming to take business elsewhere. Moreover, it can be very hard for a national government to keep control over an MNC. For, MNCs often manage to escape all kinds of laws and regulations in their home country as well as in their host countries (e.g. tax laws or environmental regulations). Finally, MNCs can reduce national policy-making freedom because of their increased importance as an actor in the world economy. That is, MNCs have gained enormous bargaining power vis-à-vis national governments. This position of MNCs has led to what Stopford and Strange (1991) refer to as 'triangular diplomacy'¹⁰.

So far, I presented several arguments to support the proposition that globalisation restricts national policy-making freedom. Some authors have taken these arguments very far and, in my opinion, these authors have strongly exaggerated the consequences of globalisation for the nation-state. For instance, several authors have claimed that the nation-state can no longer be regarded as the most important actor, and, according to some of these authors, that

¹⁰ The term triangular diplomacy refers to a situation in which states no longer have to bargain just with other states in international diplomacy, but also they have to deal with and bargain with another important actor, namely MNCs. Furthermore, bargaining between these MNCs now also is an essential part of international relations.

globalisation might even lead to the end of the nation-state¹¹. For instance, Ohmae claimed that ‘in terms of the global economy, nation states have become little more than bit actors’ (Ohmae 1995, p. 12). Another example is a statement by Falk, who claimed that “‘globalization’ has already won out in the sense that the language and imagery of a state-centric world have become anachronistic in crucial respects’ (Falk 1997, p. 126). Another way of putting it is by saying that globalisation leads to decreasing national sovereignty or decreasing national policy autonomy or even to the end of sovereignty¹². For instance, Scholte stated that ‘both juridically and practically, state regulatory capacities have ceased to meet the criteria of sovereignty as it was traditionally conceived’ (Scholte 1997, p. 21).

In general, I agree that globalisation restricts national policy-making freedom (as I already stated in proposition one). However, I think that the type of claims that I described above about the end of the nation-state or the end of sovereignty is highly exaggerated. In my opinion, the nation-state still has a central role in governing the world economy. Hirst and Thompson argue that this central role consists of the following main elements (1996, pp. 170-194). One element is the idea that nation-states are still the possessors of a territory and they regulate the population within this territory, which provides nation-states with a legitimate role in the international system. Moreover, even though nation-states might function less as ‘sovereign entities’, they have acquired a new important role in the sense that they now have to provide legitimacy for subnational and supranational actors.

Thus, I argue that globalisation restricts national policy-making freedom, but that the magnitude of this restriction should not be exaggerated. In my opinion, the extent to which globalisation restricts national policy-making freedom will differ from one state to the other, and the policy reaction of national governments will also differ from one state to the other (cf. Holm and Sørensen 1995, Weiss 1998). This brings me to the final topic of this section. I chose to focus this research on small states, because the consequences of globalisation are bigger for small states and their policy-making freedom than they are for large states. Why is the impact of globalisation bigger for small states?

There are several ways to define a small state, depending of the viewpoint and interests of the author¹³. For instance, the size of a state can be defined in terms of military manpower, Gross Domestic Product, or geographic size. In this research, small states are defined as states that have a relatively small population. Thus, small states have a relatively small domestic market. Therefore, they cannot impose too much protection vis-à-vis the world market. Consequently, the impact of globalisation will be bigger for these small states than it would be for large states. Another way of explaining the relatively high impact of globalisation on small states is the following. States with a small population can be regarded as so-called price-takers. This means they have no influence on world prices at all. On the other hand, large states can have a significant influence on world prices. For instance, if the demand from United States’ citizens for a specific imported product will decrease strongly, then world demand for that product will decrease as well. This means world prices for that product will go down. Small states do not have that kind of influence on the world economy. Therefore, the consequences of globalisation will be bigger for small states and their policy-making freedom than they are for large states. Thus, the reason for focusing on small states in

¹¹ See, for instance, Ohmae (1995), Rosenau (1997, p. 342 and p. 362), Reich (1991, p. 315), or Falk (1997, p. 126).

¹² For example, see Scholte (1997a, p.21), Williams (1996), or Higgott (1996, p. 34).

¹³ With respect to small states, see for instance: Voorhoeve (1979), or Handel (1981).

this research is that it will result in a clearer image of the relations between the different variables. This argument can be summarised in the following proposition:

Proposition 2: The policy-making freedom of small states is more restricted by globalisation than that of large states.

In sum, I argue that globalisation of economic relations restricts national policy-making freedom. The basic mechanism by which globalisation restricts national policy-making freedom is that of changing relative prices as a consequence of lower transaction costs. Furthermore, following from this basic mechanism, the most important ways by which globalisation restricts national policy-making freedom are as follows: by way of international trade, international financial capital flows, and via multinational companies. Furthermore, I argued that the consequences of globalisation for national policy-making freedom should not be exaggerated and that they will differ from one state to the other. Finally, I explained that this research focuses on small states because the consequences of globalisation are bigger for small states than they are for large states.

2.4 Regional co-operation, globalisation, and national policy-making freedom

2.4.1 Introduction

This section deals with the theoretical core of this study: the influence of regional co-operation on the relation between globalisation and national policy-making freedom. As was explained in section one, I argue that two main effects should be distinguished as to the influence of regional co-operation on the relation between globalisation and national policy-making freedom.

On the one hand, regional co-operation reinforces the restrictive effects of globalisation on national policy-making freedom (arrow b1 in figure 1). For instance, this is the case when member states of the European Union have to transfer formal competencies to regional authorities.

On the other hand, regional co-operation can constrain the restrictive effects of globalisation on national policy-making freedom (arrow b2 in figure 1). This can be exemplified by the notion of a Fortress Europe. In this case, regional co-operation works as a protecting mechanism against the external pressures of globalisation. Furthermore, even if globalisation leads to a reduction of national policy-making freedom, states might compensate for this loss by gaining influence on the regional level.

The central claim of this paper is that the aggregate effect of regional co-operation on the relation between globalisation and national policy making freedom will be a combination of these reinforcing and constraining effects. Moreover, I argue that we should look at four specific aspects of regional co-operation in order to analyse this aggregate effect. These specific aspects of regional co-operation are the following: policy-making, implementation, nestedness in regimes (e.g. WTO), and financial contributions.

This section starts by defining regional co-operation in section 2.4.2. In section 2.4.3, I will discuss the way in which regional co-operation can reinforce the restrictive effects of globalisation on national policy-making freedom. I will do so by analysing the four aspects of regional co-operation, in order to determine under which circumstances these aspects can reinforce the restrictive effects of globalisation. In section 2.4.4, I will examine in what manner regional co-operation can constrain the restrictive effects of globalisation on national

policy-making freedom. Again, I will do so by analysing the four above-mentioned aspects of regional co-operation. However, this time I will discuss the circumstances under which these aspects can constrain the restrictive aspects of globalisation. Finally, in section 2.4.5, I will summarise the main findings of the section.

2.4.2 Defining regional co-operation

Let us begin by having a look at the concept of 'regional co-operation'¹⁴. First, it should be mentioned that there are different possible ways of defining a 'region'. For instance, countries can be considered to constitute a region because of their common culture, history, language, religion, or ethnic background, or because of the fact that they co-ordinate certain policies. An important distinction between definitions of a region is whether or not they assume geographical proximity between countries to be a precondition for the existence of a region. In most cases, regions are defined in terms of geographic proximity (cf. Mansfield and Milner 1997, pp. 3-4; Butler 1997, pp. 410-412).

Next, we should consider the concept of 'co-operation'. Co-operation can be defined as taking place 'when actors adjust their behavior to the actual or anticipated preferences of others, through a process of policy co-ordination' (Keohane 1984, p. 51). In this definition, the term 'policy co-ordination' refers to a situation in which 'the policies of each state have been adjusted to reduce their negative consequences for the other states' (Milner 1992, p. 467). Milner states that two aspects of this definition of co-operation should be stressed. First, the actors that take part in this co-operation aim at achieving a specific goal by means of this co-operation. Second, the actors are supposed to gain some rewards by co-operating with other actors. Even though these rewards need not be equal for all participants, all actors will more or less gain by co-operating (Milner 1992, pp. 467-468)¹⁵.

So far, I discussed the notions of 'region' and 'co-operation'. Now, let us have a look at the concept 'regional co-operation'. Regional co-operation can take place in different areas, such as the military, cultural, or social area. This research focuses on regional co-operation with respect to the field of economy. By the term regional co-operation, I refer to so-called Preferential Trading Arrangements (PTAs). PTAs can be defined as 'arrangements stipulating that members impose lower levels of protection on each others' goods than on those of third parties'¹⁶ (Mansfield and Bronson 1997a, p. 189).

We can distinguish between the following five types of PTA. First, an arrangement where preferential treatment is actually applied as one-way traffic¹⁷. Second, the free trade area where trade restrictions between member countries are abolished. Third, the customs union which has a common external tariff with respect to non-member countries, in addition to the abolition of trade restrictions among member countries. Fourth, the common market

¹⁴ Some literature with respect to regional co-operation: Anderson and Blackhurst (1993), Busch and Milner (1994), Butler (1997), Coleman and Underhill (1998), Cox (2000), De la Torre and Kelly (1992), De Melo and Panagariya (1992), De Melo and Panagariya (eds., 1993), Fawcett and Hurrell (1995), Gamble and Payne (1996), Hout (1996a), Hout (1996b), Hout (1997b), Hout and Grugel (1997), Hout and Grugel (1999), IMF (1993), Keohane (1984), Kohler-Koch and Eising (eds., 1999), Mansfield and Bronson (1997a and 1997b), Mansfield and Milner (1997), Mansfield and Milner (1999), Milner (1992), Milward (1992, 1994), Seidelmann (1998), Tussie and Woods (2000), Verbeek (1995), W. Wallace (1994), W. Wallace (1999).

¹⁵ The notion of co-operation is further examined by Keohane by juxtaposing it to the concepts of 'harmony' and 'discord' (Keohane 1984, pp. 49-57). At this point, I will not go into this discussion.

¹⁶ Naturally, the PTAs in this research can refer not only to goods, but also to services or production factors.

¹⁷ Example of this kind of PTA is the agreement between the European union and the Africa, Carribean, and Pacific countries (or the so-called ACP countries), which has been established by the Lome Conventions.

provides the same conditions as the customs union does, but adds a free flow of production factors among member countries. Finally, an economic union also provides for co-ordination of economic policies among member countries¹⁸ (Enders and Lapan 1987, p. 231; Kooijmans 1991, pp. 178-179).

2.4.3 Regional co-operation reinforces the restrictive effects of globalisation

In this section, I discuss the way in which regional co-operation can reinforce the restrictive effects of globalisation on national policy-making freedom. I argue that the extent to which regional co-operation reinforces the restrictive effects of globalisation depends on the extent to which formal competences are transferred from the level of national authorities to that of regional authorities. For, this transfer of competences to the regional level decreases formal competences at the national level, and therefore it reinforces the restrictive effects of globalisation on national policy-making freedom. This can be summarised in the following hypothesis:

Hypothesis 1:

*As formal competences are more transferred to the regional level,
They increasingly reduce formal competences at the national level,
And therefore increasingly reinforce the restrictive effects of globalisation on national policy-making freedom.*

On the basis of this general hypothesis, we can formulate four different hypotheses with respect to the different aspects of regional co-operation. In other words, we will now look at policy-making, implementation, nestedness in regimes, and financial contributions, in order to establish under what circumstances these four aspects will reinforce the restrictive effects of globalisation on national policy-making freedom.

The first aspect of regional co-operation that we will discuss is that of policy-making. Under what circumstances will the policy-making in a PTA reinforce the restrictive effects of globalisation on national policy-making freedom? This has to be established by analysing several elements of the formal competences with respect to policy-making in a PTA and the distribution of these competences between national and regional authorities. In general, I want to establish to what extent formal competences with respect to policy-making are transferred to the regional level.

In order to analyse this, I examine the following elements of policy-making. First, we have to establish what type of PTA we are dealing with in general (for instance, free trade area or economic union). Second, we have to distinguish between intergovernmental and supranational co-operation. Third, we should examine the type of laws and legal instruments that are legally provided for within a PTA (e.g. primary law versus secondary law). Fourth, it is important to look at how far-reaching the laws, regulations, and decisions are that are part of a PTA as to their consequences for national laws and policies. Fifth, we should analyse where and how regional law making takes place. Sixth, we have to look at the process and procedures with respect to decision-making within the PTA.

¹⁸ In the empirical part of this research, I will make use of this distinction between types of PTAs. However, I will focus more specifically on the type of co-operation with respect to the telecommunications sector. For, the type of co-operation with respect to this sector does not necessarily correspond to the type of co-operation in the PTA as a whole.

I would like to formulate the following hypothesis with respect to the extent to which this first aspect of regional co-operation can reinforce the restrictive effects of globalisation:

Hypothesis 1a:

As formal competences with respect to policy-making are more transferred to the regional level,

Regional co-operation increasingly reinforces the restrictive effects of globalisation on national policy-making freedom.

The second aspect of regional co-operation that I distinguished is implementation. Under what circumstances will implementation reinforce the restrictive effects of globalisation? In order to establish this, we will have to examine several elements of implementation. First, we should realise that every PTA and every country will have its own rules and procedures with respect to implementation, and therefore we have to analyse these rules and procedures. A second element of implementation has to do with compliance. It has to be checked whether national governments have a history of actually implementing regional laws and regulations at the national level or not. Third, it is important to know whether or not monitoring of the implementation process takes place. Fourth, we should examine whether or not a PTA disposes of enforcement procedures. Fifth element of implementation that I want to mention is the possibility of dispute settlement and sanctioning.

Thus, I discussed several elements of implementation. I will now formulate my hypothesis as to the way in which implementation can reinforce the restrictive effects of globalisation on national policy-making freedom:

Hypothesis 1b:

As formal competences with respect to implementation are more transferred to the regional level,

Regional co-operation increasingly reinforces the restrictive effects of globalisation on national policy-making freedom.

The third aspect of regional co-operation that I want to analyse is nestedness in regimes. Nestedness refers to a situation where a PTA is part of other international regimes, such as the World Trade Organisation or the International Telecommunication Union. In order to analyse this aspect, we have to examine several elements of this nestedness. First, we should look at the number of international regimes that a PTA is nested in. Second, it is important to examine what type of international regimes a PTA has to deal with. For instance, it can be an organisation that is merely meant for deliberation or it could be an organisation that has acquired relatively many competences in relation to the PTA. Third, the influence of the nestedness of a PTA will also depend on the power and bargaining position of the PTA within these international regimes.

I want to formulate the following hypothesis as to the extent to which nestedness of a PTA in international regimes can reinforce the restrictive effects of globalisation on national policy-making freedom:

Hypothesis 1c:

*As a PTA gets nested in more international regimes and as these international regimes get more formal competences,
Regional co-operation increasingly reinforces the restrictive effects of globalisation on national policy-making freedom.*

The fourth aspect of regional co-operation that I distinguished is that of financial contributions. Under what circumstances will financial contributions in a PTA reinforce the restrictive effects of globalisation on national policy-making freedom? By financial contributions, I refer to the contributions that have to be made to regional policies by the members of a PTA, and to the funds that are supplied by the PTA to the national authorities. There are two elements of these financial contributions that should be examined. First, we have to look at the magnitude and the direction of these financial flows. In other words, we have to establish whether these financial contributions result in a net financial contribution from the regional to the national level or the other way around. Second, we have to analyse the decision-making process as to the allocation of these financial contributions.

Thus, this leads to the following hypothesis concerning the extent to which financial contributions might reinforce the restrictive effects of globalisation on national policy-making freedom:

Hypothesis 1d:

*As net financial contributions from the national to the regional level are getting bigger, and as formal decision-making with respect to the allocation of these contributions takes place more on a regional level,
Regional co-operation increasingly reinforces the restrictive effects of globalisation on national policy-making freedom.*

So far, I discussed the way in which regional co-operation can reinforce the restrictive effects of globalisation on national policy-making freedom. Now, let us have a look at the way in which regional co-operation can constrain the restrictive effects of globalisation on national policy-making freedom.

2.4.4 Regional co-operation constrains the restrictive effects of globalisation

In this section, I discuss the way in which regional co-operation can constrain the restrictive effects of globalisation on national policy-making freedom. I argue that the extent to which regional co-operation will constrain the restrictive effects of globalisation depends on the protective effects of regional co-operation. For, regional co-operation can work as a protecting mechanism against the external pressures of globalisation. This view has become popular in the idea of a 'Fortress Europe'. That is, some people are of the opinion that the European Union has a high wall of protection around it, which protects its member countries and industries from competition from the rest of the world. This view that regional co-operation constrains the restrictive effects of globalisation is reflected, for example, by Milward in *The European Rescue of the Nation-state* (1992). Moreover, even if globalisation leads to a reduction of national policy-making freedom, states might compensate for this loss by gaining influence on the regional level.

The way by which regional co-operation can constrain the restrictive effects of globalisation can be summarised in the following hypothesis:

Hypothesis 2:

As formal competences are more transferred to the regional level,

The PTA increasingly protects its member states against the external pressures of globalisation,

And therefore increasingly constrains the restrictive effects of globalisation on national policy-making freedom.

On the basis of this general hypothesis, I will now try to formulate hypotheses with respect to the different aspects of regional co-operation. That is, I will now discuss policy-making, implementation, nestedness in regimes, and financial contributions, in order to establish under what circumstances these four aspects will constrain the restrictive effects of globalisation on national policy-making freedom.

The first aspect of regional co-operation that I distinguished was policy-making. Under what circumstances can it be expected that policy-making will constrain the restrictive effects of globalisation on national policy-making freedom? As I argued before, it depends on the protectionist effect of regional co-operation. In order to examine this effect, we can take the same six elements of policy-making that were mentioned above (see section 2.4.3)¹⁹. Consequently, we have to analyse the protectionist effect of these elements. For instance, it is possible that companies within the European Union are protected from competition from large Japanese or American companies as a result of EU policy-making.

With respect to this first aspect of regional co-operation, I would like to propose the following hypothesis:

Hypothesis 2a:

As formal competences with respect to policy-making are more transferred to the regional level,

The PTA increasingly protects its member states against the external pressures of globalisation,

And therefore increasingly constrains the restrictive effects of globalisation on national policy-making freedom.

Then, let us have a look at the second aspect of regional co-operation. How could implementation constrain the restrictive effects of globalisation? This can be examined by analysing the protective effects of the above-mentioned five elements of implementation²⁰. Thus, I would like to put forward the following hypothesis:

¹⁹ The six elements that were mentioned are the following: 1) type of PTA; 2) intergovernmental versus supranational co-operation; 3) type of laws and legal instruments; 4) how far-reaching are laws, regulations, and decisions for national laws and policies; 5) regional law making; 6) decision-making.

²⁰ The five elements of implementation that I distinguished were the following: 1) rules and procedures with respect to implementation; 2) compliance; 3) monitoring; 4) enforcement procedures; 5) dispute settlement and sanctioning.

Hypothesis 2b:

As formal competences with respect to implementation are more transferred to the regional level,

The PTA increasingly protects its member states against the external pressures of globalisation,

And therefore increasingly constrains the restrictive effects of globalisation on national policy-making freedom.

The third aspect of regional co-operation that I mentioned was nestedness in international regimes. In my opinion, it would be very hard to put forward a consistent hypothesis as to the circumstances under which nestedness will constrain the restrictive effects of globalisation on national policy-making freedom. For, when a PTA is nested in another international regime, this might have protectionist effects as well as the opposite. For instance, take the example of a PTA that is nested in the World Trade Organisation. In general, the WTO will promote free trade, and consequently the WTO will not have a protectionist effect in general. On the other hand, several kinds of exceptions are possible within WTO. For instance, exceptions can be made for certain products, sectors, or countries. Thus, nestedness in WTO can have protectionist effects as well as the opposite. In my opinion, this goes for nestedness in international regimes in general. Therefore, I will not propose any hypothesis here as to the constraining effects of nestedness in international regimes.

Then, let us have a look at the fourth aspect of regional co-operation, financial contributions. Under what circumstances will financial contributions (from national to regional authorities and the other way around) constrain the restrictive effects of globalisation? In section 2.4.3, I distinguished two elements of these financial contributions²¹. I will have to examine these two elements and to try to establish their protective effects. Concerning this fourth and final aspect of regional co-operation, I want to put forward the following hypothesis:

Hypothesis 2c:

As net financial contributions from the national to the regional level are getting bigger, and as formal decision-making with respect to the allocation of these contributions takes place more on a regional level,

The PTA increasingly protects its member states against the external pressures of globalisation,

And therefore increasingly constrains the restrictive effects of globalisation on national policy-making freedom.

2.4.5 Conclusion regional co-operation

In sum, I argued that regional co-operation can reinforce as well as constrain the restrictive effects of globalisation on national policy-making freedom. On the one hand, regional co-operation can reinforce the restrictive effects of globalisation. For, a transfer of formal competences from the national to the regional level reduces formal competences at the national level and therefore reinforces the restrictive effects. On the other hand, regional co-

²¹ The following two elements were mentioned: 1) magnitude and direction of financial flows; 2) decision-making as to the allocation of funds.

operation can constrain the restrictive effects of globalisation by working as a protective mechanism against the external pressures of globalisation. Thus, the actual influence of regional co-operation on the relation between globalisation and national policy-making freedom will be a mixture of these reinforcing and constraining mechanisms. The actual outcome of this mixture has to be established by empirical study.

2.5 Actual national policy

2.5.1 Introduction

So far, I discussed globalisation and its consequences for national policy-making freedom. Moreover, I examined the influence of regional co-operation on this relation between globalisation and national policy-making freedom. In this final theoretical part, I will discuss the policy reaction of national governments to a reduction of national policy-making freedom (see figure 1: D). In other words, I will discuss the way that national governments will make a choice from the range of potential policy instruments in order to determine their actual use of policy instruments. As I said in the introduction, this paper claims that, in case of a reduction of national policy-making freedom, national governments will react by trying to develop new policy instruments and/or they will be inclined to badly implement existing policies (i.e. more “evasive policy”). Then, what will motivate a national government to choose a specific policy and what kind of arguments can be used by a government in this context?

In section 2.5.2, I will explain what I mean by ‘actual policy’ and I will give a short overview of the type of policy instruments that this research focuses on. In section 2.5.3, I will argue why I think a reduction of national policy-making freedom will lead to an increase in evasive policies by national governments and to an attempt to invent new policy instruments. Section 2.5.4 discusses some possible explanations of foreign economic policy. For instance, a specific national policy can be based on demands by domestic pressure groups or on the position of a national government with respect to other states in an international regime. Then, in section 2.5.5, I give a short overview of the arguments that are typically used by national governments in order to support protectionist policies. Section 2.5.6 will conclude this final theoretical part.

2.5.2 Actual policy and policy instruments

By the term ‘actual policy’, I refer to the policy instruments that are actually used by national governments. It is important to notice at this point that I focus on policy instruments with respect to trade in goods and services. This focus is based on the theoretical context of this framework. For, I am interested in the policy reactions of national governments to globalisation and to a change in national policy-making freedom. Therefore, it seems logical to focus on policies that are aimed at influencing access to national markets. Obviously, this focus will be narrowed down further in the empirical part, because of the choice to focus on the telecommunications sector.

There are a lot of different possible policy instruments with respect to trade²². I will just mention the main distinction with regard to trade policy instruments at this point: that is, the one between tariffs and nontariff barriers (NTBs). Different kinds of tariffs can be

²² UNCTAD has made a very detailed classification of trade policy instruments, which is described in the UNCTAD coding system of trade control measures (UNCTAD 1994, part I, pp. 13-26).

distinguished, such as *ad valorem* tariffs versus specific tariffs. Moreover, there are all kinds of NTBs, such as the quota, exportsubsidies, or government procurement regulations.

2.5.3 Evasive policies and new policy instruments

As was stated above, this paper claims that, in case of a reduction of national policy-making freedom, national governments will react by trying to develop new policy instruments and/or they will be inclined to badly implement existing policies (i.e. more ‘evasive policy’). This leads me to put forward the following hypothesis²³:

Hypothesis 3:

The more a state is restricted in its national policy-making freedom, and the smaller the protectionist effect of the PTA, the more this state will try to invent new policy instruments and/or pursue evasive policies.

The next two sections will go further into the politics of foreign economic policy (i.e. state/society and state/system) and into the arguments that can be used to support protection. At this point, let me shortly clarify the general hypothesis about the policy reaction of states to a reduction of national policy-making freedom (i.e. hypothesis 3).

In general, a national government will try to keep a grip on its national policies and it will try to preserve as much national policy-making freedom as possible²⁴. I argue that there are two main possible ways for a national government to react to a reduction of national policy-making freedom. The first possibility has to do with the range of existing potential policy instruments. Namely, a national government can pursue evasive policies by trying to circumvent laws and agreements or by badly implementing (or not implementing at all) agreements about trade policies. The second possibility is for a national government to try to invent new policy instruments. That is, to invent policy instruments that existing laws or agreements do not yet cover.

2.5.4 Explanations of foreign economic policy

In this section, I focus on the motives and interests of a national government concerning foreign economic policy. In order to explain foreign economic policy, we can make use of system-centred, society-centred, and state-centred approaches (Ikenberry, Lake, Mastanduno 1988). In the next few paragraphs, I will explain what I consider to be the most important motivations or considerations for a national government in formulating its foreign economic policy.

One important consideration will be the relation between the state and domestic pressure groups (cf. Putnam 1988). A national government will pay more attention to a sector and will be more inclined to try to protect the interests of this sector in the case that there are strong pressure groups protecting the interests of this sector. Thus, I want to suggest the following hypothesis:

²³ This evidently also means that: the less a state is restricted in its national policy-making freedom, and the bigger the protectionist effect of the PTA, the less this state will try to invent new policy instruments and/or pursue evasive policies.

²⁴ The extent to which a national government will try to preserve this national policy-making freedom with respect to a specific sector, such as telecommunications, will depend on factors such as the relation between state and society or the position of the state within international regimes. See section 2.5.4 and 2.5.5.

Hypothesis 4:

As domestic pressure groups get stronger in relation to the state, the state will pay more attention to their interests, and, therefore, the state will be more inclined to protect this sector by means of developing new policy instruments and/or by pursuing evasive policies (in case of a reduction of national policy-making freedom).

Another important consideration relating to the establishment of foreign economic policy has to do with the importance of a specific sector or industry to the national government. For instance, a sector can be important because it provides food, or because it is largely owned by the state. I would like to put forward the following hypothesis:

Hypothesis 5:

As a sector is of bigger interest to a national government (e.g. in terms of food, military significance, state ownership), the state will be more inclined to protect this sector by means of developing new policy instruments and/or by pursuing evasive policies (in case of a reduction of national policy-making freedom).

A third consideration has to do with electoral gains. The policy reaction of a national government can be based on an interest in achieving electoral gains. For instance, in the case that a national government can achieve electoral gains by protecting the employment in a specific sector, this national government can be more inclined to protect this sector. This is reflected by the following hypothesis:

Hypothesis 6:

As a national government is more interested in achieving electoral gains, it will be more inclined to protect the interests of the people working in a sector that can deliver those electoral gains, and therefore it will be more inclined to protect this sector by means of developing new policy instruments and/or by pursuing evasive policies (in case of a reduction of national policy-making freedom).

The final consideration that I want to mention has to do with the position of the state in the international system. It is likely that protectionist behaviour of a state will depend partially on its power in international regimes and on how much it values its reputation in these regimes. Consequently, the final hypothesis of this paper is the following:

Hypothesis 7:

The more power a state has in the international system (and in the PTA), and the less it values its reputation in international regimes, the more it will try to invent new policy instruments and/or to pursue evasive policies (in case of a reduction of national policy-making freedom).

2.5.5 Arguments for protectionism

In this section, I will give a short overview of the arguments that are typically used by national governments to support their protectionist policies²⁵. A first possible argument is the infant industry argument, which implies that a new entrant on the domestic market has to be temporarily protected, in order to give it the opportunity to develop comparative advantage before it will have to compete internationally. Second possible argument is the so-called optimal tariff argument. In this case, a country imposes a tariff in order to augment national welfare by improving the terms of trade. This is only possible for large countries²⁶. Another possible way to support protection is by relying on political or military reasons. Furthermore, a possible argument is protection of domestic employment. Moreover, the balance of trade argument can be used to support protection. For, a balance of trade deficit is commonly believed to be a bad thing.

Another possible argument to support protection is the infant government argument. Sometimes, the government of a developing country will argue that it needs to impose import tariffs in order to finance social provisions, such as schools and hospitals. Other arguments for protection are for instance the claim that protection is needed in order to achieve income redistribution, or that it is justified on the grounds of fair trade. Sometimes, a government will claim that a certain industry has to be protected because it causes positive spillover effects for other industries, and because it is not compensated for these spillovers. Usually, these spillover effects have to do with technical knowledge. A final and relatively new argument for protection is that of strategic trade policy. This argument is applied especially in the case of monopolistic markets. In a situation of strategic trade policy, a national government tries to predict and influence the behaviour of foreign producers. Furthermore, it is aimed at reaching advantage for a domestic firm at the expense of a foreign firm.

2.5.6 Conclusion

In sum, this theoretical section discussed the policy reaction of national governments to a reduction of national policy-making freedom. Central claim of this section was that a reduction of national policy-making freedom, in combination with a relatively small protectionist effect of the PTA will lead to more evasive policies by national governments and it will stimulate these governments to try to invent new policy instruments. Furthermore, I argued that the foreign economic policies of national governments will depend on their relation with pressure groups, on the national importance of a specific sector or industry, on the interest in achieving electoral gains, and on the power position and desired reputation of a state in the international system. Finally, I discussed several arguments that can be used to support protectionist policies.

²⁵ For an overview of arguments to support protection, see for instance Coughlin, Chrystal, and Wood (2000), Jager, Jepma, and Kamphuis (1996, pp. 125-164 and pp. 207-241), Jepma, Jager, and Kamphuis (1996), Enders and Lapan (1987, pp. 158-196).

²⁶ For instance, if the United States imposes an import tariff on a specific good, there will be less demand by U.S. citizens for this imported good. Thus, there will be less demand for this good on the world market. As a result, the world price of this good will go down. This benefits U.S. welfare because those foreign goods will be cheaper. In other words, it improves the terms of trade of the United States. For, the terms of trade refers to the relative price of a nation's export goods to its import goods.

2.6 Conclusion theory

In this paper, I have argued that globalisation of economic relations reduces national policy-making freedom, especially in the case of small states. Furthermore, I claimed that regional co-operation can reinforce as well as constrain these restrictive effects of globalisation. On the one hand, it can reinforce the restrictive effects because of a transfer of formal competences from the level of national authorities to that of regional authorities. On the other hand, regional co-operation can constrain the restrictive effects of globalisation, because it can protect states against the external pressures of globalisation. Finally, I argued that a reduction of national policy-making freedom, in combination with a relatively small protectionist effect of regional co-operation, will lead to more evasive policies by national governments and it will stimulate these governments to try to invent new policy instruments.

This concludes the theoretical part of this paper. In section three, I will shortly go into some of the main methodological matters concerning this research.

3 Methodology

3.1 Introduction

As I said before, in the empirical part of this research, the theory will be applied to the telecommunications sector. Furthermore, it focuses on three countries in Western Europe (the Netherlands, Sweden, and Switzerland), one country in Southeast Asia (Singapore), and one country in Northern America (Canada). In this section, I want to explain some of the methodological aspects of this research. In section 3.2, I will shortly discuss the measurement of the main variables in this research. Then, in section 3.3, I will give my reasons for making this specific selection of case studies.

3.2 Measurement of variables

The independent variable in this research is globalisation of economic relations. As I said before, this research focuses on the telecommunications sector. In order to measure globalisation in this sector, I will use the following indicators²⁷. First, data on national imports and exports of goods and services in general (i.e. not just with respect to telecommunications) as a percentage of GDP at different points in time. Second, national imports and exports of telecommunication equipment and services at different points in time. Third, technological developments in the telecommunications sector. That is, the timing of technological inventions and their more widespread application. Fourth, I will look at the number of internet hosts, facsimile machines, telephone main lines, and mobile telephones per country at different points in time.

The intervening variable in this research is regional co-operation. As I said in the theoretical section, I focus on Preferential Trading Arrangements (PTAs). More specifically, I am interested in regional co-operation with respect to the telecommunications sector. It is hard to find any reliable quantitative indicators in order to measure regional co-operation. Therefore, I will rely on a more qualitative analysis. Moreover, I will do so by concentrating on the four aspects that were distinguished in the theoretical part of this paper: policy-making, implementation, nestedness, and financial contributions. Thus, I will compare different PTAs as to their regional co-operation in the field of telecommunications.

Another very important variable in this research is national policy-making freedom. This is another variable which is quite hard to measure. I have chosen to look at the number of policy instruments that are available to a national government (i.e. trade policy instruments concerning telecommunications). Thus, I will analyse the number and types of policy instruments that are legally allowed (by national law, regional law, WTO law, and other international regimes)²⁸.

Dependent variable in this research is actual national policy with respect to telecommunications. In other words, I will analyse the policy instruments that are actually used by national governments²⁹. This analysis will be based for instance on data from the WTO (*Trade Policy Reviews*), from the UNCTAD (1994 *Directory of import regimes*), and from the OECD (1997 *Indicators of tariff and non-tariff barriers*).

²⁷ Sources for these data on internationalisation in the telecoms sector: for instance, International Telecommunication Union, World Bank, WTO.

²⁸ I will make use of the UNCTAD categorisation of trade policy instruments, the so-called UNCTAD coding system of trade control measures (UNCTAD 1994, pp. 13-26).

²⁹ On trade policy analysis, also see Francois and Reinert (1997), or Deardorff and Stern (1985).

3.3 Selection of case-studies

In this final section, I present the arguments that support my selection of case studies. As was said before, the empirical part of this research focuses on the telecommunications sector. I will start by explaining why this research is aimed at small states. Then, I will discuss on what type of policies and on which part of the telecommunications sector this research is concentrated. Thereafter, I will talk about the choice for specific regions and states. Finally, I will explain why this research focuses on the period from 1980 till now.

At the end of section 2.3, I already mentioned that small states are defined here as states with a relatively small population. Furthermore, I explained that I chose to focus on small states because of the relatively high impact of globalisation on small states in comparison to the impact on large states. Thus, a focus on small states makes it easier to analyse the relations between the different variables in this research.

Main reason for focusing on the telecommunications sector is that it is a very good example of a rapidly globalising sector. Furthermore, this sector is of increasing importance for the world economy in general and also for the countries that are studied in this research. What aspects of the telecommunications sector does this research concentrate on? It concentrates on trade policy instruments and instruments of regulation with respect to access to national telecommunication markets. Thus, it examines (a) licensing procedures, (b) access to infrastructure, (c) interconnection agreements, and (d) competition policies. Moreover, it focuses on fixed and mobile telephone networks.

The research analyses three countries in Western Europe (the Netherlands, Sweden, and Switzerland), one country in Southeast Asia (Singapore), and one country in Northern America (Canada). First reason for this choice is that I wanted to compare Preferential Trading Arrangements as to their regional co-operation with respect to telecommunications. Therefore, I chose to compare the NAFTA, ASEAN, and the EU. Furthermore, I compare three countries within Western Europe because of their different experience regarding regional co-operation: the Netherlands was participating in European co-operation from the very beginning, Sweden joined the EU in 1995, and Switzerland is no member of the EU.

At this point, I would like to remark that the choice of case studies –as I just described- was based on a minimum variation with respect to the independent variable, and on maximum variation with respect to the intervening variable. For, I chose to look at a sector that is the typical example of an internationalised sector, and at countries that also have a relatively highly internationalised telecommunications sector (i.e. minimum variation on the independent variable). Moreover, the research examines PTAs and countries that have big differences as to the regional co-operation in the field of telecommunications (i.e. maximum variation on the intervening variable).

Finally, the research focuses on the period from 1980 till now. This period was chosen because of the starting point of globalisation. Globalisation started to take off somewhere around 1982/83. This clarifies the final methodological choice that I wanted to explain in this paper.

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