

Open Borders: Rethinking the Nature of International Boundaries

By Matthew Hutchinson

University of Indiana

Matthew is currently a graduate student at Indiana University's School of Public and Environmental Affairs and is in the second semester of the Master's of Public Affairs program. Prior to arriving in Indiana, He completed an undergraduate degree in Politics and International Relations at the University of Essex and a master's degree in European Studies at the University of Westminster. He is originally from the North East of the United Kingdom and is studying in the US on a student visa. Most recently, he has presented his work at the University of Pittsburgh's Seventh Annual Graduate Student Conference.

About the Ostry Prize

The Ostry Prize is an annual essay competition in honour of Dr. Sylvia Ostry, a noted Canadian economist and public servant. The topic of the essay will change annually, but will always be international in scope. Graduate students, both at the master's and doctoral levels, in policy and public administrations programs across Canada are eligible to compete, as are students from participating American schools of public policy.

*The topic for the 2010 competition was **Open Borders**. We asked students of advanced public policy and affairs to defend, expand, criticize, assess, re-evaluate, or expose the topic of Open Borders in the North American context. Should borders be opened? Why or why not?*

The Winner

The arguments for and against the "opening" of borders in North America are in effect two sides of the same coin. The discussion is framed by the accepted idea that state borders are fixed divisions, separating two or more political entities. Rather than attempting to establish the extent to which borders should be open or closed, instead it is more important to recognise the artificial and transitory nature of borders themselves. State borders are constructed because the discrete political unit was thought to be the ideal method of organisation. Instead of viewing states as separate and permanent, we can conceptualize them as utility-maximizing organizations, which can and should be re-designed if a better alternative can be produced.

The limits of this separation have been reached, and attempts to coordinate activity in the international arena have been mixed at best. Rather than rehashing the neo-institutional approach of regimes based on agreements between states an alternative is proposed. Through the expansion of economic activity between states and the transferral of political and legal authority to a series of new organisations designed to govern a particular international economic sector, traditional borders can be rendered obsolete (Mitrany 1966, 62). It shall be shown that not only is the choice of functional integration rational but that it has the potential to achieve both economic goals and improve the quality of life for those working in industrial sectors which span national borders.

Functionalism in international relations, as described by the Romanian philosopher, David Mitrany, advocates the distribution of political and legal power by the function it must perform, rather than being focused on a central state government. The modern concept of the discrete state should not be accepted simply at face value, rather we should examine the reason for the formation of the state and the purpose it is intended to serve. If it is found that the current method of organisation does not maximize utility then we should be prepared to change it (Mitrany 1966, 54–55). As technology and globalization have developed and as education has become more widespread, activities which were traditionally limited to within the nation-state have taken on a new international dimension. Sub-state actors are able to communicate with one another and share information and common interests and so national borders have become increasingly more permeable (Miller 1971, 181).

This process has made it more and more difficult for the individual state to exercise its power over industry and other interest groups. As can be observed through the practice of trade triangulation in which industry side-steps international trade barriers between two states by operating through a third, neutral country, businesses that have embraced this international dimension are able to circumvent any restrictions put upon them by national governments (Willems 2005, 431). This has resulted in the development of a myriad of international regimes and organisations in which states have attempted to reach mutually beneficial agreements to assist one another in controlling private organizations. These regimes have inevitably followed the neo-institutionalist model; states make common commitments to one another to behave in a certain way. The limits of this approach emerge when the terms of the agreement are no longer in the interest of all participating states. Since there is no central authority to enforce the agreement, countries will defect on international regimes whenever it suits their short-term interests (Little 2005, 377–384). This form of defection can be witnessed in the case of the decision of the US and its allies

ignoring their commitments to the United Nations and conducting a war with Iraq (BBC 2005). The United States was more interested in the perceived short-term benefits of a war with Iraq than the more ephemeral, long-term benefits of the legitimacy of an international regime such as the United Nations. Furthermore, neo-liberal institutions are inevitably manipulated and controlled by the most powerful state participating in the agreement.

Since this form of organization is little more than a continuous negotiation between states, conducted in line with certain rules, the more powerful state is always at an advantage. This asymmetry has been observed in the North American context in the operations and regulations of the North American Free Trade Association (NAFTA). For example, in 1996, as imports of tomatoes from Mexico to the US increased, American tomato-growers faced greater competition. Rather than compete with Mexican production, the US government used its considerable power to force Mexico to impose a significant price rise on tomato exports (Stiglitz 2007, 67). Regardless of any rhetoric of equality connected to any neo-institutional regime, in reality the result is that the most powerful state can manipulate the agreement to its own advantage.

The problem with the neo-institutionalist approach is that national governments have been trying to solve international problems within the limitations of the paradigm of the fixed and immovable nation-state. What Mitrany's work teaches us is that rather than trying to answer the question "what is best for the state?" we should instead be focused on answering the much more important question of "what is best for human beings?"

In his most famous work, *Leviathan*, Thomas Hobbes describes his view of man in the state of nature, before the construction of countries or even societies. In this world all humans are more or less equal and thus all have equal rights to anything and everything. Ownership is a matter of physical struggle against other humans with the winner of the struggle becoming the "rightful" owner until another takes his winnings from him. To end this struggle, Hobbes argues, human beings group together and decide to relinquish a portion of their natural rights to a common authority that can then decide upon and enforce individual rights (Hobbes 1960, 83–85). The crucial point is that the state authority is constructed through the conscious effort of its first citizens because it is preferable to the situation in which they had hitherto existed. If the state as a method for organization has a deliberate and utilitarian beginning it can be just as easily redesigned once its useful life has ended. The globalized world of the late twentieth and early twenty-first century cannot be governed by competing and inherently separate nation-states. In order to maximize

utility in human society we must devise alternative forms of government that are not limited by national borders and so we arrive at the need for functionalist integration (Mitrany 1932, 17–18).

Functionalism advocates the surrender of a proportion of state power to a new, supra-national institution. As industry operates between states, it cannot be controlled by a single government. Therefore it is suggested that the authority to monitor and regulate the sector in which that industry operates should be pooled. All the states in which a particular industrial sector exists should relinquish their authority over that sector and transfer it to a new international body. In this manner power is no longer focused on the traditional state government and limited by geographic borders. Instead it can be exercised between states, across the entirety of an industrial sector, without traditional limitations (Mitrany 1966, 68–74). This process becomes a transferal of sovereignty from competing governments to the people who are directly affected in the industry itself *regardless* of which states they happen to inhabit (Miller 1971, 180–183).

This relocation of power to a new authority effectively solves the major problems with the neo-institutional model of international governance. Once power has been surrendered by the state it becomes incapable of defaulting on the agreement except by means of physical force. In the neo-institutional regime the participating states maintain legal and political power over the proportion of the industrial sector to be regulated that exists within their own borders. In a functional regime that legal and political authority is removed, and the new authority is the only body able to exert power on that particular sector. If all sub-state actors within the sector being integrated recognize the authority of the new institution at the time of its formation, the participating governments have no method to enact their desired policy except through physical force, should the will of one of the participating states run counter to that of the new authority.

Secondly, functional institutions are no longer the actualization of inter-state competition, unlike current neo-institutionalist regimes. As described above, an arrangement that depends on negotiation between states will always be subject to the will of the most powerful state in the negotiation. However, after the establishment of a functionalist authority, no negotiation between states needs to take place to regulate the sector; instead policy decisions are made by the impartial leadership of the new authority, consisting of individuals selected by all participating states during the integration process. The constituents of this new leadership are not grouped by the nation of their birth as in traditional interstate politics but rather by

their involvement in the sector to be governed, regardless of their relationship to traditional state borders. The leadership of a functional authority does not make decisions based on what it thinks is best for the people of one state or another, but rather on what it believes to be best for individual's needs which pertain directly to their particular sector of authority. Of course, there should be no illusion that this is some kind of panacea that will utterly remove the desires of the nation-state—national governments will undoubtedly exert pressure on the functionalist institution in an attempt to have their own priorities become policy. However, this process of integration removes direct control of international sectors from state governments and significantly dilutes the amount of influence one state can have over an entire regime. Functional integrations ends the perpetual system of negotiation which characterizes the neo-institutionalist model and replaces it with an impartial government; the relationship between state government and the regime becomes one in which the institution is has the authority and the state is one interest group amongst many attempting to influence its policy decisions.

Yet why would states willingly surrender their power? Realist theory tells us that the world system is in a constant state of anarchy where countries compete with one another to achieve relative advantage and maximize their own welfare; international relations is a zero-sum game where the only way for a state to survive is to exert power over its rivals (Viotti and Kauppi 1999, 68–69). If this is an accurate description of the world, then surely there is no room for compromise and co-operation? For a solution to this problem we once again turn to Thomas Hobbes. As described above, Hobbes envisaged the state as a collective surrender of individual natural rights to a single authority; in the anarchic state of nature individuals sacrifice their power for the mutual benefit provided by the rule of law (Hobbes 1960, 85). It is the rational choice of the individual to surrender their natural rights and avoid the condition of anarchy. In exactly the same manner it is the rational choice of the state to surrender a portion of its power to a higher authority for the benefit of bringing order to the international system.

The uncertainty of the anarchic international system is not in the best interests of any state. In the North American context it is not in the interests of Mexico to attempt to compete with the United States in matters of foreign policy and it is not in the interests of the US to have a poor and unstable country on its Southern border (Stiglitz 2007, 62). The same reasoning was observed in Europe during the 1990s, following the collapse of the Soviet Union and the retreat of Communism in Eastern Europe. It was not in the interests of the Western European states to have a large number of poor and unstable countries on their respective doorsteps. By pursuing a

policy of functional integration, the economic and political security of Western Europe could be extended to the Central and Eastern European Countries (Jenkins 2000, 121; Asmus 1997, 25). Discrete and competing states are not necessarily the best form of organization and the rational choice may be some form of economic integration.

The link between free trade and comparative advantage has long been understood. The removal of economic barriers between states permits a substantial increase in competition, allowing the most effective businesses in each state to expand their activities across borders without any artificial restrictions on their prices (Pelkmans 1997, 2–3). This is the logic behind free trade areas across the globe from NAFTA to ASEAN. However, this process is most frequently criticized for the negative effect it has on a worker's quality of life. While business is able to travel between states at will, workers cannot; there are many more restrictions on the movement of individuals than on capital. Furthermore, states participating in a free trade area are competing with other members to attract business to their territory, resulting in a lowering of taxation and regulation across the region (Stiglitz 2007, 89–90).

Clearly, this arrangement is good for industry but not for those who have to do the actual work. Functionalism provides a solution to this apparent conflict of interests. By having one authority producing policy for an industrial sector, regardless of the state in which it is located, the negative effects of free trade can be reduced. By harmonizing regulation and taxation across all participating countries a functionalist authority can prevent the competition for the lowest regulations between states. Undoubtedly, businesses will continue to relocate to reach new markets or exploit new resources but wherever they locate themselves within the free trade area they will be compelled to abide by the same set of regulations and minimum standards. Furthermore, functional authorities allow the coordination and representation of organized labour on an international scale. In a free trade area the power of a nationally-based trade union is substantially compromised; if workers set their standards higher than those in any other state business can simply relocate, leaving all the union members unemployed. However, if organized labour is allowed representation in the functional authority established to govern their respective sector, minimum working standards can be set on an international scale. By allowing organized labour to participate in the regulatory process of the industrial sector, minimum working conditions can be set across all the participating states. Assuming the new authority will also contain representatives of the private businesses that will operate in the sector, the functional authority provides an ideal forum in which labour disputes can be addressed without the need for disruptive industrial action. This

model has seen great success within the federal state of Germany and the European Union as a whole and there is no reason to think that the same model could not be transposed to the North American continent (Hutton 2003, 301–313; ETUC 2008).

The simple act of "opening borders" is not necessarily the best way forward for North America. Rather, it may be much more beneficial to readdress the purpose of those borders and if it becomes apparent that they are no longer useful, remove them entirely. Sub-state actors already operate in the international arena, businesses trade in multiple countries and interest groups lobby many different governments. While the political world remains focused on the notion of competing states, other organizations carry out their tasks unhindered by comprehensive regulation. What is required is a form of government that can operate free from the restrictions of national borders and keep track of industry in the globalized world. Previous attempts to address this problem have amounted to little more than collective agreements between states to follow a certain set of rules but as recent history has shown, these agreements only persist as long as their terms remain in the short-term interests of all the participants. Instead, what is required is a series of international governments, free from state affiliation, which are designed solely to govern one industrial sector each.

This model combines the advantages of free trade with the benefits of government control and avoids the weakness of the neo-institutional regime. The surrender of sovereign authority and subsequent pooling of power creates a superior outcome to anything produced by competing states. Functional integration is not only better for businesses but also better for those individuals who must work in these businesses and can produce an optimum outcome for both employers and employees. The first step to government in the globalized world is not to open borders but to recognize their artificial nature and re-evaluate their utility.

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