

Contents

1. The Postwar Paradigm	1
Liberalization and International Governance	1
Stretching the Limits of Shallow Integration	4
A New Threshold	14
Pressures and Frictions	18
2. The Impact of Contending Forces	23
Responses	23
Scenario 1: The Invisible Hand	28
Scenario 2: Global Fragmentation	33
Scenario 3: Imperial Harmonization	37
Observations	42
3. When Is International Cooperation Desirable?	44
The Case for Shallow Integration	45
The Case for Deeper Integration	48
Implications	57
4. The Vision	59
A Global Community	59
Next Steps: A World of Clubs	64
Existing Clubs	82
Regional Clubs: The Quest for Open Regionalism	85
5. Summary	104
Past, Future, and Vision	104
A Community of Nations	106

References	113
Index	117
Boxes	
1-1. Policy Coordination	7
1-2. Scapegoating	17
3-1. Taxation and Mobility under Second-Best Conditions	49
3-2. Optimal Currency Areas	53
4-1. Interaction between Functional and Regional Entities	99