

# THEORETICAL PERSPECTIVES ON REGIONALISM

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## Introduction

Regionalism has a long history. From the seventeenth century to world war second, there were many RTA proposal involving colonies, provinces, and states and some of the agreements resulted in political as well as commercial unions. Example of early integration efforts include a 1665 proposal for commercial union among Austria, Bavaria, Spain, and some German principalities; an 1826 customs union between England and Ireland; an 1833 customs treaty establishing a single German Zollverein among splinter states and an 1854 Canada-US. In South included a 1910nSouth Africa Customs Union among the Union of South Africa, Bechuanaland, Basutoland, and Swaziland, and a 1917 customs union between the British colonies of Kenya and Uganda, which was extended to include Tanganyika in 1927. Despite these early agreements regional integration in its modern form did not develop until after World War second with the creation of the European Economic Community.

In 1949 the Soviet Union signed a treaty with Bulgaria, Czechoslovakia, Hungary, Poland, and Romania, establishing the Council for Mutual Economic Assistance (CMEA). Although its members engaged in technical cooperation and joint planning, the state centered orientation of these CPEs (Centrally Planned Economy) precluded any moves toward regional economic integration. Thus, the first wave of regionalism as beginning with the formation of the European Community in 1957 and the European Free Trade Association (EFTA) IN 1960. These European agreements provided a stimulus for the spread of regionalism in Latin America and Africa during the 1960s. However, by the early 1970s the first wave of regionalism proved to be largely unsuccessful outside Europe. The second stage of regionalism started during the mid 1980s, and this time it is proving to be more durable in non European as well as European areas. The European Community widened and deepened its integration during the 1980s, and the United States shifted from its position as the key defender of the postwar multilateral trade order and began to participate in RTAs.

During the 1990s, the collapse of the CMPEA caused the Central and Eastern European states to establish linkages with EU, and about a third of the new RTAs for goods in forced since 1990 have involved transition economies. The last major developed country to join the trend toward regionalism was Japan, which signed an FTA with Singapore in 2002. Lastly, there has been a revival of RTAs in the South and 30 to 40 percent of RTAs currently in force are among Less Developed Countries. While, the Southern RTAs

are more open to global market forces than the agreements of the 1960s. They generally have long transition periods and are often more declarations of goal than agreements producing rapid trade liberalization.

The formation of GATT after World War second was an indication of strong support for multilateral trade liberalization. However, regionalism also emerged as a significance force with the creation of a number of regional agreements. In assessing the significance of regionalism, it depends on data provided by the GATT/WTO.

The regions, regionalism and regionalization have long presented difficulties to scholars. Regionalism was often analysed in terms of the degree of social cohesiveness (ethnicity, race, language, religion, culture, history, consciousness of a common heritage); economic cohesiveness (trade patterns, economic complementarities), political cohesiveness (regime type, ideology), and organizational cohesiveness (existence of formal regional institutions):

The terms are not fixed, and have been subjected to multiple interpretations. Back ground is useful here, not only in charting a course for regional projects but in showing how the vocabulary, along with the practice of regionalism has changed and evolved. Older ideas of geographically defined regions and state based regionalisms have given way to more fluid and expansive understanding, which aim to capture the new nature and extent of regional domains. One perspective could be to see regions as units or zones based on groups, states or territories, whose members share some identifiable traits. The oraganisation for economic cooperation and development, the G-22 or the south for example. A central character of such zones is that they are smaller than the international system of states, but larger than any individual state or non state unit; they may be permanent or temporary institutionalized or not. Our understanding of regions naturally flows into a concept of regionalism as a policy and project where by state and non state actors cooperate and coordinate strategy within a given region. The aim of regionalism is to pursue and promote common goals in one or more issue areas.

### **Theories of Regionalism**

Theory can be a very practical tool. It enables us to make sense of the world. In fact, it is hardly possible to think systematically and scientifically about international relations and the regionalism without theory. When we understand and build theories of regionalism, we will automatically be able to understand more about the phenomenon of regionalism itself. In fact, to most researchers (at least the theorists), these are two sides of the same coin. One main purpose in proposing and assembling this collection is to reveal the pluralism and richness of theories of regionalism. These tend to have divergent meta-theoretical and conceptual points of departure, different ways of producing knowledge and building theory as well as a concern with diverse research questions.<sup>1</sup> Since one single theory cannot give a sufficient picture of the multiplicity of regionalism, we necessarily have to recognize and embrace a variety of theories. This is what makes the theoretical world of regionalism so rich. The expectation is that this work motivation helps to

clarify differences as well as similarities between concepts and theories. The major theories of regionalism are briefly discussed here.

### ***Theory of Functionalism and Neo-functionalism***

Functionalism and neo-functionalism theories are labels that cover an array of research activities in this field. International integration is concerned with the process whereby decisions formerly made by officials of separate nation-states come to be made by officials, P. E. Jacob and J. V. Toscano. International functionalism is concerned with the process whereby specific activities (functions) come to be performed by international organizations rather than by separate nation-state authorities (Onuf 1989).

The theories of functionalism and neo-functionalism have significantly enriched the study of international organizations along several dimensions. The proponents of the theory have argued that institutions based on functions and not territories would be imperative in solving international economic and social problems. The theory suggests that functional cooperation among countries of the world could begin in non-political, economic, social and other technical areas, where disagreements amongst nations would be the least. This approach allows the view that there is no point at which the state would necessarily lose its sovereignty. It holds, rather, that the issue of sovereignty becomes irrelevant to the important issues in the emerging world society.

### ***Theory of Neo-liberal institutionalism***

Neo-liberal institutionalism has been the most influential theoretical concept to the recent study of international regional co-operation and represents a highly probable and generalizable theory for understanding the resurgence of regionalism. Norms, rules, and institutions are generated because they help states deal with common problems and because they enhance welfare. Besides, neo-liberal institutionalism is heavily statist, concerned with ways in which states conceived of as rational egoist can be led to co-operation. In contrast to the pluralist networks stressed by the neo-functionalists, the state is viewed as the effective gatekeeper between the domestic and international.

### ***Theory of Constructivism***

Nicholas Onuf used the term *constructivism* in his study of rules in international relations. In his concept, constructivist theories focus on *regional awareness* and *regional identity*, on the shared sense of belonging to a particular regional community, and on what has been called 'cognitive regionalism'. They stress the extent to which regional cohesion depends on a sustained and durable sense of community based on mutual responsiveness, trust, and high level of what might be called *cognitive interdependence*.

Instead of focusing solely on material incentives, constructivists emphasize the importance of shared knowledge, learning, ideational forces, and normative and institutional structures. They claim that understanding inter-subjective structures allows us to trace the ways in which interests and identities change over time and new forms of cooperation and community can emerge.

### ***Convergence Theory***

The concept of convergence theories understood the dynamics of regional co-operation and especially regional economic integration in terms of converging domestic policy preferences among regional states. Thus revisionist writings on the European community have emphasized the extent to which the political mythology of European integration was deeply misleading. It was not pursued as part of a grand project of moving 'beyond the nation state', but rather as the best means of sheltering or protecting a particular domestic project build around Keynesian economics, social welfare, and corporatist social arrangements. Domestic policy convergence has undoubtedly been an important factor in the resurgence of regionalism, especially the widespread shift in the developing world towards market-liberal policies that stress trade liberalization and export expansion. Moreover, in some cases, regional integration becomes a way of consolidating market-liberal policies.

### ***Theory of Neo-realism***

*Neo-realism* – on one level regional cooperation has often seemed to pose a direct challenge to realism. The appearance of island of peace and cooperation in what was commonly viewed as an inherently conflictual world dominated by the struggle for power was widely seen in the 1950s as an anomaly that realism was incapable of explaining. In reality, much of the early work on regionalism and regional integration can be seen as an attempt to shed light on this apparent anomaly. Yet, neo-realism can in fact tell us a number of very important things about regionalism. The neo-realist, the politics of regionalism and the emergence of regionalist alignments have much in common with the politics of alliance formation (Walt 1987). Regional groupings form in the response to external challenges and there is no essential difference between economic and political regionalism.

Economic regionalism can therefore be seen as a strategy in the game of neo-mercantilist competition. It can also be deployed as a bargaining chip in the negotiation that perspective, for example, growing US interest in economic regionalism in the mid-1980s was both a response to its declining competitiveness and its relative loss of economic power vis-à-vis Europe and Japan and a negotiating ploy or bargaining tool –NAFTA as a stick to increase pressure on Japan to open its markets; APEC as a means of applying pressure on the EU in the final stages of the negotiations on the Uruguay Round of GATT. The same neo-realist logic can also be applied to the policies of smaller states outside Europe. On this view many regionalist groupings are basically the natural response of weak states trapped in the world of the strong.

### ***Theory of Structural Interdependence***

*Structural interdependence and regional globalization* - one of the most consistent and telling criticisms of neo-realism has been its mischaracterization of the international system. On this view systemic factors are extremely important, but neo-realism provides a grossly over simplified account of the nature of the system and one which neglects the ways in which the competitive dynamics of the system change over

time. In particular, its picture of the international system misses out entirely the way in which both the nature of political and economic competition and the consequent definition of the state interests are affected by changes in the global economic system (Neuman 1992).

In this vision to these outside –in approaches which start with the system as a whole, a second cluster of theories sees a close link between regionalism and regional interdependence. The first two variants view regionalism as a functional response by states to the problems created by regional interdependence and stresses the critical role of institution in fostering and developing regional cohesion. They stand Full Square in the liberal camp with their emphasis on rationality, welfare goals, scientific and technological knowledge and their generally pluralist view of international society.

### ***Theory of Hegemony***

Although a vast amount of effort has been expended in analyzing the general relationship between hegemony and regionalism remain under theorized. Clearly the existence of a powerful hegemony with a region many undermine efforts to construct inclusive regional arrangements involving all or most of the states within a region. Regionalism can emerge as an attempt to restrict the free exercise of hegemonic power through the creation of regional institutions. Sub regional groupings often develop as a response to the existence of an actual or potential hegemonic power.<sup>2</sup> Thus in many parts of the world there is a tendency for sub regional groupings to form as a means of improving the balance of power vis-a vis a locally dominant or threatening state.

### ***Theory of Federalism***

The administrative system in which there is provision of dual levels of government is established by the U.S Constitution-federal and state levels of government. In its broadest terms, general powers of authority reside with the states, except when expressly assigned to the federal government. The Constitution does not address or provide for city or country governments or for entities of regional governance.<sup>3</sup> These matters rest with and are the prerogatives of the state. Reasonably, therefore, the federal government is careful and cautious when promoting the coordination of government functions at the metropolitan level.

William Dodge, a lecturer on matters of regional governance, has found that *Regions are the new communities of the 21st century. They have emerged just as villages, towns, cities and counties did before them and now they determine our fates.* Keenly aware of this emerging reality, the federal government seeks to distribute its federal aid for whatever purpose in a way that assists the greatest number of people; and it seeks to prevent favoring one community, unwittingly, over a neighboring community. For nearly fifty years, and in a pattern of small but continuing ways, the federal government has promoted regional cooperation, both by encouraging (and sometimes forcing) state actions thereto, and by more direct means, requiring that grant requests include regional perspectives and plans; or by requiring that regional entities be formed to manage federal grants (Dodge 2003).

### ***Theory of Typology***

Though the typology of regionalism is an overlapping conceptual theory, a state is widely accepted as a unit for evolving the types of regionalism. Three main types of regionalism may be conceived on that basis.

First type of regionalism may be designated as *supra —state regionalism* which is an expression of group identity of several states. In this type of regionalism, the group of states joins hands to take common stand on the issue of mutual interest vis-a-vis another group of states or at times against the union. The group identity thus forged is negative in character and based on specific issue or issues.

It is not an instance of permanent merger of state identities in the collective identity. Even at times inter-group rivalries, tensions, and conflicts may tend to persist, simultaneously along with their cooperation. North Eastern states in India may be said to have possessed the supra-state regionalism.

The Second type of regionalism may be designated as *inter-state regionalism* which is coterminous with provincial territories and involves juxtaposing of the identities of one or more states against another. It is also issue specific. The issue is highlighted because it sabotages their interest. For example that disputes between Karnataka and Tamilnadu over the distribution of Kaveri water may be construed as inter-state regionalism.

The Third type of regionalism refers to intra-state regionalism wherein a part of the state strives for self identity and self development and therefore, it is taken in a positive sense. In negative terms it militates against the collective interest of the state as well as the nation. As for instance there is always a feeling of eastern region and western region in international relations (Bela 1961).

### ***Theory of Economic Integration***

Economic integration according to Balassa (1961) is defined as *the abolition of discrimination within an area*. And according to Kahnert Etal (1969) economic integration is *the process of removing progressively those discriminations which occur at national borders* (Richards 1969). Therefore, scientifically, measures which merely diminish discrimination between countries are considered forms of cooperation not integration. According to Allen (1963) economic integration may mean something different to nearly everyone. That's why Allen argues that one of the many useful elements of the well known Balassa book is that it evidently defines integration, clearly differentiating between it and cooperation. The most advanced type of economic integration is the Economic Union, where the monetary and fiscal policies of member states are harmonized and sometimes even completely unified. This is usually referred to as *policy integration*. The extreme case of an Economic Union could be a Monetary Union (MU). A good example for the former is the countries of the EU who use a single currency, the Euro.

### ***Theory of Eurocentrism***

The Eurocentrism is the practice, conscious or otherwise, of placing emphasis on European (Western) concerns, culture and values at the expense of those of other cultures. Eurocentrism often

involved claiming cultures that were not white or European as being such, or denying their existence at all. The regional names around the world are named in honour of European travelers and are in orientation of a Eurocentric worldview (Breslin 2002).. The effects of Eurocentricism create a self-sustaining belief that Europe and Europeans are central and most important to all meaningful aspects of the world's social values, and cultural heritage. The example of Eurocentrism are the Western accounts of the history of mathematics which are often considered Eurocentric in that they do not acknowledge major contributions of mathematics from other regions of the world such as Indian mathematics, Chinese mathematics and Islamic mathematics. At the same time, university courses on the history of human thought that cover Aristotle, Kant and Marx but neglect Confucius, Buddha, the Upanishads, for example, might also be regarded as Eurocentric (Breslin 2002).

The study of regionalism has been dominated by European integration theory and practice. Eurocentrism still prevails in large parts of the theoretical and comparative discussion on comparative regionalism. European integration theory and practice affects the study of regionalism in all corners of the world, including Asia. Somewhat simplified, it is possible to identify two broad attitudes towards European integration theory and practice in the field of regionalism. One strand of thinking tends to elevate European integration, while the other is considerably less convinced of the advantages of Eurocentric theories and generalizations. These two perspectives are similar regardless of whether we talk about Asian, African or Latin American regionalism. Neither of these attitudes is fruitful for the development of theories of regionalism. The first perspective think for instance of realist or intergovernmental and liberal or institutionalist approaches is dominated by a concern to explain deviations from the standard European case. From this point of view, other modes of regionalism/regional integration are normally characterized as loose and informal (Asia) or as failed ( Africa), reflecting a teleological prejudice informed by the assumption that *progress* in regional organisation is defined in terms of EU-style *institutionalisation*. Many comparisons and generalisations, which depart from the European context and the European welfare state are twisted through a lack of sensitivity to comparing regions which occupy unequal positions in the current world order and consisting of radically different state forms. A related problem with such Eurocentric bias lies in the ways the underlying assumptions and understandings about the nature of regionalism in Europe condition perceptions about how regionalism in other parts of the world does look. Moreover, many prescriptions result from a particular reading of European integration, which places heavy emphasis on the economic and political trajectory of the EC/EU. Certainly, as Hurrell's asserts, the study of comparative regionalism has been hindered by so-called theories of regionalism which turn out to be little more than the translation of a particular set of European experiences into a more abstract theoretical lingo.

### ***Social Network Theory***

Social network theory is the study of how the social structure of relationships around a person, group or organization affects beliefs or behaviors. Fundamental pressures are inherent in social structure. Network

analysis is a set of methods for detecting and measuring the extent of the pressures. The maxim of every network approach is that authenticity should be primarily conceived and investigated from the view of the properties of relations between and within units as an alternative of the properties of these units themselves. It is a relational approach. In social and communication science these units are social units: individuals, groups or organizations and societies (Berkowitz 2006).

### **World-Systems Theory**

World-Systems theory is a macro sociological perspective that seeks to explain the dynamics of the *capitalist world economy* as a *total social system*. The World-Systems theory was first developed in Immanuel Wallerstein's (1974) work on the world economy that described the ceaseless expansion of capitalism as a market force. Further elaborated and expanded by Andre Gunder Frank, Samir Amin, Giovanni Arrighi, Christopher Chase-Dunn, and others, the world systems analysis views the dynamics of international economy as the defining force that shapes the world order and global governance.<sup>4</sup> Most broadly, the world systems analysts suggest that the single, global world economy is characterized by waves of economic expansion and decline. Each new wave of economic growth brings to the fore one nation-state as a leader of the global economy who is in control of the powerful international institutions. It has had a major impact and perhaps it's more warm reception in the developing world (Wallerstein 1974).

World-Systems theory indicated that to successfully gain economic growth you must go through these reflected steps in figure 1.

**Figure 1. Wallerstein's World-Systems Theory Model**



Source:<http://tradeandbusinesslegacyirbinus.blogspot.in/2014/05/modern-world-system-theory.html>

*Core States*



The core states are in geographically privileged areas of the World Europe and North America. These core states promote capital accumulation internally through tax policy, government purchasing, sponsorship of research and development, financing infrastructural development (such as sewers, roads, airports-all privately constructed but publically financed), and maintaining regional social order to minimize class struggle. Core states also promote capital accumulation in the global-economy itself. These states have the political, economic and military power to enforce unequal rates of exchange between the core and the periphery. It is the economic, political and military power of the core that allows significant capital to be accumulated into the hands of the few, the capitalist regional world-system.

### *Semi-Peripheral States*

The semi-peripheral areas are somewhat inter mediate, being both exploited by the core and take some role in the exploitation of the peripheral areas. In the recent past they have been increasing their manufacturing activities particularly in products that core nations no longer find very profitable.

### *Peripheral States*

Wallerstein divides the capitalist regional world-economy into core states, semi-peripheral and peripheral areas. The peripheral areas are the least developed; they are exploited by the core for their cheap labour, raw materials and agricultural production.

### *Development Theory*

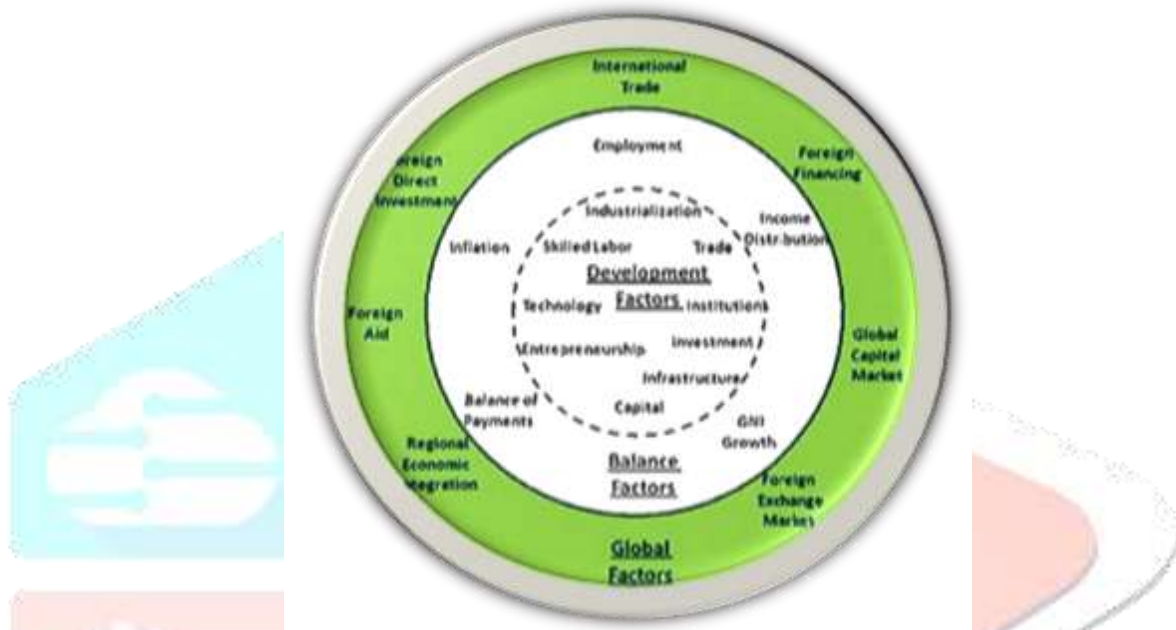
The use of the word *development* to refer to national economic growth emerged in the United States beginning in the 1940s and in association with a key American foreign policy concern: how to shape the future of the newly independent states in ways that would ensure that they would not be drawn into the communist Soviet bloc. Motivated by this concern, the United States enlisted its social scientists to study and devise ways of promoting capitalist economic development and political stability in what was termed the developing world. Development is usually seen as crucially strong-minded by structures of governance; governance is interpreted through and formed by the goal of development. Most development theory associates development with national economic growth and sees the state as its primary agent. Accordingly, one of its central concerns is to understand and explain the role of the state in development and the nature of government-market relations. For the reason that these explanations relate development outcomes to the extent and form of the state's role in development, there is a close relationship between development theory and practice.

The development theory emerged from several different intellectual traditions. Neoclassical trade theory and growth theory provide the conceptual basis for understanding whether regional economies determination becomes more similar or more differentiated over time. The spatial dimension of modern regional growth theory can be traced to several sources. Scene theorists provide a framework for understanding the role of transportation costs in regional growth and decline. The literature on external scale

economies that began with Marshall has been rediscovered by more recent neoclassical theorists and those writing in the flexible specialization tradition. At last, ideas from central place theory resurface throughout the regional development literature, especially in the growth pole literature and in many recent structuralist approaches.

There are many regional global factors that need to be measured in economic development planning. These factors, reflected in Figure 2, show their general relationship by category.

**Figure 2. Economic Development Planning Factors**



Source: [www.globalsecurity.org](http://www.globalsecurity.org)

Global economic influence factors are in the outside ring. They are arranged in this fashion to show the external elements that influence a nation's economic environment. The internal two rings represent factors that influence a country's internal economic situation. The economic balance factors facilitate or constrain regional economic activities. The regional economic development factors are the resources necessary for businesses to operate. They are influenced by both the global economic factors and economic balance factors with no distinction made between the relative importances of one factor over another. All of these factors can be influenced by a combination of military, other government agencies and international organizations' capacities.

Regional Integration of organizational economic functions is important for the reason that it translates into operational capability. Organizations that perform common functions can integrate more efficiently. If there are organizations with similar functions, the combined capability of the organizations is greater, because they are able to more easily maintain unity of effort toward mutual objectives. Regional Integration also creates synergy and economies of scale through the use of an appropriate combination of

select organizations. The difficulty of maintaining unity of effort is directly related to the number of organizations required to influence all the regional economic factors.

## **Forms of Regionalism**

### ***Unilateralism***

The term *unilateralism* describes an approach toward conducting foreign policy in which a country does not subordinate its aims or actions to the wishes of other countries or the constraints of international agreements. While few would advocate discarding all multilateral commitments, there is disagreement over the degree to which a country (and especially, hegemony like the United States) ought to pursue its foreign policy in a unilateral fashion. Unilateralism is any doctrine or agenda that supports one-sided action. Such action may be in disregard for other parties, or as an expression of a commitment toward a direction which other parties may find agreeable.

In international political economic relations, the term *unilateralism* is used more specifically to refer to trade policies, frequently carried out by the United States during the 1980s and 1990s, that involve imposing sanctions on countries whose markets are deemed to be closed to foreign products. Proponents of this approach argue that only this pressure can pry open previously closed markets; thus, unilateralism could increase the total amount of international trade and improve world welfare. In particular, they argue that countries such as Japan that are characterized by structural or informal trade barriers often do not respond to multilateral rules and thus require more forceful measures such as results oriented managed trade to break into their markets (Nye 1968).

### ***Bilateralism***

*Bilateralism* refers to the political, economic, or cultural relations between two sovereign states. It is in contrast to unilateralism or multilateralism, which refers to the conduct of diplomacy by a single state or multiple states, respectively. When states recognize one another as sovereign states and agree to develop diplomatic relations, they exchange diplomatic agents such as ambassadors to facilitate dialogues and cooperation's that will be exchanged. It is an agreement that is affecting or undertaken by two parties; a mutual agreement.

### ***Multilateralism***

*Multilateralism* is multiple countries working in concert on a given issue. Multilateralism was defined by Miles Kahler as *international governance of the many* and its central principle was opposition of bilateral discriminatory arrangements that were believed to enhance the leverage of the powerful over the weak and to increase international conflict. In 1990, Robert Keohane defined *multilateralism as the practice of coordinating national policies in groups of three or more states*.

Multilateralism refers to collective responses to international problems. Instead of acting alone, more than two states consult and confront a foreign policy situation together. Unilateralism, by contrast, refers to a situation in which one state acts alone to confront a foreign policy problem either by choice or necessity.

This is different from unilateralist posturing, when a country appears to eschew the values of international consultation and behaving in concert with other states, and rejects international institutions, customs, or norms. International institutions are both manifestations of and vehicles for multilateralism. The broader debate within the field has centered on internationalism versus isolationism or unilateral versus multilateral strategies.

Although much has changed as a result of the end of the Cold War, the neo-realist would expect this pattern to carry on—for example, that the success of sub regional cooperation must be contingent upon the policies of either major power acting unilaterally or of the macro-regional groupings which those powers will naturally come to dominate. In Asia-Pacific, for example, it is the evolving character of the Chinese-Japan-U.S balance that must ultimately determine the fate of existing sub regional groupings such as ASEAN, as well as broader cooperative schemes such as APEC Regional Forum (Fawcett 1998). In short, it has argued that debates over the revival of regionalism are deeply connected with the broader theoretical debates that have dominated International Relations and that much is to be gained by exposing and exploring the nature of these connections. It has also argued that the theories of regional integration that have dominated the analysis of the European Community provide only a partial and incomplete guide to understanding contemporary regionalism.

### **Theoretical Debates of Regionalism**

Theoretically, as discussed in this part and elsewhere, there are almost as many ways of explaining regionalism as there are types of regionalism themselves. Much depends upon the vantage point of the observer. Both from historical and contemporary perspective, as suggested here, aspects of realism retain crucial explanatory value when applied to the regional initiatives of many emerging as well as established states. Regionalism remains tightly constrained by the exigencies of state security and power and the resultant balancing and bandwagoning behavior. Structuralist notions of core and periphery regions are also useful; core regions set the dominant economic, political and security agendas. Peripheral regions have more limited choices. Yet more liberal theories of interdependence, neo-functionalism and institutionalism also have particular values in examining patterns in regions like Europe where economic integration and security community is well established. Some have started to have more purchase elsewhere as regions pass from the early to the later, more mature, stages of regionalism (Fawcett 2004).

The political of identity, captured by theories of social constructivism, which priorities shared experience, learning and reality— as against crude measurement of state power also offer some interesting clues. Yet identity invariably kicks in at some stage of the regional process. For the case of the Middle East, identity— as Arabism or Islam — explains important aspects of alliance behavior (Barnett 1996). But, there remains a striking disjuncture between shared ideas and institutions. In East and Southeast Asia, the notion of an Asian way appears to have some salience in framing regional options in both trade and security matters, the more so since the Asian financial crises and 11 September 2001. In the European case,

construction of a shared identity has gone hand in hand with institutional development and deepening integration.

Besides, the subsequent development of strong unilateralism on the part of U.S and the corresponding pull of bilateral as opposed to multilateral or regional understanding between the U.S and its allies, suggest the disposability of regionalism; indeed the death of any emerging liberal global or regional order. This view is both simplistic and shortsighted and reflective of too rosy a view of the processes of regionalization and globalization. There is rarely a clear divide between unilateral and multilateral choice, more often than not co-operating with others is a necessity rather than an option. Selective unilateralism can reduce, but also enhance regional autonomy and options.

It is no longer possible to engage in a starry eyed exercise about regionalism's prospects, or to present regionalism as an alternative paradigm to any global or state-led order. In exploring its history and different domains, this chapter has highlighted its many limitations at different levels. A stable regional system is not a sufficient condition for regionalism, but it helps. International co-operation and support is also important, states can learn from the aid and experience of others. In these and other areas outlined here, the lessons of past continue to prove instructive.

In the light of the above, we can apply the following theory of typology for regional organizations designed to deal with regional issues. First, when regional issues are technical or if the implementation of political agreements does not require political decisions, the management of such can be delegated to technical organization. Their governance and control structures can be similar to the rule on governance that applies to private organizations. Second, the management of such issues can also be delegated to traditional intergovernmental organization with a well defined behest but without the need for agreement in implementing decisions. Thirdly, it follows from the above that matters are more complicated when more is needed than the implementation of an existing agreements, and if the management of the relevant issues requires frequent decisions with a political dimension. Such decisions should either be made by a politically legitimated body or by agreement between politically legitimated bodies. This is in international organizations in which decisions are taken by agreement by politically legitimated governments.

In short, this chapter argued that debates over the revival of regionalism are deeply connected with the broader theoretical debates that have dominated International Relations and that much is to be gained by exposing and exploring the nature of these connections. It has also argued that the theories of regional integration that have dominated the analysis of the EC provide only a partial and incomplete guide to understanding contemporary regionalism. It has analyzed some different separate clusters of theories on three levels of analysis; the regional, the domestic and the systemic or global.

### **Challenges of Regionalism**

There is a long tradition in western thinking on international relations that has seen regionalism and in particular, regional spheres of influence, as providing a framework for global order. This tradition has

stressed the benefits for global order that follow from a world made up of a relatively small number of cohesive and clearly defined regional units, each dominated by a great power.

Subsequent to a decade of rising regionalist aspirations and a flurry of community-building initiatives, the past year and a half has seen a slight shift in the momentum and direction of regionalism. While the signing of regional free trade agreements continues apace and discussions on regional cooperative mechanisms proceed unabated, the perceptions and political goals of many in the region have recalibrated in the face of new challenges and new opportunities. By far the biggest challenge was the global economic crisis, which had a mixed impact on world regionalism. On one hand, it spurred calls for regional action, much in the way of the financial crisis that hit Asia-pacific hard in 1997-98. Moreover, the relatively swift recovery of Asian economies seemed to highlight the fact that world economic power is shifting to East Asia. On other hand, the crisis revealed the extent to which East Asia remains deeply integrated with the global economy, in both trade and finance, and it called into question relevance of regional solutions for dealing with global challenges.

On the ground, however, progress on achieving tangible cooperation in regional frameworks, both trans-Pacific and East Asian, has been meager at best. The global economic crisis gave rise to the G20 that, while elevating the symbolic weight of Asian economies in global governance, has also created institutional competition for regional frameworks. Regional economic integration faces emerging and unresolved challenges, as the noodle bowl of bilateral free trade agreements (FTAs) grows more tangled and the impact of Chinese economic competition intensifies. Meanwhile, effective frameworks for multilateral security cooperation remain elusive, although recent developments in the Asia- Pacific regions have given rise to some cautious optimism about its potential for practical security cooperation on some issues.

In other strategic challenges that first, even though a nation may benefit from removing its own trade barriers, it can do even better if its trading partners also remove theirs, raising the demand for the nation's exports and improving its international buying power. Developing countries that sign agreements such as the GATT or regional agreements may gain improved access to foreign markets for their exports. Second, international negotiations can strengthen the influences of the parties that gain from free trade. Although trade may benefit the nation, it may create losers in industries that compete with imports. If these losers are politically powerful, they may prevent a unilateral reduction in barriers. Third, international agreements may make a nation's liberal trade policies more credible. Fourth, international agreements and constrains can also prove useful where there is compelling evidence that international markets deviate markedly from the competitive model. One such type of market failure occurs when firms have monopoly or market power. Finally, agreements may allow for exploitation of economies of scale. One route calls for harmonization, another could entail mutual recognition. Where these benefits are great they may involve a trade off.

In a nutshell, regionalism contains the traditional arguments for regional cooperation such as territorial size, population size and economies of scale, but more significantly, it also addresses new

concerns and uncertainties in the current transformation of the world order and world economy. There is a vicious circle where conflict and underdevelopment feed on each other. But the circle can also become positive. Regional cooperation for development would reduce the level of conflict, and the peace dividend facilitates further development cooperation. Regional peace thus becomes a comparative advantage in an integrating but turbulent world economy.

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## Notes

- <sup>1</sup> In spite of a proliferation of research and interest in various forms of regionalism, there is surprisingly little theoretical debate in this burgeoning field. Most research in the field is carried out on the basis of single cases or with a limited set of (comparative) cases. Often the purpose is descriptive or to provide historical and empirical rather than conceptual and theoretical insights.
- <sup>2</sup> Hegemony derives from a Greek term that translates simply as “dominance over” and that was used to describe relations between city-states. Its use in political analysis was somewhat limited until its intensive discussion by the Italian politician and philosopher Antonio Gramsci. Gramsci’s discussion of hegemony followed from his attempts to understand the survival of the capitalist state in the most-advanced Western countries. As a follower of Karl Marx, Gramsci understood the predominant mode of rule as class rule and was interested in explaining the ways in which concrete institutional forms and material relations of production came to prominence.
- <sup>3</sup> Federalism has evolved over the course of American history. At different points in time, the balance and boundaries between the national and state government have changed substantially. In the twentieth century, the role of the national government expanded dramatically, and it continues to expand in the twenty-first century. Federalism describes the nature of federalism for the first 150 years of the American republic, roughly 1789 through World War II. The Constitution outlined provisions for two types of government in the United States, national and state. For the most part, the national government dealt with national defense, foreign policy, and fostering commerce, whereas the states dealt with local matters, economic regulation, and criminal law. This type of federalism is also called *layer-cake* federalism because, like a layer cake, the states’ and the national governments each had their own distinct areas of responsibility, and the different levels rarely overlapped.
- <sup>4</sup> World Systems Theory, similar to dependency theory, suggests that wealthy countries benefit from other countries and exploit those countries’ citizens. In contrast to dependency theory, however, this model recognizes the minimal benefits that are enjoyed by low status countries in the world system. The theory originated with sociologist Immanuel Wallerstein, who suggests that the way a country is integrated into the capitalist world system determines how economic development takes place in that country.

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