

Does Regionalism Better than Globalisation as a Vehicle for Development?

Yiping Jiang

School of Business, East China University of Political Science and Law, Shanghai, 201600, China

Abstract: Regionalism and globalization played an important role in the development of the world economy. Globalization has provided regionalism with a technological revolution and a basis for communication, while regionalism has provided an opportunity for China to find a balance in the globalization process. This paper will answer the question of whether regionalism is a more suitable driving force for development than globalization in terms of the irreplaceability of regionalism and globalism as well as the irreducibility of regionalization. At the same time, the paper points out that regionalism is a stepping stone to globalization, not a stumbling block. Developing countries should actively participate in global governance and international cooperation in order to realize the twin goals of economic development and national interests.

Keywords: Globalization; Regional Economic Integration; Development; Regionalism.

1. Introduction

In the current context of global economic development, regionalism and globalization are widely discussed as two different paths to national development. This raises the important question of whether regionalism is a more suitable force for national development than globalization. This question is particularly critical for developing countries. Regionalism can be an important development path for developing countries. By actively participating in regional cooperation and integration initiatives, developing countries could promote the development of their local economies. Regionalism provides opportunities for developing countries by focusing on mutually beneficial cooperation among countries in the region. Through strengthening regional economic ties and integrating resources, developing countries can promote economic growth and forge closer cooperation within the region. Such cooperation can promote technology transfer, knowledge-sharing and economic complementarity, helping developing countries to diversify their economies and enhance their competitiveness.

However, globalization also presented opportunities and challenges for developing countries. Developing countries could take full advantage of the international capital, technology and market opportunities in the globalization process to achieve economic growth accompanied by a series of challenges, such as economic volatility, market competition and environmental problems. Developing countries need to recognize the challenges posed by globalization and take corresponding measures to address them. This may include strengthening the competitiveness of domestic industries, enhancing technological innovation capacity, and formulating sustainable development policies.

Therefore, for developing countries, an in-depth study of the comparative advantages of regionalism and globalization as drivers of development has important insights. First, it could provide guidance to developing countries in formulating more effective development strategies and policies. Understanding the impacts of different paths on economic, social and environmental aspects can help find a development model that suits their national conditions. Secondly, by studying the lessons of regionalism and

globalization, developing countries can better respond to the opportunities and challenges posed by globalization. Lessons learned from the success and failure cases of other countries can provide reference for the future development of developing countries.

1.1. Current Global Economic Development Trends

The world is currently undergoing unprecedented changes. With the continuous advancement of science and technology and the faster speed of communication systems, the connection and interdependence between countries are deepening. The transmission of information and data has become more rapid, and people can communicate and cooperate across borders in an unprecedented way. The development of the world economy has also been characterized by two major trends, which are mutually reinforcing and intertwined. On the one hand, the trend of globalization has accelerated the internationalization of economic activities. Through trade liberalization and increased capital flows, economic ties between different countries have become increasingly close, and goods, services and capital can move freely between countries, forming global supply and value chains and contributing to economic growth and development. On the other hand, the trend towards regional integration is intensifying. Many countries and regions are actively promoting regional integration at the policy level by establishing common markets, customs unions and economic cooperation organizations. The aim is to promote trade, investment and labor mobility among member countries and achieve synergistic economic development. The driving factors of economic globalization and regional integration include not only market factors, but also the role of technological advances, which have provided more opportunities for different regions around the globe to realize international investment and the collaborative production of a wide range of products. The rise of e-commerce and the Internet has made the exchange of goods, services and information easier, facilitating market integration and the efficient allocation of resources.

1.2. The Rise of Regional Integration

At the same time, the trend towards regional economic integration has taken many forms, becoming another important dynamic and driving factor in today's world economy. During the 1990s, a number of conditions emerged that facilitated the acceleration of regional economic cooperation, including political factors (the end of the Cold War and the fading of the East-West divide) and economic factors (the implementation of economic open-door policies in several countries). This clear intention to expand regional cooperation to an unprecedented scale can be seen as a response to the process of globalization. Countries that seek to circumvent the negative effects of globalization see regional integration alliances as the most effective means of increasing the competitiveness of individual countries or even of the region as a whole. The restructuring of regional economic ties, the consolidation of local cooperation mechanisms and collaboration in the human dimension undoubtedly offer the possibility of creating better prospects for socio-economic development and more opportunities to meet the challenges of globalization. Traditionally, regionalism can be defined as cooperation between countries within the same continent aimed at facilitating the free flow of goods and services and encouraging trade and commerce through the coordination of foreign policies (Zhang, Tianting and Gong, Tong, 2022). Globalization, on the other hand, refers in a broader sense to a deeper internationalization of political, socio-economic, and cultural relations among the countries of the world than in the past. In the economic sphere, globalization implies a rapid growth in the international exchange of goods, labor, and capital. Sun Jin and Reda (2022) observe that regionalism is closely related to the phenomenon of globalization, and it can be argued that both are key factors in the transformation of the contemporary world order. It is in the context of deepening globalism that the new regionalism has emerged and developed (Hu Qiang, 2012). A series of historically significant events such as the launching of the unified European market, the establishment of the North American Free Trade Area, the convening of the APEC Seattle Informal Summit, the convening of the first Summit of the Americas 34, the conception of the Atlantic Community and the signing of the New Transatlantic Outline, the birth of the European Union and its enlargement, etc. mark the fact that the world's economic landscape is in the midst of intense adjustments and combinations, and regionalism has become a hotspot of widespread attention.

1.3. Interaction between Regionalism and Globalization

The issue of economic globalism, regionalism and their interrelationship are one of the most controversial. Some argue that regionalism is an integral part of globalization and that they are in a unique state of union and complement each other (Oldemeinen, 2010). In addition, other scholars have argued that the lack of independent or self-sufficient resources is a fatal danger for nation-states in the ever-changing international system and structure, resulting in their inability to respond in a timely manner to the dangers and threats posed from globalization (Dent, 2016). It would be better if these independent nation-states could form stable regional alliances or regional groups to achieve long-term goals as well as respond to the opportunities and crises that exist in the context of globalization, based on the pooling of

collective strengths, resources and preferences. Others argue that regionalism divides the international system into independent and disconnected competing blocs, both of which are in a state of contradiction, to the detriment of globalization and the development of the global community. Based on this, this paper will discuss the irreplaceability of regionalism and globalism and the non-replicability of regionalization, respectively, in terms of the fact that globalization in the New World Order remains a better way of development than regionalism.

2. Irreplaceability

An often-debated topic in academic analyses of the relationship between regionalism and globalization is the challenge of regionalism to globalization. Some fear that the liberalization of multilateral trade will receive limitations from regionalism and that it will "become a form of resistance to globalization and develop into a platform from which normative regimes can be developed (Renard, 2016)". However, it is easy to counter these arguments using evidence to the contrary. First, while new regionalism has been on the rise globally since the 1980s for both international and domestic reasons as well as economic and political ones, the phenomenon itself is not new. Regionalism, like globalization, has been around since the creation of the European Economic Community after the end of World War II. The question of why regionalism suddenly poses a serious challenge to globalization therefore seems unnecessary. Moreover, regionalism cannot simply be seen as a challenge to globalization, even if it can substitute for some of its functions. But essentially, regionalism and globalization are two completely different concepts, and by definition it can be argued that there is no substitutability between them.

2.1. The Formation and Driving Forces of Globalization

On the one hand, globalization is not initiated by the state, but is a spontaneous product of the capitalist market economy, influenced by the various state and non-state actors that form part of the international system. The driving force of globalization is high technology, which helps to simplify the business of international economic exchanges, expand the share of imports and exports, and absorb regional economies into the overall world system of division of labor (Hosen, 2020). For example, multinational corporations such as Google, Tesla, and Apple have established factories in developing countries across continental and geographic boundaries, creating a large number of jobs in these countries and facilitating the exchange and introduction of high technology worldwide. In the case of the Foxconn factory in Zhengzhou, China, which is reported to be the most important production line for Apple's IPHONE in the world, it has three huge technology parks with more than 90 production lines, providing nearly 300,000 jobs, a trend that not only promotes the development of high technology in the region, but also injects new vitality into the local economy. The process of globalization has led to the interconnection of the production and financial structures of different countries, and at the same time has enabled countries to give full play to their comparative advantages in different industries and fields, to produce and export their respective commodities, and to engage in trade and cultural exchanges with other countries in the world. Therefore, it can be said that globalization is a

continuous process of development, a form of capitalist expansion, and at the same time an autonomous process of multilateral trade between countries without geographical barriers.

2.2. Formation and Driving Forces of Regionalism

On the other hand, regionalism is different as far as it is old and new. The old regionalism was formed in the context of the Cold War, characterized by a bipolar system, and was created by the superpowers from the outside in, from the top down, from the global level to the regional level, typified by the integration process in Western Europe. During the Cold War, the integration of the European Community was mainly carried out under the economic and military protection of the United States, and while economic integration continued to deepen, political and military integration also developed in tandem. Thus, Europe was not only able to separate itself from the United States economically, but also gradually gained full autonomy and international influence politically. The new regionalism was formed in the post-Cold War period when the world was moving towards multipolarity, and was a more spontaneous process from the bottom up, from the nation-state to the regional level. In this process, the member states of regional integration organizations played a leading role, and the European Single Currency System was built in 1999 under the leadership of EU member states. Thus, the formation of regionalism is a conscious process, which is usually a conscious practice of institutionalized bilateral or multilateral cooperation among countries in a given region to achieve common political, economic and security interests. That is to say, these states are the ones who can set the rules and norms of the organization based on regionally accepted norms and values, and thus the initiation and development of regionalism is subject to greater influence from particular states. For example, the inability of the European Union to cope with the European debt crisis and refugee flows and the constant trend towards a supranational union have made member states skeptical of the EU. In the process of coping with the debt crisis, the EU gained an unprecedented power to intervene in the economic policies of the member states, and the increased asymmetry between the democratic politics of the member states and the power of the EU was an important factor in triggering the process of the UK's departure from the European Union. And ultimately led to the UK's exit from the EU, a move that seriously weakened the EU's international power and influence. For the EU, the first thing is how the financial contribution of the UK's exit will be shared by the rest of the EU member states, as well as the investments of the EU member states in the UK will be affected (Aichele, 2015). Even more serious is the loss of efficiency caused by the fragmentation of financial markets, leaving the efficient London financial center, the EU27 has limited and uneven financial market development and faces a double test in terms of facilitating access to financial resources and maintaining financial stability (Sapir, 2017). Although the UK has left the EU, it is just less of a platform such as the EU, but it can still trade with the EU, with the rest of the world, and with international organizations, etc. in the form of a sovereign state, and participate in globalization as a nation-state.

2.3. Conclusion

Globalization is developed to break down the boundaries

of space and time and create a wider and more convenient means of communication; it is not necessarily the union of countries that is the mode of development of globalization. Therefore, there is a big difference between globalization and regionalism in terms of their modes of operation in promoting regional or national economic development, and it is meaningless to compare such differences. Secondly, regionalism would be more vulnerable to the influence of a single influential country or unilateral protectionism, whereas globalization would not. Countries that broke away from regionalism could still participate in the process of globalization as nation States, so that globalization and regionalism, in their irreplaceable aspects, played an important role in the economic development of a region or country.

3. Non-replication of Regionalism

After the Second World War, the international economic system has been characterized by the existence of regional economic integration organizations (REOs) established mainly by developed and developing countries. This is mainly manifested in two aspects: first, the flow of commodities and capital within the regional economic integration organizations formed by developed capitalist countries is characterized by the characteristics of a developed commodity economy. In the latter case, even if internal barriers are completely eliminated, the flow of commodities and capital still exhibits many of the characteristics of an underdeveloped economy, which is constrained by the insufficient supply of commodities and the underdevelopment of markets and infrastructure among member countries; and secondly, the regional economic integration organizations formed by the developed capitalist countries mainly reflect the interests of monopoly capital. In this sense, the development of regional economic integration organized by developed capitalist countries has made the struggle of developing countries against the old international economic and political order more difficult and complex. The same cannot be said of the regional economic integration organizations formed by the developing countries, which are the form and manifestation of the strengthening of the union and cooperation of these countries in the process of developing their national economies and striving for economic independence, in order to strengthen their position in the dialogue with the developed countries and to overcome the difficulties they face together. These two types of regional economic integration organizations are different in nature.

3.1. Challenges and Obstacles to Regionalism in Developing Countries

Organized regional economic integration among developing countries within a certain geopolitical context started in the 1950s and gradually came to a climax in the following two decades, especially in Africa and Latin America. However, practice has shown that almost all the regional economic integration organizations formed by developing countries alone (ASEAN, ECOWAS, OLADI, CACM, etc.) have encountered great difficulties in practice, have failed to achieve the expected results in terms of promoting regional economic growth and welfare, and many of them have been forced to disintegrate. Based on an analysis of changes in intraregional trade between 1960 and 1990 in 12 regional cooperation organizations, the International Monetary Fund concluded that regional trade arrangements

among developing countries have not been able to lead to significant or sustained growth in intraregional trade. The "trade creation" effect of regional economic integration practices in developing countries has been much smaller than expected in theory. Developed industrialized countries have large markets, advanced technology, a wide range of products and high per capita incomes, and have the potential to expand intra- and inter-industry trade; the increase in intraregional trade is mainly dependent on intra-industry trade, and thus the costs of adjusting their factors of production and economic structure are low, and the obstacles to the movement of factors of production are mainly the barriers between countries that impede trade and investment. Since the external tariffs of developed countries are generally lower than those of developing countries and their markets are more open, the cost of free movement of factors of production among developed countries is lower. The regional integration formed among developing countries, on the other hand, usually includes a number of small countries with very small markets, low per capita incomes, and similar factors of production and production structures, especially in Africa, where the competitive nature of the economic structure outweighs the complementary nature, which is not conducive to the expansion of trade through the division of specialization and the diversification of commodities, resulting in the vast majority of foreign trade being extra-regional in nature. The basis for the successful practice of the European Economic Community and the North American Free Trade Area is that the developed countries of Europe and the United States generally have a mature and stable market economy system, which is characterized by a clear system of property rights, a strict and complete legal system of the market economy and universally accepted rules of economic operation, so that the uncertainty and instability of the flow of factors of production can be avoided as much as possible. Many developing countries, in forming regional economic integration, have generally not established a relatively complete market economy system, and some of them do not belong to the market economy countries at all.

3.2. Development Opportunities Arising from Economic Globalization

Regional economic integration organizations formed in developing countries, although they are inspired by the European model, are motivated by economic reasons that are quite different from those of developed countries. Some Latin American countries have used the establishment of regional economic integration organizations as a means of achieving an import substitution strategy, believing that developing countries with small markets can open their markets through mutual preferences and that the use of economies of scale can reduce the cost of industrialization. Obviously, blindly reproducing the experience of regional integration in developed countries is not desirable for many developing countries. On the contrary, after the 1990s, Latin American countries have adjusted their development strategies, implemented policies of reform and opened up, and shifted from the original inward-looking import substitution model to active participation in the world economy and globalization process, making Latin America once again one of the faster-growing regions in the world. It could be shown that economic globalization could provide an opportunity for Latin American countries to achieve economic development and catch up with the developed countries after the failure of

attempts at regional integration. According to a report issued by the World Trade Organization (WTO) on April 10, 1997, in 1996 the growth rate of Latin America's merchandise exports was three times higher than the world average, and the growth rate of imports was 2.4 times higher than the world average. The growth of both indicators had been the highest in global trade, and in 1997 the region's exports of goods and services had amounted to US\$ 326.3 billion, an increase of 11 per cent over 1996. It is precisely because economic globalization can provide the greatest development space for the transfer of industries and the free flow of international factors of production, such as capital, technology and labor, that Latin American countries can obtain shortages of capital, technology and management experience when developing economic relations with developed countries, and achieve industrial evolution, technological progress, institutional innovation and economic development. Among them, Mexico and Brazil are not only the most developed countries in Latin America, but also among the Latin American countries that have participated in globalization to a greater extent and have benefited from global capital flows.

3.3. Conclusion

It was clear from the above that active participation in the globalization process had greatly facilitated the economic development of Latin American countries, and although the negative effects of globalization could not be underestimated, the region had achieved rapid economic development through economic restructuring, reform and opening up, and increased participation in the international economy. Even if the Latin American integration organizations have also carried out a variety of forms of attempts, Latin American integration is still in the process of continuous exploration, adjustment, as many developing countries, especially in the Asia-Pacific and African regions are doing. However, the idealistic nature of Latin American integration and the replication of models of regional integration from developed countries have led to many obstacles in the integration process. Thus, regionalism could not be characterized solely as an unchanging model of development; it had its own diversity. When each country chose to join regional integration as its development strategy, the regional integration process must be adapted to the economic development of those countries. Just as Latin American countries in the political, economic, social and other areas of differences and imbalances determine the Latin American integration process cannot be copied from the European integration process. Fortunately, the Latin American countries and many developing countries that are trying to organize regional integration still have the option of participating actively in the globalization process, taking advantage of the favorable conditions offered by globalization in order to accelerate the region's development, strengthen its economic power and enhance its position in international economic relations.

4. Conclusion

By discussing the irreplaceability between regionalism and globalism and the non-replication of regionalism, this article argues that regionalism is to some extent a better way of development, but it is still limited. Only when a country in a region or continent recognizes its own national conditions and rationally utilizes regional integration can it achieve faster development. Otherwise, globalisation remains one of the best ways for some developing countries or nation states that

have broken away from regionalism to participate in the global market. On the other hand, from the definition of the two, regionalism and globalization should not be contradictory, they should be interactive. Just as the technological revolution brought about by globalization has undoubtedly laid an important foundation for the vigorous development of regionalism. It is now easier for countries and individuals to get in touch with each other, otherwise it is hard to form a regional institution as large as the EU. It should therefore not be said that regionalism challenges globalization or that regionalism is a better alternative to globalization. As Oldemeinen (2010) points out, regionalism is a stepping stone, not a stumbling block, to globalization.

Against this background, developing countries should, first and foremost, recognize their own national conditions and gain a deeper understanding of their regional characteristics and their economic, social and environmental conditions in order to formulate strategies and policies that are appropriate for their own development. Secondly, they should make comprehensive use of regionalism and globalization. Developing countries could combine regionalism and globalization and make use of their complementary roles. For example, by fully utilizing the opportunities of regionalism and actively participating in regional cooperation and integration initiatives, developing countries can promote intraregional trade, investment and movement of people for economic growth and development. also, through cooperation with neighboring countries and regions, developing countries can achieve complementarity of resources and synergistic development of industrial chains to enhance overall competitiveness. On the other hand, developing countries should also take globalization as an opportunity to make full use of global markets and resources. By actively participating in the global supply chain, developing countries can attract foreign investment, introduce advanced technologies, and effectively connect their industries with the global market. At the same time, developing countries should also actively participate in international cooperation mechanisms to promote trade liberalization, poverty reduction and the sustainable development agenda. It can be said that regionalism can provide countries with closer cooperation mechanisms and resource integration, while globalization provides countries with broader markets and opportunities. Last but not least, developing countries can draw lessons from the successful experiences and lessons learned by other countries. By studying different countries' approaches to regionalism and globalization, developing countries can understand the impact of different policies on economic development and formulate development strategies that are more in line with their national conditions.

References

- [1] Andreev S A. The EU 'Crisis of Legitimacy' Revisited: Concepts, Causes, and Possible Consequences for the European Politics and Citizens[J]. *Political Perspectives*, 2007, 1(2).
- [2] Aichele R, Felbermayr G. Costs and benefits of a United Kingdom exit from the European Union. *Bertelsmann studies* [J]. 2015.
- [3] Baylis, John and Smith, Steve and Owens, Patricia; *The Globalisation of World Politics – An Introduction to International Relations*, 4th edition; Oxford University Press (2008); p. 438.
- [4] Dent, C.M. (2016). *East Asian Regionalism* (2nd ed.). Routledge.
- [5] Fernandez R, Portes J. Returns to regionalism: An analysis of nontraditional gains from regional trade agreements[J]. *The World Bank Economic Review*, 1998, 12(2): 197-220.
- [6] Hurrell, Andrew; "One World? Many Worlds? The place of regions in the study of international society"; *International Affairs*; Vol. 83, No. 1, (2007); p. 131.
- [7] Hosen S. What is the driving force of globalization? [J]. Hosen, Shamim (2020). *WHAT IS THE DRIVING FORCE OF GLOBALIZATION*, 2020: 90-100.
- [8] Kotz D M. Globalization and neoliberalism[J]. *Rethinking Marxism*, 2002, 14(2): 64-79.
- [9] Mansfield, Edward D. And Milner, Helen V. "The New Wave of Regionalism"; *International Organization*; Vol. 53, No. 3, (1999); p. 594.
- [10] Mittelman, James H. "Rethinking the 'New Regionalism' in the Context of Globalization." *Global Governance* 2, no. 2 (1996): 189–213.
- [11] Olivier Dabene (2009), 'Explaining Latin America's fourth wave of regionalism. Regional integration of the third kind', paper delivered at the San Francisco 30th Congress of the Latin American Studies Association (LASA), 25 May.
- [12] Oldemeinen M. Does regionalism challenge globalisation, or build on it[J]. *E-International Relations Students*, 2010.
- [13] Pía Riggirozzi, (2012) 'Reconstructing Regionalism: What Does Development Have To Do With It?' in (eds.) Pía Riggirozzi and Diana Tussie *The Rise of Post-Hegemonic Regionalism: The Case of Latin America*. Available online via the library.
- [14] Pandey A. *Regionalism as a Building Block of Globalization* [J]. 2021.
- [15] Shalmali Guttal (2007) *Globalisation, Development in Practice*, 17:4-5, 523-531, DOI: 10.1080/09614520701469492.
- [16] Wilding, Paul; "Globalization, Regionalism and Social Policy"; *Social Policy & Administration*; Vol. 31, No. 4, (December 1997); p. 411.