Regional Cooperation for Development: A Political Economy Perspective

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Abstract: *Regional cooperation for development, based on collaboration between two or more parties for the achievement of shared developmental goals, is not a new paradigm. However, this paper interrogates the idea of regional cooperation for development by using the political economy approach and its upshot, the dependency theory, in order to lay emphasis on the importance of state capacity as well as the autonomy and productive level of the economy, the economy being the main strength behind the successful implementation of any regional cooperation. The EU and the AU are two regional cooperating entities that feature in this paper with a view to explaining the success of the EU because of the capacity of the participating states and the autonomy of their economies, as against the AU, with little or no success, because of their weak states and unproductive economies.*

Keywords: *Regional Cooperation, Political Economy, Third World, Dependency*

1. Introduction

The existence of socio-economic problems, in all societies, of course in varying degrees, leading to gross inequalities in many countries, makes the need to seek solutions in joint cooperation indispensable. (Sen, 1999) To this end, entities such as states, international, governmental organizations, transnational corporations, international non-governmental organizations, come together to utilize their resources to achieve a number of shared goals and objectives, of which development will be a fundamental component (Siitonen, 1990). This cooperation may take one of the following categories namely, bilateral, multilateral, global, regional or transnational.

This paper is on the regional facet of cooperation. Regional cooperation encapsulates activities by states or its entities on the basis of contiguity in terms of geography or experience as determined by the actors (Bechev, 2011). The increasing integration of states in the current global order nowadays makes isolationism a rarity, which is why states cooperation with one another in the global system is underscored by mutuality of interests and benefits. However, it has been argued that "larger geographic areas are required for the success of higher forms of economic growth, especially in the industrial sector" (Siitonen 1990 p. 17). This provides further justification on the need for cooperation among states. The essence of cooperation for development can be summed up as concerted cooperative actions by states to eliminate all appearances of developmental challenges such as increasing economic inequality, rising poverty, high unemployment levels, and poor infrastructural facilities. Instances where states cooperate to engender development include at the level of international organizations, bilateral agreements, and multilateral agreements (Dosenrode, 2010).

This paper adopts the political economy framework in looking at regional cooperation for development, using the dependency theory. This approach is based on the fact that political economy is basically the way and manner the state manages (interacts) with the economy. Thus, since the two most important elements as the critical pillars in the implementation of regional cooperation are the state and economy, the political economy framework naturally fits in as a preferred framework.

2. Regional Cooperation: Some Conceptual Notes

Paulo (2014) explains that cooperation is based on collaboration between two or more parties aimed at achieving shared objectives. This is however, in contrast to a scenario where the parties' objectives are the same (harmony) or incompatible (conflict). Siitonen (1990) draws a significant difference between cooperation and assistance which is essential in understanding the thin line between regional cooperation and assistance. Cooperation emphasizes the presence of common goals that are shared by the partners, while assistance is based on providing support for one party in order for the receiving party to realize its goals which may or may not be part of the larger shared goals.

The existence of common problems such as transnational health challenges, food insecurity, financial instability, climate change, among others, underscores the need for cooperation among states to engender development (Paulo, 2014). Boon (2009) identifies two broad types of state-based cooperation namely bilateral and multilateral cooperation. Paulo (2014) adds other types such as intergovernmental, regional, global and transnational. In addition, there is the four tiers of cooperation by states which is aimed at integration in a top-bottom course like that of the global level , continental level, regional level, national level and local level, with the benefits from the highest level trickling down to the nethermost position (Chirisa, Mumba, & Dirwai, 2014).

The primary objective of cooperation is to achieve development as reflected in the "… amelioration of social life and conditions for living for the generality of the citizens of the citizenry" (Ninalowo, 2007, p. 6). Regional cooperation for development activities includes joint projects, mutual assistance and joint position to external actors. Other components include market integration, development integration and regional integration (Chirisa, Mumba, & Dirwai, 2014). Also, the essence of regional cooperation for development oscillates around the areas of joint economic policies and regulations, collective security and purposeful projects, uninhibited trade access, institutional frameworks, common position on issues that affect the region and beyond. (Bechev, 2011). Regional economic integration focuses on trade discrimination, reduction or elimination of trade barriers between or among the States. (Mwasha, 2011), which is a key aspect of the framework of regional cooperation for development.

While regional cooperation for development may be state-led, (functional cooperation) or market-led, the centrality of the state to this exercise cannot be overemphasized (Hentz, 2005). This underscores the view that the nature and character of a state is imperative to the success or otherwise of any arrangement of regional cooperation for development. Also, beyond the state, Mistry (2000) asserts that incorporating the dynamics of the economic context is critical to the attainment of the goals of regional cooperation for development. Other germane ingredients to strengthen a regional cooperation for development arrangement include coherence and consensus among members as reflected in their commitment in principle to the regional cooperation for development and its contents. Other important factors are the existence of high pre-integration tariffs among members, the requisite capacity of the domestic economies of member countries to provide the needed outputs to support intra-regional import substitution and industrialization, macro-economic stability, domestic socio-political and economic conditions of partners, among others (Axline, 1977; Mistry, 2000; Niekerk, 2005).

It is pertinent to mention that regional cooperation for development is not necessarily pacifist, because the asymmetric nature of the cooperative arrangement may lead to infractions among members, leading to the failure of the objectives. This is why some people condemn this developmental strategy because it can lead to increased rivalry, division and seclusion among countries (Schneider, 2017). Axline (1977) posits that regional cooperation anchored on neoliberal tenets of 'laissez faire, laissez passé' has the potential to provide disproportionate benefits to member States, which may lead to chaos and collapse of the cooperation especially in the absence of the mechanisms for equitable distribution of benefits. To this end, it is important to ensure the equitable distribution of benefits especially to less privileged members (Mistry, 2000). Such benefits according to Niekerk (2005) can be categorized into traditional gains, that is, increased investment, increased revenue, improved demands for goods and non-traditional gains, such as stimulating domestic reforms, providing support for less privileged economies and stronger collective bargaining power (Niekerk, 2005).

Evaluating any regional cooperation for development arrangement is dependent on a multitude of criteria. Niekerk (2005) identifies geography (proximity of member countries), areas of cooperation (trade, infrastructure, policies.) and the nature of cooperation, (simple, complex, supranational), as the categories upon which regional cooperation for development can be placed. Major challenges that usually occur in frameworks of regional cooperation for development include overlapping membership of sub-continental integration frameworks, asymmetrical distribution of benefits among member States, lack of supranational institutions and requisite capacities to harmonize the cooperation, poor infrastructure, notably in the transport sector and predominant mono-cultural economies.

3. Political Economy and Regional Cooperation

The importance of political economy, as a theoretical framework, in understanding regional cooperation for development lies in the fact that political economy "… focuses on how power and resources are distributed". Vanheukelom (2016, p. 2). And the symbiotic relationship between politics and economics is that "…

wealth and power are ultimately joined because lack of wealth means no power and without power, the struggle for wealth is arduous" Fadakinte (2014, pp 99). Political economy as explained by (Vanheukelom, 2016), is the interplay between the state and the economy in peculiar circumstances. Thus, the main reason for using political economy framework to analyze regional cooperation for development is based on the centrality of the state to the agenda of development (Hameiri, 2013).

Political economy gave birth to the dependency theory which explains that the solution to the developmental crisis of the third world lie outside the exploitative global capitalist system. The dependency theory dates back to the activities of the United Nations Economic Commission for Latin America (UNECLA), now known as the United Nations Economic Commission for Latin America and the Caribbean (UNECLAC).

The central theme of dependency theory explains a "… situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected" (Dos Santos 1970 p. 231). In line with orthodox Marxism, the dependency theory utilizes the base and superstructure model in discussing the conditions of third world countries, with the nature and character of the economy having significant impact on other aspects of the society, such as politics and culture.

During the 1950s and 1960s, Latin American countries adopted the neoliberal developmental strategy of import substitution and industrialization advanced by the UNECLAC. The developmental prescriptions provided by Raúl Prebisch, an economist with UNECLA, included incentives for foreign direct investment, import substitution, control of monetary policy, due importance to fiscal policy, among others (Reyes, 2001). So (2010) explains that the prescription of the ECLA was based on turning around the nature and character of Latin American economies from being predominant producers of primary goods for the metropoles, with the attendant exploitative relationship between the metropoles and satellites. However, the resultant effects led to increased unemployment, rising inflation, deficient monetary positions leading to currency devaluation, deteriorating terms of trade, balance of payment deficit. (So, 2010). Thus, Frank (1966) started his postulations on dependency theory by noting that the prescriptions of the UNECLA for Latin American countries were fundamentally flawed as they were Eurocentric and ignored the historical conditions of third world countries. Again, Frank (1966) further highlights the nature of the dependent relationship in the global capitalist system by arguing that the theory created a wide division between the metropoles and the satellites, resulting in the progress of the satellites to be determined by the whims and caprices of the metropoles, because the satellites provide the resources necessary to guarantee the continued development of the economies of countries in the metropole.

The development of countries like Cuba and China following the socialist revolution provide evidence to support the solution of delinking for third world countries by dependency theorists (So, 2010). According to Amin (2011), delinking involves the emergence of autocentric growth momentum by focusing on manufacturing capital and consumer goods (Amin, 2011).

4. State, Society and Economy in Regional Cooperation for Development

The success or otherwise of regional cooperation for development arrangements is dependent on the critical elements of the state, society and economy. Hague and Harrop (2010) emphasize the importance of the state in confronting the challenges of social interaction as reflected in developmental challenges. Performing this responsibility is however dependent on the nature and character of the state. The emergence of the state in the third world countries from imperialist expansion by Western countries conditioned the state primarily as an instrument of accumulation for the ruling class.

During the colonial period the state performed two major responsibilities namely supporting the conditions necessary for the extraction of raw materials and capital accumulation by the imperialists, as well as maintenance of law and order to ensure the ease of the first activity. Gana (1985, p. 119).

After independence, the state that was bequeathed to the domestic ruling elites was transformed into a vital means of production and accumulation for the dominant class, abandoning its primary responsibility of stimulating development. This is evident in the failure of national and regional development agendas in the global south where the states are weak and where state institutions are inefficient. Hague and Harrop (2010) identify strength (capacity) and autonomy as two elements that are the distinguishing features of the state in the western world, which are nonexistent in the imposed, coercive and weak states of the third world. The autonomy of the states in the global north, for example, underscores the success of regional cooperation for development scheme as evident in the European Union which has emerged as the model regional arrangement in the world today (Rosamond, 2002). This can be contrasted with the AU as a regional body that operates with little success and minimal impacts on the life of the African people, because the African state is weak and the economy lacks capacity and autonomy.

Like the state, the economy is central to the idea of regional development. This is particularly reflected in the goal of economic integration as a component of the deeper form of regional cooperation for development known as regional integration (Asante, 1997). In order to achieve economic development, the integration of economies can take different forms such as unrestricted movement of goods and labour among economies, existence of free trade areas, emergence of customs union, and common economic policies among countries. (Asante, 1997).

It is in this context that Amin (2011) advocates for regional cooperation among third world economies on contiguous basis to break the cycle of underdevelopment and delink from the perpetually exploitative global capitalist system.

The achievement of this developmental goal is however dependent on the nature of the component economies. Dependency theorists like Andre Gunder Frank,1966) Theonio dos Santos,1970) Walter Rodney, explain the stratification of the global economy based on industrialization. In this regard, we have the global North known as the metropoles made up of industrialized countries and the global South called the satellites made up of the underdeveloped and dependent countries (Frank, 1966). The economies of the global north are renowned for their capacity to produce manufactured and capital goods, with the latter economies dependent on the production of primary goods for the benefit of the metropolitan economies, which is why it is easy for the global north to successfully engage in economic cooperation within the framework of regional cooperation.

The developmental potential of economic integration is reflected in the European experience as it was instituted in the aftermath of the Second World War to stimulate the European economies. This agenda was based on ensuring the seamless movement of goods, capital and labour across member economies (McCormick, 2008). The integration of markets has also been complemented with the provision of necessary infrastructural support in transport, energy, information and communication technology, among others (European Union, 2014). In contrast, the experience of underdeveloped economies with economic integration such as in Africa, is plagued by failure due to the defective nature of their economies known majorly for producing primary goods for the global market (United Nations Conference on Trade and Development, 2019). The dependent nature of the economies of third world countries, following its integration into the global capitalist system within the context of the international division of labour, remains a major challenge to the achievement of the goals of regional development.

5. Conclusion

This paper adopted the political economy analytical framework, using the dependency theory while focusing on the state and economy as important drivers of regional development agenda. The emergence of regional cooperation for development as a development agenda, involves collaboration among states to achieve specific developmental objectives. Within the context of the present global neoliberal order, regional cooperation has the potential to stimulate self-reliant development among third world countries as against the crisis of dependency, currently confronting these countries.

However, the success or otherwise of regional cooperation for development is dependent on the nature of the state and the economy, as well as the interaction between both entities. The dependency strand of political economy draws our attention to the importance of the state and economy, as well as their impacts on the efficacy of regional cooperation for development. For countries in the global south to take advantage of the developmental potential of regional cooperation for development, there is an urgent need for the reformation of the post-colonial state that has retained its accumulative character from colonialism. The emergence of a developmental state to direct agents of development such as market, institutions, the social classes and the civil society organizations , to achieve set developmental goals is imperative.

The developmental state needs a patriotic national bourgeoisie class, development-oriented bureaucracy, symbiotic relationship between the state and the market, to engender industrialization. (Johnson, 1982; Evans, 1989, Beeson, 2006). Such a state is also central to rescuing the economies of third world countries from the perpetually exploitative global capitalist system and its attendant consequences, such as the mono-cultural nature of the economies, debt crisis, poor manufacturing capabilities, high level of unemployment, among others.

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