

THEORY AND PRACTICES OF ECONOMIC REGIONALISM: A CASE STUDY OF BRICS

¹Shamreen A.C., *K. Jayaprakasid

²Department of International Relations & Politics, Central University of Kerala, Kozhikode, India.

ABSTRACT

The BRICS is the new platform which enhances trade creates space in their regionalism process. This study is more relevant in the modern scenario, especially in the era of geographical conflicts between nation-states. This study fills the existing knowledge gap on regionalism versus multilateralism. The major argument of this study is that geographical proximity does not much influence regional integration but concerns and mutual interest are more effective factors. This study analyzes the theory and practices of economic regionalism working in the context of BRICS.

Keywords: BRICS, Economic regionalism, Economic interdependence, Political interdependence, Regional integration, Political interdependence.

INTRODUCTION

In a highly interdependent and globalized era, economic regionalism propagates the implementations of institutional arrangements designed to facilitate the free flow of goods and services and coordinates foreign economic policies among countries in the same geographic or non-geographic regions.¹ Physical and geographical proximity is often seen as a reason for conflict among countries which can be drastically resolved by the formation of economic ties. The strong economic relationships among countries reduce the chance of conflict, creating a peaceful global atmosphere possible. This notion is based on the proposition that 'trade creates space, on which the study evolves.

The theoretical contributions of Earnst Haas (1975) and Jacob Vinner (1950) were influential in deriving the research problem. Major studies in this area have been undertaken on the changing patterns of intra-regional as opposed to an inter-regional trade to determine the rate of regionalization. The BRIC Association, which started in 2009, and became BRICS with the joining of South Africa in 2010, is taken as a case study to examine the variables. The BRICS is a platform aiming for both political (short-term) as well as economic (long-term) alliances within a multilateral system, which makes it

suitable for explaining and observing this new dimension of economic regionalism. This novel outlook on regionalism has been adopted by various organizations such as the Trans-Pacific Partnership (TPP), Asia Pacific Economic Cooperation (APEC), and Regional Comprehensive Economic Partnership (RCEP). The current global setting validates that trade relations have an upper hand in maintaining consensual relations when compared to geographical and physical similarities.

Joseph Nye argued that integration could be studied in multi-dimensional terms. In general, regionalism could be defined as preferential cooperation among nations that are relocated in terms of geographical proximity, cultural, political, and so forth. The objective of cooperation might be economic, political, or cultural in nature (Nye, 1968). In this context, the economic regionalism is considered more autonomous, outward-oriented, comprehensive and multi-dimensional process which included trade and economic integration, environment, social policy issues relating to security and democracy, where the nation-states and other actors played an important role. The economic regionalism firstly promoted the necessary structural and economic reforms at the national level, and secondly encouraged development at the multilateral level. The economic regionalism, especially bilateral (between only two

* Corresponding Author

Email ID: cschamreen@gmail.com

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