

Post-Cold War regionalism as explained in international relations: a critical essay¹

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Regionalism as a matter of interest to scholars of various schools of thought

The design and implementation of preferential trade reforms – i.e. the partial or total liberalisation of a Country's commercial regime at the bilateral or less-than-multilateral level² – has undergone a significant increase since the end of the Cold War³. This phenomenon has been taken into account by three leading schools of thought in the field of international relations when investigating the strategic dynamics of economic integration: realism, liberalism and social constructivism, along with their variations and evolutions in contemporary research programmes⁴. To a greater or lesser degree, scholars have conflicting explanations that add to the less disputed economic rationale for signing preferential trade agreements (Ptas)⁵. Nevertheless, considering a period that goes from the early Eighties to the present, scholars agree – with the partial exception of social constructivists – on the general proposition that the intensification of international commercial relations via Ptas is a dependent variable, as well as an important indicator, of a broader dramatic process of political, economic and social transformation that occurred throughout the world during those years⁶.

It is nonetheless difficult to isolate the impact of the end of the Cold War on the proliferation of Ptas from the simultaneous revival of multilateral economic

¹ I am grateful to Manfred Elsig and Peter Clayburn for their comments in connection with the drafting of this essay. However, any errors, omissions or inaccuracies are the author's sole responsibility.

² For an illustration of this type of trade reform see in general John Ravenhill, "Regionalism", in Ravenhill (edited by), *Global political economy*, Oxford, Oxford University Press, 2008, 2nd edition, pp. 172-209. On the economic, legal and political aspects of regionalism see also World Trade Organization, *The Wto and preferential trade agreements: from coexistence to coherence*, World Trade Report 2011, Geneva, Wto, 2011 (accessed 1 November 2011), http://www.wto.org/english/res_e/booksp_e/anrep_e/world_trade_report11_e.pdf.

³ Louise Fawcett, "Regionalism in historical perspective", in Fawcett and Andrew Hurrell (edited by), *Regionalism in world politics*, Oxford, Oxford University Press, 1995, pp. 9-36.

⁴ See in general John Baylis and Steve Smith (edited by), *The globalization of world politics*, Oxford, Oxford University Press, 2005, 3rd ed., pp. 161-290. Marxism has not been mentioned because it does not detach regionalism from its general theory based on historical materialism. Neo-marxism, on the other hand, would see it as an imperialistic move to 'inject' capitalism from richer to poorer countries (*idem*, pp. 242- 244), therefore falling beyond of the scope of this essay.

⁵ The first, and still valid, economic analysis of Ptas has been provided by Jacob Viner, *The customs union issue*, New York, Carnegie Endowment for International Peace, 1950.

⁶ Hurrell, *Op. cit.*, pp. 37-73.

integration, sealed by the launching, in 1986, of the Uruguay round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade⁷ (Gatt). In fact, as Mansfield and other authors suggest⁸, when investigating the driving forces for preferential commercial integration in those years, it is necessary to take into account the direct and indirect effects of the ‘serious’ move towards the strengthening of the multilateral trading system, which culminated, in 1994, in the creation of the World Trade Organization (Wto).

The aim of this essay is therefore to illustrate the leading theoretical explanations for preferential trade reforms implemented on a reciprocal or quasi-reciprocal basis⁹ and mainly at the bilateral level, given that bilateral agreements dominate the trend of the period under consideration. As will be discussed below, the above-mentioned schools of thought provide good grounds for explaining the sequencing of bilateral trade agreements, but have to be read in connection with the light which the political economy of Ptas sheds on the rationale for undertaking this type of reform. I will provide a brief introduction to those theories, in order to elicit further research; the treatment of the subject is purposely non-exhaustive. Secondly, the leading theories discussed will be critically tested against concrete examples. Thirdly, the analysis of the reasons that prompted an increase in preferential commercial relations will be conducted by looking simultaneously at endogenous and exogenous factors across three interconnected geopolitical dimensions: national, regional and global. Finally, the conclusion will put forward an approach to analyse the phenomenon.

Terminology, facts and figures on regionalism from an historical perspective

Ptas are subdivided in custom unions (Cus) and free trade areas (Ftas). The main difference between the two is that Cus have a common external tariff, while Ftas liberalise trade within the countries covered and allow them to retain their independence in designing trade policy with third countries. The negotiation of a Fta is easier because, in general, it does not require the parties to remit matters of trade policy to common *ad hoc* established institutions¹⁰. In this context, it would be quite natural to assume that regional economic integration occurs between neighbouring countries. Whereas that insight holds true in many circumstances, the reality of the phenomenon is different, and the denomination ‘Ptas’ is commonly meant to include cross-regional agreements, so that

⁷ General Agreement on Tariffs and Trade, Oct. 30, 1947, 61 Stat. A-11, T.I.A.S. 1700, 55 U.N.T.S. 194.

⁸ A comprehensive overview of the relevant theories is provided by Edward D. Mansfield and Eric Reinhardt, *Multilateral determinants of regionalism: the effects of Gatt/Wto on the formation of preferential trade agreements*, in «International Relations», 2003, 57, pp. 829-862.

⁹ ‘Quasi-reciprocal’ means that the process of liberalization may follow a different pace in the contracting parties, having for example an orderly reform in the most vulnerable economy against immediate full openness in the most developed one.

¹⁰ Ravenhill, *Op. cit.*, p. 174.

geographical proximity is not necessarily implied¹¹. Furthermore, Ptas are generally about trade liberalisation, but may also include other chapters like joint programmes on health and education, environmental regulation, institutional building initiatives, provisions on the protection of human and labour rights and, more frequently, provisions related to the general improvement of the business environment in terms of transparency and the protection of property rights, including intellectual property rights. An example of this type of agreement is the European Union-Chile Fta, signed in 2002, where a considerable part of the text is related to cooperation in fields beyond mere trade liberalisation¹².

An historical analysis of the phenomenon, on the other hand, suggests that reciprocal Ptas have been used as an instrument of trade policy at least since the early XVIII century¹³. They have indeed represented the first sign of a slow shift from mercantilist and colonialist approaches towards more liberal international economic relations¹⁴. This shift became more defined during the second half of the XIX century, with the creation of an increasing network of agreements between countries or entities situated on the European territory; this happened notably after the entry into force of the well documented Cobden-Chevalier treaty between England and France of 1860¹⁵. The subsequent decades, up to 1945, saw an alternation of enthusiasm for and repulsion at economic integration in general: the European network of bilateral trade agreements of the previous century was doomed to end in 1914, and its spirit would be restored only after the Second World War; the United States, meanwhile, initiated bilateral trade policy, with the enactment of the Reciprocal Trade Agreement Act of 1934 as part of its strategy to recover from the Great depression¹⁶. Of course, the two World Wars and the economic and social transformations surrounding them played a crucial role in defining the approach of the international community towards regionalism and treaty-making in general in those years. The relevant lessons learned would inform the subsequent era of multilateralism, while reshaping commercial relations and the making of preferential arrangements.

¹¹ Roberto Fiorentino, Jo-Ann Crawford and Christelle Toqueboeuf, "The landscape of regional trade agreements and Wto surveillance", in Richard Baldwin and Patrick Low (edited by), *Multilateralizing regionalism, challenges for the global trading system*, Cambridge, Cambridge University Press, 2009, pp. 28-64.

¹² Agreement establishing an association between the European Community and its member States, on the one part, and the Republic of Chile, on the other part, November 18, 2002, Brussels, OJ L352, 30/12/2002, p. 3. The coverage of this agreement extends, *inter alia*, to the fields of education, social cooperation, investment, public administration and State reform, intellectual property, competition and environmental protection.

¹³ An example often used in literature is the Methuen Treaty between England and Portugal of 1703. See "Methuen Treaty", *Encyclopædia Britannica. Encyclopædia Britannica Online Academic Edition* (accessed 01 November 2011) <http://www.britannica.com/EBchecked/topic/378525/Methuen-Treaty>.

¹⁴ The basic insight of a mercantilist trade policy is that exports are good and imports are bad, as the wealth of a nation depends on the quantity of gold that nation manages to accumulate. See Gustav von Schmoller, *The mercantile system and its historical significance*, New York, Augustus M. Kelley, 1897.

¹⁵ See Paul Bairoch, "European trade policy 1815-1914", in Peter Mathias and Sidney Pollard (edited by), *Cambridge economic history of Europe, Vol. VIII: The industrial economies: the development of economic and social policies*, Cambridge, Cambridge University Press, pp. 1-160.

¹⁶ See Douglas A. Irwin, "Multilateral and bilateral trade policies in the world trading system: an historical perspective", in J. De Melo and A.Panagariya, *New dimensions in regional integration*, Cambridge, Cambridge University Press, 1993, pp. 112-113.

As recalled by Carpenter, the post-1945 world has seen three ‘waves’ of preferential economic integration¹⁷: the first wave arose with the creation of the European Economic Communities (Eec) and covered the period 1950-1986. On the European territory, regionalism was motivated at its inception by the desire to safeguard peace and security. The subsequent expansions of the membership of the Eec and of the scope of its founding treaties slowly consolidated the vision that European countries should actually form a functioning single market to their mutual advantage. At the same time, beyond European borders, developing countries also started a process of economic integration on a preferential basis, particularly in Asia and Latin America¹⁸; the second and third waves – the causes of which constitute the focus of this essay and will be discussed in the following paragraphs – run from the beginning of the Uruguay round of multilateral trade negotiations in 1986 to the present. Figure 1 below portrays these three waves of preferential economic integration.

Figure 1: Number of Ptas in force from 1950 to 2010



Source: *World Trade Report 2011*, p. 55

Data collected by the Wto Secretariat for the period stretching from 1986 to the present day confirm the magnitude of regionalism as a phenomenon in that period: on average, 20 PtAs were notified per year, while during the Gatt years – i.e. from 1947 to 1994 – fewer than three were notified *per annum*. The same data set confirms the increasing tendency to form FtAs rather than Cus and the overwhelming prevalence of bilateral arrangements¹⁹.

¹⁷ See Theresa Carpenter, “A historical perspective on regionalism”, in R. Baldwin and P. Low (edited by), *Multilateralizing regionalism, challenges for the global trading system*, Cambridge, Cambridge University Press, 2009, pp. 13-27.

¹⁸ *Idem*, pp. 17-20.

¹⁹ Fiorentino *et al.*, *Op. cit.*.

An overview of the economic rationale for signing Ptas

Economics offers the essential starting point for understanding why a country may want to liberalise its trade regime by granting preferences to one or more trading partners. The proposed assumptions and predictions share a number of analogies with a liberalisation on a most-favoured nation (Mfn) or non-discriminatory basis. For instance, following the Ricardian and the Heckscher-Ohlin models, when an economy is closed to international trade, or in autarky, domestic consumers have little choice when buying goods and services, while domestic producers face little competition, which allows them to keep on selling their produce irrespective of their level of productive efficiency²⁰. When this economy opens to international trade, the prevailing conditions under autarky are reversed: after the reduction or elimination of tariffs and other border measures, new products of foreign origin are sold on the domestic market – potentially in direct competition with those produced locally – so as to provide consumers with a wider choice of better products at a lower price. At the same time, efficient domestic producers benefit from the opportunity to exploit a larger international market, while those who are not efficient make way for imported products. Paul Krugman adds significantly to the classical models by arguing that the most efficient producers will be able to increase their production further and drive prices down, by benefiting from increasing returns to scale in imperfectly competitive markets²¹. Finally, the empirical applications of the ‘gravity equation’ suggest that countries’ economic interactions are proportional to their having attained a similarly high level of economic development, as well as to their geographical proximity²².

In 1950, Jacob Viner posited the basic economic concepts that differentiate, or characterise, a preferential commercial liberalization from a non-discriminatory one in terms of its possible ‘trade-creating’ or ‘trade-diverting’ effects²³. The focus is indeed on discriminatory aspects: ‘trade creation’ means that, after the entry into force of the given agreement, consumers will be able to buy foreign products at a price lower than in autarky, provided that the trading partner is also the most efficient producer ‘in the world’. ‘Trade diversion’, meanwhile, means that the newly created international market within the two countries does not grant consumers the best-priced products, because Mfn liberalisation would let cheaper imports from a third country enter the domestic market.

Intuitively, a trade-diverting Pta would help less efficient producers continue their economic activity under the shield of the tariff protection granted by their government against competitors from third countries. Indeed, this insight drives

²⁰ In economics, efficient producers produce the highest-quality products with the lowest costs possible.

²¹ Paul Krugman, *Scale economies, product differentiation and the pattern of Trade*, in «The American Economic Review», 1980, 5, pp. 950-959.

²² For further reference see Robert C. Feenstra and Alan M. Taylor, *International economics*, New York, Worth Publishers, 2008, 1st edition, pp. 209-223.

²³ Viner, *Op. cit.*.

the present analysis to the multifaceted political reasons for undertaking preferential trade reforms, which are the subject of the next paragraph.

Political economy of trade agreements and how it can explain the formation of Ptas

The first and perhaps most obvious political hypothesis which might explain the formation of Ptas is that countries may want to seek market access opportunities with their new trading partners while being able to protect some of their domestic producers, following the previously discussed ‘trade diversion’ argument. Why should a country protect its home industry to the disadvantage of the majority of its citizens? As Gawande and Krishna put in, endogenous factors play a crucial role in determining public policies in such a context: a government may want to follow this path after being successfully lobbied by the potentially affected domestic industry, or in order to secure the political support of the industry with the larger number of workers (i.e. voters), or even to avoid ‘large adjustment costs’ in terms of unemployment benefits and problems related to workers’ mobility²⁴.

Looking at the national context in post-communist countries, a driving force for economic integration could be the call for democratisation and the penetration of civil and political rights, – which was also at the origin of the breakdown of the Soviet Union²⁵. The fall of communism was the most visible political breakthrough that brought to an increased global openness to international trade, but how does a general process of democratisation relate to the formation of Ptas? The penetration of democratic values and the establishment of pluralistic governments may trigger regionalism in many ways. One hypothesis is that, the starting talks for the potential enlargement of the then European Community (Ec) towards Central and Eastern European countries (Ceec), which took off with the launching of Ec programmes for economic refurbishment and institutional building like Phare²⁶ Obnova²⁷ and Cards²⁸, were an answer to that ‘call for democracy’ originating in Ceec public-sector and, more importantly, newborn private-sector institutions. Both privates and institutions were in fact willing to attract foreign direct investments and to ‘lock-in’ ongoing reforms²⁹. Moreover, in communist countries, the lack of any private sector meant also a absence lack

²⁴ Kishore S. Gawande and Pravin Krishna, “The political economy of trade policy: empirical approaches”, in Eun Kwan Choi and James Harrigan (edited by.), *Handbook of international trade*, Basil Blackwell, 2003, pp. 1-4.

²⁵ Richard Crockatt, *The end of the Cold War*, in Baylis, *op. cit.*, pp. 118-120.

²⁶ Council of the European Communities, Council regulation (EEC) No 3906/89 of December 18, 1989 on economic aid to the Republic of Hungary and the Polish People’s Republic, OJ, L375, December 23, 1989, pp. 11-12.

²⁷ Council of the European Communities, Council regulation (EC) No 1628/96 of July 25, 1996 relating to aid for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the former Yugoslav Republic of Macedonia OJ, L204, August 14, 1996, pp. 1-5.

²⁸ Council of the European Communities, Council regulation (EC) No 2666/2000 of December 5, 2000 on assistance for Albania, Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia and the Former Yugoslav Republic of Macedonia, OJ, L306, December 7, 2000, pp. 1-6.

²⁹ There are also economic studies predicting that the increased level of competition deriving from economic integration may result in an effective strategy to fight corruption. See Alberto F. Ales and Rafael Di Tella, *Rents, competition and corruption*, in «The American Economic Review», 1999, 4, pp. 982-993.

of political debate: the early Ec programmes mentioned above aimed at, *inter alia*, backing entrepreneurship and paving the way to bilateral negotiations on the accession to the Ec. As will be discussed below, liberals and social constructivists elaborate further hypotheses related to the driving forces at the national level and dedicate particular attention to social dynamics.

Departing from the national level, our analysis must look at exogenous factors that may lead a country to undertake a bilateral process of trade liberalisation. In the first instance, as Mansfield suggests³⁰, the pace of multilateral negotiations can be extremely slow, and the coverage of a global trade agreement relatively limited, so that while looking at or participating in multilateral talks, countries may want to pursue their immediate objectives by signing Ptas. A related hypothesis is that, by negotiating simultaneously at the bilateral and multilateral level, countries increase their bargaining power, 'learn' how to negotiate effectively and eventually develop 'templates' of agreements under the hope to induce multilateral talks to follow similar highways. Building on the example of the Ceec mentioned above, the latter explanation may also help understand the formation of the Central European Free Trade Agreement (Cefta) between³¹ Hungary, Poland and Czechoslovakia in 1992. Second, Baldwin suggests that countries that are left out of bilateral talks find themselves losing market access opportunities and aim at emulating the negotiating partners, or at joining the relevant Pta³². This is the so-called 'domino effect', that Baldwin depicts *inter alia*, through the example of the requests of bilateral Ptas by Latin American Countries to the United States after the Mexican accession to the North American Free Trade Agreement (Nafta) in 1995. Finally, another theory suggests that countries' willingness to sign PTAs originates in their respective political leaders' aim to obtain the largest media coverage possible, so as to transmit a clear signal to the nation and to the world regarding a specific political orientation, even though the agreement in question might not have significant effects on trade flows³³.

Realist explanations for post-Cold War regionalism

Realists concentrate on the study of the global political factors that may trigger regionalism. In fact, in an anarchical international system dominated by power politics, economic integration is tantamount to more visible political strategies. As Hurrell has it, realist theories applied to economic integration dynamics interpret the phenomenon of preferential trade agreements as a combination of national security concerns and subtle economic diplomacy³⁴.

³⁰ Mansfield, *Op. cit.*.

³¹ Cefta stands for Central European Free Trade Agreement; the countries mentioned afterwards are the founding members.

³² Baldwin, *A domino theory of regionalism*, in «Cepr Discussion Papers 857», London, Centre for Economic Policy Research, 1993. For the Nafta-related example see p. 14.

³³ This theory is generally attributed to the economist Jadish Bhagwati under the nomenclature 'Cnn effect'.

³⁴ Hurrell, *Op. cit.*, pp. 46-53.

Realism in general tends to attribute great importance to the geographical dimension of economic integration and to the establishment of institutions, and therefore the best case study of it is the process of European integration after the Second World War, pushed simultaneously by the ‘communist fear’ and by the ‘non-disinterested’ support of the United States. Indeed, either fear, or the external influence of a third great power, or both, are the cornerstone exogenous factors that drive the process of preferential economic integration according to these thinkers.

However, in the context of the present analysis, realist views have also to be applied to bilateral trade arrangements which do not necessarily prompt the creation of common institutions. As reported by the Wto figures mentioned above, preferential trade arrangements go increasingly beyond regional geographic borders. This means that two of the most important realist assumptions – i.e. integration within a region and creation of institutions – frequently cannot be satisfied. Moreover, the end of the Cold War and the rise of new powers contribute to complicate the traditional bottom line of the realist analysis.

There are nonetheless realist sub-theories that can help explain the ‘expansionist’ behaviour of emerging countries via bilateral trade agreements. A good application could be the Chinese bilateral trade and investment policy towards Sudan as of the mid-Nineties. Realists would observe that the end of the Cold War has reshuffled the cards on the table, by allowing the creation of new, fragmented poles of power. The ‘break’ from the arms race has allowed China to concentrate on its economic growth, which goes hand in-hand with political and military power. Following in the footsteps of the classical European and North-American growth model, the country industrialization needs to be fuelled by an increasing inflow of raw materials and oil, which China is rationally managing to find for a good price, *inter alia*, in failed States like Sudan. Now, the fact that there is no official Pta between China and Sudan supports the overall subtle nature that realists attribute to regionalism. What is present in this case, instead, is a series of non-institutional, time-bound bilateral agreements signed by private companies that grant Chinese firms the right to exploit Sudanese natural resources³⁵. If China is the emerging superpower that tries to maximize and secure its economic growth and relative international weight, what is Sudan? According to realists, Sudan should be the weak State seeking protection by the superpower, but this hypothesis – given the private nature of these agreements – does not seem to hold.

The Chinese example is just one of many. There are other cases, such as the Economic partnership agreements (Epas)³⁶ that the European Union (Eu)

³⁵ Unctad Wid Country Profile: Sudan, Unctad, 2006, (accessed 19 December 2009), http://www.unctad.org/sections/dite_fdistat/docs/wid_cp_sd_en.pdf.

³⁶ For an overview see the “Partnership Agreement Acp-Eu”, European Commission, 2000 (accessed 20 December 2009), http://ec.europa.eu/development/icenter/repository/Cotonou_EN_2006_en.pdf.

negotiates with its former colonies, which would – from the realist point of view – support the idea of a superpower trying to perpetrate its influence on weaker countries to the detriment of other superpowers, even though the Eu *per se* would not be defined as a superpower by a realist thinker. Drawing an early conclusion, the realist thought appears to be somehow too rigid to explain such a flexible phenomenon as regionalism. Perhaps this is due to the predominant geopolitical approach that characterises this school of thought. In order to have a clearer picture, it will therefore be appropriate to explore the highways proposed by liberals and social constructivists, who adopt a prevalently endogenous approach based on the analysis of forces operating at the national and regional levels.

Liberal explanations for post-Cold War regionalism

The ‘liberals’ position on the process of preferential economic integration is linked to the broadest possible concept of globalisation – including, therefore, cultural and social issues – and to the establishment of supranational institutions³⁷. Thoroughly convinced of the manifold positive outcomes of market integration, these thinkers see the end of the Cold War as the event that allowed such integration to happen on a potentially global scale while being accompanied by a spate of positive externalities: examples are the macro processes of convergence of political interests and legal systems, the improvement of political institutions and the tendency to set universally accepted standards also in fields like labour rights or environmental issues. The liberal theory relevant to the phenomenon of preferential trade reforms can be subdivided into two main branches: one centred on the global structure of the world economy with a new window on global social dynamics, and the other focused on rational national choices for engaging in Ptas underpinned by the creation of common institutions. The former elaborates on the above-mentioned macro processes of globalisation. With regard to the latter, meanwhile, it is important to say that supranational institutions – created in the context of certain Ptas – are seen as functional to States search for optimal solutions to common problems, rather than being created by a spontaneous and generous desire to remit national competences to third bodies for the mere sake of the common good³⁸.

How do these theories apply to contemporary Ptas? Unlike with the ‘rigid’ realist point of view, the liberal doctrine offers dynamic grounds to explain the phenomenon. Liberals would see a bilateral commercial arrangement as a way to transfer democratic values between State actors: the process can be fully intentional, for example by putting trade expansion under the condition of the achievement of certain other reforms in the field of education, health and human rights, as it is the case for the Eu-Chile Pta and for the Epas mentioned above; but the value transfer can also simply happen and be a consequence of

³⁷ The outstanding liberals referred to are, for instance, Robert Keohane and Joseph Nye, cited in Hurrell, *Op. cit.*, pp. 53-64. The introductory remarks in this section refer to this text.

³⁸ *Ibidem*.

‘spillovers’³⁹ that follow the first-step, i.e. the entry into force of an Economic integration agreement. As it can be inferred, these views presuppose that one of the two parties is a democracy motivated by the will of expanding its spider-web of enlightened values, but what can explain bilateral Ptas between undemocratic regimes?

We can take as an example the Pta signed by Egypt and Turkey in 2005⁴⁰. If we let the indicators of the level of democracy be the presence of pluralistic institutions, civil liberties and political participation, we find that, according to the Economist intelligence unit’s index of democracy, the two countries are respectively qualified as an ‘authoritarian’ and a ‘hybrid’ regime⁴¹. The analysis of the text of the agreement upholds a doubt regarding the applicability of the liberal explanation: even though the countries are trying to solve common problems, e.g. to harmonise their trade standards and mutually to support the enforcement of intellectual property rights, their accord is very much focused on commercial relations and does not mention any political conditionality. The only common institution established is a Joint committee in charge of administrative dispute settlement as well as of the administration of the agreement in general, nothing more. A liberal thinker would say that cooperation is always to be preferred to inaction and closure, but would it be possible to see grounds for democracy spillovers in such a context?

Social constructivist explanations for post-Cold War regionalism

Social constructivism is based on the belief that ideas are able to shape institutional behaviours and *vice versa*⁴². In this school of thought, nothing that relates to social relations depends on absolute values or prescribed truisms: world politics, similarly to the subject matter studied by social sciences in general, are the result of the ‘construction’ that individuals, States and non-State actors make of the reality itself, and are therefore subject to endless changes over long periods of time. Social agents at any level are also influenced by their own constructions, trapped in a circular flowchart that defines, for instance, legal norms as originating in and falling on society; the society itself is then able to call for new norms on the basis of the amount of experience matured, which includes, *inter alia*, the existing norms and their effects.

At first glance, social constructivism would tend to see Ptas as a further ‘fact’ that helps foster the continuous process of social change, by internationalising and spreading norms and standards that apply within a group of States towards other States⁴³. This would make of regionalism the independent

³⁹ *Idem*, p. 59.

⁴⁰ Agreement establishing a free trade area between the Republic of Turkey and the Arab Republic of Egypt, December 27, 2005.

⁴¹ Laza Kekic, *The Economist intelligence unit’s index of democracy*, «The Economist», 2008, (accessed 21 December 2009), http://www.economist.com/media/pdf/Democracy_Index_2007_v3.pdf, pp. 4-5.

⁴² Michael M. Barnett, “Social constructivism”, in Ravenhill, *Op. cit.*, pp. 162-171.

⁴³ *Idem*, p. 169.

variable and no longer the dependent one, as mentioned in the introduction of this essay. Nevertheless, a static determination of variables does not apply by definition to social constructivism, so as to make it more difficult for the present analysis to isolate the forces that may foster the signature of bilateral Ptas after the end of the Cold War. For example, abstracting from the trade-related context, one could ask: was the Helsinki final act of 1975 the cause of the creation of the Helsinki groups across the soviet Soviet bloc, or did the underlying call for civil and political rights in those countries make a peaceful revolution out of a political declaration⁴⁴? A social constructivist would reasonably say that both are sides of the same coin.

Whereas social constructivism may offer solid grounds for explaining regionalism on the basis of regional identity and regional sentiments, as suggested by Hurrell⁴⁵, it would be difficult for this theory to explain a bilateral arrangement between two countries whose societies share completely different values, let alone the fact that Ptas are always negotiated and concluded by governments and not by societies as a whole. We could nevertheless accept the 'ambivalence' of this doctrine and see bilateral Ptas as an independent variable that possibly triggers changes or evolutions in societies, but this sub-conclusion does not help to find the driving forces of bilateral Ptas between radically different countries.

Conclusion

This brief essay is intended to introduce the reader to a much wider and complex world of research and study in the field of international relations and international political economy. This is the case because only extensive empirical research could support any findings or conclusions on the causes for the formation of preferential economic blocks in the contemporary era. In the post post-Cold war epoch, indeed, historical reasons linked to the new political and economic order interact with the pre-existing, and quite successfully tested, economic rationale underlying regionalism as a phenomenon. To that interaction one should juxtapose the complexity of the expanding network of preferential arrangements characterising the contemporary scenario. Therefore, and for the limited purposes of this essay, it can be said that the hypotheses formulated by realists, liberals and social constructivists, as presented above, are certainly useful to an analysis of the driving forces of contemporary regionalism. They are in fact able to explain the phenomenon by depicting the macro processes at its origin. However, they can be practically useful to the extent that they are applied surgically to each specific matter in hand. Considering again how complex become regionalism has become since the end of the Cold war, the chances of finding a single conceptual thread linking the multifaceted elements of preferential trade arrangements seems rather remote.

⁴⁴ Crockatt, *Op. cit.*.

⁴⁵ Hurrell, *Op. cit.*, pp. 64-66.

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