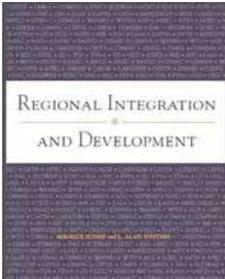


BOOK REVIEW

Regional Integration and Development

Reviewer : Modhy Mahardika Jufri
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Author : Maurice Schiff and L. Alan Winters



In recent years, the growth of regional trading blocs has been one of the major developments in international relations; virtually all countries are now member of at least one bloc and many belong to more than one. The past 10 years have also witnessed qualitative change in regional integration agreements which gives attention to three things; the move from a close to more open model of regionalism, “deep integration” by reducing tariffs, quotas and removing other barriers, putting high-income countries and developing countries as equal partners in trade blocs. World Bank as publisher pointed out the analysis of regional integration agreement on developing countries by assessing the effectiveness of regionalism and understanding the effect of it to this group of countries.

This book consists of 9 chapters discussing Regional Integration Agreement by formerly giving the overview of Regional Integration Agreements (RIAs) on Chapter 1. In this chapter, Authors explain the background of regionalism along with the number of regional integration agreements concluded since 1948 to 2002. Chapter 2 : Examines the basic economics of tariff preferences- This book offers new research showing that diversion is significant but that for many of the more recent RIAs it has been dominated by the effect of the partners’ reductions of barriers to imports from non partners that have accompanied the RIA. Chapter 3: This chapter explains why regionalism become so

popular if it is just a pale imitation of non discriminatory free trade by describing the basic international trade aspects of the question and goes on to examine how the design features on RIA might affect its net benefits. Chapter 4 : Briefly describes the policies of RIAs toward investment and asks whether the arguments advanced for their having positive effects are justified. The real key to investment is the general policy stance in areas such as macroeconomic policies, well-defined property rights, and efficient financial and banking sectors. Chapter 6: Brings out the issues surrounding integration of domestic policies. One of a kind is policy integration on taxes, health, and safety regulations and so on that can increase competition in domestic markets by reducing transaction costs and allowing new suppliers to enter markets.

Countries often form trade blocs for noneconomic reasons, such as national security, peace, and help in developing political and social institution. Chapter 7 examines some of political objectives of regionalism, discusses their economic implications and assessed whether trade preferences are necessary for attaining them. This book shows that under some circumstances, the formation of RIA may be an effective way to deal with security tensions between neighbouring countries. Chapter 8 : This chapter concludes with a discussion of how WTO handles RIAs. Can be said that it is far from perfect but the current rules for developed countries are probably as good as we can get but very poorly enforced. On the other side, those for developing countries are looser and it is even easire to create welfare-reducing RIAs. Last chapter of this book summarizes the view on what has been learned from the study. Noted that regionalism is too complex and sui generis to generate universal operation rules. Here given eight main messages about regionalism based on the grouped rules.

This book tries to answer the question on whether the hopes for regionalism are justified or have been justified by laying on recent evidences and how their fulfilment might be made more likely. It takes economic arguments summarized in the contents and subjects them to more careful scrutiny than have ever formerly published. It can be a good reference for those who want to learn about regionalism as whole because this book starts explaining from the history, giving related data, and flatting out the effectivity of regionalism based on trusted evidences.