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THEORETICAL PERSPECTIVES ON ECONOMIC COOPERATION

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Abstract: *Economic cooperation, the engine of relations of international economic cooperation, is an insufficiently defined, dynamic concept. The transformations of the international environment, globalization and the intensification of economic interdependencies render economic cooperation a must, and not just an option within international relations. Similar to the international environment, economic cooperation undergoes a process of redefinition, of adjustment to the new realities. This article aims at identifying and analyzing the approaches of economic cooperation in this context.*

Keywords: cooperation; economy; international relations

JEL Classification: F53; F55; F59; F19

Introduction

In the context of globalization, the intensification of economic interdependencies and technological development, economic cooperation, by means of all its forms, has become an “objective need” (Caraiani and Georgescu, 2013, p. 9) of economic development. Moreover, economic cooperation is identified as basic method in the approach of the problems of humanity in the international environment (environmental protection, access to natural resources, food products, unequal development, etc.).

According to O’Farrill *et al.* (1999), economic cooperation is a complex, insufficiently defined concept, generally pertaining to industrial, financial, commercial, entrepreneurial and production-related cooperation. Furthermore, economic cooperation is identified as a component of international cooperation which aims at creating conditions that facilitate the process of commercial and financial integration in the international environment by implementing actions meant to bring indirect medium- and long-term economic benefits.

In this sense, economic cooperation is not only limited to matters related to commerce, it also comprises a wide range of aspects such as industrial cooperation, research and innovation, scientific

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exchanges and the establishment of scientific and economic commissions and committees (Barston, 2014, p. 391).

1. Economic cooperation – what is it?

Caraiani and Georgescu (2013, p. 9) define economic cooperation as the form of international collaboration for the purpose of obtaining mutual advantages through the common use of financial, material and technological resources of all partners.

Caraiani and Georgescu (2013, pp. 14-15) cite Petre Tanasie (1974, p. 9) who distinguished between three dimensions of economic cooperation:

- in a wide sense;
- in a narrow sense, where international economic cooperation;
- and, in a specific field of activity.

Thus, in a wide sense, international economic cooperation is the exchange of activity in various fields and countries, and encompasses international commerce, cooperation in production, scientific and technological cooperation, international transportation, tourism, financial relations, the service domain, etc.

If we look at the international economic cooperation in a narrow sense, we can define it as a form of collaboration, between two or more countries or entities from various countries, in various ways, for the purpose of reaching certain industrial, agricultural, commercial, technical-scientific, touristic goals or other. In this sense, economic cooperation is not a commercial exchange or a mere transfer of goods, services and capitals from one country to another, but, it represents the common use of the resources and means of all partners.

The process of defining international economic cooperation, according to Caraiani and Georgescu (2013, p. 15), may be divided into three stages:

- in a first stage, economic cooperation was about the economic relation with the former colonies, which needed a totally different approach;
- the second stage refers to the conceptualization of economic cooperation as a solution for the inconsistencies in international economy, from this perspective, it was regarded as the only option to re-launch world economy;
- in the third stage, international economic cooperation was identified as “functional, pragmatic cooperation” (Caraiani and Georgescu, 2013, p. 16).

Considering the efforts made to define economic cooperation, we can assert that the defining process is a complex and dynamic one, influenced by the features of the international environment. Economic cooperation is not a unidimensional concept, it implies a multidimensional approach and, at the same time, the parties involved are many and committed to complex relations.

In this sense, we have the conceptualization of professor Albu (1995, p. 19) which surprises the complexity of the concept of economic cooperation and according to which the international economic cooperation represents bi- and multilateral relations between different actors, for the purpose of obtaining common results, better than the sum of single ones, through the accomplishment, via many efforts and on contractual basis, of activities connected to it (in the field of production, research, technological transfer, commerce and services).

The development of the process of economic cooperation emphasizes the movement from isolated and short-term economic actions to complex and long-term economic ones. The concept of economic cooperation may be identified both at the microeconomic and macroeconomic level. The two types of cooperation share in common not only similitudes, but also differences. Both types are based on the principles of international law, involve the independence of the parties and complex economic relations (Galaju and Tofan, 2010, pp. 117-8).

Furthermore, Mircea Malita (1975) claimed that “when all major factors and long-term advantages are examined, cooperation remains the only rational way for all partners, and the most profitable. At the same time, cooperation is not a naïve term, it designs a scientifically founded behaviour which is also viable from a political point of view, a must for the organic increase of the world system.”

2. Economic cooperation and the international system

In its turn, the theory of international relations identifies two different representations of economic cooperation, the realistic and liberal one. From the perspective of the realistic approach, in an international system characterised by “anarchical hierarchy”, economic cooperation is facilitated by the existence of a “hegemonic leadership”. From the perspective of liberals, the role of the state is to protect the market and economic freedom by the provision of services which are not available in the private sector. Within international economy where there is no such formal framework of protection, states should cooperate to form such a framework. (Siitonen, 1990, pp. 21-5) This is how international economic institutions rose and their purpose was to ensure the good running of activities in institutional economy.

With respect to the dispute between the realists and the liberals on the role of relative gains within economic cooperation, Liberman (1996) showed that the multipolarity of the international system makes the problematic of relative gains within commercial relations between rival powers low. In this sense, he presents the German-English relations between 1890 and 1914 and the USA-Japanese ones between 1931 and 1941, respectively, because they only restricted commerce the moment before the war outbreak. However, at the same time, the author underlines the importance of relative gains in a bipolar system when economic gains may turn into military power as in the case of Cold War, when the United States restricted commerce with Russia in the 1950s and 1960s. Snidal (1991) also agrees, showing that there is the possibility of development of cooperation even in an environment concerned with relative gains.

However, cooperation is not a simple process, it incurs costs and sometimes returns may not be as profitable as the resources involved. Political costs of international cooperation in the field of fiscal policies are high, hence their rarity, internal pressures of interest groups and commercial unions adding to the international ones. Moreover, the neglect of the internal dimension may lead to weaker results than the lack of international cooperation as proved by Rogoff in a 1985 study. Furthermore, cooperation may cause undesirable effects for all those involved in a situation that is unclear to decision makers in terms of the running of its economic systems (Frankel and Rockett, 1988). However, the presence of cooperation should be an aim to be reached in an environment in which economic interdependencies are stronger than ever, the isolation and failure of cooperation jeopardising the development and even survival in this environment (Nelson, 2014, xxii).

The internal dimension cannot be neglected in the analysis of international cooperation; consequently, the concerns of states with internal problems may determine a more difficult, intransigent attitude with respect to the negotiation of international economic cooperation. The result would be the positing in a vicious circle, in which the premises of economic cooperation would diminish and the ones of conflict would increase. Yet, the identification and eradication of sources that fuel the conflict may turn cooperation initiatives into means of achieving national aims and not obstacles in their path (Frieden, 2009, p. 9).

In addition, economic cooperation according to Smith (2004, p. 4) facilitates the reduction of conflicts and the creation of a stable environment by indirectly promoting political reconciliation, stability and cooperation as in the case of Europe after World War Two. Regional cooperation, by means of intense economic cooperation, facilitated not just the reconstruction of Europe after World War Two, but also long-term prosperity which led to the instauration of a stability and security system which seemed untouchable for a Europe tormented by conflicts (Martin, 1999, p. 377). Moreover, in

the context of the new geopolitical realities, the bilateral and regional relations of economic cooperation built a strategic orientation in the promotion of security, in the lack of consolidating new security alliances (Barston, 2014, p. 253). Sonu (pp. 301-2) feels that the idea of regional economic cooperation affords the states to overcome the constraints pertaining to the relatively small dimension of their market and the low purchasing power in their economy, as well as conflict diminution.

Conclusions

As can be seen, economic cooperation implies a synergic process which comprises various areas of interest, does not exclude the bilateral relations from the multilateral ones and aims at obtaining results that would have been unreachable, had the approach been individual. Cooperation is made in an organized framework, with clear rules that include both the macroeconomic and the microeconomic one. In the context of globalization and international economic integration, economic cooperation tackles not only the relations between states, but also the ones between them and governmental and non-governmental organisms involved in international economic relations. However, economic cooperation remains an ambiguous concept despite the development and increase of its importance in international relations.

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