Integration for Development:
A Third World View of
Economic Integration and Co-Operation

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Abstract

Economic integration can be viewed as one means of attempting to accelerate the economic development process. Unfortunately, efforts at international economic integration over the last forty years have been notoriously unsuccessful, especially among developing nations. The purpose of this analysis is to attempt to identify which forms of integration appear to have maximum positive effects for Third World nations in the speeding up of development.

Integration has taken several different forms, including sectoral integration, execution of Joint projects, the establishment of free trade areas, customs unions of common markets and the co-ordination of development plans. These alternatives each have various advantages and disadvantages which are affected by whether the grouping involves market-oriented economies or centrally-planned economies. As a result, some forms seem to be more appropriate in certain circumstances than others and the possibility of identifying such ideal conditions is explored.

The analysis concludes that even where integration appears to be appropriate for a given set of economic conditions, there is almost always a need for some sort of redistribution mechanism to assist weaker members of the alliance. This need can be necessitated by the resulting distribution of benefits and costs, the sectoral or spatial polarization of productive capital and unfavorable movements of other factors of production. Such redistribution mechanism might take the form of financial. Commercial or production agreements.