

# Integration Projects and Institutional Matrices

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**Abstract.** In this paper, an attempt is made to understand the reasons for the formation of a particular order in a region based on the institutional approach. The connection between regional order and regional regulation with the type of institutional matrices of integrating countries is shown. It is established that when integrating social systems in order to mitigate possible institutional imbalances, institutions complementary to those dominant in the institutional matrix are used: when integrating X-matrix countries – market institutions and vice versa. The factors blocking regionalism in integration projects involving countries with institutional matrices of the same type include: the presence of one clearly expressed hegemon and its support of supranational regulatory bodies, the presence of federal rather than unitary states in the region. It has been established that for countries with different types of institutional matrix, convergence is possible (for example, cooperation in the security sphere, participation in the Free Trade Zone), but integration in this case will be limited to only certain areas that are of exceptional importance for social systems, with the prevalence of regionalization processes (integration “from below” without the creation of any significant and effective supranational bodies). Factors that hinder the development of both regionalism and regionalization are increasing political differences between countries, polarization along religious lines, manifestations of nationalism and racism.

**Keywords:** institutional approach, institutional matrix, social system, integration, regionalism, regionalization

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## Introduction

The peculiarity of human civilization is a combination of two trends: integration and differentiation. The latter is based on the separation of certain regions from the world community, understood as a social construction, «the main characteristics of which are both traditional factors (economic, historical, civilizational and cultural) and new factors

of post-modern era (network, communication, virtual)» [56:16]. The formation of regions – a process unfolding on top of the national [8:68], which can be carried out on the basis of regionalism or regionalization

Regionalism is integration «from above», which implies the creation of supranational institutions by national states, which are given certain functions and to which a part of sovereignty is transferred. In addition, the regionalization process (integration «from below») is highlighted, which implies increasing economic, political and sociocultural links between social systems, carried out through the interaction of non-state actors. The implementation of a certain combination of regionalism and regionalization determines the so-called regional order [21]. It is an integral part of regional regulation – a way of social coordination to develop binding norms within the region in one or more problem areas. There are two types of regional regulation: hierarchical and non-hierarchical. The first one involves making decisions by supranational institutions for execution at the level of national states («top down»). The second implies making decisions from the bottom up – based on consensus reached through negotiation, and decisions are often of a recommendatory nature.

The problem of explaining typology of regional orders (and types of regional regulation) is widely explored within functionalism [10], social constructivism [12], geopolitical approach [19] etc. However, there is no satisfactory explanation of their characteristics for different regions of the world. This work attempted to solve the problem within the framework of an institutional approach, complemented by a theory of institutional matrices

## Materials and Methods

The methodology of the study is based on two provisions: ideas of structural functionalists about society as a holistic integrated education (T.Parsons), in which interconnected and interdependent subsystems (economic, political, sociocultural) are equal (I.Vallerstein), and the institutionalist idea that regulation of the whole system is carried out through a complex structure of institutions understood in the broadest sense – as sustainable models of interaction in society, certain modes of action and judgements, existing in society outside of the individual [2], the «rules of the game» that structure social action [18]. In this structure, we can distinguish the economic, political and sociocultural basic institutions that form the institutional matrix. Distinguish two types of basic institutions (redistributive and market), coexisting in institutional matrices under conditions of dominance – complementarity. The basic distributive institutions include, inter alia, public property, redistributive relations, hierarchical power hierarchy, communistic worldview (awareness of the priority of rights and interests «We» over «I») [3]. Basic market institutions: private property, buying and selling as an exchange institution, competition; self-government and subsidiarity; individualistic ideology expressing the domination of «I» over «We» [3]. Dominant institutions define the essential characteristics of the social system, in particular the role of the state in coordinating social actions.

Complementary institutions are necessary to ensure the resilience of the institutional matrix, preventing possible institutional imbalances. The institutional matrix with the dominance of redistributive institutions is called a matrix X-type (non-Western), market – Y-type (western) [3]. The type of institutional matrix is related to the occupied social system geographical space [4, 11, 13]. These ideas are used to analyze the characteristics of regional orders (regional regulation).

## Results

It was observed that the regional orders in Europe and Asia are significantly different [1, 6, 15, 20]: if in Europe (integration of countries with institutional matrices of Y-type) regionalism is important, as in the European Union, in the second (mainly integration of countries of X-type) – regionalization.

Regionalization is a key mechanism of integration in regions that include countries with different types of institutional matrices. Regionalism is blocked in regions where the powers compete for hegemony with different types of institutional matrices, as is typical of the Asia-Pacific region [5]. The economic interests and objectives of integration are at the forefront, and the integration process is not between nation states but between their economies.

The regional regulation in different regions of the world, particularly in the West and East, is also substantially different. The hierarchical type of regulation is usually predominant in regions that combine countries with Y-matrix, non-hierarchical is characteristic for regions of countries with X-matrix or combining countries with different types of institutional matrices. The institutions of regional regulation are not as rigid as in the EU. Their basis is informal confidence building, bilateral, multilateral meetings of the leaders of countries, bilateral and multilateral agreements on free trade and security issues, consensus (unlike majority votes) decision-making and the non-binding nature of their execution. This feature was called «self-locking multilateralism» [14:116], «permanent sub-institutionalization» [9:330]. The non-hierarchical type of regional regulation is closely linked to the principle of «open regionalism», which implies the possibility of participating in various integration projects.

## Discussion

Countries with an institutional matrix of type X have a strong state with a hierarchical system of power, which does not need any coordinating action when integrating: the state itself takes on this function. This leads to the fact that the unification is «bottom up» (at the level of non-state actors), and the main mechanism of integration is regionalization, based on – market (complementary) institutions, which perform a compensatory function in institutional matrices of countries-members of the union. The emphasis in

integration processes is on economic interaction, which is realized through economic market institutions. The Arab world is an example of this region. Despite the high degree of cultural and religious homogeneity, common language and even a common identity, strong supranational organizations with hierarchical type of regional regulation could not be created here. Existing regional organizations are purely ceremonial, symbolic [17, 22]. The spillover phenomenon (a smooth transition from regionalization to regionalism) is blocked by the institutional matrices of the countries in the region.

There are features of integration of countries that were formerly subjects of the same state and have historical and cultural closeness, similarity of administrative and legal systems, common social practices. This is typical, for example, of the Eurasian integration project. In this case, the type of regional regulation is highly dependent on the existence of a hegemon and its level of support by supranational institutions. However, the dominant mechanism of integration is usually regionalization with an emphasis on economic interaction, consensus-based decision-making and a soft commitment to implementation. The presence of a strong hegemon (for EAEU – Russia) blocks the development of regionalism.

Y-matrix countries, in which the construction of power relations is carried out on the principle of decentralization (with developed self-government and subsidiarity), need a coordinating, guiding force when uniting, as was the case, for example, in the EU. This results in the predominance of a regionalism mechanism, based on the use of institutions of redistributive type (complementary to the institutional matrices of the countries participating in the project), as in the previous case, Compensating for the need to reduce institutional imbalances.

Note that, as in the case of X-matrix countries, the presence of a single strong hegemon and its lack of support for supranational bodies blocks the development of regionalism, as in North America, where the US is the unqualified leader. The United States, with its extremely high Y-matrix density (the distributive institutions are weak here), seeks to propagate the principles of the organization of its public system outside and does not support the idea of the need for strong supranational bodies, Whose activities involve bureaucratic intervention «from the top down» in the economy and politics. Moreover, the presence of federal rather than unitary states in the region is a deterrent to regionalism, making regulatory harmonization more difficult. Therefore, the dominant mechanism of integration in North America is regionalization, with business networks as its core.

Convergence is possible for countries with different types of institutional matrix (such as security cooperation or participation in a free trade area), but integration will be limited to selected areas of exceptional importance to public systems, In the prevailing processes of regionalization (integration «from below» without creating any meaningful and effective supranational bodies). This is the case, for example, in Asia, where major powers with X-matrix (China), institutional hybrid matrices (Japan, South Korea) and the strong influence of the US (countries with Y-matrix) are located. Asia is characterized by limited formal institutionalization and contrast between high regionalization and low regionalism, relative weakness of supranational institutions, non-binding implementation of agreements that are adopted on the basis of consensus [16:229]. Economic integration

becomes the focus of integration processes, with regional production networks transplanted from Japan as the basis.

With the expansion of integration projects due to the increase in the number of actors, the strengthening of the heterogeneity of the alliance, the complexity of the decision-making process, the level of regionalism decreases, supranational structures become more «loose» and less effective. This is expected to happen in the case of the merger of the Eurasian integration project and the project «One belt – one way».

Note that the factors limiting development of regionalism and regionalization in the region are increasing political divisions between countries, polarization on religious grounds, manifestations of nationalism and racism.

## Conclusions

Thus, in the integration of social systems, institutions additional to those dominating the institutional matrix are used to mitigate possible institutional imbalances: in the integration of X-matrix countries – market ones and vice versa. The factors that block regionalism in integration projects involving countries with a single type of institutional matrix include: the presence of one strong hegemon and their support for supranational regulators, the presence in the region of federal, not unitary states. It has been established that convergence is possible for countries with different types of institutional matrix (such as security cooperation or participation in a free trade area), but integration will be limited to individual areas, are of exceptional importance for public systems, with regionalization processes prevailing (integration «from below» without the creation of any relevant and effective supranational bodies). The factors that hinder the development of both regionalism and regionalization in the region are the growing political divisions among countries, religious polarization, manifestations of nationalism and racism.

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## Contribution of the author

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