

# Latin American Integration: The Dilemma

Written by Luis Fernando Vargas-Alzate

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Latin America is a difficult region when referring to regional integration. The practical and theoretical outcomes achieved regarding integration have evidenced for decades that it is not working well. Being the region in which the issue was first discussed, the reality is that it is still far from reaching a minimum regional dialogue that would allow joint work among its countries. There are many reasons for this situation. However, the lack of conceptual comprehension (basically by practitioners) and low political commitment, especially regarding supra-nationalism, are the two most relevant issues.

This text offers an outlook on the state of integration in the region. First, it gives a brief background about regional integration in Latin America, then it introduces some difficulties regarding the concept and its implementation, and finally, the discussion moves to the current status, difficulties, and prospects.

### Regional Integration in Latin America: Brief Background

When discussing regional integration in Latin America, the primary analysis has to consider what is understood under this conceptual framework in the region. Traditionally, and according to the related integration literature – from academic works to policy papers and press analysis – regional integration addresses many issues that do not correspond with its main definition. Even though this may seem irrelevant at first, it could be one of the central difficulties of advancing regional integration. It is important to take this aspect into account to understand the background of regional dialogue.

Latin America was the place where regional integration was sought for the first time. Once most Latin American nations became independent, the possibility of moving toward integration emerged. In 1815, Simon Bolívar had established this idea and transmitted it to Henry Cullen in the famous Jamaican Letter. Bolívar's ideology is summarized in the following paragraph, adapted to the uses of contemporary language and translated from old Spanish:

It is a great idea to intend to form from all the new world, one nation, with a single link that ties all of its parts to each other and with the whole. Since they have an origin, a language, some customs, and a religion in common, there should, therefore, be only one government that confederates the different states that will be formed; but it is not possible, because of remote climates, (...) diverse situations, opposing interests, similar characters divide America. How beautiful would it be that the Panama Isthmus be to us what Corinth was for the Greeks! (Carta de Jamaica, 2015, p.28). [1]

After the initial impulse, the Amphictyonic Panama Congress was installed in June 1826, but the results were not what had been expected. The integrationist yearning was frustrated just as it began (Liévano, 1968). This attempt at the beginning of the 19<sup>th</sup> century was rapidly spoiled by personal interests (warlords) and by those who opposed political unity. This was illustrated in a text that illustrates the reality of the phenomenon:

Slowly, the power and the control of several warlords were imposed against the legality and the institutions themselves. The stage of the ideals was replaced by the stage of interests (...). The fights for power between the warlords in their respective regions provoked a great number of conflicts that scourged for years the countries from

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the Rio Grande to Patagonia (Cordeiro, 2007, p.52).

Considering the 1835 Customs Union (between Chile, Peru, and Bolivia), and the Customs Union of the South (1944), only by the end of the 19<sup>th</sup> century and beginning of the 20<sup>th</sup>, regional integration resumed on the continent. Under the leadership of the USA, the first Pan-American Conference was held in May (24) 1888, drawn more from a collaborative perspective than a regional or integrative one (Quesada, 1919). Those meetings led gradually to what today is known as the Inter-American System that is comprised of the Organization of American States (OAS), the Commission and the Inter-American Court of Human Rights, which is considered one of the most advanced structures of human rights' defense in the world (CIDH, 2018).

Nevertheless, integration has not significantly improved since then. Multiple schemes have been constituted to achieve more proximity of interests, but the results have not been positive. Since the Latin American Free Trade Association (1960), later the Latin American Integration Association (1980), the Central American Common Market (1960) and the Andean Pact, later Andean Community (1996), to the Central American Common Market (1991), the Union of South American Nations (2008) and the Latin American and Caribbean States Community (2010) or the Community of Caribbean States (1973), the G-3 (1990), and the Common Market of the South (1991), the reality is that the region is still far from being integrated. One of the main barriers is found in a lack of shared understanding of integration.

## Discussing the Concept: Regionalism for Latin America

The above hypothesis – regionalism harms the regional practice – emerges when one reviews positions from authors who have researched and written about regional integration in Latin America. They have written about regional integration not just for the powerful and ruling elites but for academics and observers. For instance, Andrés Malamud (2011, p.219) has worked with regional integration exclusively from an economic approach, which he defines as “an attempt to reconstruct the eroded national frontiers to a higher level.” He also argues that it should be interpreted as a “protectionist maneuver from the states, which can't guarantee by themselves their interests and objectives, but seek to do so with others.” Similarly, Haas (1971, p.6) has suggested that, since the last century, regional integration could be defined as a process by which states blend, confuse, and merge voluntarily with their neighbors, in a way that they lose certain factual attributes of sovereignty, but acquire new techniques to jointly resolve conflicts.

The Economic Commission for Latin America and the Caribbean, defines regional integration as “a multidimensional process which includes initiatives of coordination, cooperation, convergence, and deep integration” (ECLAC/CEPAL, 2014, p.7). Hence, the simplicity with which the subject is approached, not just in political but also academic debates, does little to help Latin America understand what it means by promoting integration. Molano-Cruz (2018) makes it even more complex when he refers to the dynamics of inter-regionalism[2] and trans-regionalism[3]. In a paper in which is attached to the European experience, he...

(...) adapts a historic and global reading to explain the constitution of regional configurations as structural elements of the contemporary regional space (Molano-Cruz, 2018, p.14).

Not having surpassed the elemental debate about integration in the region, this could hamper deeper processes of integration. Therefore, what is clear – just by having a glimpse of four approaches – is that integration is not the state of disintegration frequently observed in the interchange between regional actors (lack of dialogue, different interests and goals, ideological controversies, and so on). The reinforcement of sovereignty in each of the Westphalian states in Latin America is the opposite of integration.

No reference can be given to integration processes in a scenario in which the national governments do everything to prevent that supra-nationality is strengthened. Each Latin American government that tries to get closer to its peers (and neighbors) places sovereignty as a condition to advance on any negotiation; this turns these approaches more into an exercise of international cooperation rather than regional integration.

Some processes of regionalization have been tried in Latin America, too. However, contrary to the concept, there are

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cases in which countries do not share a common border. An example is the *Alternativa Bolivariana para los Pueblos de América (2004)*, ALBA, which has been incorrectly cataloged as a regional integration process,. This shows a clear consequence of not understanding correctly what regional integration is. ALBA can be considered an integration process but it is not a process of regionalization. Regionalization demands direct borders contact. Today, the New Regionalism that is oriented toward regionalization, not regional integration.

[It] eliminates frontiers in communication and addresses problems beyond borders. It is also meant to solve the problems which are “borderless” such as environmental problems. NR is about the formation of regions regardless of boundaries and geographical location. It acquires a trans-national core and starts with the development of transnational regional cooperation (TRC) (Obydenkova 2006, p.10).

There is a call for the re-conceptualization of integration, adding more strength to the study of asymmetries, both inside and outside of regional groups, to achieve greater autonomy. This is certainly interesting and valid. But it will only make sense when regional integration is understood, and stops being misunderstood as simple cooperative agreements among nations. However, this may not be a matter of interest in the region while to Europeans it has been a key issue.

## Theory and Practice

Citing Molano-Cruz (2018) regarding the problems surrounding the understanding of the concept of integration, it is also necessary to take advantage of Briceño's (2018) work, who traced a similar argument. For both authors, despite working from different methodological approaches, the admiration for what Europe has achieved in terms of integration has become a stumbling block in Latin America. What has been commonly known as the first integrative wave in the region, has had the European paradigm as a reference and moved forward trying to copy what the old continent had achieved.

Another issue evidenced when linking theory and practice of integration in the region has been exposed before by Edgar Viera (2005) pointing out the difficulties to establish the distance between the theories of integration and the discipline of International Relations. It appears that Latin America has been distant and even absent from discussions of a theoretical character about the meaning of regional integration. If considered how the European integration progress was assimilated in this part of the world, a return to the discussion of the aim in the region and how it has been pursued, it can be noticed that:

The realities of Latin-American integration are not always explainable through the theories constructed in relation to the realities of European integration, [which is why] other theories have been taken into account, such as the interpretations made of a world-system or the underdevelopment of Latin American countries, based on the relations between the center and the periphery and Dependency Theory (Viera, 2005, p.276).

In this sense, it is relevant to state that Dependency Theory is an approach for understanding economic underdevelopment from a perspective that accentuates the recognized constraints enforced by the political and economic global order. Proposed in the late 1950s by Raul Prebisch, Enzo Faletto, and Fernando Henrique Cardoso, among others, Dependency Theory gained distinction in the 1960s and 1970s, while Latin America was dominated by several dictatorships. According to this approach, underdevelopment is caused by the peripheral position of a country in the world economy in relation to the power center. Furthermore, the centers establish constantly strong connections among themselves and their peripheries, but the countries in the peripheries do not do the same among themselves.

According to Viera (2005), the mixture of theories, borrowing from some that were not appropriate, the inadequate application of other theories, and the abuse of political speech, among other possible combinations, have become a fundamental cause of the mess behind Latin American integration efforts. Nor could significant progress be made in explaining the regional integration status of Latin America by relying on approaches from International Relations.

## Current Status, Difficulties and Prospects

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In any case, up to this point, regional integration in Latin America has become a point of complaint, not only for academics but also for politicians and practitioners. It should be noted that the lack of agency and structural factors favorable to regional integration has been evidenced for decades, at least clearly from the academic view. In practice, the matter can appear more difficult, because, since the 1960s governments have participated in political, economic, and even socio-cultural propositions to achieve a goal many seem to still misunderstand.

Looking at the regional integration processes reveals the crisis that has been happening since the end of the 20<sup>th</sup> century and the beginning of the 21<sup>st</sup>. Initially, the Andean Pact demanded a profound update, turning it into the Andean Community of Nations with the Modifying Protocol of the Cartagena Agreement since 1996. Then, regional integration advanced with the relaunch of the Southern Common Market, after a period without any major advances, with the 24<sup>th</sup> Summit of Presidents, in which the participation of Luís Inácio Lula da Silva and Cristina Fernández de Kirchner gave new impetus to the process through more diverse participation and strengthening the cohesion of the objectives of the Southern Cone. Nevertheless, they were simple basic adjustments and the manifestation of good intentions that ended affecting not only processes but all regional links.

The reality has shown that not significant progress regarding integration regionally has been made, because it is not yet fully understood what integration means and, on the other hand, because several factors have eroded what little had been achieved. Some of these factors that keep affecting the integrative attempts are the 2008 financial crisis, the ideological and pragmatic turn in the region, the rise of China as an important economic partner, and the lack of coordination and discipline among members of regional integration initiatives.

The effects of the 2008 financial crisis and the economic downturn that ensued were more durable than expected. Its impact was deeper and all markets, without exception, contracted to the point of avoiding new integration agreements or even canceling some that were already in force, as happened with the TPP (Trans-Pacific Partnership) and NAFTA in North America respectively.

Second is the ideological and pragmatic turn in Latin America after the rise of socialist and leftist trends, which encouraged new processes and “integration models” such as Unasur, ALBA and CELAC. Because of this change, these initiatives are not only paralyzed but dead, while others have been deeply affected. In a context of such diverse actors, besides political changes over time, integration is virtually impossible. It can be noted that, except for Colombia[4], other countries have moved side by side on the political spectrum from left to right, hampering the consolidation of foreign, commercial, fiscal, social and other policies.

Third, the emergence of China has led each Latin American state to create its own strategic approaches to the Asian giant. While this has remarkably helped to advance the conclusion of the Agreement of the Pacific Alliance (PA) in 2012 (which is a simple agreement, not an integration process in a strict sense), it helped to crack Latin American regional integration. It led to a return to the fragmented scenario, characterized by the struggle between those who support open regionalism, enacted by the PA, and those who reject such options and demand the defense of the agreements among regional actors that defend protectionism (even accepting Chinese interference in the region). This, combined with the protectionism applied today by the United States, through several of Trump’s policies, puts all regional actors in an awkward position.

Finally, a lack of coordination and discipline among members in areas that involve sophisticated integration processes like the Andean Community (CAN) and the Common Market of the South (Mercosur) must be emphasized. Today, CAN looks stagnant and with multiple defaults. The same with Mercosur. On one side, the appearance of China as a commodities buyer led Argentina and Brazil to discuss how to proceed in relation to the Asian country without a clear agreement having been reached. On the other side, recent changes in political matters (new administrations and trends), have them talking disparate languages and taking different positions.

The current moment is not good for the projections of regional integration. The low optimization of the high export cycles of raw materials will probably come back, and have (probably) negative consequences, leaving Latin America without a good prospect regarding regional dialogue. Despite the relative success of the Pacific Alliance and the recent approach between the European Union and Mercosur, nothing else has been displayed on the stage as a

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possibility of a real project of proximity, cooperation, and regional integration for the next 10 years. Maybe, it is time to forget this concept and, as was indicated by several scholars, start thinking about other ways to promote regional dialogue. At least in Latin America, regional integration, as it is theoretically and conceptually understood, will hardly work.

## Notes

[1] Quote originally wrote in Spanish. Translated by Carolina Obregon, the assistant of the author. In the same way, all original Spanish quotes have been translated by her under supervision of the author.

[2] Gilson (2005, p.309) describes inter-regionalism “as a double regional project responding to the need to pool an even greater percentage of resources in recognition of other interregional and global dynamics.”

[3] “Trans-boundary regionalism involves the flexible construction of international communities of interest – a process described here as ‘transboundary regionalization’ – within changing global economic and political contexts” (Scott, 2002, 179).

[4] The Colombian case is unique because of the discredit of the leftist leaders and movements. This bad image is supported by the guerrilla groups and their negative impact in society.

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