

A Latin American perspective of the integration processes

Javier Moreno, La FEC

Prepared for transform!, October 2017

The focus of the following presentation lies around the last period of the Latin American integration processes called “the gained decade”, “the victorious decade” or “the post-neoliberal turn” (which its origin could be located in 2005).

To this end, first of all I will introduce the evolution of the Latin America and Caribbean regional integration since the Second World War, as we know, a period characterized by important economic and democratic deficits in the region.

Secondly, I will explore the changes in the Latin American political arena in the turn of the century, with the emergence of progressive governments in Brazil, Venezuela, Ecuador Bolivia or Uruguay, and the consequences that this had for the regional integration discussions.

Finally, I will make a balance of this period, now when the region has reached a turning point.

1. The Latin America and Caribbean regional integration (1945-2005)

The necessity of building a regional integration process started to gain real importance in Latin America and the Caribbean after the Second World War. Initiatives like the Latin American Free Trade Association (LAFTA) were created with the support of CELAC (United Nations Economic Commission for Latin America and the Caribbean, a United Nations regional commission to encourage economic development).

It is important to point out that, from the beginning, there existed two positions related to the Latin American integration, depending on the framework and the depth from which the integration was understood:

- a) The market positions: integrated by countries such as Argentina, Brazil and Mexico, that perceived the LAFTA as a machinery for trade liberalization.
- b) Integrationist positions: countries such as Ecuador, Bolivia or Peru, which considered the LAFTA as a tool for the regional development (not only for promoting the trade). This tool would allow the industrial interconnection, the economic complementarity, the promotion of investments, etc.

It is not possible go in deep in the different evolutions that each Latin American country has experienced in the second half of the twentieth century (just remember that their history has been marked by growing military

A Latin American perspective of the integration processes

Javier Moreno, La FEC

Prepared for transform!, October 2017

interventionism led by the United States, whose the most extreme expression were the military dictatorships).

But we could point out, in a very general manner, the two most important regional integration blocs that emerge in this period, regardless of attempts of trade integration influenced by USA through the LAFTA.

On the one hand, the Andean Pact (a precursor of the Andean Community of Nations) arose in 1969, formed by Bolivia, Chile, Ecuador, Colombia and Peru. This space, specially oriented to free trade area and customs union, has gone through many stages of crisis and activation. Nowadays, it is in an impasse in light of the emergence of new and wider integration spaces with greater legitimacy.

On the other hand, Argentina, Brasil, Uruguay and Paraguay created the Southern Common Market (MERCOSUR) in 1991. That was in the context of the conservative governments in Argentina and Brazil, supporters to the Washington consensus. Since its origins, MERCOSUR has been fluctuating/moving between the two regional integration models:

a) The integrationist or progressive model: searching for a more autonomous industrialization and a sustainable and an independent integration from the USA interests. To do this they tried to strengthen the political power of the South countries in multilateral negotiations.

b) The market model or neoliberal model: this one is simply/just oriented to the establishment of a free trade area, which would be a stage towards global liberalization of the market. This approach coincides with advances that took place for establishing the Free Trade Area of the Americas (FTAA), in line with NAFTA.

Despite its success as trade zones, structural factors impeded a further expansion and depth of the Latin-American integration.

- politically unstable situations and periods of totalitarian governments
- industrial backwardness
- asymmetries between countries involved
- the Brazilian reticence to lead the regional block effectively and efficiently
- the 80's and 90's economic and debt crises

Up to the early 21st century the neoliberal integration model dominated in Latin America, focused on obtain the economic integration through free trade.

A Latin American perspective of the integration processes

Javier Moreno, La FEC

Prepared for transform!, October 2017

2. Turn of the century: the virtuous or golden decade. The posneoliberal turn.

After the turn of the century, Latin America has experienced the period of greater autonomy and sovereignty since the modern states foundation in the nineteenth century. We can analyze this historical cycle taking into account four factors:

a) Expansion of political democracy, in other words, the step from the democracy of rights (~~based on the winning of political freedoms by the popular movements in the last decades of the twentieth century~~) to the control over the power of the state by the popular classes and left wing forces in countries such as Venezuela, Ecuador, Uruguay, Brazil, Argentina, Bolivia, Paraguay, Nicaragua or El Salvador.

b) An historically unprecedented situation of redistribution of wealth and social inequality decrease (with a decline/decrease of the gap between the richest 10% and the poorest 10%).

c) Pos-neoliberal forms of managing the economy (be careful, not pos-capitalism) that involves an important role played by the State, which becomes a crucial actor in producing wealth and organizing the economy, giving priority to national interests and popular classes. For example, the nationalization of private companies or the creation of public companies.

d) A progressive and sovereign integration model is promoted by the progressive governments, which try to build up an institutional structure without the control of USA (until then ruling the region the OAS -Organization of American States- until then).

We see the emergence of two polarized models of regional, economic and political integration:

A) Expansion of free trade agreements promoted by USA with Central America, the Caribbean and other countries of South America (such as Chile, Peru or Colombia). This is the line of the failed FTAA, that will be recovered later by the Pacific Alliance.

B) A return to sovereign economic development and a kind of neo-nationalism. This was synchronized with the victory of the progressive governments in the main South American countries as an answer to the negative effects of neoliberalism. Their proposals include non-commercial goals and concerns, such as:

A Latin American perspective of the integration processes

Javier Moreno, La FEC

Prepared for transform!, October 2017

- Primacy of political agenda rather than economic and commercial agenda. This is related to the left and nationalist orientation of the governments, and to the goal of some countries of gaining a leadership in the region, in particular Venezuela and Brazil.
- The return to the “development agenda” (in the framework of the post-Washington consensus), and through policies far from the integration model based on trade liberalization.
- A greater role of the state, against the private actors and market.
- More emphasis on the “positive” agenda of the integration, focused on the creation of common institutions and policies, what has led the South-South cooperation and a peace and security program.
- More concern about the social dimensions and inequalities, and the link between regional integration and poverty, in a political context in which the social justice has become central.
- New ways to increase the social participation and to legitimate the integration processes.

Considering the reality of Latin America, all these elements have contributed to the emergence of new integration institutions that could be called as “post-neoliberals”. These are the following:

1. Alianza Bolivariana por los Pueblos de Nuestra América - Tratado de Comercio de los Pueblos (ALBA - TCP) (2004) / The Bolivarian Alliance for the Peoples of Our America (ALBA)- the People's Trade Agreement (PTA) (2004). It is based on the principles of complementarity, solidarity, cooperation and people sovereignty. It is focused on education, culture, infrastructure, apart from trade. It is created in opposition to the initiatives address by USA (as FTAA).

It worth to devote some time to analyze the implications of the Foreign Policy of the Bolivarian Project, which explains initiatives such as ALBA - TCP:

a) First of all, to build a new international geo-politics in opposition to the USA hegemony.

b) Secondly, to create a Latin American power bloc based on the principle of sovereignty, able to make South-South relationships with Africa and Asia.

A Latin American perspective of the integration processes

Javier Moreno, La FEC

Prepared for transform!, October 2017

c) Thirdly, for creating that power bloc an alternative integration will be promoted. An alternative integration that overcome the neoliberal conception and develop a fair trade, searching for a balance between the actors.

2. The Union of South American Nations (UNASUR) and the Community of Latin American and Caribbean States (CELAC) as an alternative to the Organizations of American States (OEA)

New political articulation spaces arise without the United States of America within them, which till that moment controlled the region through the Organization of American States (OEA), as we said before.

On the one hand, the CELAC, created in 2011 by the agreement of 33 nations of Latin America and the Caribbean, was found as a mechanism of political dialogue for the regional integration and the economic development.

On the other hand, too in 2011 was born the Union of South American Nations with a clear political purpose inspired by the European Union. That means appealing to a common identity and values of the region and pretend to reach a similar integration to the one achieved by the EU in political, economic, military and social terms:

- Politically, with a General Secretary and a South American Parliament
- Economically, create a unified currency, a common monetary found, the Bank of the South or the customs unification.
- Militarily, with the constitution of a Council of South American Defense.
- Socially, with a South American citizenship and the free movement of persons.

Among their most remarkable initiatives, we can find the Initiative for the Integration of Regional Infrastructure in South America (IIRSA), seeking for a wider physical, energetic and communicative integration; and the Bank of the South, financial institution that arises as a monetary found, development bank and moneylender organization launched by Argentina, Brazil, Bolivia, Ecuador, Paraguay, Uruguay and Venezuela. Nevertheless, it hasn't yet achieved to operate in full performance.

3. Evaluation and future perspectives

After the "golden decade", we find ourselves in a turning point in Latin America. The undercover coup d'état in Brazil, the electoral defeat in

A Latin American perspective of the integration processes

Javier Moreno, La FEC

Prepared for transform!, October 2017

Argentina or the growing instability in Venezuela have put in danger the integration process in a continental level. When the times come to do an evaluation, it seems that there is no equilibrium between the development of national spaces and the creation of a more articulated regional bloc in economic and social terms.

It is difficult to make a deep historical analysis because we don't have perspective enough to do it properly. However, what we can actually do is identify some key points, autocratical points, in regard to the regional integration process:

- It seems that the institutions created have revealed themselves too weak to consolidate the results achieved. Common authorities have been created but without competences, without real power. It has turned out in a lack of decision-making legitimated mechanisms, since the decisions keep a national-state based character. For instance, in the Latin American foreign affairs departments is common to hear "we don't want a bureaucracy as the Brussels one", but the experience points out that there is something worst: have something that looks like that bureaucracy but without competences nor the required resources to act effectively.
- Although there has been significant advances regarding to the political articulation of the continent, the economic integration remains weak. We can find some ambitious initiatives as the common currency (the SUCRE), the Bank of the South or the creation of transnational enterprises, but we are lacking the execution of these initiatives. For instance, the ALBA - TCP remains still as an unfinished process, ambiguous in its relationship with the rest of regional institutions as CAN or MERCOSUR, questioning them but without reject them (indeed, the countries that signed the ALBA continue respecting their duties with the other institutions).

We can see how still prevail a negative view of integration, related to the elimination of trade barriers, in front of a positive integration, linked to the creation of common institutions and policies.

In a new landscape where appear new forms of destabilization of democratic governments by soft coups d'état, in which media and social media play a decisive role, the cultural battle has been neglected. We are talking about the battle for building up a new common sense that accompanies the material achievements. Experiences as TELESUR, a continental platform of information, or the creation of new public media promoted by new public

A Latin American perspective of the integration processes

Javier Moreno, La FEC

Prepared for transform!, October 2017

communication policies are intense progresses in this sense, but they are not enough.

4. Future

The future is completely open since there is no randomness in history that cannot be faced by the people. The next round will be the Brazilian elections (October 2018) which can change again the direction of the regional alliances.