

# Explaining Latin America's fourth wave of regionalism

## Regional integration of a third kind

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## **Abstract**

Contrary to Europe, where a single process of regional integration has experienced several waves of enlargement, Latin America is characterized by a succession of four waves that saw the signing of agreements launching or reactivating several distinct but quite similar integration processes, in the years 1950-1960, 1970-1980, 1990 and 2000-2010. Most scholarly efforts have been centered on the evolution of each regional integration process in Central America, the Andean or Caribbean regions or in the Common market of the south (MERCOSUR), or on the overall picture of regionalism, yet the simultaneous onsets, the similar features and parallel evolutions of various regional integration processes in Latin America have not been properly studied. This piece fills that void explaining the different waves by a combination of convergence of interests and diffusion of ideas, with a mix of external and internal incentives, in a given historical context. It also puts the emphasis on paradigm shifts intersecting with disruptions, as triggering the surge of a new wave, and it uses path-dependence arguments to consider legacies and resilience. The paper argues that the current wave, as compared to the previous ones, is composed of regional integration processes of a third kind, best described by a contentions blend of structuralism and neoliberalism.

## Introduction

Contrary to Europe, where a single process of regional integration has experienced several waves of enlargement, from its original six member States in 1957 to a total of twenty-seven in 2012, Latin America is characterized by a succession of waves that saw the signing of several agreements launching or reactivating several distinct integration processes. If by wave, we mean a historical sequence during which a similar evolution takes place simultaneously in a given set of countries, then Latin America has gone through four waves of regional integration, weaving a complex patchwork quilt (Table 1).

Table 1. Waves of regional integration in Latin America

Waves	Years	Agreements	Acronyms	Antecedents
W <sub>1</sub>	1951	Organization of Central American States	OCAS	
	1960	Central American Common market	CACM	
	1960	Latin American Free Trade Association	LAFTA	
	1964	Special Latin American Coordinating Commission	CECLA	
	1965	Caribbean Free Trade Association	CARIFTA	
	1967	Eastern Caribbean Common Market	ECCM	
	1969	Andean Group	GRAN	
	1969	River Plate Basin Treaty		
W <sub>2</sub>	1973	Caribbean Community	CARICOM	CARIFTA
	1975	Latin American Economic System	SELA	CECLA
	1978	Amazon Pact		
	1980	Latin American Integration Association	LAIA	LAFTA
	1981	Organization of Eastern Caribbean States	OECS	ECCM
W <sub>3</sub>	1986	Rio Group		
	1991	Common Market of the South	MERCOSUR	
	1991	Central American System of Integration	SICA	ODECA
	1994	Association of Caribbean States	ACS	
	1995	Group of three (Colombia, Mexico, Venezuela)	G3	
W <sub>4</sub>	1996	Andean Community	CAN	GRAN
	2000	Initiative for the integration of Infrastructure in SA	IIRSA	
W <sub>4</sub>	2001	Puebla Panama Plan	PPP	
	2004	Bolivarian Alliance for the Americas	ALBA	
	2004	Community of South American Nations	CASA	
	2008	Union of South American Nations	UNASUR	
	2011	Pacific arch		
	2011	Community of Latin American and Caribbean States	CELAC	CASA

Source: Author's elaboration.

In the aftermath of WWII, the United States framed the Inter-American system with two important treaties, regarding military (Inter-American Treaty of Reciprocal Assistance, 1947) and political affairs (Organization of American States, 1948). Then the Central Americans created their own sub-regional organization (ODECA, 1951). After this initial, very much cold war-led political step, the 1960s marked the beginning of economic integration in Latin America. This first wave (W<sub>1</sub>), typified by Rosenthal (1991) as voluntarist, followed the United Nations Economic Commission for Latin America and the Caribbean (ECLAC)'s recommendations to use regional economic integration as a device to promote the industrialization of the continent. This developmentalist and structuralist approach inspired a regional initiative, as well as several sub-regional ones. In 1960, a treaty was signed in Montevideo, given birth to the Latin American Free Trade Association

(LAFTA)<sup>1</sup>, and the same year, the Central Americans launched their Common Market. Later, the Caribbean and Andean countries would do the same. For all, the European Economic Community (EEC) was a source of inspiration. The decade closed with a treaty inviting Argentina, Brazil, Uruguay and Paraguay to “combine their efforts for the harmonious development and physical integration of the River Plate basin”, reflecting strategic concerns of the military regimes.

During the 1970s and 1980s, a widespread disappointment over the scope of trade liberalization and the degree of industrialization, led the promoters of integration to downgrade their goals and give up tight schedules. The Latin American Integration Association (LAIA) replaced a stalemated LAFTA. In the Caribbean region, new organizations also replaced older ones. Following the example of the River Plate treaty, an agreement was reached between the Amazonian countries. Finally, two organizations (SELA and Rio Group) were created to provide forums of consultation for economic or political matters. This second wave was, hence, a “revisionist” one (Rosenthal, 1991).

During the 1990s, regionalism was framed by a new dominant ideology: neoliberalism. The so-called Washington consensus was mute about regional integration, yet neo-classical economics envisions free trade and free markets as the only ways to foster growth. Even the ECLAC revisited its doctrine, pressing for “open regionalism” (ECLAC, 1994). Stimulated by U.S. trade initiatives (Initiative for the Americas, North American Free Trade Agreement, Free Trade Area of the Americas), and by the European steps toward a unified market, a new treaty was signed in South America (MERCOSUR, 1991), while older ones were renegotiated in Central America (SICA, 1991), the Caribbean (ACS, 1994), and the Andean region (CAN, 1996).

Finally, as the neo-liberal era came to an end, and as the continent massively turned to the left (Weyland, Madrid & Hunter, 2010; Cameron & Hershberg, 2010; Levistky & Roberts, 2011; Dabène, 2012b), trade driven integration was object of strong criticism. While the United States signed bilateral agreements, as substitutes to the ill born Free Trade Area of the Americas (FTAA), and some initiatives were still motivated by a will to facilitate trade (IIRSA and Pacific Arch), a new conception of integration emerged. Venezuela-sponsored ALBA includes Trade for the Peoples Treaties accompanied by supplies of cheap oil. UNASUR and CELAC have a rich agenda of functional cooperation, ranging from defense and security to infrastructure and environment.

How can we explain this succession of four waves? How can such a complex and irregular pattern of evolution be explained? Why so many similar agreements signed successively or simultaneously in different sub-regions? How different is the last wave from the previous ones? These are the questions raised in this paper.

### **Theoretical framework, hypotheses and approaches**

To answer these questions, the literature on regional integration in Latin America is not much of help. Using different theoretical perspectives, there are significant scholarly efforts to explain why and how some treaties are signed in a given historical context, from Schmitter (1970a) to Mattli (1999) or Duina (2006), among others. There are also excellent accounts of how they evolved through time, in the whole continent (Bawa, 1980), or in

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<sup>1</sup> Signatories were Argentina, Brazil, Chile, Mexico, Paraguay, Peru, and Uruguay, later joined by Colombia and Ecuador (1960), Bolivia (1966), and Venezuela (1967).

some particular sub-regions (Cohen, 1972; Wynia, 1972; Lewis, 2002). The discontinuous pattern of evolution has also been studied. Schmitter (1970b), for instance, described crises leading key actors to reevaluate the level and the scope of their commitments to regional institutions. In the same vein, Dorette Corbey (1995), referring to European integration, also described a “stop and go” pattern of evolution, that owed to the governments meeting pressure groups’ demands for protection (stop phase), but then realizing the costs of rivalry are high (go phase). More recently, Dabène (2012a) offers an explanation referring to cycles of politicization, depoliticization and repoliticization.

These works help understand why regional integration processes are likely to resemble bumpy roads, yet they do not analyze the simultaneity of launchings or relaunchings of similar regional integration processes. With the exception of Rosenthal (1991), insufficient attention has been paid to the waves of agreements, probably because the literature always has in mind the European case, with its unique progressively enlarged process. The simultaneity and similarity of various regional integration processes remain to be explained and this is one of this paper’s empirical and theoretical objectives. The other objective of this paper is to offer a reflection on the last wave.

How can we explain a wave of integration?

I argued in a previous work that waves of political evolution could be explained by a combination of convergence and diffusion (Dabène, 1997). Waves of regional integration are no exceptions. Convergence stems from the initial economic and political environment. In distinct groups of countries, the same interests are prompting integration and the governments collectively address the same development issues in similar ways. Different groups of countries, pressed by interest groups, may be simultaneously convinced that regional economic integration is the proper tool to foster growth and promote development because they all are influenced by the same policy paradigm (Hall, 1993). This convergence can be the byproduct of a diffusion of ideas or norms. In that case, diffusion entails convergence. But it can also be more spontaneous. Economic crises act often as critical junctures (Collier & Collier, 1991) generating similar reactions. Keen to develop the same projects, under the influence of the same ideology and proactive actors, different groups of countries set similar agendas and try to deliver the same outcomes. Failing to do so, they react the same way, but with distinct intensities, depending on the lessons learned by the actors, the new global economic environment and the political coalition holding power in the dominant countries.

In parallel, some models of integration are emulated. The model that triggers the spread of integration can come from within or outside the region. Latin America offers a study case of confrontation between domestic and imported models. The continent has elaborated its own theorization of integration, but at the same time the European Union and the United States have tried to influence it. Much has been written about the European influence (Smith, 1995; Mattli, 1999; Medeiros 2000; Grugel, 2004 and 2007; Dri, 2011). Indeed, the European construction has become an inevitable point of reference, and a mechanism of cognitive shortcut (Weyland, 2006) has been active in the region. Yet the European Union never managed to fully impose its conception of a deeper integration.

The objective of this paper, as previously mentioned, is to explain parallel births and rebirths of integration processes in Latin America. The distinction between “birth” and “rebirth” is important, and this paper will borrow from the historical institutionalism tool kit to address it. We know how sticky and resilient institutions can get (Pierson, 2004), and

a “rebirth” can never be a complete across the board change. Some points made by historical institutionalists studying European integration cannot apply to Latin America, simply because no regional integration processes has crossed the threshold of supranationality and member states, or more precisely Presidents (Malamud, 2003) remain key actors. Regional integration processes in Latin America have generated path dependence, but the institutional arrangements have not yielded increasing returns. Yet other notions are very useful. Some gaps (Pierson, 1996) can emerge between governments’ policy preferences and the outcomes delivered by the regional institutions. As a result, even though regional institutions evolve through time, for instance through layering (Thelen, 2003), some countries can simply decide to sign new agreements.

The purpose here is not to fully examine the parallel evolution of all Latin American regional integration processes, leading to growing gaps and subsequent relaunchings, a task I tentatively and partially fulfilled elsewhere<sup>2</sup>. Leaving aside some core features of this evolution, such as the diffusion of institutional designs or redesigns or policy transfers, some evolutionary factors will be taken into account when they help explain the surge of a new wave. Among them, paradigm shifts are central. They have a transformative capacity, by reframing the actors’ representations, projects and agendas. Yet they cannot be a sufficient condition for launching a new wave. They have to intersect with some sort of disruption.

We therefore have two main hypotheses to explain the waves of integration:

Regarding the first wave ( $W_1$ ):

*H<sub>1</sub>:  $W_1$  is best explained by a combination of convergence of interests and diffusion of ideas, with a mix of external and internal incentives, in a given historical context.*

As for the next waves:

*H<sub>2</sub>:  $W_n$  is best explained by a paradigm shift intersecting with a disruption, in addition to a new combination of convergence of interests and diffusion of ideas, with a mix of external and internal incentives, in a given historical context.*

When  $W_n$  is a transformation of  $W_{n-1}$ , given classical path-dependence arguments, we can add a specific hypothesis:

*H<sub>3</sub>:  $W_n$  is best described as a contentious wave, with new elements competing with resilient ones.*

The other objective of the paper is to closely look at the current wave of integration. The previous waves of integration have been successively framed by two paradigms, structuralism and neoliberalism. The new one could either swing back to structuralism, either be inspired by a new paradigm. Building on the discussion of the first three waves, I will argue that during the years 2000-2010, Latin America has ventured into new territories. A regional integration of a third kind is under way, combining and synthesizing several features of the previous waves. Wave 4 is not exclusively centered on trade like the

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<sup>2</sup> See Dabène, 2009.

third one, nor is it protectionist like the first one. As a result,  $W_4$  is not as homogeneous and compact as the previous waves. Our last hypothesis supplements  $H_3$ , looking at the content:

*H<sub>4</sub>:  $W_4$  is an integration of a third kind, a contentious blend of structuralism and neoliberalism.*

In order to test these hypotheses, the paper mainly uses an ideational approach. Each project of integration is shaped by a dominant paradigm, and a new wave is often signaled by a paradigm shift. The emphasis is put on the key actors' representations, intentions, projects and agreed-upon agendas, and the way they can be shaped by norm diffusion. As mentioned earlier, the European Union is an important actor seeking to export its "model" in Latin America, competing with the United States. The EU has not been equally convincing in all sub-regions, due to a series of factors such as political and economic leverage, or the misfit between European norms and local ones. Indeed, there are different degrees of localization (Acharya, 2004).

As important as ideas can be, they cannot exhaust the explanation of waves. In order to fully understand why there are several distinct processes launched or relaunched at the same time, the analysis will also stress interest driven behaviors.

The paper also uses a process-tracing approach, in order to unveil the foundations of the decisions that led to the signing of agreements. Trying to explain the outcomes, i.e. the main features of the waves and in particular the last one, the paper goes back in time and offers analytic narratives that connect the actors' intentions to agendas and outcomes. In the following sections, I proceed to compare sequences of events constituting the waves and show that they share commonalities. I assess the exogenous influences, such as the European or the North American ones, looking at the way their own historical sequences eventually overlap with the Latin American ones and showing that the timing of events matters a great deal (Mahoney & Rueschemeyer, 2003). And I also evaluate the domestic politics factors, using an "inside out" framework (Jayasuriya, 2003). The last wave, in particular, is clearly driven by a political swing in the region.

The case narratives are rather synthetic for the first waves. As regards the current wave, the presentation is more systematically organized around the following lines: paradigm, actors, agendas and methods, elements of convergence and diffusion, and external influences<sup>3</sup>.

## **Explaining the first waves**

### ***W<sub>1</sub>***

Following the release of a report in 1949 by Argentine economist and ECLAC's emblematic general secretary, Raúl Prebisch, Latin America was offered a roadmap for its development strategy. Titled "The economic development of Latin America and its principal problems", this seminal work, Hirschman (1961) referred to as the ECLAC's manifesto, laid the basis of

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<sup>3</sup> This paper relies on secondary sources for the first two waves, and extensive field research and interviews in the region for Waves 3 and 4. The research has been conducted in Central America, the Andean Region and MERCOSUR. The Caribbean region is not considered in this paper, although it is included in the tables.

the unequal exchange theory and sparked a paradigm shift in a region where the theory of comparative advantage had long been popular, at least until the Great Depression. Prebisch theory was grounded in empirical observations and professional practice as Argentina's Central Bank general manager from 1935 to 1943 (Dosman, 2008). In the aftermath of the Depression, Argentine exports revenues soared and industrialization became a hard necessity (Love, 1980). It became clear that export-led growth was no longer viable and he started advocating for inward-looking development and industrialization as a way to reduce the vulnerability of the Latin-American economies. Furthermore, Prebisch asserted that unification of markets could yield productivity gains and accelerate industrialization, provided it was protected by high tariffs. The recommendation was to launch a strategy of import-substituting industrialization (ISI) on a collective basis.

It is important to bear the timing in mind. Prebisch's proposals were released at the beginning of the 1950s, a period marked by the Korean War, that saw a rise in prices paid for Latin American commodities in the world markets. In this context, the pessimistic theory of unequal exchange could hardly convince Latin American policy makers. However, it would not last very long before the terms of trade declined again for Latin America. In addition, the U.S. opposed the creation of ECLAC right from the beginning, arguing that it duplicated the function of the Inter-American Economic and Social Council (IA-ECOSOC), and was also very fierce critics of the ISI strategy.

This rather adverse initial environment did not prevent ECLAC from opening a sub-regional office in Mexico City in 1951, and started lobbying in Central America. Why this region? Central America had a long history of failed attempts to resuscitate the Federation that lasted twenty years after the independence. After WWII, Guatemala and El Salvador were active trying to convince their three neighbors to sign political pacts. They eventually managed in 1951 to create the Organization of Central America States (OCAS), soon to be paralyzed by rivalries between revolutionary Guatemala and the rest of the region. Interestingly, whereas the political project failed, ECLAC started in 1952 to organize meetings in the framework of a Central American Economic Cooperation Committee. Three Central American economists initially presented the idea of economic integration during ECLAC's fourth session in México City in June 1951. They were keen to insulate their project from the tense political climate prevailing in the isthmus (Urquidi, 1998). ECLAC quickly endorsed it and tried to sell it to the governments of the region. They met with different reactions, ranging from enthusiasm in Guatemala and El Salvador, to indifference in Nicaragua and hostility in Honduras and Costa Rica, where the banana exporters, mainly U.S. companies, were strong supporters of free trade (Sáez, 2009). Nonetheless, the project of a Central American Common Market (CACM) was on the agenda, and ECLAC was very active promoting it.

In 1958, a first Multilateral Treaty of Free Trade and Integration was signed, followed by a more encompassing one (Treaty of Managua) in December 1960 creating the CACM. The former limited free trade to a short list of products, while the latter was more compatible with the U.S. position defending free trade for all products with eventual exceptions. The U.S. also managed to have the Central Americans give up their project of having integrated industries, contending that it would create monopolies. Until the last moment, they also tried to convince, most notably El Salvador and Honduras, to sign a free trade agreement, instead of the ECLAC sponsored treaty (Urquidi, 1998). The U.S. at that time had an inter-American agenda focused on security matters, meaning that their purpose in the economic



field was to “gain acceptance of Latin America that the defense program is vital to both” (OAS, 1951). Their main concern was to secure imports of raw materials.

The Central American sequence of integration ended abruptly with a war between Honduras and El Salvador in 1969. Retrospectively, an important actor admitted that they had acted as bureaucrats (*técnicos*), without considering the importance of the political factors (Urquidi, 1998). This depoliticization of integration (Dabène, 2012a) proved fatal.

In the rest of the continent, four series of reasons converged to propel regional integration. First, by the end of the 1950s, even the countries where export-led growth had prevailed were ready to adopt the ISI model (Bulmer-Thomas, 2003). Second, a new generation of statesmen emerged, for whom regional integration was a noble political quest: Arturo Frondizi (Argentina), Juscelino Kubitschek (Brazil), Romulo Betancourt (Venezuela), Alberto Lleras Camargo (Colombia). The latter had previously served as first General Secretary of the OAS, during the crucial years (1948-1954) when the U.S. was harassing ECLAC, and had a good working relation with Raúl Prebisch. Third, the U.S. reluctance softened. While the U.S. administration refused a Chilean project to create a development bank in 1954, or paid little attention to a Brazilian proposal of a Pan-American Operation in 1958, they finally agreed in April 1959 to create the Inter-American Development Bank (IADB), a major step to provide much needed financial support to integrated projects in the 1960s. The Cuban revolution triggered this policy change, epitomized by Kennedy’s Alliance for progress (1961), which strongly supported regional integration. And fourth, the first steps of the European construction and the success of Central America came as additional supports to the regional integration advocacy network in the continent.

In February 1960, the Montevideo treaty was signed, creating the Latin American Free Trade Association (LAFTA). The reasons why LAFTA never achieved its objective to eliminate intra-regional tariffs have been analyzed (Bulmer-Thomas, 1997). Suffice is to say, for the sake of explaining the waves of integration, that the issue of gain distribution was central for less-developed countries (Bolivia, Ecuador, Paraguay and Uruguay).

The idea of a separate agreement between less-developed countries was first suggested in 1964 during a LAFTA meeting, and then it was object of a Declaration signed in Bogota in 1966 by the presidents of Colombia, Chile and Venezuela. Some projects of mutual interests were discussed and an Andean development corporation (CAF) was created in 1968 to finance them. The idea of temporary sub-regional agreements between less-developed countries received a decisive backing during the 1967 Punta del Este summit of American presidents. In the final declaration, the Presidents agreed to “promote the conclusion of temporary sub-regional agreements, with provision for reducing tariffs within the sub-regions and harmonizing treatments toward third nations more rapidly than in the general agreements, in keeping with the objectives of regional integration”. But when the Andeans<sup>4</sup> signed the Cartagena Treaty in 1969, they went far beyond putting in place a temporary device for reducing tariffs. The Andean Pact was very ambitious, targeting a customs union and aiming at harmonizing economic and social policies. The integrated industrial program and the foreign investment codes were centerpieces of their ISI-inspired project (Parkinson, 1973). The Andean Group (GRAN) was also granted a supranational institutional arrangement very much inspired by the European one, with a Commission

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<sup>4</sup> The Treaty was signed by Chile, Colombia, Ecuador and Bolivia. Venezuela joined the group in 1973 and Chile left it in 1976.

making majority decisions, and a Secretary (*Junta*) composed of three members representing the regional interests and not taking orders from their respective governments.

Table 2 summarizes the main features of the first wave. Two points deserve to be highlighted.

First,  $W_1$  has been activated by a paradigm shift that, at some point, and thanks to ECLAC's *técnicos* (Wynia, 1972), convinced policy makers that the center/periphery theory matched with economic realities. Then three historical sequences overlapped, in South America, Central America and Europe, producing a mix of convergence and diffusion. Another key actor, the United States, offered resistance. As a result,  $W_1$  is a contentious process. The paradigm shift was incomplete and not hegemonic, as the U.S. (and the International Monetary Fund) kept on pressing for export-led growth. The first two agreements, CACM and LAFTA, felt short of ECLAC's expectations in terms of industrial planning. Being a latecomer, at a time when U.S. pressures weakened and the shortcomings of LAFTA and CACM were visible, GRAN was much more in tune with ECLAC's doctrine.

Two, the proliferation of agreements and subsequent waves were not meant to be. The 1967 Declaration of the Presidents of America reads: "Presidents of the Latin American Republics resolve to create progressively, beginning in 1970, the Latin American Common Market, which shall be substantially in operation in a period of no more than fifteen years. The Latin American Common Market will be based on the complete development and progressive convergence of the Latin American Free Trade Association and of the Central American Common Market, taking into account the interests of the Latin American countries not yet affiliated with these systems". Moreover, the U.S. President declared "his firm support for this promising Latin American initiative". In the 1970s, the merging process never got started. The sub-regional processes entered a "zone of indifference" (Schmitter, 1970b) and survived by default, but not without generating path dependency.

Table 2. Main features of Wave 1

<b>Paradigm</b>	Developmentalism & structuralism
<b>Key actors</b>	ECLAC, EU & U.S.
<b>Agenda</b>	Economic integration, import-substituting industrialization (ISI)
<b>Methodology</b>	Planning
<b>Convergence</b>	Lessons learned from the 1930-1945 period
<b>Diffusion</b>	ECLAC's doctrine

#### External Influences

Year	U.S.	Europe
1947	Inter-American reciprocal assistance (Rio Treaty)	
1948	Organization of American States (OAS)	
1952		European Coal and Steel Community
1957		European Economic Community
1959	Inter-American Development Bank (IADB)	
1961	Alliance for Progress	

## **W<sub>2</sub>**

W<sub>1</sub> lost steam at the end of the 1960s and got completely deadlocked in the 1970s for a number of reasons that cannot be exposed here in details. Some have to do with the way regional integration was conceived in the first place, with inefficient mechanisms of negotiation, weak attention paid to gain distribution issues and institutional flaws. Others remit to domestic politics, with some countries experiencing profound changes, such as Chile in 1973. Voices were also loudly heard criticizing foreign companies domination of the free trade areas (Wionczek, 1970). And finally, the international context changed, with the end of the Bretton Woods system in 1971 and the oil shocks of 1973 and 1979. According to Bulmer Thomas (2003: 299), “the procyclical nature of intraregional trade was a disappointment for those who had hoped that regional integration would increase the autonomy of the region in the face of external shocks”. On a more political note, Prebisch (1969) lamented that nationalisms had not been amalgamated into a “Latin-American nationalism” that could have cemented development on a collective basis.

In the Andean Group, Chile was the troublemaker. The Chicago boys surrounding General Pinochet were pressing for changes. They were keen to reduce tariffs and attract foreign investors. They managed to have the GRAN introduce modifications, extending deadlines for the Common external tariff approval among others. These provisions introduced flexibility, without meeting Chilean demands. It withdrew from the group in 1976. Other Andean countries, such as Bolivia, Colombia and Peru, experienced drastic political changes that led their government to favor the trade liberalization model, instead of the ISI one. They eventually downgraded their commitment to GRAN (Avery, 1983). In Central America, the war between Honduras and El Salvador had devastating effects, Honduras putting an embargo on transit trade between El Salvador and Nicaragua and Costa Rica.

Displeased with regional integration and ISI, many countries emulated Chile and started to turn to export promotion. Even ECLAC learned its lessons. The failure of the 1950s ISI model (rising inflation, increasing balance of payment deficits) and the paralysis of regional integration processes had its experts try to amend the doctrine. It was all the more necessary because, once again, ECLAC's theory was contradicted by realities. During the 1970s, the terms of trade got very favorable for Latin America's commodity exporters. ECLAC did not, however, have a clear alternative, so they proceeded to adjust the paradigm. This second order change (Hall, 1993) entailed more flexibility and new instruments. The new Latin American Integration Association (LAIA) was a loose organization with no ambition other than to legally register partial scope agreements signed by its member states.

ECLAC's loss of credibility allowed another initiative to see the light. In 1975, all twenty-five Latin American and Caribbean countries created the Latin American Economic System (SELA) in order to promote regional cooperation and establish a permanent system of consultation. SELA replaced the moribund Special Latin American Coordinating Commission (CECLA) created in 1964 initially to set common Latin American positions in the UN Conference on Trade and Development (UNCTAD). Contrary to LAFTA, both SELA and LAIA gave “prominence to industrial complementarity and private sector initiatives” (Bulmer Thomas, 2003).

SELA was not born out of a paradigm shift for regional integration, but it did reflect a growing concern about Latin America's need to speak with one voice to the United States. Originally a Mexican-Venezuelan proposal, it was also influenced by their affinity with the

non-aligned movement. In a context of fierce bi-polarization, and with repressive military regimes in the southern cone keen to have close relations with the United-States, Latin America was politically fragmented. During the 1970s, Milenky (1977) was right to point out that disintegration had occurred, while at the same time interdependence had increased.

The beginning of the 1980s did not bring about significant changes. When the debt crisis erupted in 1982, Latin America proved to be very vulnerable. Economic integration was no longer on the agenda. However, the 1980s saw the progressive democratization of the continent, and some sense of solidarity resurfaced. In 1983, Mexico, Venezuela, Colombia and Panama, soon joined by Argentina, Brazil, Peru and Uruguay (Contadora Group), offered mediation to a war-ravaged Central America. And in 1984, Mexico, Argentina, Brazil and Colombia organized a summit in Cartagena (Colombia) to discuss the debt issue. Both diplomatic initiatives epitomized a new spirit of collaboration between recently installed democracies. The Contadora Group's proposal failed, but the governments involved in the effort decided in 1986 to create a permanent mechanism of consultation. This repoliticization (Dabène, 2012a) laid the ground for the third wave of integration.

Turning to the external actors during the period, the panorama is complex. The U.S. was very discrete, at least regarding regional integration. Following the 1967 summit, the Latin Americans used CECLA to collectively bargain with the U.S. That effort proved disappointing and CECLA was abandoned after 1973 (Milenky, 1977).

Conversely, the EU was very active trying to export its model of integration. In the Andean region, the EU secured technical assistance for institutional building, targeting the JUNAC. Nonetheless, some Latin American exports got hurt by the European common agricultural policy, and there was no inter-regional institutionalized dialogue to find common ground, other than the meeting of Latin American ambassadors in Brussels who created a coordination group. The 1975 Lomé convention further affected South American interests. During the 1970s, the EU signed several bilateral agreements, showing that a common policy for Latin America had not yet been thought of, other than offering technical institutional cooperation. The years 1983-1984 marked a change, with the EU establishing formal agreement with the Andean and the Central American regions. When Portugal and Spain joined the EU in 1986, this embryonic interest for Latin America received a decisive boost.

Table 3 summarizes the main features of  $W_2$ .

By all account,  $W_2$  looks more like a trough of a wave than a real wave. It was a long intermediate and quite inactive period between two paradigm shifts. The private sector played an important role, preserving some level of intra-regional trade in times of economic nationalism, but all the integration processes became deadlocked. Even the Caribbean Community (CARICOM), created in 1973, was considered a major disappointment (Payne, 1981). Still, because it lasted almost two decades, and because the EU actively helped strengthening the institutional arrangements,  $W_2$  turned out to be even more path dependent. The regional institutions were object of political indifference, but that left them room for being autonomous and assertive. As a consequence, during  $W_2$ , they enhanced their resilience and stickiness (Pierson, 2004) but also in some cases their institutional layering. Political indifference was the product of a growing gap between policy preferences and integration outcomes. Important disruptions during the period (economic crises and

transitions to democracy) did not intersect with a paradigm shift, preventing a massive relaunching of a new wave.

Table 3. Main features of Wave 2

<b>Paradigm</b>	Second order change to developmentalism, end of consensus
<b>Key actors</b>	Private sector, EU
<b>Agenda</b>	Economic integration
<b>Methodology</b>	Flexible planning with no fixed deadlines
<b>Convergence</b>	Lessons learned from ISI shortcomings
<b>Diffusion</b>	Chilean (and Asian) model of export-led growth

#### External Influences

Year	U.S.	Europe
1970		Group of Latin American Ambassadors
1971		Bilateral agreement with Argentina
1973		Bilateral agreement with Uruguay
1973		Bilateral agreement with Brazil
1975		Bilateral agreement with Mexico
1975		Lomé Convention with Asian Caribbean & Pacific countries
1983		Cooperation agreement with Andean region
1984		San José dialogue with Central America
1986		Single European Act

### W<sub>3</sub>

For the reasons above mentioned, the second half of the 1980s witnessed a renewed integration spirit in the region. The recently democratized countries were keen to work together to deliver some regional goods. Brazil and Argentina started in 1986 with a bilateral agreement seeking to initiate a cooperation driven by a will to bolster mutual trade and collectively defend democracy (Dabène, 2009; Gardini, 2011). The 1986 Argentina-Brazil Economic Integration Pact (ABEIP) was still influenced by ECLAC's structuralism, as it targeted intrasectorial complementarity, technological modernization, and harmonization of economic policies. Yet, it was more realistic and pragmatic than previous integration schemes (Manzetti, 1990). ABEIP was eventually supplemented by two dozens protocols, signed on a bilateral and then on a trilateral basis with Uruguay.

The paradigm shift occurred at the beginning of the 1990s simultaneously in all sub-regions, and coincided with changes in the global economy and with policy swings in the U.S. and Europe (Manfield, Milner, 1999). Again, a mix of convergence and diffusion was perceptible. Under U.S. hegemony, neo-liberalism was the new dominant ideology at the end of the Cold War, and with it a new trade-centered market-friendly conception of integration influenced the signing of new agreements and the evolution of older ones, in Latin America as well as in the rest of the world<sup>5</sup>.

In South America, the elections of three new presidents, Carlos Menem in Argentina, Luis Alberto Lacalle in Uruguay and Fernando Collor in Brazil, between December 1989 and March 1990, meant a clear turn to the right. When Argentina, Brazil, Paraguay and Uruguay signed the Asuncion treaty giving birth to MERCOSUR in March 1991, their purpose was not

<sup>5</sup> The GATT registered a record number of preferential trading agreements during the 1990s.

to promote economic development, but rather to liberalize trade and adopt a common external tariff. In the Andean region, after the 1987 Quito Protocol introducing flexibility regarding policy harmonization, the member States adopted in 1989 a new trade-centered agenda and went on converting their group into an Andean Community (CAN) in 1996. In Central America, after a sequence of reactivation following the pacification of the region and the creation of SICA, the integration process was put on a new track in 1997 when the region decided to implement the reforms recommended by the IADB and ECLAC (1997).

It is worth noting that for the first generation integration processes, the paradigm shift was incomplete and contentious. The Andean and Central American regions both adopted a new neoliberal agenda in the 1990s, but it hardly tricked down to all regional agencies. CAN and SICA were complex multilayered institutional arrangements with many bodies keeping traces of the paradigm that was dominant when they were created.

During this period, ECLAC also experienced the paradigm shift, embracing “open regionalism”. According to ECLAC (1994), “What differentiates open regionalism from trade liberalization and non-discriminatory export promotion is that it includes a preferential element, which is reflected in integration agreements and reinforced by the geographical closeness and cultural affinity of the countries of the region”. As in Asia (Jayasuriya, 2003), open regionalism entailed a political project centered on regional governance. Contrary to what institutional arrangements of the previous waves provided, open regionalism was supposed to be run by flexible and informal rules. It clearly reflected the new political and economic power of the tradable globalized sectors and the neoliberal coalitions winning elections during the 1990s.

On the external front, Latin America was submitted to pressures from the U.S. and the EU, representing partially competing modes of governance (Grugel, 2004).

U.S. President Georges Bush launched his Enterprise for the Americas Initiative (EAI) in June 1990, emphasizing free trade, investments and debt relief. The policy initiative was designed to help “virtuous” countries, locking in the neoliberal reforms implemented. To qualify for debt reduction funds, a country had to have signed a standby agreement with the International Monetary Fund and had to receive a structural adjustment loan from the World Bank (Graham, 1991).

NAFTA negotiations started in June 1991 as the first free trade agreement envisioned by EAI. In parallel, all Latin American countries, except Cuba, Haiti and Surinam, signed framework agreements as preludes to free trade negotiations with the U.S. NAFTA clearly set new standards for trade negotiations in the region. Building on the 1988 Canada – U.S. Trade Agreement (CUSTA) (Whalley, 1992), NAFTA introduced new issue areas and a new discipline, going far beyond what was on the WTO’s agenda. NAFTA extended the notion of trade promotion to services, sanitary and phytosanitary measures or to intellectual property rights, and established regulations for government procurements and investments. Furthermore, the negotiations also included some “brand new” issues such as environment and labor rights.

In the aftermath of NAFTA’s coming into force, a mix of diffusion and convergence was set in motion. The U.S. hosted in December 1994 a Summit of the Americas, inviting all thirty-four democratic countries of the Hemisphere, only leaving aside Cuba. Product of a “cascading modular multilateralism” (Feinberg, 1997), the Summit’s agenda was rich and rather consensual. Twenty-three mandates were discussed, grouped around four objectives: preserving and strengthening the community of democracy in the Americas;

promoting prosperity through economic integration and free trade; eradicating poverty and discrimination in our Hemisphere; and guaranteeing sustainable development and conserving our natural environment. Yet it was the proposal of a Free trade area of the Americas (FTAA) that captured the attention of both the business community and the governments in the Hemisphere. In parallel, many governments embarked upon a legislation upgrade, anticipating that FTAA discipline would one day be multilateralized, thus using FTAA as a rehearsal in the perspective of future WTO rounds of talks.

Officially opened during the second Summit of the Americas in Santiago (Chile) in 1998, the FTAA negotiations were paralyzed during the Miami ministerial meeting of November 2003, for a series of reasons that need not be analyzed here. What deserves to be underlined is the NAFTA – FTAA effect in Latin America. Some countries emulated this type of agreement. Colombia, Venezuela and Mexico, for instance, signed a NAFTA copy-paste free trade agreement in 2004. Other existing regional blocks were prompted to include in their agendas rules regarding investments or intellectual property rights. In short, NAFTA – FTAA's agenda and discipline became the norm in the Western Hemisphere. However, it also became the symbol of U.S. pro-market interference in Latin American politics. Mexico, in particular, was object of a NAFTA-ization working through institutionalization, harmonization, communication and persuasion/mimicking (Aspinwall, 2009). Even for Canada, according to Clarkson (2002), NAFTA constitutionalized a pro-market neoconservative ideological orientation that would constrain future policy-making. As a result, the whole FTAA negotiation triggered an intense transnational mobilization that contributed to the transition from Wave 3 to Wave 4 of regionalism. It is worth noting that despite FTAA failure, the Summit process<sup>6</sup> kept on working on the non-trade agenda, building a multilevel regional governance scheme (Dabène, 2009).

The European Union was also very active during the 1990s. The EU embraced open regionalism and promoted inter-regionalism, but it also signed agreements with two countries: Mexico in 1997 and Chile in 2002. In 1999, a first European – Latin America Summit was held in Rio, Brazil. It set the tone for the subsequent meetings and negotiations<sup>7</sup>. The EU pushed for an agenda encompassing trade liberalization, economic and social cooperation and political partnership. Besides the trade agenda, that looked similar to the one the U.S. was negotiating, the EU clearly intended to promote its best practices and its conception of social inclusion (Grugel, 2004).

The EU LAC summits displayed harmony and value convergence, but did not deliver much concrete progress, most notably in the realm of trade facilitation. The inter-regional negotiations ran into many obstacles. As we shall see, during the fourth wave, some negotiations were concluded (Caribbean region, Central America); others were deadlocked (MERCOSUR).

Table 4 summarizes the main features of W<sub>3</sub>.

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<sup>6</sup> So far, the Summit process is composed of the six Summits of the Americas (Miami, United States, 1994; Santiago, Chile, 1998; Québec, Canada, 2001; Mar del Plata, Argentina, 2005; Port of Spain, Trinidad and Tobago, 2009; and Cartagena, Colombia, 2012), and of two other Summits: on sustainable development (Santa Cruz, Bolivia, 1996) and a special summit (Monterrey, México, 2004).

<sup>7</sup> After Rio 1999, the second EU LAC Summit took place in Madrid, Spain (2002), and then they were held on a biannual basis: Guadalajara, Mexico (2004); Vienna, Austria (2006); Lima, Peru (2008); Madrid, Spain (2010); Santiago, Chile (2012).

W<sub>3</sub> was clearly the product of a paradigm shift intersecting with important changes. The 1990s saw the Latin American regional groups embracing neo-liberalism, both because the Washington consensus was actively diffused and because the continent was ready to turn its back to a protectionist model of development that was associated with the debt crisis. This decade led some observers to imagine that the conditions were ripe for the Western Hemisphere to build a community, because of an unprecedented level of convergence of values and interests (Inter-American Dialogue, 1992). The next decade proved them wrong.

Table 4. Main features of Wave 3

<b>Paradigm</b>	Neo-liberalism, open regionalism
<b>Key actors</b>	ECLAC, U.S.
<b>Agenda</b>	Trade liberalization
<b>Methodology</b>	Tariff reduction
<b>Convergence</b>	Economic crisis, lessons learned
<b>Diffusion</b>	Washington consensus

#### External Influences

Year	U.S.	Europe
1990	Initiative for the Americas Enterprise (IAE)	
1990		Rio Group Dialogue
1992		Inter-institutional agreement (LAC)
1993		Framework cooperation agreement with Central America
1993		Framework cooperation agreement with Andean region
1994	North American Free Trade Agreement (NAFTA)	
1994	Summit process (LAC)	
1995		Inter-regional framework cooperation agreement with MERCOSUR
1997		Economic partnership, political coordination and cooperation agreement with Mexico
1999		Summit process (LAC)

## Part II. The current post-trade wave: regional integration of a third kind

The neo-liberal era came to an abrupt end with the economic crisis at the end of the 1990s. In parallel, social actors and leftist political parties throughout the continent fiercely criticized the Washington consensus and elaborated an alternative. Regarding regional integration, the alternative consisted in a repoliticization (Dabène, 2012a), whereby economic integration reclaimed to be an instrument to propel development. Waves 1 and 3 were based on paradigm shifts that never got to be completely uncontested. Wave 4 seems to be even less consensual. Not only do some agreements keep on promoting free trade, but also the leftist alternative is heterogeneous, depending on the degree of rejection of neoliberalism. Apparently echoing the dichotomy between a moderate and a radical left, there is a gap between a Brazilian sequence of initiatives (IIRSA – UNASUR – CELAC), and a Venezuela-led one (ALBA). However, I will contend that there is an overall neo-



developmental approach to regional integration that cut across political cleavages. I will call it integration of a third kind, a synthesis between neoliberalism and structuralism.

In this section, I follow the same lines used in the above tables, starting with the paradigm shift and then moving on with the key actors, the agendas and methodologies, and the elements of convergence and diffusion. This section will close examining the American and European influences.

*Paradigm shift: left turn and regional integration*

During much of the 1990s, the Latin American left looked for policy alternatives to neoliberalism. Interestingly, it did it on a collective basis, using the Sao Paulo Forum or the World Social Forum.

The Sao Paulo Forum (SPF) first met in Sao Paulo, Brazil, in July 1990, when the Brazilian Workers Party (PT) invited leftist organizations and political parties from the whole continent to discuss alternatives to neoliberalism. After the first SPF, the group met on a regular, almost yearly basis. The SPF is a fascinating experience of transnational brainstorming that contributed to frame the debates and eventually prepare the left parties to govern when they started to win elections at the end of the 1990s. In this section, I am only interested in the way the left built a new paradigm regarding regional integration<sup>8</sup>.

SPF<sub>1</sub> took place a few weeks after President Bush's address announcing the Enterprise for the Americas Initiative. The final declaration used a third-worldist tone, defending a socialist, popular and anti-imperialist model against Bush's hegemonic intentions, and proposing a "new concept of unity and continental integration"<sup>9</sup>. This new concept was defined in the following way: "it entails the reaffirmation of sovereignty and self-determination of Latin America and our nations, the full recuperation of our cultural and historical identity and the spur of international solidarity of our peoples. It rests on the defense of our Latin-American patrimony, the end of capital flight from our continent, the collective confrontation and address of the external debt curse that is impossible to reimburse, the making of economic policies that yield positive outcomes for the majority and that allow to reduce poverty that affect millions of Latin Americans. It requires, lastly, an active commitment in favor of human rights, democracy and popular sovereignty, as strategic values, challenging the leftist, socialist and progressive forces to constantly renew its mode of thinking and acting".

The next SPFs elaborated more on the subject, but the guideline did not fundamentally change. Regional integration was conceived as an instrument to defend sovereignty, against all imperialist dangers, to co-ordinate policymaking targeting the consolidation and deepening of democracy, and to build a consensus around core values. SPF<sub>2</sub> in Mexico (1991) mentioned the necessary "emancipation in a context of worldwide capitalist restructuring". In Managua in 1992, in the backdrop of the fifth centenary celebration of the discovery of America, SPF<sub>3</sub> called for an "alternative integration", "peoples integration", "from below", and creating "networks of exchange, co-ordination and complementarity of productive, financial and social policies". Beyond trade, the integration processes were to

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<sup>8</sup> In this section, I draw heavily from my Chapter 11 of Dabène (2012c), titled « Au-delà du régionalisme ouvert. La gauche face au piège de la souveraineté et de la flexibilité » ("Beyond open regionalism. The left confronting the trap of sovereignty and flexibility").

<sup>9</sup> Unless otherwise specified, all the quotes are from the different SPF final declarations.

build on the “dynamic articulation of cultures”. In Cuba in 1993, SPF<sub>4</sub> argued that “only an economically and politically integrated Latin American and Caribbean community will have the strength to assert itself independently in a world controlled by big economic blocks and their policies totally adverse to our peoples’ interests”. In 1995 in Montevideo, SPF<sub>5</sub> described the 1994 Summit of the Americas as a “first stage of a process that aimed at implementing a new purpose of ‘collective security’ and at reinforcing an integration model even more subordinated and dependent on the U.S.”. It sought to differentiate itself from the FTAA, posing that “the ultimate goal of integration is a joint and complementary development of productive sectors and services of all countries in the region, in order to avoid the negative consequences of a world market dominated by multinational corporations”.

During this first sequence, it could be said that the ECLAC doctrine of industrial complementarity was resuscitated. Oddly though, regional integration disappeared from the final declarations of SPF<sub>6</sub> to SPF<sub>9</sub>, at a time of intense activities in the MERCOSUR, CAN or SICA.

The theme eventually resurfaced during the tenth SPF, again held in Cuba in December 2001. The final declaration put the emphasis on the necessity of a deep integration, and the creation of a “Latin-American community of nations and peoples”. Strongly opposed to the FTAA, the SPF<sub>10</sub> sketched a neo-developmental conception of integration, based on the notions of convergence, complementarity and reduction of asymmetries. It envisioned an active role of the State, supplemented by civil society participation and granting the regional institutions with redistributive capacities. SPF<sub>10</sub> marked a turning point. Not only the left had elaborated a road map for an integration upgrade, but with the election of Lula in Brazil the next year, it could enforce it. SPF<sub>11</sub> celebrated Lula’s victory and insisted on the necessity to seize a historical opportunity for deep regional integration. For the first time, the participants recommended some institution building. The SPF in 2005 criticized the U.S. attempts at promoting bilateral agreements to compensate for the FTAA setback, and expressed solidarity to the Bolivarian Alternative for the Americas (ALBA). SPF<sub>12</sub> added new issues that could be part of an agenda of integration, such as finance, defense, infrastructure, education, science, culture, labor rights or social security. The subsequent SPF supported the creation of UNASUR.

What this twenty-year history shows is that the left clearly introduced a paradigm shift regarding regional integration. Its components are defensive, claiming that integration must shield Latin America from imperialist threats, and proactive, resurrecting some elements of ECLAC doctrine and envisioning a deeper institutionalized integration. Three countries inserted this renewed conception of regional integration in their new constitutions: Venezuela in 1999; Ecuador in 2008; and Bolivia in 2009. Just to mention some examples, the 1999 Venezuelan constitution includes an article (153) setting the objective of creating a “community of nations” and “granting supranational organizations, by means of treaties, with the exercise of necessary competencies to achieve regional integration”. The Ecuadorean one is probably the most “integrationist” of all Latin American constitutions. It also aims at promoting regional integration in a wide array of issues (economy, environment, law, culture, identity...), and also mentions the possible creation of supranational organs, an incursion into deep integration the Bolivian constitution mentions as well.

These constitutions, as well as the SPF reflections, seem to be caught in a double bind. On the one side, there is an undeniable attraction for deep supranational integration. But on the other, regional integration is defensive, driven by a preoccupation with imperialist threats. The latter spurs an insistence on sovereignty, while the former requires ceding or pooling sovereignty. Admittedly, this leftist conception of regional integration entails a collective defense of sovereignty, while at the same time it compels individual countries to cede sovereignty. Yet, I claim that leftist governments in the last fifteen years have not addressed this contradiction properly. They were caught in a sovereignty trap (Dabène, 2012c).

By and large, the paradigm shift did not fully transfer into policy choices during the 2000s, in part because of the sovereignty trap, in part because some key political actors developed agendas of their own. As a consequence,  $W_4$  never managed to be fully coherent and build on existing agreements to turn the convergence dream into reality. Like previous waves, it ended up adding complexity to the patchwork quilt.

*Key actors: Overlapping or crosscutting Brazilian and Venezuelan initiatives?*

During the years 2000, Brazil and Venezuela emerged as key actors, each with a distinct agenda of integration. The way their initiatives overlap for some issues and crosscut for others largely shaped  $W_4$ .

The Brazil-driven sequence of integration began with President Itamar Franco in 1993, when he suggested the creation of a South American Free Trade Area (SAFTA), as the southern equivalent to NAFTA. The initiative was ill fated, and it was President Cardoso who took concrete steps. The reasons why at the end of the 1990s Brazilian diplomacy turned “South American” had to do with a frustration regarding MERCOSUR, a will to build a coalition to balance U.S. influence in the FTAA negotiations, and an ambition to assert a regional leadership that could help Brazil become a global player. When Cardoso convoked the first South American Summit in 2000, he was eager to launch concrete initiatives that would put regional integration on a pragmatic track. The Brasilia summit’s purpose was to create a zone of “democracy, peace, solidarity-based cooperation, integration and shared economic and social development”. One of the main concrete steps was to announce the Initiative for the integration of infrastructure in South America (IIRSA), intended to tackle a traditional weakness of all integration schemes in the region, namely physical integration. IIRSA rapidly proved to be consensual and successful, in terms of provision of regional public goods (Carciofi, 2008). Other than infrastructure, the Summit also addressed technical issues such as information, technology or drugs. Regarding trade, the 2000 Brasilia declaration still belonged to Wave 3 of integration: it gave its support to an open regionalism framed convergence between MERCOSUR and CAN and to the FTAA project.

The Brazilian political bid for leadership in the region was less consensual.

The second summit took place in Guayaquil in 2002, with no major progress. Then Lula got elected and he approved and even amplified Cardoso’s policy orientation regarding regionalism (Spektor, 2010). It was during the third summit (Cusco, Peru, 2004) that the Brazilian idea of a South American community was accepted. The Community of South American Nations (CASA) did not include a complex institutional building, but rather aimed at becoming a loose alliance fostering the convergence between CAN and MERCOSUR and promoting specific policy coordination. The subsequent summits in Ayacucho (Peru) and Brasilia (Brazil) followed up the implementation of the projects. Then, the 2006 summit in

Cochabamba (Bolivia) adopted a Strategic plan for deepening South American integration. The agenda covered a wide scope of issue areas, ranging from economic ones (development, trade, finance, energy, industry, infrastructure, asymmetries), to political (institutional convergence, citizenship, civil society participation), social (job creation), cultural (information, communication, cultural identity) or environmental ones. During a special summit in 2007 (Margarita, Venezuela), the Presidents created the South American Energy Council and renamed their endeavor Union of South American Nations (UNASUR). The UNASUR treaty was signed the next year in Brasilia.

Between 2000 and 2008, the Brazilian diplomatic strategy remained remarkably stable and consistent, despite domestic political changes. The rest of South America, however, grew progressively polarized and a climate of cold war was perceptible, most notably in the Andean region. The opposition between Colombia and its neighbors (Venezuela and Ecuador in particular) escalated to a point where diplomatic relations were severed, after Colombia's bombing of a guerilla camp in Ecuadorean territory in 2008. As we shall see, this tense climate forced the Brazilian diplomats to look for common ground and elaborate a consensual agenda for UNASUR.

Once UNASUR on track, the Brazilian diplomacy went on trying to garner support for a continental initiative. In December 2008, Brazil organized the first ever meeting of all Latin American and Caribbean heads of State. The purpose was to talk about development and integration. The Presidents decided to "intensify the dialogue, interaction and synergy between the regional and sub-regional schemes in Latin American and the Caribbean"<sup>10</sup>. They also agreed on holding common positions in the face of the financial crisis and other important international events. Other issues were tackled, such as energy, infrastructure, poverty reduction, food security, sustainable development, natural resources, human rights, migrations and South-South cooperation. Following this first summit, a meeting in Montego Bay (Jamaica, 2009) set up an Action Plan. Then, the second Summit, so called "Unity Summit", was held in Cancun (Mexico, 2010). The Presidents made the important decision to create a Community of Latin American and Caribbean States (CELAC). This creation was made official during the third Summit, in Caracas (Venezuela, 2011).

The whole IIRSA – UNASUR – CELAC sequence of integration is clearly driven by a Brazilian will to assert its leadership in the region. It took a decade to materialize it, but Brazil has managed to be convincing, despite sharp political divisions. It is not a small achievement, considering the efforts Venezuela deployed to launch a sequence of integration of its own.

Venezuela's initiative regarding regional integration was very much linked to its president Hugo Chavez's radicalization following the opposition attempts to overthrow him by all possible means (coup attempt in 2002, civic strike in 2003, recall referendum in 2004). The fact that the U.S. more or less overtly supported such destabilization strategies, while at the same time pressing for progress in the FTAA negotiations, strengthened Chavez's anti-imperialist predispositions. As early as 2000, Venezuela signed an "Integral cooperation agreement" with Cuba that provided that the latter would receive cheap oil in exchange for medical cooperation. In 2001, in the face of the FTAA negotiations, Chavez revealed during a Caribbean summit his idea of an alternative logic of integration, one that would not be trade-centered. Three years later, he paid an important visit to Cuba in December 2004. Both governments decided to upgrade their bilateral agreement in order to enlarge its

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<sup>10</sup> Salvador de Bahia Declaration, 17 December 2008.

scope and create a Bolivarian alternative for the peoples of our America (ALBA). They made it explicit that the agreement was open to other countries to sign in, and some did it<sup>11</sup>. ALBA was accompanied by a Trade agreement for the peoples (TCP), establishing a free trade area between members and the creation of multinational state-controlled firms, and by specific regional agreements for cheap oil provision, such as Petrocaribe for the Caribbean region. This type of agreement was attractive for poor Caribbean or Central American countries, because it was clearly solidarity-based. Chavez converted into reality his allegation that Venezuelan oil was a regional public good. And it gave credit to his intention to offer an integration device not based on trade.

On several occasions, Chavez mentioned that his ultimate ambition was, as Bolivar failed to do, to create a confederation of republics in Latin America. Although he managed to build an alliance of leftist governments, he failed to convince the moderate left governing such key countries as Argentina or Brazil to join. ALBA progressively turned out to be a forum giving a stronger voice to Venezuelan controversial diplomatic stances<sup>12</sup>. The potential for ALBA's enlargement became thinner, and Chavez enthusiastically endorsed the UNASUR and CELAC projects.

It remains that ALBA symbolizes Brazil's incapacity to impose a clear uncontested leadership in Latin America. Brazil has been able to generate a new wave of integration, but hardly a homogeneous one, as the older schemes were not melted into UNASUR or CELAC and ALBA makes its provocative voice heard in the international arenas.

#### *Agendas: how much post-trade?*

Turning to the agendas,  $W_4$  is clearly different from the previous trade-centered waves.

From its inception, UNASUR focused on non-trade issues, leaving MERCOSUR and CAN work on the convergence of their customs union<sup>13</sup>. Article 2 of the 2008 UNASUR treaty puts the emphasis on the following issue areas: political dialogue, social policies, education, energy, infrastructure, financing and environment. Article 3 specifies the objectives and adds some goals such as "the consolidation of a South American identity through the progressive recognition of the rights of nationals of a Member State resident in any other Member States, with the aim of attaining a South American citizenship"<sup>14</sup>, or cooperation on issues of migration, defense and security. The overall ambition is to achieve an equitable integration, reducing the asymmetries in the sub-region.

A key feature of UNASUR agenda is its capacity to evolve. Classical neo-functionalist literature described different types of agenda evolution, such as the spill over effect (Schmitter, 1970a). The evolution of UNASUR's agenda seems to respond to a different logic, not internally driven but more related to its ability to react to external events. Once

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<sup>11</sup> The following countries joined ALBA: Bolivia (2006), Nicaragua (2007), Dominica (2008), Honduras (2008 but left in 2010), Ecuador (2009), Saint Vincent and the Grenadines (2009), and Antigua and Barbuda (2009).

<sup>12</sup> A recent example: on 16 February 2012, the United Nations General Assembly voted 137-12 to condemn the violence in Syria and endorse an Arab League plan that calls for Assad to resign. ALBA members Bolivia, Cuba, Ecuador, Nicaragua and Venezuela lined up with Syria itself, Belarus, China, Iran, North Korea, Russia and Zimbabwe in refusing to condemn the violence (*Latinnews*).

<sup>13</sup> Some progress have been made since the 1990s toward a convergence between MERCOSUR and CAN, with the following agreements: MERCOSUR/Chile (1996), MERCOSUR/Bolivia (1996), MERCOSUR/Peru (2005), MERCOSUR/Colombia, Ecuador and Venezuela (2004).

<sup>14</sup> South American Union of Nations constitutive treaty, Brasilia, 23 May 2008.

again, the timing is fundamental. UNASUR was born in a very peculiar period of tensions in South America that forced it to address urgent matters. As a forum for political dialogue, UNASUR was solicited just weeks after its creation, to provide intermediation in Bolivia's crisis. The emergency meeting held in Santiago (Chile) days after unrest in Bolivia left several deaths, provided an opportunity for UNASUR to gain credibility and authority. Confronted with the perspective of a secession of the eastern Bolivian departments, the UNASUR Presidents expressed "their fullest and decided support for the constitutional government of President Evo Morales, whose mandate was ratified by a wide margin in the recent referendum" and warned that "its respective governments energetically reject and do not recognize any situation that implies an intent of civil coup d'Etat, the rupture of institutional order, or that compromises the territorial integrity of the Republic of Bolivia"<sup>15</sup>. The Moneda Declaration, followed by a UNASUR in site mission, was helpful calming down the tensions. More importantly, the Moneda Declaration, in a very pragmatic way, added to UNASUR's agenda the issue of democracy defense and consolidation. Two years later, in the aftermath of another crisis, this time in Ecuador<sup>16</sup>, UNASUR adopted a vigorous democratic clause. Another important example deserves to be mentioned. The issue of defense and security was briefly and modestly included in the 2008 Brasilia treaty. However, the treaty was signed two months after Colombia's bombing of a guerilla camp in Ecuadorean territory, an aggressive move that provoked a serious diplomatic crisis in the region. Brazil convinced its partners to move the issue of defense on the top of UNASUR's agenda, and suggested the creation of a defense council (SADC). It took a lot of efforts to have all the Presidents approve a policy of transparency and to agree on confidence building measures. The SADC was created in 2009, as the first institution in South America dedicated to defense and security issues. It includes a Center of strategic studies of defense, whose purpose is to elaborate a South American "defense identify".

The UNASUR's agenda setting is coherent with the methodology of pragmatism and flexibility, a point I develop below. It is "post-trade" by necessity, as UNASUR relies upon MERCOSUR and CAN's efforts to converge.

In contrast, ALBA's agenda includes trade. However, it gives a new meaning to market integration, considering that the purpose of trade relations ought to be the peoples' welfare. The so-called "trade agreements for the peoples" signed between the member states of ALBA, organizes solidarity-based exchanges, close to barter, or involving state-controlled bi-national companies. Other than trade for the peoples, the strategic plan for the implementation of ALBA, approved in La Havana in April 2005, includes such issue areas as oil and energy, communication and transport, defense, external debt, economy and finance, basic industry, natural resources, agrarian reform and education.

ALBA's agenda did not prove to be as responsive as UNASUR's one. Nonetheless, the range of issues to be addressed is quite similar. In the realm of defense and security, for instance, ALBA's ambitions are also to elaborate its own doctrine.

Turning to the "older" integration schemes, did the swing to the left have any impact on their agendas? The answer is mixed.

MERCOSUR, for instance, is interesting to look at because it barely survived the 1999-2001 crises (Gomez Mera, 2005) and its four member countries turned to the left in a matter of

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<sup>15</sup> UNASUR, Moneda Declaration, 15 September 2008.

<sup>16</sup> On 30 September 2010, a police upheaval threatened to overthrow the President.

few years<sup>17</sup>. In October 2003, Presidents Lula and Kirchner released an important statement, known as the Buenos Aires consensus, signaling a paradigm shift, not only for regional integration but also for a wide array of policy choices. Two months later, the MERCOSUR work plan for the years 2004-2006 was approved. Those documents clearly put the emphasis on new dimensions, such as social policies or civil society participation.

True, the left built on an evolution that was initiated by previous governments. In 1998, a “socio-labor declaration” was issued, and in 2000 MERCOSUR approved its “Buenos Aires charter on social commitment”, aiming at strengthening MERCOSUR’s social dimension. However, the social dimension reached the top of the agenda in 2004. Three years later, the Social institute of MERCOSUR was created, with the aim of designing and help implementing regional social policies.

CAN and SICA are less emblematic than MERCOSUR as regards the paradigm shift, since not all their member countries turned to the left<sup>18</sup>. Still, they too introduced a social dimension, even if the left was not the main operator of such agenda enrichment<sup>19</sup>.

It is worth noting that in these older integration schemes, the agenda diversification started right during Wave 1, for a series of reasons that have to do with the role integration entrepreneurs or interest groups played or with the spill over effect (Dabène, 2009). Such diversification did not entail a downsizing of the trade dimension. It remained a central preoccupation of policy makers and business communities in the region.

As far as agendas of integration are concerned,  $W_4$  is the product of new policy orientations. Yet it also reflects a cumulative feature of integration processes. New policy areas do not erase the past; they just add degrees of complexity.

#### *Methodology: Time for flexibility*

Wave 2 had already made an effort to offset  $W_1$  strict deadlines and schedules.  $W_3$  being embedded in the neoliberal period, it also turned its back to the ECLAC influenced planning methodology of integration. At the end of the 1980s and beginning of the 1990s, the regional schemes introduced flexibility as a new methodology. In the Andean region, the Quito protocol (1987) allowed the member states to opt out of some industry integration programs. The Asuncion treaty creating MERCOSUR (1991) invoked the principles of “gradualism, flexibility and balance”. And the Central Americans, when they signed the Guatemala protocol (1993), included several articles breaking away from their previous collective commitment, suggesting to build an economic union in a “voluntary, gradual, complementary and progressive way”, or stipulating that “all member states or some of them will proceed with the pace they agreed to within the process”, and adding that “the member states are allowed to negotiate unilaterally agreements with third countries”.

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<sup>17</sup> With the elections of Lula (Brazil, 2002), Kirchner (Argentina, 2003), Vazquez (Uruguay, 2005), and Lugo (Paraguay, 2010).

<sup>18</sup> In the Andean region, Venezuela initiated the left turn with Hugo Chavez in 1998, followed by Boliva (Evo Morales, 2005) and Ecuador (Rafael Correa, 2007). Venezuela left CAN in 2006, in response to Peru and Colombia signing free trade agreements with the United States. Peru joined the left camp in 2011 with Ollanta Humala. In Central America, Nicaragua elected a leftist candidate in 2006 (Daniel Ortega), and then followed Guatemala in 2008 (Alvaro Colom), and El Salvador in 2010 (Mauricio Funes). In Honduras, president Manuel Zelaya, elected in 2005, moved to the left during his term and was overthrown by a coup in 2009.

<sup>19</sup> For the Central American case, see Parthenay (2012).

Flexibility refers to differentiated integration (Stubb, 1996), which is composed of three dimensions: space (variable geometry); time (multi-speed); and substance (agendas 'à la carte'). The whole history of Latin American regionalism is composed of sequences of integration differentiated by space and by time. CACM, GRAN and MERCOSUR were the product of such differentiations. What is new during  $W_3$  is that some schemes allowed their member states to upgrade their level of commitment and/or grant some of them stretched deadlines to achieve some goals, typically extended tariff phasing out periods for less developed economies. Also typical has been a feet-dragging strategy on the part of countries unwilling to enforce some common rules, but without officially opting out. In some cases, the example of Costa Rica in Central America been emblematic<sup>20</sup>, a country has chosen not to sign or ratify some treaties. Variable geometry in Central America reached a point in the 1990s where some regional bodies were composed of only two countries, while others had up to nine<sup>21</sup> (ECLAC-IADB, 1997).

$W_4$  is no different. In a way, it can be said that the current wave has even consolidated and institutionalized flexibility as a method of integration.

UNASUR treaty puts the emphasis on the principles of "solidarity, flexibility, plurality, diversity, complementarity and voluntary participation". It clearly calls for a homogeneous member states' collective commitment but at the same time it sets them free to opt out. It is of course a display of pragmatism, in the face of a long history of very weak levels of norms enforcement and compliance. In some regional groupings, flexibility and pragmatism, as they were during  $W_2$ , are a concession to political pluralism and a way to bridge political cleavages. UNASUR, typically, faces the challenge of accommodating some ALBA members (Venezuela, Ecuador and Bolivia) and conservative governments such as Chile or Colombia. It also offers an opportunity for countries sharing ideological affinities to upgrade their level of cooperation. It is for instance the case of Bolivia and Ecuador within CAN.

Where there is political homogeneity among member states, such as in the MERCOSUR, flexibility has been accentuated by leftist governments, for domestic politics reasons (Dabène, 2012b). Two factors deserve a mention. First, the left has won many elections, and many times with landslide victories, but the political margins of manoeuvre of some governments regarding regional integration are slim. The left winning a presidential election does not translate into a full control of the great diversity of actors intervening during the different phases or at the different levels of regional integration politics, such as the social construction of national preferences, the negotiations or the implementation of policies. The interaction with the private sector, most notably, constrains the leftist governments' action. Some leftist candidates won elections because they managed to convince the business communities their interests would not be jeopardized. And they were reelected because they kept their promises. The example of Lula's "Letter to the Brazilian people" in 2002 is emblematic. Lula's policy regarding MERCOSUR has to be understood as a double-edged diplomacy (Evans, Jacobson, Putnam, 1993), where the protection of

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<sup>20</sup> Costa Rica refused to sign the treaties creating the Central American Court of justice and the Central American Parliament.

<sup>21</sup> When ECLAC-IADB published their report, SICA had six members (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama), but the customs union was only operating between two countries (Guatemala and El Salvador), and the International Regional Organization for Plant and Animal Health (OIRSA), created in 1953, had nine members (SICA members, plus Belize, the Dominican Republic and Mexico).



politically important private interests plays a key role. Moreover, Lula did not even fully control his diplomats, many of them remaining politically loyal to his predecessor's party, the Party of the Brazilian Social Democracy (PSDB). The way the 2004 MERCOSUR relaunching was prepared illustrates this point. Lula's will to deepen integration and create a European-style parliament was undermined by low rank Brazilian diplomats (Dabène, 2009: 100-101).

ALBA is also characterized by political homogeneity, but at first sight it does not look too flexible, being based on the principles of "solidarity, cooperation, complementarity and reciprocity". However, the Free trade for the peoples' agreements are not signed by all members of ALBA. In 2006, such an agreement was signed between Venezuela, Bolivia and Cuba. Another important dimension of flexibility is the low level of institutionalization ALBA shares with UNASUR. ALBA and UNASUR, and for that matter all other schemes in Latin America, are basically run by collective presidentialism. The presidential summits are the main decision making body, meaning that the integration course depends on the chemistry between the heads of state. UNASUR has created a council for each issue area on its agenda<sup>22</sup>, while ALBA has emulated the Venezuelan missions and programs. Mission Miracle, for instance, offers free treatment to patients suffering from vision impairment. The image of Cuban doctors operating in the Bolivian highlands has become the emblem of ALBA's new methodology of integration for the peoples.

Flexibility has become a core feature of  $W_4$ . By definition, it fosters diversity. As a consequence,  $W_4$  lacks homogeneity.

### *Convergence and diffusion*

$W_4$ , as previous waves, is a complex product of elements of convergence and diffusion.

Regarding the former ones, at the end of the 1990s, the economic crisis led each regional group to assess the balance of decade long trade-centered integration. And in most cases, it was not very encouraging. The ratio of intra-regional to total trade decreased at the end of the 1990s, sharply in the MERCOSUR more modestly elsewhere. Moreover, Mexico being excluded (because of the NAFTA effect), Latin America's share of the world exports decreased after 1990. In other words, export-led growth in the framework of open regionalism failed to increase the region's performances. Although the exports of manufactured goods expanded in the region, clearly the open regionalism model was showing signs of fragility and dependence. Yet, after 2002, the commodities export boom prevented the different schemes from questioning the model. It was to be supplemented by a non-trade or by a trade-for-peoples approach.

Regarding the latter ones, a new conception of integration was elaborated during the Sao Paulo Forum meetings that spread throughout the continent, especially among the leftist political parties. When they eventually won presidential elections, the networks of sociability previously established were instrumental for a paradigm shift. It was a differentiated shift, though, more radical in the case of ALBA than in UNASUR, and even less so in MERCOSUR, CAN or SICA that had to cope with the stickiness of previous waves.

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<sup>22</sup> UNASUR has nine councils: Health; Social development; Infrastructure and planning; Education, culture, science, technology and innovation; Drugs; Defense; Economy and finance; Energy and Elections. Each council is a ministerial meeting.

### *External actors*

External actors were not the driving forces behind the change from  $W_3$  to  $W_4$ . And they did not shape  $W_4$ .  $W_4$  is essentially the product of a rejection of a decade of neoliberalism. That does not mean that Europe and the United States have been inactive. They consistently kept implementing the same policies they inaugurated during the previous eras.

The EU kept insisting on inter-regionalism, although it signed an agreement with Chile. Chile was a partial exception though, because the Commission opened negotiations at a time when it was expected that Chile would soon adhere to MERCOSUR (Maia, 2008). The negotiations with MERCOSUR, CAN and SICA ran into many obstacles. Framed with a three pillars approach (politics, trade, and cooperation), it fell short of Latin America's expectations regarding Europe's will to lift its barriers on agricultural imports. The EU eventually managed to sign two agreements with the Caribbean region, a region that already had access privileges to European market in the framework of the Cotonou agreement, and with Central America. The EU also had to face a resistance to inter-regionalism. In the Andean region, there was a clear message that the countries were not keen to negotiate collectively any longer. During the EU LAC 2008 summit in Lima (Peru), the EU was forced to acknowledge that it was no longer possible to impose an inter-regional approach, and that it would be opened to bilateral talks.

While the EU had a hard time negotiating on an inter-regional basis, it was consistent in exporting its know how and on financing regional institutions in the older schemes, MERCOSUR, CAN and SICA. Due to the rise of flexibility associated with  $W_4$ , there was a growing gap between this model exporting policy and the new realities of Latin American regionalism.

Turning to the U.S., there is also continuity with the previous period. The U.S. signed five free trade agreements between 2003 and 2007 and kept on advocating for the NAFTA model to expand in the whole continent.

As a result, the EU and the U.S. pushed in different directions. However, both have been lagging behind Latin America's evolution during  $W_4$ .

Table 5 summarizes the main features of wave 4.

Table 5. Main features of Wave 4

<b>Paradigm</b>	Neo-developmentalism
<b>Key actors</b>	Brazil, Venezuela
<b>Agenda</b>	Post trade issue areas
<b>Methodology</b>	Flexibility and functional cooperation
<b>Convergence</b>	Economic crisis, lessons learned from previous waves
<b>Diffusion</b>	Sao Paulo Forum, Buenos Aires consensus

### **External Influences**

<b>Year</b>	<b>U.S.</b>	<b>Europe</b>
<b>2000</b>		Cotonou agreement with Asia, Caribbean, Pacific countries
<b>2002</b>		Association agreement with Chile
<b>2003</b>		Political dialogue and cooperation with Central America
<b>2003</b>		Political dialogue and cooperation with Andean region
<b>2003</b>	Free Trade agreement with Chile	
<b>2004</b>	Free trade agreement with CA&DR*	
<b>2006</b>	Free trade agreement with Peru	

2006	Free trade agreement with Colombia
2007	Free trade agreement with Panama
2008	Economic partnership agreement with CARICOM
2010	Association agreement with Central America

\* Central America and the Dominican Republic.

## Conclusion

In this conclusion, I show how the paper's main empirical findings validate the hypotheses, and then I mention some theoretical implications that can contribute to literature enrichment. I close suggesting future directions for the study of the current wave of integration.

### *Main empirical findings and validation of hypotheses*

Although the paper's main objective was to comment on the last wave, the first part of the paper explains why Latin America has witnessed such an impressive series of integration processes. For historical reasons, Central America and the Caribbean launched their processes independently, while South America could not properly address the distributive issue and saw the Andean region initiate a process of its own. Despite being all inspired by structuralism, once on track, the processes never managed to converge.

Hypothesis 1 indicated that  $W_1$  is best explained by a combination of convergence of interests and diffusion of ideas, with a mix of external and internal incentives, in a given historical context. Table 2 summarized the main features of  $W_1$ . As it appears,  $W_1$  is product of a shared perception that the export-led model of growth had to be replaced by the ISI one. ECLAC diffused its doctrine quite successfully. The U.S. and the EU also played an important role.

Hypothesis 2 referred to a paradigm shift. As we saw, with the exception of  $W_2$ , the different sub-regions experienced sharp swings.  $W_1$  was clearly ECLAC inspired, while  $W_3$  embraced neo-liberal open regionalism.  $W_4$  rejects neoliberalism and is in part driven by leftist governments.

My third and fourth hypotheses suggested that some waves could be contentious. Starting with  $W_2$ , we saw that besides signing new agreements and building new institutions, the governments also added new layers to the older ones. As a result, paradigm shifts never entail sweeping changes.  $W_2$  introduced flexibility without deep alterations,  $W_3$  hosted new trade-centered agreements such as MERCOSUR and partially reformed old schemes, and  $W_4$  brought about some innovations without exhausting the neoliberal momentum.  $W_4$ , I contend, is heterogeneous and contentious, because different actors pursue distinct goals and agendas.  $W_4$  is neo-structuralist, with different degrees of rejection of neoliberalism, yet some trade-centered agreements keep on being signed.  $W_4$  is driven by Brazil and Venezuela, with external actors lagging behind with their policy orientations unchanged since  $W_3$ .

The paper also explains why the left, despite innovations, has not been able to achieve deep integration, as envisioned by the Sao Paulo Forum and several new constitutions. The sovereignty trap prevents leftist governments from delivering on their promise to cross the threshold of supranationality. In addition, leftist governments were cautious not to hurt

politically important private sector's interests. In some cases, Brazil being a good example, there were tensions between new policy orientations and traditional diplomacy. Finally, the paper put the emphasis on UNASUR as being emblematic of W<sub>4</sub>'s flexibility and pragmatism. UNASUR's agenda is opened and evolutionary, its institutional arrangement is modest and it has proven to be focused on delivering regional goods, such as infrastructure, defense and security. It is probably the most promising regional integration process launched in several decades.

#### *Theoretical implications and literature enrichment*

This paper's contribution to theoretical reflections is twofold.

First, it fills a void regarding the explanation of waves of integration. Waves are the product of a critical juncture colliding with a paradigm shift, making different groups of countries' interests converge. Except for the first one, waves are also partially shaped by the previous one's features. There can be radical paradigm shifts, following growing gaps between policy preferences and outcomes, but institutional changes are more incremental. This paper is coherent with the literature on waves of political change, hence pushing it a step further with the incorporation of a collective and international dimension. Clearly though, policy diffusion cannot operate the same way in the realm of integration as with governments.

Second, this paper takes issue with the dichotomous conception of a "new" regionalism as opposed to an old one. The paper identified four waves, each being "new" with respect to the previous ones. More importantly, the notion of wave and the hypotheses discussed in this paper allow for a better understanding of the scope and level of changes, taking into account the legacies of the past. New regionalism usually refers to agreements signed in the 1990s (Marchand, Boas, Shaw, 1999), and even for them, MERCOSUR for instance, the NR approach is not that useful (Gomez Mera, 2008). It is even less so concerning the fourth wave.

This paper is an invitation to further examine the contentious features of the current wave of integration. Even if UNASUR seems to be promising, there are reasons to doubt that its promoters will be able to make the other schemes converge and merge into it. Hence, differentiated integration will continue to entail possibly incoherent regional governance with competing jurisdictions. On a more methodological standpoint, the paper claims, as Fabbri (2005) that the constructivist approach allows for a better understanding of the complex process spanning several waves provided it is supplemented by a focus on interest convergence.

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