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Latin American Regionalism and EU Studies

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ABSTRACT Outside Europe, nowhere but in Latin America have integration attempts and thinking developed so extensively across space and so consistently over time. This article introduces the historical waves of Latin American regionalism in order to discuss the theories applied to account for, and frequently advocate, regional integration. The aim is twofold: on the one hand, to assess the capacity to travel of theories that have been crafted for the EU; on the other, to draw lessons from the Latin American experiences that may contribute to advance integration theory in general and EU studies in particular.

KEY WORDS: Latin America, EU studies, regional integration, regionalism, neofunctionalism, intergovernmentalism

Philippe C. Schmitter arrived in Berkeley in 1961, where he was unexpectedly offered a job as Ernst Haas’s research assistant. According to a reliable source, ‘this had nothing to do with Schmitter’s substantive qualifications … but with the fact that Haas had learned somewhere that Schmitter spoke Spanish. Haas had the strange idea of trying to apply neofunctionalism to the recently formed Central American Common Market (CACM) and the Latin American Free Trade Area (LAFTA), which Schmitter did not even know existed’ (Haas et al. 2008, 1–2). This is how integration theory first arrived in Latin America: rather impulsively and unexpectedly, but early on and under the leadership of one of its founding fathers — and his would-be heir.

To be sure, systematic thinking and political advocacy for Latin American integration had already set foot in the region, especially since Argentine economist Raúl Prebisch was appointed director of the UN Economic Commission...
Andrés Malamud for Latin America (ECLA) in 1948. In 1950 he published *The Economic Development of Latin America and its Principal Problems*, which became a cornerstone of the region’s economic thinking and inspired the integration projects that were launched in the following three decades. Between 1964 and 1969 Prebisch served as the founding secretary-general of the United Nations Conference on Trade and Development (UNCTAD). Odd bedfellows who never met personally, an economist from the periphery (Prebisch) and a political scientist from the center (Haas) became the pioneers of modern Latin American integration. This article deals with their legacy.

The structure of this article is as follows. First, I introduce the historical waves of regionalism that developed in Latin America from the mid-twentieth century; second, I discuss the theories applied to account for, and frequently advocate, Latin American integration; finally, I draw lessons from the Latin American experiences that may contribute to advance integration theory in general and European studies in particular.

In Prebisch’s Footsteps: The History of Latin American Integration

The unity of Latin America has long been an omnipresent component of the regional political discourse. As Mace (1988, 404) points out, ‘the wars for independence were not yet over before proposals for political unity began to be heard throughout the newly independent territories’. Simón Bolívar, the Venezuelan liberator, established his belief in a sort of United States of *Hispanoamérica* in his messages to the Congresses of Angostura (1819) and Panama (1826), which can be considered as the first attempts at continental integration. However, the real unity of Hispanic Latin America was never anything but a myth. Although most of the region shared a common culture, language and religion, the divisive factors were prevalent. Among the natural obstacles, huge distances were paramount and made communications extremely difficult. The social obstacles were also grave: Spain had developed an administrative system aimed at extracting resources and controlling the territory from a single center. Consequently, its American colonies were seldom connected to one another, and territorial as well as regulative disputes were conducive to rivalry and competition. This is why the end of the independence wars led to civil strife and the division of Hispanic South America into nine independent countries. Central America, though of a much smaller size, followed a similar pattern of fragmentation, Mexico standing as the only original viceroyalty that managed to conserve most of its territory. On the other hand, Portugal’s larger but only colony — Brazil — managed to keep its unity.

The failure of further attempts at political unification led to the emergence of pan-Americanism, a softer notion of continental union for the management of international relations. After World War II, the emphasis changed from political unity to economic integration. Many factors were responsible for this turn, among them the functionalist argument that international organization would be better served by functional arrangements in economic, social, and cultural affairs than by political or federal integration. At any
rate, the decisive thrust toward Latin American integration came from the ECLA (Wionczek 1970; Mace 1988).1

The ECLA’s proposal aimed at the enlargement of national markets through the constitution of a common market. The coalition of technicians and reformist politicians led by Prebisch considered that economic cooperation was the only means to overcoming traditional dependence on primary commodity export trade. As the previous model of development — so-called import-substitution industrialization (ISI) — was reaching its limits within the national markets, larger markets entailing economic diversification and technological modernization were necessary for further development (Wionczek 1970). Other accounts also mention the creation of the European Community as triggering integrative efforts, on grounds that the resulting trade diversion was damaging Latin American countries that were primary-commodity exporters (Mattli 1999).

The ECLA drive for regional integration came about in two waves. The first one saw the establishment of LAFTA and CACM in 1960; the second led to the creation of the Andean Pact (later CAN) in 1969 and the Caribbean Community (CARICOM) in 1973. A third wave took place later, as the transitions to democracy developed from the 1980s onwards, and saw the creation of the Common Market of the South (Mercosur) and the relaunching of both the CACM and the CAN. Labeled ‘open regionalism’, as they aimed to combine regional preference with extra-regional openness, these processes achieved early success and most of them are still in existence — whether slightly or radically changed. Yet none achieved its initial objectives.

Subregional Experiences

LAFTA and LAIA. Shortly after the creation of the European Coal and Steel Community (1951) and the European Economic Community (1957), Latin America was taking its first steps towards regional integration. In 1960 LAFTA, which in 1980 became the Latin American Integration Association (LAIA), was instituted. Its founding treaty was ratified by six South American countries — Argentina, Brazil, Chile, Paraguay, Peru, and Uruguay — plus Mexico, aiming at a Latin American common market through a progressive process of ‘articulation and convergence’ of the subregional integration initiatives. Colombia and Ecuador joined LAFTA in 1961, Venezuela in 1966, and Bolivia in 1967, increasing regional membership to 11.

The LAFTA agreement provided for the creation of a free-trade zone by means of periodical and selective negotiations between its member states. This choice — negotiation at the discretion of the member states rather than automatic reduction of import duties — made the LAFTA trade opening program develop reasonably well in its first years, lose impetus as of 1965, and come to a standstill in the 1970s. To make things worse, multilateralism — a mechanism that obliged countries that reached a bilateral agreement to expand it further to all the other partners — reduced the advantage of making concessions, as it required no compensation from third countries that would benefit without reciprocating.
Yet one of LAFTA’s key principles was reciprocity. This meant the obligation of the member countries to expand their imports to the same extent as their exports increase. However, the nonexistence of monitoring institutions, together with high asymmetry among partners, turned the principle into a dead letter. As the benefits of integration were soon perceived to favor the larger countries at the expense of the smaller ones, the latter started to raise complaints that eventually led to the constitution of a subregional group: the Andean Pact.

The causes for the failure of LAFTA boil down to regional heterogeneity and divergent national interests (Wionczek 1970, 64). As Mace (1988, 413) put it, the organization ‘never really got off the ground and this spill-around situation was maintained throughout the 1970s until the member countries decided to transform LAFTA into the Latin American Association for Integration’. Created in 1980, LAIA used other means to pursue integration. In place of a free-trade zone, an economic preference zone was established creating conditions favorable to the growth of bilateral initiatives — as a necessary prelude to the institution of multilateral relationships in Latin America. LAIA made possible the establishment of subregional agreements limited to the countries wishing to carry out joint action, without compelling them to extend the benefits to third countries. Although the establishment of a common market was still a long-term objective, the new organization displayed more realism than the older one. Among its guiding principles, flexibility and gradualism substituted for fixed reciprocity and automatic extension to all partners (García Martínez 1987).

Not only did LAIA favor the internal clustering of countries according to subregional criteria, but it also fostered integration limited to sectors of production. This fragmentative spirit aimed at building up the region from its components toward the whole rather than the other way round. LAIA was slightly more fruitful than its predecessor. It simultaneously framed and constituted part of the third wave of regional integration in Latin America, of which Mercosur represents the most visible outcome. The renewing of the integrative thrust provided by LAIA also helped reinvigorate hitherto dying regional blocs such as the Andean Pact.

The Central American Common Market (CACM). The Treaty of Managua, signed by El Salvador, Guatemala, Honduras, and Nicaragua, established the CACM in 1960. Costa Rica joined the bloc in 1963. The agreement originated not only from economic reasons but also from political causes. Among them, the perceived threat of the Cuban revolution was highly significant (Schmitter 1972), and it explains the greater support the new region received from the US compared to that enjoyed by LAFTA.

Created at the same time as LAFTA, as part of the first wave of regional integration, the CACM ‘went much further and … was much more responsive to ECLA’s proposals than LAFTA’ (Mace 1988, 411). By the late 1960s it was widely recognized as ‘the underdeveloped world’s most successful regional integration effort’ (Wynia 1970, 319). Measured by the growth of trade within their respective areas, the achievements of the CACM far
exceeded those of LAFTA. However, it would not last any longer: the so-called Football War of 1969 between El Salvador and Honduras dealt a fatal blow to the process.

Initially, the CACM performed remarkably well. By 1965 the level and scope of integration approximated that of a customs union: most internal tariffs had been abolished, a common external tariff had been created and the institutional structure was acquiring growing complexity. This progress was due to technical — i.e. non-politicized — management (Wynia 1970), and to the low political and economic costs of integration — as it did not threaten any powerful interests, while the administration expenses were paid by foreign sources (Nye 1968; Mattli 1999). However, the fragility of these achievements became apparent as the task of holding the integrative structure together, rather than expanding it, turned out to be the principal concern of regional leaders after the boom of the first years. The result was an expansion in the scope of the tasks performed by an increasing number of regional institutions, without a concomitant increase in the authority of such institutions — that is, in the level of regional decision-making. Schmitter (1970) called this mechanism spill-around, to distinguish it from the expected spill-over, as neofunctionalists described European integration. The stagnation of the process was to last two decades.

In the early 1990s, pacification and democratization led to a revival of the once-moribund CACM (Mattli 1999; Dabène 2009). This time, however, the US posed a burden to the region, as its participation in NAFTA jeopardized the Central American markets by privileging partnership with Mexico. Furthermore, the institutional configuration of the bloc was so cumbersome that policy coordination was hard to achieve. Institutional development had been cumulative and non-centralized, and only in 1991 did the Protocol of Tegucigalpa include most existing organizations under the umbrella of the Central American Integration System (SICA). The institutionalization of presidential meetings as of 1991 was ‘a key factor in the renewed dynamism of the cooperation and integration processes in Central America’ (CEPAL-BID 1998, 35). However, it is still a slow process, existing on foreign aid, as most of its budget is provided by external actors, mainly the European Union.

The Andean Community (CAN). The Andean Pact, predecessor of the CAN, was established in 1969 within the framework of LAFTA as part of the second wave of regional integration. Its goals were to improve the conditions for participation of the less developed countries encompassed by the LAFTA agreements, while simultaneously aiming at the formation of a Latin American Common Market. Five countries signed its founding treaty, the Cartagena Agreement: Bolivia, Colombia, Chile, Ecuador, and Peru. Venezuela joined the group in 1973, but Chile withdrew in 1976. In the 1990s, after a period of stagnation and crisis, the process was relaunched and its institutional structure was strengthened.

The emergence of the Andean Pact was a response to LAFTA’s failure, and its integration scheme was more far-reaching than anything ever before realized in this field in all of the Third World (Mace 1988). At the economic
level, it relied on intra-regional trade liberalization and regional industrial planning. At the political level, it created a decision-making structure including the Commission and the Junta, whose respective majority-rule voting and binding supranational authority were as ambitious as they were exceptional. An additional element was an extensive program of special treatment for the less developed countries.

Although the Andean Pact performed quite satisfactorily in its early years, the enlargement to Venezuela and the withdrawal of Chile generated a succession of major crises. Given the complexity of the integration scheme, those events led to the renegotiation of key mechanisms and, in the end, to the abandonment of the original schedule (Mace 1988). Apart from the rigidity of the agreements, the failure was due to the unequal distribution of costs and benefits, the politicization of integration issues, the non-compliance of the member countries with the regional decisions (Vargas-Hidalgo 1979), extended political instability and the lack of regional leadership (Mattli 1999). One of the recipes proposed to overcome the crisis was to build up institutions able to settle conflicts between members: the result was the creation of the Court of Justice and the Andean Parliament in 1979. However, they lacked real weight and the integration process stalled for a decade. It was not until all presidents met in 1989 that the region embarked on a process of deepening and opening. One year later, the setting of the Andean Presidential Council institutionalized chief executive summits as the supreme authority of the organization, thus consolidating its relaunch (Lloreda Ricaurte 1998). Its economic record, however, is far less impressive. Although a free trade zone and a common external tariff have been in force since the mid-1990s, social turmoil, political instability and economic crises rather than economic development have been the mark of the region. The process of Andean integration has increasingly degraded as each country signed, or is negotiating, bilateral agreements with third parties. Worse, in 2006 Venezuela left the bloc and applied to Mercosur, opening an accession process that has not finished in 2010.

The Common Market of the South (Mercosur). Mercosur is a regional organization consisting of Argentina, Brazil, Paraguay, and Uruguay. Established in 1991 by the Asunción Treaty, it is a prominent member of the third wave of integration. In its first seven years, Mercosur tripled intra-regional trade flows while simultaneously increasing extra-regional trade flows. In addition, it boosted direct foreign investment in its member states and became an international reference for business and foreign governments. However, after 1998 it entered a pattern of cyclical crises and rebounds that have defined it.

Born in the wake of democratization and the removal of old hypotheses of conflict between Argentina and Brazil, Mercosur developed a new, outwardly oriented economic profile. In 1995 the Ouro Preto Protocol turned it into a customs union, with a long-term goal of becoming a common market under the umbrella of the WTO. To date, however, Mercosur has built a slight institutional structure. All its decisions are made through intergovernmental mechanisms that always require unanimity. The decision-making organization
consists of three bodies made up of national functionaries or bureaucrats. A limited dispute settlement system initially provided for an ad hoc mechanism of arbitration, and although a permanent Court of Appeals was established in 2004, its intervention is optional and has rarely been called on. Furthermore, neither direct effect nor supremacy of the community norms exists. A parliament was installed in 2006 but it lacks both representativeness and competences. Intergovernmentalism was advanced from the foundational stages in order to protect political leadership from bureaucratic encroachment. The political direction was to be reaffirmed by regular, mandatory presidential summits; as a consequence, presidential diplomacy has become the crucial driver behind the process (Malamud 2005).

Mercosur treaties deal with economic integration (content) and organizational structure (form). They do not deal with aspects that have acquired greater relevance in the EU such as regional citizenship, social cohesion and democratic decision-making. Lately, some projects have been advanced with a view towards deeper integration. Apart from the Court and the Parliament, the launching of an infrastructure building plan in 2000 and the establishment of a tiny convergence fund in 2005 are steps in that direction. At the same time, a more encompassing initiative aimed at integrating the whole subcontinent has been launched: the Union of South American Nations (UNASUR). Real integration, however, lags behind: despite its name, the bloc has not become a common market. At best, it has established the blueprints for a customs union, but even the free trade agreements are repeatedly infringed.

Summing up, how has Latin American integration fared half a century after its start? Let Prebisch talk: regional integration ‘is a matter very close to my heart. I consider one of the most vital interests of Latin America [is] to give a strong impulse to this idea. Why has it not advanced beyond a certain point? It was not a failure. It was not a success. It was a mediocrity, a typical Latin American mediocrity’ (Pollock et al. 2001, 21). Neither failure nor success: inconsequential endurance is what theory ought to explain.

In Haas’s Footsteps: The Theorization of Latin American Integration

Following the integration initiatives on the ground, as happened in Europe, the theorization of Latin American integration developed in waves, which will be called surges to avoid confusion. Factual waves and theoretical surges did not completely overlap: the first surge included both ECLA and neofunctionalist approaches and covered the first two waves of integration, from the 1950s and through the 1970s. More than a decade passed before the third integration wave brought about a theoretical revival, which nurtured two strands of thinking. One of them focused on the causes for the relaunch and asked why it started (in the 1990s) or endured (in the 2000s); the other analyzed the dynamics of the integration processes and asked how they operated and evolved. They did not always compete with each other as the research questions they posed allowed, or even called for, different methods and approaches.
First Theoretical Surge: ECLA and Neofunctionalism

If Santiago de Chile-based ECLA was the think tank where it all started, its offspring soon crossed the Andes and installed its headquarters in Buenos Aires. The Institute for Latin American Integration (INTAL) is a unit of the Inter-American Development Bank (IADB) created in 1965 as a research, consultancy and diffusion agency. Under the aegis of IADB president Felipe Herrera, it launched a series of publications that were to become the most important vehicle of reflection on Latin American integration for decades.

Most of the INTAL production followed ECLA’s historical-structuralist approach, a framework that included a great deal of conceptual innovations: center–periphery relations, deterioration in the terms of trade, structural imbalance of payments, structural inflation and unemployment, development planning, and regional integration (Bielschowsky 1998). However, INTAL provided a more pluralist environment and was influenced by events that ECLA’s founders could not have foreseen, such as the oil shocks, the end of the Cold War and, recently, the emergence of the Global South. INTAL has dealt with integration through the prism of the economy, mainly focusing on trade and investment. Although not blind to politics, its grasp is chiefly technocratic. In contrast, neofunctionalism was to develop greater sensitivity to political matters.

According to neofunctionalism, regional integration is an intrinsically sporadic and conflictual process, but one in which, under conditions of democracy and pluralistic representation, national governments will find themselves increasingly entangled in regional interactions and end up resolving their conflicts by conceding a wider scope and devolving more authority to the organizations they have created. Eventually, their citizens and social groups will begin shifting their expectations to the region and satisfying them will increase the likelihood that economic–social integration will ‘spill over’ into political integration (Haas 1958, 1964).

Spillover is a process whereby integration between states in one sector creates incentives for integration in further sectors in order to fully capture the benefits of integration in the original sector, and so forth. Although neofunctionalism was aware of the difference between initial and process conditions, it ‘had more to say about the ongoing role of institutions than about the factors that explain the birth of regionalist schemes’ (Hurrell 1995, 60): its focus was on the process. Once integration had started, neofunctionalism saw it being fostered by two sorts of spillover: functional and political, as politicization was seen as initially avoidable but later inescapable. This mechanism predicted that integration would become self-sustaining; indeed, European integration has been driven as much by intergovernmental bargains as by unforeseen, interstitial change — that is, structural transformations brought about by the daily operation of EU institutions rather than by the strategic calculations of national executives (Farrell and Heritier 2007). However, institutions such as the European Commission, Court and Parliament were not at the disposal of the Latin American regional
arrangements. The conditions for spillover to proceed were thus weak, but this was not evident when the integration processes were launched.

Schmitter (1969) conceived of spillover as being a member of a more numerous family. Considering scope (coverage of issue areas) and level (decisional capacity) of authority, spillover indicates the simultaneous increment in both indicators. Different changes in either or both dimensions could produce spillback, retrench, muddle about, spillover, buildup, or encapsulation (see Table 1). Spillover and buildup were deemed the only processes conducive to the construction of a political community: notably, they were the only members of the family that did not exist in Latin America.

In Haas’s view (1967, 343), ‘[t]he primary weakness in the Latin American integrative process has always been a lack of articulation between técnicos on the one hand and national decision-makers on the other’. Those capable technicians inspired by Prebisch and trained by ECLA could not persuade national leaders of the value of integration, or otherwise overcome their obstructive behavior. Just as in Europe after the unexpected emergence of De Gaulle, high politics got in the way of integration and led Haas to reformulate his theorization. As he saw it,

a process of integration spurred by the vision, the energy and force of a Bismarck, a Cavour or a Disraeli is clearly more productive of permanence than an indirect process fed by the slow fuel of economic expectations. On that type of scale, a Bismarck and a de Gaulle will always be more effective than a Monnet, a Hallstein, or an Erhard. (Haas 1967, 328)

Neofunctionalism was dead... for the time being.

Second Theoretical Surge: Why? On Origin and Survival

Many factors were at work to account for the renaissance of regionalism after the failure of the two first waves. Among these factors, the end of the Cold War and huge economic changes were paramount. In showing that adaptation to the new scenario was possible — and preferable to rejection or isolation (Fawcett 1995), the then European Economic Community was often taken as a model for other regions.

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Source: Own elaboration based on Schmitter (1969).
According to mainstream theories, the first necessary factor for integration is a demand condition (Mattli 1999), whether called economic interdependence (Moravcsik 1998) or increasing transnational activism (Sandholtz and Stone Sweet 1998). The second necessary factor — but allegedly, like the former, not sufficient — is a supply condition (Mattli 1999), i.e., either institutional arrangements or regional leadership by a powerful state, or both. Notably, this sequence has been often inverted in Latin America. For instance, interdependence among the Mercosur countries had been declining for some years by the time the first steps toward integration were taken, and only started to rise from then on (Hurrell 1995). Research has shown that, under certain circumstances, supply conditions have accounted for origin, relaunching, and initial success — but also for stalemate or reversal (Perales 2003; Malamud 2005). The literature on the causes of Latin American integration initiatives can be classified according to two criteria: locus — whether the focus is on domestic or foreign factors — and substance — whether the motivations are mainly political or economic. This results in a four-fold typology.

Domestic political explanations claim that regime type, namely democracy, is a necessary condition, as it influences the kind of link that countries develop with one another. As the argument goes, failure in the 1960s and 1970s, as well as hibernation between the 1970s and 1980s, was due to democracy breakdown and the predominance of authoritarian rule. Hence, the third wave of democratization is seen as the trigger of the third wave of regionalism (Dabène 2009). Empirical evidence has been displayed to show how democracy accounts for greater cooperation among countries (Schmitter 1991). Other studies call into question this argument with statistical data (Remmer 1998). Surprisingly, these conflicting assertions are defended with evidence derived from the same region: the Southern Cone. Gardini (2005) has gone a step further, arguing that it was neither democracy nor autocracy that led to cooperation in Mercosur but regime asymmetry. Although democracy cannot be definitely proven as a condition for integration, the aim of preventing its reversal was at the root of many democratizing rulers’ decision to cooperate with their neighbors. The less potential for interstate militarized conflict, the less necessity to sustain large military budgets; and the less resources at hand for the military, the less threat they would pose to democracy. Peace was seen as supportive of democracy rather than the other way round. And regional cooperation was the master key to peace.

Domestic economic explanations have focused on liberalization as the main engine behind increased regional cooperation. Latin American governments that decided to open up their national markets, liberalize trade and attract foreign investment saw regional agreements as tools to lock in domestic reforms (Haggard 1997). On the other hand, Milner emphasizes domestic features as a hindrance rather than backing for international cooperation. She claims that ‘failure to consider domestic politics explicitly will lead IR scholars and policy makers to be overly optimistic about cooperation among nations and to be unable to understand the terms of cooperative agreements made’ (Milner 1997, 234).
External political explanations look at extra-regional actors, usually powerful states or international organizations, that intervene in a given region with a view to organizing it politically to serve the external actor’s goals. Cases in point are the United States’ thrust behind the creation and early success of the CACM (Schmitter 1970; Mattli 1999) and the current efforts by the European Union to consolidate integration processes in Latin America and elsewhere either actively — seeking to export regionalism through funding and technical assistance — or passively — by offering itself as role model for other blocs (Freres and Sanahuja 2005; De Lombaerde and Schulz 2009). For the so-called ‘external federator’, the means are usually economic but the ends are ideological or geopolitical.

Finally, external economic explanations emphasize systemic pressures towards regionalization. Gómez-Mera (2005) claims that the emergence and endurance of regional cooperation has been shaped by overlapping dynamics of unequal power within a highly asymmetrical and increasingly globalized international system. In turn, Phillips (1999, 72) professes to have identified a new model of regional capitalist development emerging in the region and claims that ‘the foreign policies of Latin American countries have followed the same pattern, and in many ways have been tailored to complement the new orientation of economic strategies’. Convergence regarding economic models and subordination of foreign policy to economic policy were, following her argument, at the basis of the regionalizing efforts.

The works analyzed above exhibit one commonality and one disagreement. The commonality is that most, if not all, refer to regional cooperation rather than integration as the dependent variable. The disagreement regards, more obviously, the disparate variety of explanations that are postulated as independent variable (Kaltenthaler and Mora 2002; Tussie 2009). Democratization, liberalization, interregionalism or globalization are thus called on, sometimes to explain the thrust towards regionalism and others to account for its reversal.

Second Theoretical Surge: How? On Operation and Evolution

As Mattli (2005, 328) pointed out, ‘the signing of an integration treaty does not establish integration’. The factors that induce countries to enter regional associations are rarely the same as those that persuade them not to leave, as the latter include path dependency and sunk costs. Once countries are locked in, however, different dynamics might take place. Some are reproductive and do not change the nature of the association, whereas some could be transformative and change even the nature of the participant units. The Euro is a case in point: once a state relinquishes its national currency, a policy reversal is very costly. In Latin America the literature could be divided according to whether significant transformations are perceived (e.g. constructivism) or denied (e.g. intergovernmentalism). In between lie a series of approaches that focus on the relation between domestic features and regional processes in order to explain the dynamics of integration.
Constructivist accounts allege that interests and identities are not given but socially constructed. Therefore, they focus on learning processes and the building of security communities, understood as regions in which a large-scale use of violence has become very unlikely or even unthinkable (Deutsch et al. 1957) and in which member states share common norms, values and political institutions which uphold a common identity (Kacowicz 1998, 11). Although Latin American efforts at integration have always emphasized common history and culture, Haas (1967, 333) originally saw identity commonalities as irrelevant at best: ‘Europe is divided by language and religion, but united by regionally similar social and economic conditions and institutions; Latin America is united merely by language and religion.’ More recently, however, growing attention has been given to processes not accounted for by rationalist explanations (Hurrell 1998; Oelsner 2003). As the argument goes, increasing flows of people and communications are likely to nurture a regional awareness. For instance, Gómez-Mera (2005, 135) argues that a common identity has emerged in Mercosur, and that by providing ‘a stable and predictable framework of rules, norms, principles and procedures and establishing regularised patterns of interaction, regional institutions have promoted increased enmeshment, internalisation and socialisation among bureaucratic actors in each country … [thus] contributing to deepening their commitment to the project’.

Liberal intergovernmental analysis has also got a foothold in the region. Sánchez Sánchez (2009) has adapted Moravcsik’s framework for Central America as the region features two characteristics that distinguish it from the European experience. First, domestic politics and regional interdependence do not play a central role in the process of preference formation: due to under-development and external dependence, civil society is weak and the role of the state and its elites ends up reinforced. Second, the systemic environment and structural constraints are more influential, turning integration into a defensive reaction that depends strongly on extra-regional actors — mainly the US (Sánchez Sánchez 2009, 178). In short, ‘regional integration has less to do with managing interdependence [and] more to do with creating conditions for convergence and co-operation’ (Sánchez Sánchez 2009, 181). As a consequence, the role of institutions has been limited. After having initially raised the interest of the neofunctionalists, Central America has scored high lately as a template for intergovernmentalism. The latter, however, takes a less liberal shape than in the EU, as state preferences are molded by traditional power elites rather than by market or civil society actors. Also in Mercosur, domestic social actors have been low-profile and major interstate bargainings have not led to the transfer of sovereignty to regional institutions. In sum, ‘extensive empirical research confirms the continued importance of extra-and intra-regional power asymmetries in explaining the emergence and nature of regionalism’ (Gómez-Mera 2008, 302).

The contributions dealing with the interrelation between domestic features and regional processes can be classified according to their focus on governmental institutions, legal systems or civil society. Governmental institutions, particularly the executive format, have been credited for allowing such
occurrences as the early success of Mercosur and the relaunching of CAN, both in the 1990s. They took place in spite of minimal levels of previous interdependence or effective regional institutions. To account for this puzzle, Malamud (2005) has shown that the operation of Mercosur rested on presidential diplomacy. This mechanism, understood as political, summit diplomacy as opposed to institutionalized, professional diplomacy, consists of resorting to direct negotiations among the national presidents whenever a crucial decision has to be made or a critical conflict solved. Its regional outcome has been called interpresidentialism (Malamud 2003), that is the outcome of combining an international strategy, presidential diplomacy, with a domestic institutional structure, presidential democracy. It goes beyond political will as it is based on the political systems of the member states, which by endorsing presidential intervention have sustained the processes of regional integration in the absence of social demand.

Duina (2006) argues that the internal structure and legal nature of regional organizations — or, in his words, regional trade agreements — depend on the type of law, either common or civil, that prevails in most member states. If common law predominates, as in NAFTA, a minimalist approach is likely to take place: it means a reactive, case-by-case and gradual approach to regulation. If civil law preponderates, as in the EU and Mercosur, a more intrusive approach is expected: it entails a propensity for a comprehensive and definitive codification of reality. Although Duina overlooks the fact that in Mercosur all laws are national, as regional norms are invalid until transposed into the legislation of all member states, his study illuminates a domestic dimension that could cause an impact on regional operation. The author underlines the influence of ideational factors at the expense of hegemony and state power; however, it is reasonable to wonder whether it is ‘most states’ or rather ‘core states’ that determine the nature of a region. The latter case runs against Duina’s argument and back into the governmentalist perspectives he criticizes.

Grugel (2006) has explored the argument that new regionalism represents an opportunity for transnational civil society activism. Through a comparison of processes of collective action in the FTAA and Mercosur, she shows that the influence of civil society actors in regionalist governance is extremely limited ‘due to persistent institutional barriers to inclusion, the practical obstacles for many groups of scaling up to the regional/transnational level and the particular difficulties associated with accessing trade based negotiations’ (Grugel 2006, 209). Hochstetler (2007) reaches the same conclusion by focusing on the other end of the decision-making process: the weakness of the output structure — i.e. the limited relevance of Mercosur decisions. As a consequence, ‘it is not surprising that regional social movements have directed little time to this level of governance’ (Hochstetler 2007, 1). Her conclusion goes beyond conventional scholarship, suggesting that civil society and social movements have had a weak impact on regional organizations not only because they lack access but rather because they lack interest. Contrary to the European experience, where Brussels is seen as a significant power site, the perceived irrelevance of Latin American regional
organizations discourages social participation and reduces demand for further integration.

Summing up, all approaches except constructivism converge on a similar characterization of how integration processes operate. While transnational transactors and supranational institutions, on a par with nation states, have become crucial to explain the evolution of European integration, in Latin America only states matter. Supply-side integration may be market-oriented as in Mercosur or elite-driven as in Central America, but it is always sovereignty-protective rather than sovereignty-sharing. This supports the early Haas’s propositions rather than his middle-aged thoughts: once integration has started, chief executives may be influential but often in a negative manner; it takes técnicos rather than políticos to bring about functional spillovers.

Stepping Forward? The Lessons of Latin American Integration

From early on, Latin America became a laboratory to test hypotheses drawn from the European experience. There are at least five issues in which European-based theories have been tested: their generalizability outside the EU (‘the \( n = 1 \) problem’), the different dynamics of origin and operation, the impact of domestic institutions, the timing of institutionalization, and the nature of politicization.

Generalizability outside the EU

To speak of theories of European integration is as inappropriate as to speak of theories of German politics or of American parties: theories are not case studies but systematic explanations of general phenomena. However, the singularity of the EU development has led analysts to discuss the problem of \( n = 1 \) — i.e. the possibility of crafting a theory that only applies to one case (Caporaso et al. 1997). A way to avert such situation has consisted of moving away from integration to governance (Hooghe and Marks 2001) — and from international relations to comparative politics (Hix 1994), approaching the EU by comparison with federal states (Sbragia 1992; Majone 2005). However insightful this may be, it only solves half of the problem: it puts the adjective — European — in comparative context, but it leaves the noun — integration — in the dark. Comparative regional integration, not comparative governance, is the only way to deal with the root phenomenon. And, outside Europe, nowhere but in Latin America have integration attempts and thinking developed so extensively across space and so consistently over time. Without Latin America, \( n = 1 \) would not be a research problem but a fact of life.

The Different Dynamics of Origin and Operation

The first approaches that promoted or sought to explain European integration were not fully sensitive to the contrast between birth and growth of integration. Federalism focused on founding events and functionalism on
ongoing processes. Only with the advent of neofunctionalism in Latin America was the distinction between background conditions, conditions at the time of union, and process conditions made (Haas and Schmitter 1964). However, neofunctionalism remained more able to account for integration dynamics after union, while liberal intergovernmentalism shed more light on the initiation or relaunching of a regional organization. The analysis of the Latin American experiences has confirmed the validity of this division of labor among theories, showing that they are not rivals but rather complementary, depending on context and timing.

More recently, Warleigh-Lack (2010) has advanced an analytical framework that focuses on four dimensions: genesis, functionality, socialization and impact of regional organizations. Genesis asks why states join — and stay within — an integration process. Functionality investigates how a regional organization functions once it is established. Socialization and impact, in turn, study the outcome of the process, whether at ideational or material levels. This typology resembles the one advanced here: the factors that account for origin (and resilience), operation (and evolution), and outcomes (either ideational or material) are not necessarily the same; therefore, no single theory of integration is capable of explaining the whole process.

The Impact of Domestic Institutions

Direct presidential intervention has played a crucial role in both the start and the development of every integration process on the continent, while no equivalent figure to such supranational bargainers as Jean Monnet, Robert Schuman or Jacques Delors is to be found — apart from Prebisch, who was never invited to hold any supranational authority. The capacity of presidential intervention to advance integration was not evident from the outset. In CAN, the Andean Presidential Council was belatedly established in 1990 but only consolidated in 1994. In CACM, Wynia early suggested exploring ‘the effects of the national political roles of presidents on their implementation of regional commitments’ (Wynia 1970, 331). However, decades of political instability put this insight into question. Since the 1990s, though, democratization led to an increase in the impact made by chief executives.

In the history of European integration, the most notorious interventions of chief executives were those of De Gaulle in the 1960s and Thatcher in the 1980s, and both were detrimental to further integration. However, the necessity to institutionalize the influence of national executives led to the belated creation of the European Council in 1974, 20 years after the EEC was founded. The Latin American cases show that, given certain institutional settings, chief executives were the only available driver of integration. Presidentialism, alongside power-oriented rather than rule-oriented political traditions, has made a difference that EU pioneers could not have predicted. However there is not enough evidence yet to tell whether these developments challenge the neofunctionalist low-politics argument or, instead, support its political spillover hypothesis.
Timing of Institutionalization

The timing and sequence of institution-building can alter the effects produced by institutions. For example, the early introduction of executive summits is likely to reflect, but also feed, stronger intergovernmental procedures. In the EU, the role played by the Court of Justice has been recognized as crucial in pushing integration forward into unexpected, and often unintended, developments (Weiler 1994). The option for triadic (judicial) rather than dyadic (diplomatic) institutionalization of dispute-settlement mechanisms distinguishes the EU from Mercosur and has shown greater spillover potential. However, apparently similar institutional outlooks may conceal huge differences: even though CAN established a sophisticated institutional architecture from its origins, member states’ reluctance to relinquish sovereignty prevented the precocious regional institutions from generating spillover effects. As Dominguez (2007, 127) stresses, ‘institutional design features have explained little about the efficacy of organizations’. Although he adds that the key exception has been automaticity, Table 2 shows that the momentous transformations of subregional organizations took place after the establishment of decision-making bodies involving the national presidents.

As CAN shows, regional integration may suffer from excessive or, at least, precocious institutionalization — and not only from institutional deficit, as some believe to be the case in the EU. Mercosur performed reasonably well in its first years precisely because it chose not to replicate the strategy of the Andean Pact, which had tried to emulate the EU form instead of process. Had Mercosur done the same, its ineffectiveness could have eroded the legitimacy of the integration project as a whole. The underdevelopment of common institutions cannot persist for long if integration is to move ahead, but reforms in their scope and authority must be timed with regard to needs and perceptions (Malamud and Schmitter 2010). The promoters of the 2004 Treaty establishing a Constitution for Europe could have benefited from this lesson.

The Nature of Politicization

In the EU, politicization is understood as a process opposed to technical management. Caporaso (1998, 347) argues that power has been downplayed because ‘integration studies, as a field, has a “technicist” orientation’, but also because of ‘the nature of the EC itself’. The mechanism through which political leaders agree on general principles and leave the drafting of the detailed rules to leading national and supranational technicians is known as the ‘Messina method’. Both neofunctionalists and intergovernmentalists agreed on this definition, notwithstanding the focus of the former on technical management and of the latter on political preferences. In Latin America, though, this conceptualization was only valid during the first theoretical surge; afterwards, the technicians that had driven integration in LAFTA and CACM waned and top politicians took charge. Since then, politicization has been understood as opposed to institutional checks rather than to technical
Table 2. Latin American turning points at sub-regional institutionalization

<table>
<thead>
<tr>
<th>Regional organization</th>
<th>Start of functional cooperation</th>
<th>Start of regional integration</th>
<th>Momentous transformation</th>
<th>Establishment of regional parliament</th>
<th>Establishment of regional court</th>
<th>Establishment of presidential summits</th>
</tr>
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<tr>
<td>Mercosur</td>
<td>1985</td>
<td>1991</td>
<td>–</td>
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<td>1991</td>
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management. Whereas in Europe politicization meant democratizing and taming regional agencies, in Latin America it meant not establishing them. Nye (1965, 872) had early on warned of the risks of ‘premature overpoliticization’, echoing Haas’s suggestion that high politics was inimical to integration. Although Haas later withdrew this argument, the Latin American experiences have vindicated his earlier claims. EU students and practitioners may want to take this issue into account when considering proposals regarding such questions as common defense or joint representation in international organizations.

A last lesson can be drawn. Several scholars fail to appreciate the nature of the phenomenon by focusing on the adjective, regional, rather than the noun, integration. The former indicates scope, not substance. The conventional usage of the word Europe to refer to the EU tends to misdirect observers from politics toward geography, culture or identity: this is a mistake, especially when applied to ‘regions’ that are not organizations. For, as Latin America teaches us, ‘natural’ regions can be dysfunctional for regional integration.

All the above further suggests three areas of research that EU studies could profit from. The first regards disintegration; to date the EU has only seen Greenland off, but never has a member state left. This might change, and the CAN experience demands a better understanding of the conditions under which it could happen and the effects it may produce. The second area concerns formality and non-compliance; as the 2010 Greek tragedy shows, deceit could be more harmful than open rejection of common rules. Scrutinizing any Latin American bloc would have sent an earlier wake-up call to those who interpret rules at face value. The final research avenue leads to actorliness: EU officials have long fantasized about a world built on regions, in which the EU would be both demiurge and role model. After analyzing the evolution of Latin American regionalism, though, it seems wiser to recalibrate downwards the potential of interregionalism. Summing up, this is a call for more realism and less complacency when studying integration from Europe.

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Notes

1. In 1984, ECLA was broadened to include the Caribbean countries and its acronym became ECLAC. As this article emphasizes its previous work and influence, ECLA will be preferred throughout.

References


