

Regionalism in post-neoliberal Latin America

A TIPPING POINT

The current crisis of neoliberalism and its most recent international, financial downturn represents a test of resilience for Latin America, and at the same time an opportunity for reforms to reposition the region in the global political economy. While in the past Latin America was naturally seen as “rule-taker,” the plurality of actors, levels of authority, and diffusion of power resources that are redefining the dynamics of the global political economy opened a new space for the region to participate in the search for alternatives to neoliberal globalization. The many crises of neoliberalism—political, institutional, economic, and social—that were manifested in the region in the early 2000s opened a new space where the state has become the central site for post-neoliberal political economy with the region as a fundamental platform for contestation. This context begs new questions, addressed in this article: How are we to understand current trends of regional cooperation and projects of integration, given that the political and economic circumstances of the 1980s and 1990s no longer hold so firmly (both at domestic and global levels)? How transformative are current projects of (post-neoliberal) regionalism? Are we witnessing the articulation of a “third wave” of regionalism?

RISE AND FALL OF AMERICAN-LED GOVERNANCE

Latin American political economy has been profoundly shaped not only by local political and economic conflicts but also by the need to offer responses to the steady assertion of US global and regional hegemony. As a project, this was marked by an irreconcilable option between “free trade” and “protectionism,” mirroring politically a debate between “market” and “state.” These structural tensions defined two main waves of regionalism. The first, from the 1950s to the 1970s, when regional inte-

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gration was conceived as “closed regionalism,” was grounded as much in the political economic philosophy of the ECLAC/CEPAL (Economic Commission for Latin America and the Caribbean) as it was in the Cold War. This gave birth to the Latin American Free Trade Association, the Central American Common Market, the Andean Community, and the Caribbean Free Trade Agreement.

The failure of import substitution projects, together with the severity of many years of military dictatorships, affected the spirit and progress of closed regionalism. Furthermore, many severely indebted economies were left with little choice but to align more closely with the United States, a gatekeeper to external finance. This set the agenda of the so-called new regionalism, dominated by trade and financial liberalization and underpinned, politically and ideationally, by an acceptance of the perception of the “unavoidable reality” of market-led globalization, which fitted well with the new geopolitics of the post-Cold War. Open regionalism was manifested in a

series of US-led free-trade agreements aimed at creating a hemispheric free-trade association, the Free Trade Area of the Americas with a deadline for 2005, and multiple trading arrangements, such as MERCOSUR (Southern Common Market) and NAFTA. Progressively, however, successive financial crises and the adverse effects on domestic political economies contributed to deep disenchantment with neoliberal policies as they failed to deliver on their promises of responsive and inclusive democracies.

Crises are always an opportunity for ideological contestation and accommodation of political and economic projects. In contrast to the proverbial “There Is No Alternative (TINA),” many countries across the region focused on a more nationalistic course for development and governance, challenging the framework of “open regionalism.”

SHIFTING AUTHORITY, RESOURCES, AND NEW “GLOBALIZERS”

The crisis of neoliberalism across the region coincided with an increasing diffusion of financial and ideological power fostering new spaces for policy contestation. The presence of Hugo Chávez has transformed Latin American foreign policies, removing what was already a divided consensus around a model of integration based on the US economy. Venezuela has engaged in a region-wide set of initiatives by spreading its oil wealth throughout the continent, fostering infrastructure programs, and offering strategic injections of capital to neighbours in need of financial and social relief.

The search for a more autonomous developmental space has also been engineered by the consolidation of China and India in trade and financial flows, which has helped to reshape the position of the so-called Global South in general, and in the region, that of Brazil crafting and institutionalizing its role as a new global leader. Overall, what this scenario tells us is that regional building

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has become a complex, multilayered arena where contending political enterprises overlap and where regionalism is thus a much more fluid concept than it used to be.

REGIONALISM AS RESILIENT PAST AND COUNTER-HEGEMONIC PRESENT

Are we witnessing the configuration of a third wave of regionalism? How are we to understand post-neoliberal regionalism? The route to tackle this discussion is to make a distinction between three overlapping trends of regionalism:

1. Regionalism with a strong emphasis on commercial integration as a transit to broader multilateralism, with low socio-political content (e.g., the so-called Pacific Rim with Mexico under NAFTA, and Chile, Colombia, and Peru in the Andean Community);
2. Regionalism with an emphasis on trade, accepting globalization but contesting neoliberalism as a political economic program of governance, seeking then to balance the risk-adverse mindset of business elites with new social demands within domestic polities, and deepening linkages with neighbouring countries (e.g., CACM [Central American Common Market], CARICOM [Caribbean Community], MERCOSUR-plus, Ecuador and Bolivia in the CAN [Andean Community], and UNASUR [Union of South American Nations]);
3. Regionalism with a political and social emphasis, with new economic and welfare commitments, reclaiming the principles of socialism (e.g., ALBA [Bolivarian Alliance for the Americas]).

ALBA emerges here as a truly counter-hegemonic project, particularly confrontational with the United States concerning almost all issues on the inter-American agenda. In addition, Venezuela and Argentina became strategic partners in

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the startup of the *Banco del Sur* in early 2008, which, if it succeeds, could play a significant role as an alternative to the Inter-American Development Bank and the World Bank.

Likewise, Brazil and Venezuela, although emerging as silent competitors for regional leadership and political style, are ushering in consensus mechanisms with new players capable of making that balance viable. Such policy direction is evident in the efforts of the newly created UNASUR, signed in Brazil in March 2008. UNASUR is fundamentally a political project, conciliatory in its discourse and comprehensive in its objectives, which range from free trade areas to social and security alliances. Its moderate ideological position means that it also aims to strengthen the representation and leverage of the South in international forums of negotiation, as well as balance the authority of the existing Organization

of American States as a US-led defence mechanism.

STORM CLOUDS ON THE HORIZON

Despite the spirit of change in the region, there are elements with the potential to derail current developments. Key actors such as Chile, Peru, Colombia, and Mexico remain firmly focused on the US market, creating friction within the old scheme of the Andean Community. Brazil has a political and diplomatic style of its own, mounting new regional projects as a platform for enhancing its negotiation capacity and leverage in other international forums. MERCOSUR, meanwhile, struggles to come to terms with Venezuela's more radical proposals, while maintaining the dynamism of oil-funded trade and infrastructure projects. The advent of militarism in Central America poses challenges for UNASUR, while ideological differences among the leftist governments persist. In sum, how transformative and political resilient these projects turn out to be will depend on the extent to which they can transit from a hybrid model to coherent and resilient, post-neoliberal programs. 🍁

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