

**THE CONSTRUCTIVIST PROMISE AND
REGIONAL INTEGRATION:
AN ANSWER TO 'OLD' AND 'NEW' PUZZLES.
THE SOUTH AMERICAN CASE**

Claudia M. Fabbri

CSGR Working Paper No. 182/05

November 2005

**The Constructivist Promise and Regional Integration:
An Answer To 'Old' and 'New' Puzzles. The South American Case¹**

Claudia M. Fabbri

Department of Politics and International Studies, University of Warwick

CSGR Working Paper

November 2005

Abstract:

The revival of regionalism represents an important trend in world politics. In this light, scholars of 'new' regionalism have called for the adoption of the 'new regionalism approach' (NRA) in order to capture the multidimensionality of a phenomenon viewed as qualitatively different from 'old' regionalism, transcend dominant theories of regional integration, and provide an interdisciplinary approach. However, while contemporary regionalism may indeed display new characteristics, the adoption of the NRA to understand regionalism is unwarranted. This paper argues rather that scholars concerned with the study of regionalism should turn their attention to the insights of social constructivism. Indeed, constructivism can help us move beyond the artificial old/new dichotomy and understand the puzzles surrounding both the emergence and evolution of regionalism. Drawing on constructivist contributions from the European 'laboratory', the paper examines the analytical purchase of the constructivist proposition that ideational factors play a crucial role in the emergence and evolution of regional integration. It investigates the purchase of this proposition in the case of regional integration in South America, focusing on the Southern Common Market (Mercosur).

Keywords Regional integration; new regionalism approach (NRA); constructivism; ideational factors; Southern Common Market (Mercosur).

Address for correspondence

Claudia M. Fabbri

Department of Politics and International Studies

University of Warwick

Coventry, United Kingdom

cfabbri2001@yahoo.co.uk

¹I wish to thank Philip Cerny, Ben Rosamond, and Alex Warleigh for their comments. An earlier version of this paper was presented at the 1st World International Studies Committee Conference (WISC), 24-27 August 2005, Istanbul, Turkey.

Introduction

In recent years, the revival and dramatic change of regionalism, often referred to as 'new' regionalism, has come to represent an important trend in contemporary international relations.¹ As put by Mittelman, 'regionalism today is emerging as a potent force in the global restructuring of power and production'.² New regionalism began to emerge in the mid-1980s, starting in Europe with the Single European Act, which launched the single market programme, and gradually spreading to other corners of the world.³ Schulz *et al.* insist that in studying regionalism it is important to pay close attention to the particular historical context out of which old and new regionalism emerged. On the one hand, old and introverted regionalism emerged in a bipolar Cold War structure in which nation-states represented the uncontested primary actors. On the other hand, new and extroverted regionalism emerged as a heterogeneous and multidimensional phenomenon involving state, market, and society actors and covering economic, cultural, political, security, and environmental aspects.⁴ To this context of global structural transformations, it is important to add a more permissive attitude by the US towards regionalism, the erosion of the nation-state, and the deepening of interdependence and globalization.⁵ In particular, the wave of new regionalism is recurrently viewed in the literature as intimately connected to the process of globalization, which has called into question the very notion of state sovereignty and blurred the lines between national, regional, and global contexts.

In order to capture the multidimensionality of new regionalism, Schulz *et al.* call for the adoption of the 'new regionalism approach' (NRA), a new type of analysis which holds that a 'collage' of theoretical perspectives is needed to study the complexities of new regionalism. The NRA aims to transcend dominant theories of regional integration and provide an interdisciplinary and comparative analytical framework.⁶ Furthermore, key proponents of the NRA view contemporary regionalism as a process which can only be understood in relation to globalization.⁷ However, by focusing on the dramatically changed context and content of regionalism and proceeding to regard it as a phenomenon which began to emerge in the mid-1980s⁸, NRA scholars fall into the trap of setting new regionalism apart from the old regionalism that emerged in the 1950s. Much to the credit of the NRA, the paper concedes that the distinction between old and new regionalism may

be useful for practical purposes and that contemporary regionalism deserves to be studied with attention to the particular context out of which it emerged and its varied manifestations in different parts of the world. However, the paper argues that the old/new regionalism distinction is problematic and that new regionalism cannot be separated nor understood in isolation from old regionalism.

The NRA's underlining assumption is that there is a clear-cut point where old regionalism ends and new regionalism begins, hence the self-purported niche for the NRA. Conversely, the paper maintains that the NRA assumption ultimately reflects an artificial dichotomy for the new is imbued with the old. In addition, the paper holds that the new is formulated with the old in mind given that experiences from old regionalism are inherited by the 'architects' of new regionalism and become part of the repertoire on integration. To be precise, this paper subscribes to the view put forth by Fawcett that regionalism should be understood as an evolutionary and cumulative process which has grown and expanded over time to take in new tasks and new domains.⁹ Thus, starting from the recognition that regional integration¹⁰ is an ongoing process, it is perhaps more compelling to refer to it as an overlapping or multi-layered process. With these observations in mind, the paper suggests that constructivism can assist in the study of regionalism without having to rely on the collage of theoretical perspectives proposed by the NRA.

In an attempt to address these key issues and move beyond the tensions and limitations in NRA, the paper proposes rather to evaluate the purchase of constructivist insights for the study of regionalism. The paper argues that, contrary to the NRA, a constructivist approach can help capture the puzzles surrounding the emergence and evolution of *both* old and new regionalism, providing this way more compelling foundations for the study of regionalism. While a constructivist strand runs through the NRA¹¹ the constructivist perspective in NRA literature has generally been applied thinly and not as explicitly and systematically as in European integration studies. The central constructivist argument emerging out of the NRA literature is that there is nothing 'natural' or 'objective' about regions *per se* but rather regions should be studied as socially constructed.¹² The NRA also aims to provide analytical frames to compare different 'regionalisms'. While this paper

does not carry out a comparative study of regionalisms, it nonetheless recognizes that constructivism enables scholars of regionalism to apply the tool of comparative analysis and take on the complex task of comparing different types of regionalism.¹³

The paper's structure is as follows. It begins with an overview of the added value of constructivism to the study of integration by reviewing its insights in the case of the most advanced project for integration, European integration. At the same time, it recognizes that the application of constructivism as an approach to regional integration has mostly been limited to the study of the European case. The paper proceeds by recognizing that regional integration has been constructed outside Europe. As observed by Hettne and Söderbaum, 'the 'new regionalism' is a truly worldwide phenomenon that is taking place in more areas of the world than ever before'.¹⁴ The paper then presents a constructivist analytical framework positing worldviews and programmatic ideas as central for the study of both old and new regionalism and sets out to evaluate the constructivist promise beyond Europe. It does so by applying the analytical framework and investigating how constructivist propositions can be of use to scholars concerned with understanding key stages in the emergence and evolution of regional integration in South America, focusing on the Southern Common Market (Mercosur).¹⁵ Whilst there are other attempts at regional cooperation and integration in the Americas, in Africa, and Asia which could provide fertile ground for exploring the analytical purchase of constructivism, Mercosur is of special interest because it represents the most ambitious attempt to date at regional economic integration in Latin America and has endured in the face of failed past attempts at integration in the region. The paper evaluates the proposition that if ideational factors as well as processes of interaction, socialization, and learning (also viewed as relevant in constructivist scholarship) mould actors' interests, identities, and behaviour in the construction and consolidation of integration, constructivism holds its promise of added value in the analysis of the process of regional integration. Finally, while the paper concedes that it is useful to think empirically about the old/new distinction in studying regionalism, the paper unveils the strengths of adopting a constructivist approach for the study of regionalism. Contrary to the NRA, constructivism provides tools which can: i) help capture both old and new puzzles surrounding the emergence and evolution of

regionalism; ii) show the linkages between old and new regionalism; and iii) unveil elements of continuity and change in the process of regionalism.

The added value of social constructivism in the study of European integration

In recent years, scholars of European integration, increasingly dissatisfied with the explanations provided by mainstream theories have been inspired by social constructivism and have been drawn to carry out constructivist 'experiments'. Although constructivism does not represent a theory of regional integration *per se* it has contributed new insights to our understanding of regional integration by broadening the range of ontologies to be investigated and by drawing attention to the importance of studying processes of interaction, socialization, and learning. Constructivism investigates the processes by which both actors' interests and identities emerge and evolve, and demonstrates how interpretive practises shape actors' identities, interests, and behaviour. It recognizes that in order to fully grasp outcomes it is crucial to account for the role of social ontologies, such as intersubjective knowledge, ideas, and institutions, which are often neglected, underestimated, or treated as causally epiphenomenal by mainstream theories. In addition, constructivists argue that both ideational and material forces shape international politics. As maintained by Ruggie, 'the building blocks of international reality are ideational as well as material'.¹⁶ Material forces acquire their causal power in virtue of the contexts of meaning attributed to them by actors and in virtue of the structures of shared knowledge in which they are embedded.¹⁷ Furthermore, Wendt argues that the structures which organize our actions are constituted by collective meanings and actors acquire and redefine their identities and interests by participating in these collective meanings. This reflects an important principle of constructivism: that the meanings in terms of which action is organized arise out of interaction.¹⁸ For these reasons, and especially its deeper ontology in contrast to rationalist positions¹⁹, constructivism promises to provide added value.

Constructivism has left its mark and provided new insights in the study of European integration.²⁰ As noted by Breslin *et al.*, 'constructivist literature remains on the thin side, though there has been a breakthrough into the study of European integration'.²¹ Although constructivism does not represent a theory of integration on par with conventional

theories of regional integration such as neofunctionalism or liberal intergovernmentalism²², it has nevertheless shown to be particularly suited for research on regional integration. Indeed, scholars maintain that 'research inspired by social constructivism promises to contribute to European integration studies, both theoretically and substantially'.²³ Constructivist experiments in the European 'laboratory' have shown that European integration is a process which has a transformative impact on the European state system and its constituent units.²⁴ This has moved understandings of European integration away from the parameters of a fixed setting assumed by mainstream theories of integration and opened new possibilities for the study of interest and identity formation. Pollack supports the view that European Union (EU) institutions shape not only the behaviour but also the preferences and identities of individuals and member states within Europe, and socialize, as well as constitute, actors.²⁵ To this, Risse adds that an important contribution of constructivism is its emphasis on the constitutive effects of European law, rules, and policies.²⁶ Conceptualizing actors and structures as constituting each other is consistent with process-based research such as constructivism: it requires tracing over time the influence of structures on actors' identities and intentions as well as tracing the impact of actors on the evolution of structures.²⁷

In addition to the critical role played by intersubjective meanings, ideas, and institutions and the impact of rules and norms on polity formation, constructivists also draw attention to the role of language and discourse.²⁸ According to Risse, for constructivists it is through discursive practices that agents make sense of the world, construct and select certain interpretations while excluding others, and attribute meaning to their activities. Thus, emphasis on communicative and discursive practices stands out as a key characteristic of constructivist approaches, as does the insistence that words, language, and communicative utterances need to be taken seriously to account for social behaviour.²⁹

It is beyond the scope of this paper to discuss in greater detail the constructivist insights on the process of European integration. However, this brief review of how constructivism can be applied to the study of regional integration was intended to show that taking constructivist propositions seriously is not only important and has precedent but also stands to contribute to wider debates. It needs to be qualified here that the application of

constructivism as an approach to regional integration has mostly been limited to Western Europe, with most of the work concentrating on the EU, the Council of Europe, and broader social processes such as changing conceptions of citizenship.³⁰ Given that regional integration has also been constructed outside Europe, the aim of this paper is to evaluate the constructivist promise outside Europe.

A constructivist analytical framework

In an attempt to deepen understanding of regionalism and broaden the range of factors considered, the paper briefly introduces a constructivist analytical framework positing ideas as fundamental to the study of regional integration. This section also briefly reviews the significance of scope conditions and how these shape intellectual innovation, the diffusion mechanisms which affect the currency of ideas, and the role ideational entrepreneurs play in the political life of ideas. The literature on ideas is varied and just as varied are the ways in which ideas have been conceptualized. The conceptualization of ideas adopted in this paper focuses on worldviews and programmatic ideas. This derives from the recognition that the agentbiased focus on the role of ideas in the literature has obscured alternative understandings of ideas and has turned attention away from the constitutive role of ideas in generating or constructing interests'.³¹ In this latter sense, ideas exist as social structures which constrain and enable action and are connected to, but are irreducible to, the actors who draw upon them.³²

Worldviews

Worldviews are at the heart of the social constructivist project.³³ They are overarching and prevailing ways of looking at reality, broad concepts which draw on shared knowledge and intersubjective understandings and provide a set of assumptions and meanings. Worldviews can be recognized as such because, following processes of internalization and institutionalization, they are collectively held and widely accepted to the point of being reified or 'taken for granted'. They act as structures by constraining and enabling actors' goals and means to achieve those goals and at a deeper level they constitute actors' underlying interests and identities. The taken for granted quality of worldviews means that they can be both powerful (in that they are not questioned) as well as hard to discern

(because actors do not necessarily express them or make reference to them in public debate or official negotiations).³⁴ To summarize, worldviews define the range of possibilities for action and set the limits of debate as well as the range of narrower programmatic ideas which can be adopted.

Programmatic ideas

Programmatic ideas include statements about cause-effect relationships and provide resources for constructing organized strategies of action. They are explicit and may be articulated in highly technical language and end up in concrete policy discourse and action. Programmatic ideas are likely to be consequential for policy when they constrain the cognitive and normative range of solutions to problems that policy makers are likely to consider, when they provide specific solutions which are deemed effective, when they are 'packaged' in a clear and concise fashion rather than ambiguous or complex, and when they display fit with existing or dominant policy paradigms.³⁵ Programmatic ideas not only constrain action by pushing policy making in very specific directions but also facilitate action by providing symbols and discursive schema that actors can refer to make actions appealing, convincing, and legitimate.³⁶ Such ideas can be investigated by identifying what actors define as policy problems, how objectives are prioritized in order to deal with problems, and which links actors perceive between the policy instruments adopted and the desired policy outcomes.

Scope conditions and intellectual innovation

It is useful to refer briefly to the scope conditions which contribute to discrediting certain ideas and enabling others to emerge and become politically significant. There are three key types of scope conditions. First, scholars point to shocks such as a political crisis or an economic crisis as destabilizing conditions which spur intellectual innovation. According to Goldstein and Keohane, shocks such as a depression, war, or even the decline of a political party may all pose challenges to the existing order and threaten to undermine or discredit it. At such dramatic moments, radical shifts in the political agenda may take place because of the common acceptance of the need for new normative or causal set of beliefs.³⁷

Shocks, however, are not the only scope condition spurring ideational innovation.³⁸ Second, ideas can also emerge as a result of dissatisfaction or disappointment with the status quo which result from a perception, either by the government or the public, of policy failure. Such scope conditions can open up a political space into which new ideas can enter. Third, the congruence or 'fit' between ideas and circumstances emerges as a consistently important theme in the literature on ideas.³⁹

Diffusion mechanisms

Deriving from the recognition that processes of interaction are crucial to understanding outcomes, attention to diffusion mechanisms is also relevant for such mechanisms shape the currency of ideas and help understand how particular ideas are transmitted, selected, and become taken for granted. There are three main diffusion mechanisms: socialization, internalization, and learning. Attention is paid to learning in this paper. Constructivist scholars view learning as more than merely adapting to constraints or undertaking bounded search processes until a viable solution is identified - the meaning attributed to learning by conventional theories. Learning represents an important category of analysis for it leads researchers to investigate the conditions under which policy makers re-evaluate their beliefs and when such reevaluations result in changes in policy and increases in policy effectiveness.⁴⁰

Ideational entrepreneurs

Finally, it is crucial to emphasize that for constructivists social construction does not happen in a vacuum and ideas gain their prevalence because they are advocated by ideational entrepreneurs responsible for defining the terms of social construction. Given that agency plays a crucial role, it is critical to pay attention to the actions, resources, and inclinations of particular political actors and how these factors affect the political life of ideas.⁴¹

The construction of regional integration in South America: the case of Mercosur

‘We are in the midst of an integration process that has become irreversible [...] the confrontation idea has been replaced by a concerted effort of our peoples to develop [...] a better future.’

Eduardo Duhalde, President of Mercosur Representatives Committee and former President of Argentina⁴²

Recognizing the added value of constructivist claims which have emerged from the study of European integration and in an attempt to deepen understanding of regional integration beyond the European case, the paper investigates how constructivist propositions can be of use to scholars concerned with understanding the emergence and evolution of regional integration in South America. Specifically, the paper focuses on the emergence of Mercosur, the most ambitious attempt to date at regional economic integration in Latin America. The Treaty of Asunción establishing Mercosur aimed at creating initially a free-trade area, then a customs union with the adoption of a common external tariff, and finally a common market where, in addition to customs unification for goods and services, member countries would pursue free movement of factors of production, capital and labour.

Over the years, Mercosur evolved from a restricted trade structure to a free-trade area, with lingering efforts towards consolidating the customs union. Mercosur was especially successful in reducing tariff and non-tariff barriers, increasing intrabloc trade, and stimulating cross-country investments.⁴³ Although this paper is not concerned with providing an empirical account of the performance of Mercosur after its creation, it is important to point out that the integration process experienced setbacks as a result of such shocks as the hyperinflation crises of the early 1990s, the contagion effects of the Asian financial crisis in 1998, Brazil’s devaluation of the Real in 1999, and the economic crisis in Argentina in 2001. As argued by Paiva and Gazel, in times of crisis the Mercosur members resort to unilateral protectionist measures, which lead to tensions and stand to damage the long-term credibility of the integration scheme.⁴⁴ Indeed, Devlin and Estevadeordal argue that countries in Latin America still make excessive use of ‘irregular’ unilateral measures to deal with disruptive trade imbalances in their regional agreements. The authors attribute

this in part to the lack of safeguard clauses in agreements as well as the lack of effective formal dispute settlement mechanisms, following heavily in the footsteps of past practice in Latin America, namely the settlement of disputes in back rooms through diplomatic channels.⁴⁵

Before tracing the impact of ideas in the evolution of regionalism in the region and in the emergence of Mercosur, it is paramount to emphasize that the rapprochement between Argentina and Brazil is at the very heart of Mercosur. The evolution in relations between the two countries, the two most populous and influential in South America, represents a very significant case because of: their size; their intrinsic political and economic importance which projects them as South America's principal power brokers; and their long tradition of rivalry, inherited from the colonial era when Spain and Portugal competed for control of the frontier along the River Plate.⁴⁶ Over the years, Argentina and Brazil competed for regional prestige and leadership. A major source of discord was the use of the hydroelectric resources of the Paraná River, which influenced bilateral relations from the late 1960s and throughout the 1970s until the dispute was finally resolved in 1979.⁴⁷ The two countries also engaged in an incipient arms race which included the development of nuclear potential and ballistic missile technology.⁴⁸ As put by Kacowicz, Argentina regarded Brazil as an expansionary military, economic, and demographic power that threatened areas to its south, west, and southwest.⁴⁹ Conversely, Brazil regarded its smaller neighbour with suspicion, fearing the kind of volatility and aggressiveness that Argentina demonstrated in its invasion of the Falklands/Malvinas Islands in April 1982.⁵⁰ Burr poignantly notes that 'the theme of Argentine-Brazilian rivalry and struggle for influence in South America is the oldest of all the Latin American conflicts'.⁵¹ Moreover, the Argentine-Brazilian rivalry over prestige and paramountcy in South America was one of the longest and most influenced by geopolitical doctrines.⁵² In the 1970s and early 1980s, during the wave of military rule dominant in the region, tensions in the region ran high and hypotheses of military conflict guided foreign policy.⁵³

Integrationism

The central worldview investigated in this paper is integrationism, a dominant outward-looking approach purporting the regional level as the legitimate space to organize politics

and address common challenges. Ideas of Latin American unity have a long history dating back to the independence years of the early 1800s.⁵⁴ Effectively, however, the idea of regional economic integration has been on the agenda since the end of the WWII, as indicated by the establishment of a number of regional organizations.⁵⁵ The initial and decisive thrust in fostering regional integration in Latin America came with the establishment in 1948 of the United Nations Economic Commission for Latin America (ECLA).⁵⁶ According to Axline, ECLA became a major force in development policies in Latin America and the most vocal proponent of economic integration in the region throughout the 1950s and 1960s. Through studies, recommendations, and direct participation, ECLA played an important role in the creation of the Latin American Free Trade Association (LAFTA), the Central American Common Market, and to a lesser extent the Andean Group.⁵⁷ Recognizing that economic development was a key issue for the political survival and prosperity of countries in Latin America, ECLA's main prescription called for the adoption of the programmatic idea of import-substitution industrialization (ISI), an inward-oriented economic strategy based on protecting markets and on industrialization as means for regional development.⁵⁸

LAFTA

Regional economic integration schemes, bolstered by domestic policies of ISI, came to be seen as vital for the functioning of Latin America. The first major scheme to promote regional economic integration was LAFTA, established in 1960 with a view to forming a free trade area within twelve years.⁵⁹ It aimed at eliminating trade barriers among all member countries. LAFTA did not emerge out of an ideational vacuum. Rather, its 'architects' had been exposed to the workings of integrationism elsewhere. Indeed, Laredo maintains that the results obtained with the establishment of the European Coal and Steel Community in 1954 and the emergence of the European Economic Community in 1957 acted as referents in the implementation of the first integrationist experience in Latin America.⁶⁰ Notwithstanding LAFTA's ambitious objectives, after two decades of attempts at economic integration within the ISI framework, the process of regional integration was deemed a failure as it contributed to cutting Latin American economies off from an increasingly globalizing world economy.⁶¹

The programmatic idea of ISI upon which LAFTA relied was seen as the main culprit. The protectionist logic of ISI became unsustainable as it contributed to a widespread economic crisis with growing budget and trade deficits, accelerating rates of inflation, and recession. It left behind inefficient and non-competitive economies insulated from world markets.⁶² As maintained by Banega *et al.*, the free trade area was ultimately never achieved, 'partly defeated by cumbersome and unfruitful tariff reduction negotiations'.⁶³ Governments in the region were accustomed to thinking of protectionism as a stimulus to growth and were thus inclined to demand exceptions and reluctant to offer long lists of goods for liberalization.⁶⁴ ISI became unsustainable for other reasons. Inefficient bureaucratic interventions, perceptions of asymmetric gains among partners, and economic and political instability also contributed to the old integration's failure to take off.⁶⁵ To complicate matters, the military dictatorships, dominant throughout the continent during the 1970s, were poor partners in effectively championing regional cooperation schemes.⁶⁶ Finally, it is relevant to highlight here that the two oil crises (1973,1979), the mounting debt burden, protectionism from industrialized countries, loss of traditional markets by Latin American countries, and contraction of world-wide trade, all shaped the context in which integrationism could flourish and undermined the currency/fit of integrationism.⁶⁷ Integrationism lost its political salience, the programmatic idea of ISI was running its course, and the project for regional integration was dropped from the political agenda.⁶⁸

The bankruptcy of the programmatic idea of ISI of course was not the only factor. In 1964, Haas and Schmitter had predicted that stagnation was in sight for LAFTA claiming that it was a poor candidate for making a rapid and automatic transition from a free trade area to a political union. Haas and Schmitter identified varying levels of background factors which hampered prospects for integration: levels of industrialization; per capita GNP; rates of economic growth; and capacity to export and import. In addition, the authors did not foresee the emergence of a functional equivalent for the symmetrical interaction of pluralist groups observed in the West. The asymmetrical group structure characterizing the members of LAFTA was seen as unlikely to generate a regional process of interest group formation, despite the rash of meetings and conferences. Latin American economic bureaucrats, who did not comprise a homogenous class and whose influence was

roughly the same in all LAFTA countries, were seen as most unlikely to emerge as autonomous decision makers, arranging the future of economic development and regional industrialization according to universalistic technical norms.⁶⁹

LAIA

In 1980, LAFTA was renamed Latin American Integration Association (LAIA).⁷⁰ Based on lessons from the past, LAIA was less ambitious than LAFTA, eschewing unrealistic timetables and acting merely as an umbrella organization in which member countries could establish bilateral or multilateral trade agreements. The new thinking incarnated in LAIA reflected a process of learning by the architects of integration. Indeed, the instruments adopted by LAIA aimed to establish a preferential economic area in place of the free trade area proposed under LAFTA and favoured limited agreements, confined to market access via the exchange of partial or full preferences on trade in specific products.⁷¹ LAIA provided the framework to abandon the automatic and general agreements characteristic of LAFTA, favouring rather the adoption of a more pragmatic and flexible system, with the aim of establishing a common market only in the long-term. In this context, LAIA was meant to facilitate a series of intermediate integration and cooperation initiatives within an area of economic preferences.⁷² This is what happened under the Argentina-Brazil Program of Integration and Economic Cooperation (PICE), a bilateral initiative signed in 1986 and born within the LAIA framework.⁷³

The Argentina-Brazil Program of Integration and Economic Cooperation

PICE did not emerge out of a vacuum but rather out of a gradual process of increasing confidence building and cooperation between key actors in Argentina and Brazil. This process began principally with resolution in 1979 of the water dispute under the Itaipú-Corpus Accord and a series of confidence building measures in the nuclear field from 1980 while both countries were still under military regimes. Although these early steps paved the way for deeper cooperation, the rapprochement process was undermined by: the overthrow in 1981 of Argentine General Videla who had been personally involved in the making of the 1980 nuclear agreements; the Falklands/Malvinas War in 1982; the shock

and burden of the debt crisis which ‘exploded’ in 1982 starting off throughout the region what is often referred to as the ‘lost decade’; the subsequent severe economic crisis destabilizing both countries; and the processes of political transition and return to democratic rule, with institutional reorganization in Argentina (1983) and Brazil (1985). Such scope conditions impacted the worldview of integrationism and affected its political relevance, leading to ‘ideational dissonance’ and compromising progress in bilateral relations. In particular, as emphasized by Hirst and Bocco, the Malvinas War contributed to misgivings by Brazil (notwithstanding its diplomatic show of support) about the unpredictable and destabilizing actions of Argentina’s military regime, undermining opportunities to build mutual trust.⁷⁴ The integration process was to find renewed momentum under the vision of democratic leaders President Alfonsín of Argentina and President Sarney of Brazil. Both committed in the Declaration of Foz de Iguazú (1985) to launch the project for economic integration.

Through processes of mutual interaction, socialization, and learning, key actors in Argentina and Brazil came to produce images of each other no longer as great powers in the making, but rather as developing countries in crisis, declining, weak, and vulnerable. The shared interpretation of mounting troubles, perceived to affect both countries, led to growing disappointment with existing policies and with the ideas backing those policies as well as to widespread dissatisfaction with the status quo. Through mutual interaction ‘shared readings’ of challenges at home and of common international pressures emerged. These, in turn, fostered convergence and made the view that the two countries’ fate is inexorably intertwined appear obvious, reinforcing the ‘rightness’ of the strategy to join forces and coordinate efforts. As observed by Dante Caputo, Argentina’s former Foreign Minister during Alfonsín administration:

‘What we discuss are merely the mechanisms, the ways in which we can do things. We do not discuss the fundamental ideas, given we already share a similar vision of the world, similar positions with respect to the major world problems. This gives us an exceptional basis to address not only economic themes but also political ones.’⁷⁵

The worldviews of isolation, competition, and rivalry gradually lost salience in favour of shared views of interdependence and common fate. Change in bilateral relations was brought about and regulated by the shared conviction that both countries should view and relate to each other as partners, coordinating efforts towards common goals, and actively constructing spaces for shared leadership. Internalization took place amongst salient actors in both Argentina and Brazil and intersubjective understandings became deeply ingrained and taken for granted.⁷⁶ Indeed, Laredo notes that no other relevant alternative aside from integration was envisioned as a tool which would allow countries in the region to articulate their goals and facilitate a greater insertion of Latin America in an increasingly integrated world.⁷⁷

The Alfonsín and Sarney governments both saw their countries emerge from long periods of authoritarian rule and enter the fragile path of democratization. They also perceived their countries to be particularly vulnerable to destabilizing socio-economic unrest at home and to the shock of widespread paralysis which engulfed the region with the onset of the debt crisis. Such circumstances eroded the appeal of political and economic strategies based on unilateral action (increasingly perceived as old and discredited) and spurred the search for alternative policy options. The two governments shared views on the imperative of building a united front before 'negative' regional and international environments. From these shared perceptions of vulnerability also emerged the common purpose of joint leadership in the region, through the promotion of peace and democratic consolidation in the Southern Cone and regional integration.⁷⁸ The conviction that these were fundamental priorities in both countries was linked to the view that such regional processes would in turn help lock in political and economic stability at home.

In July 1986, with the signature of the Integration Act establishing PICE, Alfonsín and Sarney launched a new phase in the history of Latin American integration. The PICE objectives were outlined in 24 protocols, signed between 1985 and 1990, meant to lay out the integration strategy. PICE was structured around the negotiation of sectoral agreements. The idea of sectoral integration addressed two concerns: first, it reflected a concern with planning and consolidating the industrial process; second, the emphasis on achieving balanced trade through sectoral agreements was meant to attenuate the fears of

Argentine and Brazilian businesses regarding possible losses and diffuse political opposition to deeper integration.⁷⁹ The program was based on the following programmatic ideas: *graduality* (in successive stages), *flexibility* (allowing for adjustments), *equilibrium* (intra industry integration by aiming for balanced trade without inducing specialization), and *sectoralism* (a predetermined set of projects).⁸⁰

PICE was made possible by the intersubjective understanding, between salient actors in Argentina and Brazil, that bilateral relations should be shaped by cooperation rather than conflict for such a move would end centuries of rivalry and misunderstanding and lead to a new pattern of relations.⁸¹ As pointed out by Castrioto de Azambuja (former Ambassador of Brazil to Argentina, 1992-1997), it had become obvious 'that economic and commercial integration could not easily coexist with military rivalry and strategic planning of an adversarial nature'.⁸² What in fact had gained political salience, at a time when an 'integrationist fever' appeared to emerge worldwide, was the logic of associating and uniting with regional neighbours, the worldview of integrationism. In political terms, PICE was viewed as a means to strengthen the consolidation of democracy in both countries and contribute to the preservation of regional peace and democracy.⁸³ According to Laredo, PICE aimed to put an end to the traditional hypothesis of conflict cultivated over time. PICE was also viewed as a tool to strengthen international bargaining power in the face of the shared perception of external dependence, asymmetry, and increasing external vulnerability.⁸⁴ In economic terms, bearing in mind the lessons learned from the frustrated LAFTA and LAIA experiences,⁸⁵ and in an attempt to avoid past mistakes and break with discredited blueprints for regional integration, PICE signalled a new development in the economic integration of Latin America. Overall, however, PICE remained reminiscent of old regionalism given that it was heavily linked to the theories and practices of ISI.⁸⁶ As seen earlier, key characteristics of old regionalism in the region included: reliance on ISI and withdrawal from the world economy; planned and political allocation of resources; and focus on industrial products.⁸⁷

The project for regional integration proved to be of fundamental importance to Argentine-Brazilian relations as it provided shared spaces for regular interaction, socialization, and learning, all critical to the emergence of similar visions of the world and the construction of

joint solutions to perceived common problems. As noted by Oscar Jorge Romero in 1988 (Undersecretary for International Economic Relations during the Alfonsín administration), ‘the history of Latin American diplomacy has never witnessed such a degree of communication, of interaction and solidarity not rhetoric, manifest and profound, as the one which exists at this time between Argentina and Brazil’.⁸⁸ Over time, political elites came to recognize increasingly the importance of the regional integration project and of formalizing the PICE process further. Contacts among politicians, national bureaucrats, businesspeople, and intellectuals stepped up and by August 1989 conditions were ripe for approval of the *Treaty on Integration, Cooperation, and Development* between Argentina and Brazil. The Treaty, which aimed to consolidate the bilateral integration process, set a ten-year timetable for the creation of a binational common market through the gradual dismantling of trade barriers amongst other strategies.⁸⁹

Later, the *Buenos Aires Act* (1990) accelerated the timetable for the establishment of a common market between the two countries. The worldview of integrationism gained renewed political salience and provided salient actors in Argentina and Brazil with a formula for building a shared future and for promoting a ‘competitive insertion’ in the new international economic order.⁹⁰ Excerpts from the speech of President Fernando Collor de Mello of Brazil before the Argentine Congress on 9 July 1990 exemplify these observations:

‘I recognize the fact that Brazil and Argentina increasingly share a common destiny [...] The international context has changed radically since 1985 when we started our integration project. The pace of global changes has accelerated dramatically [...] Brazil and Argentina must strengthen their trajectory of solidarity [...] Integration is the obligatory step to modernize our economies and therefore the condition for Latin America.’⁹¹

Similar views were shared by Argentine Foreign Minister Domingo Cavallo: ‘the commitment to regional integration represents an irreversible objective of our foreign policy [...] Argentina and the rest of Latin America must readapt to a global economic reality before which we risk marginalization’.⁹²

It is critical here to add that the launch of new integrationist efforts by Argentina and Brazil must be understood in the wider context of the emergence of the ideational trend in support of new or 'open' regionalism vis-à-vis inward-looking old regionalism. According to a former leading World Bank economist, such a pro-international trade attitude, prevailing in most Latin American countries, contrasts sharply with the ISI-inspired protectionist policies pursued by the region in the 1950s, 1960s, and 1970s.⁹³

Moreover, while the seeds of new regional integration initiatives began to appear as early as the second half of the 1980s, the new integrationist features crystallized in the 1990s.⁹⁴ Indeed, in the 1980s, countries in Latin America increasingly came to recognize the exhaustion of ISI and realize that it no longer represented an adequate model of industrial development.⁹⁵ Such a learning process, whereby political elites recognized the economic failure of state interventionism and of sustaining closed and protected markets, opened the way for new courses of action. Disappointed with the results of ISI and recognizing the advent of new global market forces, the region started to turn away from statism and toward market liberalism.⁹⁶ Hence, deregulation, privatization, trade liberalization, and export development started to be viewed in the region from the late 1980s as the necessary recipes in the new economic world order along with, as noted by Fernandez, the de bureaucratizing of the economy and curtailment of the role of the state.⁹⁷ This ideational shift crystallized in the early 1990s.

As the integrationist logic gained increased political salience it found support in one key ideational trend to which salient actors in Argentina and Brazil were exposed and for which support existed in both countries: the neoliberal economic paradigm. Neoliberalism became the dominant paradigm of the 1990s in Latin America.⁹⁸ As a case in point, the Managing Director of the International Monetary Fund (IMF), Michael Camdessus, observed in 1992 that a 'silent revolution' bringing domestic policies in line with conventional IMF-supported programmes, once referred to as the 'bitter medicine', had reached Latin America. Confidence in the basic soundness of the neoliberal economic paradigm and its associated market-oriented reforms grew gradually.⁹⁹ It was at the end of the 1980s that the set of neoliberal policy reforms, so keenly advocated by the World Bank and the IMF, came to be known as the 'Washington Consensus' and comprised the

following core tenets: opening up markets to the world economy through trade liberalization and foreign direct investment; reducing government intervention in the economy; and providing the conditions for allocation of resources to flow from the market.¹⁰⁰ Green notes that while the World Bank and the IMF had undoubtedly played an important role in promoting the neoliberal economic paradigm, the power of such a paradigm in Latin America:

‘would have never been possible without the support of local economists [many of whom had been graduates of economics and business schools in US universities and had advocated free market models] and politicians, the pre-existing crisis in ISI, and the perceived lack of alternatives [...] neoliberalism enjoyed an unstoppable coalition of influential supporters and potential beneficiaries both inside and outside the region, and had the intellectual high ground to itself.’¹⁰¹

Exposed to such ideational trends, officials in Argentina and Brazil articulated the neoliberal economic paradigm both as an instrument for national economic reform and opening as well as a programmatic idea for regional integration. As reiterated by Billion, ‘following the end of the 1980s, with a sharp acceleration after 1990, a new cycle began involving the gradual opening-up of Latin American economies to the rest of the world: this [...] encouraged a decisive re-launching of the integration process’.¹⁰² It should also be noted that both countries entered the 1990s facing severe economic difficulties on the domestic front. These difficulties were compounded by the fear that, in light of economic globalization and in the face of a world which was growing increasingly more interdependent, Argentina and Brazil risked being inexorably marginalized on the international scene and excluded from world markets, unless policy makers sought economic opening, integration, and international competitiveness.¹⁰³ The lessons learned and accumulated by salient actors in Argentina and Brazil from past frustrated regional integration experiences, the growing recognition of the failures of existing national economic policies, as well as the widely shared perception and articulation that with the emergence of a constraining new economic world order there was little room for deviance from external ideational dictates in economic matters¹⁰⁴ all point to the importance of learning.

ArgentineBrazilian relations were also affected by the interplay of various regional and international dynamics. Indeed, contributing to the perception of marginalization was the decline in Latin America's relative share of global trade, the outflow of finance and investment resulting from ongoing macroeconomic instability, the spread of new regionalism, the proliferation of protectionist tendencies originating especially from the US and 'fortress' Europe, and the end of the Cold War.¹⁰⁵ Hirst highlights democratic consolidation, shifts in economic thinking, and the redefinition of relations between the US and Latin American countries as relevant regional dynamics, reminding us however that these were heavily conditioned by changes on the global stage. Namely, Hirst identifies as important international changes: the consolidation of three major economic blocs (the European Community, Japan, and US-Canada-Mexico), the emergence of a unipolar order following the end of the Cold War, and the political-military supremacy of the US.¹⁰⁶ To these factors it is relevant to add the impact of the dramatically increased pace of technological change worldwide, which undermined projects relying on nationally based and autonomous technological development.¹⁰⁷

In 1991, Mercosur institutionalized the Buenos Aires Act abandoning the sector-by-sector approach used by PICE in favour of an across the board tariff reduction.¹⁰⁸ The deepening of the integration process took on a programmatic outlook distinct from that witnessed in previous years. Indeed, the renewed initiative for integration displayed characteristics of open regionalism. Mercosur abandoned the 'gradual, flexible, progressive' approach of the PICE bilateral agreements, for an 'energetic, non-flexible, simultaneous' process designed to expand free trade more rapidly.¹⁰⁹ Lavagna concurs, arguing that the new integration methodology merely concentrated on generalized and progressive trade liberalization, instead of sectoral agreements for reconversion and development. Such a strategy stripped the integration process of policy instruments which during PICE were viewed as necessary to sustain a deep and balanced integration process.¹¹⁰ In this sense, Mercosur represents a neoliberal project in its emphasis on increasing trade flows rather than on economic development.¹¹¹

Previously, the paper argued that there is no clear-cut point where old regionalism ends and new regionalism begins and that a more compelling way of thinking of regionalism is as an evolutionary and cumulative process. With this in mind, it is important to draw attention to the fact that Mercosur presents elements of both continuity and change in relation to previous integration efforts in South America. Mercosur was established within the LAIA framework, as Economic Complementation Agreement No. 18, and constitutes a subregional grouping which builds on previous traditions of regionalism.¹¹² Indeed, according to Jenkins, Mercosur embodies a series of sectoral protocols or agreements similar to those negotiated under PICE (in steel, autos, agriculture, and textiles) and hundreds of negotiated exceptions to the rule for specific products and certain strategic industries, including preferential treatment for smaller members – revealing its diluted version of the ECLA recipe. Jenkins clarifies further that although the ultimate goal of Mercosur is to progressively establish more general rules and reduce specific sectoral arrangements, without concessions to the ECLA trade philosophy the programmatic basis of the new integration scheme - the neoliberal model - would not have survived. Mercosur's survival and continued political acceptance had to be 'bought' through measures for preferential treatment and protection of specific industries.¹¹³ Notwithstanding these features reminiscent of old regionalism, Mercosur nonetheless displays its 'newness'. Its emergence was the result of the continued force of integrationism and its particular newness resulted from the abandonment of certain programmatic ideas characteristic of old regionalism and the adoption of new programmatic ideas. As noted by Banega *et al.*, Mercosur represents a radical shift in the integration model in South America, particularly in light of the ideational consensus surrounding the bankruptcy of the ISI and in light of the restructuring and opening of local economies, features of outward-looking regionalism.¹¹⁴

Conclusions

Regionalism represents an important trend in world politics and scholars continue to be faced with the challenge of deepening understanding of this process. With this in mind, the paper aimed to show that a constructivist approach can guide the study of processes of

regional integration and in particular deepen understanding of the factors which contribute to the emergence and evolution of regional integration. Drawing on constructivist contributions from the European 'laboratory', the paper examined the analytical purchase of the constructivist proposition that ideational factors play a crucial role. To this end, the paper presented a constructivist analytical framework for the study of ideas and investigated the role of worldviews and programmatic ideas in the construction of regional integration in the Southern Cone of South America. Due to space limitations, the paper could not analyze in detail all the scope conditions, diffusion mechanisms, and ideational entrepreneurs referred to earlier in the analytical framework. Rather, the paper focused on exploring the role of specific worldviews and programmatic ideas and on tracing the role of learning.

As seen with the case study of integration initiatives in South America, over the years the process of regional integration evolved, revealing distinct characteristics in different phases and posing this way challenges to scholars concerned with investigating the generality of the integration process. However, the paper argued that constructivism can provide compelling interpretations of regional integration by taking seriously social ontologies which are often neglected, underestimated, or treated as causally epiphenomenal by mainstream theories. Moreover, contrary to the NRA, constructivism can help scholars understand *both* old and new regionalism by showing the linkages between old and new regionalism as well as tracing elements of change and continuity. The constructivist analysis carried out in this paper shows that constructivism is equipped to carve its own niche in the study of regional integration. Constructivism manages to keep its promise of analytical purchase by demonstrating how ideational factors can shape and redefine actors' identities, interests, and behaviour and by pointing out how collective cognitive processes affect outcomes.

Notes

¹ While this paper views the distinction between 'old' and 'new' regionalism as artificial and problematic it is relevant to take into account how the distinction is understood in the literature. Devlin and Estevadeordal distinguish between old and new regionalism as follows. Old regionalism is characterized by: support for the import substitution industrialization (ISI) strategy; high external barriers (high trade diversion); shallow agreements; South-South focus; no credible enforcement mechanisms; and few incentives for regional cooperation. New regionalism is characterized by: support for structural reform and liberalization process;

open regionalism (mitigate trade diversion); deeper agreements; increasingly North-South; improved WTO rules; and cooperation beyond trade (infrastructure, peace/democracy). Robert Devlin and Antoni Esteveadeordal. "Trade and Cooperation: A Regional Public Goods Approach" Paper Presented at the conference on *Regional Integration and Public Goods*, Bruges, Belgium 20-21 November 2003. According to Lawrence, the defining characteristics of old and new regionalism are as follows. Old regionalism: ISI, withdrawal from world economy; planned and political allocation of resources; driven by governments; mainly industrial products; deals with border barriers; and preferential treatment for less-developed nations. New regionalism: export orientation, integration into world economy; market allocation of resources; driven by private firms; all goods and services, as well as investment; aimed at deeper integration; and equal rules (different adjustment periods) for all nations. Robert Z. Lawrence, 'Regionalism, Multilateralism, and Integration: Changing Paradigms for Developing Countries', in Rodriguez Mendoza Miguel, Patrick Low, and Barbara Kotschwar (eds.), *Trade Rules in the Making: Challenges in Regional and Multilateral Negotiations* (Washington, D.C.: Brookings Institution Press, 1999), p. 31.

² James Mittelman, 'Rethinking the 'New Regionalism' in the Context of Globalization', in Björn Hettne, Andrés Inotai and Osvaldo Sunkel (eds.), *Globalism and the New Regionalism* (Basingstoke: Macmillan, 1999), p. 25.

³ Michael Schulz, Frederick Söderbaum, and Joakim Öjendal, 'Introduction: A Framework for Understanding Regionalization', in Michael Schulz, Frederick Söderbaum, and Joakim Öjendal (eds.), *Regionalization in a Globalizing World: A Comparative Perspective on Forms, Actors, and Processes* (London and New York: Zed Books, 2001), p.1. See also Alex Warleigh, 'In Defense of Intra-disciplinarity: 'European Studies', the 'New Regionalism', and the Issue of Democratisation', *Cambridge Review of International Affairs*, 17 2 (2004), pp. 301-318.

⁴ Schulz, *et al.*, 'Introduction', pp. 1, 4.

⁵ Björn Hettne and Fredrik Söderbaum, 'Theorising the Rise of Regionness', in Shaun Breslin, Christopher W. Hughes, Nicola Phillips, and Ben Rosamond (eds.), *New Regionalism in the Global Political Economy* (London: Routledge, 2002), p. 33.

⁶ Schulz *et al.*, 'Introduction', p. 2.

⁷ Björn Hettne, 'The New Regionalism Revisited', in Fredrik Söderbaum and Timothy M. Shaw (eds.), *Theories of New Regionalism* (London: Palgrave Macmillan, 2003), p. 23.

⁸ Björn Hettne and Fredrik Söderbaum, 'The New Regionalism Approach', *Politeia* (Special Issue: The New Regionalism) 17 3 (1998), <http://www.unisa.ac.za> (Accessed 2 November 2004).

⁹ Louise Fawcett, 'Exploring Regional Domains: A Comparative History of Regionalism', *International Affairs* 80 3 (2004), pp. 429-446.

¹⁰ The terms regional integration and regionalism will be used interchangeably.

¹¹ I thank Alex Warleigh for bringing this to my attention. See for example contributions in Schulz *et al.*, 'Regionalization' and in Breslin *et al.*, *New Regionalism*; Iver B. Neumann, 'A Region-Building Approach', in Söderbaum and Shaw, *Theories*, pp. 160-178.

¹² See for example Fredrik Söderbaum, 'Introduction: Theories of New Regionalism', in Söderbaum and Shaw, *Theories*, p. 7 or Hettne and Söderbaum, 'Theorising', in Breslin *et al.*, *New Regionalism*, pp. 36, 45.

¹³ Integration projects are obviously unique in light of the specific historical and social conditions under which they emerged and evolve. Moreover, as noted by Ruggie, 'the meaning and significance of ideational factors are not independent of time and place'. John Gerard Ruggie, *Constructing the World Polity: Essays on International Institutionalization* (New York: Routledge, 1998), p. 33. Nonetheless, constructivism is well equipped to unveil similarities in seemingly different entities by demonstrating that the process - social construction - is the same. Constructivism points to the ways in which processes of interaction, socialization, and learning as well as ideational factors mould interests and identities in the construction and consolidation of regions. Thus, although regionalist projects take various forms around the world they represent socially constructed phenomena and in this sense share 'causal linkages'. 'Causal linkages' is borrowed from Richard Higgott, 'The International Political Economy of Regionalism. The Asia-Pacific and Europe Compared', in William D. Coleman and Geoffrey R. D. Underhill (eds.), *Regionalism and Global Economic Integration: Europe, Asia, and the Americas* (London: Routledge, 1998), pp. 42-67.

¹⁴ 'Theorising', p. 33.

¹⁵ Mercosur was established in 1991 by its founding members - Argentina, Brazil, Paraguay, and Uruguay - and includes today Venezuela as full member and Chile, Bolivia, and Perus associate members.

¹⁶ Ruggie, *Constructing*, p. 33.

¹⁷ Alexander Wendt, 'Constructing International Politics', *International Security* 20 1 (1995), p.73.

-
- ¹⁸ Alexander Wendt, 'Anarchy is What States Make of it: The Social Construction of Power Politics', *International Organization* 46 2 (1992), pp. 129-165.
- ¹⁹ Thomas Christiansen, Knud Erik Jorgensen, and Antje Wiener, 'The Social Construction of Europe', *Journal of European Public Policy*, 6 4 (Special Issue 1999), p. 533.
- ²⁰ See Thomas Christiansen, Knud Erik Jorgensen, and Antje Wiener (eds.), *The Social Construction of Europe* (London: Sage Publications, 2001).
- ²¹ Shaun Breslin, Richard Higgott, and Ben Rosamond, 'Regions in Comparative Perspective', in Breslin et al., *New Regionalism*, p.7.
- ²² Thomas Risse, 'Social Constructivism and European Integration', in Antje Wiener and Thomas Diez (eds.), *European Integration Theory* (Oxford: Oxford University Press, 2004), p 174.
- ²³ Risse, 'Social', p. 159.
- ²⁴ Christiansen, Jorgensen, and Wiener, 'The Social', p. 529.
- ²⁵ Mark Pollack, 'International Relations Theory and European Integration', *Journal of Common Market Studies* 39 2 (2001), p. 234.
- ²⁶ Risse, 'Social', p. 165.
- ²⁷ Thomas Christiansen, 'Reconstructing European Space: From Territorial Politics to Multilevel Governance', in Knud Erik Jorgensen (ed.), *Reflective Approaches to European Governance* (London: Macmillan Press Ltd., 1997), pp. 55-56.
- ²⁸ See Thomas Diez, 'Riding the AM-Track Through Europe; or, the Pitfalls of a Rationalist Journey Through European Integration', *Millennium: Journal of International Studies* 28 2 (1999), pp. 355-369; Thomas Diez, 'Speaking Europe: The Politics of Integration Discourse', in Christiansen et al., *The Social Construction* pp. 85-101; and Ben Rosamond, 'Discourses of Globalization and the Social Construction of European Identities', *Journal of European Public Policy* 6 4 (Special Issue 1999), pp. 652-668.
- ²⁹ Risse, 'Social', pp. 164-165.
- ³⁰ Young Jong Choi and James Caporaso, 'Comparative Regional Integration', in Walter Carlsnaes, Thomas Risse, and B.A. Simmons (eds.), *Handbook of International Relations* (London: SAGE, 2002), p. 489.
- ³¹ Weldes and Saco in Mark Laffey and Jutta Weldes, 'Beyond Belief: Ideas and Symbolic Technologies in the Study of International Relations', *European Journal of International Relations* 3 2 (1997), p. 208.
- ³² Further on this point see Emanuel Adler, 'Seizing the Middle Ground: Constructivism in World Politics', *European Journal of International Relations* 3 3 (1997), p. 327.
- ³³ Ruggie, *Constructing*, p. 18.
- ³⁴ See Thomas Christiansen, Gerda Falkner, and Knud Erik Jorgensen, 'Theorizing EU Treaty Reform: Beyond Diplomacy and Bargaining', *Journal of European Public Policy* 9 1(2002), p. 23.
- ³⁵ John L. Campbell, 'Institutional Analysis and the Role of Ideas in Political Economy', *Theory and Society* 27 (1998), pp. 398-400.
- ³⁶ Campbell, 'Institutional', pp. 380-81.
- ³⁷ Judith Goldstein and Robert O. Keohane, 'Ideas and Foreign Policy: An Analytical Framework', in Judith Goldstein and Robert O. Keohane (eds.), *Ideas and Foreign Policy: Beliefs, Institutions, and Political Change* (Ithaca, NY: Cornell University Press, 1993), p. 17.
- ³⁸ Sheri Berman, 'Ideas, Norms, and Culture in Political Analysis', *Comparative Politics* 33 2 (January 2001), pp. 234-235.
- ³⁹ See Ngaire Woods, 'Economic Ideas and International Relations: Beyond Rational Neglect', *International Studies Quarterly*. 39 (1995), p. 175; Albert S. Yee, 'The Causal Effects of Ideas on Policies', *International Organization* 50 1 (Winter 1996), p. 91; Steven Bernstein, 'Ideas, Social Structure, and the Compromise of Liberal Environmentalism', *European Journal of International Relations* 6 4 (2000), p. 466; and Berman, 'Ideas', p. 236.
- ⁴⁰ George Breslauer, 'What Have We Learned About Learning?' In George Breslauer and Philip Tetlock (eds.), *Learning in U.S. and Soviet Foreign Policy* (Boulder, Colo.: Westview Press, 1991), p. 825.
- ⁴¹ Berman, 'Ideas', p. 237. Although not addressed in this paper, power also plays a crucial role in actors' construction of reality. More specifically, both the power to control intersubjective understandings as well as the resources that allow actors to deploy discursive power (economic and military means to sustain the institutions necessary for the formalized reproduction of social practices) are relevant. See Ted Hopf, 'The Promise of Constructivism in International Relations Theory', *International Security* 23 1 (1998), pp. 177, 179. Power is thus understood not merely in terms of the resources (the capabilities that are distributed and possessed by actors) required to assert one's view on others. Power can also be interpreted as the authority to determine the shared meanings that constitute the identities, interests, and practices of actors.

-
- ⁴² 'Duhalde's Dream of A United Peoples of South America', *Mercopress* (19 August 2004) < <http://www.mercopress.com> > (Accessed 12 October 2004).
- ⁴³ Paulo Paiva and Ricardo Gazel, 'Mercosur: Past, Present, and Future', *Nova Economia* 13 2 (2003), pp. 115-16, 122.
- ⁴⁴ Paiva and Gazel, 'Mercosur', p. 128.
- ⁴⁵ Robert Devlin and Antonio Estevadeordal, 'What's New in the New Regionalism in the Americas?' In Victor Bulmer-Thomas (ed.), *Regional Integration In Latin America And The Caribbean: The Political Economy Of Open Regionalism* (London: University of London, ILAS, 2001), pp. 41-42.
- ⁴⁶ See Andrew Hurrell, 'An Emerging Security Community in South America?' In Emanuel Adler and Michael Barnett (eds.), *Security Communities* (Cambridge: Cambridge University Press, 1998), p. 230 and Cyro Banega, Björn Hettne, and Frederick Söderbaum, 'The New Regionalism in South America', in Schulz *et al.*, *Regionalization*, p. 238.
- ⁴⁷ Hurrell, 'An Emerging', p. 233.
- ⁴⁸ Arie M. Kacowicz, *Zones of Peace in the Third World: South America and West Africa in Comparative Perspective* (Albany, NY: SUNY Press, 1998), p. 80.
- ⁴⁹ Hereon, references made to "Argentina" and "Brazil" should not be taken as implying that this paper views states as unitary actors. In fact, states are neither unitary nor rational entities and it is not states per se who engage in or 'do' international relations but individuals.
- ⁵⁰ Arie M. Kacowicz, 'Stable Peace in South America: the ABC Triangle, 1979-99', in Arie M. Kacowicz, Yaacov Bar-Siman-Tov, Ole Elgstrom, and Magnus Jerneck (eds.), *Stable Peace Among Nations* (Lanham: Rowman & Littlefield Publishers, Inc. 2000), p. 203.
- ⁵¹ Burr in Hurrell, 'An Emerging', p. 230.
- ⁵² Jack Child, *Geopolitics and Conflict in South America: Quarrels Among Neighbours* (New York: Praeger Publishers, 1985), p. 99-100.
- ⁵³ David Pion-Berlin, 'Will Soldiers Follow? Economic Integration and Regional Security in the Southern Cone' *Journal of Interamerican Studies and World Affairs* 42 1 (2000), pp. 43-69.
- ⁵⁴ Michael Mecham, 'Mercosur: A Failing Development Project?' *International Affairs* 79 2 (2003), p. 375.
- ⁵⁵ Banega *et al.*, 'The New', p. 235.
- ⁵⁶ Gordon Mace, 'Regional Integration in Latin America: A Long and Winding Road', *International Journal* 43 (1988), p. 408. Today ECLA is called ECLAC to include the Caribbean.
- ⁵⁷ Andrew W. Axline, 'Introduction', in Andrew W. Axline (ed.), *The Political Economy of Regional Cooperation: Comparative Case Studies* (London: Pinter Publishers, 1994), pp. 2, 184. See also Osvaldo Sunkel, 'Development and Regional Integration in Latin America: Another Chance for an Unfulfilled Promise?', in Björn Hettne, Andrés Inotai and Osvaldo Sunkel (eds.) (2000), *The New Regionalism and the Future of Security and Development* (Basingstoke: Macmillan, 2000), p. 60.
- ⁵⁸ Mace, 'Regional', p. 408.
- ⁵⁹ The LAFTA agreement was signed by Argentina, Brazil, Chile, Mexico, Paraguay, Peru, and Uruguay. Ecuador and Colombia joined in 1961 and Venezuela and Bolivia in 1967.
- ⁶⁰ Iris Mabel Laredo, 'Definición y Redefinición de Los Objetivos del Proceso de Integración Latinoamericana en las tres Últimas Décadas (1960-1990)', *Integración Latinoamericana* (INTAL) 171-172 (1991), p. 6. According to Axline, the first regional integration initiatives among developing countries in the late 1950s and early 1960s were established in emulation and reaction to the European Community (EC) and consisted of attempts to transfer to an underdeveloped setting policies of trade liberalization that had been applied to industrialized economies. See Axline, 'Introduction', p. 2. Zimmerling, in her comparative study of the EC in the 1950s with regional integration in the Southern Cone of South America in the 1980s, goes as far as to maintain that the process of European integration served as the 'model' par excellence, both for the elaboration and evaluation of the process of regional integration. See Ruth Zimmerling, 'Comparación del Modelo de Integración Argentina-Brasil con el de la Comunidad Europea', *Revista de Ciencias Sociales* 13 1 (1989), p. 324.
- ⁶¹ Robert N. Gwynne and Kay Cristóbal, Kay, 'Views from the Periphery: Futures of Neoliberalism in Latin America', *Third World Quarterly* 21 1 (2000), p. 143.
- ⁶² Paiva and Gazel, 'Mercosur', pp. 118-120.
- ⁶³ Banega *et al.*, 'The New', p. 236.
- ⁶⁴ Lia Valls Pereira, 'Toward The Common Market of the South: MERCOSUR's Origins, Evolution, and Challenges', in Riordan Roett (ed.), *MERCOSUR: Regional Integration, World Markets* (Boulder: Lynne Rienner Publishers, 1999), p. 8.

-
- ⁶⁵ Devlin and Esteveordal, 'What's New', p. 19.
- ⁶⁶ Banega *et al.*, 'The New', p. 236 and Laredo, 'Definición', p. 10.
- ⁶⁷ See Axline, 'Introduction', p. 4 and Laredo, 'Definición', p. 10.
- ⁶⁸ Gwynne, 'Regional', p. 197.
- ⁶⁹ Ernst B. Haas and Philippe Schmitter, 'Economics and Differential Patterns of Political Integration: Projections About Unity in Latin America,' *International Organization* 18 (4) (1964), pp. 705-737.
- ⁷⁰ LAIA member countries include: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela.
- ⁷¹ Devlin and Esteveordal, 'What's New', p. 20.
- ⁷² Laredo, 'Definición', p. 11.
- ⁷³ Luigi Manzetti, 'Argentine-Brazilian Economic Integration: An Early Appraisal', *Latin American Research Review* 25 3 (1990), p. 112.
- ⁷⁴ Mónica Hirst and Héctor Eduardo Bocco, 'Appendix: Nuclear Cooperation in the Context of the Programme for Argentine-Brazilian Integration and Cooperation', in Paul L. Leventhal and Sharon Tanzer (eds.), *Averting a Latin American Nuclear Arms Race. New Prospects and Challenges for Argentine-Brazilian Nuclear Cooperation* (London: Macmillan and the Nuclear Control Institute, 1992), p. 220.
- ⁷⁵ Dante Caputo, Interview with Dante Caputo 'Chanceler Argentino. Chega de Desconfianças', *Jornal do Brasil* (10 August 1986), p. 10.
- ⁷⁶ To be precise, internalization refers here to the adoption of intersubjective understandings and practices into the actors' repertoire of cognitions and behaviours to the point that they become widely shared and relatively uncontested. This also means that actors no longer think seriously about alternatives to such cognitions and behaviours. Frank Schimmelfennig, 'International Socialization in the New Europe: Rational Action in an Institutional Environment', *European Journal of International Relations* 6 (2000), p 112.
- ⁷⁷ Laredo, 'Definición', p. 14.
- ⁷⁸ Hurrell, 'An Emerging', pp. 243-44.
- ⁷⁹ Pereira, 'Toward', p. 9 and Barbara Jenkins, 'Assessing the 'New' Integration: The MERCOSUR Trade Agreement', in Kenneth P. Thomas and Mary Ann Tetreault (eds.), *Racing to Regionalize: Democracy, Capitalism, and Regional Political* (London: Lynne Rienner Publishers, 1999), p. 43.
- ⁸⁰ Laredo, 'Definición', p. 15.
- ⁸¹ Manzetti, 'Argentine', pp. 114-15.
- ⁸² Marcos Castrioto de Azambuja, 'Nuclear Non-Proliferation and Confidence-building in the Southern Cone', *Disarmament: A Periodic Review by the United Nations* 16 2 (1993), p. 127.
- ⁸³ Karl Kaltenthaler and Frank O. Mora, 'Explaining Latin American Economic Integration: The Case of MERCOSUR', *Review of International Political Economy* 9 1 (2002): 72-97.
- ⁸⁴ Laredo, 'Definición', p. 14.
- ⁸⁵ The accumulated lessons from LAFTA and LAIA include: LAFTA exemplified the advantages of a free trade area and the limitations of an exclusively commercially orientated integration scheme; LAIA brought attention to the functional character and flexibility of an integration scheme. See Laredo, 'Definición', p. 16.
- ⁸⁶ Alejandro Mayoral, 'Expectativas Empresariales Ante el Proceso de Integración', in Jorge Campbell (ed.), *Mercosur: Entre la Realidad y la Utopía* (Buenos Aires: Nuevohacer, 1999), p. 456.
- ⁸⁷ Lawrence, 'Regionalism', p. 31.
- ⁸⁸ Romero in Jorge Campbell, Ricardo Rozemberg, and Gustavo Svarzman, 'Argentina-Brazil en los 80: Entre la Cornisa y la Integración', in Jorge Campbell (ed.), *Mercosur*.p. 50.
- ⁸⁹ Mónica Hirst, 'MERCOSUR's Complex Political Agenda', in Riordan Roett (ed.) *MERCOSUR: Regional Integration, World Markets* (Boulder: Lynne Rienner Publishers, 1999), p. 36.
- ⁹⁰ Diego Achard, Manuel Flores Silva, and Luis Eduardo Gonzáles, *Las Elites Argentinas y Brasileñas Frente al Mercosur*. BID/Intal DP- 485 Publicación 418 (Buenos Aires: Banco Interamericano de Desarrollo Instituto Para la Integración de América Latina, 1994) and Mayoral, 'Expectativas'.
- ⁹¹ Fernando Collor de Mello, 'Nesta Terra Não Me Sinto Fora do Meu País. Discurso do Presidente Collor na Sessão Solene do Congresso Argentino', *Gazeta Mercantil* (9 July 1990), p. 7.
- ⁹² Domingo Cavallo, 'Discurso Pronunciado por el Canciller Dr. Domingo Cavallo en la V Reunion del Consejo de Ministros de la Asociación Latinoamericana de Integración (ALADI)' Mexico, (30 April 1990), preface.
- ⁹³ Sebastian Edwards in Gilson Schwartz, 'Brazil, MERCOSUR, and SAFTA: Destructive Restructuring or Pan-American Integration?' In Shoji Nishijima and Peter Smith (eds.), *Cooperation or Rivalry? Regional Integration in the Americas and the Pacific Rim* (Boulder, Colorado: Westview Press, 1996), pp. 129-130.

-
- ⁹⁴ See Devlin and Estevadeordal, 'What's New', p. 20.
- ⁹⁵ Richard Feinberg, *Summitry in the Americas: A Progress Report* (Washington: Institute for International Economics, 1997), p. 49.
- ⁹⁶ Feinberg, *Summitry*, p. 49.
- ⁹⁷ Wilson Fernandez, *Mercosur: Economía, Política, y Estrategia en la Integración* (Montevideo: Fundación de Cultura Universitaria, 1992), pp. 50-51.
- ⁹⁸ Robert N. Gwynne and Kay Cristobal, 'Latin America Transformed: Changing Paradigms, Debates and Alternatives', in Robert N. Gwynne and Kay Cristobal (eds.), *Latin America Transformed: Globalization and Modernity* (New York: Oxford University Press Inc., 1999), pp. 2-29.
- ⁹⁹ Graham Bird and Ann Helwege, 'Can Neoliberalism Survive in Latin America?' *Millennium* 26 1 (1997), pp. 40-41.
- ¹⁰⁰ Robert N. Gwynne, 'Globalization, Neoliberalism and Economic Change in South America and Mexico', in Robert N. Gwynne and Kay Cristobal (eds.) *Latin America Transformed*, p. 83.
- ¹⁰¹ Duncan Green, *Silent Revolution. The Rise of Market Economics in Latin America* (London: Cassell in Association with Latin American Bureau, 1995), pp. 23-24.
- ¹⁰² Jean Francis Billion, 'The Process of Latin American Integration', *The Federalist: A Political Review* 1 (1996), p. 26.
- ¹⁰³ Magdalena Segre and Héctor E. Bocco, 'La Agenda de 1989: Una Política Exterior 'En Fin de Temporada'', *Serie de Documentos e Informes de Investigación* 93 (Buenos Aires: FLACSO, April 1990).
- ¹⁰⁴ See Kurt Weyland, 'The Politics of Neoliberal Reform in Latin American Democracies: Argentina, Brazil, Peru, and Venezuela', Presented at the XXI International Conference, Latin American Studies Association. Chicago (24-25 September, 1998).
- ¹⁰⁵ Maria Regina Soares de Lima, 'Brazil's Response to the 'New Regionalism'', in Gordon Mace and Jean-Philippe Therien (eds.), *Foreign Policy and Regionalism in the Americas* (Boulder: Lynne Rienner Publishers, 1996), p. 142.
- ¹⁰⁶ Mónica Hirst, 'Integración y Fragmentación en América Latina: La Urgencia de Nuevas Estrategias Frente al Sistema Internacional', *Serie de Documentos e Informes de Investigación* 118 (Buenos Aires: FLACSO, September 1991), p. 1.
- ¹⁰⁷ Hurrell, 'An Emerging', p. 248.
- ¹⁰⁸ Kaltenthaler and Mora, 'Explaining', p. 75.
- ¹⁰⁹ Mayoral, 'Expectativas', p. 457 and Rue and Lavergne in Jenkins, 'Assessing', p. 44.
- ¹¹⁰ Roberto Lavagna, 'Different Paths Towards Integration', in Patricia Rich Gray (ed.), *Latin America: Its Future in the Global Economy* (New York: Palgrave, 2002), p. 59. See also Mecham, 'Mercosur'.
- ¹¹¹ Jenkins, 'Assessing', p. 36.
- ¹¹² Banega *et al.*, 'The New', p. 237.
- ¹¹³ Jenkins, 'Assessing', pp. 35-44.
- ¹¹⁴ See n.105.

CSGR Working Paper Series

152/04, October	M Caselli Some Reflections on Globalization, Development and the Less Developed Countries
153/04, November	D Leech & R Leech Voting Power and Voting Blocs
154/04, November	D Leech & R Leech Voting Power in the Bretton Woods Institutions
155/05 December	B Lockwood & M Redoano The CGSR Globalisation Index Website
156/05, January	D Leech & R Leech Voting Power implications of a Unified European Representation at the IMF
157/05, February	H Nesadurai Conceptualising Economic Security in an Era of Globalisation: What Does the East Asian Experience Reveal?
158/05, February	S Sullivan 'Viva Nihilism!' On militancy and machismo in (anti-)globalisation protest
159/05, March	S Ghosal and K Thampanishvong Sovereign Debt Crisis: Coordination, Bargaining and Moral Hazard
160/05, May	R Cohen The free movement of money and people: debates before and after '9/11'
161/05, May	E Tsingou Global governance and trans national financial crime: opportunities and tensions in the global anti-money laundering regime
162/05, May	S. Zahed 'Iranian National Identity in the Context of Globalization: dialogue or resistance?'
163/05, May	E. Bielsa 'Globalisation as Translation: An Approximation to the Key but Invisible Role of Translation in Globalisation'
164/05, May	J. Faundez 'The rule of law enterprise – towards a dialogue between practitioners and academics'
165/05, May	M. Perkmann 'The construction of new scales: a framework and case study of the EUREGIO cross-border region'
166/05, May	M. Perkmann 'Cross-border co-operation as policy entrepreneurship: explaining the variable success of European cross-border regions'
167/05, May	G. Morgan 'Transnational Actors, Transnational Institutions, Transnational spaces: The role of law firms in the internationalisation of competition regulation'
168/05, May	G. Morgan, A. Sturdy and S. Quack 'The Globalization of Management Consultancy Firms: Constraints and Limitations'

169/05, May	G. Morgan and S. Quack 'Institutional legacies and firm dynamics: The growth and internationalisation of British and German law firms'
170/05, May	C Hoskyns and S Rai 'Gendering International Political Economy'
171/05, August	James Brassett 'Globalising Pragmatism'
172/05, August	Jiro Yamaguchi 'The Politics of Risk Allocation Why is Socialization of Risks Difficult in a Risk Society?'
173/05, August	M. A. Mohamed Salih 'Globalized Party-based Democracy and Africa: The Influence of Global Party-based Democracy Networks'
174/05 September	Mark Beeson and Stephen Bell The G20 and the Politics of International Financial Sector Reform: Robust Regimes or Hegemonic Instability?
175/05 October	Dunja Speiser and Paul-Simon Handy The State, its Failure and External Intervention in Africa
176/05 October	Dwijen Rangnekar 'No pills for poor people? Understanding the Disembowelment of India's Patent Regime.'
177/05 October	Alexander Macleod 'Globalisation, Regionalisation and the Americas – The Free Trade Area of the Americas: Fuelling the 'race to the bottom'?'
178/05 November	Daniel Drache and Marc D. Froese The Global Cultural Commons after Cancun: Identity, Diversity and Citizenship
179/05 November	Fuad Aleskerov Power indices taking into account agents' preferences
180/05 November	Ariel Buirá The Bretton Woods Institutions: Governance without Legitimacy?
181/05 November	Jan-Erik Lane International Organisation Analysed with the Power Index Method.
182/05 November	Claudia M. Fabbri The Constructivist Promise and Regional Integration: An Answer to 'Old' and 'New' Puzzles: The South American Case.

Centre for the Study of Globalisation and Regionalisation

University of Warwick
Coventry CV4 7AL, UK

Tel: +44 (0)24 7657 2533
Fax: +44 (0)24 7657 2548
Email: csg@warwick.ac.uk
Web address: <http://www.csg.org>