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THE CONTRIBUTION OF THE REGIONAL UN ECONOMIC
COMMISSIONS TO REGIONAL INTEGRATION PROCESSES: THE
CASE OF ECLAC

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Abstract

This paper deals with the role the regional UN Economic Commissions have played in support of regional integration processes in the past and explores their possible role in the future. Indeed, all regional UN Commissions have a track record of support to regional cooperation and integration in different policy areas, although there is some variation in terms of intensity, modalities as well as direction of this support. The regional commission which has probably been most prominent in this area is ECLAC. The roles that this commission has played in the first and second ‘waves’ of regional integration in Latin America, and the role it is currently playing, are analysed in depth in this paper. The author concludes the paper with a reflection on the potential role of ECLAC and other regional commissions in the future.

Introduction¹

This paper deals with the role the regional UN Economic Commissions have played in support of regional integration processes in the past and explores their possible role in the future. Indeed, all regional UN Commissions (i.e. ECLAC, ECA, ESCWA, ESCAP and UNECE) have a track record of support to regional cooperation and integration in different policy areas, although there is some variation in terms of intensity, modalities as well as direction of this support. The regional commission which has probably been most prominent in this area is ECLAC. The role that this commission has played and is playing in this area is analysed in depth in this paper, as it is a good starting point for a more general reflection on the potential role of the regional commissions in the future.

The intention of creating a common socio-political, economic and cultural space has always been a constant in Latin American history. In counterpoint to local -(sometimes) nationalist- tendencies, a clear inclination towards regional integration can be observed since the beginning of the republican era.²

During the first half of the 19th century, some of the most distinguished leaders of the emancipating processes in Hispanic America, promoted several initiatives in order to achieve the political and economic union of the newly formed sovereign states. These proposals were mainly motivated by the common defence against the potential threat of an incursion by the Holy Alliance (Austria, Russia and Prussia), which since 1815 tried to restrain democracy in Europe and in the New World. Furthermore, these

¹ The final version of this paper will be included as a chapter in: Baert, F., T. Felício and P. De Lombaerde (eds), *The UN and the Regions. Third World Report on Regional Integration*, Dordrecht: Springer (forthcoming).

² The following paragraphs are based on Vieira (2004).

initiatives were also aimed at the consolidation of the rising democracy and the economic positioning in the emerging international division of labour.³

The most outstanding project in the Latin American integration protohistory was, the Amphictyonic Congress of Panama in 1826, promoted by the Liberator Simón Bolívar. A Treaty of Union League and Perpetual Confederation, was signed at the Congress, with the aim of creating a confederation intended to unite themselves ‘against every attempt of foreign dominance’. The event held in Panama attracted delegates from current Colombia, Ecuador, Panama, Venezuela and Peru (Andean countries); Costa Rica, Guatemala, Honduras, Nicaragua, El Salvador (Central American) and Mexico. The absence of the southern nations, the covert opposition from the United States (US)⁴, the common fears from the Bolivarian countries themselves and the participants’ lack of political will to ratify the treaty, turned the Congress of Panama into one of Bolívar’s thwarted dreams.

The Congress of Panama can be described by the contemporary integration discourse as an initiative focused on a continental union scheme to achieve the convergence of the different integration processes between nations during the third decade of the 19th century. Such integration processes included Great Colombia (formed by Nueva Granada – current Colombia-, Venezuela and Ecuador), the United Provinces of Central America (Federal Republic of Central America) (formed by Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica), and the United Provinces of Rio de la Plata (formed by current Argentina, Bolivia, Paraguay and Uruguay).

This period of integrationist euphoria was followed by a new and long cycle, marked not only by sharp nationalisms, but sadly also by numerous conflicts between several nations in the region. The fragmenting forces penetrated at a national level, causing internal frictions and divisions who have not yet been solved. Consequently, the territorial issue in its internal and external dimensions has been at the centre of Latin American history over the years.

With the exception of sporadic regrouping attempts in the second half of the 19th century,⁵ only after the Second World War would Latin America restore the lost path of integration.

³ The Central American José Cecilio del Valle (1790-1834) proposed, for example, the creation of a Pan-American federation concluding with a general trade agreement.

⁴ In 1823, the United States, who since its independence had adopted a neutral position in the independency wars in the south of the continent, proclaimed the ‘Monroe Doctrine’, starting a new era, not yet finished, characterised by the US intervention in the rest of the continent. The United States sent its delegates to the Congress of Panama. However due to certain circumstances, they did not participate actively in its deliberations.

⁵ In 1880, the International Union of American Republics (called Pan-American Union since 1890), was created in Washington. This is the beginning of the continental political and economic cooperation called ‘Pan-Americanism’.

First Wave of Latin American Regionalism

In an international context characterised, on the political scene by the Cold War and on the economic scene by the beginning of a period distinguished by positive economic growth and world trade that would last for 30 years, the early regionalism in Latin America found its concrete expression in the Latin American Free Trade Association – LAFTA – (1960), the Central American Common Market (1960), the Caribbean Free Trade Association-CARIFTA (1968)⁶ and the Cartagena Agreement (1969).

This first generation of integrationist schemes in the region, contemporary to the European integration process, had a common denominator: the liberalisation of trade. In the case of the Cartagena Agreement (Andean Group), the Central American Common Market (1960) and the Caricom (1973), the goal was the establishment of a common market, through the previous creation of a Customs Union. These treaties, especially the Central American and Andean ones, pursued long term development goals, based on large scale industrialisation and productive complementarity among associate states. The achievement of these objectives required an active role of the state.

Argentina, Brazil, Chile and Uruguay already enjoyed a considerable amount of exchanges and trade, boosted by free trade and payment agreements between themselves. Thus, they played a determinant role in the shaping of LAFTA whose membership also included Bolivia, Colombia, Ecuador, Mexico, Paraguay, Peru and Venezuela (Wionczek 1964).

Unlike the European experience, where the political impulse was essential ('we're [EEC] not in business, we're in politics')⁷, Latin American post-war regionalism originated from purely economic considerations.⁸ Therefore, the obstacles to the process of import substitution, the generalised difficulties in the balance of payments, the narrowness of internal markets (worsened with the unequal distribution of income), and the need to enhance employment creation in order to absorb the demographic explosion, were among the factors that led Latin America to look for alternatives for reaching economic growth and social development based on regional cooperation. Furthermore, the Treaty of Rome, signed in 1957, was expected to restrict the Latin American exports to Europe.

In this regard, the role of the Economic Commission for Latin America – ECLAC – was fundamental. ECLAC was established in 1948, after a decision of the United Nations in 1947. During the 1950s, ECLAC framed a systematic and coherent approach to Latin American development.

⁶ In 1973, CARIFTA was turned into the Caribbean Community-CARICOM-.

⁷ Speech from Prof. Hallstein, at the time President of the Commission of the EEC, in the Joint Meeting of Harvard University and Massachusetts Institute of Technology, on 22 May 1961. Quoted by Dell (1966: 45).

⁸ Also different from the abovementioned integrationist projects from the first half of the XIX century.

Based on the ‘Economic Survey of Latin America, 1948’ and Raul Prebisch’s seminal contribution ‘Economic Development of Latin America and its Principal Problems’, published in 1949 (as a prologue of the ‘Economic Survey...’)⁹, and being supported by a group of remarkable intellectuals under the leadership of Prebisch himself, ECLAC developed the well known ‘Latin American structuralism’ theory, building a truly integrated concept of development. Thus ECLAC’s theoretical framework dealt with growth, capital accumulation, structural change, technological progress, income distribution and international integration of the peripheral economies (Rodríguez 2006).

The main ideas of ECLAC at the time were closely linked to the proposals developed by structuralist authors such as Kuznets, Hirschman, Myrdal and Kaldor, and therefore industrialisation was thought to represent the most appropriate means to achieve higher levels of development. These common approaches and the influence of those authors in development policies across many peripheral countries (in Latin America, Egypt, India, etc.), represented what Ranis (2004) called the ‘Post-War consensus’.¹⁰

ECLAC’s understanding of industrialisation found several justifications. Firstly, the need for an endogenous source of growth in order to overcome the external restrictions caused by the deterioration on the terms of trade. Secondly, the importance of generating their own technological changes due to the asymmetric concentration of innovation and benefits in the industrialised countries. Thirdly, the need to increase employment in order to absorb the excess of labour supply with low productivity in the agricultural sector.

Finally, the strengthening of the industrialised sector, full employment and the increase of productivity and wages would contribute to improve the income distribution and to overcome long term structural poverty (Fitzgerald 1998).

In the four abovementioned aspects, the participation of the state through trade policies, productive incentives, coordination and planning of public investment were essential.

It should be observed that, unlike stated by the literature criticizing ECLAC, the Commission has never proposed an autarchic model. On the one hand, already in the early sixties ECLAC proposed an export strategy for manufactures through intra Latin American trade and through the suppression of tariff barriers in core countries (Bielschowsky 1998: 23).¹¹ The means to achieve these goals were respectively,

⁹ This work was recognised by Hirschman as the ‘Latin-American Manifest’ (Gurrieri 1982: 14).

¹⁰ In a different analytical framework, Marxist economists such as Paul Baran (1957), proposed industrialisation as the path for future economic development.

¹¹ Indeed, Latin American manufacture exports increased sharply (more than 10 per cent) between 1960 and 1973 (Halperin, T. et al. 2002: 362)

Latin American integration schemes and the creation of the United Nations Conference on Trade and Development (UNCTAD) in 1964, under the leadership of Prebisch himself.

In the framework of this conference, the core countries established a system of unilateral tariff preferences in favour of developing countries in 1971 (Generalised System of Preferences).

This context reveals the reasons propelling ECLAC to focus on Latin American integration. The purpose was the liberalisation of commercial exchanges between countries in the region to overcome the limitations of national markets through the use of economies of scale and the expansion of the horizons of import substitution to the regional level (Wionczek 1964: XVII). The initial contribution of ECLAC to regional integration was the ‘Economic Survey of Latin America, 1949’, as well as some studies on Latin American trade within the region and worldwide, drafted by specialised working groups. Moreover, ECLAC encouraged the Central American integration process initiated in 1951, which achieved its first contractual formulation with the ‘General Treaty on Central American Economic Integration’, signed in Managua in 1960.

ECLAC’s work in that period was compiled in the report ‘The Latin American Common Market and the multilateral payment systems’, presented by the Executive Secretary in 1959.¹² According to the document ‘[...] the common market aims at the creation of a new model for Latin American trade more suitable to meet the need for industrialisation and reduce external vulnerability’ (CEPAL 1959: 330).¹³

It is remarkable that the document rejects any plan or pretension of self-sufficiency in a clear, categorical and resolute way. On the contrary, the idea of integration as a platform to improve the international inclusion of Latin America is stressed throughout the report.

The need for industrialisation in these countries is undeniable. It is also indisputable that by intending to fulfil this objective within small countries, there will be a deprivation – in a much higher level than with bigger countries – of specialisation opportunities and lower costs which can only be attained inside a common market. This market should be organised in such a way that it stimulates industrial expansion of the region’s less developed countries [...] the common market will contribute to reduce the cost of production and boost industrial manufacture exports [...] Latin American Common Market policy, as it has been conceived, is far from being against international trade, but on the contrary supporting it

(CEPAL 1959: 330-337)¹⁴

¹² This report was drafted by Raul Prebisch, at the time Executive Secretary of ECLAC.

¹³ Our translation.

¹⁴ Our translation.

Besides, ECLAC's integrationist proposals were not hostile to foreign direct investment: '[...] foreign capital will have a vital role in the next years. Therefore, it will help to create the necessary conditions for Latin America endogenous growth' (CEPAL 1959: 345).¹⁵ Nevertheless, the report states that a restructuring of trade policies in the core countries is required in order to achieve the double goal of boosting trade with the rest of the world and trade within the region:

[...] a readjustment of trade policy [of industrialised centres] will be necessary [...] without it, the Latin American common market cannot by itself promote trade with the big centres. If Latin America's trade flow towards the latter centres continues to be composed solely by traditional products, still bounded by current barriers, the quantity of imports coming from those big centres will be the same with or without the common market, and only its composition would have changed. However, if the readjustment of trade policy would improve the conditions for primary exports and open new opportunities for industrial exports, the Latin American common market could apply all its potential to increase trade

(CEPAL 1959: 37)¹⁶

Regarding operational aspects, ECLAC proposed an integration model with the following characteristics:

- A Common Market opens to all other Latin American countries, with a common external tariff and universal product coverage, to be achieved in stages.
- Harmonisation of industrial policies and agreements of industrial complementation, in order to encourage the advanced phase of import substitution.
- Special treatment to relatively less developed countries and to the traditional agriculture sector.
- Safeguard clauses for sensitive products and compensation mechanisms to assure an equitable distribution of benefits.
- A multilateral payments agreement.
- State- led integration with an active role for the private sector.

The abovementioned Treaty of Montevideo (1960) reflected the majority of elements of ECLAC's proposal, though in a 'light' version due to the fact that the southern countries (Argentina, Uruguay, Brazil and Chile) had proposed a scheme with a narrower scope, in which only trade liberalisation was pursued. According to Wionczek (1964: 71):

¹⁵ Our translation.

¹⁶ Our translation.

Therefore, the final formula accepted by the seven promoting countries¹⁷ showed all the characteristics of a transaction. Some consider that its biggest virtue is to avoid a political and economic rupture in Latin America, for which the conditions for a serious long-term regional economical cooperation should be created.¹⁸

Also in 1960, the ‘General Treaty on Central American Economic Integration’ was signed in Managua (Nicaragua) by Guatemala, El Salvador, Honduras and Nicaragua,¹⁹ culminating a process that started in the preceding decade with the active support from ECLAC. The Treaty of Managua was more ambitious than the Treaty of Montevideo since the former aimed at the creation of a common market, a customs union, an accelerated program of trade liberalisation, an industrial development plan, and cooperation in areas such as infrastructure and investment financing. In order to pursue the latter, the Central American Bank for Economic Integration (1960) was created. A multilateral payments system was also established in 1961. And in 1964, the ‘Agreement for the Establishment of the Central American Monetary Union’ was formalised although it was never fully implemented.

The reactions from the international community to the first generation of Latin American integration processes were diverse. Whereas the US - unlike in the case of European integration – had held an ambiguous and fearful position towards Latin America’s integration efforts and towards ECLAC itself, it decided to endorse LAFTA and the Treaty of Managua during the Conference of Punta del Este (Uruguay) in 1961. In this meeting of the Inter-American System,¹⁹ summoned by the initiative of President Kennedy to multilateralise the Alliance for Progress, the US delegation proposed the inclusion in the final text of the ‘Charter of Punta del Este’ of the following declaration according to which one of the purposes of the Alliance for Progress was:

To strengthen existing agreements on economic integration, with a view to the ultimate fulfilment of aspirations for Latin American common market that will expand and diversify trade among the Latin American countries and thus contribute to the economic growth of the region.

An entire section of the Charter is devoted to the means by which the Alliance for Progress would contribute to the economic integration of Latin America (Levinson and De Onis 1970: 170).²⁰

¹⁷ The Treaty of Montevideo was originally signed by Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay. Later on, Colombia, Ecuador and Venezuela also joined.

¹⁸ Our translation.

¹⁹ Costa Rica joined in 1962.

²⁰ In a new meeting at Punta del Este in 1967, summoned by President Johnson, the Chiefs of State of the Pan American Union agreed to form a Latin American Market, with financial support from the US, over a fifteen year period beginning in 1970 (Levinson and De Onis 1970: 174).

The GATT and the International Monetary Fund (IMF) adopted totally opposed positions. The first, following the precedent established by the Treaty of Rome, declared LAFTA compatible with its rules on free trade. The latter, by contrast, rejected the establishment of payment and compensation mechanisms in the framework of LAFTA arguing that it could lead to bilateralism and delay the region's course to convertibility and liberalisation of trade and payments already underway (Dell 1966: cap. IX).

According to Fernando H. Cardozo (1977), the 1960s were the 'Golden Age' of ECLAC. There was a full convergence between its ideas on industrialisation-driven development and the need to enlarge markets through integration, on the one hand, and the actually adopted policies by the Latin American countries. Maria da Conceição Tavares (1998), a prominent Brazilian economist from the ECLAC school of thought, rightfully synthesises ECLAC's position on integration:

In sum, regional economical integration was conceived, as shown in ECLAC's original documents, as a strategic vector intended to break out of the prevailing lack of dynamism and productivity in the Latin American economy. It would project itself in three interdependent dimensions: the acceleration of growth, the expansion and diversification of exports, and the progress of industrialisation

(Tavares 1998: 202)²¹

In the first years of LAFTA, the liberalisation of commercial exchanges was very slow and it was mainly concentrated on raw materials and foodstuff coming from Argentina and Brazil, and on a smaller scale from Uruguay and Paraguay (Cline 1983: 317). This led Colombia's President Lleras Restrepo, and Chile's President Frei to propose to the other Andean countries a more ambitious sub-regional agreement. In 1969, Bolivia, Colombia, Chile, Ecuador and Peru concluded the Cartagena Agreement (Andean Group), also joined by Venezuela in 1973 (whereas Chile left in 1976).²²

The aim of the Andean Group was not the creation of a self-sufficient space detached from LAFTA. On the contrary, it aimed at the strengthening of commercial bonds and productive complementation between the members of the Association. Nevertheless, its integration model was more advanced than the LAFTA one.

The Andean Group aspired to become a common market with harmonised economic policies towards third countries by means of a common external tariff and a common regime for foreign direct investment (FDI) and technology. Furthermore, the Andean Group saw as one of its major objectives balanced sub-regional growth, formalised in a regime of preferential treatment for the less developed countries (i.e. Bolivia and Ecuador) in all the programs of the agreement. Among its main mechanisms, a policy of

²¹ Our translation.

²² Colombia, Ecuador and Venezuela constituted the Great Colombia in the beginning of the XIX century.

integrated industrial development was foreseen to jointly carry out programmes in new industrial sectors.²³

In 1973, Prebisch declared enthusiastically that the scheme of the Cartagena Agreement overcame many of LAFTA's limitations:

I believe that the existence and the development of the Andean Group will help to clarify more than one doubt or sceptical opinion regarding the Latin American attitude. It is positive that the Cartagena Agreement has made use of the LAFTA experience, trying to overcome and correct the previously mentioned flaws

(Prebisch 1973: 35)²⁴

One of the strengths of the Andean Group underlined by Prebisch was the existence of an Executive Secretariat which, similarly to ECLAC, had the legal and technical capability to act in accordance with the collective objectives and independently from the member states' interests (Prebisch 1973: 34-35). Devlin and Estevadeordal (2001: 2) argue that the Andean model of integration is a good synthesis of the first wave of Latin American regionalism.

Since its beginning, Latin America integration faced huge obstacles, such as those related to the accentuated differences in levels of income and productive development between the countries involved in the process. Unlike the European Economic Community which departed from relatively homogeneous national structures combined with strong economic interdependence (building on century-old ties), Latin America showed a high degree of 'structural heterogeneity', in Aníbal Pinto's words. This author explains that the economies in the region were characterised by the coexistence of several 'modern poles' - composed by export activities (primary commodities) and industrial activities, with good productivity performance - and 'primitive' production systems which had not experienced structural changes since colonial times (Pinto 1970).

Consequently, almost half of Latin American population was far away from the dynamics of the modern capitalist market integration was aiming for.

A second element that hindered the evolution of Latin American integration was the lack of commitment from the governmental elites of the region regarding the adoption of harmonised macroeconomic policies. In practice, each country continued elaborating exchange rate, fiscal and monetary policies addressing their domestic needs, disregarding the declared objectives of intensifying cooperation within the region.

²³ Puyana (1984) presents a complete analysis of the first phases and achievements of the Andean Group.

²⁴ Our translation.

In third place, there were the difficulties associated with the adopted integration models: exclusive trade orientation and weak institutional basis in LAFTA; unrealistic objectives in terms of joint industrialisation and very complex institutional structures in the cases of the Andean Group and the Central American Common Market.

Last but not least, the import substitution strategy (ISI) was incoherently pushed forward. Some of the most serious limitations of this strategy in Latin America were: the existence of tariff patterns that provided exaggerated protection to consumer goods, that discouraged the internal production of machinery and other equipments; lacking interest in export development; excessive intrusion by multinational companies; and absence of endogenous technical progress. In these circumstances, the 'modern' industrial sector was unable to deploy Kaldor's virtuous cycles, which had characterised industrialisation in advanced countries, at the regional level, as had been proposed by ECLAC.

In spite of this, during the 1960s and the 1970s, Latin American integration achieved some significant successes. The intraregional trade share (measured by exports) in LAFTA's member states went from 6.7 per cent in 1961 to 14.0 per cent in 1980 (Aladi 1983),²⁵ growing even more in the Central American Common Market.²⁶ The Andean Group developed a solid institutional base including an investment bank (*Corporación Andina de Fomento*).

However, the profound disturbances in the world economy which took place in the 1970s and 1980s led to the failure of the first wave of Latin American regionalism. Thus, this period is often identified by ECLAC as 'the lost decade' for the development of the region.

Among other factors, the 1973 and 1979 oil shocks, the fiscal crisis of the mid-1970s and the abandonment by the US of the Bretton Woods rules on fixed parities, meant for developed countries the end of an expansive cycle known in economic history as the 'golden age'.

Simultaneously with falling economic activity and productivity, oil prices were increased by OPEC in 1973. The corresponding need for international banks to recycle exceeding funds from oil producing countries led to a massive expansion of the international movements of capital. This astonishing increase of capital transactions, together with the technological revolution in central countries, established the beginning of the current phase of globalisation.

²⁵ The biggest part of these exchanges was operating within the Multilateral Compensation and Reciprocal Credit Agreement, signed in 1969 by the central banks of all contractual parties of LAFTA and the Dominican Republic. On the concept and measurement of intraregional trade shares, see e.g. Iapadre (2006).

²⁶ In the CACM, the intra-regional trade share (measured by exports) went from 8 per cent in 1962 to 25.4 per cent in 1980 (Halperin, T. et al. 2002: 375).

Such processes were accompanied by an ideological shift in favour of the free market under the leadership of President Reagan and Prime Minister Thatcher. This shift was further reinforced by the implosion of the Soviet Union and the generalised collapse of the socialist regimes.

In conclusion, this period did not mean – as previously noted – an ‘age of change’ but rather a ‘change of age’; and in this transition Latin America got the worst of it. Developed countries faced the emerging challenges with a new range of fossil energy-saving technological innovations and made the transition towards an information and knowledge based economy. On their side, the South-East Asian region succeeded in consolidating its industrial export model benefiting from a wide access to the North American market.

Latin America, on the contrary, became trapped in the landslide of eurodollars and petrodollars that flooded the region with unconditional loans and negative interest rates in the 1970s. Later, in the 1980s, a complete change occurred and massive volumes of financial resources were withdrawn, sinking the region for a whole decade. Besides, high debt service payments, with remarkably high interest rates, were accompanied by a generalised worsening of the terms of trade, a reduction of the demand for primary commodities in the North and, consequently, a restricted access to fresh capital resources.

In this period of the world economic history (1980-1990), developed countries registered an annual 2.0 per cent *per capita* growth and decisively entered a new stage of globalisation and technological changes. Asia achieved the highest growth in the post-war period (4.9 per cent)²⁷, successfully entering in productive activities with high technological content. Paradoxically, Latin America experienced on average a tightening of -0.1 per cent of *per capita* GDP and suffered a severe regression in all political and structural dimensions of its development process.

This situation was exacerbated by the structural adjustment programs adopted by Latin American governments in order to face the crisis. These programs provided a severe reduction of public spending - especially in the social sector - and on imports, causing a deep recession and also a generalised deterioration of the social indicators. As a result, between 1980 and 1990 the regional GDP *per capita* fell by 9 per cent and the real minimum wage dropped 31 per cent, whilst poverty and extreme poverty increased by 5 per cent and 3 per cent respectively.²⁸ In addition to those recessive adjustment policies, the IMF and The World Bank introduced ‘conditionality’ clauses in the financing operations.

The devastation produced by the Latin American debt crisis during the 1980s seriously damaged the main pillars of the development model that Latin America had been following until then: industrialisation based

²⁷ ECLAC (2003: 29).

²⁸ Halperin, T. et al. (2002: 395).

on import substitution, state intervention, and economic integration.

The dismantling of industrialisation policies, which started in the 1970s in the Southern Cone (Argentina, Uruguay and Chile) (Ramos 1986), became a general trend in Latin America during the years of the debt crisis. The countries of the region were convinced that the industrialisation process was worn out and has caused serious distortions in the structure of relative prices in their economies. Unilateral trade liberalisation was initiated by Bolivia, Mexico and Costa Rica and spread to the rest of the countries of the region in the beginning of the 1990s (French-Davis 2005: 50).

It is undeniable that import substitution industrialisation showed indeed serious limitations and was affected by significant incoherencies, as ECLAC had timely warned. However, in the same period Latin America also witnessed significant progress on all its development fronts, described by the World Bank – in its first World Development Report (1978) – as ‘a substantial improvement of the historical record’ (Brutton 1998:916). Additionally, as Shafaedin (1998) and Chang (2004) clearly state almost all currently developed economies used intensively several forms of protectionism in order to achieve their economic takeoff. This is what happened also in the recent case of South East Asian industrialisation (Aoki et al., comp. 2000).

In addition to the trade liberalisation a reduction of the functions of the state was implemented, as prescribed by the neoliberal paradigm that began to prevail during that period in Latin America. The concept of a ‘developmental state’, with an active role through planning, the protection of the internal market, fiscal policy and direct investment in strategic sectors, was gradually replaced by a ‘smaller state’ via privatisation, fiscal orthodoxy and market deregulation.²⁹ In regard to the new economic growth strategy, this was captured by the often repeated *dictum* ‘the best industrial policy is *no* industrial policy’ (Ocampo 2008: 47).

In such a context, it was to be expected that the integration model aimed at boosting the import substitution strategy at the regional level also entered into a crisis. It was a real ‘identity crisis’ since the integration process lost its way due to the lack of higher industrialisation objectives and active state leadership.

²⁹ Salazar (1991) presents a good extensive overview of the paradigm shift on the role of the State in Latin America during this period.

The Second Latin American Regionalism

The abovementioned transformations in the world economy and changes in development policies in Latin America, associated with a worldwide revaluation of regionalism, led to Latin America's 'second regionalism' in the 1990s.

Although up until then globalisation was expected to stimulate multilateralism, during that period there was a movement towards regional integration agreements at an international level, as noted by Diana Tussie: 'It could be argued that, paradoxically, globalisation has not accelerated but has actually slowed down the development of the multilateral trading system over the last decade' (Tussie 1998: 81). Therefore, by that time more than 90 per cent of the members at the WTO were participating in regional integration agreements (WTO 1995). This paradox could be explained, as suggested by Charles Oman (1996), by the fact that national states wanted to take part in economic internationalisation without endangering their autonomy to manage their commercial flows.

The limitations of GATT multilateralism³⁰ at that time, the consolidation of the European Union (EU) with the Treaty of Maastricht of 1992, the adoption of the euro and the accession of ten new member states also played a role in the renewed importance of regionalism and the 'second regionalism' wave (Bhagwati 1991). Regarding the accessions of the new EU member states, it has been observed that the enlargement or extension of the existing regional agreements gives an incentive for non-members either to apply for membership, so that they are not left aside, or engage in new agreements (i.e. a 'domino effect' occurs, according to Baldwin, 1993).

In the case of Latin America this second regionalism wave was due, among other factors, to the new position adopted by the US. As previously mentioned, this country had been a champion of free trade and multilateralism since the end of the Second World War, and therefore sceptic and many times opposed towards Latin American integration. However, the US considerably changed its trade policy and began showing a growing interest towards regional integration initiatives. Firstly, the Caribbean Initiative was launched in 1983. Subsequently, bilateral free trade agreements with Israel and Canada were concluded in 1985 and 1989 respectively. Moreover, the US joined APEC in 1989. Finally, in 1992, the North American Free Trade Agreement (NAFTA) was put in place with Mexico and Canada (Panagariya 1998). The culminating point of this new American attitude towards regionalism took place in 1990, when the

³⁰ Until the mid 80s, when the new regionalism starts taking form, the Uruguay Round which resulted in the transformation of the GATT in to the WTO had not yet been concluded.

administration of President Bush Sr. introduced the Americas Initiative, proposing a continental scale free trade area.³¹

Other relevant causes behind this renewed inclination towards regionalism were the consolidation of certain structural reforms that were already underway, the necessity of attracting FDI and the interest in undertaking functional cooperation initiatives in fields such as infrastructure and energy.

The transformation of LAFTA into the Latin American Integration Association (LAIA) in 1980 can be regarded as the first Latin American movement towards the new regionalism. This treaty initially proposed as long term objective the creation of a Latin American Common Market, although in practical terms it became an overly open and flexible scheme where almost everything was possible: multilateral and bilateral agreements between member countries or between the latter and other Latin American countries, and the inclusion of issues not just related to trade but also to agriculture, tourism, science, technology, or economic complementarities, amongst others. None of them included deadlines or specific chronograms (Vieira 2008: 103-107).

In the following years several other agreements were signed: the Group of Three (G-3) between Colombia, Mexico and Venezuela (1989), the Common Market of the Southern Cone (MERCOSUR) between Argentina, Brazil, Uruguay and Paraguay (1991)³², the transformation of the Andean Group into the Andean Community (1997), and the transformation of Caricom (2002). In addition, NAFTA was signed between Canada, Mexico and the US in 1994, representing the first integration scheme between the latter and a Latin American country. From that moment onwards, these North-South interregional agreements became one of the most characteristic elements of the new stage of Latin American regionalism.

This collection of integration schemes showed some common characteristics, which enables us to label them as ‘second regionalism’. These common factors included: wider product coverage and ‘depth’ of the agreements; liberalisation of FDI; enhanced participation of private sector; and, above all, search for compatibility between a reasonable protection of the integrated market and the efficient insertion in the international markets.³³ In conclusion, the new agreements were *pro-market, pro-trade, pro-competition and pro-FDI*.

³¹ Garay (1997) presents a good analysis on the context, causes and (potential) consequences of the Free Trade Area of the Americas (FTAA).

³² Chile and Bolivia became associate members as of 1996 and 1997, respectively. Since Argentina, Brazil, Uruguay and Paraguay had been the main promoters of LAFTA, MERCOSUR represents an alignment of these countries with the new Latin American integration context. MERCOSUR had its origins in a bilateral agreement signed in 1986 between Argentina and Brazil in the framework of LAIA.

³³ For a complete analysis of the second regionalism wave in Latin America, see De Lombaerde and Garay (2008).

A synoptic comparison between first and second (open) regionalism is represented in *Table 1*.

Table 1

First versus second regionalism

First Regionalism	Second or Open Regionalism
Functional auxiliary instrument of ISI in order to expand protected markets.	Functional for the strategy of insertion in the world's economy – third way towards the global liberalisation of markets.
Agreements between countries with similar development levels (North-North or South-South).	Agreements between developed and less developed countries (North-South).
Hostility of US.	Active support from the US.
Superficial integration (industrial goods, tariffs).	Deep integration (all products, services, investment, and competition regimes).
Restrictions to FDI.	Attraction of FDI.
Economic scope.	Economic, social and political scope.
Governmental initiative.	Active participation from private companies.
Resource allocation through planning and political negotiation.	Market based allocation of resources.
Differentiated treatment of least developed countries.	Equal norms, although with different adjustment periods.

Source: Author's elaboration, based on Lawrence (1997).

In the context of abovementioned changes in the international environment and in the orientations of development and integration policies in Latin America, ECLAC, following its historical-structuralist

method, adjusted its position according to the sequence of historical events. Thus, ECLAC first proposed expansive adjustment policies and debt renegotiation (ECLAC 1984), and afterwards, a new strategy oriented towards long term growth (ECLAC 1990).

The core of this new strategic vision – inspired by the work of Fernando Fajnzylber (1983, 1988, 1990) – was a renewed proposal for industrialisation based on the creation of an endogenous core of technical progress,³⁴ needed in order to achieve ‘genuine’ competitiveness in the international market. The ‘productive transformation with social equity’, which articulated ECLAC’s contributions, also granted an essential role to an equitable income distribution considering the latter determines consumption patterns and hence savings and investment rates which influence the relationship between capital and production (Bielschowsky 1998).

According to the document ‘Productive transformation with social equity’ (CEPAL 1990):

[t]he productive transformation with social equity can be achieved in the context of better international competitiveness. Such competitiveness should rely more on a deliberate and systematic incorporation of technical progress in the productive process (with the corresponding productivity increases) than on shrinking of real wages. Thus, greater recognition of the learning dimension and of the diffusion of the available knowledge at the international level is needed, a prerogative hardly ever used by the region in the past [...]

Industrialisation constitutes the core of the productive transformation, mainly because it supports technical progress, and also because, due to the new circumstances, policies have to go beyond the former narrow sectoral approach. Instead, industrialisation should aim to connect itself with the primary and services sectors in order to integrate the productive system and contribute to the progressive harmonisation of productivity levels. The overcoming of sectoral entrapment is one of the keys of the productive transformation and the new stage of industrialisation

(CEPAL 1990: 14)

As mentioned before, ECLAC’s theoretical approach in the three previous decades was known as ‘structuralism’; therefore, the new proposals from the 1980s and 1990s were accordingly named ‘neo-structuralism’.

After the analytical recoil experienced under the dominance of the monetarist approach, there should be, in our opinion, a revitalisation of the structuralist tradition by incorporating therein a systematic concern about the design of economic policies. Macroeconomic equilibria, coordination between the

³⁴ Some similarity should be noted between this approach and ‘endogenous growth theories’ which, at that time were being developed by North-American academia. See, Romer (1990) and Lucas (1988).

short-term and the long-term, coordination between private and public sectors, building-up of more equitable production and management structures, and the adoption of strategies and policies aiming for an enhanced national autonomy are very important aspects. This is what could be described as 'neo-structuralism'. Its most defining characteristic consists of offering selective policies instead of the theoretically neutral neo-liberal policies

(French-Davis 1988: 39)³⁵

Whereas the first Latin American regionalism emerged in the theoretical framework of ECLAC's structuralism, the second generation of regional and sub-regional integration agreements found its conceptual support in the notion of 'open regionalism', derived from 'neo-structuralism' and developed by ECLAC in the first half of the 1990s. According to ECLAC in 1994:

'Open regionalism' is defined as the process that follows the conciliation of both phenomena [...] interdependence as the result of special preferential agreements and interdependence driven by trade liberalisation in general. Open regionalism intends to reconcile explicit integration policies with other –complementary– policies pursuing international competitiveness. What makes open regionalism differ from the opening-up of the economy and non-discriminatory export promotion is a preferential ingredient, reflected in integration agreements and reinforced by geographic and cultural proximity between the countries in the region.

A complementary objective of open regionalism is to become a building-block of favouring a more open and transparent international economy, instead of being an obstacle that hinders it and limiting the options of Latin America and Caribbean countries

(CEPAL 1994: 12-13)³⁶

Consequently, the wider opening to international markets, as one of the innovative elements in the approach of 'productive transformation with social equity', was reflected in ECLAC's 'open regionalism' framework. Additionally, regarding Baghwati's question (1991) on whether multilateralism and regionalism are complementary or supplementary, ECLAC opted for the first. Thus, according to ECLAC's new views, integration is a 'building block' rather than a 'stumbling block' for a free and competitive international market.

³⁵ Our translation.

³⁶ Towards the end of the 1970s, the concept of 'open regionalism' was originally presented by Masayoshi Ohika, at the time Japan's Prime-Minister, who proposed to engage in an 'open regional cooperation in accordance with the new era of globalisation' in order to overcome the political and economic differences between the Asia-Pacific countries. This initiative was materialised in a consultation mechanism leading to the Asia Pacific Economic Cooperation – APEC – which includes 'open regionalism' as one of its basic principles (Okita, 1992).

According to Pizarro (1999: 34), this change in ECLAC's point of view meant that Latin American integration continues to represent a valid instrument not longer for industrialisation based on import substitution, but for growth based on international trade. Furthermore, the role of the state – another of ECLAC's major principles of integration – was consequently weakened.

Palacio observed on a critical tone:

The concept of open regionalism at the end of the 20th century represents a change in the paradigm of regional integration. Regional integration no longer aims to support national industrial development but, on the contrary, to create trade at the multilateral level. In this new paradigm, not only trade in goods but also trade in service is relevant, as well as other issues that had not been covered by the old regionalism agenda. This new regional integration paradigm is no longer State-centred. Instead, it attempts to discipline State intervention through a new governance model ruled by markets and international capital.

(Palacio 2006: 4)³⁷

The idea of open regionalism also found enthusiastic reception in international organisations such as the World Bank and the Inter-American Development Bank (IADB). According to the World Bank:

In sum, there are both political economy and purely economic arguments that support the political decision to move forward with unilateral trade liberalisation and regionalism. In any event, there is little doubt that they were part and parcel of the same political decision to integrate LAC economies into the global economy, and we could even argue that one process would not have happened without the other in many LAC countries. There is, thus, a case to judge jointly the outcome of both processes and not to attempt an artificial separation in the analysis

(World Bank 1998: 6)

The IADB (2002) sustained that:

The regional initiatives that emerged in the 1990s have been characterised as the 'new regionalism.' This is because the role of regional integration has changed dramatically with respect to the early post-war episode. The new regionalism is an integral part of an overall structural policy shift in Latin America towards more open, market-based economies, operating in a democratic system.

(IADB 2002: 4)³⁸

³⁷ Our translation.

³⁸ Our translation.

A strong dissenting opinion in the academic world was Baghwati's, who, concerned by the negative effects of free trade agreements on trade liberalisation at a multilateral level, sustained that:

An FTA, because of the inherent discrimination that it implies in freeing trade, is different from free trade. Indeed, its flip side is protectionist–protectionist against non-members, against whom the relative protection is increased because barriers fall in favour of members, while the ones against non-members remain in place.

(Baghwati 1998: 13)

Based on this premise, Baghwati recommended the following:

The policy option for the United States is entirely clear. We should revert to exclusive focus on multilateralism and MFN-based trade liberalisation, asking the South American nations to join in the multilateral opening of markets through a variety of initiatives, while pursuing “regionalism” and its separate objectives through non-PTA means. In short, we should renounce the FTAA gracefully, easing into an Americas Initiative that focuses, like APEC, on issues like security, democracy, human rights, drug trafficking, customs procedures and a whole host of issues of hemispheric interest, while becoming a regional platform for launching multilateral trade liberalisation initiatives

(Baghwati 1998:18)

The movement towards integration in Latin America experienced a period of intensification during the 1990s. Open regionalism was clearly in the convergence of two tendencies: the US stance on regionalism – induced by changes in its relative position in worldwide geopolitics – and Latin America's stance towards the market economy and international trade.

Amid such converging interests, the Bush Sr administration proposed the creation of a free trade zone ‘spreading from the port of Anchorage [Alaska] to Tierra del Fuego’ (Enterprise for the Americas Initiative). With the aim to achieve this goal, the US announced that they were willing to enter free trade agreements with Latin American and Caribbean countries, giving priority to Mexico (ECLAC 1990).

The US formed in 1992 the North American Free Trade Association – NAFTA – with Canada and Mexico and summoned, in December 1994 the Summit of the Americas in Miami. The signing of NAFTA unfolded a new series of regional integration agreements in the American hemisphere. Whilst in the period from 1960 (year of LAFTA's creation) until 1992, five agreements of this nature had been

signed, between 1992 and 2008, more than 60 agreements were concluded.³⁹ Moreover, the former five agreements were ‘opened up’ to adopt the model of the second regionalism.

The most active countries in the context of open regionalism were Mexico and Chile. After joining NAFTA in 1992, Mexico initiated similar schemes with Costa Rica, Colombia and Venezuela (in the framework of the Group of the Three), and with El Salvador, Guatemala and Honduras (which formed the Northern Triangle). Furthermore, Mexico extended its network of trade agreements to all the industrialised countries with whom it shared economical relations (except Japan)⁴⁰, through different agreements with the European Union and with the European Free Trade Association (EFTA).

In the same way Chile, already an associated member of MERCOSUR, signed regional trade agreements with Mexico, Venezuela, Bolivia, Ecuador, Panama, Colombia, Peru, Costa Rica, the Central America Common Market, Canada and the US. In addition, Chile has also been especially interested in the relations with Asian countries, its main trade partners, and has consequently signed several agreements with Japan, North Korea, China and India.

In the early 1990s, the dense network of agreements between American nations – which gave birth to the ‘spaghetti bowl’ metaphor – seemed to fit in the greater hemispheric scheme previously suggested by the US through the Free Trade Area of the Americas (FTAA). The negotiations on the FTAA started in 1994 and were expected to be concluded in 2005.

However, after the promising beginning, the process leading to the creation of the FTAA – the most ambitious external policy initiative in the Americas since the 1950s – came to a standstill due to several factors such as the failure of the Doha Round in Cancun (2003).⁴¹ The US conferred to the WTO framework the negotiations on subsidies, antidumping and agricultural aid, and therefore the failure of the Doha Round made the negotiation of such issues in the framework of the FTAA unmanageable. This deadlock, in turn, gave way to new bilateral agreements between Latin American countries - Chile, Central America, Colombia, Panama and Peru - and the US, threatening the previous agreements between themselves.

In fact, the signing of bilateral agreements by Peru (2005) and Colombia (2006)⁴² caused the withdrawal of Venezuela from the Andean Community, leaving this regional bloc plunged in the most serious crisis in its history.

³⁹ Including the Partial Scope Agreements (PSA) negotiated at the Latin American Integration Association –LAIA – and the extra-regional agreements subscribed by the Latin American countries (Durán et al. 2007:10).

⁴⁰ Nevertheless, Mexico is a member of APEC.

⁴¹ As well as the Doha Round in Cancun the FTAA faced a strong popular opposition. (Lander, 2004)

⁴² The FTA between Colombia and the US has not been approved the US Congress yet.

Thus, the results of the new regionalism could not match the initial expectations. In an article written by Devlin and Estevadeordal (2001), the authors optimistically stated that:

The New Regionalism contrasts fundamentally with the old. Its instrumental role is geared to supporting structural reforms to make economies more open, market based, competitive and democratic [...] the scope of liberalizing disciplines in the New Regionalism tends toward a comprehensive, more rapid, universal and sustained system in terms of effective application. The New Regionalism also is designed to attract foreign investment, not to restrict or control it. Moreover the new Regionalism has more functional and cost effective institutional arrangements. Finally, the new initiatives better support important non-economic objectives such as peace, democracy and effective participation in international forums

(Estevadeordal 2001: 21).

Nowadays, a wide consensus exists regarding the fact that the neoliberal structural reforms inspired by the Washington Consensus did not succeed in driving Latin America towards accelerated growth and sustainable social development. Besides, the democratic systems of the region still suffer from an enormous deficit in terms of social equity and institutional development (O'Donnell 2008). Furthermore, there was a disturbing appearance of authoritarianism, nationalism and power perpetuation tendencies of different nature.

Obviously, the expected evolution towards 'a comprehensive, more rapid, universal and sustained system in terms of effective application' did not occur. The 'spaghetti bowl' grew exponentially and turned the current regionalism in this hemisphere into a great amalgam of uncoordinated FTAs signed by the US and several Latin American countries, the debilitated first regionalism schemes and a *compact* matrix of bilateral agreements amongst almost every country.

This complex framework is completed by nearly thirty agreements with countries outside the region and several integration programs focused on infrastructure and energy (Vaillant 2007).⁴³ In spite of all these developments, intra-regional exports – in relation to the total – decreased during the current decade from an average of 17 per cent for the period 1990-1999 to 16.8 per cent in 2006 (Saez 2008: 18) and the participation of Latin America in world's GDP and trade is still very limited.

During the period of open regionalism, Latin America could not be said to play an effective role in the international forums. On the contrary, some authors as Sáez (2005) unveil the institutional weaknesses

⁴³ Vaillant qualifies these agreements, especially the North-South ones (with the EU and with the US) as inefficient and futile.

affecting the process of trade policymaking in Latin America, as well as the low influence of the region in multilateral negotiations at the WTO.

In this confusing scenario, the real possibilities of achieving a convergence of the different integration processes in the regions, bringing to life an effective South American Community (2007)⁴⁴ are extremely remote. This is even more obvious with the involvement of ‘alternative’ or ‘post-liberal’ integration initiatives such as the Bolivarian Alternative for the Americas – ALBA – signed in Havana (2004).⁴⁵

‘Post-Neoliberal’ Regionalism: Beyond Open Regionalism

In the 1980s and 1990s, as mentioned, the decline of state-led industrialisation and the consequent loss of purpose and identity of the first Latin American regionalism led to the generalised adoption of open regionalism, already boosted in other latitudes. Nowadays, in a *corsi e ricorsi* movement, so common throughout history, the poor results yielded by the neo-liberal reforms and the debilitation of open regionalism are shifting development and integration policies again away from the neoliberal postulates and especially from the emphasis on the role of trade and FDI for growth.

Concerning the evaluation of the policies inspired by the Washington Consensus, it seems relevant to quote an enthusiastic and influential neo-liberal from the 1990s, who now reconsiders: ‘[...] assuming that the list of priorities for reform is the same for every country seems more and more unfounded... there is increasing evidence that the empirical connection between wide reform packages and growth is fragile’ (Hausmann and Velasco 2007: 72-73).

Hausmann⁴⁶ does not limit himself to criticizing the structural reforms:

The obstacles to productive transformation can be an important cause in understanding the lack of economic growth in many countries. Therefore, it will not be of a great help to keep favouring horizontal policies with few dimensions. Inevitably, policies will have again to actively promote economical activity, a change that could cause legitimate worries over the possible repetition of the mistakes made in the past

(Hausmann 2008: 114)

⁴⁴ In 2004, in order to improve the convergence of the different regional processes the Third Presidential Summit at Cuzco (Peru) agreed on creating a South American Community.

⁴⁵ Venezuela and Cuba established ALBA in 2004. Later, Nicaragua and Bolivia joined. In this framework, the People’s Trade Treaty – TCP – was signed in Havana in 2006.

⁴⁶ In his role of Chief Economist at the Inter-American Development Bank in the 1990s, Ricardo Hausmann was a firm advocate of the neoliberal reforms. .

A large group of academic development experts share Hausmann's concern about productive transformation. These include: José Antonio Ocampo, Dani Rodrik, Ha-Joon Chang, Alice Amsden and Anthony Thirlwall, who continue – in a way - the 'neo-structuralist' tradition.

The reflection of this recent version of structuralism on Latin American integration are several 'post-neoliberal' initiatives aimed at transcending the model of open regionalism. Within this 'third Latin American regionalism', two trends can be identified: one inspired by a 'neo-structuralist' agenda aimed at promoting productive transformation in the region and a second trend focused on the conformation of blocks of countries with ideological affinities (Motta and Rios 2007).

The concrete expression of the abovementioned first trend is the creation of the South American Community of Nations in 2004, recently (2008) transformed in the Union of South American Nations – UNASUR. This scheme holds a 'positive' vision of integration and focuses on the creation of a new regional production platform, thus abandoning the emphasis given to mere trade liberalisation. Furthermore, UNASUR, led by Brazil, proposes to act preferably in political, social, environmental and security areas. On the other hand, the movement searching to promote an 'alternative' integration based upon an ideological convergence of Latin American socialist regimes is being led by President Chávez of Venezuela, who promotes a '21st century Socialism' and the creation of ample South-South Alliances in order to face the US hegemony (Sanahuja 2009).

Beyond the obvious differences in these approaches, the two initiatives share common elements such as the 'return of the state', the concern about the social dimension (poverty, inequality and asymmetries in levels of development), military security, energy cooperation and the recovery of a 'policy space', in order to implement autonomous domestic policies.

Thus, Latin America is in-between the end of the open regionalism model and the two new proposals, strongly differentiated in terms of leadership, scope, and political and ideological orientation. Therefore, a substantial contribution from ECLAC would be desirable, given its role in the past as theoretical and cognitive reference guiding the regional integration policies. In spite of its continuous intellectual production throughout the last decade, focused for example, on a better comprehension of the effects of neoliberal reforms, as well as providing information in order to deal with the financial crisis and social and productive transformation policies,⁴⁷ ECLAC has not expressed yet a global vision on development synchronised with the circumstances of the current times. Nor has ECLAC suggested any proposal on any

⁴⁷ On this subject, the document 'Structural Change and Productivity Growth, 20 Years Later. Old Problems, New Opportunities', directed by Fernando Fajnzylber, is an attempt to update ECLAC's work on productive transformation of the 1980s.

integration model in order to overcome this stage of open regionalism, although it does have monitored the development of every integration process underway.

Conclusion

Latin American integration has entered a new existential crisis with the discredit and weakening of the policies promoted by the Washington Consensus. Thus, open regionalism risks becoming irrelevant. After an integration stage mainly focused on trade liberalisation for nearly two decades, the region moves again towards integration models focusing on development objectives based on productive transformation and genuine competitiveness.

The current proposals – basically UNASUR and ALBA – fail to present an alternative integration model since they appear to compete between them and to suffer from profound internal contradictions. Furthermore, they lack correspondence between the ambitious objectives - aiming at every dimension of development and external policy - and intergovernmental decision-making, consensus and presidential diplomacy. In sum, weak institutions, lacking binding legal force and supranational capacity, are further obstacles to move into more advanced stages of integration.

Notwithstanding these shortcomings, such initiatives still raise political and academic debate on integration and its relation with socio-economic development, paving the way to more progressive and innovative visions. That is to say, the ‘reason for integration’, that had become impoverished by processes based exclusively on trade liberalisation, where tariff preference margins are anyway close to zero.

In this context, the contribution of ECLAC can be extremely important in matters such as a new generation of productive transformation policies; social rights, citizenship and social cohesion; energetic integration; and the new configuration of the world economy. All these issues are included in the new agenda on integration, on which ECLAC has already accumulated a huge amount of analytical and theoretical capacity.

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