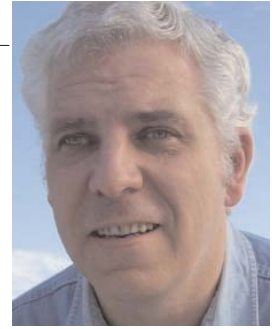


“Open Regionalism” or Alternative Regional Integration?

By Eduardo Gudynas | October 26, 2005



In Latin America, confusion and ambiguity over trade and regional integration continues to be commonplace. Different governments declare their dedication to strengthening relations between countries, but their trade policies indicate otherwise. On this slippery terrain, the concept of “open regionalism” has often been used to justify very different stances.

In practice, “open regionalism” has been associated with projects as discordant as the North American Free Trade Agreement (NAFTA), the Community of Andean Nations, Mercosur, and even unilateral trade policies like those practiced by Chile. It has been defended from orthodox economic stances, but it has also been invoked in progressive politics. So, what is “open regionalism” and what is its recent history in Latin America?

ECLAC Presents “Open Regionalism”

The concept of “open regionalism,” as it is practiced in Latin America, originated in ECLAC’s proposals of the early 1990s. Those ideas were part of an attempt to generate new concepts about development, and they ultimately led to the presentation of three documents: “Productive Transformation with Equity” (PTE) in 1990, followed by “Sustainable Development: Productive Transformation, Equity, and Environment” in 1991, and finally the “open regionalism” program in 1994.

ECLAC’s original document defines “open regionalism” as a process that seeks to “reconcile,” on the one hand, “interdependency” resulting from free trade pacts and, on the other, interdependency “imposed by market conditions resulting from trade liberalization in general,” where “explicit integration policies complement and are compatible with policies that increase international competition.” At the same time, ECLAC suggests that this regionalism is distinct from simple market liberalization or unfettered export policies because it contains “a voluntary ingredient in its integration accords reinforced by geographical proximity and cultural affinity between the countries in the region.”

ECLAC conceived of integration as an essentially commercial process based on reducing tariffs and opening up national markets to foreign trade and investment. Deregulation was not confined to a particular region, but rather to the whole world, and it was assumed that conventional competition mechanisms would operate, thus allowing better insertion of the export sector. This perspective was marked by economic reductionism, and consequently other issues, specifically political issues, were not adequately addressed.

“Open regionalism” has direct antecedents in the ideas of PTE, which was an attempt to provide alternative development in response to the “lost decade” of the 1980s. The PTE showed strong optimism about trade and export liberalization as an avenue to economic growth. But there is also a clear relationship with the type of “open regionalism” that was being discussed in Southwest Asia at the time. Since the inception of the Asian Pacific Economic Commission (APEC) in 1989, it made “open regionalism” its focal point. The commission never presented a formal definition of the term, however, so the term remained vague and encompassed many distinct standpoints, although it favored flexible relationships between countries, open membership, trade liberalization on both regional and global levels, measures for facilitating trade, and promotion of regional insertion into the global market, including, in some circumstances, the extension of the most favored country’s treatment to non-members (see for example Bergsten, 1997, Kuwayama, 1999).

ECLAC’s proposal is in line with the type of trade liberalization defended by APEC. Both respond to a vision where relationships between countries are “open” rather than “closed,” and do not inhibit trade. It was understood that several previous experiences had failed to improve



trade (for example, the experience of the Latin American Association for Free Trade between 1960 and 1980) or rather had focused “inward,” producing poor export results and closing markets. The model presented by ECLAC was NAFTA—an orthodox free trade agreement, which at the time was just getting underway, despite clear signs that it failed to address key issues (like labor, the environment, and border management) and did not establish mechanisms for political coordination. It is important to note that, at the time, ECLAC failed to note that NAFTA, rather than creating a framework for integration, served as an instrument for asymmetrical relationships and a new means of regulating goods.

The attempt to reconcile broad trade liberalization with a system of trade agreements between neighboring countries, along with the insistence on an exclusively commercial view of integration, caused the concept to remain unclear. It was used to defend different trade agreements within Latin America, applied to FTAA negotiations, and today the State Departments of both Brazil and Chile present themselves as defenders of “open regionalism” despite the fact that their actions are very different.

A detailed examination of ECLAC’s “open regionalism” reveals that, in spite of its intentions, it never became an alternative, and that, on the contrary, its emphasis on conventional economic proposals facilitated the neoliberal reforms implemented over the last decade. The use of the idea helped generate the illusion of embarking on a different path, but in reality the proposal was imprecise in several ways, conservative in others, and it failed to address key problems. Because the proposal focuses on the market, it exists in a “political vacuum” on various planes: the politics of development; international politics, including ideas about globalization, and grassroots politics.

Emphasis on the Market

“Open regionalism” centers on the market. It does not include proposals for social, political, or environmental integration. Pressing issues such as migration were left aside, and designs for common production policies on a regional level were never studied. Furthermore, no detailed studies were carried out concerning the possibility of coordinating production between countries, since it was hoped that trade and the market would improve resource allocation.

In these matters, “open regionalism” is evidently part of ECLAC’s idea of “productive transformation with equity” (PTE). PTE contained various positive aspects, like insisting on reducing inequality, strengthening interaction between the public and private sectors, and promoting science and technology. But the proposal also contributed to the political environment that definitively dismantled inward-oriented import substitution development strategies as well as national market protections. Well-documented studies demonstrated the weaknesses of import substitution and large state-owned enterprises, but no proposals emerged that were substantially different from the neoliberal model of the time or that had palpable results convincing to skeptics. For this reason, both these criticisms and the ideas of PTE ended up contributing to the market reforms of the 1990s, getting closer and closer to the ideas of the Washington Consensus.

In this way, the proposal deteriorated into a sort of mercantilist development strategy, where “open regionalism” was to follow the path of market liberalization, tariff reductions, import increases, and reliance on growth resulting from increased exports, etc.

Optimism facing Globalization

ECLAC posited that globalization, especially in its economic sense, represented a positive opportunity and consequently, regional integration became a way of mediating successful insertion into the global economy. This has key consequences, since “open regionalism” did not contradict globalization, but rather, served to promote it.

Since then, ECLAC has conducted studies questioning the impacts of global processes, but “open regionalism” has never offered a conceptual criticism of globalization or even seemed concerned with the issue. Instead, “open regionalism” has seen globalization as a sea of possibilities to be exploited.

One could even say that “open regionalism” is suggestive of an odd sort of inverse “glocalization.” In effect, the business vision of “glocalization” propagated from the East consisted of adapting global ventures to local circumstances in order to penetrate markets and achieve higher profits. ECLAC’s approach was the inverse: it favored adjusting local productive chains in order to penetrate the global market. The global market dictated what should be produced.

An Undefined International Framework

Another surprising limitation of “open regionalism” is its conception of relations between countries that seem to exist in a geopolitical vacuum. It does not address regional conflicts, diplomatic tensions, national security implications, or regional and global power struggles. It would seem that the connection between nations only occurs through trade, and that the most critical issues affecting Latin America (border tensions, drug trafficking, and migration) are left on a secondary plane, or else will be resolved by trade.

ECLAC’s vision of international relations is also left unclear. Regional integration cannot take place in a vacuum of political relationships between States, nor can their interactions be thought of as existing solely on a trade level. It was never explored whether “open regionalism” would develop in the context of power struggles in an international arena, or whether it would take shelter in idealistic stances defending rights and responsibilities in a multilateral world.

The Forgotten Citizen

Finally, the proposal offers no word on citizen politics, since “open regionalism” does not explore in detail mechanisms for promoting citizen participation to take part in the integration process. ECLAC subscribes to a “contractual” concept of integration, where governments exchange trade concessions and the agents nurturing connections between countries are import and export businesses. From this perspective, the institutional strength of regional pacts is based on just a few minimal binding instruments, clearly geared toward managing trade and resolving trade disputes, but ignoring key issues like supra-nationality.

True regional integration in Latin America will only be possible when active participation of the citizenry is achieved, including a broader vision of regional citizenship.

An Insufficient Vision

ECLAC’s “open regionalism” was without doubt, a well-intentioned, but insufficient vision. Key aspects to building regional integration were not adequately addressed, and, beyond a few references to overcoming several of these problems, the core of the proposal was built on

trade liberalization. This emphasis on the market, combined with the variety of issues mentioned in ECLAC’s reports, resulted in a vague proposal, with little descriptive or predictive capacity. Its lack of definition allowed it to be invoked in very different contexts to defend distinct arguments.

The result was an enormous confusion when the governments of Latin America called upon “open regionalism” to defend diverse, and at times, contradictory positions. ECLAC’s ambition to create a powerful concept that would serve as a reference for governments did not materialize. Moreover, ECLAC failed to initiate a fruitful discussion about viable alternatives, distinguishable from those being promoted by the commercial and economic centers of the Northern Hemisphere.

It is because of this lack of definition that “open regionalism” facilitated the neoliberal reforms that prevailed during the 1990s, when prescriptions for trade liberalization seeped into the integration experiments of Latin America. But in addition to facilitating these changes, the negative effects were redoubled, since the proposal presented itself as an “alternative,” thereby distracting many from seeking other paths. Many of the regional integration experiments of Latin America ended up becoming processes that stressed insertion into the global economy and economic dependence, and trapped countries into exporting raw materials without industrializing. Parts of the proposal reinforced neoliberal reforms, especially its focus on the free flow of capital, providing them with political and social legitimacy.

Without doubt, an alternative program of regional integration is needed. Perhaps some aspects of the ideas proposed 10 years ago by ECLAC can be used, but they must be framed within another context and develop a different conceptual basis. Furthermore, a new program, if genuinely committed to sustainable development and strengthening national and regional citizenships, should break from ECLAC’s “open regionalism” and find another stance in the face of globalization.

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