UNASUR and Post-Neo-Liberal Regionalism, 2008-2012.

by

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To Henry Albert and Mary Anne.

Abstract

On May 23rd, 2008, the South American Union of Nations (UNASUR) was created, bringing together all of the South American countries into a single body. This thesis reviews the origins and outcomes to date of that institution. I argue that UNASUR, represents a sort of hybrid institution, trapped between “open regionalism” and “post-neoliberal regionalism.” The Latin America governments, and especially their leaders, wanted to move forward to an era of post-neoliberal regionalism, with the creation of UNASUR. According to this post-neoliberal vision, the new institution should include the prioritization of the role of the state in economic development, inclusion of a social dimension for regional integration, and promotion of the participation of social actors. The shift toward post-neoliberal regionalism had a strong basis in support among domestic actors and was not just a top-down process of state elites. I thus claim that the perceptions of civil society were crucial for guiding the preferences of the states in relation to decisions to create an alternative regional institution like UNASUR, as well as domestic and regional events that conditioned its creation.

Once UNASUR was created, could we say that the post-neoliberal regionalism paradigm is consolidated? The examination of the bodies of UNASUR shows that even though the main principles of UNASUR follow the precepts of post-neo-liberal regionalism, these principles have not been developed in all the councils. The South American Defense Council (SADC) was created in the period between two major crises between member countries. These crises, instead of pushing back the will to integrate, rather strengthened this organ; as discussed below, it is today one of the most developed and effective. COSIPLAN was created in an open regionalism era, and has developed important projects since its creation, today in the hands of UNASUR. However, UNASUR’s Economic and Financial Council (CSEF) and the Bank of the South have

been struggling in order to execute their activities since their creation, due to the legacy of neoliberalism impeding progress towards a real change in the integration processes.

The reasons for this are many. The first reason is “the Polanyi double movement” where the desire to create a completely post-hegemonic organization clash with the open regionalism principle; second the leaders’ neglect of economic affairs due to high commodity prices; third, the differences in ideologies of the leaders; and last but not least, the fact that the financial and economic domestic policies of the countries are still driven by bureaucrats trained in Latin American open regionalism.

I conclude, therefore, that UNASUR does not entirely conform to the characteristics of post-neoliberal regionalism since these two councils continue to be influenced by the principles of open regionalism.

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List of Abbreviations

ACE – Economic Complementation Agreement

AD - Democratic Action Party

ADC – Andean Development Corporation

ALBA - Bolivarian Alliance for the Peoples of Our America

ATTAC - Taxation of Financial Transactions for the Aid of Citizens

CACM - Central American Common Market

CAF - Andean Development Corporation

CAN - Andean Community

CARICOM – Caribbean Community

CASA or SAC - Community of South American Nations or la Comunidad Suramericana de Naciones

CDS – South American Defence Council

CE – Council of Europe

CECLA - Special Latin American Coordinating Commission

CEED – Center for Strategic Defenses Studies

CELAC - Community of Latin American and Caribbean States

CONAIE - Confederation of Indigenous Nations in Ecuador

COPEI - the Committee of Independent Electoral Political Organizations or Comité de Organización Política Electoral Independiente

COSIPLAN – Infrastructure and Planning Council of UNASUR

CSEF – Economic Financial Council of UNASUR

ECLAC or CEPALC- The United Nations Economic Commission for Latin America and the Caribbean or Comisión Económica para América Latina y el Caribe

ECSC – European Coal and Steel Community

EEC – European Economic Community

EID – Integration and Development Hubs

ESUDE – South America School of Defense

EU - European Union

EURATOM European Atomic Energy Community

EZLN – Zapatista Army of National Liberation

FLAR - Latin American Reserve Fund

FOCEM - Fund for MERCOSUR Structural Convergence

FONPLATA – Fund for the Development of the River Plate Basin

FTA - Free Trade Agreements

FTAA - Free Trade Area of the Americas

GATT – General Agreement on Tariff and Trade

IADB – Inter-American Development Bank

IAEA – International Atomic Energy

IIRSA - Initiative for the integration of South American Regional Infrastructure

ISI – Import-Substituting Industrialization

IMF - International Monetary Fund

LAFTA - Latin American Free Trade Association

LAIA or ALADI - Latin American Integration Association

MERCOSUR - Southern Common Market

MVR - Fifth Republic Movement or Movimiento V República

NAFTA - North American Free Trade Agreement

OAS - Organization of American States

OECD - Organisation for Economic Co-operation and Development

PAN - the National Action Party

PRI - the Institutional Revolutionary Party

PT - The Party Brazilian workers or Partido dos Trabalhadores

SAC or CASA - South American Community of Nations

SADC – South American Defense Council

SAFTA – South America Free Trade Area

SAPZ – South America Peace Zone

SATO - South Atlantic Treaty Organization

SUCRE – Unified System for Regional Compensation

TIAR – Inter-America Treaty of Reciprocal Assistance

TCP - Treaty of Commerce between Peoples

UNASUR - South American Union of Nations

UN – United Nations

UNCTAD - United Nations Conference on Trade and Development

US - United States of America

WB – World Bank

WG – Working Group

WSF - World Social Forum

WTO - World Trade Organization

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Chapter I: Introduction

UNASUR and Post-neo-liberal Regionalism, 2004-2012

On May 23rd, 2008, a new project of integration in South America was consolidated. After eight years of continued negotiation, the drafting of the South American Union of Nations (UNASUR) treaty came to an end. The organization brought together all of the South American countries into a single body. The organization pledged to represent a new approach that brings together the former integration organizations and incorporates at the same time elements that were omitted in previous forms of regional integration, like environmental conservation, education, popular participation, cultural integration, social inclusion, defense, among others. The leaders of the member countries of UNASUR wanted to move beyond the neoliberal tradition of forming regional integration blocs based on a free-trade area, common market, or an economic union. The fact that the organization was created without a formal infrastructure and without a budget casts doubts, however, about the level of state commitment to these objectives. Expectations for the organization were high. According to Alternativa Latina's podcast, a few hours before the start of the Summit President Chávez in a press interview said:

[T]oday is a memorable day inside of the heart of South America: in Brasilia. (...) We will sign the Treaty of the South American Union. This is very important. Our north is the south. ..We are talking about union, not integration; because this is a concept born in the heat of the hegemonic neoliberal globalization project. Then we came to that consciousness on a unitary project, originally based on the project of the Great South American homeland. South America gives birth today to a new project of change, with an impressive dynamic that has arisen in recent times, which it is going to be the motor of global change (author's translation) (Alternativa Latina, 2008).

Like President Chávez, I too had high expectations regarding this project. I was part of the Venezuela team for the negotiation of the South American Union of Nations (UNASUR) treaty, and the assistant to the Venezuelan highest representative for UNASUR from 2006 – 2011. I was very excited to experience the creation of this body, and even more to be present at

something that would become a turning point in the history of South American integration. For that reason, my curiosity went beyond the speeches of government representatives, and in 2008 began to read the first articles by academics about UNASUR. The articles focused on the idea that UNASUR represented a new paradigm in the South American integration process. They called this paradigm post-hegemonic regionalism, and also post-neo-liberal regionalism (Sanahuja, 2007, 2010, 2012; Riggirozzi & Tussie, 2012; Battaglino, 2012; Da Motta & Rios, 2007; Malamud, 2008, 2009; Macdonald & Ruckert, 2009; Briceño -Ruiz and Hoffmann, 2015).

The academics linked this paradigm to the rise of organizations like Bolivarian Alliance for the Peoples of Our America (ALBA), and subsequently UNASUR. These organizations were created as a result of the debacle of the neoliberal policies in the region exemplified in International Monetary Fund (IMF) structural adjustment policies and the Washington Consensus. These organizations also represented a rejection of the approach to regional integration that was termed “open regionalism”¹ by its chief proponent, the Economic Commission for Latin America and the Caribbean (ECLAC). The project of open regionalism influenced organizations such as Mercosur, the Andean Community (CAN), and the doomed Free Trade Agreement of the Americas (FTAA) initiative. The failure of neoliberal policies started with popular resistance, the revival of the Latin American left, the decline of US hegemony in Latin America and the increase in commodity prices. These changes led to the election of a series of left-wing governments in most countries of South America and allowed the New Left governments to implement domestic social policies, and gain greater negotiation power in domestic and international affairs.

¹ The open regionalism is defined as the use of regional “preferential integration agreements and other policies in a context of liberalisation and deregulation, geared towards enhancing the competitiveness of the countries of the region” (ECLAC 1994, p.8).

All of these favourable conditions made possible the creation of UNASUR; however, as an insider to the process of negotiation, doubts remained in my head. The thesis addresses the following research questions: Does the creation and operation of UNASUR really exemplify this new paradigm? How did civil society, interest groups, and bureaucrats influence the creation of this organization? And once it was created, have all of its bodies been able to implement policies according to the new paradigm?

Based on my analysis, I argue that UNASUR, in fact, represents a sort of hybrid institution, trapped between “open regionalism” and “post-neo-liberal regionalism.” Even though this hybrid condition is explained by Ruggirozzi and Tussie² as the main characteristic or definition for the post-hegemonic, instead I support the argument made by Heidrich & Tussie (2009) which states:

Governments juggle with the two competing forces characterized by Karl Polanyi as a ‘double movement’ in which economic liberalism and social protection interact with one another... We [Heidrich & Tussie] contend that this movement, ‘or a political economy of the possible’ may be the hallmark of the post-neoliberal age in this region” (p.43). The governments, and especially their leaders, wanted to move forward to an era of post-neo-liberal regionalism, which I define is involving the following: the prioritization of the role of the state in economic development; inclusion of a social dimension for regional integration, and the promotion of the participation of social actors in decision-making (Sanahuja, 2010; Briceño-Ruiz and Hoffmann, 2015). I argue, however, that the legacy of neoliberalism impeded progress towards this paradigm. Nevertheless, UNASUR did emerge. I argue, based on an examination of

² “By post-hegemonic we [Ruggirozzi & Tussie (2012)] mean regional structures characterized by hybrid practices as a result of a partial displacement of dominant forms of US-led neoliberal governance in the acknowledgement of other political forms of organization and economic management of regional (common) goods” (p.12).

news articles and opinion pieces in leading newspapers in five of the most important countries³ involved, that the shift toward post-neo-liberal regionalism had a strong basis in support among domestic actors, and was not just a top-down process of state elites. I thus argue that the perceptions of civil society are crucial for guiding the preferences of the states in relation to decisions to whether or not to create alternative regional institutions. When actors within civil society adopted negative perceptions of the earlier regional institutions, it became more likely that governments would move in new directions. This was the case in South America during the period 2004 to 2009. Nonetheless, not all the countries participating in new regional organizations adopted the same degree of rejection (negative perceptions) to the former open regionalism paradigm (represented in this study by the CAN, MERCOSUR, IMF, BM, and OAS). Unlike ALBA, which was characterized by greater degrees of ideological consensus on economic issues, UNASUR contained all the countries of the South American continent and thus included countries with different political positions.

Now UNASUR has been created, could we say that the paradigm is consolidated? A closer examination of the bodies of UNASUR shows that even though the main principles of UNASUR follow the precepts of post-neo-liberal regionalism, these principles have not been developed in all of the organization's councils. The South American Defense Council (SADC) was created in the period between two major crises between member countries where security, and the principle of non-intervention, were seen to be violated. These crises, instead of pushing back the will to integrate, rather strengthened this organ; as discussed below, it is today one of the most developed and effective when it comes to the application of its Executive Plan. The negotiators of the SADC thought that this experience would be a good example to the rest of the

³ The countries chosen are: Argentina, Brazil, Colombia, Ecuador, and Venezuela. The selection of these countries will be explained in the methodology of this project.

councils-to-be. However, UNASUR's Economic and Financial Council (CSEF) and the Bank of the South have been struggling in order to execute their activities since their creation. The reasons of this are many. The first reason is "the Polanyi double movement" mentioned above where the desire to create a completely post-hegemonic organization clashes with the open regionalism principle; second the leaders' neglect of economic affairs due to high commodity prices; third, the differences in ideologies of the leaders; and last but not least, the fact that the financial and economic domestic policies of the countries are still driven by bureaucrats who have worked with foreign financial institutions that represent open regionalism (Boron, 2008; Toussaint, 2008). This is something that I observed in the discussions towards the creation of these two bodies, and as this thesis shows, this remains the same today.

The lack of consolidation of UNASUR under these principles makes it vulnerable. Any change in the factors that allow the creation of UNASUR may, in turn, be the cause of its decline, making the post-neo-liberal paradigm only a brief academic mirage.

In order to explain the lack of fit between the discursive claims of the founders of UNASUR and its actual practices, I adopt the theory known as liberal intergovernmentalism (Moravcsik, 1997; Moravcsik & Schimmelfenning, 2009). This theory was chosen due to its emphasis on the importance of national preferences in the negotiation processes that leads to the creation of a new institution. I included the influence of civil society, interest groups, and bureaucrats as the first stage in the creation of the national preferences, which influence the leaders' perceptions before the bargaining process. Aware of the shortcomings of this theory, which overlooks the dynamic of integration as a whole, I added to this investigation, national and regional events that modified the perceptions of the agencies over the years that affect the negotiation towards the UNASUR's creation. I also argue that the rationalist assumptions

adopted by liberal intergovernmentalist theories must be modified in this case, given the importance of ideological and political factors over the economics, in the formulation of state policies.

Since this theory does not consider the evolution of the institution once created, I stop the use of this theory for the second stage of this work (2009 - 2012), which examines performance of the UNASUR bodies, and measures their effectiveness. At this point, I am not able to apply the concept of spillover and spill-around used by the neo-functionalists, since UNASUR requires more years of life in order to study if there would be any spillover effect on the functions of this organism. In this stage, instead, I incorporated something that is called an extreme type of intergovernmentalism: interpresidentialism (Tussie, 2009), where the agency of the negotiation is focused just on the role of the presidents, who resort to direct intervention in the decision-making process whenever an important decision, a crisis or conflict that has to be resolved (Malamud, 2003, 2010).

The performance of the UNASUR bodies showed that SADC and the South American Council on Infrastructure and Planning (COSIPLAN), presented favorable results and adjusted to the parameters of post-neo-liberalism. The SADC was created within the frame of two major crises in South America that required the direct intervention of the presidents. COSIPLAN, whose main projects were created before UNASUR, was incorporated by the presidents into this new initiative. My analysis shows that the Bank of the South, and CSEF did not present positive outcomes, which suggests that a consensus has not been reached among member states around the economic dimensions of post-neoliberalism (Heidrich & Tussie, 2009). I conclude, therefore, that UNASUR does not entirely conform to the characteristics of post-neo-liberal regionalism, since these two councils continue to be influenced by the principles of open regionalism.

Conceptual framework

The history of integration processes in Latin America after the 1950s have been divided into stages (Mattli, 1999), phases (Rosenthal, 1991), waves (Dabène, 2012; Sanahuja, 2012), and also generations (Söderbaum, 2004). This investigation takes as a reference Dabène's work (2012), who identifies four waves (W1, W2, W3, and W4) of integration in Latin America: these waves can also be named Old, New, Open, and Post-neo-liberal Regionalism (Sanahuja, 2012). Dabène gathers and brings together the work of Mattli (1999), Rosenthal (1991), and Söderbaum (2004) into his classification.

The first wave, the "old regionalism" (1950 -1960) is framed by the structuralist paradigm in which the ECLAC recommended regional economic integration as a means to promote industrialization in the continent based on Import Substitution Industrialization (ISI) policies (Dabène, 2012, p. 3). The second wave, "new regionalism" (1970 -1980), arose due to the changes in the market conditions. The Latin American countries' debt increased twofold or more; interest was paid to American financial markets and foreign financial institutions; the Gross Domestic Product (GDP) fell and poverty increased, and as a consequence the ISI model entered into crisis. In this first wave of neoliberalization, Latin American countries adopted harsh structural adjustment policies and began to shift their economies toward promotion of primary exports, moving away from ECLAC's lessons and the regional organizations that were created in the previous wave. The third wave is "open regionalism" (1990), in which there was a return to the promotion of regional integration but in this phase integration was designed to promote trade and investments liberalization in general with social equity (according to ECLAC, 1994). However, as stated by Briceño-Ruiz and Hoffmann (2015), in this period "open regionalism was actually assimilated by neo-liberal economic integration". This neo-liberal integration consisted

in practice in the application of economic strategies known in Latin America as the Washington Consensus or the “neoliberal package.”⁴ This “consensus” was sheltered by the World Bank and the International Monetary Fund (IMF). Dabène calls the fourth wave “Post-Trade Wave” (2000-2010), which emerged as an answer to the widespread discontent with the previous paradigm (it will be discussed in detail in Chapter III). According to Da Motta Veiga and Rios (2007), “the basic assumption of the post-liberal regionalism is that liberalization of trade flows and investment and consolidation in trade agreements not only are unable to generate ‘endogenously’ benefits for development, but can also substantially reduce the space for the implementation of national policies ‘development’ and the adoption of a integration agenda concerned with development issues and equity” (p.28).

UNASUR was born in the scope of the last paradigm, and it is frequently referred to as an example of this, along with ALBA (Briceño- Ruiz and Hoffmann, 2015; Guzzetti, 2012; Dabène, 2012; Sanahuja, 2011, 2012; Malamud, 2008, 2009). However, I argue that UNASUR represents a sort of mixture between the open regionalism and the post-neo-liberal regionalism paradigms. In order to explain this, I review the theories of regional integration used in the studies of regional integration in Latin American: federalism; neo-functionalist, and liberal inter-governmentalism. I determine that the first two approaches do not apply to the case of UNASUR, and instead adopt an approach based on liberal inter-governmentalism, which is a theory based first on intergovernmental bargaining, associated largely with Andrew Moravcsik and his study of the European Union. This theoretical approach argues that the first stage of integration begins with the shape of national preferences; the second step is the process of

⁴ The measures included in the package that each country should have applied, were: budgetary discipline for the public budget, changes in public spending priorities, tax reform, interest rates determined by the market, exchange rate led by outward orientation and export expansion, trade liberalization policy of openness for foreign direct investment, privatization, and establishment of property rights.

negotiation between national governments, during which each of them tries to maximize the achievement of their preferences in an interdependent and asymmetrical world; third, after the negotiation occurs, an institution is created in order to consolidate the negotiation, and promote the agreed-upon objectives (Moravcsik, 1993).

While Moravcsik's approach is heavily rationalist and statist, I do not consider South American states as the only relevant actors in the regional process of integration because I believe national preferences are shaped both by civil society comprised of individuals and interest groups, and by bureaucrats of the national governments or multilateral organizations. These national perceptions are able to influence the preferences of the leaders. These perceptions relate not just to economic interests, but also to the social and political demands from the population (civil society), as post- neo-liberal regionalism states. The leaders in turn are not just rational actors; they also behave according to their personal convictions, ideologies, ideas, loyalties, and their personal histories. For example, Haas's analysis of the role played by Charles de Gaulle in the EU led Haas to reformulate his functionalist approach (Malamud, 2011). I do agree with Moravcsik regarding the asymmetries of the negotiators, and I will explain this further in the analysis. I also differ from the idea that the process of the creation of the institution has a supranational character driven this process to an international level of analysis without connection to domestic affairs, so I added to the study of the creation of UNASUR domestic events that have repercussions on the acceleration of its inception. I included the domestic level in the theory due to the fact that post-neo-liberal regionalism establishes as one of its tenets "the commitment to promoting the participation of social actors in the process of regional integration in order to promote its legitimacy" (Briceño -Ruiz and Hoffmann, 2015, p. 52), and also as an influence on the creation of the regional organizations.

Once UNASUR was created this theory of liberal inter-governmentalism does not work anymore, because this theory was not created to explain the continuity of the institutions. However, the UNASUR's bodies are still in a stage of formation where neo-functionalism and the concept of spillover are difficult to apply. Instead, I adopted a variant of inter-governmentalism that is focused on the presidents, called inter-presidentialism (Malamud, 2005, 2010). In this phase of integration, the presidents of the regional organization gather in a conference or summit, and establish direct negotiations in order to resolve a critical event, a central decision about the continuity of the organism. It is a form of presidential diplomacy, referred to as "Diplomacia de las Cumbres," (Summit diplomacy). It is also defined as a centralized decision-making arrangement, in which the South American president play an important role for setting off the integration project. This protagonism of the presidents generates an effect of institution building in areas in which the process was hampered; this also generates a major process of politicization of regional integration (Malamud, 2003, 2015). The presidents respond to their national demands, their ideologies, and their preferences. In this way the presidents have been maintaining and extending the main postulates of post-neo-liberal regionalism in some of the councils (SADC, and COSIPLAN); however, where there has not been a significant and direct intervention of the presidents (especially in economic areas), I argue, there has been little progress achieved in higher levels of integration process. These economic areas have been delegating to domestic bureaucrats who do not follow the post-neo-liberal parameters (Boron 2008; Toussaint, 2008); instead, they remain shaped by old policies and ideas, making UNASUR a hybrid of two paradigms.

Methodology:

To explain the first research question, whether the creation and operation of UNASUR exemplifies post-neo-liberal regionalism, I carry out a brief description of the postulates of the four paradigms that have existed in the history of regionalism in Latin America, through a review of the literature. I included the old, new, open, and post-neo-liberal regionalisms. I focus my attention to the last two, in order to determine which one fits the best UNASUR.

Considering that one of the postulates of post-neo-liberal regionalism is “the participation of social actors in the process of regional Integration” (Briceño -Ruiz and Hoffmann, 2015, p.52), I wanted to observe whether there exists a correlation between the perceptions of civil society (I included individuals and interest groups – both social and economics) and bureaucrats (public servants of each of the countries studied, and officials from multilateral organization) about the following institutions: the Andean Community (CAN), the Southern Common Market (MERCOSUR), the World Bank (WB), the Inter-American Development Bank (IADB) and the International Monetary Fund (IMF), and the preferences of the leaders (presidents) regarding those institutions. I argue, based on this analysis, that the perceptions of the civil society are crucial for guiding the preferences of the leaders in relations to decisions to whether or not to create alternative regional institutions in this particular case UNASUR.

This argument is based on the concept of perception. Perception is “[the] image [that an actor has about] others and of their intentions” (Robert Jervis, 1968, p.454). This perception could be accurate or inaccurate due to the lack of information or interaction between actors. According to Jervis, “ [State preference] is therefore constrained by the underlying identities, interests, and power of individuals and groups...who constantly pressure the central decision-makers to pursue policies consistent with their” [interest] (p. 519). These preferences and

perceptions are evaluations (positives and negatives) about the policies, proposals, measures or decision taken or develop by the aforementioned institutions (CAN, MERCOSUR, OAS, IMF, WB, and IADB).

The preferences and perceptions are evaluated on the basis of the discourses of the agencies that refer to South American integration, which are extracted from a Factiva search of newspaper articles and opinion pieces published in this period. The period of time selected for the research in the media is from 2004 to 2008, and the countries and presidents are: Argentina: Néstor Kirchner (2003-2007); Brazil: Inácio “Lula” Da Silva (2003-2011); Colombia: Álvaro Uribe Vélez (2002-2010); Ecuador: Rafael Correa (since 2007 as president); and Venezuela: Hugo Chávez (1999- 2013). I chose 2004 as the starting point because it is the year in which the first Latin American regional organization linked with post-neo-liberal regionalism was created, i.e. ALBA. ALBA represents an important reference point for civil society, demonstrating that it is possible to build an organization based on post-neoliberal principles in South America. 2008 is the year in which UNASUR was created formally through the Constitutional Treaty, so I wanted to give to the study one year more to see the evolution of the preferences of the leaders, and therefore selected the time period of 2004-2009 to study the rise of UNASUR.

The country selection was made in order to encompass different aspects of the political spectrum in South America. I adopted Arturo Escobar’s (2010, p.45) classification of the four dominant political-economic ideologies in South America in this period, and I chose a country for each of the classifications, except for Venezuela and Argentina, which belong to the same classification, but with very different political systems. The classification is the following: 1. Practical reformism/neostructuralism, which include renewal of the party system, economic alliances and pragmatic relation with the United States (e.g **Brazil**, Chile, and Peru); 2. Popular

Nationalism: centralization of the State, political hegemony, charismatic leadership, anti-imperialism (e.g. **Venezuela** and **Argentina**); 3. Indigenous neo-development: strong and social indigenous movements, participation, negotiation with transnational, modernity (e.g. Bolivia, and **Ecuador**); 4. Conservative modernization: authoritarian governance, expansion of the market and ideological association with USA (e.g. **Colombia**).

The newspapers selected by countries are: for Argentina, the best option found in Factiva⁵ was the newspaper “*La Nación*”. It is a newspaper with a right-wing editorial policy; however, the database search yields good results for it. For Brazil, “*O Globo*” was selected as the most appropriate news source. For Colombia, the newspaper selected is “*La República*.” The shortcoming of this newspaper is that Factiva does not have any data during the years 2005, and 2006; and it is also a journal mostly focused on business and finance news rather than political issues. For Ecuador, the newspaper chosen was “*El Comercio*,” which is primarily a business-oriented trade and finance journal, but includes political opinion articles. The final one is Venezuela; the newspaper used is “*El Nacional*,” a journal that was accused by the government of conspiracy during the coup d’état in 2002; however, it is the one that is provided by Factiva, which has the data for the time period required.

From these newspapers, and with the help of Factiva, I retrieved opinion pieces and news articles that have a direct statement (or direct quote) from individuals, interest groups (social movements, farmers, traders, and any association of persons), public servants, multilateral officers, that reflected a positive or negative perception about CAN, MERCOSUR, OAS, IMF, WB, and IADB; the same procedure was followed for the presidents, I took direct quotes from

⁵ Factiva is a business database and research tool owned by Dow Jones, which allow to have access to more of 22,000 sources of information like newspapers, journals, radio transcript, and others. I accessed this database through Carleton University Library for free as a student (<https://library.carleton.ca/find/databases/factiva>).

the presidents found in these resources that shows a positive or negative preference about CAN, MERCOSUR, OAS, IMF, WB, IADB, and I also included UNASUR (Appendix 5 and 7).

As an example of statement that were chosen from the newspapers: Alexis Ponce, representing the Permanent Human Rights Association (an NGO) argues, "The OAS is dilapidated. It did not say anything during the coup in Venezuela, nor about indigenous uprisings in Ecuador, nor about the slaughter in Bolivia, or even less about the current situation in Haiti (El Comercio, 2004)." This is coded as a negative perception of an interest group about the OAS.

Table 1 Newspapers selected by country

Country	Newspaper 2004- 2008
Argentina	- La Nación
Brazil	- O Globo
Colombia	- La República
Ecuador	- El Comercio
Venezuela	- El Universal

I expected to review two newspapers by country, but the database Factiva just has one newspaper per country with the full articles; other newspapers are just about finances, or Factiva just provides the summary of the articles. As a result, only one newspaper per country was examined. Actually, the availability of newspapers represents a shortcoming to this investigation due to the fact that these are newspapers characterized for having an editorial right-wing tendency, this limitation could be overcome if this research could be continued at the level of doctoral thesis, with greater economic resources to the incorporation of other databases that have a huge newspapers sources; as well as incorporation of interviews with personalities related to the creation of UNASUR, and representatives of social movements, economic groups, among others.

In order to identify positive and negative perceptions, in Factiva's browser, I placed the following search terms for the Spanish-language newspaper: > CAN or Comunidad Andina or MERCOSUR or OAS or IMF or World Bank or IADB or <; the software selects the most relevant articles in period ranging from 2004 to 2008. This search includes both news articles and opinion pieces.

After obtaining the results from Factiva, I proceeded with the reading and the selection of the articles that truly present perceptions; subsequently, the process included the drawing up of the matrix which contains the three types of actors to be analyzed: a) citizens; b) interest groups, NGOs, political parties, any other association of individuals, and c) bureaucrats from governmental or multilateral institutions. Perceptions were divided into positive and negative; and they are measured with respect to: CAN, MERCOSUR, OAS, IMF, IADB and / or WB. The idea was to obtain the civil-society perception about the previous organization with a presence in South America, after determining whether these are influential in the creation of leaders' preferences.

Table 2 Example of the main table for the design of the investigation.

Actors	Positive Perceptions					Negative Perceptions				
	CAN	MERCOSUR	OAS	IMF	WB/BID	CAN	MERCOSUR	OAS	IMF	WB/BID
Individuals										
Interest Groups										
Bureaucrats of government or multilateral institutions										

Likewise the same procedure was used to find the articles about the preferences of leaders. In this case the search criteria in Factiva were:

For Argentina:

>Comunidad Andina and Kirchner or Mercosur and Kirchner or OEA and Kirchner or FMI and Kirchner or BM and Kirchner or BID and Kirchner or CAN and Kirchner or Organizacion de Estados Americanos and Kirchner or Fondo Monetario Internacional and Kirchner or Banco Mundial and Kirchner or Banco Interamericano de Desarrollo and Kirchner or UNASUR and Kirchner or Union de Naciones Suramericanas and Kirchner<

For Brazil:

>Comunidade Andina and Lula Da Silva or Mercosul and Lula Da Silva or OEA and Lula Da Silva or FMI and Lula Da Silva or BM and Lula Da Silva or BIRD and Lula Da Silva or CAN and Lula Da Silva or Organização dos Estados Americanos and Lula Da Silva or Fundo Monetário Internacional and Lula Da Silva or Banco Mundial and Lula Da Silva or Banco Interamericano de Desenvolvimento and Lula Da Silva or UNASUL and Lula Da Silva or União das Nações Sul-Americanas and Lula Da Silva<

For Colombia:

>Comunidad Andina and Uribe or Mercosur and Uribe or OEA and Uribe or FMI and Uribe or BM and Uribe or BID and Uribe or CAN and Uribe or Organizacion de Estados Americanos and Uribe or Fondo Monetario Internacional and Uribe or Banco Mundial and Uribe or Banco Interamericano de Desarrollo and Uribe or UNASUR and Uribe or Union de Naciones Suramericanas and Uribe<

For Ecuador:

>Comunidad Andina and Correa or Mercosur and Correa or OEA and Correa or FMI and Correa or BM and Correa or BID and Correa or CAN and Correa or Organizacion de Estados Americanos and Correa or Fondo Monetario Internacional and Correa or Banco Mundial and Correa or Banco Interamericano de Desarrollo and Correa or UNASUR and Correa or Union de Naciones Suramericanas and Correa<

For Venezuela:

>Comunidad Andina and Chávez or Mercosur and Chávez or OEA and Chávez or FMI and Chávez or BM and Chávez or BID and Chávez or CAN and Chávez or Organizacion de Estados Americanos and Chávez or Fondo Monetario Internacional and Chávez or Banco Mundial and Chávez or Banco Interamericano de Desarrollo and Chávez or UNASUR and Chávez or Union de Naciones Suramericanas and Chávez<

The matrix for this case includes the positive and negative preferences for each of the leaders, instead of the societal groups. After that, the results from both groups were compared in order to prove or reject whether there is any correlation between the perceptions of the civil society and

the leaders' preferences. This concluded the analysis of the phase of the creation of UNASUR during the time period of 2004-2008.

The next phase of the study was the analysis of the effectiveness UNASUR's Councils, and whether their activities are consistent with the post-neo-liberal paradigm. The UNASUR's councils that were studied are the South American Defense Council (SADC), COSIPLAN – Infrastructure and Planning Council of UNASUR, UNASUR's Economic and Financial Council (CSEF) and the Bank of the South. Before the signing of the UNASUR treaty, the following working groups were already created: education, energy, infrastructure, social policies, settlement of disputes in matters of investment and financial integration. At the exact moment of the signing of the treaty of UNASUR, the working group on defense was created.

In order to choose the councils relevant for this investigation, the idea was to include two councils that represent economic/ financial aspects, and another two that represent political / security matters which would represent. I excluded all the working groups and councils related to social issues (Education, Health, Social Policies, and Elections, among others), because all their activities are directly related to the principles of post-neo-liberal regionalism classification.

The SADC was the first Council created in 2008 with a Statute and an Action plan by 2009; it was also the first body (as an institution) related to security in South America, because of its importance I took it as a part of this investigation. Even though COSIPLAN was created in 2009, it has been developed different Action Plans since 2007 which allow me to measure its effectiveness. CSEF is the latest economic Council created in 2010 and the Action Plan in 2011.

The Council of Energy was excluded due to the fact that this Council was the object of a process of an additional treaty; and the Council of settlement of disputes in matters of investment was not concluded by the time period of this thesis (in fact the treaty of the creation of Dispute

Resolution Center on Investment is currently under discussion nowadays). The Bank of the South looks like an outsider; however by 2008-2012, the Bank of the South was considered part of UNASUR's structure, for that reason was included.

For the analysis of the councils, I reviewed the principles for which they were created, analysed the action plans of each, and evaluated whether their activities were executed or not; all of the statutes, plans and their result could be found year by year on UNASUR's official website. It is very important in this phase to identify the critical events that influenced the negotiations for the creation of these councils, as well as the role played by presidents or negotiators (state bureaucrats). The sources used for the search of this information were the results of the action plans of each of the councils⁶, as well as literature on the subject. The Councils studied were Defense, Infrastructure and Planning, Economy and Finances; and the Bank of the South, in a period of time that goes from 2008 to 2012.

The organization of the thesis is presented as follows: after this introduction, the first section of the thesis lays out some of the conceptual theories that have been developed in order to explain the creation, development, and evolution of the institutions which have been called theories of regional integration, I revisit them looking for the eventual application to the creation and evolution of UNASUR. The second section presents the evolution of the regional process in South America; this process is divided into waves that correspond to the main paradigm of that period (based on Dabène's categorization). I summarize the main tenets of each paradigm in order to determine which best corresponds to the case of UNASUR. The third section presents the analysis of the newspaper on the perceptions of the civil society for guiding the preferences

⁶ The database used is contained in the files of the UNASUR's website: <http://www.unasursg.org/documentos-normativos-unasur>.

of the leaders in relation to decisions to whether or not to create alternative regional institutions. The fourth section presents the antecedents, the rise, and evolution of UNASUR, and the evolution of three of UNASUR's Councils (Defense, Infrastructure and Planning, Economy and Finances), and the Bank of the South from 2008 to 2012. In this section, I analyze whether these bodies' objectives and functions conform to post-neo-liberal regionalism, and what is the relevance of the presidents and the bureaucrats in the performance of the functions of these bodies. Finally, the conclusion summarizes those main findings and explores the challenges for UNASUR in the future.

Chapter II: Theoretical framework

This chapter presents an overview of the classical theories that are used in order to explain an integration process. It addresses these questions: what is integration? Which are the theories that explain this phenomenon? Which theory is most appropriate in the study of UNASUR? I review some of the leading theories: federalism, functionalism, neo-functionalism, inter-governmentalism, liberal inter-governmentalism, and inter-presidentialism. Some of them study just the creation of the organization, other just its development once created; others just the way in which the organization lasts over time. After a review of the main proposals and postulates of these theories, which were mostly developed to understand European integration, I evaluate which may be valid for studying an organization that exists on another continent; in this case, UNASUR. As discussed above, I chose liberal inter-governmentalism, and its extreme version “interpresidentialism,” with some adaptations to the original version, are the best ones that fit this thesis.

The nature of integration

One of the fathers of neo-functionalism, Ernst Haas (1971, p.6), defined integration as the process of “how and why they [national states] voluntarily mingle, merge and mix with their neighbors so as to lose the factual attributes of sovereignty while acquiring new techniques for resolving conflicts among themselves.” Malamud (2011, p. 56) and Malamud and Schmitter (2011, p.143) added to Haas’s concept the idea that nation states do so “by creating common and permanent institutions capable of making decisions binding on all members.”

For Mattli (1999), integration is defined as “the voluntary linking in the economic domain of two or more formally independent states to the extent that authority over key areas of domestic regulation, and policy is shifted to the supranational level” (p. 41).

Both realists and neoliberal institutionalists believe that integration comes from the nation-states as the main actors or from above (coordinated by state elites) (Gamble and Payne, 1996, p.7; Malamud, 2011, p.56; Dabène, 2009, p.7). This approach is known as regionalism. Other more sociological approaches attributed an important role to non-state actors. In this frame, Karl Deutsch (in Dabène, 2009) defined integration as “the attainment, within a territory, of a ‘sense of community’ and of institutions and practices strong enough and widespread enough to assure, for long time dependable expectations of ‘peaceful change’ among its population. And by ‘sense of community,’ he meant “a belief on the part of individuals within a group that they have come to an agreement on at least this one point: that common social problem must and can be resulted by a process of peaceful change”” (p.6). This approach is an early example of the idea of integration from below or “regionalization” (Söderbaum, 2003, p.7; Malamud, 2011, p.56). I joined these concepts in order to state mine, I agree that in an integration process the national states voluntarily come together in an institutional space (driven by the demands of their nationals or by external needs, and/or the ambitions of the leaders of the states) which could be legally constituted or not. This institutional space, is also a sphere for a dialogue in which states negotiate their demands with their partners, solve conflicts, and cooperate in different areas of importance for the well-being of their countries. The integration could be a top – down or a down – up process; however, the participation of the agencies at all levels should be necessary and important in all the stages of the integration process. Normally, contemporary processes of integration go beyond simply economic matters; social, cultural, and environment themes should play an important role as well.

My concept presents a vision more adapted for the post neo-liberal regionalism. After this conceptualization of integration, it is worth asking, which existing theory could be used to explain UNASUR?

Classic theories of integration

The classic theories of regional integration were born in Europe and in the United States, in order to study the origin of regional cooperation between countries; they in turn are derived from other macro theories of international relations that seek to explain the relations between states and the international system configuration. These macro theories are: structural institutionalism, liberal institutionalism, neoliberal institutionalism, constructivism, reflectivism, and critical theory. Each of these theories has a counterpart (approaches) that is designed to explain the phenomenon of regional integration. These approaches are: functionalism, neo-functionalism, federalism, neoliberal institutionalism, intergovernmentalism, and liberal intergovernmentalism, among others.

Functionalism, neo – functionalism, neoliberal institutionalism and all the variants of constructivism institutionalism (sociological approach), adopt the same liberal functional-institutional logic, with similar conclusions about how institutions are created and evolve (Sterling-Folker, 2000, p.109). Intergovernmentalism and liberal intergovernmentalism have their bases in the principles of realism and neo-realism, while federalism is a legal approach that goes between two currents rationalism and transnationalism (Malamud, 2011, p.138).

Functionalism, was developed in the inter-war period, specifically with regard to Europe, and one of the most important exponents is David Mitrany (1966). The theory assumes “following the selection of an area of common interest or concern comes the organization of the international will and effort’ so that obtaining common interest served as the primary motivation

for institutional creation and adaptation” (Sewell, 1966, p.23 in Sterling- Folker, 2000, p.100). This area of common interest is basically an area of agreement between authorities of different territories; this area of arrangement develops a function, in a gradual process of cooperation; every function will generate others by ascribing authority to activities (Mattli, 1999, p.21). Sovereignty is transferred gradually from the old authority to the new one, which has been referred to as “peace by pieces” (Mattli, 1999, p.21). For functionalism, interdependence among states creates an ambience that demands an institutional innovation. States try to maximize their interest looking for institutions functionally efficient to facilitate their satisfaction of interest; when the institution displays problems and dysfunctions, they demand a new one. According to Sterling-Folker (2000, p. 101), “a functional explanation for social change does not involve a story of interest formation. What functionalism is concerned with instead is institutional preference formation.”

However, this theory has serious gaps. The concept of spillover⁷ suggests that one function would inevitably generate others. The economic function will spread to politics, but the theory did not explain that a change in a political function would also affect the economic and social ones. The theory never focused on the concepts of the spill-back or spill-around⁸ (Perota, n, d., p. 5). It also failed to explain others forms of cooperation in which states could reach

⁷ According to Mattli (1999), “the functional spillover is based on the assumption that the different sectors of a modern industrial economy are highly interdependent and that any integrative action in one sector creates a situation in which the original goal can be assured only by taking further action in related sectors, which in turn created a further condition and need for more action, and so for. This process is described by Haas: ‘Sector integration’” (pp. 25-26).

⁸ Spill back means a decrease on level and scope of authority that could send the integration process to the status quo previous to origin of the organization. In contrast, the spill around according to Schmitter (1970) it is “a sort of composite or hybrid of the spill-over and self-encapsulation syndromes. It is characterized by a proliferation of independent efforts at regional coordination in distinct functional spheres-i.e., an expansion in the scope of regional tasks-without, however, a concomitant devolution of authority to a single collective body-i.e., without an increase in the level of regional decision-making” (p.39).

maximum welfare besides having a supranational organization, or whether this welfare has something to do with regional integration. According to Mattli, “[i]t does not explain the conditions in which the sub-national dynamics for integration become accepted at the national level. It does not address the role of an external event in the integration process” (Mattli, 1999, p. 10).

The failures of functionalism were addressed by Ernst Haas, the father of **Neo Functionalism**. He explains: “nation-states cease to be wholly sovereign; they voluntarily mingle, merge, and mix with their neighbors so as to lose the factual attributes of sovereignty while acquiring new techniques for resolving conflicts between themselves[...] political actors in several distinct national settings are persuaded to shift their loyalties, expectations, and political activities towards a new and larger center, whose institutions possess or demand jurisdiction over the pre-existing states” (in Mattli, 1999, p. 24). Mattli explains that neo-functionalism studies the international system as shaped or conformed by regions (Mattli 1999, p.24). Using as a central concept the spill or induced effect (spill over): regional integration is initiated, according to the author, on economic issues from a specific sector; this will "induce" or "spill" the integration process into other sectors and thus deepen the integration through sectoral expansion: a logical process called functional integration. The expansive logic generates, in turn, a set of supranational actors who would increase their power at the expense of the previous organization (which would be weakened). Integration, therefore, would deepen with the progress to new sectors and the creation and consolidation of supranational institutions. Moreover, economic integration would lead to political integration (Perota, n.d., pp.5-6). Meanwhile, political spillover is brewing when the existence of supranational organizations accelerates a process of institutionalization and self-reinforcement (Moravcsik, 1993, p.475). In response to these

critiques, Haas (1967) turned his attention to domestic political parties, parliaments, trade unions and the conduct of members of government, arguing that all of these affected the process of integration.

The critiques of functionalism reviews are summarized in two points: the findings failed to be generalizable to other experiences, being biased toward the process in Europe, and the theory focused on political elites to argue the importance of parties, interest groups, domestic policy and negotiation between the institutions and the states, which failed in explaining the factors that influence the decision making (Perota, n.d., p.7).

Federalism theory tries to explain how the federations⁹ emerge, how do they work (function), how do they stay? They are two schools that have studied federations. The first one is the liberal whom its main exponent is Burgess. This current argues that the federation has to be desired by the governments, which want to be united but not to be unitary. They want to keep responsibilities in some areas. They wish to be united due to military insecurities (common defense), so they could guarantee their survival, they also could be united in order to assurance their independence, to gain advantage in economic matters, geographical proximity; political and / or cultural affinities. The way to achieve a federation is through the rise of a leader, who has the skill of negotiation and communication, and established the federation throughout a political bargain. The shortcoming of this school is that they just focus in the creation of new states and new international actors with the same state category, and they do not study this as a way to

⁹ Donserode(2010) takes two main definitions about federation: one from King (1982, p 20) who explain a Federation as“[...] an institutional arrangement, taking the form of a sovereign state, and distinguished from other such states solely by the fact that its central government incorporates regional units in its decision procedure on some constitutionally entrenched basis”. The second comes from Burgess (2000/25)who states “[...] federation is a specific organizational form which includes structures, institutions, procedures and techniques. It is a tangible institutional reality. And it can be distinguished from other forms of state relatively clearly.”

create an Institution or organization (Dosenrode, 2010). The second school is the realist one with Riker and Mckay as main exponents. For them, federalism is a way to enlarging governments, with an extent bureaucracy, army. When a state enlarges with others, the surrenders will do the same because they are afraid of an aggression from this new actor. The units will keep some relative control of their domestic affairs, and the act of created the federation is voluntary. However, the state that offers the union usually uses “an external military or diplomatic threat or to prepare for military or diplomatic aggression” (Dosenrode, 2010, p. 16). The shortcomings of this theory are; it does not take into account other factors that influences the creation of the federation, which allow to the federation stays alive for years, or the possibility of independence of one of the units.

Intergovernmentalism is another of the theories used to study regional integration, which places states at the centre of the explanation of the evolution of integration. It was developed by Stanley Hoffmann (Mattli, 1999, p. 10). Again focused on the events in Europe, the turning point for the emergence of this approach was the "Empty Chair Crisis of the European Community" (1965), which was resolved by the "Luxembourg Compromise” of 1966. Indeed, this approach considers that states are the main actors, and that integration occurs when it serves their interests and needs. It also assigns a central role to the heads of states: “Integration can be understood as a series of bargains among the political leaders of the major states in a region. And these bargains are the convergence of preferences among these leaders. Small states are often bought off with side payments offered by the leading states” (Mattli, 1999, p.10). The shortcomings of this approach are that it does not pay attention to the economic, legal, and social processes around the integration negotiations, and also the external variables or events that could

influence the head of states during negotiations. It also does not consider the evolution of the institution once created.

Liberal intergovernmentalism. Andrew Moravcsik (1993) reviewed intergovernmental theory in the nineties, adding new variables, and creating the approach known as liberal intergovernmentalism. The focus of liberal intergovernmentalism is nourished by the field of study of International Political Economy and, at the same time, by liberal theory of how economic interdependence influences national interests, and an intergovernmental theory of international negotiations (p. 474). The construction of this approach draws on the critique of neo-functionalism, saying that the emphasis neo-functionalists placed on political spillover and the autonomy of the supranational agents, was not confirmed by empirical evidence. Moravcsik also criticised neo-functionalism because it limited the definition of regional integration exclusively to the institutional characteristics of the European Community, limiting its application to other agencies. On this basis, Moravcsik (1993) raises the three key elements of liberal intergovernmentalism: the assumption of the rational behaviour of states; a liberal theory about the formation of national preferences; and an intergovernmental review of the interstate bargaining. One of the shortcomings of this approach is its focus on national preferences, overlooking the dynamic of integration as a whole.

Interpresidentialism. This variety of intergovernmentalism could be most relevant when the heads of state are the key actors in the negotiations to establish the new organization, and also in its day to day operation. Interpresidentialism operates in both formal and informal institutions. In the case of formal institutions (with a legal organizational structure like MERCOSURE), **interpresidentialism** is evident when the presidents have the capacity to act in the institution without parliamentary interference, whether because the treaty of the institution

delegates that power to the presidents once the treaty is ratified by the parliament, or because the parliament delegates the power to the presidents. In the case of the informal institutions (like the Rio Group), it is just a political practice in which the presidents strengthen their capacity in foreign affairs issues (Malamud, 2003, p.66).¹⁰

In the study of South American Integration, Federalism could not be used. In a federation, the intention is to create a new state among a junction of several governments, having as a result a new agency with an international legal personality responsible of the foreign policy and security of all states that it gathers. The result is a new state and not an international organization. It is also a kind of difficult to create a federation between South American countries, due to some countries like Brazil and Paraguay have in their constitutions restrictions to cede sovereignty to supranational bodies; on the other hand, the asymmetries between the twelve countries about population, economic industries, societal classes, domestic political structures, defense regulation, are inconvenient for the creation of a federation or confederation of any kind (Malamud and Schmitter, 2011).

Functionalism and neo-functionalism have also some restrictions in order to be applied in South American integration. UNASUR during of the years 2004 – 2012 is in a phase of pre-creation and creation, which means that functionalism and neo-functionalism cannot be applied because these theories do not address the motives of creation of a new organization. For this reason, I do not take these theories as references for the study of UNASUR, and also because their central concept of "spillover" may not be evident at the birth of an organization; due to the fact that the agencies have not yet fully developed their functions.

¹⁰ There are other approaches like the interactionism communicative, supranational governance, economic tendencies, and Marxist approaches that I have not explored in this paper because of space limitations.

Furthermore, functionalism and neo-functionalism leave out the importance of national or domestic events that influence the creation of the organization. For that reason, they do not consider which politicians are in place at the time of the creation and maintenance of the institution. When it comes to leadership, this theory does not contemplate the role of ideas and ideologies of leaders, negotiators or technicians within the organization, factors that can modify the institution's functions. If we applied this theory we would leave out the important role of leaders like Lula or Chávez in the process of creation of UNASUR, as well as the idea of creating a 21st Century Socialism in Venezuela, or also the idea of "Good Living" (Buen Vivir) in Ecuador and Bolivia, key elements that were present when UNASUR's treaty was drafted.

Neo-functionalism's postulates establish that states are not the main actor; nevertheless, they are the ones which set the initial agreements. In fact, many actors are influential in UNASUR: presidents, bureaucrats or technicians, pressure groups, among others, as well as the external influence of other countries like the US which is also ignored by neo-functionalism.

Neo-functionalism establishes the creation of a "transnational class" (Malamud and Schmitter, 2011); this means that the citizens of each country will begin to shift their sense of belonging to the new organization (this is one of the last spillovers – social integration).

UNASUR is supposed to create a citizen participation mechanism; however, UNASUR has failed in created it yet; the feeling of belonging from the average citizen to the body is zero.¹¹

Citizens still direct their demands to their own governments and not to the regional organization.

¹¹ ALBA tried to create a Congress of the people in order to allow to average citizens, indigenous communities, unions, among others to participate and give their opinions and proposal to the government. However, I was in the V ALBA Summit of the Peoples, and I did not see a real participation. The documents (or final papers) were negotiated between government bureaucrats and these associations. In the case of SOMOS MERCOSUR, another mechanism that was invited to allow participation, the governments decided which groups should attend this meeting, and they paid for their expenses. In conclusion these movements, groups or the way that you prefer to call them were part of the governments.

In addition, for neo-functionalism, the spillover effect ascribes authority to the agency that developed the functions of the organization; supranationality is likely to be necessary for a spillover to proceed (Malamud, 2005). This is not the UNASUR's aim. The founding treaty gives the highest authority to the presidents, and the possibility of supranationality was completely discarded.

Another element of this theory is, in order to create an integration organization, the countries involved should have a high level of economic interdependence between them, as an area of common interest or motivation for institution creation. However, the history of Latin American integration is characterized by low levels of prior economic integration (Malamud, 2005). In functionalism spillover goes from the economic issues, and it reaches the political dimension. In contrast, UNASUR started the process of integration from political affairs, including defense, democracy, drug control, environment, and identities, leaving the economic aspect to the last position.

In the case of liberal intergovernmentalism, the direction and control of the regional organization are determined by the national state, and in the interpresidentialist approach, by the heads of states or governments. They will control the process not just in the beginning but the evolution itself (Malamud and Schmitter, 2011).

Liberal intergovernmentalism (in its new version) states that societal ideas, interests, and also institutions influence state behaviour. Based on domestic perceptions and preferences the state goes to the international area in order to bargain; regional leadership is also very important in this process. If the leadership is strong, this state can influence other states when they are shaping the new organization. The states do not need to agree on having a hegemon in the organization; however, it is necessary in order to start the bargaining process. This leader has to

take the central role paying a cost for doing it that in the end that will provide some benefits to that state. The hegemon has to be very careful in order to keep the organization alive and to not to be perceived as exploiting the others (Malamud and Schmitter, 2011, p.145). This has been the role of Brazil during the process of creation and consolidation of UNASUR (Riggirossi & Tussie, 2012; Sanahuja, 2010; 2012; Palestini & Angostini, 2014).

As I discussed before, UNASUR has not established a substantial institutional structure, the decisions for its creation were mainly intergovernmental mechanisms that required the consensus of all countries evolved in the negotiation process: the General Secretariat, the Council of Delegates, the Sectorial Councils, and the Council of Ministers of Foreign Affairs do not possess autonomy. They have to present proposals, Action Plans, programs and projects to the Council of Heads of State and Government, which approves which of them are going to be executed (UNASUR (2014) treaty of 2008, article 6); that means that power remains in the hands of the presidents.

This high-profile and significant role of the presidents is referred to as an extreme type of intergovernmentalism: interpresidentialism (Tussie, 2009), where the agency of the negotiation is focused just on the crucial role of the presidents, with a direct intervention in the decision-making process (Malamud, 2003, 2010). This capacity is significant in UNASUR's birth, since the presidents do not have to negotiate this process with their national parliaments. It is also significant that after the creation UNASUR the consolidation of a proposal for the creation of UNASUR's parliament has not been possible giving to the Council of Heads of State and Government the capacity to maintain the whole decision-making power.

The situation above mentioned allows the presidents or regional leaders to be the protagonists of the process, pandering to national perceptions, but also modifying them with their

speeches and ability to influence regional public opinion. The presidents are worried not about economic interdependence; they are worried about their permanence in the power, about their legacy, for that reason the regional integration is even stronger when a domestic or regional security issue or crisis appears. That is the case of the SACD in UNASUR whose creation was accelerated with the crisis between Colombia and Venezuela. This protagonist of the presidents generates a major process of politicization in the regional integration (Malamud, 2003, 2015).

In this way, the presidents have been focused on political and defense issues, which are in concordance with the main postulates of post-neo-liberal regionalism allowing the creation of SADC, and COSIPLAN; however, the economic areas have been delegated to domestic bureaucrats, who generally do not subscribe to the post-neo-liberal parameters; instead, they are focused on old policies, making UNASUR a hybrid of two paradigms.

In the next chapter, I described the evolution of the regional process in South America. this process is divided into four waves (old, new, open, and post regionalism) that correspond to the main paradigm of that period (based on Dabène's categorization), It is necessary to understand the evolution of it in order to present in which one UNASUR may be placed, and if it correspond fully corresponds to a single categorization or is a hybrid between two paradigms.

Chapter III: Stages of Latin American Integration in the 20th and 21st Centuries

This chapter presents an overview of processes of integration that have occurred in Latin America since the mid-20th century. The purpose of the chapter is to understand the antecedents of the current phase, and to understand what characteristics of UNASUR that lead some academics to argue that it belongs to a new paradigm called post-hegemonic regionalism, and also post-neo-liberal regionalism (Sanahuja, 2007, 2010, 2012; Riggirozzi & Tussie, 2012; Battaglini, 2012; Da Motta & Rios, 2007; Malamud, 2008, 2009; Macdonald & Ruckert, 2009; Briceño -Ruiz and Hoffmann, 2015). This investigation takes as a reference Dabène's work (2012), which differentiates four waves of integration in Latin America: these waves can also be named Old, New, Open, and Post-hegemonic Regionalism (Sanahuja, 2012).

UNASUR was born in the context of the last paradigm, and it is frequently referred as an example of this, along with ALBA (Briceño- Ruiz and Hoffmann, 2015; Guzzetti, 2012; Dabène, 2012; Sanahuja, 2011, 2012; Malamud, 2008, 2009). However, I question whether UNASUR represents in its totality this paradigm. Even though this has been the goal of its founding fathers, its bodies have not been able to implement policies according to the new paradigm. I argue that UNASUR represents a sort of mixture between the open regionalism and the post-neo-liberal regionalism paradigms.

South America integration history or evolution

The first manifestation of Latin American integration occurred at the time of the conquest when diverse Latin American peoples were brought together under Spanish and Portuguese rule, and their economic political systems were united under European control. In this period, indigenous political and economic systems were subordinated to European demands with little or no concern for the well-being of the original inhabitants. Later, in the 19th century, Latin

America developed its own expression of a regional or continental process of integration in resistance to Spanish imperialism; nevertheless, the results were unsuccessful. Integrationist aspirations of Simon Bolívar, the Liberator of the six countries that were under Spanish rule, were blocked by regional warlordism. Even the political and commercial system implemented by the Spanish empire remained rooted with the passing of the years, encouraging nationalism. While these efforts failed, they have been reinvented in the mid of the 21st century.

After the 1950s, Latin America countries lagged behind the economic development achieved in other parts of the world. The idea of promoting integration among the countries of the South was by creating larger internal markets and rationalizing economic production across the region. Policies, formulas and magic recipes were sold to be implemented by the countries in order to achieve that objective. When integration was not achieved, other experts proposed new mechanisms, creating a chain of suggestions that failed. Each stage was also called stages (Mattli, 1999), phases (Rosenthal, 1991), waves (Dabène, 2012; Sanahuja, 2012), and also generations (Söderbaum, 2004). Oliver Dabène gathers and brings together the work of Mattli (1999), Rosenthal (1991), and Söderbaum (2004), in his classification, which I consider the best one that group all visions together.

Dabène (2012) differentiates four waves¹² of integration; and others like Sanahuja (2012) provide three to four stages known as: Old, New, Open, and Post-neo-liberal Regionalism, which are summarized in the following table:

¹² For Dabène (2012:3) a wave means a historical sequence during which a similar evolution takes place simultaneously in a given set of countries.

Table 3 Waves of Latin American Regionalism

	W1	W2	W3	W4
Type of regionalism	Old	New	Open	Post-neo- Liberal
Year	1950-1960	1970-1980	1990	2000-2010
Paradigm	Developmentalism & structuralism	Second order change to developmentalism, end of consensus	Neo-liberalism	Neo-developmentalism
Concepts	Economic integration, import-substituting industrialization (ISI)	Economic integration, export expansion	Trade liberalization policy of openness for foreign direct investment, privatization, and establishment of property rights.	Development agenda, cooperation on non trade issues , social dimension of integration, social participation, complementarity in the areas of energy and defense.
Agreements	<ul style="list-style-type: none"> •Organization of Central American States. •Central American Common market. •Latin American Free Trade Association. •Special Latin American Coordinating Commission. •Caribbean Free Trade Association. •Eastern Caribbean Common Market. •Andean Group. •River Plate Basin Treaty. 	<ul style="list-style-type: none"> •Caribbean Community. •Latin American Economic System. •Amazon Pact •Latin American Integration Association. •Organization of Eastern Caribbean States. •Rio Group. 	<ul style="list-style-type: none"> •Common Market of the South •Central American System of Integration •Association of Caribbean States •Group of three (Colombia, Mexico, Venezuela) •Andean Community Initiative for the integration of Infrastructure in SA •Puebla Panamá Plan 	<ul style="list-style-type: none"> •Bolivarian Alliance for the Americas •Community of South American Nations •Union of South American Nations •Pacific arch •Community of Latin American and Caribbean States

Source: the information was retrieved from Dabène (2012), plus additional information incorporated for the author of this project.

These stages included more than the steps describe by Balassa¹³, because each of them brings together a great mix of proposals - not only economic, but also political, cultural, and social. Dabène (2012) explains that the scholars have been paid insufficient attention “to the waves of agreements, probably because the literature always has in mind the European case, with its unique progressively enlarged process” (p.5).

¹³ Balassa (1961), created four stages of economic integration. The first is the **Free Trade Zone**, the bringing together of countries into a group in which there are no domestic customs; this means that products can enter from any member country to another without paying tariffs. The second stage is the **Customs Union**, which establishes a duty to be paid for the products from third countries. The third stage is the **Common Market**, a customs union in which is added the free movement of production factors (capital and labour) and (eventually) services. Such progress requires the adoption of a common trade policy and often entails the coordination of macroeconomic policies and the harmonization of national laws. The final stage is the **Economic Union**, which adopts a single currency and monetary policy.

Each of these waves represents different attempts of Latin America to confront imported models, by proposing its own ones; however, at the same time, the European Union and the United States have tried to influence this process. Many regional organizations have emerged in each wave, as well as theories to explain them.

The First wave: Old Regionalism (1950-1960). The first period – variously termed old regionalism (Riggirozzi & Tussie, 2012; Sanahuja, 2012), the first wave (Dabène, 2012) or the voluntarist phase (Rosenthal, 1991) is framed by the structuralist paradigm. According to Mattli (1999a) the first wave of integration was triggered by the creation of the European Community, due to its protectionist agriculture policy, and the extension of the European preferences to their colonies. Latin America's trade gap with industrialized countries had been rapidly widening and its terms of trade deteriorating. Mattli quoted the President of Uruguay at that time saying, “we must reply one integration with another one” (p.140)

The first response to the European Common Market was the Latin American Free Trade Association (LAFTA). It was established by the Treaty of Montevideo, which was signed in February 1960 by Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay. Ecuador and Colombia joined LAFTA in 1961, Venezuela in 1966, and Bolivia in 1967. The governments expressed a desire “to establish, gradually, and progressively, a Latin America Common Market” (Mattli, 1999, p.141). However, the creation of all regional mechanisms in this period was influenced by the economic structuralist theory promoted by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), particularly by an important report released in 1949 by Argentine economist and ECLAC's general secretary, Raúl Prebisch (1950), titled “The economic development of Latin America and its principal problems.” That report recommended the promotion of regional integration in order to reach industrialization in the

region through a strategy of import-substituting industrialization (ISI) on a collective basis (Dabène, 2012, pp. 3-4). Regional integration would also be complemented with employment growth, welfare policies intruded by the state, workers' protection laws, positive terms of trade, and the promotion of new domestic industries, especially small and medium enterprises, among others through protectionist strategies that were considered as a way to attain the development of Latin American nations.

It is worth mentioning that “the U.S. opposed the creation of ECLAC right from the beginning, arguing that it duplicated the function of the Inter-American Economic and Social Council (IA-ECOSOC), and was also a very fierce critic of the ISI strategy” (Dabène, 2012, pp. 7-8). The United States wished to keep the region without any integration project so it might be easy to negotiate with each country under the terms of free trade agreements.¹⁴

Internal alliances in South America were weakened not just by the U.S. opposition but also by the fact that the ISI strategy, which was supposed to create strong national economies, did not get the expected results in terms of expanding trade within the region. “The average share of intra-regional trade in the total trade of LAFTA countries was 8.5 percent from 1952 to 1960; the average from 1961 to 1964 was only 7.9 percent, despite a slight increase in total trade from 1960. Intra-regional trade ceased to grow in 1967 while extra-regional trade continued to boom” (Mattli, 1999, p.142). While it led to high levels of growth, it also brought bad consequences: high prices of manufactured goods and inflation, external debt, inefficient allocation of resources, narrowness of the domestic market, elevated inflation, increasing balance of payment deficits, deteriorating terms of trade, compared to industrialized countries, lack of national technological innovation, and a substantial debt incurred by some Latin American countries

¹⁴ During the Kennedy Administration, the US was eager to promote Latin American integration through the Alliance for progress

(Brazil, Argentina, Mexico and Venezuela) which called for large sums of money to international creditors to carry out plans of industrialization, especially in infrastructure (Da Silva, 2015). Also, the European reductions of their tariffs in the Dillon, Kennedy, and Tokyo Rounds of the General Agreement on Tariff and Trade (GATT) generated an export boom in Latin America. As a result, the Latin American political leaders saw little interest in diminishing its sovereignty by signing regional agreements. There was also a lack of cooperation between the countries, reflecting the absence of a regional hegemon, and recurrent democratic instability (Mattli, 1999, pp.146-147).

Instead of continuing with the LAFTA idea of an integration project that would unite all of Latin America or at least South America, LAFTA itself suggested in 1964 separate agreements between sub-groupings of less-developed countries. In this context, Bolivia, Chile, Colombia, Peru and Ecuador signed the Cartagena Agreement, also called the Andean Pact, establishing the Andean Common Market in 1967. It was a free trade agreement with a common external tariff, based on an interregional trade liberalization, and regional industrial planning (Malamud & Schmitter, 2011, p. 140). This organization set up an Andean Development Corporation in 1968, which was created in order to finance some projects of mutual interest (Dabène, 2012, p.8). Venezuela joined the group in 1973, but Chile withdrew in 1976. However, the Andean Countries were not natural trade partners. Eighty percent of their export went in approximately equal shares to the United States and Europe. Most of their imports also originated in the US. There were also problems between governments due to the political changes in the states that caused the lack of consensus, and the politicization of the organizations. The scheme was so rigid that the states were not able to meet their obligations,

and integrate the norms into their internal regulations (Mattli, 1999, pp. 147-148; Malamud & Schmitter, 2011, p.141).

The beginning of this fragmentation of South America, and the integration of unequal partners drove the sub regional process into a “zone of indifference” in which the states started to think in new ways of improve the organization without generating path dependency (Dabène, 2012, pp. 8-10).

The New Regionalism or Second Wave (1970- 1980). At the end of the 70s and during the 80s, economic crisis led to new ways of thinking about regionalism. The Latin American countries’ debt increased twofold or more; the Gross Domestic Product (GDP) fell, and poverty increased, generating the debt crisis in 1982. Governments’ attention was focused on this situation, and less was paid to regional process of integration. This was an opportunity for the regional institutions to be able to consolidate themselves as organizations with some degree of supranationality or independence, creating a “path dependency” while the governments were busy with their domestic problems (Dabène, 2012, p. 11).

For Dabène (2012),¹⁵ this is phase runs from 1973 to 1986, dates that marked the creation of the Caribbean Community and the Rio Group respectively. For him, the new phase of regionalism is characterized by political rationality, created to address the dynamics of globalization, incorporating environmental, cultural, security issues. The causes that marked the origin of this stage are: the general discontent about the politics of what was called inward industrialization; the low industrialization level reached in each of the countries; the short time given to each member to meet the objectives of the institutions, domestic political changes that affected the political alliances in the region¹⁶, and multilateral negotiations, strong nationalism,

¹⁵ For Dabène, this period is more an intermission between two paradigm shift.

¹⁶ The Coup D’Etat in Chile 1973

and other external variables that also affect the region, for example, the end of the gold standard in 1971 and the oil shocks of 1973 and 1979.

In the academic level a new current of thinking emerged from the same ECLAC school that led to criticism of the inward industrialization proposed by Raul Prebisch. These academics, including Fernando Henrique Cardoso, Theotonio Dos Santos, among others developed a new approach called “Dependency Theory” that argued that instead of endogenous strategies based on ISI, the state should have a direct “participation in the production of strategic goods, services, and infrastructure through an expanded public sector” (De la Barra & Dello Buono, 2009, p. 8), this would help to the creation of a bureaucracy that could confront the elites and create a stronger middle class that could foster the domestic market.

The 1973 coup in Chile, and the imposition of a the military dictatorship led by Augusto Pinochet, began undermining Andean integration, since Chile began demanding changes that favored its position in the group. Bolivia, Colombia and Peru experienced political changes that made the governments support a greater economic liberalization and reject the ISI model. A new wave of right-wing dictatorship arrived to the southern cone; the left was neutralized. Some countries led by Chile started a new strategy known as export promotion, which became the onset of the globalization. ECLAC’s paradigm suffered a crisis of legitimacy, which allowed that another initiative emerged the Latin American Economic System (SELA) in 1975, as an organism of consultation and cooperation promotion. SELA substituted Special Latin American Coordinating Commission (CECLA) created 1964 (Dabène, 2012, p. 11). LAFTA became the Latin American Integration Association (LAIA) with the Montevideo Treaty in 1980, keeping as its main objective the gradual and progressive establishment of a Latin-American Common Market in a fragmented Latin America. The Rio Group was also created in this period (1986) by

the Declaration of Rio de Janeiro, which was the extension of the Contadora Group's initiative promoting peace in Central America, and an alternative body to the Organization of American States in which the Latin American countries might coordinate common positions, integration policies, interest, among others.

The Third wave, Open Regionalism or the Neo-liberal Paradigm (1990). As a consequence of the end of the Cold War, the crisis in Latin America marking the hegemony of the US, and the free market era; a new kind of “epistemic community, espousing orthodox-liberal economics based in the ideas developed by ‘Chicago School’” (Hulme & Scott, 2010, p.301), emerged as a way to solve the situation, commonly labelled “neoliberalism”. These strategies were also known in Latin America as the Washington Consensus (Sanahuja, 2012, p. 25), reflecting the dominance of the international organizations dominated by Washington, including the World Bank and the International Monetary Fund (IMF). The measures included in the package that each country should apply in exchange for renewed financing were: budgetary discipline, changes in public spending priorities, tax reform to promote consumption taxes, interest rates determined by the market, exchange rate led by outward orientation and export expansion, trade liberalization policy of openness for foreign direct investment, privatization, and establishment of property rights. The Washington Consensus did not originally address regional integration, since it promoted domestic policies for each of the countries, and opening markets. However, in response to the material and discursive power of the international financial institutions, ECLAC rejected its former theory and introduced a new one adapted to the trend; “open regionalism with equity” (ECLAC, 1994). According to Dabène (2012), “[w]hat differentiates open regionalism from classic multilateral trade liberalization, and non-discriminatory export promotion is that it includes a preferential element, which is reflected in integration agreements and reinforced by

the geographical closeness and cultural affinity of the countries of the region” (p.12). Open regionalism was a political project centered in economic cooperation between geographic neighbours based on flexible and informal rules and social policies (Dabène, 2012; Sanahuja, 2012); however, in reality the “social” dimension was left aside, and the countries just followed the policies from the Washington Consensus

This was a widespread phenomenon, according to Söderbaum (2004): “Since the late 1980s we are witnessing an explosion of various forms of regionalisms and regionalist projects more or less all over the world. The widening and deepening of the European Union (EU) is perhaps the most debated example of this trend.... (re)emergence, revitalization or expansion of regional projects and organizations” (pp. 3-4). In South America new projects were established like MERCOSUR, composed of Brazil, Argentina, Uruguay and Paraguay, created by the Treaty of Asunción in March 1991. The objective of this organization, according to Malamud and Schmitter (2011) “was to provide support for their fledgling democratic regimes¹⁷ by lessening domestic pressures for greater military spending and increasing social welfare through international cooperation,” (pp.141-142) and the creation of a single market of goods and people. The treaty was amended by the Protocol of Ouro Preto in December 1994, which gave MERCOSUR a structure and an international legal personality. The members agreed to an imperfect custom union by January 1995 and a full common market in 2001. An organization that was initially framed by neoliberal ideals, it began to be seen as a symbol of resistance after the global financial crises of 1995-99.

In these reformulations, the Andean Pact also was renegotiated. In 1987 the Quito Protocol was signed, adding flexibility in the adoptions of the policies and harmonization. In

¹⁷ In south Cone of South America a turned to right was experience during 1989 and 1990, with Carlos Menem in Argentina, Luis Alberto Lacalle in Uruguay and Fernando Collor in Brazil.

1990, the states coordinated an agenda that will drive the Andean Pact into a free trade zone; however, in 1992 Fujimori's "self-coup" (*autogolpe*) stopped the development of this initiative. It was not until 1996 when the organization was revitalized with the creation of the Andean Community (Mattli, 1999, pp.156, 161; Dabène, 2012, p.14).

While these initiatives were promoted within the region, the United States was also promoting a new wave of regional integration inspired by neoliberal principles. Negotiations for the North American Free Trade Agreement (NAFTA) started in June 1991, and the Agreement was signed in 1992 (largely based on the 1988 Canada – U.S. Trade Agreement). Subsequently, the U.S. hosted the First Summit of the Americas in Miami in December 1994, hoping to extend the NAFTA model to the rest of the hemisphere. Thirty-four countries of the American continent were present, leaving out only Cuba. The main objective was progressive elimination of all the barriers to trade by the year 2005. This was seen as a period of the height of US hegemony in the region (Dabène, 2009).

The European Union also adopted open regionalism, and started to promote inter-regionalism with Latin America, for example. In this time the EU-LAC summits were about inter-regional trade liberalization. However, they did not reach the result that was expected. It is worth saying that for the first-generation integration processes, the paradigm shift was incomplete. The Andean and Central American regions tried to adopt neoliberal path in 1990s, but it did not spread to the whole system. As a result, the effects of the implementation of the neoliberal strategies in Latin America could be evaluated as less successful than those of the structural era.

The failure of this paradigm, the emergence of social movements, and the discontent of population, allowed the arrival of progressive and even leftist governments in Latin America. It

created the conditions for the emergence of a new phase variously called post-neoliberalism, post-liberal or post-hegemonic regionalism.

The Fourth Wave: Post- Hegemonic Regionalism, or the Post-neo-liberal Paradigm (2000-2010). Academics ¹⁸ have referred to this era as Post-liberal, Post- Hegemonic, and Post-neo-liberal. For Riggiozzi (2012), “[b]y post-hegemonic we mean regional structures characterized by hybrid practices as a result of a partial displacement of dominant forms of US-led neoliberal governance in the acknowledgement of other political forms of organization and economic management of regional (common) goods” (p.12). She also refers to a second definition from Tockman (2010) who says that “post neoliberalism represents a combination of Keynesian welfare politics and socialism” (p. 24).

Sanahuja (2012), who defines this stage as postliberal, established some characteristics that describe this trend: first, a return to politics in the external relations and developmentalist agenda, with less attention to trade and economic liberalization. Second, detachment of neoliberalism, open regionalism and its approach to trade liberalization. Third, greater state autonomy from the market, in the field of development policy and foreign policy towards the US. Fourth, more emphasis on the 'positive' integration agenda, focused on the creation of common institutions and policies and closer cooperation in non-commercial areas (South-South cooperation). Five, increased attention to social issues and reducing development asymmetries. Six, greater involvement of non-state actors and social legitimization of the processes of Integration (pp. 32-33). Likewise Riggiozzi & Tussie (2012) and Yates & Bakker (2013) supported Sanahuja's vision, adding the social control of the market, attention to social issues,

¹⁸ Post-neoliberal (Riggiozzi, 2009; 2012; Macdonald & Rückert, 2009), post-liberal (Sanahuja, 2010; 2012), and/or post-hegemonic (Riggiozzi; Tussie, 2012).

participation of non-state actors, social legitimization of government policies, and defensive strategies against hegemonic powers.

These characteristics are commonly linked with both the South America Union of Nations (UNASUR) and the Bolivarian Alliance for the Peoples of Our America (ALBA) (Dabène, 2012; Sanahuja, 2012, 2011, Riggirozzi & Tussie, 2012), which makes these two organizations as held up as best examples of the rise of post-liberal regionalism. But what are the factors that allowed the creation of these institutions?

The neoliberal stage came to an end with the economic crisis at the end of 90s. This situation provoked a repoliticization inside of the sub-regional institutions (Dabène, 2012). This repoliticization is linked to the rise of leftist governments in the region,¹⁹ which vary in nature based on to what extent each government rejects the neoliberal model, and about what side of the political spectrum they want to approach: extreme left, or other more social-democratic/progressive. As a result of this political shift in the region, the U.S.-led proposal for the creation of the Free-Trade Area of the Americas (FTAA) concluded unsuccessfully in 2005. In response, the US started to sign bilateral Free Trade Agreements with more like-minded Latin American governments²⁰. This is also considered as a struggle between two visions that collide in South America, the neo-liberal approach still supported by US and the progressive variety supported by most of the South American countries (Colombia remained a notable exception to this trend). In this wave, new regional organizations were created: UNASUR and ALBA. All of

¹⁹ Néstor Kirchner (2003-2011) and Cristina Fernandez (2011) in Argentina; Michelle Bachellet (2006 and 2014) in Chile; Evo Morales (2006) in Bolivia; Luiz Inacio 'Lula' Da Silva (2003), Dilma Rousseff (2011) in Brazil; Rafael Correa (2007) in Ecuador; Tabare Vazquez (2005 and 2010) and Jose 'Pepe' Mujica (2010) in Uruguay; Fernando Lugo (2008) in Paraguay; Ollanta Humala (2011) in Peru; Hugo Chavez (1998 -2012), and Nicolas Maduro (2013) in Venezuela.

²⁰ Like FTAs signed with Peru, Colombia, Chile, and Central America, and the Dominican Republic.

this means that the left introduced a new paradigm for regional integration in South America (Dabène, 2012).

At the same time, MERCOSUR and CAN intensified their activities, and the ECLAC doctrine of industrial complementarity returned. However, in the case of the CAN, there were fewer changes since not all the countries in the Andean Community turned towards the left. This situation of stagnation inside of the CAN, the continuity with some of the old policies, and the U.S. signature of the free trade agreements with Colombia and Peru resulted in Venezuela's withdrawal from the Cartagena Agreement in 2006, and its joining of MERCOSUR.

This was a stage of discontent with previous mechanisms of integration and the search for alternatives to them. The most interesting observation is that UNASUR has included twelve countries of the region and created an institutional structure. In the case of ALBA it is based on political cooperation of countries with similar trends and lacking a defined structure. In this period another political organization emerged known as Community of Latin American and Caribbean States (CELAC) in 2010. This initiative was created within the Grupo de Rio and the later was also substituted by the CELAC itself, as UNASUR and ALBA reject the presence of Canada and US as members, and is an enlarged UNASUR. The next year the Pacific Alliance was created, a regional trade bloc formed by Peru, Chile, Colombia, and Mexico (2011), and Costa Rica (which joined in 2014). This association is a free trade area, and was created for presidents that have a similar political orientation and that had signed free trade agreements with the US. Even though this organization was created in the period of post liberal regionalism, it has strong characteristics of open regionalism. The rise of UNASUR, ALBA and CELAC in Latin America suggest there is a new paradigm in the study of the regionalism (Post – liberal regionalism); however, the fact that Pacific Alliance emerged in the same time period, and that it

presents characteristics of open regionalism, implies that there is no shift of paradigm in regional integration in Latin America, instead they are two coexisting at the same time.

Hitherto, four waves of integration processes in South America have been discussed. However, for the last one, post-neo-liberal regionalism, a doubt still remains whether there is a new paradigm, or if it is a sort of transitional paradigm that brought together all the previous trends. As was mentioned above Riggirozzi (2012) states that post-hegemonic regionalism is characterized by hybrid practices of a combination of Keynesian welfare politics and socialism; Macdonald and Ruckert (2009) also brought the query whether post-neoliberalism represent the death of the neoliberalism in the area or represents an articulation or reconfiguration of the neoliberal practices in a gentle way.

In the case of Riggirozzi her concept implies the breaking with the former paradigm, while Macdonald and Ruckert point to the continuity with the previous paradigm, with a social face. Similarly, Taylor (2009) argues that this “new paradigm” is the second generations of the neoliberal reform with a social agenda and the idea of the “post-Washington Consensus” developed by Joseph Stiglitz. Taylor expressed that the post-neo-liberal “practices such as institution building, the new regulatory role of the state, and the empowerment of the poor do not mark a fundamental rupture with the central aims of the neoliberal project, nor have they solved the internal contradictions”(Taylor, 2009, p.22).

However I address the concept state by Da Motta Veiga and Rios (2007, p.28) in which the aim of post-neo-liberal regionalism is no longer the liberalization of trade and investment, on the contrary the endogenous economic development centered on equity. In this case the post-neo-liberal states cut or curtail their connections with foreign agencies that determine the evolution of economic development of the Latin American countries (the WB and IMF), and also break with

the relation of domination of foreign countries (in this case US) towards the region. The focuses of the policies are centered on the political security and development agenda instead of orthodox macro-economic policy. The social dimension of integration is the most valuable ingredient of this new process. If that is true, why do I stay that UNASUR is a hybrid organization in between two paradigms? The questions reveals part of the answer, it is not that post-neo-liberalism is a hybrid, It is that UNASUR is the hybrid, and it does not represent the aforementioned paradigm in its totality. Bringing back the work of Heidrich & Tussie (2009), the states that form a regional organization have to deal with two well marked forces: one the economic liberalism in which the whole world is emerged, and the other the will to assure social protection to their inhabitants, protecting them from side effects involved in neoliberal capitalism, and enabling their participation in the search for alternative solutions.

In chapter number five, I present in which areas UNASUR still presents vestiges of the open regionalism, why this is happening and in which areas the organism represents a good example of the fourth wave.

Chapter IV: UNASUR's origins: Analysis of preferences and perceptions

In the last two chapters, I described the theories that have been implemented for the study of Latin American integration, and I described the evolution of the South American integration since the 1950s. Now, in this chapter, I present an analysis of the factors that encouraged the rise of UNASUR, and other alternative integration mechanisms in the area, like ALBA. These go hand in hand with many events that occurred during the twentieth century and whose impact has generated the dissatisfaction of different groups of the South American population. This chapter includes local, regional and international events (not included in the previous chapter) that promoted the paradigm shift in the area. Furthermore, economic events, institutional shape, and leadership (individual and collective) that influenced the creation of UNASUR are included.

Later, I presented the result obtained from the examination of news articles and opinion pieces in leading newspapers in five countries during 2004-2009, in which I was looking at the existence of a correlation between the perceptions of the civil society (individual, interest groups, and bureaucrats)- conditioned by the aforementioned events, about the following institutions: Andean Community (CAN), Southern Common Market (MERCOSUR), the World Bank (WB), Inter-American Development Bank (IADB) and International Monetary Fund (IMF), and the preferences of the leaders regarding those institutions.

The results showed the perceptions of the civil society are crucial for guiding the preferences of the leaders in relations to decisions to whether or not to create alternative regional institutions in this particular case UNASUR, without leaving aside the leadership of some presidents, and the ideological ambiance generated over the last decade in Latin America. It is impossible to forget that this same civil society is the one who gave the opportunity to these new presidents to come to power.

Development! Where are you? Who forgot to tell you that social participation, equity, and justice must be part of you?

During the stage of old regionalism, in which the theorists wanted to bring the region to the same levels reached by the European Union or the United States, the role of popular participation was eliminated. “The develop of the underdevelopment” in the strong phrase of the structuralist paradigm did not include the social participation or the incorporation of the civil society of any kind of organized group in the configuration or shape of the regional integration. The crisis of ISI and the weakness of civil society eventually contributed to the rise of right-wing dictatorships in Chile (Augusto Pinochet 1973-1990), Argentina (Jorge Videla 1976-1981), Brazil (Brazilian generals), Bolivia (Hugo Bánzer 1971-1978), Paraguay (Alfredo Stroessner 1954-1989), and Uruguay (series of presidents de facto appointed by the military 1973-1985). All those presidents were supported by the United States, in its fight against to the spread of the communist movements in the Americas during the Cold War. The Condor operation was created by the Central Intelligence Agency (CIA); it was a plan of surveillance, detention, torture and murder cover of people and subversive groups, which were considered by the United States and the military governments as contrary to their ideology. These strategies killed the hopes of achieving progressive governments in the area, as displayed in the 1983 U.S. invasion of Granada and the financing of the “contras” in Nicaragua against the Sandinista Nacional Liberation Front (FSLN) (De La Barra & Dello Buono, 2009).

Economic forces also played into the political changes in the region. The end of the convertibility of the dollar into gold in 1971, plus the oil crisis in 1973 led to an international economic crisis (especially in the US) that promoted political and social instability. Even though the dictatorships had profited from the high price of commodities, they also borrowed money

from the international financial institutions. In response to the crisis, the US increased interest rates, provoking that Latin American countries had to pay more for debt servicing than the debt itself. The big losers with this policy were the middle and lower segments of the population. Dictatorships began to run out. In Uruguay was clear the result of the 1980 plebiscite contrary to the reforms promoted by dictators, Chile waited until 1989 for a similar fact. Argentina's defeat in the Falklands (1982), without the backing of the United States, showed the weakening of the dictatorship without the support of its neighbours or the United States.

During this period that belongs to the old and new regionalism, none of the regional integration mechanisms contemplated the inclusion of citizen participation. With a government characterized by grave violations of human rights, the possibility that the average citizen could have access to an international body was unthinkable.

The Neo-thing.

In the 80s, a new ideology was spread across the continent “the resurgence of the neo-conservative or neo-con” in the United States. This ideology wanted to spread the “democracy” throughout the Americas. The Reagan’s administrations (1981-1988) and George Bush (1989-1992) were the promoters of this ideology. The US’s movement started a discredit race against the dictatorship that they used to support; the idea was the spell of these dictatorships and created new elite in the Americas, an elite that supports the expansion of the global capitalism. They formed in 1983 the National Endowment for Democracy (NED), was a “private, non-profit organization to strengthen the democratic institutions around the world through nongovernmental efforts...governed by an independent, nonpartisan board of directors” (De la Barra & Dello Buono, 2009, p.5).

With a set of institutions in the area, the introduction of the new elites in the newly born democracies, and with the recipe for the economies in crises named the Washington Consensus, the US had the best moment for the spread its markets towards Latin America. According to the neo-liberals, inequality is part of the standard process of development of the countries and eventually trickles down, and the state should not interfere in market's affairs. The ultimate expression of citizen participation was at election time, where citizens expressed by whom they would be governed for a determined period. This economic ideology called “Pensamiento Unico” (Barret, Chávez & Rodríguez, 2008, p.9) was sold to Latin America as a path to follow; and putting aside the mass murders; the violation of human rights during dictatorial times. The new governments in Latin America for this period also rewarded the dictators and murderers with amnesties and political positions.

The Washington Consensus as it was addressed in the previous chapter did not deliver the expected results: to the contrary, policies directly affected the poorer classes incremented their poverty and inequality, which was more evident in the countries that were hit by the debt crisis (Barret, Chávez & Rodríguez, 2008, p9) these classes carried out riots against the measures imposed by the IMF.

On February 27th, 1989, in Venezuela, an event known as “El Caracazo” occurred which was a series of protests against of the government due to the implementation of the neoliberal package sponsored by IMF. It involved a series of riots, looting, and murders (Toussaint, 2008). In 1994, Mexico witnessed a dramatic financial crisis²¹ (known as “Efecto Tequila”) that spread to Southeast Asia in 1997-1998, Russia 1998, Brazil 1999, Argentina (called Corralito Financiero) and Turkey in 2000-2001. Paul Krugman said that “the Mexican crisis marked the

²¹ Even though the World Bank entitled Mexico as the miracle (meaning as success) in the application of neoliberal measures during 1993-1994.

beginning of the deflation of the Washington Consensus" (cited in Pender, 2001 p. 402). Also in 1994, the North American Free Trade Agreement (NAFTA) between Mexico, the United States and Canada came into effect, which provoked the uprising of the Zapatista Army of National Liberation (EZLN) in Chiapas. Other influential social movements that emerged in protest against the neoliberal measures were: the Confederation of Indigenous Nations in Ecuador (CONAIE), Movimento Sem Terra (Brasil), Via Campesina (Brasil), the Cocaleros (Bolivia), the World Women's Movement March (2000), the World Social Forum (2001), the Seattle Battle in 1999 against of the Millennium Summit of the World Trade Organization (WTO).

The old left leaders or social activists are no longer in the spotlight; the repression against them diminished their strength; now the new movements are "the unemployed, retired, indigenous people, ethnic minorities, youth, and even some factions of middle class who found themselves abruptly displace to the ranks of the new poor" (in De la Barra & Dello Buono, 2009, p.54); I also include the military groups that disagreed with the dominant practices like the MBR200 in Venezuela (left tendency), or Carapintadas in Argentina (right-wing).

The political parties were discredited. In a 2005 Latinobarometro Report "found that more of 60 percent of people in eleven of eighteen Latin American countries surveyed believed that voting constitutes a valuable tool for future change. However, only in five of these countries do the majority of people think that the elections are honestly conducted" (in De la Barra & Dello Buono, 2009, p.13).

The crisis of the political parties and the market crisis brought the opportunity for alternative movements to appear, due to the political, social, and the ideological discourses of the elites did not buy the credibility of the people. This is a "Legitimation Crisis" (Habermas, 1975) that also is more evident when the expansion and advance of the capitalist accumulation are

manifest, and the social exclusion is systematic produce a political opposition who challenge and wants to get rid of the actual system.

In the 90s, the old parties were losing ground. In Mexico for the first time, after seventy years of consecutive governments of the Institutional Revolutionary Party (PRI), in 2000 the National Action Party (PAN) managed to win the elections with Vicente Fox as president. In Venezuela, the traditional bi-partisanship of the Democratic Action (AD) and The Committee of Independent Electoral Political Organizations (Comité de Organización Política Electoral Independiente- COPEI) was over when these parties lose the elections against the *Chirisperos* in 1994 with Rafael Caldera as a new president. Caldera won because he promised in its election campaign to release the political prisoners who gave the coup against President Carlos Andrés Pérez in 1998 and 1999, so this measure allowed to Hugo Chávez ran in an electoral campaign. In Bolivia a new political party was created, the Movement Towards Socialism (Movimiento al Socialismo - MAS) which reached the presidency in 2005 with Evo Morales as the first indigenous person to hold that office.

Social Movements and South American Integration²²

The movements and also “the new Latin America left has been strengthened by the revitalization of the international left following the 1999 protest in Seattle” (Barret, Chávez & Rodríguez , 2008, p. 11). One of its highest expressions internationally was reflected in the creation of the World Social Forum (WSF), whose first meeting was organized by the International Association for the Taxation of Financial Transactions for the Aid of Citizens (ATTAC) and the Brazilian Workers Party (PT) in January 2001 in Porto Alegre. Also other

²² In this section the objective is to present the views, demands and expectations of social movements with respect UNASUR. Perceptions of individuals and interest groups (farmers, investors, traders, etc.) are presented in the section on perceptions of civil society, and can be seen summarized in quantitative terms in Appendix 7.

meetings of social movement were organized in order to incorporate demands in regional organizations, including the Social Summit for the Integration of Peoples held from 6 to 9 December 2006, organized by Continental Social Alliance and the Bolivian Movement for the Sovereignty and Solidarity Integration of Peoples; this summit was held simultaneously with the second Summit of the South American Community of Nations in Cochabamba, Bolivia. The “Manifiesto” express what the social movements wanted from this new organization:

The South American Community of Nations should not be an extension of the free market model based on the export of commodities and natural resources, based on indebtedness and the unequal distribution of wealth.

The creation of a real South American Community of Nations cannot be a process which excludes popular demands and this requires a genuine social participation.

We believe that further integration is required in which cooperation is the core of the process instead of competition, the rights of citizens over commercial interests, food sovereignty over the agro-export, the decisive action of the state in pursuit of welfare instead of privatization and the sense of fairness over profits, respect for the environment over the ruthless plundering of natural resources and gender equality over the unjust sexual division of labor (Papda, 2006).

During the XXX Summit of Heads of State of Mercosur held in the city of Cordoba (Argentina) in July 2006, the first meeting of *Encuentro por un MERCOSUR Productivo y Social* took place at the same time, organized by “Somos Mercosur”. This initiative was part of an Argentine proposal aimed at institutionalizing a space of social participation in the Mercosur Presidential Summit. There were no major advances over MERCOSUR proposed at that meeting. My experience in this regard was that social movements that were present in the Summit were sent by the governments or authorities, so their proposals went hand in hand with the ideas that presidents would express within the Summit.

However, the social movements continued to express their demands. Two months before the creation of UNASUR (March, 2008), social networks, social organisations and trade unions participated at a seminar titled "UNASUR: conflicting interests" in Brazil. In this meeting the

social movements asked UNASUR to: strengthen democracy, “transform the economic model away from being primarily export-driven: a model that expands monocultures, exacerbates land concentration, defends the interests of agro-business and the intertwined interests of transnationals” (Bilaterals.org, 2008). They also asked UNASUR to incorporate the Bank of the South in its structure. Many of these proposals were part of the aims that the Councils of UNASUR incorporated in their Statutes.

The same day that UNASUR treaty was signed, the Hemispheric Social Alliance made the following statement:

“[W]e see in UNASUR the potential to create an independent area with the participation of society, that serves to tackle the real problems of our people. However, it is troubling that this process is moving forward behind the backs of our people, the key beneficiaries of the project, without information, consultations or any participation. Calls to question the neoliberal model that many governments promote go unanswered, and the agreements have not established priorities so that human rights obligations come to the fore. We also lack mechanisms to prevent South America’s participation in the international division of labour from being unfair. We, the social organisations and popular movements of South America, demand a genuine role in the decisions made regarding how UNASUR is designed and rolled out”(Hemispheric Social Alliance, 2008).

The expectations were high: these groups saw UNASUR as representing hope in the actual economic system. However, it took three years for presidents to create the Economic Financial Council of UNASUR (CSEF) in 2010 and its first Action Plan was created in 2011. For some organizations (like Jubilee South/Americas, Attac-CadtmAYNA, Friends of the Earth Latin America and the Caribbean, the Hemispheric Social Alliance, the Latin American Peace and Justice Service and the Lutheran World Federation’s Program on Illegitimate Debt, and the Argentine Workers’ Central) it has taken a long time to have results in the economic areas. In 2011, they demanded from the CSEF the transformation of the current model of production and consumption, collective action related to the debt claims from IMF to the countries in the region,

common action against speculative bubbles in the commodity markets, the realization of a Reserve Fund of the South, and common controls on capital movements and exchange rates (Jubilee South, 2011). In 2014, the UNASUR created the “Foro para la participación ciudadana,” as a mechanism in which the social movement can introduce their demands, ideas, project to UNASUR leaders. If this initiative is successful will be an important reference point for other regional organizations in South America.

Economic perspective

The notion of integration is always linked to the concepts of development and growth. During the waves of integration studied before,

“[t]he average growth rate [for Latin America] in 1990-2003[during the open regionalism], [was] 2.6% per year, less than half of that obtained in the period of state-led industrialization[old and new regionalism together]: 5.5% per year between 1950 and 1980. Even during the years in which the new model worked better, between 1990 and 1997, the growth rate of 3.7% per year was significantly lower than that achieved between 1950 and 1980 also 1990 to 1997. In turn, the weighted index total factor productivity of the ten largest Latin American economies rose just 0.2% per year in 1990-2002 to 1.1% in 1990-1997 compared with 2, 1% by 1950-1980” (author’s translation) (Ocampo, 2005, p.10).

According to that the capitalism model and the neoliberal measures did not show good results in the region, improvements in growth were not successful, so development was not reached. This stage is commonly called the “lost decade” in Latin America.

It is worth asking if integration organizations were created to promote development, increase intra-regional trade and promote national production, what happened with these organizations during these stages? What did they do to improve the countries' conditions? According to neo-functionalism and also intergovernmentalism, cooperation begins to address economics problems and because of existing economic interdependence. In the case of Latin America, this is not true. As it is shown in the next table, the percentage of the intraregional

commerce in the CAN was between 1986-1989 just 3.7 %, and for the same period for MERCOSUR was 7.7%. In comparison, the intraregional commerce for EU was 64, 2 %. There is no such economic interdependence among Latin American countries. The only significant increase in intra-regional commerce is for MERCOSUR between 1994-1997 with 21.4%; this number has dropped for the next period reaching just 13.8% in 2005-2007, which was called the period of crisis for MERCOSUR and also the CAN.

Table 4 Latin America and the Caribbean and some regions of reference: evolution of Intra-regional exports and participation in the World Trade in goods, 1986-1989, 1994-1997 and 2005-2007

AMÉRICA LATINA Y EL CARIBE Y ALGUNAS REGIONES DE REFERENCIA: EVOLUCIÓN DE LAS EXPORTACIONES INTRARREGIONALES Y PARTICIPACIÓN EN EL COMERCIO MUNDIAL DE BIENES, 1986-1989, 1994-1997 Y 2005-2007
(En porcentajes de las exportaciones al mundo)

	Coeficiente del comercio intrarregional medido según las exportaciones (A) = $(X_{\text{intra}}/X_{\text{Tot}})*100$			Importancia de las exportaciones regionales en las exportaciones mundiales (B) = $(X_{\text{Tot}}/X_{\text{Mundo}})*100$		
	1986-1989	1994-1997	2005-2007	1986-1989	1994-1997	2005-2007
Comunidad Andina	3,7	8,7	9,1	0,4	0,4	0,5
Mercado Común del Sur	7,7	21,9	13,8	1,5	1,4	1,6
Mercado Común Centroamericano	14,2	21,4	20,9	0,1	0,1	0,2
Comunidad del Caribe	8,1	13,2	14,2	0,2	0,1	0,2
América Latina y el Caribe	13,6	20,0	18,2	3,8	4,6	5,6
África	4,3	9,4	14,5	1,1	1,0	1,7
Asociación de Naciones del Asia Sudoriental	17,9	24,5	25,2	3,4	6,1	6,1
Unión Europea	64,2	65,7	67,1	41,1	39,7	38,0

Fuente: Comisión Económica para América Latina y el Caribe (CEPAL), sobre la base de Naciones Unidas, Base de datos estadísticos sobre el comercio de mercaderías (COMTRADE).

Source: CEPALC (2010).

The next table shows, the importance of bilateral trade of Latin American countries with countries outside the zone. For Brazil, Colombia, Ecuador, and Venezuela, trade with the United States is more important than that with Latin American partners for both periods. However, Brazil in the second period did not focus on exports towards the US but to the Asia countries. This means that integration processes in Latin American should be based on something else than

just economic issues in order to be successful. Probably, in this case, the spillover should start with the political functions first, instead of economics.

Table 5 Latin America and the Caribbean: destination of exports, 2000-2001 and 2008-2009. (Percentages)

AMÉRICA LATINA Y EL CARIBE: DESTINO DE LAS EXPORTACIONES, 2000-2001 Y 2008-2009 (En porcentajes)										
	América Latina y el Caribe		Estados Unidos		Unión Europea		Asia y el Pacífico ^a		China	
	2000- 2001	2008- 2009 ^b	2000- 2001	2008- 2009 ^b	2000- 2001	2008- 2009 ^b	2000- 2001	2008- 2009 ^b	2000- 2001	2008- 2009 ^b
MERCOSUR	32,1	28,1	19,9	10,7	24,0	21,7	9,5	20,1	3,0	9,7
Argentina	47,2	39,1	11,4	6,9	17,8	18,7	9,1	16,2	3,6	8,6
Brasil	23,7	22,8	24,5	12,5	27,3	23,1	9,9	22,3	2,6	5,7
Paraguay	69,6	66,7	3,4	1,6	12,4	15,1	2,8	1,8	0,9	1,8
Uruguay	52,7	40,6	8,5	3,5	17,6	17,4	8,5	7,6	4,5	3,5
Comunidad Andina^c	24,3	23,4	48,7	44,8	11,5	12,5	4,2	9,5	1,1	6,3
Bolivia (Estado Plurinacional de) ^d	51,2	63,9	19,2	7,2	14,0	5,8	1,2	17,6	0,4	1,1
Colombia	32,0	28,1	47,0	38,1	14,1	13,4	2,4	2,6	0,2	1,6
Ecuador	31,8	37,6	38,1	41,7	13,8	12,7	9,7	3,2	0,7	1,6
Perú	19,0	18,1	26,4	16,7	24,6	16,4	16,4	25,3	6,3	13,3
Venezuela (República Bolivariana de)	19,4	16,9	58,2	62,3	6,6	11,4	1,3	7,6	0,2	7,3

Source: CEPALC (2010).

Given the economic structure of these countries, organizations like MERCOSUR and CAN cannot replace extraregional trade. Everything that happens in the U.S. markets has a strong impact in South America, so after the 70s the Latin American countries absorbed the crisis and problems generated in the US who also controlled the decision taken by the international financial institutions.

Leadership.

I argue in this thesis that leadership plays a fundamentally important role in processes of integration.²³ In recent South American history, leadership in favour of regional integration does

²³ Regional leadership as a complex combination of material and ideational resources that allows a state actor to exercise decisive political/diplomatic influence and orient the outcome of

not generally rise from economic demands for integration, but from demands related to security or the presence of a critical event.

In the case of UNASUR, since its beginnings as the “Comunidad Sudamericana de Naciones (CASA)” the role of Brazil and Venezuela’s ideas for the creation of a new regional organization were influential. Brazilian president Fernando Henrique Cardoso (1995-2002) created the idea, to strengthen Brazil’s position in South America in order to be negotiate with the US in the talks about the Free Trade Agreement of the Americas as equals. So Cardoso’s proposals agreed with the tenants of open regionalism.

Both Lula Da Silva of Brazil (2003-2010), and Hugo Chávez of Venezuela (1998-2013) used their leadership to promote the creation of a different organization. Chávez’s ideas were more radical, and his leadership became stronger after the coup against him, he looked for a regional organization that could help the democratic government to stay in power when external influence was able to affect the continuity of his government, and used the power of persuasion he gained from the income earned by high oil prices. Chávez also promoted the creation of an international organization that brings together all the countries in the American continent without the presence of US and Canada. Today that organization is known as the Community of Latin American and Caribbean States (CELAC), founded in 2010. Lula was more pragmatic because he had to create a domestic ambiance of consensus inside Brazil between the state, civil society

cooperative interactions among countries in a given region. Regional leadership goes therefore beyond material power capabilities (e.g., population, market-size, and military and financial capabilities), to include the ability and willingness to obtain neighboring countries’ followership by influencing and shaping their preferences through persuasive policy ideas (Palestini & Agostinis, 2014, p.6).

and the private sector. The performance of these two presidents is described in the summary about UNASUR.

Regarding the presidents studied in this project, it is important to summarize the following main points.

Chávez won the election for the first time in 1998 with a political party he created called the Fifth Republic Movement MVR (Movimiento V Republica); this party gathered different ideologies. Chávez was not clear from the beginning about his tendencies. However, his leadership style was shaped by the National Military Academy. The Academy was shaped by the last dictator of Venezuela Marco Pérez Jiménez, The students of the Academy were taught Prussian army values. Chávez grew up in a low-income family in the country, his entry into the military academy allowed him to achieve professional advancement (López Maya, 2011).

During his active period in the military, Chávez and a group of his peers were strongly critical of the errors of the Venezuelan bipartisanship, corruption, and economic decline. Chávez organized in secrecy, and created the MBR 200 group, to carry out a failed coup against the Venezuelan President Carlos Andrés Pérez (1992). He and his companions were jailed, and released after an election promise of Rafael Caldera in 1994. After that time, he started his political career with a populist discourse; that increased its tone after a failed coup was carried out by the opposition to his government in 2002. He created the idea of “XXI century socialism”; that brought together the influence of Marxism, communism, liberalism, third way, Christianity, and many other trends. As a Venezuelan myself, we are still asking ourselves in fact, what was Chávez’s main proposal? What it is not in doubt is his character as a populist leader, his charisma, and his campaign against all forms of colonial domination, the independence of countries against any hegemonic power (mainly the United States). Chávez was able to mobilize

thousands of people not only in Venezuela but internationally. His party won more than a dozen election campaigns, and the same was re-elected three times as president. It was the main promoter of ALBA, Petrocaribe, UNASUR and CELAC.

Rafael Correa was raised in a humble family but was able to study in Belgium and the United States by winning scholarships. When he came back to Ecuador, he became a professor being known as a critic of neo-liberalism; he identified himself as a “humanist Christian of the left” (Conaghan, 2011). Without any experience, Correa was appointed as Finance Minister in 2005; however, he lasted in that position less than 100 days due to his opposition to the IMF and WB. “On his final day as Minister in August 2005, supporters assembled to greet him with shouts of Correa, President! (Conaghan, 2011, p. 265). After that he started a presidential campaign with populist- indigenous discourse, he won the presidency three times, and he is still president.

The two Kirchner administrations (Néstor and Cristina) are also classified as Latin American Left and populist. They were part of the social (left) movement when Perón was president of Argentina. They mobilized organized lower-class actors and challenged business and financial interests. They established alliances with unemployed workers, social movements, and started trials against the military accused of human rights violation during the dictatorships (Etchemendy & Garay, 2011). The alliance between the Kirchner and Chávez, against the FTAA, and the help that Venezuela gave to Argentina buying the bonds or creating the South Bonds helped Argentina out of default and paid the external debt. Néstor 's charisma and ability mediator enabled him to become the first secretary of UNASUR.

Lula Da Silva is also a charismatic leader and considered one of the most important (with Chávez) proponents of Latin American integration. He is the founder of the Worker’s Party in

Brazil (PT *Partido dos Trabalhadores*): he ran for the presidency three times without any positive result (1989, 1994, 1998), until he won the presidency in the election of 2002, with a progressive discourse. He claimed his party a socialist, and he identified himself as a worker, he promoted the expansion of rights and universal access to social, economic and political goods and services, as well as the environment protection of the country. His ideology popular-socialist focused in his country grassroots movements. At the beginning of his presidency, he faced a strong opposition from businesspeople, who had control over the Brazilian Senate. In order to maintain power, he released a very famous “Letter to the Brazilian People” in which he reaffirmed his commitment to fulfilling the social demands of the Brazilian people, but at the same time “ ‘respect for business contracts’ and guaranteeing that any change would be the ‘product of a broad national negotiation’ ” (Barret, Chávez & Rodríguez -Garavito, 2008, pp. 46-47). However, unlike Chávez, Lula did not fundamentally reshape the country’s institutions: the Senate continued being right or extreme right; the foreign service is influenced by right-wing and neo-liberal tendencies, like the Brazilian central bank.

As I mentioned before the politics in Colombia are dominated by two parties in power, the liberals and the conservative; however, due to the inside dynamics of the country, the fights against the guerrillas, the drug dealers, paramilitary, and their close relation to the US; the leadership in Colombia is “[b]ased on an anti-political discourse that highlights honesty and moral leadership rather than adherence to any ideology or party” (Barret, Chávez & Rodríguez -Garavito, 2008, p. 134). As a result, support for Álvaro Uribe brought together supporters from both of the traditional parties, the Liberals and Conservatives. Uribe broke from his original party, the Liberals, but he received support from the Conservative party during the discussion on

constitutional reform and his re-election in 2006, which marked his shift to the right and pacts with Colombia's oligarchy.

Preferences and Perceptions

One main aim of this project is to measure the perceptions of the different actor of civil society (individuals and interest groups) as well as bureaucrats about organizations that represent the open regionalism paradigm (CAN, MERCOSUR, IMF, WB, and OAS) during the period 2004 to 2009. If the perceptions are mostly negative, this represents a demand to create new regional organizations or transform the previous ones in order to satisfy their demands or needs. Social actors express their demands through their perceptions, which affect the preferences of the leaders in a bottom-up integration process. If this is applicable, the preferences of the leaders should be correlated with the social perceptions.

As it was explained in the introduction, the period selected for the media content analysis is 2004 to 2008, and the countries and presidents are: Argentina: Néstor Kirchner (2003-2007); Brazil: Inácio “Lula” Da Silva (2003-2011); Colombia: Álvaro Uribe Vélez (2002-2010); Ecuador: Rafael Correa (since 2007 as president); and Venezuela: Hugo Chávez (1999- 2013); and the newspapers selected were La Nación, O Globo, La República, El Comercio, and El Nacional. I used Factiva to retrieve a total of 20,409 articles (between opinion letters, and news reports); from this amount just 673 reflected perceptions from the actors studied in this project.

The perceptions are coded as either positive or negative, and they are influenced by domestic, external factors, as well as personal convictions, ideas, values. Liberal-intergovernmentalism disregards these factors; this theory (intergovernmentalism) just highlights the importance of national preferences in the negotiation process. However, with all the events described, I state that they shape the perception of civil society, interest groups, and bureaucrats,

and they also guide the presidents of the countries, who have the final say regarding international agreements, so the national preferences are built in that way. There are also asymmetries that affect the negotiations between the countries of UNASUR that are related to domestic issues, including population size and demographics, the size of the countries, the economic and technological capabilities, among others.

In the next graphic, we can observe the evolution of positive and negative perceptions for each institution. From the total of 667 newspaper articles selected, 87 presented positive perceptions and 580 negative.

Figure 1 - Comparison Positive and Negative Perceptions 2004-2008.

Source: own elaboration.

Table 6 Results consolidated by actors. Positive and negative perceptions 2004-2008

Country	Actors	Positive Perceptions				Negative Perceptions			
		CAN	MERCOSUR	OAS	IMF /WB/BID	CAN	MERCOSUR	OAS	IMF /WB/BID
Argentina	Ind.	0	7	5	1	4	48	5	17
	Int. Gps.	0	3	1	0	0	27	1	15
	Rep.	0	18	2	4	13	65	10	76
	Sub-total	0	28	8	5	17	140	16	108
Brazil	Ind.	0	4	1	1	1	12	1	23
	Int. Gps.	0	0	0	4	0	3	0	6
	Rep.	0	2	1	8	2	10	3	44
	Sub-total	0	6	2	13	3	25	4	73
Colombia	Ind.	1	1	0	0	4	0	0	0
	Int. Gps.	0	0	0	0	6	3	0	0
	Rep.	0	3	0	2	11	0	0	0
	Sub-total	1	4	0	2	21	3	0	0
Ecuador	Ind.	4	2	0	3	13	4	0	11
	Int. Gps.	1	0	0	0	10	1	2	3
	Rep.	2	0	0	0	29	3	2	4
	Sub-total	7	2	0	3	52	8	4	18
Venezuela	Ind.	1	0	0	0	8	7	6	10
	Int. Gps.	1	1	0	0	3	2	2	4
	Rep.	2	0	1	0	20	7	10	9
	Sub-total	4	1	1	0	31	16	18	23
TOTAL		12	41	11	23	124	192	42	222

Source: own elaboration.

It can be seen that during the year 2004, both MERCOSUR and international financial institutions were positively evaluated by individuals, interest groups, and bureaucrats, in strong contrast to perceptions of CAN and the OAS. As can be seen in the events described in the chart the OAS's credibility was also questioned because Secretary-General of the OAS, Miguel Ángel Rodríguez was charged for acts of corruption in his country, Costa Rica, for acts committed during his presidential term. The CAN was in the process of dismemberment because of the negotiation of bilateral free trade agreements between the USA with Peru, Colombia, and Ecuador which led Venezuela to exit the organization.

There were high numbers of both positive and negative perceptions for the financial institutions in 2004. The positives ones could relate to the fact that countries like Colombia, Brazil and Ecuador continued to receive money from these institutions for the development of infrastructure projects. Moreover, the negatives were mostly about the debt crisis in Argentina.

An example of an opinion expressed regarding Colombia's relationship with the WB is the following:

The Inter-American Development Bank (IADB) provides exceptional credit lines for countries that have initiated or are in the process of starting bilateral free trade negotiations with the United States. This was confirmed by IADB President Enrique Iglesias, who said there is a special plan for nations like Colombia that require assistance in their purpose of opening trade borders to powerful economies like the United States (author's translation)(Jaramillo, 2004).

Regarding Argentina's situation, the economist Alfredo Eric Calcagno expressed, referring to Argentina, "The World Bank insists on old recipes. Again, the theory of the spill-over. Perhaps it is like the World Bank, as in the story of the scorpion and the frog, but here the only one drowning is the country" (author's translation) (La Nación, 2005).

Although Mercosur was positively evaluated for 2004, it was starting to experience a crisis period; for example, the deputy Alfredo Atanasof (Federal-Buenos Perónism Aires), chairman of the Joint Parliamentary Commission of MERCOSUR, said that "one of the biggest problems affecting MERCOSUR is that many of the measures defined at the regional level, by government members, are not then ratified by the parliaments of the four countries" (author's translation) (La Nación, 2007a). Hector Lecognata, the vice president of the Paraguayan delegation in the MERCOSUR Parliament, said that "it [MERCOSUR parliament] will mean a step forward in regional integration. It will be the first mechanism in the block of purely political debate, which gives it a critical value because there are things that cannot be put through diplomacy" (author's translation) (La Nación, 2007b).

Mercosur was not conceived as a significant structure in its beginnings because it was created just as a Common Market. Decision making was appointed technocrats,, and they had to go through domestic procedures before coming into force. The dynamic behind MERCOSUR is also presidentialist because all the important decisions are taken by the presidents (Malamud,

2003). Even though CAN, in contrast, was created with a defined structure, and its reforms conceived supranational structures and delegation of competencies; however, these never came into effect.

Both Uruguay and Paraguay have always complained about the disparity in the negotiation process, claiming that Brazil and Argentina always act in their own interests, leaving aside the small countries. The Foreign Minister of Uruguay, Gonzalo Fernández, for example, stated, “I believe in an open regionalism, and we think the neighborhood is imperative, but it would be naive or hypocritical to ignore the fact that MERCOSUR has problems, obstacles ... I do not believe that the MERCOSUR generated, as expected in 1992, a supranational body that leads to a community or associative system, such as the European Union” (author’s translation) (Fernández, 2008).

A very important inflexion point, which could frame the perceptions of civil society, was the creation in 2004 of the Bolivarian Alternative for the Americas (ALBA), as part of a bilateral cooperation agreement between Venezuela and Cuba. ALBA was devised by President Chávez in 2001 at a meeting of Caribbean countries. ALBA begins to materialize after the signing of the "Treaty of Commerce between Peoples" (TCP) from these two countries and Bolivia, in April 2006 (Serbin, 2007). The creation of this alternative mechanism and the negotiations of CASA could have created the view that alternative forms of organization to the open regionalism model are possible.

Also in 2004 the World Social Forum was held in Puerto Alegre, Brazil. *O Globo* published a survey that was carried out in 2003 as a preamble of the meeting, where the “participants are also skeptical about multilateral organizations: 88% distrust the IMF, 86.4%,

the World Bank and 84% of the World Trade Organization. Regarding the UN, mistrust reaches 57.8%”(author’s translation) (O Globo, 2004).

During the following years from 2005 to 2008, negative perceptions prevailed towards all the institutions in the published opinion pieces, which was very significant, because, as mentioned in the introduction of this project, the consulted newspapers largely reflect liberal or right wing opinions. It is possible to say, if I had been granted access to the files of newspapers as *Ultimas Noticias* (a progressive newspaper) in Venezuela, the negative perceptions could have been much more. Negative perceptions were higher for the financial institutions due to the process of negotiation for the cancellation of the foreign debt of Brazil, Ecuador, and Argentina. Also, the negative perceptions for MERCOSUR were related to the negotiation of safeguard measures against Brazilian products that generate strong economic losses in the Argentine market. Brazil agreed to these measures, but it was strongly criticized by the small MERCOSUR countries, Paraguay and Uruguay, who were uncomfortable because Brazil and Argentina just addressed asymmetries when they were unfavourable to them. The main critics of MERCOSUR in Argentina and Brazil came from the business sector.

In one opinion piece, the writer said, “Again MERCOSUR’s law offers no advantage over other foreign creditors. Such is the absence of legal mechanisms that give priority to MERCOSUR’s nationals; we call this situation a ‘lake’ and not a “lagoon” in regional commercial law” (author’s translation) (Estoup, 2005). An official, the Trade Minister of Brazil, Luiz Fernando Furlan, wrote: “MERCOSUR rules need to be reviewed ... there is no progress. On the contrary, the infringements increase every day” (author’s translation) (La Nación, 2005a). In another opinion piece, the writer said, “among many twists and turns marked by a recurring

institutional failure, MERCOSUR has not still developed enough capacity to intervene autonomously in international negotiations” (author’s translation) (Botana, 2005).

The OAS was also strongly criticized for the corruption scandal mentioned above and for the US proposal to create a mechanism of democratic stability within the framework of the OAS, during the General Assembly held in Florida, in June of that year. This initiative was rejected by the Latin American countries as interference in their internal affairs (O Globo, 2005).

The most important event for 2005 was the Fourth Summit of the Americas was held in November 2005 in Mar del Plata, Argentina. This meeting was supposed to agree on the establishment of the Free-Trade Area of the Americas (FTAA); however, the proposal was strongly rejected by the MERCOSUR countries and Venezuela, which dealt a blow to the consolidation of neoliberalism in the region.

The negative perception in 2006 about the CAN and MERCOSUR were significant. This period was listed as the period of crisis of legitimation of these institutions. All this was achieved because in this year both Mercosur and the CAN experienced a crisis of legitimacy. For MERCOSUR, the conflict between Uruguay and Argentina regarding the construction of two pulp mills on the bank of the border river between the two countries (on the Uruguayan side), demonstrated the fragility of the institution.

Regarding the Andean Community, Venezuela suspended its membership in this organization, reflecting Chávez’s already cited opinion, that the institution is “dead,” which was aggravated by the decision of Peru, Colombia, and Ecuador signed a Free Trade Agreement with the U.S. Both CAN and MERCOSUR are subject to individual decisions of presidents and are affected by the involvement of the US promoting free trade agreements. This situation pushed

the countries to find a better alternative like CASA, which also benefited from the arrival to power of leftist leaders Michelle Bachelet and Evo Morales in Chile and Bolivia, respectively.

In the Andean Community of Nations (CAN) ... Chávez ... gave his Requiem: 'it [CAN] has died.' The cause? Peru, one of its members, signed a free-trade agreement with the United States, like Chile, Colombia, and Mexico. The indication is that the bilateral agreements with the most powerful country on earth will sometimes break regional blocs. Uruguay and Paraguay are going in that direction too" (author's translation) (Elías, 2006).

The negative perceptions about OAS and the financial institutions decreased, the answer could be found in this statement made by a columnist: "Unfortunately, the OAS today, is very different from the past, it is completely absent from situations and regional conflicts" (author's translation) (Rodríguez Cedeño, 2006). Because, The OAS, IMF, and IADB were absent from the region there were no news to count.

Within public opinion, hostility about the institutions reached its peak during 2006. The most important events were: the crisis of Mercosur and the CAN, the exit of Venezuela from the CAN and entry into MERCOSUR, the aftermath of the Summit of Mar de Plata , increased freedom of action by Brazil, Argentina, Ecuador and Venezuela due to the cancellation of external debt, and the strengthening of South American Community of Nations with the Cochabamba Summit.

The perception of one individual, a professor of international politics at the Universidad Central de Venezuela (UCV), Francisco Suniaga, could summarize what has been said: "There is widespread disappointment with the OAS and other international organizations, not only in Venezuela and Latin America but also in the world. The problem is that people have stopped believing in international agencies such as the OAS and the UN because they feel that they only work for governments, and not for individuals and interest groups" (author's translation) (El Nacional 2004).

During the years 2007-2008 there was declining public debate, but the majority of perceptions expressed remained negative.

As a general balance, there was a total of 87 positive perceptions (Appendix 1). MERCOSUR, with 41 articles (47%), is the best-evaluated organization in South America within the sources reviewed, followed by the financial institutions viewed favourably in 23 articles reflected a positive perception (26%), CAN with 12 articles (14%), and OAS with 11 (13%).

The negative perceptions (Appendix2, see also 3, 4 and 5) are much higher in number, from a total of 580 articles that show negative evaluation of these organization, the worst evaluated are the international financial institutions with 222 (38%)articles, followed by MERCOSUR 192 articles (33%), CAN 124 articles (21%), and the OAS with 42 articles (8%).

This shows that among the group of countries studied, the factors that are most strongly criticized are the international financial institutions, followed by MERCOSUR, the CAN and finally the OAS. It is important to highlight that these results are affected by the circulation of each newspaper. A total of 9478 items appeared in La Nación of Argentina in this period, while 684 items appeared from La República of Colombia during the period studied. This biases the research” for example, in the case of a greater number of articles are going to appear about MERCOSUR than about CAN, because Argentina belongs to the first one, and not to the latter.

Argentine societal preferences are consistent during the studied time. The negative perceptions are primarily focused on MERCOSUR and the IMF/WB/IADB. MERCOSUR is first during 2005, 2006, and 2008, and the economic institutions have the first rank in 2004, and 2007. In the case of positive perceptions, MERCOSUR is the winner. Even though MERCOSUR appears to lead in both types of perceptions, the amount is different. The negative percentage is always higher.

Brazil has the same behaviour as Argentina regarding negative perceptions. They are primarily focused on MERCOSUR and on the IMF/WB/IADB. MERCOSUR is first during 2006, and 2007; and the economic institutions have the first rank in 2004, 2005 and 2008. For Colombia, the CAN was leading among the negatives perceptions during the time frame. Moreover, Mercosur is seen as a positive integration mechanism. CAN also had the highest negative perceptions in Ecuador as the organism with many negative perceptions followed by the financial institutions during the years 2004, 2005, and 2006. For 2007 and 2008, the financial institutions got the first position and the CAN the second. In the case of positive perceptions, CAN is the winner. We have to be clear that even CAN appears leading both types of perceptions the amount is different, with the negative percentage always higher.

Venezuela's case is different. The CAN, OAS, and the financial institutions appear during the years 2004, 2005, and 2006 with negative perceptions. 2006 is a critical year because Venezuela withdrew from the CAN and entered in MERCOSUR. However, MERCOSUR appears in the negative perceptions as well due to the conflict with the Brazil's Senate and Paraguay that did not approve the Venezuela's entry into the organization. Once this situation of membership in MERCOSUR and CAN was resolved, the negative perceptions were addressed to the IMF and the OAS.

It is clear that the countries that belongs to CAN have negative perceptions about it (Colombia, Ecuador, and Venezuela), and the same for the countries that belong to MERCOSUR (Brazil, and Argentina); during the period studied, these perceptions did not improve. All countries display some level of rejection of international organizations of global scope (IMF /WB/IADB), due to the crisis that these countries experienced after adopting their policies. The only organization that reaps some positive perceptions in the cases of Brazil and Argentina is in

the World Bank, which lends money to countries to finance infrastructure projects, educational programs, among others.

Preferences of the Leaders 2005 – 2009.

Liberal intergovernmentalism assumes that states generally articulate the preferences of citizens. The society and the government are assumed as one agent. In theory, the citizens delegate the power to the government agents (in the case of inter-presidentialism the “presidents”). The government (or the heads of state) wants to remain in power and to keep the support of the citizens - their objectives are to please the demands of individuals. I assume, if the theory is right, the perceptions of the groups that we already mentioned will be directly proportional to the preferences of their leaders. However, “every government represent some individuals and groups more fully than others” (Moravcsik, 1997, p.518). This part of the investigation presents an evaluation of leaders preferences to prove the theory.

A different range of years was taken to study the preferences of the leaders. This is because I wanted to capture the preferences of the leaders who signed the UNASUR Treaty, focusing again on the cases of Argentina, Colombia, Ecuador, and Venezuela, for the reasons aforementioned. In the event of the president of Ecuador, Rafael Correa, he was not president during 2005, but he was in the government as finance minister, so we took his preferences as a minister during this year.

As an anecdote taken from the reading of the numerous articles from Factiva about Ecuador, we found that President Correa was dismissed as Minister of Finance for issuing negative comments about the IMF. Once he became president, he declared the WB official accredited in Ecuador persona non grata due to the latter refusing to approve a loan to the country. It is not necessary to describe again the events that happened during 2005-2008.

However, it is important to add that during 2009, the region's attention was focused on the conflict between Colombia, Ecuador, and Venezuela, which will be described in the next chapter.

According to these data, President Kirchner's commitment to integration is through UNASUR. His antipathy is strongest toward financial institutions, followed by MERCOSUR, CAN, and the OAS. Argentinean actors placed MERCOSUR first, and the financial institutions second; everything else is the same, which suggests that there is a degree of correlation between the perceptions of individuals, interest groups, and bureaucrats; and those of the Kirchners. If we compare these results with the societal perceptions, Kirchner aggregated the domestic demands of his country, with financial institutions facing strongest rejection, followed by MERCOSUR.

In the case of Lula, his preference leaned first towards an integration process led by MERCOSUR, and subsequently by UNASUR. Probably, the results may vary if this research period is extended. With a few years of consolidation of UNASUR, their achievements can change perceptions and preferences. Lula's scorn toward financial institution, is shared by Brazilian actors, followed by MERCOSUR, the OAS, and finally CAN. The results in the case of Brazil are almost identical between presidential and elite actors.

For Uribe, the results are completely different from those of the Colombian actors studied. His preferences are for the OAS, followed by CAN, financial institutions, and MERCOSUR. However, for the actors studied, there is a rejection of the CAN, which is placed by Uribe in the second position of his preference. They also prefer MERCOSUR over the rest, followed by financial institutions and the OAS. There are several causes that make Uribe behave in a different way than his colleagues in Argentina and Brazil. Uribe could be the case in which "every government represents some individuals and groups more fully than other" (Moravcsik,

1997, p.518). We could assume that oligarchies' preferences are more important for the government than the ones from the average citizens. Besides, Uribe did not have the support of the Supreme Court for a change in the country's constitution that would allow him to be re-elected for a third term. He handled the last years of his presidency in a way that benefited him and his friends.

Correa showed stronger preference for UNASUR over the rest of the organizations. He rejected the financial institutions and the OAS. The actors coincide with him but in a different order, they have a negative perception of the CAN in the first place and the financial institutions in the second one. This change in the order of preferences (even though included the rejection to the same actors) can perhaps be attributed to Correa's personal relationship with the WB and IMF as minister of finance.

Regarding Venezuela, it is interesting to note that UNASUR is not part of Chávez's preferences. This result could be influenced by the political tendency of the newspaper chosen (El Nacional). Nevertheless, Chávez rejects the OAS, the financial institutions, CAN, and the OAS, in that order. For Venezuelan actors just the second and the last place are the same; the first place is taken by CAN, and the third the OAS. It is important to note that the Venezuelan president was one of the leaders (together with the Brazilian president) in the process of negotiating the Treaty of UNASUR. Therefore, analysis of preferences through another national newspaper in Venezuela could yield a different result. The Graphic²⁴ below shows us the results of our research.

²⁴ For more results see appendix 6 and 7.

Figure 2 Leaders' Preferences 2005-2009

Source: own elaboration.

As we can see, there is a strong correlation between societal perceptions and preferences of the leaders (at least in Argentina, Brazil, Ecuador, and Venezuela). Colombia is the only case in which societal and leaders' preferences clearly diverge. Therefore, we have shown that the correlation between the perceptions of the different actors in each of the countries and

preferences of the leaders was directly proportional, suggesting that UNASUR's creation has strong institutional and social support, in line with liberal intergovernmental theory.

Chapter V. UNASUR and its Councils a Manifestation of Post-Neo-Liberal Regionalism/ Post-Hegemonic Regionalism?

In the second chapter, the theories associated with the study's integration processes in Latin America and specifically in South America were presented. The main currents for the study of South American integration are federalism, neo-functionalism, and liberal inter-governmentalism, interpresidentialism. I chose to apply liberal inter-governmentalism at the moment of the creation of UNASUR as we saw in Chapter two and four. However, once UNASUR was created this liberal intergovernmentalism reached its peak with the role played by the presidents, this led me to apply interpresidentialism as the predominant theory. Chapter three presented the four waves into which the history of Latin America Integration could be divided. UNASUR was created during the last wave, called post-hegemonic regionalism or post-neo-liberal regionalism. I contend that UNASUR is trapped between the previous wave known as open regionalism, and the post-neo-liberal one. I maintain that there is an overlap of open and post-liberal regionalism in the region rather than a clear switch from one paradigm to another.

To clarify, UNASUR represents a change in the way in which regional integration organizations are conceived. Its priority is not free trade, commerce, or anything related to fulfilling the Balassa steps for integration. Its priority according to article number 2 of the Constitutive Treaty (2008) is:

the cultural, social, economic and political fields, prioritizing political dialogue, social policies, education, energy, infrastructure, financing and the environment, among others, with a view to eliminating socio-economic inequality, in order to achieve social inclusion and participation of civil society, to strengthen democracy and reduce asymmetries within the framework of strengthening the sovereignty and independence of the States.

Nevertheless, I state that UNASUR as a whole does not fulfill the principles of post –liberal regionalism, since not all the new agencies have reached the same positives results. The Councils related to economic matters have stagnated. This does not mean that UNASUR does not address economic integration. However, it has been impossible for UNASUR to implement that kind of economic principles, due to the fact neoliberal policies are still leading the regional economic integration, and continue to influence UNASUR’s practices.

The questions to be answered in this chapter are: does UNASUR represent post-neo-liberal regionalism? Do all of its agencies fulfill these principles? In order to answer, I will present the main characteristics of post-neo-liberalism in UNASUR; afterwards I will introduce the history of UNASUR in order to give the readers a clearer picture of the object of study, and finally I compare the success or failure of UNASUR in different policy areas by analyzing the operation of some of UNASUR’s Councils, namely: Defense, Infrastructure, Economy and Finances, and the Bank of the South, in a period of time that goes from 2008 to 2012. Based on this analysis I evaluate whether the paradigm of Post-neo-liberal Regionalism is completely applicable to UNASUR, or whether there are some areas of the South American Integration that are still shaped by open regionalism.

Post- Neo-Liberal Regionalism or Post Hegemonic Regionalism

The concept of post-hegemonic regionalism was introduced for the first time by Amitav Acharya (2009, p.3) in which he claims that the neglect of the US towards the region and the lack of a new hegemon will influence the configuration of regionalism (Briceño-Ruiz & Hoffman, 2015, p.52). For Riggiorozzi and Tussie (2012), the term post-hegemonic regionalism suggests that there is no single hegemonic model of regional integration; rather there are many

models concurring at the same time, which could also mean the presence of the other regionalisms (old, new, open, and post) at the same time.

Da Motta Veiga & Rios (2007) and José Antonio Sanahuja (2010, 2012, 2014) have called this new period “post-liberal regionalism.” This concept overlaps significantly with “post-neo-liberal regionalism,” although it focuses less on the role of external actors. The two terms will be used interchangeably in this research. Briceño-Ruiz & Hoffman (2015) characterize Post Hegemonic Regionalism as it follows:

- 1- The predominance of the political agenda and the weakening of the economic and trade dimensions of regional integration;
- 2- the return of the development agenda, a stronger role for state actors and the diminished role of non-state actors, in particular those in the productive sector;
- 3- an increasing interest in promoting a positive agenda of integration, centered on the creation of institutions and common policies, and a growing cooperation on non-trade issues leading to new forms of south-south cooperation and a renewed peace and security agenda;
- 4- a commitment to the promotion of a social dimension for regional integration an interest in improving regional infrastructure, a better articulation of regional markets and improved access to non-regional markets;
- 5- an increasing concern for energy security and the search for complementarity in this area, and a commitment to promoting the participation of social actors in the process of regional integration in order to improve its legitimacy” (pp. 51- 52).

While UNASUR shares some of these characteristics, it did not exclude the economic area from its mandate. As its treaty states “mas allá de la Convergencia” (or beyond convergence) in this case, the proposal of convergence between CAN and MERCOSUR (in economic matters) was debated by politicians during the UNASUR’s creation.

A clarification that better fits to this analysis on the characteristics of Post-liberal regionalism is brought up again in Sanahuja’s work (2012, 2014). He clarified that post-liberal regionalism did not necessarily exclude issues related to trade and finance, but left aside neo-liberal trade and economic liberalization, for a development agenda that means the governments are going to be

the ones controlling the economy in order to put more attention to social issues, reduce asymmetries, and incorporate non-state actors in the processes of integration. This form of regionalism would also require its own financial mechanism, based on principles of equity and justice, rather than market principles that undermine the interests of less developed countries. It is called the “a political economy of the possible” (Heidrich & Tussie, 2009, p. 43), which is “a pragmatic political economy that combines neoclassical orthodoxies with progressive social policies” (Santiso, 2006, p. 4) to promote more equal wealth distribution. Unlike the “post Washington Consensus”, there is no rule, formula or conditionality for its implementation.

According to above the South American Economic and Finance Council, working together with the Integration of Regional Infrastructure in South America (IIRSA), and the Bank of the South, should provide necessary mechanisms to increase trade among UNASUR’s states, to create fiscal and monetary policies, and to facilitate trade immersed in a culture of development of national states which will transform economic advantage of regional integration into social benefits for their populations.

As stated before, I evaluated the effectiveness of the councils by analyzing the action plans of each, and measuring which of the activities were effectively concluded, and which were not. I draw upon previous works like Palestini & Angostini (2014), Sanahuja (2011, 2012); and Verdes-Montenegro & Sanahuja (2014), who have been studying the effectiveness of the Defense and Infrastructure and Planning Councils. They argue that councils related to finance and economics do not show good results, in contrast with some of the successes achieved by political councils.

Creation of UNASUR

UNASUR's origins can be traced back to the project of the creation of a South American Free Trade Area (SAFTA), proposed by the Brazilian President Itamar Franco (1992 - 1995) in 1993. This proposal was compatible with the neo-liberal measures popular at that time. The SAFTA was supposed to promote free trade, without any social component, no industrial policy, and minimal state intervention (*Briceño-Ruiz & Hoffmann, 2015, p. 54*). These measures are the characteristics that are found in ECLAC's concept of Open Regionalism. SAFTA was a regional response to NAFTA, and its cornerstone was the creation of a free-trade area between the Andean Community and Mercosur.

The proposal failed, and as soon as the new Brazilian President Fernando Henrique Cardoso came to power (1995 - 2003), he started to develop the idea of creating a zone of “democracy, peace, solidarity-based cooperation, integration, shared economic and social development” (Dabène, 2012). In order to do this, Cardoso convoked the first South American Summit on September 1st, 2000 in Brasilia. The leaders' statement was:

The Heads of State reaffirmed the commitment to integration in Latin America and the Caribbean, through MERCOSUR, and processes of association with Bolivia and Chile, the Andean Community, the Andean Development Corporation, the Latin American Reserve Fund and the ALADI, the Treaty of the River Plate Basin, the Amazon Cooperation Treaty, the Group of Three, the Central American Common Market and CARICOM, as an exercise in the creation of a Free-Trade Area of the Americas (Comunidad Andina, 2000).

The statement (paragraph 29 to 31) also calls for the signing of a free trade agreement between MERCOSUR and Bolivia and Chile, and between Chile and the countries of the Andean Community in order to establish, before January 2002, a free trade zone between MERCOSUR and CAN. It could be observed that this statement was very consistent with the neo-liberal principles of open regionalism.

As mentioned above, Cardoso was eager to launch concrete initiatives that would promote Brazil's position as a global player, to balance U.S. influence in the Free Trade Area of the Americas (FTAA) negotiations (Dabène 2012). That South American free trade proposal, nevertheless, advanced with difficulty. Little progress took place after the signing of agreements between countries and blocs, or between the two most important blocks in South America (CAN - MERCOSUR), known by the name of Acuerdos de Complementación Económica (ACE or Economic Complementation Agreements in English), within the confines of the Latin American Integration Association (LAIA or ALADI in Spanish).

The September 11, 2001 attacks created a complete negligence on the part of the USA toward Latin America. Their focus on combatting the terrorism in Afghanistan and Iraq removed from their main agenda the trade negotiations with Latin America. Additionally, the economic crisis in Argentina in 2001 discredited, as the last straw that broke the camel's back, the postulates of Washington Consensus. In the same year, there was an effort to achieve progress within the framework of the OAS, the celebration of the Second Summit the Americas from April 20 to 22, 2001 in Quebec City, Canada. The participating nations "adopted a democracy clause which establishes that any unconstitutional alteration or interruption of the democratic order in a state of the Hemisphere constitutes an insurmountable obstacle to the participation of that state's government in the Summits of the Americas process" (Organization of American States, 2001). This Summit has a significant importance not just because of the Creation of the Democratic Charter, but the creation of a preliminary draft FTAA, where the Presidents and Ministers of the area decided to conclude this agreement no later than January 2005 and to seek its entry into force no later than December 2005 (Organization of American States, 2001b); giving the countries a period of four years for the negotiations.

The second summit that brought together the Presidents and heads of governments of South America took place in Guayaquil, Ecuador on July 21 – 22, 2002, with the title “Guayaquil Consensus on Integration, Security and Infrastructure for Development” (Comunidad Andina, 2002). In this meeting the presidents and heads of state adopted the Declaration of a South American Peace Zone, condemned the terrorist attacks of September 11, 2001, reaffirmed the relevance and strategic importance of the Initiative for the Integration of the Regional Infrastructure of South America (IIRSA), and emphasized the importance of CAN-MERCOSUR negotiations on the Eve of the consolidation of the FTAA. Apart from these rhetorical statements, no concrete progress occurred in the process of neo-liberal integration at this summit.

As Briceño-Ruiz and Hoffmann (2015) argue, “[d]issatisfaction with economic policies and development strategies led to changes in the domestic political coalitions of most countries, and to a “left turn” with the election of center-to-left governments (p.51).” Lula Da Silva (2003 - 2011) arrived in 2003 as well Néstor Kirchner (2003 - 2007); Chávez took the presidency in 1999 but intensified his progressive discourse after 2002. This adjustment in domestic policy is also notable with the delay in convoking the next Summit; the waiting period was almost three years.

However, at the beginning of 2004 an extraordinary Summit of the Americas was held in Monterrey, Mexico, focused on the issues of the poverty, health, social development, economic growth in the continent. In addition, the Monterrey Declaration also mentions the progress achieved through the establishment of a FTAA (Organization of American States, 2004). In this meeting the North American countries (Canada, and US) wanted to accelerate the creation of the FTAA.

The position of the new left leaders was evident. In the case of Lula, he asked to respect the timetable agreed on at the previous meeting, where the FTAA discussions were going to be discussed in the fourth Summit of the Americas, to be held in Argentina in 2005 (Trombetta, 2004), and not in this meeting. Argentina and Venezuela were also reluctant to commit themselves to something that was not agreed on in the previous meeting. Chávez was creating the basis for his proposal of the leftist alternative to the FTAA, the Bolivarian Alternative for the Peoples of our America (ALBA); for that reason he would not support another commitment.

President Chávez declared that the CAN was in crisis, but it was not just his perception; analysts like Juan Gabriel Tokatlian pointed out that “the Andean Community of Nations (CAN) is at its worst fragmentation: Colombia, Ecuador and Peru are trying to negotiate, on a tripartite basis, a trade agreement with the United States; Bolivia prefers to lean more towards the Southern Cone (Tokatlian, 2004),” and Venezuela is leaving the organization to join MERCOSUR, due to other countries’ bilateral negotiations with United States.

At the end of 2005, a huge step forward occurred with the decision to consolidate the Community of South American Nations (CASA), which later became UNASUR. This step was taken at the Third South American Summit held in Cusco (Peru) on December 8, 2004. The declaration that founded CASA referred to the Liberator Simon Bolivar, the Gran Mariscal de Ayacucho, Antonio José de Sucre; the Liberator José de San Martín (Comunidad Andina, 2004), and peoples and independence heroes who built without borders, the Great Homeland (Sanahuja, 2012, p.1). This project was thus clearly inspired by the old Bolivarian model of regional integration. The declaration speaks of access to better standards of living for their people, responsible environmental awareness, and recognition of asymmetries in the development of the countries. However, its creation is still framed in the convergence between MERCOSUR, the

Andean Community and Chile through the improvement of the free-trade area established in Resolution 59 of the XIII Council of Ministers of ALADI, on October 18, 2004. Physical, energy and communications integration would continue under the framework of IIRSA.

The institutional structure of CASA was established as follows: meetings of heads of state and governments as the highest instance of political leadership; and the meetings of foreign ministers as an arena for executive decision-making processes. Ministers will have the cooperation of the Chairman of the Committee of Permanent Bureaucrats of MERCOSUR, the Director of the Secretariat of MERCOSUR, the Secretary-General of the Andean Community, the Secretary-General of ALADI, and the Permanent Secretariat of the Organization of the Treaty of Amazon cooperation, as well as other schemes of sub-regional cooperation and integration. Meetings of heads of state and foreign ministers would replace the so-called South American Summits. However, the foreign ministers were required to develop a proposal for better organization at the next meeting (Comunidad Andina, 2004).

In this time, CASA did not include a functional organization or a higher level of institutionalization. However, Lula was concerned about the continuation of the project, due to the absence of the following presidents at this meeting: Kirchner of Argentina; Batlle of Uruguay; Duarte from Paraguay, and Gutierrez from Ecuador. In March of 2005, the Secretary-General of the CAN presented a working plan that included a mechanism where the South American countries, especially MERCOSUR countries and Chile, would join the CAN as “associated members”; this means that the new CASA would begin to be created from the foundation of the CAN. The beginning of this plan coincided with (and was based on) the implementation of CAN-MERCOSUR and Peru-MERCOSUR free trade agreements under which since the first half of 2005, the countries must free up 80% of trade between the two blocs

within a maximum period of 10 years. The remaining 20%, including sensitive, especially agricultural products, will release an additional period of five years (Comunidad Andina, 2005). This proposal included an institutional structure for the new organization.

Furthermore, this working plan was not so far off from the same criteria that shaped existent regional bodies (open regionalism). However, it was just a proposal, which was not agreed to by all of the countries, so it was considered only as an initiative. The countries preferred to convoke a meeting in May for the realization of a work plan with all the secretaries of the existing integration organizations in South America.

On August 2nd, 2005, the Second Meeting of Ministers of Foreign Affairs of the South American Community of Nations was held; this meeting had the participation of the senior officials (negotiators representing the executives from each country), the aim was to negotiate the Draft Declaration for the presidential summit which would be held in Brasilia, Brazil, on 29 and 30 September 2005. They also asked the senior officials to work on developing an institutional form for CASA.

The Brasilia Summit became the first milestone for the creation of UNASUR. The declaration defined the Priority Agenda and Programme of Action of the Community, and at the same time approved the declarations on the Convergence of Integration Processes in South America and the Integration in the area of infrastructure, among others (Comunidad Andina, 2006). Until this time, the presidents maintained that CASA would be established based on existing institutions, avoiding duplication and overlap, and that CASA would not entail additional financial expenses. CASA's priority agenda was focused on the following areas: political dialogue, physical integration, environment, energy integration, financial mechanisms, asymmetries, promoting social cohesion, social inclusion, social justice, and

telecommunications. The presidents ruled out the establishment of a free trade area, even though they insisted on the convergence of CAN and MERCOSUR.

Next, the Fourth Summit of the Americas was held in November 2005 in Mar del Plata, Argentina. This meeting was supposed to agree on the establishment of the Free Trade Area of the Americas (FTAA); however, the proposal was strongly rejected by the MERCOSUR countries and Venezuela. The main points were that the US would not agree to reduce tariffs on agricultural products from MERCOSUR; in the case of Venezuela political and ideological motivations were more prominent. Because of this, the South American countries focused their expectations on CASA. They convoked an extraordinary meeting in Montevideo in December 2005. In this gathering, they created the Commission of Reflection, which was made up of a group of twelve personal bureaucrats of the Presidents, with the task of producing a discussion paper to be submitted to the Second Meeting of Heads of State of the South American Community of Nations at the end of 2006 (Comunidad Andina, 2006).

As part of the process of construction of CASA in 2006, four specific working papers were developed - one by the Strategic Reflection Committee; one by the General Secretariats of the Andean Community, MERCOSUR and ALADI; one by Moises Villarreal Troconis, justice court judge of the Andean Community; and finally one created by the Bolivian President Evo Morales. The reports presented the complete convergence of CAN and MERCOSUR.

Nevertheless, the mentality of the bureaucrats of these institutions continued to follow an open regionalism perspective, supporting the idea of the convergence of CAN and MERCOSUR under the umbrella of the ALADI. For example, they proposed conversions of tariffs and trade, rules of origin, customs valuation, trade defense mechanisms, non-tariff measures, technical barriers to trade, sanitary and phytosanitary measures, trade in services, investments, intellectual

property, competition policy, government purchases, and dispute settlement. However, the mindset of the presidents was different, as could be seen in the proposal of Evo Morales, who asked for a treaty that would unite the South American Community of Nations into a real South American bloc at the political, economic, social and cultural level; he also expressed the need to forge a real integration to achieve *buen vivir* (living well) (Comunidad Andina, 2006a). In the case of the Committee, it met five times during 2006, and presented a final paper at the Second Summit of Heads of State of the South American Community of Nations. The Cochabamba Summit in December represented the second milestone of the integration process, the first one as we mentioned was the Brazilian Summit. The agenda covered a wide scope of areas; ranging from economic issue (development, trade, finance, energy, industry, infrastructure, asymmetries), political (institutional convergence, citizenship, civil-society participation), social (job creation), cultural (information, communication, cultural identity) or environmental ones.

Something that has to be highlighted is the following phrase of the Declaration of Cochabamba: “This is an innovative integration that includes all the accomplishments and advances by the processes of MERCOSUR and CAN, as well as the experience of Chile, Guyana and Suriname, going beyond the convergence among them (Comunidad Andina, 2006 b). The meaning of going beyond of the convergence is the change in the paradigm from neo-liberalism to post-neoliberalism. They wanted to create something different; however, when everything is pre-established under bigger institutions like ALAI, ECLAC, OAS; it is hard to change it. So regarding the structure of this new organization the Declaration refers to: annual meetings of Heads of State and Government, semi-annual meetings of Foreign Ministers, ministerial meetings by sectors (they already created a Working group in finance); the Strategic Committee is changed to the Committee of Senior Officials, and the Secretariat Pro Tempore is created. In

its principles and objectives trade objectives are no longer mentioned, just economic and financial cooperation. Presidents were to handle these senior officials, and prepare proposals on trade integration, which were not executed. In this meeting, the presidents also agreed to create the Parliament of the South.

All this was achieved because in this year both MERCOSUR and the CAN experienced a crisis of legitimacy. For MERCOSUR, the conflict between Uruguay and Argentina over the construction of two pulp mills on the bank of the border river between the two countries (on the Uruguayan side), demonstrated the fragility of the institution. Argentina accused Uruguay of the possibility of causing environmental damage to the Uruguay River, and of violating the Treaty of River. Argentina sued Uruguay before the court in The Hague, and the OAS; Uruguay sent the case to MERCOSUR, with the claim that Argentina placed a trade blockade against Uruguay.

Regarding the Andean Community, Venezuela suspended its membership in this organization, reflecting Chávez's already cited opinion, that the institution is "dead", which was aggravated by the decision of Peru, Colombia, and Ecuador to signing free trade agreements with the US. Both CAN and MERCOSUR are subject to the individual decisions of presidents, and are affected by the involvement of the US in promoting free trade agreements. This situation pushed the countries to find a better alternative like CASA, which also benefited from the arrival to power of leftist leaders Michelle Bachelet and Evo Morales in Chile and Bolivia, respectively,

During 2007, three meetings (January 25, March 15, and April) of senior officials of CASA were held in order to define the principles, objectives and institutional architecture of the Organization. This last meeting was in the Margarita Island in Venezuela, where the second South American Energy Summit took place on April 17th. The South American presidents

decided to adopt an Agreement for the institution now to be called the South American Union of Nations (UNASUR) that had to be negotiated by the Council of Delegates (the former senior officials' Committee), and presented to the Ministers of Foreign Affairs before the Third Summit that would be held in Colombia the following year. The treaty would create an official headquarters that will be located in the city of Quito, Ecuador (Comunidad Andina, 2007). The Ecuadorian ex-president Rodrigo Borja was appointed as General Secretary of UNASUR (El Universo, 2007).

At the regional level, this year brought several significant events. Venezuela encountered difficulties entering MERCOSUR (which Chávez sought entrance to despite his opposition to the organization), since the Brazilian and Paraguayan did not want to approve its membership. Paraguay rejected the creation of the Bank of South (Banco del Sur). And countries like Brazil, Colombia, Uruguay, Guatemala, and Mexico received visits from US President George W. Bush, who was promoting bilateral FTAs.

The development of the UNASUR Treaty came to an end in 2008, during the Third Meeting of Heads of State and Government in Brasilia, on 23rd of May 2008, when the Treaty of UNASUR was signed, which gave the international organization legal status. The evolution of the signature of the Treaty will be explained in Chapter Three. An important aspect to highlight is the 180 degrees that occurred since the first meeting in 2004, going from just economic matters to political ones as well. As Sanahuja states (2011),

[t]he text approved by the 12 Member States makes clear the eminently political nature of the organization, and the importance attached to the adoption of common policies, and cooperation can be established in non-commercial areas. In fact, the CAN and MERCOSUR are only mentioned generically in the preamble to the Treaty, along with the intergovernmental nature of UNASUR and the limited powers of the General Secretariat, led to the decision to Rodrigo Borja of not continuing in the office three days before the Summit of Brasilia” (pp. 128-129).

The fact that trade liberalization was not included in UNASUR²⁵, is an example of the paradigm shift in relation to the processes of integration in South America, from open regionalism what is variously referred to as post – hegemonic, post – liberal, post – ne-liberal regionalism. The next section will examine in more detail how the councils that were created by UNASUR functioned.

The South American Defense Council (SADC)

During the Cold War, the Latin American countries just had the Inter-American System, which included the OAS and the Inter-American Treaty of Reciprocal Assistance (Rio Treaty or TIAR in Spanish acronym) as the forum to resolve any security and defense issues or conflict among countries in the American continent. However, the TIAR was discredited among Latin American countries, as a result of the US supporting the United Kingdom (UK) in the Malvinas War, and the unilateral actions of the US in Grenada. With respect to this, the law that was established in the TIAR became inactive.

Due to this situation, the Latin American countries started to create new mechanisms to guarantee the stability and the security of the region, sidelining the role of the U.S.. Some examples are the *Compromiso Andino de Seguridad* in 1989, and the *Declaración de Cartagena*, within the Andean communities; in these agreements the Andean countries renounced the use of weapons of mass destruction. In 1990, Brazil, Argentina and the International Atomic Energy Agency (IAEA) signed an agreement in which these countries commit themselves not to use atomic energy. In 1991, Argentina, Brazil, Chile, Uruguay, Bolivia, Ecuador and Paraguay

²⁵ Briceño Ruiz and Hoffmann (2015) say “[c]ertainly, its preamble [UNASUR Treaty] states ‘that South American integration should be achieved through an innovative process, which includes all the accomplishments and progress achieved so far by the MERCOSUR and the Andean Community processes, as well as the experiences of Chile, Guyana and Suriname, going beyond the convergence among them’ (Preamble of the UNASUR Constitutive Treaty 2008). This could be understood as retention of the SAFTA objective of promoting a convergence between the Andean Community and MERCOSUR. However, free trade is not mentioned as the mechanism to achieve such a Convergence” (p.55).

signed the “Compriso de Mendoza,” which says that the countries reject the use of weapons of mass destruction (Sanahuja & Verdes-Montenegro, 2014, p. 492).

There were other attempts to create mechanisms for promoting peace in South America. There is a precedent on this theme, which is the Declaration of Ushuaia under the MERCOSUR umbrella in 1998, which refers to the region as a “zone of peace” (Verdes-Montenegro (2012), Briceño-Ruiz & Hoffman (2015, p. 57), Sanahuja (2012, pp. 17-18)).

However, the story of SADC started with the enactment of the *Comunicado de Brasilia* (SELA, 2000), which was adopted in the first meeting of South American presidents in 2000, that includes a commitment to the creation of the South American Peace Zone (SAPZ). This agreement banned the threat and use of force between member states and the use of weapons of mass destruction (Verdes-Montenegro, 2012, p.7-8); it also incorporated the issue of illicit drugs and related crimes (Sanahuja & Verdes-Montenegro, 2014, p.495). The consolidation of a SAPZ is reaffirmed in the Declaration of Guayaquil (Secretaria de Relaciones Exteriores de Mexico, 2002) at the Second Summit of South American presidents in Ecuador, this time rejecting the terrorist acts of September 11th). In 2003, Chávez also proposed the creation of a South Atlantic Treaty Organization (SATO) or “South American NATO,” and the establishment of a military alliance within ALBA (Sanahuja [2011; 2012,p. 18]. However others claim that SADC is a project designed, promoted and led by Brazil since the time of Cardoso presidency (Briceño-Ruiz, 2010; Briceño-Ruiz & Hoffman 2015; Sanahuja& Verdes-Montenegro 2014).

In the third summit of South American presidents, that in Cusco in 2004, la Comunidad Suramericana de Naciones (SAC or CASA in Spanish) or Community of South American Nations was created, which is the main antecedent of UNASUR. The goal was to move beyond regular presidential meetings, or the simple union of CAN and MERCOSUR, to design a stable

organization for South America. In this meeting, security and defense issues were not included; however, a new meeting took place in 2005, in Fortaleza (Brazil), in which issues of domestic security were discussed (Sanahuja & Verdes-Montenegro, 2014, pp.495-496).

This process was consolidated during the III Meeting of Heads of State and Government in Brasilia, on 23 May 2008, when the treaty of UNASUR was signed. Furthermore, during the III Meeting of Heads of State and Government in Brasilia, President 'Lula' da Silva proposed establishing SADC, due to the political circumstances that were in the ambience during the creation of UNASUR.

The circumstance that sparked the creation of SADC was a crisis between Colombia and Ecuador (Briceño-Ruiz & Hoffman, 2015, p. 57; Battaglino, 2012, p. 93; Sanahuja, 2011, p. 135). On the 1st of March 2008, the Colombian air force launched bomb attacks on Ecuadorian territory, killing 27 people, including Raul Reyes, the second-in-command of the Revolutionary Armed Forces of Colombia (FARC). For Colombia, this act was supported by the U.S. "War on Terror", which permitted states to perform pre-emptive strikes against a terrorist threat (Ermenson, 2010, p.47). For Ecuador, this was "an act of aggression that constituted a breach of Ecuadorian air space and sovereignty" (Ermenson, 2010, p. 47). Venezuela supported Ecuador and demanded that Colombia provide an explanation for the violation of Ecuador's sovereignty. Both countries broke diplomatic relations with Colombia. Colombia tried to solve the situation in the context of the OAS; however, the other UNASUR countries advocated a solution within the dialogue mechanisms of UNASUR. "On March 2008 visit to Washington, Brazilian Defence Minister Nelson Jobim announced the intention to create the South American Defence Council (SADC), a body 'based on the principles of non-intervention, sovereignty and territoriality' (Battaglino, 2012, p 81).

The proposal for SADC was presented at the Third Meeting of Heads of State and Government in Brasilia, on the 23rd of May 2008 (Sanahuja & Verdes-Montenegro, 2014,p 496). The President Pro Tempore suggested the establishment of a Working Group (WG) to discuss the proposal. The creation of a WG was expressly supported by some countries and was finally approved. Colombia, however, raised an objection: “On this point, Colombia agreed with the creation of WG, whose goal is to identify the targets, competition, composition and modus operandi of this Council, but given the current circumstances arising from the terrorist phenomenon, this country would not be able to participate in this initiative” (MPPRE, 2008, p 2). Colombia also added that once countries like Venezuela expressed “willingness to designate the group as ‘belligerent’, Colombia would decline membership of the Council. Colombia also stated the requirement to preserve OAS as the main organization for crisis management in the region” (Sanahuja, 2012, p.18). On July 19, 2008, Colombia decided to join the negotiation of the SADC. For Sanahuja (2012, p. 18, 2011 p.137), Brazil’s mediation was the key to the solution of the problem.

The goal of the establishment of a Working Group (WG) on Defense was to develop rules for the creation of the SADC. The Decision, and the Statute of the SADC was approved by the Minister of Foreign Affairs and Defense of ten of the member countries of UNASUR on December 16th, 2008 in Costa do Sauipe in Brazil (Suriname and Guyana were not present) (Sanahuja & Verdes-Montenegro, 2014, p. 497). The statute has as main objectives²⁶ (art 4): consolidate South America as a zone of peace, as a base for democratic stability and the integral development of our people, and as a contribution to world peace and to construct a South American identity on defense. There are also other commitments like the construction of a

²⁶Centro de Estudios Estratégicos de la UNASUR: Estatuto del Consejo de Defensa. Retrieved from: http://www.ceedSADC.org.ar/Espanol/09-Downloads/ESTATUTO_SADC.pdf

shared vision on defense issues, promoting dialogue and cooperation with other Latin America countries and the Caribbean, and also strengthening the measures that allow confidence building between countries; and that the decisions of the Council are by consensus (art. 12). After the Elaboration of the Statute of the SADC, the countries continued working on the Action Plan of the Council. However, a new event occurred that would disturb relations between the countries.

On October 30th, 2009, the government of Colombia and US signed a Supplementary Agreement for Security, Cooperation and Technical Assistance, which aims at expanding the US military presence in the former. Once negotiations between Colombia and the US for the installation of the bases were announced, a strong protest was generated mainly by Venezuela, Bolivia and Ecuador, who felt threatened by the presence US army close to their borders. These countries also feared that Colombia's internal conflict would spread to other countries because the US military activities pushed rebels to the outskirts of the Colombian borders. Furthermore, these countries were in an unfriendly relationship with the U.S.; their anti-neoliberal and anti-imperialist policies were antagonistic to the interests of U.S. Such protests were extended throughout South America, and were echoed in the third regular meeting of Heads of State and Government of UNASUR, which was held on August 10, 2009, in Ecuador. In this meeting, the President of Venezuela, Hugo Chávez, raised a protest against the Military Cooperation Agreement between Colombia and US, which involves the installation of seven US military bases in Colombia. The notable absence of Colombian President Álvaro Uribe at the meeting, showed the growing tension between Colombia and Ecuador, Bolivia and Venezuela; furthermore, Uribe refused to appear at a conference held in a country with which relations were broken. Given this situation, it was agreed to make a new call to the presidents to meet, on 28 in Bariloche, Argentina.

Before the Quito meeting, on August 8th and 9th, 2010, the ministers of foreign affairs gathered with the purpose of finding a solution before the presidential meeting. Colombia rejected the draft of the Quito Declaration based on the following points: information sharing and transparency²⁷, and the opposition to extraterritoriality²⁸ (Verdes-Montenegro, 2012, p. 9-10). Colombia also asked to include a paragraph which repels the presence of violent groups or terrorist networks.

The meeting in Bariloche was the first to be televised live, and the main point to be discussed was the military presence of a foreign state in the region and the installation of seven foreign military bases, which were contrary to the "Declaration of the South American Zone of Peace." The result of the meeting was to declare unanimously that South America is a Zone of Peace, and instruct the Ministers of Foreign Affairs and Defense to meet in the first half of September to design Confidence-Building Measures and security within the framework of existing instruments of the OAS and including specific mechanisms and establishing guarantees to countries in the region, which must respect the sovereignty, territorial integrity and inviolability and non-interference in the internal affairs of states.²⁹

²⁷ All the countries have to inform to UNASUR's Secretary about any agreement or maneuvers, deployment or military exercises at the borders which involve the participation of a third country outside the region.

²⁸ Any agreement signed by a UNASUR's country with a third state in military matters, which involve the presence of a third in South American territory; it should carry a guaranteed clause that this activity does not have any type of projection or repercussion with respect to another state.

²⁹ The two points that Colombia rejected were included with a different undertone (these points were negotiated previously to the meeting), and as for the paragraph about terrorist groups, eleven countries did not support the idea of leaving the word terrorist in a UNASUR document. If the countries accept the existence of terrorist groups in the region, in the future, it could lead to pre-emptive action by US. Furthermore, for Venezuela, the FARC and ELN are just warring groups.

For Sanahuja and Verdes-Montenegro (2014), this crisis represented a victory for UNASUR, and the willingness of all member states to maintain UNASUR and SADC as the appropriate institutions to deal with security issues in the region (p.499). Notably, Colombia accepted that its actions provoked tension and insecurity among the neighbouring countries. The Uribe government finished its term in August 2010. The new president, Juan Manuel Santos, adopted a less belligerent tone and ratified the UNASUR's agreement and, therefore, the SADC. He also abandoned the US- Colombia Treaty due to the fact that the Supreme Court of Colombia rejected the treaty because of its unconstitutionality. Diplomatic relations between Colombia, Ecuador and Venezuela returned to normal in August 2010. In 2012, Ecuador, Venezuela, and Bolivia resigned from the TIAR.

The whole creation of the SADC is the ultimate expression of an inter-presidentialist organization in which all the decision about its creation, principles, objectives, and structures came from a presidential debate, and the most important of it all was that this debate was live (on TV). They aimed their speeches, towards their own citizens as well as the whole population of South America. The speeches were for their peers, their highest representatives, and the people trying to discover the path South American integration should take.

The Bariloche summit, started with the speech of the President who was hosting the event. This President was responsible for setting the agenda of the meeting, which includes the points requested by other presidents. Subsequently they initiated a round of speeches whose order was previously negotiated, after that there was a round of comments, and this process was repeated for each topic mentioned in the agenda. The meeting ends with the approval of a document, prepared by the technicians, that was prepared previously. This document was updated during the presidents speeches, incorporating the consensus reached by them. If

something had not been discussed or agreed by the presidents, they delegated a task to the technician (a technician called 'representatives' appointed by the presidents mostly politicians), and the result of the work on this activities would be discussed further at the next meeting of Heads of State and Government, this is the same for each council decision.

The progress of the council was significant, not only because it represents the security of the region at a time of international terrorism. Really, the progress came because the progressive and socialist presidents of South America were afraid of being expelled from power by a third country. The government of Venezuela had proven the participation of the US government in the failed coup of 2002. Also, the US participation in the coup against President Manuel Zelaya in Honduras in 2009, plus the agreement of extension of US military presence in the area, brought suspicions among the leftist presidents of the danger of foreign intervention.

Statute of the SADC. The working group which was responsible for the elaboration of the Statute of the SADC met for the first time on the 23rd and 24th of June 2008; the second meeting was held on the 22nd and 23rd of July; the third one was on the 26th; and fourth meeting was on 10th and 11th of December 2008. The meetings ended with creation of draft of the statute in December 2008. At the meeting of heads of state held on December 16, 2008, in Salvador, Brazil the statute was approved by presidents, which marked the creation of the SADC.

The nature of the SADC is to be a body of consultation, cooperation and coordination on defense, in harmony with the provisions of the Treaty of UNASUR. The principles of SADC are framed in those established in the United Nations Charter, and the Charter of the Organization of American States and the mandates and decisions of the Council of Heads of State and Government of the UNASUR. Some examples are:

- Unconditional respect for the sovereignty, territorial integrity and inviolability of states,

non-intervention in internal affairs and self-determination of peoples.

- Reaffirm the full validity of democratic institutions.
- Promote peace and the peaceful settlement of disputes.
- Strengthen dialogue and consensus.
- Preserve and strengthen South America as a space free from nuclear and mass destruction weapons, promote disarmament and a culture of peace in the world.
- Recognize the constitutional subordination of defense institutions to the legally constituted civilian authority.
- Encourage sovereign defense of the natural resources of South American nations.

The SADC structure was designed as follows: the Defense Council is composed of the Ministers of Defense, or their equivalent, of the member countries of UNASUR. The Presidency of the South American Defense Council shall have the same country holding the Presidency Pro Tempore of UNASUR.

Since 2009, all annual Action Plans follow the same structure, developed around four areas: (i) defense policy; (ii) military cooperation, humanitarian action and peace operations; (iii) industry and technology in defense, and (iv) education and training. So far, the Action Plans have been implemented with a total of 134 activities.

Several other projects have been undertaken. First, the creation of the Center for Strategic Defense Studies (Centro de Estudios Estrategicos de Defensa, or CEED in Spanish acronym), launched in May 2011, and located in Buenos Aires (Briceño-Ruiz & Hoffman, 2015, pp.58-59). Second, is the South American School of Defense (Escuela Suramericana de Defensa or ESUDE in Spanish acronym) was also created. Additionally two legal projects were undertaken: a Protocol on Peace, Security and Cooperation, and Measures for confidence Building and

Security, as well as a methodology to be implemented by the UNASUR countries to measure defense spending.

Table 7 Activities planned and implemented by the SADC according to their action plans 2009-2015

Plans	Axes								Total Activities	Activities completed	% of activities completed
	I		II		III		IV				
	Activities										
	Planned	done	Planned	done	Planned	done	Planned	done			
2009	6	4	4	1	2	1	4	1	16	7	43.75
2010-2011	5	3	6	4	7	1	3	1	21	9	42.85
2012	13	6	5	4	4	3	4	2	24	15	62.5
2013	10	10	3	3	4	3	6	6	23	22	95.62
2014	10	10	5	4	4	2	6	5	25	21	84
2015	11		5		1		5		22	*	*

Note: (I) defense policy, (II) military cooperation, humanitarian action and peace operations, (III) industry and technology in defense, and (IV) education and training. Sources: Actions Plans, management reports, and executive acts of the SADC. Retrieved from: <http://www.peruSADCuinasur.org.pe/>

Looking at the evolution of the activities during the six years of the SADC (see Table 4), the first area: cooperation in defense policy is the one which has the most activities (44 activities in five years) among them are seminars on asymmetries and similarities in the policies adopted on defense in each of the countries of UNASUR. During the first two years, this area did not meet expectations, due to two of its activities been deferred to later years. These activities were the confidence-building and security measures of; and the methodology for measurement of defence spending.

The axis of Military Cooperation, Humanitarian Action and Peacekeeping Operations has also performed extremely well (69.5% of activities were implemented); because of the

* On December 16, 2015, was held in Montevideo - Uruguay, the XII Meeting of the SADC's Executive Body; the V Meeting of the Directing Council of the Center for Strategic Defense Studies (CEED) and the second meeting of the Higher Council of the South American Defense College; at this meeting the results of the 2015 Action Plan were presented and was approved the upcoming 2016 Action Plan; however, it was impossible to locate the report of the 2015 result.

austere and restrained planning, most of the activities have been met, including, most significantly, the UN stabilization mission in Haiti (MINUSTAH), which was led by Brazil. The activities carried out under the axes of "Industry, Technology in Defense and "Education and Training" improved after 2012. Education and training has improved because of the importance attached to the Center for Strategic Defense Studies, which seeks "to generate knowledge and dissemination of a South American strategic thinking about defense and regional security" for purposes of "(...) advice to the SADC when required." To this improvement has also added to the creation of the South American Defense College (Sanahuja & Verdes-Montenegro, 2014, p.508). Education and training achieved 65.22% of its activities throughout 2009-2014. Industry and technology in defense fulfilled 47, 61% in the same period. In general, the Council of Defense has generated positive results. In 2012, 62.5% of activities were performed, for 2013, 95.65% which was considered a great success, and by 2014, 84%.

According to Sanahuja (2014), '[t]he strong political content of post-liberal regionalism is very clear in the proposed establishment of the South American Defense Council (SADC):

The SADC has been shown as one of the twelve most active councils of UNASUR through the creation of institutionalized mechanism that allow a regular cooperation in security and defense...Such cooperation, however, is geometrically variable and although it seems to transcend the ideological divisions prevailing in the region, reveals different speeds and levels of commitment "(pp.89 - 90).

SADC is also a reflection of post liberal regionalism, due to the fact that it is the only institutional body in the South America region that promotes political dialogue on issues like security and defense within the region, displacing the former role of the OAS. SADC's activities are based on its own concepts and identity, distinct from the ones previously imposed by U.S. SADC thus constitutes a shift toward multilateralism in the Americas, and a decline in U.S. influences in the region (the Colombia Supreme Court decision is a proof of the rejection of U.S.

from regional affairs, even by the country in the region that has been closest to the U.S. in recent years and that continues to maintain neo-liberal economic and social policies domestically).

Figure 3 Responsibility by country for SADC activities 2009-2013

Source: Sanahuja & Verdes-Montenegro (2014, p. 510).

However, the involvement and the distribution of activities by country is not proportional to the military capabilities that each possesses (see above graph). It appears that commitments are more closely linked to a country's ideological position. Sanahuja & Verdes-Montenegro (2014) observed that more commitment from Brazil and Colombia should be expected, who are positioned in the fifth and seventh number respectively. In general, this Council has been effective in the fulfillment of the proposed activities, which conform to post liberal regionalism.

South American Council on Infrastructure and Planning (COSIPLAN)

Like UNASUR in general, the origins of COSIPLAN can also be traced to the administration of Cardoso, who saw regional integration as the way to promote economic development from a neoliberal perspective. He believed that economic growth required the construction of an interconnected network system in infrastructure, energy and

telecommunications: “the improvement of regional transport infrastructure would raise export sector’s competitiveness, increase intra-regional trade flows, and create the preconditions for the flourishing of transnational production chains” (Palestini&Angostinis, 2014, p.10).

The President Cardoso began the construction of the natural-gas pipeline that connects Bolivia and Brazil; he also signed an agreement with Argentina and Venezuela on gas and energy respectively. The problem Cardoso faced was raising funds to carry out these megaprojects, so he asked ECLAC and IDB to participate in the execution of the projects (Palestini & Angostinis, 2014, p.11). These projects are known as the Integration of Regional Infrastructure in South America (Iniciativa para la Integración de la Infraestructura Suramericana, or IIRSA in Spanish acronym), they were released in September 2000, during the meeting of South American presidents in Brasilia.

The Comunicado de Brasilia (Comunidad Andina, 2000) has a section on infrastructure, which was influenced by the technocrats of the WB and IDB (Angostini and Palestini, 2014). Paragraph 37 establishes the principles of the integration in infrastructure: “... This must be guided by the principles of social and environmental sustainability and have the ability to attract capital from outside the region and to generate multiplier effects within it. Advances in the area of infrastructure will, in turn, release new driving forces toward integration, thereby setting in motion dynamics that should be encouraged”. Paragraph 38 mentions infrastructure projects and how they will be financed:

The Presidents ascribes high priority to the identification of infrastructural projects of bilateral and sub-regional interest. Given their magnitude, the financing of integration infrastructure projects must be shared by the governments, the private sector and the multilateral financial institutions, particularly the Inter-American Development Bank-IDB, the Andean Development Corporation, the Fund for the Development of the River Plate Basin-FONPLATA, and the World Bank...” (Comunidad Andina 2000).

and furthermore, paragraph 39 states that an action plan should be prepared, “which contains suggestions and proposals, with a time-line of ten years, for the expansion and modernization of South America's physical infrastructure... The Action Plan, prepared by the IDB, benefited greatly from contributions by the Andean Development Corporation-ADC- and from input from other relevant regional entities and from the South American countries.”

In that meeting, the IDB also presented the “Plan of Action for the Integration of South American Infrastructure 2000-2002”. In the document appeared 10 Integration and Development Hubs (EID), organized around an anchor project. The Integration and Development hubs are: Brazil-Bolivia; the Paraguay-Parana waterway; Capricorn; Andean Southern; Guyana Shield; Amazon; Central Interoceanic; Mercosur-Chile; South. They represent a significant landmark in the effort to organize a common regional space. This project would support the FTAA, facilitating trade from Canada to Tierra del Fuego.

This situation in which the projects were designed for international agencies without a significant participation of South American governments was criticized by progressive presidents (Lula in Brazil, Chávez in Venezuela, Correa in Ecuador). In addition to this, the impact of the financial crises of the 1997-2002 period affected the continuity of the IIRSA. Palestini & Angostinis (2014) explain that “[s]tarting from 2004, the Venezuelan state became a vocal critic of IIRSA. Initially, Venezuela declined to participate in the IIRSA meetings, and then left the group in overt opposition to IIRSA’s methodology” (p14).

However, the projects started developing. The first stage of IIRSA was the implementation of plan 2000-2002, which defined the priority areas. Subsequently, there began a planning stage (2003-2004), in which the first project portfolio was created. As seen in Chart B, between 2004 and 2010, the quantities of the project were increasing; nevertheless, as Navarro

states, between 2003 and 2004 a Consensus Agenda (2005-2010) selected 31 projects as a priority, with an estimated investment of US\$ 14,023,200. By July 2010, 2 of them were completed; 19 were in execution 8 in pre-execution and on profile (n.d.,p.3).

Table 8 Number of IIRSA Projects and Estimated Investment

AÑO	NÚMERO DE PROYECTOS	INVERSIÓN ESTIMADA (M US\$)
2004	335	37.424,8
2007	349	60.522,6
2008	514	69.000,0
2009	510	74.542,3
2010	524	96.119,2

Source: Cartera de Proyectos de COSIPLAN. Retrieved from: <http://www.iirsa.org/Page/Detail?menuItem=32>

With the creation UNASUR in May 2008 the theme of infrastructure was identified in the Constitutive Treaty, as article number two: “[t]he objective of the South American Union of Nations is to build, in a participatory and consensual manner, an integration and union among its people in the cultural, social, economic and political fields, prioritizing political dialogue, social policies, education, energy, **infrastructure**, financing and the environment, among others, with a view to eliminating socioeconomic inequality, in order to achieve social inclusion and participation of civil society, to strengthen democracy and reduce asymmetries within the framework of strengthening the sovereignty and independence of the States.” The language used in this article clearly displays how the presidents were distancing themselves from neo-liberal approaches to investment. In the Third Summit of UNASUR in Quito in 2009, the South American Council on Infrastructure and Planning of UNASUR (COSIPLAN) was established. 2010 was the last year in which the evaluation and execution of project were carried out in the framework of IIRSA; after June 2011, COSIPLAN assumed this responsibility.

COSIPLAN Statute and Structure.

According to Palestini & Angostinis:

COSIPLAN is a more hierarchical and political institution than IIRSA: it is regulated by the 2008 UNASUR Constitutive Treaty; all decisions are taken by the Council of ministers (advised by national teams of technocrats), and they have to be consensual. Each member country has a national bureaucrat, assisted by a political figure (often a member of the ministry of foreign affairs)... [the] IDB, and the other multilateral development banks were downgraded to the level of technical assistance (2014, p. 15).

The structure was modelled on that of the SADC, since the negotiators believed that the positive performance of the SADC could be copied by other bodies, in a display of the spill-over effect.

The nature of the body was defined in article number one: COSIPLAN “is a forum for political and strategic discussion through consultation, evaluation, cooperation, planning and coordination of efforts, and articulation of programs and projects aimed at implementing the integration of regional infrastructure in the UNASUR Member States.” This language signifies that political dialogue and consensus is more important for the countries, giving the presidents and high-ranking officials a significant role in the construction process of regional integration mechanism. In this way, the member countries wished to assert control over infrastructural development, in contrast with the neo-liberal period in which international agencies were given significant power.

As soon as the IIRSA was brought into COSIPLAN, the latter decided to create a ten-year term Action Plan (2011-2022), with the primary objective “to develop a common agenda for leveraging the integration of transportation, energy, and communications infrastructure”³⁰ The energy programs should be accomplished in close coordination with the Energy Council (Consejo Energético). The plan states the objectives that have to be guaranteed by COSIPLAN. As discussed above, they consist of ten Development Axes (Ejes de Integración y Desarrollo –

³⁰ Action plan 2011-2022

EID) that serve to organize a Project Portfolio composed of more than 500 infrastructural projects in South America. This plan has to be evaluated in five years (2015).

Table 9 Portfolio Projects and Estimated Investment by EID

Eje	Nº de Grupos	Nº de Proyectos	Millones de US\$
Eje del Amazonas	8	74	22.420,7
Eje Andino	10	67	28.613,9
Eje de Capricornio	5	82	16.314,7
Eje del Escudo Guayanés	4	20	4.581,2
Eje de la Hidrovía Paraguay-Paraná	5	92	7.328,1
Eje Interoceánico Central	5	63	11.614,8
Eje MERCOSUR-Chile	6	124	56.158,9
Eje Perú-Brasil-Bolivia	3	24	31.431,8
Eje del Sur	2	49	4.146,6
Total	48	593	182.435,7

Note: The chart shows the number of projects by each HUB, and the quantity of money invested.

Source: Cartera de Proyectos de COSIPLAN. <http://www.iirsa.org/Page/Detail?menuItem=32>

For 2015, there were 593 projects defined, 31 projects were qualified as Priority Projects for Integration (API) since 2011, made up of 103 individual projects, for an estimated US \$ 21,135,000 investment³¹. The APIs include one airport, more than 7,935 km of highways, two tunnels, 57 bridges, 7154.4 kms of railway corridors, 4 river ports, 2 river port terminals and 12 docks, 8,508 km of waterways on 14 rivers and 2 lakes, 4 ports, 2 hydroelectric transmission lines of 710.9 km, and one main gas pipeline of 1,500 kms.

Since 2011, 14 of 103 of the projects have been completed, at the cost of US \$ 868 million, 31 projects are being developed, 38 are in pre-development, and 20 are just on paper (see graphic below). In 2015, three projects were completed in the Andean, the Amazon and Central Interoceanic hubs. By 2018 almost 80% of the API and 50% of the planned investment

³¹Informe final API 2015

http://www.iirsa.org/admin_iirsa_web/Uploads/Documents/API_InformeVersionFinalEspa%C3%B1ol_2015.pdf

amounts are expected to be completed. Most projects will be completed by 2022, the deadline set in the action plan.

Figure 4 Evolution of the Priority Projects for Integration (API) from 2012 to 2015 by stages

Source: Informe de Actividades 2015. Retrieved from:

Of the total 593 projects established in COSIPLAN for the year 2015, only 115 have been completed, representing 20% of the goals, with an investment of US\$ 26.113 million. 478 projects worth \$156,323,000 are pending. As Sanahuja (2011) states:

[i]n infrastructure, the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) is progressing, albeit at a slow pace. IIRSA has strong backing from the countries that have most to gain from the interoceanic connection like Brazil, Peru, Bolivia, Chile, Uruguay and whose trade has been most affected by the poor quality of infrastructure and transport costs (p.113).

There are still seven years ahead to conclude the project; nevertheless, several factors could contribute to accelerate or retard the evolution of the portfolio, for example: changes in the South America political spectrum, the fall of commodity prices, and possible misuse of resources.

Critics of IIRSA argue that when all the projects are finished the beneficiaries will be the multinational enterprises of big countries of South America (especially Brazil), causing greater imbalances between states, and reflects the continued influence of open regionalism. At the same time, the damage that is occurring to the Amazon from many of these mega-projects does not correspond to the stated principles of UNASUR (Zibechi, 2015).

The presidents in this case, Chávez and Lula took the lead in the transformation of IIRSA from WB projects to South American projects. However, because intra-regional trade has been overshadowed by political issues, IIRSA has not made great strides after being engulfed by COSIPLAN.

UNASUR's Economic and Financial Council (CSEF).

Since 2002, the South American economies have showed three common characteristics: sustained surplus in the current account of balance of payments, reduction in the debt ratio to GDP, high stocks of international reserves in the central banks (Feletti, 2010), due to the high price commodity. South America was also free of the hegemony of United States, who was dealing with external and fiscal imbalances, induced by the subprime crisis which; and also the crisis in the European Union. As a result of these factors, South American leaders decided to take advantage of the situation to gain greater autonomy in decisions on national economic policy by creating a multilateral (finance) organization towards global markets.

The UNASUR Working Group on Financial Integration (GTIF) was created in 2007, with the aim of reconfiguring a new financial architecture in the region (Feletti, 2010, p. 3).

Again, after the Working Group (WG) in Defence became the Defence Council, the idea was that the rest of the UNASUR's WGs should transform themselves into Councils too. Based on a functionalist way of thinking, the Defense Council structure would spill over (horizontally) to the rest of the WGs. The WG with their own characteristics and functions would then create a vertical spill over to the UNASUR, creating policies for the South American region.

In this way, the Economic and Finance Council was created in November 2010, when the Summit of Heads of State and Government was held in Georgetown. The Council had to wait almost a year in order to have its statute and plan of action ready. The Ministers of Finance and Central Bank Presidents met on August 12, 2011 in Buenos Aires, Argentina, decided to create the South American Council of Economy and Finance, approved its Statute, and biannual Action Plan at the First Meeting Executive Council of Economy and Finance.

Among the decisions taken at that meeting, the objectives of the Council and the Action Plans are:

- Promote the development of a new financial architecture, but also strengthening and adapting the existing ones, reduce the external vulnerability of the region and promote economic and social development.
- Working for viable technical cooperation measures as it pertains to the management and mobilization of international reserves, it is recommended to encourage the possibility expansion of the Latin American Reserve Fund (FLAR) and its adaptation to the new context, and promote it as a tool.
- Promote the use of regional currencies to pursue intra-regional trade transactions that act as incentives to deepen integration processes; called the multilateral system of payments in national currencies. The methodology created is an example used by Brazil and

Argentina's currencies. They also included as examples el SistemaUnitario de Compensación Regional (SUCRE) or Unified System for Regional Compensation.

- Construction of a regional capital market.
- Implementation of regional mechanisms for the stabilization of temporary imbalances in the balance of payments.
- Coordination of finances for application development projects (this also must support the project of COSIPLAN).
- Promote the incorporation of the countries into the new initiative known as Bank of the South (Documents of the I Reunión del CSEF, 2011).

Briceño-Ruiz & Hoffman (2015) comment that:

UNASUR's institutional structure reflected a lack of prioritization of trade...[However], in the Action Plan [of CSEF], more specific objectives were established; objective 3 states that the Action Plan aims at 'fostering the increase of intra-regional flows of trade' (Plan de Acción, Consejo Sudamericano de Economía y Finanzas 2011, objective 3). There were the documents in which an explicit mention of trade as one of the goals of UNASUR was made, but they were not referring to 'free trade'(p. 55).

UNASUR's presidents were trying to build a new structure, with a new discourse that establishes the differences between the Washington Consensus and this new era. The new documents refer to trade in a substantially different way than the approach of the 1990s, and subordinate trade to other social and productive objectives (Briceño-Ruiz & Hoffman, 2015, p. 56).

At the second meeting of the Council of Economic and Finance held in Buenos Aires, November 25, 2011, three different proposals were presented (by Venezuela, Colombia, and Ecuador) with respect to the reserve fund. Colombia wished to keep the FLAR, whereas Venezuela and Ecuador wanted to establish a new mechanism. The following meetings of the Council in November 2012, and July 2014 recorded no breakthrough, no new proposed plan of action, or specific activity implemented.

The presidents, who are the ones who push this kind of process in UNASUR due to its strong presidentialist character, have been blocked by the participation of the Central Bank in the discussion of a new economic alternative for the region. As Atilio Boron says “the Central Banks in our region enjoy no independence vis-à-vis financial capital and imperialism, which they serve unconditionally” (2008). Besides the presidents, who were enjoying a great economic situation during this period, could finance their project with capital from their own funds, which leaves aside any progress in this council.

Statute and Structure. It should be noted that the structure of the Council is the same as the SADC and COSIPLAN; however, imitating this mechanism has not been effective because the CSEF has not been able to present projects and successfully execute them.

According to the council, its nature “is an instance of dialogue, reflection, consultation, and cooperation on economy and finances under the Treaty of UNASUR.” The general objectives are:

- Social and human development with equity and inclusion to eradicate poverty and overcome inequalities in the region.
- The construction of an economic system with equity, social justice, and in harmony with nature for a sustainable development.
- Growth and economic development to overcome asymmetries through effective mechanisms and concrete economic complementarity.
- Financial integration through the adoption of mechanisms compatible with the economic and fiscal policies of the members.
- The economic and commercial cooperation to achieve progress and consolidation of an innovative, dynamic, transparent, equitable, and balanced process.

- Sectorial cooperation as a mechanism to deepen South American integration, through exchange of information, experience, and training.

Briceño-Ruiz and Hoffman (2015) argue that free trade is not an important issue for UNASUR, even though in the current time the Pacific Alliance and MERCOSUR have a strong trade dimension without leaving aside social, environmental areas. For Sanahuja (2014) the CSEF is the best sample of regionalism or multilateralism "defensive," however he has not made progress in completing a system like the SUCRE or the whole development of the Bank of the South. Palestini & Angostinis (2014) also state, "In fact, intra-regional trade among the UNASUR member countries accounts for 23% of the bloc's total exports, significantly below intra-regional trade within NAFTA (50%) or the EU (70%), making South American countries highly dependent on the US, the EU, and increasingly on China as export markets and sources of direct investments" (p.1).

This shows that the UNASUR countries have failed to deviate from the economic characteristics handled in previous integration mechanisms, adhering to more and more of them, and setting aside a paradigm shift when it comes to regional multilateral creation. One of the reasons why this is occurring is because countries have been incorporating (in the past thirty years) in its domestic legislation economic measures that do not correspond to the current presidential discourse, and that antagonisms between senior political officials and technical personnel are still visible (as will be seen in the next section in the Bank of the South).

Bank of the South (Banco del Sur).

The Bank of the South initiative came as a financial alternative to the IMF and WB after their performance and voting system were questioned by South American countries (Rosales, 2013, pp. 28-29). In 2003, the increase of the price of oil, agriculture products and raw material

(Toussaint, 2008), gave the economic support to countries for the new initiative. This rise in export prices enabled Argentina, Brazil and Venezuela to pay their debts to the IMF in advance, which represented a closure in the relations of dependency with the organization. Governments like Bolivia and Ecuador expressed their dissatisfaction with the institutions of the WB by withdrawing from International Centre for Settlement of Investment Disputes (ICSID). As stated before, the failure in the creation of the FTAA in 2005, and the neglect of United States towards the region, was favourable for the progressive governments to win space. Because those governments did not want to be financed by the Bretton Woods institutions it was the perfect time to develop the idea of a Southern Development bank (Rosales, 2013).

Given these conditions, in 2005 Venezuela and Brazil negotiated a memorandum of understanding to study the possibility of the creation of bank (Rosales,2013). In February 2007, Venezuela and Argentina³² (Bolivia later joined them) signed another memorandum of understanding for the creation of the Banco del Sur and the Fondo del Sur, then Ecuador, Paraguay, Uruguay, and Brazil also joined. The first proposal was written by Venezuela and Argentina; however, Ecuador presented a new version of that one in April 2007, which was accepted. This proposal was included in the Declaration of Quito on May 3rd, 2007, which was agreed upon by the participation of the President of Ecuador, Rafael Correa, and the Ministers of Economy, Finance and Treasury of Argentina, Bolivia, Brazil, Paraguay, and Venezuela. This Declaration built the basis of the new regional financial architecture, as well as the financial strengthening of the member countries, and the satisfaction of the needs of the people (Declaración de Quito, 2007). Two trends were visible in the initial proposals.

³² Rosales claims that one way to boost this in its beginning was that Venezuela had acquired nearly US\$7 billion in Argentine bonds, within the framework of the negotiation of this possible agreement.

The Venezuela – Argentina proposal was the creation of the Bank of the South as a development bank and a monetary fund, which in their project should be focused on cultural, environment and educational policies. The proposal maintained a system of voting rights similar to the IMF and WB, in which a country's number of votes depended on its monetary contribution to the organization. The Bank of the South could also borrow from the capital markets (i.e. from the IMF). This proposal was not consistent with the post-neoliberal discourse of Venezuelan government, and the proposal was categorized as undemocratic by the other UNASUR countries. As Toussaint claims, it took Venezuela five years to strengthen the organization of its government after the failed coup against Hugo Chávez. Before 2007, it appeared that national economic institutions were acting separately from the executive. (Toussaint, 2008).

Ecuador's proposal included three different mechanisms: a Regional Monetary Fund, the Banco del Sur, and the creation of a Monetary Unit of the South, a single currency for Latin American countries. In this proposal, all of these elements must be guarantors of economic, social and cultural rights in the region. The Bank should not ask international financial institutions for money, to avoid external influence on interest rates. Bank of the South's money may come from capital contributions, loans to the members; a global common tax, and grants. In case of an economic emergency in a member state, the rest of the countries should transfer to the fund 20% of their reserves to help that country (Toussaint, 2008). After almost three weeks, on May 22nd the "Declaración de Asunción" was adopted, reaffirming the intentions collected in the Declaración de Quito. Shortly after, on October 8th, the countries adopted the Declaración de Río de Janeiro, that established the Bank of the South as a development bank, and the other initiatives agreed upon in Quito were abandoned, specifically the Regional Monetary Fund and the Reserve Fund (Colombo and Castiglioni, 2013, p. 304; Rosales. 2013, p. 29-30). Finally, on

December 9th, 2007, the presidents of Argentina, Brazil, Bolivia, Ecuador, Paraguay, Uruguay and Venezuela signed the Foundational Act for the Bank of the South, based in Caracas, Venezuela, and two sub sites, one in Buenos Aires and the other in La Paz. The bank's main objective is to finance national projects of the UNASUR countries or the projects established by COSIPLAN (Escobar, 2008); nevertheless, it could also be extended to the rest of Latin American and the Caribbean countries under the umbrella of the Community of Latin American and Caribbean States (CELAC).

Five UNASUR countries did not sign the Act (Chile, Colombia, Guyana, Peru and Suriname); although Chile and Colombia were accepted as observers (Colombo & Castiglioni, 2013 p. 305; and Zúñiga, 2010, p. 437). This was a blow to the institutional framework of the Bank, the rejection of these five countries made the Bank of the South more of an ALBA initiative than a UNASUR one.

The priorities of the bank are: achieving food and energy sovereignty, health, natural resources and knowledge; support projects in key sectors of the economy like scientific, technological, infrastructure, and services; backing projects in social sectors (health, education, social security); promoting projects aimed to boost participatory democracy, culture, sports, combating poverty and social exclusion; expansion and interconnection of regional infrastructure, and projects aimed at reducing asymmetries between member countries (Colombo & Castiglioni, 2013, p.307). The principles contained in the Constitutive Act thus again correspond to the paradigm of post-neoliberalism (Riggirozzi & Tussie, 2012; Sanahuja, 2012; Yates & Bakker 2013).

Nevertheless, it seems that despite these rhetorical commitments the positions of the different countries are dissimilar, which has led to the delays in decision-making and financial

support for development programs in the region. These differences allow us to build a classification of the countries of UNASUR, that applies only to their position in the Bank: the first classification is the socialist and anti- imperialist one, formed by Argentina, Bolivia, Ecuador and Venezuela; the second, the pragmatic ‘Brazil’; the third, the free riders of Paraguay and Uruguay; and finally, the conservatives - Colombia, Chile and Peru. These divisions were observed since the idea of establishing the bank emerged.

For example, Argentina, after the “Corralito Financiero”, needed bank loans with better conditions than those imposed by WB and IMF. It also supported the Banco del Sur initiative as part of its negotiations when Venezuela agreed to purchase the bonds of Argentina’s national public debt after the Argentine development bank was closed as a result of the mismanagement of resources.

Brazil preferred to continue with the strengthening of the position of its own development bank, BNDES, in South America, which would guarantee Brazil’s control over the investments (Rosales, 2013, p. 34). Brazil also wanted to develop programs in science and technology industries, and in improving the capital market. For that reason, Brazil delayed support for the initial agreement. Brazil’s economic capacity implies a greater contribution to the Bank’s funds; with an egalitarian system of vote, Brazil would lose control over decision-making. Eventually, Brazil decided to support the proposal because if it remained outside a possible regional financial mechanism, that would also imply the rejection of the Brazilian population and the rest of Latin Americans.

Ecuador was the most active country in the development of the Banco del Sur because it was in pursuit of alternative format different from the ones promoted by WB and IMF, as it was discussed earlier in the proposal submitted by this country. For its part, Venezuela also promoted

the bank as an alternative to the international financial institutions, as an anti-imperialist policy, and a reaction against the U.S. Instead, Colombia, Peru and Chile maintained a neo-liberal behavior tied to their free-trade agreements with USA, which prevented their support for this institution. The delay of almost two years in signing the Constitutive Act drew the attention of scholars who studied the banking system. Colombo and Castiglioni (2013, p.305) claim that the delay was due to reasons of domestic political situations rather than differences in the perspectives of the countries. For Toussaint (2008), the element of “one country one vote” incorporated in the discussion of the Act, resulted in the rejection by Argentina and Brazil.

For Escobar (2008, p. 108), the Constitutive Act is not clear about its characteristics and its operating rules. The Act just lists a series of vague objectives and political desires of the countries in building a new Financial Architecture; it is a broad proposal that vanished when it came to its application. Rosales (20013) states that “[if] the principal function of the bank was ‘to finance development projects in key sectors of the economy, aimed at improving competitiveness, scientific-technological development, infrastructure, creation and provision of services, intraregional productive complementarity, and the maximization of value added to raw materials produced in the countries of the region’ (p. 31), it is clear that since 2009 no bank project has been issued to support countries to achieve these objectives which are linked to their own development. This situation has provoked articles about the “Death of the Bank of the South” (Crespilho, 2010). According to Escobar (2008), the delay in the Banco del Sur’s consolidation is because the Latin American countries remain dependent on the external sector, and their economies have not been able to overcome the consequences caused by the liberal policies of the past. The Banco del Sur is still an option for the development of the countries that are part of it. The developmentalist measures could be efficient, but the population needs the

government's will to agree to a long-term economic vision in their application, and not just a political rhetoric frame immersed in a post-hegemonic paradigm without effect.

On December 5th, 2014, the 8th UNASUR Summit was held in Quito, Ecuador, where one of the points was the economic situation in the region. The presidents agreed on the activation of the Banco del Sur before the end of December 2014, as well as the creation of the Reserve Fund and Financial Protection regional bloc³³. However a year later, there has been no progress on the matter.

³³See the article of the Ministry of Popular Power for Communication and Information of Venezuela, available at: <http://www.minci.gob.ve/2014/12/unasur-acordo-activacion-del-banco-del-sur- to-end-of-this-year/>

Conclusion

As we have seen, UNASUR does not represent a radical paradigm shift to Post Hegemonic Regionalism or Post-Neo- Liberal Regionalism, The mixed results displayed in the implementation of the activities and objectives of the different councils suggests that paradigms are still present in South America integration.

It is clear that UNASUR is different from the previous wave. It is not focused on free trade and commerce, for that reason the convergence of MERCOSUR and CAN was not agreed to. Will UNASUR be able to achieve greater movement away from open regionalism, or will open regionalism take over the economic integration again, leading UNASUR to desist from addressing these issues? The coming years will give us the answers. But the political/ economic crises and shift to the right in several governments of the region suggest that UNASUR would have difficulties to achieve further progress.

The creation of UNASUR involved many aspects; one of the most important was the high levels of societal rejection of neoliberalism, the emergence of social movements, against neoliberalism and the repression experienced during periods of dictatorship, as well as the advent of the Pink Tide with the arrival of leftist presidents to power in South America. UNASUR is an organization that was created during a paradigm shift (during “the final” stage of the paradigm of neo-liberal and the creation of paradigm post-neo-liberal), for the creation of a new body or institution focused on social, environmental, cultural, energy issues instead on trade. UNASUR has given priority to the political agenda, the return of developmentalism, South-South cooperation, resuming dialogues and negotiations on peace and security, and most importantly the commitment to promote social integration and participation.

It is very significant the fact that the Social movements held a Conference at the same time of the Presidents, this was Cochabamba Social Summit 2006, which “Manifesto” reflect what was happening in South America:

Los pueblos de América hemos sufrido la aplicación de un modelo económico que basado en el fundamentalismo de mercado, la privatización y la liberación comercial, ha conducido al aumento de la desigualdad, el deterioro de las condiciones laborales, el desempleo, la generalización de la informalidad, la depredación del medio ambiente, la profundización de la discriminación contra las mujeres, la pobreza, la marginalización de las comunidades originarias y campesinas y la pérdida de la capacidad del estado de promover políticas de desarrollo social y económico.

En la búsqueda de generalizar y profundizar estas políticas se intentó crear el ALCA y los Tratados de Libre Comercio, por medio de los cuales se abandonaba cualquier perspectiva de desarrollo autónomo, basado en el mercado interno y en el respeto de todos los derechos humanos, sociales, económicos, culturales y ambientales.

Los pueblos del continente hemos sido protagonistas de una lucha contra este modelo, contribuyendo decisivamente a detener el ALCA y los acuerdos entre países que privilegian lo comercial y los intereses de las multinacionales...

La Comunidad Suramericana de Naciones no debe ser una prolongación del modelo de libre mercado basado en la exportación de productos básicos y bienes naturales, fundamentada en el endeudamiento y en la desigual distribución de la riqueza.

La creación de una autentica Comunidad Suramericana de Naciones no puede ser un proceso que excluya las exigencias populares y para esto requiere una auténtica participación social.

Consideramos que se requiere otro tipo de integración en la cual prime la cooperación sobre la competencia, los derechos de los habitantes sobre los intereses comerciales, la soberanía alimentaria sobre la agro-exportación, la acción decidida del Estado en procura del bienestar sobre las privatizaciones y el sentido de equidad sobre el afán de lucro, el respeto del medio ambiente sobre el saqueo despiadado de los recursos naturales y la equidad de género sobre la injusta división sexual del trabajo...

The Manifesto is a perfect description of what happened and which the claims were. Would UNASUR be capable of meet societal expectations? Does UNASUR represent this new paradigm? To answer those questions, I review the theories that have been used to study South American integration. As it was mentioned before, federalism could not be utilized for this study, because UNASUR did not expect the creation of a new federation or confederation of states or delegate any sovereignty or foreign affairs issues.

Functionalism and new variants "neo" as well as its fundamental concept "spillover" can only be used when the organization or institution have been in place for several years created, to assess whether the economic functions spread to the others. Because UNASUR is an organization in a state of birth, it is tough to study the spill-over effect right now. Functionalism does not take into account the factors that give rise to institutions, but studies institutions once created.

So in this case, I chose intergovernmentalism as theory applicable to the case study. This theory focuses on its emphasis on the importance of national preferences in the negotiation processes that leads towards the creation of a new institution. This theory, however, highlights the relations of economic interdependence between countries as essential when initiating a process of integration. Aware of the shortcomings of this theory which overlooking the dynamic of integration as whole, national and regional events were added (the events that determine or have an influence in UNASUR creation were summarized in the Cochabamba's Manifesto); those events modified the perceptions of the agencies over the years that affect the negotiation towards the UNASUR's creation. The organizations that were studied were civil society groups and government representatives, who have their own perceptions about the previous regional and international organization (Andean Community (CAN), Southern Common Market (MERCOSUR), the World Bank (WB), Inter-American Development Bank (IADB) and International Monetary Fund (IMF)), I stated in this project that these perceptions guided the preferences of the leader in order to create or not a new regional integration.

These negative perceptions about previous bodies indicated that leaders should move toward the creation of a new alternative organization and that their preferences should be oriented this way. The result confirmed it. From a total of 248 articles, the negative preferences

towards former organizations were 186, versus a total of 62 positive preferences. The main explanations of this, taken from the articles, were that the institutions did not respond to the objectives for which they were created; the member countries do not comply with the agreements or created laws, or national policies affect the functioning of the organization, and last, but not least, the view that the policies established by the organization are inconsistent with the process of integration. According to this, it is possible to say that the perceptions of civil society were crucial for guiding the leaders of the South American Nations to create UNASUR.

The second question in this project was, once UNASUR was created, does this organization fulfill the principles of post-neo-liberal regionalism? To do that, I reviewed the principles for which they were created, analyzed the action plans of each, and evaluated whether their activities were executed or not. The Councils studied were Defense (SADC), Infrastructure and Planning (COSIPLAN), Economy and Finances (CSEF); and the Bank of the South, in a period that goes from 2008 to 2012.

The result shows that the SADC fulfilled more than 60% of its activities during the term of time studied. The Council was created during a period of crisis that indicates the importance of the presidents in the decision-making processes. So the theory of intergovernmentalism, have to be applied focus on the role of the presidents who means that this theory becomes inter-presidentialism.

In UNASUR, in general, power is concentrated in the hands of the presidents as the highest authority. There is no delegation of sovereignty; the decisions are taken by consensus of the presidents in a regular meeting or an extraordinary Summit (called "Diplomacia de las Cumbres"); the UNASUR's secretary just has administrative functions. In this case, the presidents who regularly deal with domestic and international issues inherent to their position,

they just include in UNASUR's agenda the events that they consider important in their meeting (mostly something that affected their interest directly). The SADC was accelerated due to a crisis between Colombia, Ecuador, and Venezuela. The presidents saw that as a threat to their governments and accelerated the creation of the SADC in a summit that was televised live. All the president but Colombia agreed with created the SADC and found a solution to those issues. Colombian government at the end realized that was alone, so it had to negotiate a solution, and also became part of the Council. After that meeting, the activities of the SADC have been numerous, and the ministers of defense and the bureaucrats have been in command of executing its activities.

In contrast, the results achieved by the economic and financial councils have been minimal. COSIPLAN has been different in its creation of the others councils. COSIPLAN has as first antecedent the IIRSA initiative, designed as a project of physical interconnection between countries, funded by the IMF and the WB, where the plans and decisions were developed and implemented by technicians. This project began in 2000, before the creation of UNASUR, the idea behind this scheme was to facilitate the trade of goods and services to the establishment of the free-trade agreement of the Americas.

Nevertheless, there were many protests from social movements, indigenous groups, against the exploitation of their territories. Also, the president of Venezuela, Hugo Chavez considered the IIRSA as another interventionism from the United States and multilateral agency, with extractives interests in Amazon territory. Chavez began a campaign against the IIRSA. The other presidents of UNASUR agreed that extra-regional agencies should not control the portfolio. So the management of IIRSA passed into the hands of a new Council of UNASUR

called COSIPLAN who control the planning and execution of these projects according to the principles of UNASUR.

The UNASUR Economic and Financial Council (CSEF) was created as an alternative to the IMF and the WB in the region; however, the results are “cero.” The idea of this council has created a mechanism in which the countries could appeal for economic assistance, create a monetary compensative system, in which the countries do not have the necessity to use US dollars for commerce trade. This council has not achieved any goal yet. Why? The answers are many: one, the importance of the intra- trade between South American countries is not so relevant if you compare with extra-regional trade; this makes the countries rely on other regional mechanisms like MERCOSUR, CAN or Pacific Alliance; two, South American countries have been experienced high incomes from commodities, so they have been able to solve their financial issues by themselves without a draw on international mechanism; three, Argentina, Brazil, Ecuador, and Venezuela were solvent after payment of the foreign debt, so in that moment they were not in rush to find an organization to loan them money for their projects; four, the creation of the council and its action plan were delegated to the minister of finance and the central banks of the countries' members, as it was mentioned the central banks won their independence from national governments, but not of international financial institutions, they serve to their interests. The technocrats of the central bank were professionally trained under the practices and tenets of neoliberalism. The council has struggled to survive and apply post neoliberalism's liberalism's postulates, but the predominant mentality has been the neoliberal (Boron, 2015).

The same has happened with the Bank of South, where the bureaucrats were drafting a proposal to create this agency, the technicians of the central banks of Venezuela and Brazil created a mechanism that followed the same structure, principles, and objectives of the IMF. The

model presented by the delegation of Ecuador was the only one who followed the post neo-liberal postulates, basically one country one vote, regardless how much this country contributes to the bank. Again, the councils or agencies related to economic affairs have obstacles when they try to implement the post neo-liberal postulates.

UNASUR since its inception has focused on a presidential dialogue. The level of citizen participation has not been clear, after the People's Summit in Cochabamba, there has not been any other initiative that allows the citizens to participate in the organization. The parliament of UNASUR has not been created after three attempts. UNASUR's treaty grants presidents the full capacity of action without consulting domestic institutions once the Treaty of UNASUR has been ratified internally, so any decision of the presidents does not need to be approved by parliaments, making UNASUR Parliament's proposal obsolete.

This creates uncertainty about whether UNASUR can survive, especially when the political trend throughout the region is changing, as is the case of the arrival of the right in Argentina, and Brazil. With political differences between presidents, the possibility of reaching consensus is probably more challenging. The death of Chávez and Lula's (and Rousseff's) exit leaves the body without strong leadership. To answer the question if UNASUR represents a shift to post-liberal regionalism, I must say that UNASUR represents an attempt to achieve paradigm shift in the region. However, he has struggled internally to preserve the objectives and principles for which it was created. In those councils in which the old paradigm has had a greater impact (economic affairs), UNASUR has struggled internally to achieve a paradigm shift, but has been unsuccessful, while greater success has been achieved in the areas of diplomacy and security. UNASUR represents a fight of a post neo-liberal organization that tries to survive in a neo-liberal world.

Appendices

Appendix 1 Positive Perceptions 2004-2008

Appendix 2 Negative Perceptions 2004-2008

Appendix 3 Comparison Positive and Negative Perceptions 2004-2008

Appendix 4 Positive and Negative Perceptions by percentage 2004-2008

Appendix 5 Results consolidated by actors. Positive and Negative perceptions 2004-2008

Country	Actors	Positive Perceptions				Negative Perceptions			
		CAN	MERCOSUR	OAS	IMF /WB/BID	CAN	MERCOSUR	OAS	IMF /WB/BID
Argentina	Ind.	0	7	5	1	4	48	5	17
	Int. Gps.	0	3	1	0	0	27	1	15
	Rep.	0	18	2	4	13	65	10	76
	Sub-total	0	28	8	5	17	140	16	108
Brazil	Ind.	0	4	1	1	1	12	1	23
	Int. Gps.	0	0	0	4	0	3	0	6
	Rep.	0	2	1	8	2	10	3	44
	Sub-total	0	6	2	13	3	25	4	73
Colombia	Ind.	1	1	0	0	4	0	0	0
	Int. Gps.	0	0	0	0	6	3	0	0
	Rep.	0	3	0	2	11	0	0	0
	Sub-total	1	4	0	2	21	3	0	0
Ecuador	Ind.	4	2	0	3	13	4	0	11
	Int. Gps.	1	0	0	0	10	1	2	3
	Rep.	2	0	0	0	29	3	2	4
	Sub-total	7	2	0	3	52	8	4	18
Venezuela	Ind.	1	0	0	0	8	7	6	10
	Int. Gps.	1	1	0	0	3	2	2	4
	Rep.	2	0	1	0	20	7	10	9
	Sub-total	4	1	1	0	31	16	18	23
TOTAL		12	41	11	23	124	192	42	222

Appendix 6 Leaders' Preferences 2005-2009

Appendix 7 Leaders' Positive and Negative Preferences 2005-2009

Country	Positive Preferences					Negative Preferences				
	CAN	MERCOSUR	OAS	IMF /WB/BID	UNASUR	CAN	MERCOSUR	OAS	IMF /WB/BID	UNASUR
Argentina	0	12	1	2	6	9	25	7	31	2
Brazil	1	10	0	1	4	0	3	3	28	0
Colombia	2	0	3	1	0	0	0	0	0	0
Ecuador	4	2	0	0	9	7	0	9	12	1
Venezuela	0	3	1	0	0	10	5	15	14	5
TOTAL	7	27	5	4	15	26	33	34	85	12

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