

STRATEGIC REFLECTION FORUM: “THE INTEGRATION OF SOUTH AMERICA AND THE ROLE OF INFRASTRUCTURE”

Roberto Bouzas

University of San Andrés-CONICET

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Contents



- Basic concepts
- Dimensions of integration
- Status of integration in South America
- The role of physical integration

Basic concepts



- Integration: a “multipurpose” concept for political action and conceptual analysis
- What is the aim/variable that is tried to be explained? What does “integration” mean?
- Is it a political or economic phenomenon?
- Is it a result or a process?

Dimensions of integration



- The word “integration” is used with several meanings, which affects its usefulness:
 - ▣ Economic integration: combination of national economies separated in units or greater communities
 - ▣ Political integration: combination of independent authority and representation dominions in wider dominions

Dimensions of integration



- Economic integration:
 - ▣ Objective: to improve efficiency in the allocation of resources, at a regional level
 - ▣ Instruments:
 - “negative integration” (elimination of the discrimination and restrictions to movement)
 - “positive integration” (modification of the existing instruments and institutions to allow improvement in efficiency and to fulfill other objectives of the union)

Dimensions of integration



- ▣ Integration models:
 - Free-trade area
 - Customs union
 - Common market
 - Economic union

- ▣ Each model has implicit and “deeper” integration levels and progressively demands common regimes or institutions

Dimensions of integration



- ▣ The economic theory provides clear conclusions regarding the net gains of integration as well as how they can be compared with other political options only under very restrictive suppositions (effects on the allocation of resources under conditions of perfect competence)
- ▣ Under other conditions, the conclusions are conditional; this makes economic integration a very much discussed field.

Dimensions of integration



- Political integration:
 - ▣ Objective: diversity of objectives according to the different theoretical perspectives (“realistic” visions and “liberal” visions)
 - Realistic visions: maximization of security subjected to the restrictions that pose the existence of other States (integrationist pessimism)
 - Liberal visions: federal, functional, transactional (different motivations to reach integration)

Dimensions of integration



- ▣ Instruments: merger of independent representation and authority dominions (“positive” integration)
- ▣ Modalities:
 - different degrees of centralization of power, depending on the particular case and the dominion (theory of federalism)

Status of integration in South America



- ▣ In South America, the most ambitious integration attempts (customs unions) have faced many drawbacks
- ▣ Weak demand conditions: low inter-dependence
- ▣ Weak supply conditions: why resigning discretionality?
- ▣ The “political integration” is not a substitute: “political integration” or “rhetoric of integration”?

The role of physical integration



- ❑ Physical integration reduces fragmentation and may increase “demand of integration”, making inter-dependence deeper
- ❑ More physical integration is not a synonym of more balance or equity
- ❑ Physical integration may require the merger of certain authority dominions
- ❑ Physical integration may generate spill-overs in other political dominions

The role of physical integration



- ▣ The paradigm of successful integration process has been the European Union
- ▣ Political purpose carried out through economic means
- ▣ Infrastructure is included in the agenda as a coherence mechanism in an integration process boosted by market dynamics
- ▣ Different starting point (in terms of physical integration) compared to South America



Thank you very much!