

Latin America and the World: Globalization, Regionalization, and Fragmentation

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The relations between Latin America and the rest of the world are conditioned by an asymmetry in terms of power in the case of the more powerful countries, the relative security associated with being defined as a «peace zone» and an economic context marked by the neoliberal legacy and the opening of their economies. Within this framework, Latin America has adopted three different paths: the opening of its economy to the world, a regionalization by way of the integration schemes and the articulation of trans-regional links by way of free trade treaties, generally with the United States. However, the varying weight of these factors between the different countries of the continent indicates that the region lacks a common and coherent strategy for inserting itself into the globalized world.

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■ Introduction

Quo Vadis Latin America? How can one characterize the international relations of the Latin American region with the rest of the world nowadays? Is it possible to refer to Latin America as a homogenous region, capable of articulating a coherent regional policy in its international affairs? In this paper, I speculate about those questions and about the strategies and options open to Latin America in its insertion in the world.

Latin American strategies and options derive from three major forces and processes that shape world politics in the contemporary system: globalization, regionalization, and nationalism. Globalization, regionalization, and nationalism should be captured and studied as forces relative to and overlapping one another, sometimes antagonistic and sometimes cooperative toward each other, but never harmonious (see Kacowicz 1998a). Latin American strategies towards the rest of the world do take into consideration the dynamic interactions among those three forces, and can be summarized as follows: (1) *Opening to the world* (through globalization); (2) *Intra-regional integration* (through regionalization); and (3) *Fragmentation through external regionalization and trans-regional links*.

To argue about a menu of at least three different strategies assumes the existence of Latin America as a region, and that is a contended and controversial argument in itself. Can Latin America be considered as a coherent region? There are arguments for and against this approach. The new scenario of differentiation among the Latin American countries and the increase of its extra-regional links are related to the larger phenomenon of globalization. For instance, the globalization of the markets has pushed, naturally and logically the Latin American countries towards the diversification of their contacts beyond the region and even the Western Hemisphere (Muñoz 2006, 35). In the security realm, the post-Cold War interests of the United States has led it to differentiate among the different sub-regions of Latin America. For instance, the USA has extended and consolidated its overall power in the sub-regions of Mexico, Central America, the Caribbean, and the Northern Tier of South America, with the exceptions of Cuba and Venezuela, and at the expense of the Southern Cone (see Russell and Calle, 2007, 3-4). At the same time, the Latin American nations confront common interests and problems, such as asymmetrical significance, a changing security environment, and a common political economy context.

Notwithstanding the option chosen, the essential problem that Latin American nations confront in their relations with the rest of the world is that of *asymmetrical significance* (Smith 2000, 341-342). It means that the rest of the world (for instance, North America, Europe, Asia) is more important to Latin America than Latin America to other regions in the international system. The world economy is in transition, with North America and the European Union in decline and the newly dominant economic powers to be Asian-oriented. Yet, and despite the enormous potentialities embedded in its rich endowment of natural resources, Latin America, with only about eight per cent of the world GDP, cannot raise its stakes dramatically. Moreover, without the

rigid ideological and geo-strategic structures of the Cold War, Latin American nations receive less attention than before from the world powers, and face the risk of becoming marginalized, if not irrelevant (Tulchin and Espach 2001, 1; 37-38).

The *changing security environment* of Latin America includes the continuation of its «zone of peace,» especially in South America, and a new security landscape characterized by *intermestic* threats and problems. As for the *political economy context*, economic globalization has had a significant and uneven impact upon Latin American economic, social, and political development. In the following pages, I briefly address both the security and economic contexts in order to make sense of the options available to Latin America to deal with the rest of the world. It should be emphasized that there is no paramount or single strategy, and that in general, the countries of the region have usually taken a reactive, rather than pro-active attitude towards the shaping of their contemporary international relations.

■ The Security Context of the International Relations of Latin America

The security context is somehow relevant to understand the strategies that Latin American countries have adopted in their international relations. With the end of the Cold War and the resolution of conflicts in Central America, Latin America has become progressively one of the most peaceful regions in the world, and not only South America (characterized by a long peace, or what I have called, a «zone of peace» (Kacowicz 1998b). Major transformations have occurred in the relations among the countries of the region that have for the most part improved the prospects for peace, in terms of traditional concerns of international security and peace (see Dominguez, 1998, 4-11). Conversely, the countries of the region confront new types of security challenges that they have been hard-pressed to tackle effectively, rendering traditional issues of war and peace irrelevant to cope with *intermestic* problems of national and international security. By broadening the concept of security we might include issues such as increasing unemployment and poverty, marginality of many sectors of the population, violations of human rights, environmental degradation, threats to democratic development and economic well-being, and political and economic instability.

This changing landscape of Latin American regional security is also characterized by transnational threats, such as drug trafficking, migration flows, organized international (or rather transnational) crime, and arms trafficking. Terrorism and illicit transnational drug trafficking have posed new challenges to sub-regional security collaboration schemes, such as those existing in Mercosur. A case in point is the so-called «Triple Border area,» a duty-free zone where the borders of Paraguay, Brazil, and Argen-

tina converge, which has been identified as a terrorist «hotspot» for Islamic groups (see Pion-Berlin 2005, 216; Tickner 2007, 7). Paradoxically, these new security threats and challenges make the existing international frameworks of peace and security look irrelevant or obsolete. As in the case of the Southern Cone of South America, if neighbors are no longer considered potential enemies neither there is a clear sense of who the common external foe is, and how to cope with it.

Nowadays, it is possible to identify both integrative and disintegrative forces affecting the security dynamics of Latin America, and indirectly, its relations with the rest of the world. Integrative forces are linked to the democratic concert in the region (epitomized by both the OAS and by the Rio Group since 1986), the fruitful political dialogue between Latin America and other regions of the world (such as summit meetings with the EU since 1999 and Iberoamerican Summits since 1991), transnational integration, increasing investments, and a widespread support for multilateralism. Conversely, disintegrative forces include domestic violence and political disintegration, low levels of institutionalization of the regional institutions (from Mercosur and the Andean Community all the way to the new South American Union), relative economic stagnation of the Andean Community and Mercosur, and increasing preference of extra-regional bilateral trade agreements (Muñoz 2006, 38-40).

To sum up, how does this security environment affect the options for Latin American relations with the rest of the world? First, there is a relatively benign environment in terms of geopolitics and international security, which nowadays includes also Central America, as compared to other regions of the Third World. Second, the United States and other key actors in the international scene sustain specific, focused, and differentiated security interests in the region, such as the concern with drug trafficking and terrorism in Colombia or the border triangle of Argentina, Paraguay, and Brazil. Third, since the concept of «security» nowadays refers also to the domestic scene, we should turn to the political economic context (that of globalization), to understand the contours of these available options. Hence, it seems that domestic and social problems determine Latin America's strategies and insertion into the world, rather than «conventional» security concerns with external threats.

■ The Political Economy Context: Latin America in an Age of Globalization and Regionalization

Since the mid-1990s the idea of «globalization» has been at the heart of debates about the impact of free trade and financial flows upon Latin American development and its trajectory in terms of political economy (O'Toole 2007, 452). Globalization marks an unprecedented triumph of capitalism relying on the global mobility of all factors of production, coupled with the resolve of governments not to interfere with the market's allocation of resources.

As a result of the debt crisis of the 1980s and the political populism of the 1990s, the Latin American nations have reopened their economies to extensive trade with the rest of the world. At first with hesitation and then with increasing enthusiasm, the region has embraced the ideological orthodoxy and the policies of «neoliberalism,» within the framework of the world economy. As a consequence of these neo-liberal policies, Latin American states and societies have become firmly tied to market economies and more dependent and closely integrated into the global economy as exporters of their natural resources and importers of manufactures. Tariffs are coming down, exports are being promoted, foreign investors have been invited to bid on state enterprises that are up for auction and general liquidation, while free-trade agreements are promoted. Paradoxically, the more the region has been integrated into the post-Cold War era of economic globalization, characterized by free market homogeneity and cutthroat competition for financial markets, the more it fears being left out and «marginalized,» without any sensible economic or political alternatives.

Yet, the effects of globalization have not been benign or uniform. Latin Americans might have expected, after following the free market economic policies of the Washington Consensus for a dozen years, that the region would have begun to savor the fruits of openness. But with some exceptions – notably Chile, Costa Rica, and the northern half of Mexico – the fruit has turned out to be bitter, as economic openness appears to have accelerated social disintegration within their own societies. Furthermore, the new mobility of international capital has made Latin American economies more dependent, increasing their vulnerabilities to changes in world capital markets and reducing their policy autonomy (O'Toole 2007, 453). Hence, the rising of a new populist Left in Latin America in countries like Ecuador, Venezuela, and Bolivia can be interpreted as political reactions to globalization.

Regionalism is emerging nowadays as another potent force in the processes of globalization. If globalization is regarded as the compression of the temporal and spatial aspects of social relations, then regionalism may be understood as but one component, or chapter, of globalization. According to this view, by helping national economies to become more competitive in the world market, regional integration might

lead to multilateral cooperation on a global scale, the adoption of liberal premises about cooperation, and the opening of the local economies. Thus, the process of regional integration can be interpreted as part of the global economic order. Conversely, regionalization might stem from a reaction and challenge to the amorphous, undemocratic, and inexorable economic rules of globalization.

To summarize, how does the political economy context affect the options and strategies available to Latin American countries towards the rest of the world? First, and unlike the security issue-area, it might be argued that the political economy context actually *shapes*, if not determines, the international relations of Latin America, both in intra-regional and extra-regional terms. Second, there is no consensus whatsoever about the benign or pernicious effects of globalization on the political and economic development of Latin American societies. For instance, globalization might be deepening the region's traditional role as a source of raw materials and primary products by creating important new markets and export opportunities in countries such as China. At the same time, technological development and the availability of global investments have made new types of economic activity possible in the region, like the launching of high-tech and services projects in small countries such as Costa Rica and Panama (O'Toole 2007, 453-454). Third, the context of globalization creates and recreates complex and fascinating links between parallel processes and dynamics of globalization and regionalization. We should turn now to the description of the three strategies available to Latin American countries to deal with the rest of the world.

■ How to deal with the world? Strategies and options for Latin America

The Latin American nations can choose from a menu of about three different options about how to deal with the rest of the world, essentially in the realm of political economy. Although it seems that they face a rich variety of options, in many cases they are constrained to choose a specific path. The strategies are the following:

1. Opening to the world (globalization)
2. Intra-regional integration (regionalization)
3. Fragmentation through external regionalization and trans-regional links (playing the nationalistic card)

Opening to the World (Option # 1): This option is basically the strategy of «Trading Around» as suggested by Peter Smith (Smith 2000, 325); it refers to the opening of the

economies to global markets and investment and somehow limiting the role of the state. According to this strategy, Latin American nations have undertaken unilateral programs of economic liberalization, more or less according to the parameters of the Washington Consensus, and have strengthened their commercial and financial ties with major economic power centers elsewhere. This is a «plurilateral» approach towards economic relations that characterizes the multipolar realities of the global economy, with the rise of China and the relevance of Europe alongside the economic power of the United States. Countries that opt to open (economically) to the world tend to adopt also Option # 3 (trans-regional links) by signing bilateral free trade agreements with other countries in other regions of the world, and might also take part in processes of intra-regional integration (Option # 2).

The list of Latin American nations that have inserted themselves into the world economy includes Panama and Chile, and to a certain extent countries like Brazil, Mexico, and Argentina. Panama and Chile are the most globalized economies in the region, as the regional champions of free trade (Chile) and foreign investments (Panama). To a certain extent the most important economies of the region; namely Brazil, Mexico, and Argentina, have also opened to the world, and consolidated their economic links with extra-regional partners, including the EU and China.

If Chile is the most economically globalized country of Latin America, Brazil is the only one with global political aspirations. It has extended and deepened its links with countries like China, India, and South Africa, and concerted with Germany, India, and Japan to get a permanent seat at the Security Council of the UN. Recently, Brazil was the only Latin American country who participated in the Annapolis Conference on the Israeli-Palestinian Peace alongside all the major powers of the international system.

Intra-Regional Integration and Regionalization (Option # 2): As mentioned above, regionalization can be interpreted as a middle-way strategy towards globalization, or as a hostile response to it. In the first case, the logic of intra-regional integration should be regarded as a first step into a broader integration into the global economy (back to Option # 1, «Opening to the World»). In the second case, intra-regional integration is geared towards self-reliance in contrast to the integration into the global economy. Paradoxically, opposing motivations might lead different countries in the region to cooperate in building schemes of regional integration: as a path towards broader integration, as a way to consolidate markets and economies of scale (such as Mercosur), or as a means to advance geopolitical interests (such as the incipient South

American Union, or the virtual case of ALBA). I illustrate the different motivations with reference to Mercosur, the South American Union, and ALBA.

Mercosur: Multiple Motivations, Mixed Success. Since its creation in March 1991, and despite its setbacks in the timetable and economic performance, Mercosur has been a remarkable effort, particularly successful in the consolidation of democracy and maintenance of peace in the Southern Cone of South America. Due to its paralysis in several economic areas, this customs union (misnamed as the common market of South America) has turned to fulfill political and cultural goals, not just economic ones.

At the same time, Brazil and to a less extent Argentina, the major members of the integration, have used Mercosur as an economic and diplomatic tool to enhance their national interests and their relations with external powers. For instance, a major reason for assuring the longevity of Mercosur was to secure its role as a negotiating bloc within the now truncated FTAA process, as well as within the Doha Round of the WTO trade talks, especially vis-à-vis the EU (Huelsemeyer 2006, 5). In this context it should be mentioned the lengthy negotiations involving EU-Mercosur cooperation, still an unfinished business.

The South American Union: An Incipient Security Community? Opposition to the FTAA and the Washington Consensus, as expressed in the alternative «Consensus of Buenos Aires» between Brazil and Argentina is considered to be a prime factor driving the attempts for the creation of a South American community. Brazil would then be seen as serving the function of «hub and spoke» for South American integration in the way the United States does so for NAFTA.

While the Rio Group (1986) was conceived primarily as a mechanism for political consultation, the South American Union (2004) emerged as a political-economic package that included geopolitical integration through the enhancement of regional infrastructures in roads, communications, and energy; free-trade agreements linking Mercosur and the Andean Community; and an overall commitment to cooperate on security, poverty, and other related issues.

The movement from political to economic agreements, in the issue-areas of energy and communication, through the physical integration envisioned in the South American Regional Integration Initiative (IIRSA) carries clear geopolitical implications. The

stated objective of this initiative is to improve the competitiveness of the regional economy and its integration into the global economy, and to promote sustainable socio-economic development in the South American countries, especially through the modernization and integration of their infrastructure and logistics in the transport, energy, and telecommunications services. It is still premature to assess the success of all these projects.

ALBA: The Venezuelan and Cuban Alternatives? By launching ALBA (Bolivarian Alternative for the Americas) in 2005, Venezuela and Cuba have attempted to develop an alternative regional scheme in opposition to neo-liberalism and globalization, and particularly to the FTAA, by promoting a nationalistic and alternative regional path of integration. Despite the failure to export its «Bolivarian revolution,» Venezuela had some impact in the region, by joining Mercosur and creating a development regional bank for South America, as well as affecting the domestic politics of countries like Ecuador and Bolivia. Yet, Chavez's popularity in the region ebbs and flows, and there remains a huge gap between the revolutionary rhetorics of Venezuela's leader and the economic interdependence with the USA regarding the provision of oil.

Fragmentation through External Regionalization and Trans-regional links (Option # 3). In addition (and juxtaposition) to the exuberant rhetorics of the South American Union and even of ALBA, the economics and political realities of the last few years show in Latin America a process of fragmentation in their international relations, with most countries trying to maximize their vision of their national interests, that is frequently contradictory with progress in the process of regional integration (see Viola 2007). In this vein, a possible strategy in translating national aspirations is by establishing integrative and trade links with other regions of the world, whether in the Western Hemisphere itself («Joining with the North» [Smith 2000, 327]) and/or trans-regional links with Europe and Asia.

In the case of the Western Hemisphere, Mexico has chosen «external regionalization» with its North American neighbors within the framework of NAFTA. Thus, Mexico has deepened its economic, migratory, cultural, and even physical links with the USA. Similarly, Central American nations and a few South American ones have concluded bilateral free trade agreements with the United States, partly as a response to the demise of the continental FTAA effort.

With respect to Europe and Asia, Latin American countries have diversified their diplomatic and commercial relationships with countries and large corporations in both regions, which might provide a kind of counterweight to the US hegemony in the

Western Hemisphere. Particularly interesting is the fact that Chile, Argentina, Brazil, Mexico, Peru, and Venezuela have increased their links with China. China's economic engagement with Latin America responds to the requirements of a booming Chinese economy that has been growing a nearly ten percent per year for the last twenty-five years. Conversely, Latin Americans are intrigued and attracted by the idea of China as a potential partner for trade and investment (see Ericson and Chen 2007, 74-75).


■ Conclusions

These three overlapping and sometimes contradictory strategies adopted by Latin American nations vis-à-vis the rest of the world teach us that there is not a clear or coherent strategy of insertion in the world for the Latin American region as a whole. Moreover, some of those strategies might be ambiguous and even contradictory: is regionalization a way to increase globalization, or to oppose it? Are the links with extra-regional partners designed to further integrate into the world economy or just a counterpoise to the US hegemony in the Western Hemisphere?

Paradoxically, the «new regionalism» in Latin America and the different schemes for regional integration (perhaps with the exception of ALBA) do not necessarily contradict the trends of economic integration into the global economy. Hence, the rationale that justifies the formation or revitalization of subregional schemes of economic integration can stem from either a nationalistic approach or from a neoliberal orthodoxy. While *dependencistas* and mercantilists will support the Andean Group, Mercosur, and the South American Union as examples of subregional autarky and national (or regional) assertiveness, neoliberals will also celebrate and encourage those integrative schemes as stepping stone in a broader process of economic globalization.

A basic political fact to understand the links between Latin America and the rest of the world is that most of the Latin American countries, even the twelve South American ones, do not share a common security or economic policy, or a clear international relations strategy. If we add to their relative lack of initiative the basic asymmetrical relationship between Latin America and the rest of the world, then it becomes easier to understand why the United States, Europe, and increasingly China remain proactive in their involvement in the region.

Ultimately, the Latin American region remains neglected in international politics because it is perceived not to pose a significant threat to the major powers of the interna-

tional system (Tulchin and Espach 2001, 2). Moreover, the lingering discourse is that of future promises and potentialities (natural resources, energy, biofuels) alongside current economic and social crises (prevalence of poverty, inequality, and social exclusion). The result is that Latin America as a region is still far away from asserting itself, or fulfilling its (manifest?) destiny. Hence, Latin American nations can choose from the menu of the three strategies outlined above, with several possible permutations and combinations among them. 

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