

LATIN AMERICA

Faces the

Twenty-First Century

Reconstructing a

Social Justice Agenda

edited by

Susanne Jonas
& Edward J. McCaughan

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4. The Paths of Latin American Integration

Ruy Mauro Marini

THE IDEA OF LATIN AMERICAN UNITY, THE SUPPOSITION OF A REGIONAL IDENTITY, and the proposal for the region's economic and political integration are constants in our ideology today. In truth, although such ideas date from the dawn of our independence, their usage was far more limited then, constituting a distinctive feature of the new nations of Hispanic origin. Nevertheless, after a half century of development, the Hispanoamericanist movement, which found its greatest expression in Bolívar, entered an irreversible decline. It was encrusted behind the blood spilled in the War of the Triple Alliance (1864–1870) — which was headed by Brazil, but joined by Argentina and Uruguay, against Paraguay — and in the War of the Pacific (1879–1883), which pitted Chile against Peru and Bolivia.

The demise of the ideal of Hispanoamerican unity — clearly perceptible in the 1870s — to some degree expressed the end of the period of invention and quest that followed independence, a time when flights of imagination were still not so harshly constrained by reality. In other words, the economic and political conditions that would subsequently decide the future of the region were just crystallizing. In effect, by then independence had become a closed matter, just as the configuration of the majority of the new Latin American states had also begun.

Pan-Americanism

The ties to capitalist countries set the bases for the definitive form Latin American economic development would take. The Industrial Revolution, carried out by Western Europe and soon after by the United States, made the world market a reality, after having been in formation during previous centuries. It also imposed an international division of labor based on the exchange of manufactured goods for primary goods, reserving for Latin America, among other areas, the production of the latter for export.

Latin America lacked facilities for importing capital and technology — except in particular cases such as communications, especially railroads, or in the transfer

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of labor and capital involved in European immigration. Consequently, Latin American nations had to mobilize their natural resources and productive capacity to respond to the stimulus generated by external demand. Thus, Latin American nations proceeded to insert themselves into the world economy on the basis of the productive structure created during the colonial period and modified during the five or six decades following independence, as well as on the ability of dominant social groups — generally located in the capital cities — to impose their hegemony and subordinate the whole nation.

Although this insertion not only allowed, but indeed promoted, capitalist development in Latin America, it also necessarily assumed a subordinate character, since manufacturing took place outside the region and the Latin American economies thus became appendices of the industrialized economies (particularly Great Britain) in terms of both production and markets. For the same reasons, this form of insertion also made it impossible for Latin American economies to pursue integration among themselves. The prevailing tendency led Latin American nations not to develop complimentary economies, but to separate and isolate themselves, to turn their backs on one another while looking toward Europe and, to a lesser degree, the United States.

It is not surprising, then, that the establishment of dependent capitalist economies, as primary exporters, led to a decline in the integrationist spirit prevailing in Latin America during the half century following the wars of independence. Neither should it be surprising, however, that the idea of integration reemerged precisely where capitalism created space for the development of a powerful industrial economy, i.e., the United States.

Latin America's growing importance to the North American economy would lead the United States to heighten its presence in the region and, moving beyond what it considered its traditional zone of influence in the Caribbean, to attempt to line up the entire continent behind it. The international American conference, convened by the U.S. government, brought the hemisphere's nations together in Washington in late 1889—early 1890, and marked the beginning of an active U.S. diplomacy that would take shape as Pan-Americanism. Coined by the *New York Evening Post* in its March 5, 1888, edition (Pépin, 1938: 11), the term "Pan-Americanism" did more than recall currents such as Pan-Slavism and Pan-Germanism, which propped up new imperialist proposals in Europe; it borrowed from the latter the idea of trade as a tool of unification. Thus, the U.S. government's first agenda item at that conference involved the creation of a customs union, along the lines of the 19th-century German *Zollverein*. The proposal was not approved, thanks mainly to the firm opposition of Argentina, seconded by Chile.

Given the way it was put forth then, Pan-Americanism did not renew efforts in favor of continental integration. Rather, since it was proposed under the aegis of the United States, it clearly showed U.S. intentions to affirm its hegemony over the region, as indicated by the most significant outcome of the conference: the

creation of an economic information office, seed of the future Pan-American Union, headquartered in Washington and directly subordinate to the U.S. State Department.

Pan-Americanism entered a new phase of its development in the 1930s, when Franklin D. Roosevelt became president of the United States. He introduced profound domestic reforms and designed the new "good neighbor" policy toward Latin America, which was enunciated in his March 4, 1933, inaugural speech. In that context, the main points of friction with the Latin American countries were removed, while simultaneously the U.S. extended its economic and, later, military ties with them.

There was one main reason behind the change in U.S. policy: the United States had to adjust to new economic conditions that arose in the region during World War I and were stimulated by the international crisis. I refer to industrialization, which began to change the physiognomy of countries such as Argentina, Brazil, Uruguay, Mexico, and Chile, and which would soon extend to others, including Central America, in the 1950s.

Corresponding to the accelerated development of the manufacturing sector and its progressive affirmation as the dynamic axis of economies previously driven by primary export activities, industrialization sparked growth of the internal market and modified the economic form of Latin America, without any effective rupture of its dependent relations with the advanced capitalist centers. Industrialization, in effect, merely altered those relations, without overcoming them. The pattern of Latin American imports changed, as intermediate goods and equipment increased in importance *vis à vis* consumer goods, and the composition of foreign capital flows changed as portfolio investment became less important than direct productive investment. The United States found itself in a better position than England and other European countries to respond to these changes, which emerged gradually in the 1920s and became irreversible after 1950.

During World War II, using its advantageous economic and geographic position and spurred by security concerns, the United States definitely displaced British influence, suppressed the threat of German imperialism, and imposed its absolute hegemony in Latin America. To do so, the U.S. used economic and military tools and military cooperation treaties.

Inter-Americanism

At the end of World War II, U.S. economic, political, and military might was incontestable worldwide, and it was inevitable that such power would first be exercised in Latin America. The ninth Inter-American conference (the expression "Pan-Americanism" had fallen into disuse and was viewed with suspicion) took place in Bogotá in 1948 and produced an institutional framework that would subsequently govern the continent's international relations, in the form of the founding charter of the Organization of American States, which absorbed the old

Pan-American Union. The system was seen as flanked by a military pact, the Inter-American Treaty of Reciprocal Assistance, which was approved at the 1947 Rio de Janeiro conference. This would be complemented after 1952 by the bilateral military assistance agreements signed between the U.S. and almost every Latin American country. The military personnel training program became important because of its repercussions in the wave of authoritarianism unleashed in Latin America in the 1960s. At the same time, the Bogotá conference also marked the beginning of the U.S. offensive to create privileged conditions for private foreign investment in the region, through discussion of an agreement to guarantee such investments. The offensive was resisted by a bloc of countries headed by Mexico.

Thus arrived the end of an era, during which, despite the growing U.S. presence, Latin America would be open to the capitalist powers' game of influence, while the region's nations accelerated their economic development and asserted themselves in the international arena. Inter-Americanism, as a renewed form of Pan-Americanism, implied the absolute superiority of the United States and the increased integration of Latin America's productive apparatuses with the U.S. economy. This was to happen through both direct capital investments and trade and financial mechanisms. With that, the counterpoint of U.S. hegemony has been the configuration of a new form of dependency, more complex and more radical than previous forms.

In that context, the issue of reformulating international economic relations took on new importance for Latin America, mainly after the disappearance of the exceptional trade conditions created by World War II and the brief rise in raw material prices caused by the Korean War. The regional economy's dynamics were characterized by its dependence on manufactured goods from the advanced centers. Industrialization modified but did not overcome the problem, and was limited to substituting imports of consumer goods with imports of machinery and equipment, which required more foreign exchange. Further, the Latin American economy's capacity to import depended on world market prices for the goods it produced, which remained basically unchanged and did not include manufactured goods produced by the new industrial sector. The growth of industry therefore remained subordinated to the limited foreign exchange earned through traditional exports.

Put in these terms, the possibility of economic development remained subject to trade-balance fluctuations. To avoid strangulation of its import capacity, Latin America was compelled to rely on foreign capital, both through indebtedness and direct foreign investment. Yet this had its price, given that it generated a demand for foreign exchange to pay the debt, interest, royalties, and other remittances. This reduced the amount of foreign exchange available for imports. By the end of the 1950s, this contradiction in the foreign sector had become critical.

Trade and capital-movement issues took on such importance during this period that Latin America was induced to seek U.S. assistance along the lines of the

Marshall Plan for the postwar reconstruction of Europe. At the 10th Inter-American meeting, held in Caracas in 1954, Latin American representatives tried to move things in that direction, in exchange for U.S. demands for a condemnation of the Guatemalan Revolution led by Jacobo Arbenz. That was the goal of CEPAL's (Economic Council for Latin America) report to the meeting, which codified the region's demands: compensatory measures for the fluctuation of international raw-material prices, together with a demand for the U.S. to open its market to Latin American products; Latin America's right to adopt protectionist policies in favor of its industrialization; and the increase of long-term foreign financing through an inter-American development fund (an idea that planted the seed for the Inter-American Development Bank, created in 1960). U.S. reservations blocked approval of those proposals, however. A similar failure occurred at the Organization of American State's (OAS) 1957 economic conference in Buenos Aires.

The above, combined with then-Vice President Richard Nixon's visit to Latin America the following year, which provoked all kinds of protests, led the Brazilian government in May 1958 to suggest to the U.S. that a revision of inter-American relations would be in order. In a speech a few weeks later, Brazilian President Juscelino Kubitschek affirmed the need to increase investments to overcome the region's backwardness, to increase technical assistance, stabilize raw-material prices, and expand foreign financial resources, within the framework of what was called Operation Pan-American (OPA). With the support of some Latin American countries and acceptance, in principle, by the U.S., OPA began to be carried out within the OAS through the creation of a special commission, called the Committee of 21, which met in Washington at the end of that year. It soon lost momentum, however, as the social and political crisis in Latin America and its relations with the United States worsened with the 1959 Cuban Revolution.

The United States decided to replace OPA with the Alliance for Progress, which was approved in 1961 at an extraordinary meeting in Punta del Este, Chile, thereby refocusing the region's problems through U.S. lenses. The recommendations and measures suggested at the meeting to promote social reforms were so innocuous as to elicit sarcasm from the head of Cuba's delegation, Ernesto Che Guevara. Questions about trade were not allowed, and, worse still was the solution offered for solving the problem of foreign financing: unlike OPA, which proposed long-term, low-interest public credits, the Alliance for Progress insisted on private investment, thus culminating the offensive initiated by the U.S. at the Bogotá conference. In addition, throughout the 1960s, Latin American countries, racked by crisis, established bilateral agreements with the U.S. government.

The obstacles confronting Latin American economic development also prompted discussion about the question of regional integration. This discussion naturally reflected the impact of CEPAL's thinking as well as the influence of European experiences between the mid-1940s through the 1950s with Benelux,

the Coal and Steel Community, and, finally, the Common Market. Yet there were also objective reasons, derived from the character of the industrialization process.

Industrialization was initially carried out on the basis of a preexisting national demand for common consumer goods (previously satisfied through imports) and counted on foreign supplies of capital goods. This phase, which we can call simple substitution, soon came up against the structural limitations of the domestic market, resulting from the low wages paid to an abundant labor supply and the persistence of rural land concentration. Besides making it difficult to diversify agricultural production and to broaden the demand for manufactured common consumer goods, this situation also made it difficult to move to a more complex phase of industrialization, centered on the production of capital and sumptuary consumer goods. The latter required enormous investments and expensive technology, which demanded larger-scale markets to be profitable.

Integration therefore offered a solution to the difficulties encountered by the industrial bourgeoisies of the relatively more developed countries. It also would make foreign industrial investment viable, thereby earning the blessings of the United States. It is worth noting that, during World War II, trade relations among Latin American countries had stimulated industrial growth and that, by the end of the war, Argentina, Brazil, Chile, and Uruguay maintained trade agreements, which subsequently lost force with the creation of the General Agreement on Trade and Tariffs (GATT) in 1947. These four countries promoted discussion of Latin American trade in the late 1950s. In 1960, in Montevideo, they agreed to create the Latin American Free Trade Association (ALALC), which other countries would later join.

The Montevideo Treaty went into effect in 1961 and through it member countries established a free-trade zone to be completed within 12 years (by 1980 at the latest). This goal was to be achieved through a reduction of tariffs and other charges on products that were on the national lists and the common list; the former were to be negotiated annually and the latter would be modified every three years, so as to gradually include all of the products that contributed significantly to the total value of trade among the parties.

In practice, the process of tariff reductions came to a standstill in December 1964 with the closing of the fourth round of negotiations of the national lists and the first of the common list. Through the use of industrial finishing agreements, rather than serving to construct a free-trade zone, ALALC became the preeminent means by which large corporations, particularly multinationals, rationalized their production and markets. The Andean countries were led to seek a more effective instrument.¹

The process undertaken in Central America by local entrepreneurs and principally by North American groups was more radical. Beginning with the 1958 Agreement on Industries of Integration, by 1961 a General Treaty created the Central American Common Market. The Common Market established a single

tariff for the whole zone and 81% of the goods produced by member countries would be exchanged at free-market prices.

Latin Americanism

Although it responded to the Latin American bourgeoisies' interests, an integrationist policy, like the Alliance for Progress, was part of a new U.S. strategy to affirm its hegemony over a region that resisted such hegemony. In reality, the Cuban Revolution had been the culmination of this resistance, the basis for the great social, political, and cultural events that mark Latin American life in the second half of the 20th century.

At the sociopolitical level, alongside national-developmental movements, such as Peronism or Brazilian "laborism," and popular revolutions, such as the 1952 Bolivian Revolution, the 1951 to 1954 Guatemalan Revolution, and the 1958 Venezuelan Revolution, there were also formidable efforts to attack dependency at its capitalist roots, as seen in Chile during the Popular Unity government and in Sandinista Nicaragua. At the level of ideas, significant currents advanced Latin American consciousness, such as the developmentalist ideology of CEPAL and dependency theory, which led to a revival of Marxism.

For this reason, the United States tried in the 1960s to secure its position by advancing a third element of its strategy of domination: the imposition of military dictatorships, inspired by counterinsurgency doctrine, which found its native expression in national-security doctrine. The 1964 military coup in Brazil became the principal step in the implementation of this policy. As a product of the combined interests of the national bourgeoisie, the military elite, and U.S. imperialism, the Brazilian dictatorship represented for Latin America the emergence of a new ruling bloc and a new scheme of class alliances, which replaced the one that had ruled for 30 years. The result was a highly repressive political regime that accelerated monopolization of the national economy and exacerbated social inequalities.

At the level of international relations, the Brazilian military dictatorship put into practice a subimperialist policy, whose objective was to convert Brazil into an intermediate center of power within the world system of domination structured around the United States, and with a preferential presence in Latin America and the South Atlantic generally. On the economic front, this implied an aggressive struggle to conquer foreign markets for Brazilian industrial products, as well as sources of energy and raw materials — such as, for example, oil from Bolivia, Ecuador, and the Portuguese colonies in Africa, Bolivian gas and iron ore, and Paraguay's hydroelectric power. At the same time, in the context of a bitter dispute with the Argentine dictatorship (which was installed in 1966), Brazil's military regime proposed and even carried out interventions in the internal politics of its neighbors, particularly Uruguay, Bolivia, and Chile. Mariscal Castelo Branco's government baptized this as the "continental interdependence" policy, but it was

better known as the policy of "ideological borders," to the extent that Brazilian national security was conceived as extending beyond Brazil's physical borders to the ideological borders of the "Western world."

To carry out this policy, the Brazilian dictatorship initially counted on U.S. blessings, for which it made necessary gestures, such as military collaboration with the 1965 U.S. intervention in the Dominican Republic. However, the dictatorship soon ran up against Washington's resistance to its aims. For example, on the trade front, the U.S. restricted exports of instant coffee; on the inter-American relations front, the U.S. vetoed a Brazilian desire to invade Uruguay in 1967; and on the strategic-military front, Brasilia's aspirations to develop nuclear technology were blocked. As a result, the Brazilian military abandoned its policy of automatic alignment with the U.S. in international affairs, so that even subimperialist policy gave way to the formulation of the "privileged satellite" thesis (Trías, 1977; Schilling, 1978).

This change, whose outlines appeared in 1968, took shape in the foreign policy called "responsible pragmatism," put into practice by the government of General Geisel. Without renouncing its hegemonic goals in the South Atlantic, the Brazilian dictatorship proceeded to expand its relations with other world powers, such as Western Europe, Japan, and even the Soviet Union, while simultaneously trying to play a leading role in Third World organizations and forums, all of which was designed to increase Brazil's stature in the international arena. The most spectacular fruit of this policy was the agreement reached with West Germany in 1975 and signed in 1976, through which Brazil gained control of the complete cycle of nuclear technology. In 1976, during a visit to Brazil, U.S. Secretary of State Henry Kissinger eased up on the U.S.'s hard opposition to Brazilian pretensions and agreed to sign an accord of mutual consultations with Brazil, an instrument previously reserved for more illustrious powers.

Subimperialism is the perverse expression of a phenomenon resulting from the differentiation of the world economy. It is based on the internationalization of capital, which led to the replacement of a simple division of labor — expressed in the center-periphery relationship delineated by CEPAL — by a much more complex system. In that new system, the diffusion of manufacturing, with a higher average organic composition of capital — i.e., the relationship between the means of production and the labor force — gave rise to economic (and political) subcenters that were relatively autonomous, although still subordinate to the global dynamics imposed by the great centers. Like Brazil, countries such as Argentina, Israel, Iran, Iraq, and South Africa have assumed a subimperialist character at particular moments in their recent evolution, while other subcenters, such as Mexico and Venezuela in the case of Latin America, have functioned similarly, but to a lesser extent (see Marini, 1977; Minian, 1989).

The international capitalist crisis, which began with the 1967 U.S. recession and was made explicit with the rise of oil prices in 1973, has manifested itself in

an intensification of competition among the great centers and in the creation of a great mass of finance capital, made available by the crisis, struggling to find outlets. That strengthened the negotiating position and therefore the relative autonomy of the subordinate centers. The first result was the affirmation of national power, which somewhat weakened the institutions of regional integration and cooperation — exemplified in the crisis of the Andean Pact, in which rivalries among Venezuela, Peru, and Chile were played out until Chile withdrew in 1976. Similarly, when the ALALC came to its foreseen end in 1980, it gave way to an even less effective organization, the Latin American Development and Integration Association (ALADI). With ALADI, most of the small advances previously made in terms of intrazonal trade liberalization were annulled, since members were now required to renegotiate everything.

Nevertheless, in a contradictory manner, the policies of national self-assertion made way for broader efforts at collaboration. These efforts crystallized in the creation of the Latin American Economic System (SELA) in 1975, the first exclusively regional institution conceived independently of the United States since the South American Economic Union in 1953. This tendency was also manifested at other levels. For instance, in a rather belated reaction against the 1962 U.S.-imposed OAS blockade of Cuba, Latin American countries revised their attitude, leading to the approval of an OAS resolution in San José, Costa Rica, in 1975, which authorized governments to reestablish relations with the island when they considered it appropriate. Indeed, they proceeded to do so one after the other. The U.S. futilely attempted to use the OAS to block the triumph of the Sandinista Revolution in 1979 and proposed the formation of an intervention force. However, even traditional allies like Brazil distanced themselves from the U.S. position.

The Latin Americanist policy benefited not only from exceptional conditions created by the international crisis, but was also encouraged by the arrival on the scene of European social democracy (Williams, 1984) — with its successful interventions in such difficult processes as the Portuguese Revolution and the replacement of the Franco regime in Spain — as well as by the revision of U.S. global strategy initiated by President Jimmy Carter in 1977. Critiques of counterinsurgency policy, carried out by military leaders and a new intellectual elite in the U.S. State Department in response to the defeat in Vietnam, implied the rehabilitation of traditional values of U.S. rhetoric, such as democracy and human rights. The new policy galled the military regimes — at times provoking open conflicts leading to the denunciation of military cooperation agreements — and encouraged national bourgeois oppositions. Yet it also found concrete expression in such events as the signing of a new Panama Canal Treaty, which provided for the gradual transfer of the canal's administration to General Torrijos' government and its full return to Panama in the year 2000.

The international panorama changed drastically in the 1980s. The second oil

price shock in late 1979 changed the character of the capitalist crisis. Besides provoking a new and violent recession in the advanced countries, it also sucked into its vortex the dependent countries and the majority of the socialist countries. For Latin America, this meant the beginning of a long period of stagnation, punctuated by violent recessions, during which the region would see itself forced to transfer vast amounts of resources abroad for debt service payments and to live with increased inflation and unemployment.

Ronald Reagan's 1981 ascent to the U.S. presidency in turn introduced a new element to the situation. He proceeded to revise the world policy designed by the previous government, aimed to reaffirm the international position of the United States, so as to lead the restructuring of the international economy that was already underway, and to simultaneously block the capacity for initiative displayed by the socialist countries, particularly the Soviet Union, in the 1970s. Latin America figured in this power play in two ways.

Economically, through debt servicing and international financial organizations, the U.S. imposed on Latin America a policy of reconversion, with the goal of paving the road for U.S. capital and commodities. This meant that Latin American governments were supposed to renounce protectionist and proindustrialization policies in favor of productive specialization and the export of raw materials and some second-class industrial goods. On the politico-military front, Reagan again claimed Latin America as a sphere of exclusive influence and an important terrain in the confrontation with socialist forces. This led to the privileging of military intervention, whether open or covert, direct or via intermediaries, in Central America and the Caribbean, which were wracked by revolutionary processes.

Implementation of this strategy acted as a brake on the politics of national self-affirmation that had been developing in the region. In 1982, Mexico was still able to confront the United States by establishing itself as a mediator in the conflicts between the U.S. and Nicaragua, El Salvador, and Cuba. But "Black September" of 1982, which led the Mexican government to declare a moratorium on its foreign debt and to submit itself to the International Monetary Fund, eliminated Mexico's real ability to put such a policy into practice. The situation worsened when Brazil followed Mexico's lead and when Argentina, after having challenged England for possession of the Malvinas archipelago, found itself confronted by the united opposition of the NATO powers, including the United States, and forced into a humiliating capitulation.

Concertación and Integration

Under such conditions, Latin Americanism had to be realized in new forms. In early 1983, a strategy of *concertación*² emerged with the formation of the Contadora Group, through which Mexico, Venezuela, Colombia, and Panama proposed to find a solution to the conflicts in Central America and the Caribbean.

The United States responded with the invasion of Grenada, where the New Jewel Movement led by Maurice Bishop had declared itself socialist and was moving closer to Cuba. In a parallel effort, the U.S. capitalized on the diplomatic isolation of the Chilean military dictatorship and its collaboration with England during the Falkland War to win concessions for the construction of military installations on Easter Island; at the same time, it made similar efforts with Ecuador and Colombia. The U.S. thereby gained a direct military presence in South America — contrary to a tradition broken only during World War II — a change made even more evident with the subsequent sending of troops and military advisers to Bolivia and other countries in the context of the War on Drugs.

Despite this, or perhaps because of it, regional *concertación* continued to develop. It is true that the Cartagena agreement, which sought a joint solution to the foreign-debt problem, would soon abandon the idea of a debtors' cartel and cede Latin American governments to the violent pressures of the core countries. Yet the 1984 reelection of Ronald Reagan led Argentina, Brazil, Uruguay, and Peru the following year to form the Lima Group, with the goal of strengthening the negotiating position of the Contadora Group. In December 1986, the two groups were combined at a meeting in Rio de Janeiro to form the Group of Eight, which approved the creation of the *Mecanismo Permanente de Consulta y Concertación* (Permanent Mechanism for Consultation and *Concertación*), with sweeping proposals, some of which encouraged the processes of regional integration.

Such processes entered a new stage when the civilian governments of Argentina and Brazil moved closer together beginning in 1985, leading the following year to the signing of the Brazilian-Argentine Integration Act. Of the act's 12 protocols, four referred to trade liberalization of capital goods, wheat, and food products, as well as to trade equilibrium, and the other protocols addressed the formation of binational enterprises, trade-financing mechanisms, cooperation in the area of oil and gas, joint scientific and technological development, and other aspects. The initiative attracted Uruguay and Paraguay, in a centripetal movement that is still underway, and gave way to the formation of a common market — Mercosur — to be completed in 1995.

Mercosur is taking on growing importance in Latin America as an alternative to the policy of direct agreements with the great capitalist centers that has been pursued by Chile and Mexico. In Mexico's case, it has led to the signing of a free-trade agreement with the United States and Canada. For its part, Venezuela is trying to strengthen the Andean Pact and to move it closer to Mercosur. It is also promoting greater integration with the countries of Central America, to which it has proposed the constitution of a free-trade zone, which should undoubtedly attract the Caribbean Community (Caricom).

The Latin Americanist movement — in which can be included the Latin American Parliament, established by a treaty signed by 18 countries in Lima in 1987 — received a serious blow with the U.S. invasion of Panama in late 1989.

Panama is a member of the Group of Eight, although it has been suspended since 1988; nevertheless, the Group of Eight has been unable to achieve a consensus to do more than support a vague OAS declaration condemning the intervention. The subsequent inclusion of more countries in the Group has diluted rather than strengthened the association.

In terms of economic integration, following the Group of Eight's 1989 reconfirmation of ALADI as an adequate vehicle, the Group's 1990 meeting in Mexico led to a situation of stagnation, with centrifugal forces predominating. U.S. President Bush's Initiative for the Americas has exacerbated those tendencies, although the region's emerging blocs have tried to preserve their integrity, as demonstrated by the agreement signed by Mercosur with the United States in 1991 and similar actions by Caricom.

On the one hand, the crisis and economic stagnation suffered by Latin America in the 1980s and the new imperialist offensive launched by the Reagan administration have blocked the politics of national self-assertion pursued by Latin America's most developed countries. On the other hand, these same factors have forced the region to combine forces through the policy of *concertación* and have again placed the issue of regional integration at the top of the agenda. Yet this renewed Latin Americanism is taking shape within the context of a world reality that has been deeply changed by:

1. The formation of large economic blocs in which the imperialist centers are hegemonic;
2. The crisis of the socialist world; and
3. The emergence of a new international order that very clearly pits a small number of privileged nations against the rest of humanity.

In this context, Latin America — which faces pressures that tend to tear it apart and open the way for the annexation of its separate pieces — must promote the creation of a regional economic bloc, one capable of adjusting to the requirements of modern technologies of production. However, this cannot be understood, as it was in the 1960s, as a simple matter of adding relatively dynamic economic sectors that operate as small islands in the ocean of underdevelopment in which the region is submerged. To the contrary, it presupposes the construction of a new economy based on the incorporation of broad sectors of the population as workers and consumers, through a correct targeting of investments, a genuine educational revolution, suppression of the high levels of superexploitation of labor, and, consequently, a better income distribution.

Clearly, such results can only be achieved if economic integration also means moving toward political integration aimed at creating a supranational state in Latin America. Current debates about reforming the state, which are taking place in every country in the region, will fail if they do not recognize that the old Bolivarian ideal has been given new currency by reality itself and that, beyond geographical,

historical, and economic data, no Latin American country today is viable on its own. We have reached the point where our survival as Brazilians, Mexicans, Chileans, Venezuelans, etc., depends on our skill at constructing new political and juridical superstructures endowed with the ability to negotiate, resist, and pressure, which is indispensable to having an effective presence *vis à vis* the super-states that already exist or are emerging in Europe, Asia, and in America itself.

It is on this basis that we can hope to play an active role in forming a new, more equitable international society, which implies the democratization of the institutions that govern it, beginning with the United Nations. Only this can assure the existence of Latin America as an historic entity, capable of determining its own future.

NOTES

1. ALALC also admitted to the formation of subregional blocs and permitted the creation of the Andean Pact in 1969, with the participation of Chile, Bolivia, Colombia, Ecuador, and Peru, which were later joined by Venezuela in 1974.

2. There is no exact English equivalent of *concertación*, a term widely used in Latin America in recent years to refer to coordination or harmonization of interests or policies. Often, as in this article, the word refers to the process of Latin American nations attempting to coordinate their mutual interests. After many consultations, we found that there has apparently not been enough U.S. interest in Latin American efforts at *concertación* in the context discussed here to result in an English translation — perhaps not surprising since the United States has not been included in the process. Therefore, we have chosen to use the Spanish word throughout this article — *Eds.*

Regarding regional *concertación*, see Frohmann (1990).

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