The Emergence of sub-Regional Representative Institutions in South America in the twenty-first century:

Difference, Similarity and Path Dependence

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ABSTRACT

There is a large body of research dedicated to exploring the concept of regionalism (including 'old' versus 'new' regionalism) and how this applies to Latin America. Subsequently, this thesis poses the question of whether market-led regionalism can be used to deliver greater inclusivity and socially progressive policies that increase equality in Latin America. In this vein, this thesis argues that regionalism studies do not provide the key to understanding why there still seem to be under-represented groups who are suffering injustice despite recent changes in the political landscape in Latin America, particularly in terms of regional levels of projects and policies. Within this context, this thesis develops a conceptual framework that distinguishes different phases of Latin American new regionalism. Subsequently, this study focuses on exploring the degree to which local actors' involvement in the procedure of regional projects, which is one of the characteristics of regionalism, is well-studied and understood. Specifically, the research will explore in-depth the regional projects and policies of the Initiative for Integration of Regional Infrastructure in South America (IIRSA) under the umbrella of the Union of South America (UNASUR).

For explorative purposes, this study was conducted at a local level, in which structural projects (i.e. the building of roads and bridges) are taking place. This study is centered upon a case study of several local areas in the state of Acre in Brazil, where one of ten region-wide projects, so called 'Axes', is actively progressing. In order to understand the changing context of South American regional integration, our analysis requires a focus on the following two factors: the historically-embedded societal structure and the increasing presence of China in the region. Specifically, this thesis highlights China as a new superpower entering this scene to replace the U.S., previously the sole actor in this region. It argues that despite this changing context and the rising power of China, it has not had a major impact on regionalism itself as well as increasing public input in regional governance, although it facilitates Latin American regional development and enhances geo-political status by reducing their dependence on the U.S. Finally, this round of research found that there is significant continuity in the lack of public engagement at the level of regional projects in South America, even when leftist governments, in this case in Brazil specifically, are in power.

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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the Regulations of the University of York. This thesis is the original work of the author and that none of the material contained in this thesis previously been submitted for a degree in this, or any other, awarding institution. Any views expressed in the thesis are those of the author.

INTRODUCTION

Defining Problem (Issues) and Research Questions

Regionalism is one of the key buzzwords that re-emerges in the arena of international affairs in the post-Cold War era (Fawcett and Hurrell, 1995; Gamble and Payne, 1996; Hettne, 1999; Hettne et al., 1999; Breslin and Higgott, 2000; Breslin, 2002; Soderbaum, 2002; Grugel, 2004). Old forms of region-building mechanisms have been refashioned, reconfigured, and illuminated in new forms. This has chiefly arisen due to the changing external context (i.e. the end of the Cold War). In line with this, the study of regionalism has been categorised in terms of old regionalism and new regionalism. These categories are based on an analysis of historical change. In academic circles, the theoretical division of old regionalism and new regionalism tends to be widely accepted and utilised (Hettne et al., 1999; Söderbaum and Shaw, 2003). This also applies to Latin America as a region.

Participating in the global economy rather than intra-regional focused trade is a means by which developing regions, including Latin America, can cope with global transformation. This is considered a distinctive feature of new regionalism, so-called open regionalism, which is the idea that setting up free trade can be compatible with market opening (Gamble and Payne 2003:51; Philips, 2003: 329; Grugel, 1999:91; Hettne 1999). As pointed out by Shawn Breslin et al., (2002:8), although there are many aspects in this new assessment of regionalism, the relationship between regions, the neo-liberal paradigm, and economic policies lies at the centre of new regionalism. This study begins by recognising and adopting this open regionalism as the standard view of the literature on new regionalism. This aspect fits in Latin America. As such, hemisphere-wide regional arrangements including Free Trade Area of the Americas (FTAA) and sub-regional levels of institutional manifestation including North American Free Trade Agreement (NAFTA) and to large extent Southern Common Market (MERCOSUR) can be encapsulated within this model. Subsequently, as will be demonstrated and analysed in Chapter 1, this thesis classifies these entities of regional institutions as Phase 1 of Latin America.

In this sense, this study explores the nature of new regionalism, and asks to what extent Latin America's status as a special case has been sufficiently investigated. This particularly applies in the realm of the levels of public input (representativeness) in South America. Subsequently, this research poses a key question in relation to whether market-led regionalism, here called open regionalism, as a broad concept that characterises new regionalism can be used to deliver greater inclusivity and socially progressive policies that increase equality under leftist governments in the twenty-first century. Within this context, this thesis avers that there is little attention paid to the aspect of the role of non-state actors, particularly public input, involved in the process of region-mapping in Latin America. As such, it will be argued here that the degree of local actors' involvement in the procedure of regional projects has remained constant in Latin America from old regionalism to new regionalism. In fact, the literature appears to overstate the degree of change that has occurred in terms of what is meant by "actor-ness", which is a concept that this study establishes as dealing with the characteristics of regional studies. In this context, actor-ness is a set of different levels of actors – international, national, and local – who are involved in and/or affect the decision-making process at the regional level of projects and policies. This study specifically explores the local level of actor-ness, which refers to the extent of public participation, public representativeness, and input into the process of policy and project making at a regional level.

Furthermore, this thesis examines how and in what ways international context (i.e. the post-hegemonic world) in new regionalism is facilitated in Latin America and how and to what extent it impacts the local level of participation. The research will explore in particular the regional projects and policies of the Initiative for Integration for Regional Infrastructure in South America (IIRSA), which is a subsidiary of the Union of South America (UNASUR) in Brazil, Bolivia, and Peru. To reiterate, primary research questions which broadly address the boundaries of this project are: "Are the new regional institutions in contemporary Latin America really different from the old ones in terms of level of public input (representativeness)" More specifically, this thesis will inquire as to whether new regionalism (e.g. market-led regionalism) can be used to deliver greater inclusivity and socially progressive policies that increase equality.

To expand upon this further, the following questions will be addressed:

1. To what extent is there local support for these regional projects? And how significant a factor is local support? To what extent have local citizens participated in the decision-making process?
2. To what extent do international actors play a role in influencing new regionalism itself and particularly the degree of public input and representativeness of the institutions of the new regionalism?
3. How can we understand how the state mediates between the competing imperatives of sub-national and supra-national actors to generate regional projects and policies?
4. What are the theoretical implications for the literature of new regionalism of these new regional institutions in contemporary Latin America? To what extent and in what way is regionalism changing in Latin America and to what extent is it "new" in the sense the literature defines the term?

It is important to address these questions because they help to shape the scope of the research initiative. Furthermore, they reveal the intrinsic value of this research project. Therefore, a brief research background section will be outlined below, and this will inform the understanding of the conceptual grounds for this project and set up the objectives of this study.

Brief Background of Research

Particularly since the beginning of the twenty-first century, there have been emerging regional institutionalizing mechanisms at a sub-regional level, such as the Union of South America (UNASUR) and the Bolivarian Alliances for the Americas (ALBA), and also on a region-wide level, such as the Community of Latin American and Caribbean States (CELAC). These are mainly supported by left-leaning governments that have criticized the notion of neo-liberalism mainly endorsed by the U.S. Thus, these newly institutionalizing entities appear to posses *de jure* and *de facto* differences to those preceding them. These include bodies such as the Organization of American States (OAS), Andean Community (CAN), Latin American Integration Association (LAIA), and to some extent the Southern Common Market (MERCOSUR).

In this sub-region wide aspect of regionalism taking place in Latin America, two salient features in the new millennium are: (1) the prevalence of (centre-)left wing governments and (2) the emergence of China, arguably replacing and/or displacing the U.S. in this region. Under today's capitalism-oriented world society, social democratic governments that have ascended to assume power also need to make the so-called economic pie bigger. In short, to be in a position to invest more for those who are in need, which is the rationale of its existence from which it draws legitimacy, the leftist-leaning governments also need to be actively engaged in the realm of capitalism. While varieties of capitalism will be discussed in the following chapter, particularly the idea of Ben Ross Schneider (2009), one important aspect to note is that centre-leftist governments also use their national mandate to operate in the realm of capitalism. While centre-leftist governments demand less from the general population (i.e. personal taxes) for their income resources, exporting (i.e. natural resources) is a *sine qua non* for carrying out their governance processes successfully (Hogenboom and Jiberto, 2009).

Subsequently, these leftist governments that formulate their regional institution need to attract or at least provide a more compelling environment so that the international investors and buyers will be able to enter easily and competitively. In this vein, China, which is desperately searching for energy resources and intending to expand its power globally, regionally and/or locally, is an attractive partner for Latin America, particularly for centre-leftist governments. In short, it seems that mutual political and economic interests are fulfilled. To reiterate, for China, it needs a global/regional partner that supplies what China is looking for (Palacios, 2008; Li, 2007; Bunck, 2009).

In this era of Latin America, particularly (centre-)leftist governments are searching for an influential and politically favourable state other than the U.S. This is because U.S. policy is shaped by the principles of neo-liberalism. It is the shift away from these ideals which has led to the election of (centre-)leftist governments in Latin America. Therefore, for these (centre-)leftist governments, neo-liberal policies have become less favourable and their rationales lack appropriateness, particularly in terms of the existence of (centre-)leftist governments (Buono and Lara, 2007).

Moreover, as stated earlier, Latin America needs an economically influential partner so that it fulfils what Latin American governments, particularly leftist governments need

for the purpose of governing their states. Beyond these notions, one more common ground of interest for the two parties can be explained by the nature of a similar emphasis on the notion of not wanting to be criticized for, or suffer intervention in, domestic affairs by another country. The Chinese government's attitude is perhaps best summed up by a Confucian saying: "己所不欲勿施於人" (Ji suo bu yu, wu shi yu ren) – meaning "Do not do to others what you would not like to be done to you." Applying this notion to Chinese foreign policy, China is particularly sensitive to being criticized for its domestic politics, which are mainly associated with human rights violations along with the idea of democracy. That might also be a sensitive issue for leftist governments in Latin America. Accordingly, in this mutually interest-laden context, China is one of the most vital customers for Latin America, and particularly for (centre-)leftist governments.

Given the enormous economic growth of China, which relies on the importation of various commodities, including oil, iron ore, copper, and soybeans, which are abundant in Latin America (Hogenboom and Jiberto, 2009), efficient use of the natural resources of Latin America is a key issue. Therefore, the infrastructure needs to be well equipped in order to utilize the wealth of natural resources for logistic competitiveness. In this line, China seems to demonstrate its interest in the regional infrastructure projects of Latin America, particularly South America, where the majority of member countries have (centre-)leftist governments. When China's Premier Wen Jiabao officially visited the region in 2012, he proposed to set up a "$10bn (£6.4bn) credit line for Latin American countries to support infrastructure projects in the region" (BBC, 27 June 2012).

Furthermore, more recently, a follow-up measure after President of China, Xi Jinping proposed an infrastructure related bid in 2014, specifically a railway project that crosses the Andes, linking Brazil's Atlantic cost to Peru's Pacific coast. Chinese Premier Li Keqiang announced $50bn in Chinese investment, primarily intended for this mega-railway project while visiting Brazil (Anderlini, 2015). With the economic support-based engagement of China in this region, there is a need to explore how explicitly and to what extent China's interest influences the procedures and the formation of regional infrastructure projects. It is in this spirit that the above research questions have been

constructed. In order to answer the above-stated research questions, the analytical research approach of this thesis will be outlined in the following section.

Analytical Research Approach

This study raises several research questions in the realm of regionalism studies, thus establishing its research territory in this field. Subsequently, to solve the above-mentioned research questions, the study proposes a set of closely intertwined factors necessary to understanding modern South American political culture: (1) historically embedded societal structure – which is a concept that this study will employ, and which in principle refers to a society-based structure that has been shaped by history – as a domestic realm, and (2) the role and the effect of international actors (i.e. the U.S. and China). Given these two different levels of analytical engagement, this thesis will first of all explore the existing related literature to find important insights for the foundations of this investigation. This study will also provide ways to construct useful analytical frameworks. The first vital explanatory element is mainly associated with a historical analysis. In short, the thesis will examine Latin American history to see whether and how societal structure has been progressively and continuously improved.

While this study takes as its starting point at the early sixteenth-century colonial period in order to understand the origin of the formation of Latin American society, the main time frame that it particularly analyzes is the period around the end of the twentieth century and the beginning of the twenty-first century. This is related to the period of new regionalism, which this study explores to present an academic contribution to the existing related studies. Accordingly, for the purposes of understanding the dynamic and unique features of Latin American society, which are related to the political economy during the emergence of the notion of new regionalism, this thesis employs two different analytical frameworks under the umbrella of new institutionalism.

Thus, one group of analytical frameworks that this study utilizes is Theda Skocpol's *States and Social Revolutions* (1979) and Collier and Collier's *Shaping the Political Arena* (1991). While the analytical approaches within these two publications will be examined in the following chapter, this framework provides a broad method by which to analyze the dynamics of Latin American societal structures (i.e. societal participation

via democratic voting systems and the intention to change ordinary people's societal status in economic justice). The former publication is associated with providing an analytical insight into the social movements of the 1990s that have shaped the political map, from right-oriented governments to left-wing. The latter is employed to present an analytical framework, the so-called Building Blocks of the Critical Juncture Framework. This framework provides an analytical lens so that it can be applied to the particular case of Latin America with respect to the dynamics of societal structure change.

The second analytical framework for the explanatory factor - historically embedded societal structure - is drawn from Ben Ross Schneider's (2009) *Hierarchical Market Economies and Varieties of Capitalism in Latin America* and Stephen Haber's (2002) *Crony Capitalism and Economic Growth in Latin America*. These works will be examined in detail in the following chapter. In relation to Latin American society, they provide valuable insight in understanding how historically embedded societal structures have lingered, particularly with respect to the close relationship between politics and economics. In short, this provides a valid analytical framework to detect the hierarchical element of capitalism in Latin America and how it relates to the formation of new regionalism.

As indicated by Haber (2002), crony capitalism is a closely interrelated characteristic of Latin America in terms of politics and economics. This study views hierarchical market economy as defined by Schneider (2009), with the element of crony capitalism in Latin America, as a powerful analytical insight that eventually provides a clue for the research questions posed. This will in particular provide insight with respect to the characteristics of actor-ness at the local level (which will be explained in Chapter 1), denoting public participation (representativeness) in the process of regional projects and policies.

In sum, for the purpose of finding a linkage between historically embedded societal structures under the umbrella of new institutionalism as an explanatory factor and a characteristic of new regionalism, particularly actor-ness, (identified above) these two literature-based analytical frameworks shed light on how and whether this stated linkage is to be analyzed.

Another important factor in our understanding of the South American political context is the role and effect of international actors (i.e. the U.S. and China). This thesis argues that while the U.S. directly engages in region-mapping in Latin America, China is indirectly involved in regionalism, as will be further examined throughout this thesis, with special focus on how and in what ways the internationally active actors influence the regionalism itself and further to the research questions presented. This thesis intends to distinguish Phase 1 and Phase 2 under so-called open regionalism and to see how these two external actors influence regional development and ultimately link to increasing our understanding as to the effect of public input in the process of region-building.

In order to successfully find a linkage between the role and effect of international actors (i.e. the U.S. and China) towards Latin America and the formation of new regionalism in Latin America through a rigorous academic research process, it is necessary here also to outline in brief the main research methods used in the section below. This will particularly focus on actor-ness, which is one of the key characteristics of new regionalism.

Research Methods

The purpose of the research methods is to utilise the most robust tools with which to answer the research questions. As shown above, the analytical research approach is largely associated with secondary sources. In short, this framework has been selected to enable the employment of a relevant analytical approach, provide insights for formulating two main factors (i.e. historically embedded societal structure and the role and effect of international actors), and eventually provide a response for the research questions posed. While the justification for the research methodology and its detailed approach will be discussed in a following chapter, this research will primarily focus on empirical work. The findings in this thesis will be largely based on fieldwork conducted from January to April 2013 in South America, particularly Brazil and its Amazon region.

This thesis is associated with multilevel analysis. In other words, the international context/actors (the U.S. and China); national actors (Brazilian political elites); and local and community actors (NGOs, individual, indigenous people, etc.) are interrelated in

answering the research questions above. Accordingly, this fieldwork is comprised of various components. The first is mainly associated with interviews with individuals from these three different levels of actors (Bryman, 2008). The second component of this thesis is a quantitatively-based questionnaire disseminated mostly to actors at the local level. This survey's target number of respondents was around 100 people (Marsh and Stoker, 2002). Another component of this fieldwork is the process tracing method of case study, which is informed by institutional approaches, to trace the links between possible causes and observed outcomes (George and Bennett, 2005:7), along with site observations where the actual projects are taking place (Bryman, 2008; Creswell, 2009).

The last aspect of this fieldwork deals with locally published books and newspaper articles related to the issue of regional projects and governmental documentation including UNASUR, particularly the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) program. Therefore, while the primary research methodology is qualitative, the use of quantitative methods is to corroborate qualitative research findings.

Aim of Study

The primary aim of this research is to contribute to regionalism-related studies by exploring Latin America, particularly the South American region, through developing a conceptual framework, specifically Phase 1 and Phase 2 of new regionalism in Latin America. Specifically, this research is designed to expand on established regionalism studies through examining the characteristics of regionalism, particularly local level actor-ness, understood here in terms of public representativeness, under the leftist governments. More specifically, it aims to understand why there is little communication and a lack of understanding of the differences in interests between actors that are responsible for regional projects and policies, namely the U.S., China, and their MNCs, and central governments of South America, and local actors who are affected by the practical implications of any developments. Thus, this study aims to demonstrate how and why two or three different levels of actors perceive and calculate priorities differently and the way in which these priorities are manifested. Ultimately, it seeks to assess the degree to which local residents and their institutions are involved and represented at the regional level of infrastructure and policy.

Methodologically speaking, this study will attempt to explore South American regionalism under the framework of studies of regionalism by virtue of quantitative and qualitative methods of analysis, which will be largely elaborated upon in a following chapter. It seeks to confirm regionalism-related studies by employing the triangular method, particularly regarding South America. In so doing, the study aims to contribute to the formulation of new ways of analysing regionalism.

Thesis Outline

The structure of the study has been designed in such a way as to best address and explore the above-stated research questions and to carry out the aim of research. Chapter 1 examines and reviews regionalism-related studies so as to highlight the gap in the existing literature that this study will fill. Establishing this context within the literature will aid this study in meaningfully contributing further research in this area. To meet these ends, this chapter begins by discussing its conceptual foundation, namely region, regionalism and regionalization, and how and whether this conceptual framework is well justified, particularly in the realm of regionalism. By reformulating the typology of old and new regionalism based on the existing literature of regionalism, this chapter attempts to identify which dimensions of regionalism need to be taken into account.

With this reformulated typology of regionalism, Latin American old and new regional schemes are to be introduced and understood as its origin and its scope. Subsequently, upon exploring UNASUR as a sub-regional entity, particularly the IIRSA program, this study argues that the characteristics of new regionalism - particularly local level actor-ness, which denotes public input (representativeness) - are *de facto* largely similar to the characteristics of old regionalism under the leftist governments in Latin America. Following this argument, this study aims to explore whether the actor-ness in both old and new regionalism is similarly path dependent, in terms of the original empirical work in this area. The purpose of the following chapter is to discuss this with one of the explanatory factors, using historically embedded societal structure as an analytical tool.

Chapter 2 will introduce historically embedded societal structure as a key indicator in linking the reasons for which new regionalism appears to be a similar path to old

regionalism, particularly in the realm of public input (representativeness). In order to justify whether and how this indicator is important to understanding and explaining the behaviour of nation-states in the process of regionalism, this study begins by exploring and analysing the legacy of colonialism. Subsequently, it will be argued that the nature of this colonialism-based historicity, which formulates the structure of ethnic-based hierarchy, has lingered implicitly in contemporary Latin American society. With this argument in mind, this study further intends to analyse this societal structure and its evolution, by employing other scholars' analytical frameworks, including Collier and Collier's (1991, 2002) "Building Blocks of the Critical Juncture of Framework."

In a further analysis conducted within this chapter, this study will attempt to reveal the rhetorical disposition of leftist governments in Latin America. In short, with the limited nature of these governments governing in a capitalism-oriented global era, historically embedded societal structure seems to be rather more likely to persist. With this logic, although post-neoliberalism is largely employed to explain distinctly twenty-first century socialism in Latin America (Grugel and Riggirozzi, 2012), this study observes that regional levels of projects and policies still seem to embrace the disposition of old regionalism.

Chapter 3 focuses on two aspects of Brazil: first, domestic socio-political institutions of Brazil and second, Brazil's relations with the U.S. and China, particularly the perception of Brazilian political elites in regard these external actors in the context of sub-regionalism in the twenty-first century. In short, the first half of this chapter explores the way that economic and social inequality in Brazil has become institutionally ingrained, creating a so-called patrimonial society. This idea is related to the critical analysis of Chapter 2, with respect to the historically embedded societal structure of Latin America. Subsequently, the rest of this chapter examines, given the Brazilian political elites' dynamic relations with the U.S. and China throughout the decades, how perception and ideology played a role and subsequently explains why Brazilian elites, especially political elites, were predisposed to seek partnerships with China rather than the U.S., particularly in the twenty-first century.

Ultimately, given the analysis of how the Brazilian structured socio-political system has been institutionalized, and then under this ingrained system, which favours and

perpetuates Brazilian elites' power, coupled with the emergent role of China, replacing or displacing the U.S., current Brazilian elites seem to exercise their power similarly to the past. In other words, this chapter attempts to provide a clue as to how the (centre-)leftist government of Brazil under the path-dependent nature of a structurally embedded society interprets and makes use of capitalism-driven regional integration and policies.

In the following chapter, Chapter 4, this study constructs a methodology that guides how and why the particular method will be conducted. In this vein, the chapter begins by demonstrating two principal approaches: multi-level analysis and institutional approaches. With the advantage of a pluralistic, the methods that this study carries out are a combination of qualitative approaches (i.e. semi-structured interviews, the process tracing method of case study, and participatory observation) and more quantitatively-based questionnaire dissemination and analysis. Since this study is mainly original empirical work, most of the data has been collected within South America.

Chapters 5 and 6 represent the core of the original contribution of this thesis, which explores the nature of new regionalism in South America, with a special focus on the multi-level nature of actors engaged in the process of regional integration, particularly IIRSA. Chapter 5 examines the role of different level of actors including international (the U.S. and China), regionally active corporations (MNCs), and national governments to see in what ways these actors have played roles in influencing regional projects and policies. Ultimately, by utilising relevant interviews and analyzing official documents, such as IIRSA official documents, along with the speeches of high profile figures (e.g. the president of Brazil), it attempts to see whether and to what extent there is a space for local actors in the decision-making process of IIRSA, with a special focus on the Inter-Oceanic Highway.

Chapter 6 introduces a justification for locating Assis Brasil and its state, Acre, as a concrete research area in relation to regional integration with special reference to the Inter-Oceanic Highway and its Integration Bridge, amongst others. Subsequently, this chapter explores whether and to what extent local actors and their institutions in this Amazon town, which this highway crosses over, participated in this regional project. To measure the degree of public participation for this project, questionnaires were

dissemination to local residents and semi-structured interviews were conducted at the local and national level. Furthermore, this chapter examines the significance of rubber and latex production and the raising of cattle for this tri-border town by a process-tracing method. Ultimately, it will attempt to demonstrate how and why these 'separate' entities relate to historically-embedded societal structure (i.e. patron vs (semi-) slave relations), which link to the degree of public input in the regional project.

The final concluding chapter begins by briefly summarizing the key arguments laid out in this thesis. Subsequently, primary research questions and four supporting research questions will be revisited and will be answered based on the findings of this round of research. In particular, throughout attempting to answer these research questions via a multi-level approach and research methodology, it will fulfil its stated research aims and objectives which directly link to its research contributions. After highlighting the research contributions to existing regionalism studies, it will discuss the limitations of the research, all of which present significant opportunities for further and future research. It concludes by identifying how and in what ways the findings of the research build on existing knowledge in the literature on regionalism.

CHAPTER 1

UNDERSTANDING REGIONALISM, WITH SPECIAL REFERENCE TO LATIN AMERICA

1.1 Introduction

The global paradigm of regionalism has shifted since and on account of the end of the Cold War as well as increasing economic globalisation and multiple actors involved in processes of regionalisation. In line with this reshaping of world affairs, the study of regionalism has entered a new chapter in response to the fragmentation of great-power regional blocs and the pressures generated by economic globalisation through multi-level actors. Scholars and world research institutes that include the United Nations University (UNU) have redefined and re-examined the regionalism principle. In so doing, they have characterised it so as to distinguish new regionalism from old regionalism. According to the framework that has been developed by regionalism studies, there are differences in terms of the old forms of regionalism associated with the works of Fawcett and Hurrell (Fawcett and Hurrell, 1995) and the new ones associated with the works of Hettne, Inotai, and Sunkel (Hettne et al., 1999), based upon their features. As shown below (Table 1), this way of distinguishing the two systems for the purpose of understanding and explaining the nature of regionalism has been adopted by academics with little criticism. This is mainly due to the fact that it has largely been possible to apply this model to multiple cases. Thus this framework also fits the Latin American region.

With respect to trade[1] (i.e. economic liberalism), there emerged a debate on whether the growth of regionalism since 1990s is a building block or stumbling block to a globalised political economy (e.g. 'triumph' of capitalism) (Hettne, 1999; Shaun Breslin et al., 2002; Soderbaum and Shaw, 2003). However, there is the common view that new regionalism refers to commitment to a form of open regionalism. In short, market-led

[1] Trade is one of the key characteristics that distinguishes new regionalism from old regionalism. Please see table 1.

regionalism is a key feature in new regionalism. As such, the institutional manifestation of regionalist development, either old or new regionalism in Latin America, can also be identified based on whether it is market-friendly or not. This aspect is particularly critical for this thesis in distinguishing and articulating new regional developmental arrangements in twenty-first century Latin American regionalism, coupled with the emergence of leftist governments.

Furthermore, given the fact that new regionalism is defined as a multidimensional process of regional integration (Hettne 1999:17), leading it to be considered as a pluralistic phenomenon, multiple levels of actors constitute new regionalism and it is not highly focused on single-actor nation-states. As such, existing regionalism studies distinguish new regionalism from old regionalism regarding actor-ness, a key concept that this study establishes to deal with characteristics of regional studies. This concept denotes three different levels of actors – international, national, and local – that affect the decision-making process at the regional level of projects and policies. This local level of actor-ness, which denotes public input (representativeness), could be a largely similar path in terms of regional level participation for both old and new regionalism.

It is largely assumed that under the umbrella of the multi-polar world order, non-state actors including civil society, multi-national corporations (MNCs), local business groups, and local community-based groups, as well as individuals, could be better placed to deliver all these actors' demands, while political entrepreneurs need to pay closer attention to these demands in a global capitalist world (Mansfield and Milner, 1997). It is expected that the current social democratic notion of governments in South America is more closely scrutinized at least *prima facie* when these governments enhance policies and projects at the regional level (Dabène, 2009). However, there may be a gap between the expectation that (centre-)leftist governments, given the market-led nature of regional arrangements in the global political economy, deliver greater inclusivity in planning and the practical implementation of region-wide projects and policy.

Given this argument, which seems to point to a substantially paradoxical role for left-wing governments in policy implementation and in achieving greater inclusivity through market-oriented regional projects, particularly at the regional level, the first

chapter aims to provide an overview of the main theories of regionalism in order to lay the groundwork for the following chapters. It will aim to briefly deliver broad regionalism-related analytical concepts so as to situate this study within a broader thematic tradition of regionalism studies and explain how this study understands and interprets key terminology. More precisely, in the first part of this chapter, regionalism as a concept and its features are generally explored and examined, based on the existing literature on regionalism. Given that this framework, which describes the split between old and new regionalism studies, according to their characteristics and based on historical change, provides the starting point for the investigation of the study, in the following chapters the Latin American regional governance case study will be explored and analysed to see how this framework is suitable for answering the research questions presented.

The second part of this chapter aims to introduce Latin American regional governance to the reader for the purpose of facilitating understanding of the dynamics of this region. Particularly, whereas the old regionalism in Latin American regional arrangements will be studied, the institutional manifestation of new regionalism in Latin America, with the lens of market-led regionalism, will be presented, including FTAA, NAFTA, and MERCOSUR. Furthermore, this chapter presents and subsequently attempts to distinguish between Phase 1 and Phase 2 of new regionalism[2] in Latin America to see how and in what aspects these classifications and distinctions are relevant to increasing our understanding of new regional arrangements in Latin America, with a special focus on inclusion. In this line, this thesis particularly argues that Phase 2 of new regionalism in Latin America is rather a different *sort* of regionalism from Phase 1 of new regionalism, although these two phases are encapsulated in market-oriented regionalism. To meet its goal, this chapter will begin by defining the terms "region", "regionalism" and "regionalisation." Subsequently, this study will examine the features of old and new regionalism, respectively. Given that, it will develop a typology of regionalism in order to compare the characteristics of regionalism so that it can identify which dimensions are salient, this study will take into account further researching concerning the Latin American case study. Thus this chapter is a guide, indicating which way is necessary to

[2] Phase 2 is associated with the emergence of leftist governments in South America in the beginning of the 21st century and this point will further studied throughout this thesis.

move forward in the investigation. To reiterate, the following subsection is a particularly important step for this study in providing a foundation for the analysis and examining whether the distinction between old and new regionalism is justified.

1.2 Region, Regionalism, and Regionalisation

Definition is not everything; however, everything involves definition. Knowledge of a concept is substantially a function of how the word is defined (Scholte, 2000). In this way, one can narrow down and specify things that one plans to elaborate. In reality, regionalism is an ambiguous term, with little consensus as to exactly what it means (Hurrell, 1995; Mansfield and Milner, 1997; Breslin and Higgott, 2000; Fawcett, 2004). In this vein, Bjorn Hettne (2005) argues that the reason why regionalism has several meanings is that each different academic specialization, including International Relations, International Political Economy, Comparative Politics, European Politics, and others, has developed a different connotation for the term (Hettne, 2005). Actually, this echoes an old proverb of three blind men and an elephant. That is, when each blind man touched a different part of a large elephant and described it differently based upon what they felt individually with their hands (like the tail, the trunk, and the ears), the resulting description bore little resemblance to the nature of the animal. I take the view that this implies that the notion of regionalism varies based on different scholastic stances and approaches to this phenomenon. With the understanding that this complication is the product of a lack of interdisciplinary integration, region, regionalism and regionalisation will be introduced by visiting diverse schools of thought. For analytical purposes, this chapter will articulate and in some sense create a synthesis of these definitions, in order to construct a framework for the Latin American case.

1.2.1 Regions

The term "region", under its ordinary usage, is subsumed under micro-, meso-, and macro-levels of regions.[3] However, for analytical purposes, particularly in international

[3] Micro-regions refer to as a space between the national and local. Marco-regions can be considered as larger territorial units or sub-systems between the state and the global system level. Meso-regions are between two levels of macro and micro, typically indicating mid-range state or non-state arrangements and processes (Soderbaumn, 2003:6).

studies, the macro-region has been the most universal level or object of analysis (Söderbaum and Shaw, 2003, Hettne, 2005). In fact, the origin and history of the concept of the region come from the Latin verb *regere*, which means "to direct or to rule or to command" (Söderbaum and Shaw, 2003). It implies the place or distance at which a given authority exists or can be accessed. Region is accordingly widely attributed to geographical meaning including borders or an otherwise delimited space. Thus one level of region is constituted and firmly rooted in territorial space.

With few objections to the assertion that region literally means territorial space, Bjorn Hettne and Fredrik Soderbaum (2000) argue that the condition of region(ness) necessitates "increased social contracts and transactions between previously more isolated groups – the creation of a social system – facilitates some sort of region(ness)" (Hettne and Söderbaum, 2000:463). The term "region" would be defined here as more than simply encapsulated in a geographical space. To writers like Hettne and Soderbaum (2000), the simple degree of territorial space as a criterion for regions is not sufficient in identifying the way in which a region is constituted. Solely being situated in the same region in terms of geographic proximity is not enough in defining what constitutes a region.

Along with these geographical explanations, a region is a sphere in which different degrees of regional actors, including a wide range of non-state transnational actors, play various roles. Although it seems that territoriality is a *sine qua non* of regions, as Jean Grugel and Wil Hout point out: "regions are made and re-made, and their membership and frontiers are decided through political and ideological struggle and the conscious strategies of states and social actors" (Grugel and Hout, 1999:8). This line of argument fruitfully develops the idea that a region can be attached to the notion of social constructivism, which emphasises the importance of shared knowledge, learning, and ideational forces shaped by the process of interactions and inter-subjective understandings. Therefore, the object of the research of this study, the Latin American sub-region, is based on the merging of geographic proximity and the level of interactions and cooperation with the cognitive cohesiveness of state and/or non-state actors which are the elements that compose the region. The concept of cognitive cohesiveness that this study establishes is associated with the emergence of regional integration-related research, policies, and programming.

Rawl Abdelal and his colleagues' (2006) work *Identity as a Variable* provides an analytical insight on regional identity, helping to explain Latin American regional integration. In particular, these scholars focus on four factors, including cognitive models, which "[refer] to the worldviews or understandings of political and material conditions and interests that are shaped by a particular identity" (Abdelal et al., 2006:696). Thus, Latin American states and their people at a regional level share a common history, experience, culture, and set of customs that generate and shape their sense of belonging, denoting cohesiveness. Given the sense of cohesiveness which is bonded and shaped by a shared history, this cognitive sense can be more unified and better articulated when a new situation emerges at the regional level. For example, when international and regional context shifts, new situations can be viewed by the actors within a region as either an opportunity or a threat, depending on social cohesiveness. Thus, for the purpose of this study, cognitive cohesiveness is understood and defined as a vital mechanism that generates and shapes a region ideationally through shared common history, culture, identity, and perception. This concept will be employed in the following sections.

1.2.2 Regionalisation and Regionalism

As stated above, the concept and definitions of regionalisation and regionalism are used quite differently in various academic sub-fields and these disciplines frame these concepts differently based on their epistemological and ontological positions. As Louise Fawcett (2004) points out, these are fuzzy, confused, and often interchangeable concepts. In this vein, this study attempts to define and distinguish them from the views from scholars summarised below and then to identify the position of this particular study in terms of the regionalism and regionalisation. There are essentially two different ways of understanding regionalism, though one could argue for more. One school of thought in defining regionalism is based on policy and projects (Grugel, 1996; Grugel and Hout, 1999; Fawcett, 2004; Tussie, 2009) and the other focuses on regionalism as a set of ideas and values that are embedded in regional identity (Adler, 1997; Katzenstein, 2005), the former being more practical and the latter one more ideationally rooted.

The common denominator that regionalists consider in defining regionalisation is a process,[4] which is a tangible feature in the formal or informal establishment of regions. In this vein, Grugel and Hout summarised it as "the regional expression of the global process of economic integration and the changing structure of production and power" (Grugel and Hout, 1999:9). Fawcett also suggests that regionalisation "may give rise to the formation or shaping of regions, which may in turn give rise to the emergence of regional groups, actors and organizations" (Fawcett, 2004:433), so that this process reinforces trade alliances, blocs, and formal institutions. Thus, regionalisation can be conceptualised or identified as an actual process within which regionalism, which denotes policy and projects along with ideation as defined above, takes place in a region. This study views regionalism and regionalisation as two sides of a coin, in a sense that they must be considered as a single entity working together.

1.2.2.1 Old regionalism vs New regionalism

Regionalism researchers in world politics agree that there are two parts to regionalism: old regionalism and new regionalism. Many scholars view the mid-1980s and afterwards as a watershed period and this division is analytically useful and coincides with the notion of globalisation and the collapse of the bipolar world system. Thus the context has been changed and the analytical framework will be modified to some degree. In this vein, Hettne (2005) argued that the shift from old to new regionalism produced ontological (object for study) and epistemological (way of studying) changes in relation to region-related scholarship as a whole. He further asserted that "the new regionalism must be seen as a new political landscape in the making, characterized by several inter-related dimensions, many actors (including region itself) and several interacting levels of society" (Hettne, 2005:550).

By dividing regionalism into the binary categories of old and new, an analytical framework can be developed which will provide a foundation for this research. Given the different characteristics of old and new regionalism, their dimensions can be categorized as 1) international context, 2) security, 3) trade, and 4) actor-ness. Firstly, as concerns international context, old regionalism is characterized as a component of a

[4] The idea of process is important in this study as the empirical cases that will be explored and analysed are ongoing projects taking place in the South American region.

bipolar power structure related to the Cold War, whereas new regionalism is part of a multi-polar, globalised, post-Cold War world. Secondly, old regionalism emphasised security as a priority, whereas new regionalism has less greatly prioritised security, particularly in terms of military security. Thirdly, in terms of trade, old regionalism is closed regionalism (intra-regionally oriented), whereas new regionalism is defined by open regionalism (inter-regionally trade focused). Lastly, old regionalism concerns the state (and is state-centric), whereas new regionalism has multiple levels of actors involved in the realm of actor-ness. With this narrative form, Table 1 demonstrates the characteristics of old and new regionalism according to the dimension of regionalism (Hettne et al., 1999; Söderbaum and Shaw, 2003).

Dimension (category)	Old	New
International Context	Bipolar / Cold War Power Structure	Multi-Polar (Globalization) / Post Cold War
Security	Priority	Less Prioritized
Trade	Closed Regionalism (Intra-regional oriented)	Open Regionalism (Inter-regional trade focused)
Actor-ness	State (state-centric)	Multiple levels of actors involved (non-state actor: civil society, private companies, etc.)

Table 1: Typology of regionalism (*Source*: author-developed based on the existing literature of regionalism).

This simplified table, which has been formulated based on existing literature on regionalism, acts as an underlying framework and provides the starting point for this study. As shown in Table 1, the study of regionalism has been divided into two realms according to its characteristics, and is based on historical change. While this body of scholarship is largely adopted in this typology, the level of generalisation of regionalism studies may compromise their applicability to the Latin American case, particularly in the realm of local level actor-ness, denoted by levels of public input (representativeness). This is the most important point of departure for this study, particularly in terms of its analytical contribution. Existing studies of regionalism have an element that is less applicable for Latin American regionalism in the realm of actor-ness because this study argues that *prima facie,* multiple levels of actors seems to be involved in influencing

regional projects and policies, but in fact, the characteristics of old regionalism still linger on in the dimension of actor-ness associated with the nature of open regionalism. While this fundamental argument will be explored and analysed throughout this study, the following sections will provide a general understanding of Latin American regionalism.

1.3 Latin American Regionalism

Latin America has a long historical trajectory of regional associations and integration projects. As authors such as Fawcett (2005) and others indicate, the rationale that drives Latin American countries to form diverse of regional associations can be understood according to three motivators, which are not mutually exclusive. These are regional ideas, economic independence, and political independence. For analytical purposes, these three categories will be used for this research, but in reality this study views all three factors as working together in order to form regionalism. The overall trajectory of Latin American regionalism can be framed by the existing study of regionalism, which is mainly divided by old regionalism and new regionalism. Thus, this chapter explores how old regionalism in Latin America took place and what features would be distinct or indistinct through the lens of the typology of regionalism.

1.3.1 Latin American Old Regionalism

The first wave of Latin American regionalism came originally from the idea of regional integration, particularly the political unity of Latin America, which was designed and intended to be implemented by ″El Libertador”, General Simon Bolivar. Historically, over the duration of the Spanish and Portuguese colonial period, most of the region was forced to learn the languages, culture, and even religion of its colonisers. Eventually, this could be used as a common denominator by Latin American states, even if only rhetorically, to facilitate regional integration. In short, upon obtaining its independence from its colonizers, shared colonial history and its legacies had the potential to unite the region.

However, in reality, as Andres Malamud and Pablo Castro (2007:112) point out, there were divisive factors that prevented this region from being united. One is comprised of natural obstacles and the other of social obstacles. Based on the immense geographic distance, newly independent American colonies were not able to easily communicate with each other. Of even greater concern as a factor barring unity was the overarching administrative system, which controlled the Latin American region from Spain. As will be discussed and examined further, Latin America has been a region where extracting natural resources was chiefly the reserve of international actors. During the colonial period, Spain was using two Viceroyalties (Mexico and Peru) as the administrative mechanism for controlling the territory and obtaining resources for Spain. After its independence from Spain, there was little use for this region to take advantage of its legacies from Spain, particularly with regard to its administrative mechanisms. Rather, consequently, "its American colonies were seldom connected to one another, and territorial as well as regulative disputes were conducive to jealously, rivalry and competition between them" (Malamud and Castro, 2007:112).

In this line of social obstacles, Gordon Mace (1987:406) also states that over the colonial period, each province was individually and exclusively linked with its major city for political, economic, and cultural matters, which led this Hispanic region to be less interrelated. Thus, these two interacting factors were eventually yielded to the segregation of nine independent countries out of the originally established Viceroyalty of Peru, rather than forming any type of confederate arrangement or mechanism.

While the Central American region fragmented into small countries, Mexico remained its own territory under the governing realm of the original viceroyalty. Brazil, meanwhile, faced a different colonial history, the turning point of which was the Portuguese court (headed by a prince regent) along with more than ten thousand courtiers, military advisers, religious leaders, and lawyers which entered into Brazil in 1808. As rightly pointed out by Thomas Skidmore (2009) and Malamud and Castro (2007), this unprecedented move was driving Portuguese administrative mechanisms into pre-modern Brazilian society. This led later Brazilian society to form a more centralized governmental system, which allowed Brazil to retain its unity despite its huge territory and its demographic variety. This historically-embedded characteristic of political rule seems to explain why contemporary regional projects and policies in

Brazil are more centralised rather than decentralised. This linking point will be further explored and analysed in the following chapters.

Once Latin America lost its initial point of momentum for regional integration, it was losing its ground for the region to be united under any kind of confederate arrangement. However, Fawcett argues that the view that "regionalism in the Americas, understood both as an expression of regional identity, and as an attempt to give that identity institutional form, dates from the beginning of the independence period" (Fawcett, 2005:27). This implies that although the initial thrust for this region to consider regional integration as an agenda has lost strength, it still looms over this entire region as a potential agenda. It seems that regionalism itself has been waiting to be reignited for each country to consider region-wide project and polices. In reality, the first formal bid for the idea of regionalism did not come from Latin American countries themselves but rather from the U.S.

In line with the Monroe Doctrine, the U.S. made a call for pan-Americanism in the 1880s for securing its political, economic, and security objectives so that other regions, particularly the major European powers, could not interfere in this region. Diana Tussie (2009:172) points out that Latin American countries by then largely supported this U.S. initiative due to the belief that inter-American cooperation and integration could benefit their countries politically and economically. In this spirit, the First International Conference of American States was held in Washington, D.C. in 1890. This eventually formed the basis for the Organization of American States (OAS) in 1948. Subsequently, this inter-American system largely served as a conveyor belt for Washington's decisions (Grugel, 1996; Grugel, 2006) Thus, the political unity throughout any types of confederation in and by the Latin American region, which was initiated and dreamed up by Simon Bolivar, seemed to face a deadlock. However, the following section will demonstrate how this regional idea, which is embedded in cognitive cohesiveness,[5] moves continuously, from political unity to integrative economic orientation.

[5] For the purpose of this study, as identified earlier, cognitive cohesiveness is understood and defined as a vital mechanism that generates and also shapes a region idea by sharing a common history, culture and identity/perception.

The end of World War II shaped not only international affairs but also regional orientation, particularly in Latin American regional integration aspirations (Mace, 1987; Malamud and Castro, 2007; Tussie, 2009; Riggirozzi, 2010; Riggirozzi, 2011). In this international context, which divided up the world along the boundaries of the East-West axis, there was a new awareness in Latin America that the neo-functionalistic approach, which emphasises that the spill-over effect of economic, social, and cultural affairs would bring about a greater process of integration, including political integration. This line of thought is the theoretical basis for European integration. As Mace (1987) and Riggirozzi (2009, 2011) point out, the creation of the European Economic Community (EEC) in 1957 in the course of regional integration spurred Latin American elites to find a way for the Latin American region to do the same thing.

In this spirit, the establishment of the United Nations Economic Commission for Latin America (ECLA, later to become ECLAC after the inclusion of the Caribbean, and Spanish acronym CEPAL) under the strong leadership of Executive Secretary Raúl Prebisch oriented and designed Latin America's path to emulate other regions and countries, particularly under the dominance of the U.S. (Grugel, 1996). The analysis of ECLA concluded that since the world economy is structurally composed of a centre and a periphery, international commerce is characterized by the deterioration of the terms of trade. That is, historically the price of manufactured goods has risen faster than the price of raw materials, resulting in a deterioration of the terms of trade between North and South (Mace and Bélanger, 1999).

In this structurally asymmetrical context, ECLA proposed that Latin American countries adopt the import substitution industrialisation (ISI) policy for their domestic industrialisation. But in reality, the scope of most national markets is limited to meet its needs because the domestic market is small. Therefore, it necessitates a larger market, in this sense the region-wide scale of market under the auspices of economic integration appeared was an option for consideration. As Tussie (2009: 173) states, the idea of the ISI policy, which was envisaged by ECLA, was an attempt to expand an industrial arrangement to a regional level in order to eradicate barriers to mutual trade while maintaining high levels of external projection for the purpose of its incentives for domestic growth in terms of industrialisation, economic growth, and investment.

However, according to Mace (1987), in the beginning, Latin American countries were reluctant to adopt this integration scheme because many had concerns relating to the likelihood that they might have to relinquish their national sovereignty implicitly in the process of integration. However, two forms of sub-regional levels of economic integration eventually took place: the Central American Common Market (CACM) and the Latin American Free Trade Association (LAFTA). The Bolivarian spirit of regional integration had in some ways begun to reveal itself in the process of forming LAFTA and CACM.

1.3.1.1 New phases of regional integration in Latin America under the auspices of old regionalism

While OAS has been largely initiated and formed by the interests of external actors, particularly the U.S., LAFTA and CACM emerge, at least on a sub-regional level, as entities that are willing to understand the international context and attempt to formulate better positions for the Latin American region that would not be primarily dependent upon other regions or countries. OAS, which, as Mace (1999:26-27) rightly points out, was essentially seeking to meet the U.S. strategic interest to 1) impede the creation of a Latin American bloc, 2) establish a security complex, and 3) make a favourable environment for business by limiting state intervention in the economy. The formation of LAFTA and CACM as sub-regional organizations mainly focused on economic integration, and was considered to be a stepping stone for Latin American countries to proclaim different levels of "independence and autonomy" (Mace, 1999).

Latin American Free Trade Association (LAFTA)

LAFTA, which comprises South American countries including Argentina, Brazil, Bolivia, Colombia, Chile, Ecuador, Paraguay, Peru, Uruguay and Venezuela, as well as Mexico, embarked on the ratification of the Treaty of Montevideo in 1960[6]. Under the auspices of ECLA, LAFTA was governed by two major instruments that were designed to promote regional trade. The first, which is described mainly in Chapter II of this treaty, is a tariff-cutting plan, intended to establish a free trade area within not more than

[6] Bolivia, Colombia, Ecuador, and Venezuela joined by 1970.

twelve years from the date of the treaty's entry into force. The second, detailed in Chapter III of the treaty, is to do with the arrangement of sectoral complementarity, which was designed to divide the parts of a single production process amongst several member countries, so that they could then trade these products amongst themselves free of tariffs (Mace, 1987:411). In short, LAFTA was designed to improve regional trade by creating a free trade area amongst member countries within a period of twelve years.

While this arrangement was targeted at establishing a free trade area, which was less considerate of other fundamental aspects of regional integration (such as political integration), its situation was precarious from the beginning. Ernst Haas and Philippe Schmitter (1964:722) point out that the underlying reason for LAFTA's unsuccessful development in a sense was that it made little economic impact and was never implemented on a large scale. This initiative for economic integration did not come from any government but from ECLA, particularly from Executive Secretary Raúl Prebisch. Furthermore, each of the member countries involved in the agreement held very different positions of interest when they became involved.

According to Haas and Schmitter (1964:722), Argentina, Brazil, Uruguay and Chile were the member countries which already had a significant share of trade amongst them. Thus this new regional trade agreement was less attractive for them in terms of active participation. Rather, these countries "preferred a modest mechanism designed to get them out of an immediate payments crisis in which they found themselves in 1959" (Haas and Schmitter, 1964:722). In this vein, other scholars including Mace (1987), and Banega, Hettne and Soderbaum (Banega et al., 2001) indicate that this type of regional trade would be more beneficial for those countries that had much larger domestic markets and more diversified industrial capacities. In fact, the smaller member countries claimed that the "Big Three" (i.e. Argentina, Brazil and Mexico) were the main beneficiaries.

Another obstacle to success that LAFTA faced was an unexpected external one: an oil crisis. As explained by Mace and Belanger (1999:5), the oil crisis of 1973-74 resulted in economic stagnation worldwide, which then negatively impacted regional integration in developing countries due to the fact that industrialized countries increased protectionism, making access to their markets more difficult for developing countries. In this vein,

these scholars also highlight that this type of economic downturn generated inward-looking attitudes that led to the degeneration of the spirit of cooperation required to consider the give-and-take approach that could ensure the success of regional integration.

Another external element was the interest of the U.S. As rightly pointed out by Banega and his colleagues (2001: 236), and Frohmann (2000:76-77), the U.S. as a global and regional superpower was not interested in supporting this type of regional integration. Rather, the U.S. was solely advocating hemispheric region-building in the form of the OAS framework. Thus, explicitly and implicitly, internal dissonance along with economic circumstances[7] and external factors, specifically the oil crisis and the role of the U.S., caused this regional arrangement difficulty in carrying out its purpose. In short, these internal and external elements explained above drove LAFTA to find a different path.

The Andean Pact, which will be discussed in a following section, was formed in 1969 amongst the Andean countries which had sensed that they would not benefit from the LAFTA regional economic arrangement. Consequently, this LAFTA regional institution had to shift and change its orientation and in 1980 it became the Latin American Integration Association (LAIA). Yet prior to discussing this successor to LAFTA, LAIA, which is a region-wide economic integration institution, other sub-regional or regional economic integration arrangements under the umbrella of old regionalism will be examined to see how Latin American regionalism has been shaped.

Central American Common Market (CACM)

Along with the line of proposals that ECLA introduced for the purpose of overcoming dependence on exports of primary commodities through regional economic integration, the Central American Common Market (CACM) was established in 1960. CACM was created by Guatemala, Honduras, El Salvador, and Nicaragua (and was later joined by Costa Rica) with the signing of the General Treaty of Central American Economic

[7] These conditions are as follows: initiative of the regional integration driven by ECLA, rather than a country; different initial motivation for involvement among member countries; disparity among member countries regarding the benefit of this regional trade; the cycle of increasing foreign indebtedness.

Integration in Managua on December 15, 1960. According to Mace and Belanger (1987; 1999), CACM was much more representative of ECLA's proposal than LAFTA. First, it completely changed the rules for trade liberalisation. Instead of negotiating the lowering of tariffs as was the case in LAFTA, the constitutive treaty establishing CACM declared that all products involved in intraregional trade should be free of tariffs within five years following the implementation of the treaty, with the exception of a limited list of strategic products. Secondly, the treaty provided for the establishment of a common external tariff on third party nations (Mace, 1987; Bull, 1999).

In Eduardo Lizano and L.N. Willmore's analysis of CACM (1975), and as indicated above, when finding one of the factors that has become a weakness of LAFTA, the disequilibrium in terms of this regional economic arrangement was crucial. In fact, to avoid this level of discord amongst more and less developed member states, the Convention on the Regime for Central American Industries was established. The purpose of this body was to offset the negative effects of trade liberalisation by encouraging the establishment of regional industries, mostly in the less developed countries of the CACM (Mace, 1987).

However, as pointed out by Lizano and Wilmore (1975), and Mace (1987), the absence of supranational powers in the agreement led to inadequate implementation of the convention, which was not capable of effectively controlling foreign investment in order to channel such investment to the less developed member countries. Accordingly, CACM became polarised between the net creditors, Guatemala, El Salvador, and Costa Rica and the net debtors, Honduras and Nicaragua. Also, the market of these five countries proved to be too small (Bull, 1999). In this context, another major drawback of CACM came with the "Football War"[8] between Honduras and El Salvador, which eventually not only disrupted relations between these two countries but also affected regional trade and blocked progress on the integration scheme (Lizano and Willmore, 1975; Mace, 1987; Bull, 1999).

[8] The Football War, also known as the 100 Hour War, took place in 1969 because of an ongoing immigration issue between El Salvador and Honduras.

Andean Pact

As examined above, one of the factors that led to dissonance among member countries in LAFTA was the different associated benefit levels of regional trade for different participants. As Mace (1987:415) points out, Chile and Colombia were outspoken in this economic integration arrangement. They were instrumental in inviting other countries including Bolivia, Ecuador, Peru, and Venezuela to discuss the issues encountered by LAFTA and find alternative ways of delivering their interests. In this spirit, the Cartagena Agreement of May 1969 was signed to establish the architecture of the Andean Group, of which Bolivia, Colombia, Chile, Ecuador and Peru were founding members, while Venezuela joined in 1973. Since the emergence of the Andean Pact was a direct response to LAFTA's problems (Ffrench-Davis, 1977; Milenky, 1977; Hojman, 1981; Mace, 1987), the nature of this new sub-regional entity was necessarily different from its predecessor.

In this line, the architects of the Andean Group designed an integration scheme that was much more articulated and broaden. Three important features were distinguished by the Cartagena Agreement. First of all, the Andean arrangement was not only concerned with the economic aspect of integration, but also considered social development (e.g. education) and cultural affairs. Articles 129-131 of Chapter XVI (Economic and Social Cooperation) demonstrated this through the following stated aims;

> "Elimination of poverty among the marginalized classes, in order to achieve social justice … strengthening of the cultural identity … for the integration of the Andean subregion … full participation by the subregion's inhabitants in the integration process …"
>
> (Andean Subregional Integration Agreement [Cartagena Agreement], Andean Community official website[9])

Secondly, as pointed out by Tussie (2009:174), the Andean scheme created two central decision-making institutional structures, which were in nature supranational entities. These were the Commission and the Junta. These two principal institutions became responsible for designing, approving, and implementing all major decisions regarding the course of the integration process (Ffrench-Davis, 1977; Mace, 1987). While the

[9] See bibliography for a more detailed reference.

commission, the political body, consisted of one delegate from each country, the Junta, a technical body, was the central secretariat of the Andean Group and implemented the decisions reached by the commission.

Thirdly, in economic terms, two distinctive measures were introduced. One was "the automatic reduction of national tariffs at a rate of 10 percent a year with the result that a free trade area would be in place ten years after the start of the integration process" (Mace, 1987:416). That is, the agreement planned to eliminate intra-regional trade barriers completely by 1983. The common external tariff is the other distinctive feature of Andean Group. According to Hojman (1981), the character of an integration scheme of developing counties is defined by the common external tariff (CET), which is the most often mentioned measure in a regional protective policy. He also notes that the CET is the instrument which establishes the degree of protection to be granted to regional industry, hence, together with other policy instruments, it determines whether the integration scheme will promote a further stage of import-substituting industrialisation (Hojman, 1981:147). That is, "[i]nsofar as economic integration in the Third World aims at regional import substitution, the CET must have a relatively high incidence to provide real protection against cheaper metropolitan imports of manufactures" (Axline, 1977:93).

In this line, Mace (1987) points out that regional industrial planning, including metal-working, petro-chemical production, and automotive industry, is one of the most vital features of the Andean integration scheme. This allowed member countries to coordinate and make decisions relating to which industrial sectors they would favour and which countries would specialise in a given aspect of a particular industrial sector (Hojman, 1981; Mace, 1987). Thus, along with the adoption of measures to control foreign investment and industrial property amongst member countries, these measures were designed to economically enhance the integration framework. In this context, Mace (1987) emphasises that the climate of economic nationalism that swept the region from 1968 to 1974 was to pave the way for a strategy of autonomous development at the regional level. However, while these distinctive elements, especially the CET and sectoral industrial planning among member countries, are two of the most far-reaching effective aspects of sub-regional arrangement, they eventually generated conflict among the member countries when the internal and external circumstances changed. This will

be discussed in the following section.

Distinctive and more concretised sub-regional levels of integration also faced limitations in meeting their integration aims, largely because of internal issues amongst member countries and because of international factors. According to Mace (1987), Venezuela and Chile, with the entrance of the former into the Andean sub-regional framework in 1973 and the withdrawal of the latter in 1976, were the momentum that swayed this entity and then put it in jeopardy. The participation of Venezuela in this sub-regional scheme led to a need for the existing policies and programs, particularly the sectoral programmes of industrial planning, to be renegotiated amongst the existing member countries. Subsequently, Chile under General Augusto Pinochet, adopted radically different versions of economic policies from that of the previous government of the Salvador Allende, influenced by the "Chicago boys"[10]. Since the economic policy of this new military government was extremely market-oriented, the integration program of the Andean region was less compatible with this provincial context.

Eventually, Chile withdrew from this organization, which implicitly and explicitly caused it to lose momentum (Mace, 1987). External conditions were not favourable for this Andean sub-regional scheme. The first and second oil shock (1973-74 and 1978-80) drove the protectionist policies of most developed countries and eventually led these Latin American countries to increasing payment deficits. This hostile economic context pushed member countries of the Andean scheme to become more interested in a national economic program instead of integration mechanisms to cope with the situation. Therefore, regional integration efforts lost their status as a priority for member countries participating in this scheme.

1.3.1.2 The Interim Period that Signalled the Beginning of New Regionalism

As stated above, in the section on old regionalism in Latin America, these efforts to promote regional and sub-regional economic integration were not successful. In this fashion, the member countries of LAFTA, which were required by the protocol signed at Caracas in 1969 to establish a free trade area by 1980, were faced with two choices:

[10] This concept refers to a group of young Chilean economists who mostly studied at the University of Chicago under the supervision of Milton Friedman and Arnold Harberger.

postpone the implementation of the agreement, which denoted a major flaw in the credibility of the integration effort in Latin America, or to reset on a new basis (Mace, 1987:421). The decision reached was the latter, which then replaced LAFTA with a new integration scheme called the Latin American Association for Integration (LAIA, Spanish acronym ALADI) by the Treaty of Montevideo in 1980 (Ferrere, 1985:933). In this spirit, Banega and his colleagues (2001) point out that the resurgence of democracy in the 1980s was a moment for regional cooperation in at least two ways. First, since the new democracies were in a very fragile situation, these newly elected leaders were more likely to involve themselves in regionalist schemes in order to back each other up. Second, this new democratic political context, which would eventually form part of a more consolidated landscape, would lead to more openness and towards a genuine political culture of cooperation (Banega et al., 2001:236).

In short, as Grugel indicates, the flow of democratisation in Latin America in the 1980s generated new possibilities for not only Latin American countries but also within the Americas as a whole for cooperation in light of increasing mutual trust (1996:138-139). This provides a moment for Latin America to lean towards Washington, which is associated with market development. It links Latin American elites' understanding with the new external context (i.e. The End of History). As such, this context has created a space for new regional architectures not only through Latin America but within the Americas. The following section, being considered as an era of Latin American new regionalism, focuses particularly on Phase 1, which involves NAFTA, FTAA, and MERCOSUR under the auspice of so-called open regionalism. This regionalism of the 1990s, which is associated with the notion of international trade and investment, rather than simply tariff protection, largely supersedes closed regionalism and reflects the changing global and regional political economy and the new geopolitics of the post-Cold War era (Riggirozzi, 2010: 5).

1.3.2 Latin American New Regionalism

1.3.2.1 Phase 1: New Regionalism in the 1990s

NAFTA and FTAA and their relationship and interaction

The key characteristics of Phase 1 of new regionalism (as this thesis distinguishes it from Phase 2 of new regionalism, which will be discussed below) in Latin America is market-led regionalism, coupled with the U.S. power relations within the Americas and beyond. Moving away from nationalist economic policies (i.e. import substitution industrialisation policies), which are recognised as a failure, there is a positive consensus among Latin American countries in regard to the importance of foreign investment for growth and market development. Thus, although the deal between the U.S. and Mexico in relation to NAFTA was profoundly asymmetrical (Grugel, 1996: 146; Grugel, 1999:91), Latin American countries, particularly Mexico, need to secure tariff-free access to external markets.

Also, from the perspective of the U.S., this regional trade agreement not only assured the U.S.-led capitalism in the western hemisphere but also symbolised the return of the U.S. to the Americas by recognising its interdependent relationship with the rest of the Americas (Grugel, 1999:91). Thus, in the sense of emerging multilateral free trade (e.g. WTO), the US-led NAFTA seems to act as the template for 'hub-spoke' relationships between the U.S. and the rest of the Americas (Phillips, 2003:327).

Furthermore, given that the U.S. put forward a hemispheric single free trade area (i.e. FTAA) at the summit of the Americas (held in December 1994), aiming for implementation by 2005, NAFTA provided an institutional platform and architecture for this initiative. According to Garcia, "the U.S. favours individual accession to NAFTA by emerging Latin American and Caribbean (LAC) nations as the primary means of achieving this goal" (1995:541). In short, the 'piecemeal accession' to NAFTA by individual countries was proposed as a ways for other Latin American countries to be involved.

However, this notion of NAFTA enlargement for FTAA was stymied by an agreement at the 1998 FTAA trade ministerial meetings in Costa Rica, to allow "'block bargaining' as the format for subsequent negotiations" (Phillips, 2003:327). This arrangement permitted existing subregional trade agreements in the Latin America region to play in the process of hemispheric integration. In this line, Phillips pointed out that FTAA contains a distinctive characteristic in the sense that it integrates existing subregional blocs, compared to EU enlargement (2003:327). As such, the subregional blocs in the Americas are envisaged as a means of strengthening bargaining power at the hemispheric level of regional negotiations, particularly against simply being absorbed into, or subsumed by, the FTAA scheme (Briceno-Ruiz, 2007:300).

In this line, Robert Cox's (1981) insight in relation to reinterpretation of contemporary hegemony as involving a blend of consensual as well as coercive elements provides analytical perspective for a set of dynamic interactions that took place in the 1990s between the US and the rest of the Americas, with a special focus on regional reconfiguration. Namely, the social restructuring process in Latin America was propelled by the rules of the neoliberal game and consensual democratisation took place under the auspices of the U.S. These twin values of neoliberalism and democracy are common characteristics of new regionalism, particularly Phase 1. Therefore, NAFTA and FTAA are encapsulated in this realm, as is MERCOSUR.

However, the characteristics of MERCOSUR are arguably somewhat different in part as it is driven by Brazil, not the US and historically the relationship between these two countries has been unstable (Grugel 1996:152), which links with coercive elements pointed out by Cox. To reiterate, although all these three hemispheric (regional institutions) are couched in the language of open regionalism, the following section will present and discuss to what extent MERCOSUR conforms to the model of Phase 1. This discussion will eventually link to the discussion of Phase 2 of new regionalism, and more particularly examines to what extent leftist government-led sub-regionalism is distinctive from the market-driven Phase 1 of new regionalism.

Southern Common Market (MERCOSUR)

MERCOSUR is based upon three pillars, which include the building of democracy, trade policy revolution, and international context. One of the driving forces for the formulation of MERCOSUR as a regional economic scheme is linked to the emergence of democratic regimes in both Argentina and Brazil (Manzetti, 1993; Lima, 1999; Tussie and Vásquez, 2000; Esteradeordal et al., 2001; Pelufo, 2003; Bernal-Meza, 2008). That is, by pursuing the development of amicable relationships rather than the preceding policy of isolationism, Raúl Alfonsin of Argentina and José Sarney of Brazil both agreed to sign the Argentine-Brazilian Economic Integration Program (ABEIP, known as PICE in Spanish and Portuguese). This was a formal program for economic and political cooperation initiated in 1985. However, as pointed out by Manzetti (1993), the failure of domestic macroeconomic policies and external constraints imposed by their respective foreign debts created a difficult context for bilateral negotiations, which could otherwise have expanded their relationship (Manzetti, 1993:104). In this vein, a trade policy revolution occurred, linked to the neoliberal policies of economic adjustment aimed at stabilising economies in response to the debt crisis (Carranza, 2000:76; Tussie, 2009).

The factual developing of the formation of MERCOSUR took place under the succeeding administrations, namely Carlos Menem of Argentina, in mid-1989, and Fernando Collor de Mello of Brazil, in early 1990. Both Menem and Collor de Mello signed the Buenos Aires Act in July 1990, which called for the establishment a common market by the end of 1994. A month later, in August 1990, both Paraguay and Uruguay joined the proposed integration scheme although Chile declined offers to do so (Manzetti, 1993:104). On 26 March 1991, the Treaty of Asunción was signed by four member countries to establish a common market by 31 December 1994, and was called the "Common Market of the South" (in Spanish *Mercado Común del Sur*, in Portuguese *Mercado Comun do Sul*, hence the acronyms MERCOSUR and MERCOSUL). Some fundamental components of this treaty, which are mainly detailed in its first chapter, included promoting total liberalisation of trade among member countries, establishing a common external tariff (CET) for trade partners and common trade policy in relation to third party states or groups of states, and coordinating the macroeconomic and sectoral policies between states' parties in order to ensure

appropriate competition among member countries (Carranza, 2006).

The newly emerged democracies in both Argentina and Brazil, as well as changing macro trade policy, led them to share a rapprochement. These two factors, along with the international (regional) context, became the driving forces for the formation of MERCOSUR. Carranza asserts that "MERCOSUR [is] a response to the evolution of international events, especially the consolidation of major economic blocs, and the need to occupy an appropriate place in the international community" (Carranza, 2000:75). Similarly, Puntigliano (2011:857) argues that the increasing attention paid towards South America emerged in response to the post-Cold War geopolitical context, in which the U.S. was again intending to consolidate its hemispheric hegemony through a new Pan-Americanism proposed by the Free Trade Area of the Americas (FTAA). In this line, Cammack argues that the development of MERCOSUR "does not constitute a challenge to the strategy of steadily expanded open regionalism, liberalisation, privatization, but it does create space for the emergence within broader project of an alternative perspective to that adopted by the United States" (Cammack, 1999:113). Thus, as Carranza succinctly pointed out, "the new regionalism is not just driven by the 'logic of the market' and has an autonomous political dynamics of its own that goes beyond the logic of globalization and could lead to renegotiation of the rules of the game in the political economy" (Carranza, 2000:75). In short, MERCOSUR was designed to be a vehicle for extra-regional negotiations in a context of global governance.

Meanwhile, as pointed out by Manzetti (1993), the decision to speed up integration by a certain deadline was primarily due to political motivations. Specifically, the leaders of the member countries (Menem of Argentina, Collor de Mello of Brazil, Rodriguez of Paraguay and La Calle de Uruguay) wanted to implement it before the end of their presidential terms. MERCOSUR remained an imperfect common market. As such, the question might arise as to why this remains an unmet goal of the agreement to this day. While the answer to this question is not meant to be explored at this stage of this thesis, it needs to be touched on here. According to Article 9 of MERCOSUR, which deals with the organizational structure of the treaty of Asunción, two legal organs are established: the Council of the Common Market and the Common Market Group. The council, which designs policies, negotiates, and signs agreements with third parties and approves "compulsory" decisions, is made up of foreign and economic ministers, and in

practice the presidents of each country meet twice a year. The Common Market Group gives advice on social and economic issues to assist this Council (Tussie, 2000:188). As Tussie and Vasquez (2000) indicate, given the intergovernmental nature of this organisation, this minimalist approach to institution-building provides for agile decision-making and also takes into account the negative lessons of previous regional institutions including the Andean Pact.

However, there is a negative aspect to this minimalism due to the fact that even the smallest disputes tend to be settled at the meeting of presidents. Thus, small disagreements are more likely to be over-politicised (Tussie, 2000, 2009; Malamud 2003). In a similar line, in his article, "Cling together: M[ERCOSUR]'s ambitious external agenda, its internal crisis, and the future of regional economic integration in South America", Carranza argues: "Brazil's geopolitical vision of MERCOSUR helps explain its reluctance to accept the creation of supranational institutions, repeatedly demanded by its junior partners" (Carranza, 2006:809). As such, he states that in terms of Brazil's foreign policy, the enlargement has been more important for providing its members with a platform for world markets rather than solving MERCOSUR's internal issues, and has also been able to encourage united South American trade and security-led negotiation, particularly towards the U.S. (Carranza, 2006).

Phillips also emphasises that "[f]rom the start, Brazil's interest in the M[ERCOSUR] stemmed in large part from traditional tensions with the USA" (Phillips, 2000:393). Once again, the idea of Free Trade of the Americas (FTAA), which aims at removal of all barriers to trade and investment by 2005, and was initiated by the U.S. in 1994, was a very important factor in shaping the orientation of MERCOSUR (Cammack 1999; Grugel 1999; Carranza, 2000; Phillips, 2000; Tussie, 2009; Puntigliano, 2011). As analysed above, this study takes the view that the emergence and continuity of MERCOSUR is a by-product of the new democratic environment (i.e. the emergence of democracy), globalized neoliberal economic policies, and a regional context in which Brazil, the founder of MERCOSUR, is re-asserting its role in this region and the U.S. is losing its primary interest in Latin America.

By adopting the nuanced discussion/inquiry in relation to regionalism that Phillips posed, "the label 'open regionalism' does not tell us very much else about the *sorts* of

regionalism that have emerged" (Phillips, 2003:218), as slightly stated above, this thesis argues that Brazil endorsed a version of sub-regional level of institutional manifestation of new regionalism, MERCOSUR, is a limited/selective nature of open regionalism. It is because "various trade agreements that MERCOSUR concluded are limited to preferential trade agreements, which are restricted to partial market opening of certain specified industrial products" amongst others (Kim et al. 2011:245). In this economic aspect, Grugel also pointed out that MERCOSUR "represents a more mixed approach to development, based on a combination of tariff protection alongside strategic liberalisation" (Grugel, 2004: 610). In short, MERCOSUR is less characterised as the nature of 'full' open regionalism that NAFTA and FTAA that the US envisioned, although "the new regionalism in Latin America has conformed broadly with a model of 'open regionalism'" (Phillips, 2003:218).

This insight even further provides/informs ways to analyse other emerging sub-regional level of the institutional manifestation of new regionalism since the beginning of the 21st century in South America, namely UNASUR and ALBA. Thus, the following section, which will be considered as Phase 2 of new regionalism in Latin America regional governance, will present and discuss to analyse how and to what extent these newly emerging regional institutions are distinguishable from Phase 1 of new regionalism, which can be largely encapsulated under the heading of open regionalism. Subsequently this discussion will give rise to the puzzle of whether the new leftist governments are able – and wish to – use regionalism above the state as a way to engender a more participatory culture.

1.3.2.2 Phase 2: The twenty-first century New Regionalism

Since the beginning of the twenty-first century, the idea of Bolivarian aspiration re-emerged with the appearance of the "Pink tide," which represents an emergence of (centre-)leftist governments in Latin America, particularly in South America. As Phillips (2000) and Lee (2011) rightly point out, crisis or threat perception, in light of the perceived failure of neoliberalism, linked with financial crisis and widening gap amongst peoples and U.S. pan-Americanism through FTAA, suggests that the consequence of these incidents would act positively for the articulation of regional identity. This is linked with the notion of cognitive cohesiveness, which, as defined

earlier in this chapter, is associated with the emergence of regional integration-related aspirations in Latin America, particularly in the South American region. In particular, the anti-U.S protests that took place at the Mar del Plata summit of FTAA in 2005 was a critical example which demonstrated that tens of thousands of people across Latin America denounced U.S.-led regional governance and rather supported an alternative scheme (Washington Post, 5 November 2005; Briceño-Ruiz, 2007:295). Thus, this perception leads to a crucial redefinition of the nature and orientation of contemporary Latin American new regionalism (Phillips, 2000; Lee, 2011). In this spirit, new regional institutions, identified as Phase 2 of new regionalism, have emerged for the purpose of presenting alternative models for economic and socio-political cooperation.

Furthermore, compared to Phase 1 of new regionalism, which was engaged by the U.S. in influencing the regional institutions of Latin America, directly and/or indirectly in 1990s and at the very beginning of the twenty-first century, another external actor emerged in Latin America. Entering as a less pronounced international actor, China entered into the western hemisphere and, coupled with the emergence of leftist governments due to the failure of the Washington Consensus, the twenty-first century in this region has been largely dominated by the U.S., China, and Latin America's engagement in a triangular relationship (Ellis, 2012). This is the main feature of the twenty-first century in the Latin American region. Thus, China seems to have a space for playing a role in a South American regional development, particularly while new leftist governments, which at least rhetorically aim to distance themselves from Washington, have governed in this subregion. This will be analysed below in relation to two sub-regional entities (i.e. UNASUR and ALBA), which were primarily endorsed and developed by leftist governments. In fact, China was not able to influence these region-building processes even as an observer, which indicates that China seems not to play a role in leading and directly engaging sub-regionalism in South America.

However, throughout this thesis, the mode in which China influences subregional building will be examined, particularly after China's implementation of the Go Out policy, intended to obtain adequate natural resources in order to ensure sustainable development in the beginning of the twenty-first century (Ellis, 2009). To meet its ends, infrastructure is vital and is linked to logistic competitiveness in trade. This aspect needs to be dealt with and managed at the regional level of governance. At the same time, as

discussed above, this period saw the rise of leftist governments which at least ideologically tend to oppose the U.S.-led capitalism. Thus, these governments require an alternative external partner for them to sustain development]. In this vein, it seems that the presence of China in this region provides a context and incentives for regional development. This can be a distinctive characteristic of Phase 2 of new regionalism. As such, the emergence of China in South American regional institutional mapping will be further studied throughout this thesis to see what role this actor plays in South America, where almost every country is governed by a leftist government. As stated above, these governments, which are at least rhetorically anti-Washington Consensus, formulate new institutional manifestations, which this thesis categorises as Phase 2 of new regionalism, because there are at least rhetorical political responses to economic globalisation, which is compatible with open regionalism. Along with this aspect, the Union of South America (UNASUR) and the Bolivarian Alliance for the Americas (ALBA) will be presented below.

Union of South America (UNASUR)

This regional institution which subsumes all twelve South American countries emerges from the international arena. As will be argued below, the initiative was founded by Brazil, but later its orientation and its characteristics were driven and/or modified by (centre-)leftist governments as well as by global actors. UNASUR crystallised as a model of governance in 2008, but its origin can be seen as dating back decades earlier (Riggirozzi, 2011:12).

According to Jose Briceno-Ruiz, the development of UNASUR has been active since 1993, when former Brazilian President Itamar Franco proposed the creation of a South American Free Trade Area (SAFTA) to in some sense to counter the proposal of NAFTA, initiated by the U.S. (Briceño-Ruiz, 2010). Subsequently, the new Brazilian President, Fernando Henrique Cardoso, proposed the establishment of a South American Community of Nations (SACN) in 2000. The contents of the evolution of the SACN from the SAFTA list a project that includes political integration, security, promotion of regional infrastructure, energy, and trade issues, which SACN particularly emphasised. Briceño-Ruiz (2010:209) classified into six pillars the founding goals of the SACN: 1) the consolidation of democracy and peace in South America, 2) the

convergence of the Andean Community (CAN) and MERCOSUR into a free trade area, 3) the common development of a South American Regional Infrastructure, 4) energy integration, 5) combating drug trafficking and related crimes, and 6) investment in information, knowledge, and technology.

Miriam Saraiva (2010) points out that Brazilian foreign policy coincided with the reconfiguration of South American integration. In 2000, Brazil hosted the first meeting of South American presidents in an effort to forge a united regional voice in negotiation of the regional agenda particularly with respect to the hemispheric free trade zone with the U.S. Around that time, Brazil faced currency devaluation in the context of the new MERCOSUR regional scheme. According to Saraiva (2010) and Brian Loveman (2006), MERCOSUR could still serve to give Brazil some regional leverage, but Brazil started to conceive of South America as something different from Latin America in its foreign policy, which meant that they considered all South American countries as partners in order to strengthen Brazil's position as a global player and negotiator in multilateral forums. Thus, while Brazil maintained its MERCOSUR apparatus, Brazilian diplomacy moved on to more diversified programming and became something beyond the idea of mere pragmatic institutionalism, whereby Brazil began to actively pursue a South American leadership project (Burges, 2006; Saraiva, 2010).

Furthermore, under the leadership of Brazilian President Fernando Henrique Cardoso, SACN (the previous version of UNASUR) proposed to foster not only trade arrangements but also regional development by investing in infrastructure, energy, telecommunications, and border development at the first meeting of the South American presidents. Afterward, SACN was finally established at the third South American Summit held in Cusco, Peru in December 2004, resulting in the Cusco Declaration. According to Briceno-Ruiz (2010), SACN was criticized on two fronts. Firstly, SACN was closely linked to Brazil's strategic interests rather than those of other member countries and secondly, there was uncertainty about the willingness of Brazil to play an active role as a paymaster[11] for this process (Briceño-Ruiz, 2010:217). Although greater details regarding Brazilian foreign policy towards its region and global platform will be identified and elaborated on in the following chapters, ex-president Fernando Henrique

[11] The concept of paymaster was developed by Walter Mattli (1999:14) is to explain a role played by a country that pays the cost of integration.

Cardoso's successors, Lula da Silva and Dilma Rousseff, explicitly heralded South American integration as a priority for their governments (Breuer, 2010).

It appears that UNASUR was developed during a period of exceptional multi-level instability. This study asserts that the establishment of UNASUR was a byproduct of the process of network creation by global actors, such as China and the United States, and of shifting domestic political arenas, particularly the re-emergence of powerful mass movements, which have resulted in bringing left-wing political parties into power. This stance, which is associated with the role of global actors and Latin American domestic political context and its influence, will be largely discussed and analysed in the following chapters. UNASUR, which was for all intents and purposes a new incarnation of SACN, was established in 2006 under the leadership of the Brazilian Lula government with the endorsement of other (mainly leftist) member countries. Briceño (2010) has argued with respect to the transformation of SACN into UNASUR that this showed the development of regional governance, emphasising the importance of the Cochabamba Declaration in 2006. In that declaration, while the key tenants of SACN remain, the South American integration agenda was enlarged to include issues such as overcoming asymmetries, which were associated with a South American social contract, including infrastructure for the connection of the peoples of the region and the protection of cultural identity and social participation (Briceño-Ruiz, 2010:220). Therefore, this proposed idea was eventually embedded in the constitutive treaty of union of South America in 2008.

Drawing on Zibechi (2006), Briceño (2010) stated that there were two integration projects: one was the minimalist project and strategic regionalism that Brazil had been proposing since the 1990s and the other was the maximalist proposal led by an axis of radical leftist regimes, including Venezuela (Briceño-Ruiz, 2010). Over the course of the formulation of this regional institution, the Venezuelan activism towards regional governance was in some sense taken into account. At the Cochabamba summit in 2006, insisting that South America is one nation, Chavez proposed a UNASUR, not a South American Community of Nations, a name that, for Chavez, did not reflect the significance or influence that the integration process needed to have (Briceño-Ruiz, 2010). However, while UNASUR incorporates the notions of democracy, inclusion,

social development, physical integration, defense, and identity into the regional entity more heavily, the basis of this regional governance is largely encapsulated in the trade-led agreements of the open-regionalism of the 1990s (Riggirozzi, 2011:12). This view will be revisited throughout this research initiative.

It seems that the position of the two main pillars of UNASUR, that is Brazil and Venezuela, as well as their allies, found a converging point that two somewhat different interests were able to be reconciled. That is, the constitutive treaty of union of South America has been reflected upon as addressing a somewhat broad range of regional issues over twelve member countries at the third summit of Heads of State held in Brasilia in May 2008. According to this treaty signed by South American member countries, as pointed out by Briceño (2010), the creation of UNASUR in 2008 was the product of a long journey that began in 1993 with the proposal of the South American Free Trade Agreement (SAFTA) and continued in 2000 with the South American Community of Nations (SACN). It then shifted from SACN to UNASUR.

The process of evolving from SAFTA to SACN necessarily needed to embrace a nontrade agenda, and transforming the latter into UNASUR required the careful consideration of issues relating to regional development, which is associated with social asymmetries. Ultimately, addressing these asymmetries would lead to a union of the region's people. If it is to be judged according to this goal, then the rate of progress is questionable. However, it seems to adequately represent regional and international agendas, replacing the Organization of American States (OAS), which used to act in this regard. One of the salient examples in this line is the ongoing dispute between Argentina and the UK with respect to the sovereignty of the Malvinas Islands in which UNASUR explicitly supports Argentina and calls on the UK to resume negotiations (Merco Press, 18 March 2012). Additionally, UNASUR has criticized the immigration law passed by the U.S. state of Arizona, which gives law enforcement agents authority to detain people suspected of immigrating to the U.S. illegally, which might lead to the criminalisation of people on the basis of race (Janicke, 2010).

Under the umbrella of the UNASUR treaty, the organs of UNASUR are as follows: the council of heads of state and government, pro tempore presidency, Council of Ministers of Foreign Affairs, Council of Delegates, and General Secretariat. For institutional

development, there are eight ministerial councils of UNASUR: Council of Social Development, Council of fight against the drug traffic, Council of Health, Council of Education, Culture, Science, Technology and Innovation, Council of Defense, Council of Energy, Council of Economy and Finances, and Council of Infrastructure and Planning.

While the idea of institutionalising UNASUR as an analogous institution to the EU still remains to be made manifest, the geo-political map of post-hegemonic regionalism is associated with the post-neoliberal era. Post-neoliberalism, which denotes the "return of the state" with emphasis on new mechanisms for social inclusion and welfare, tends to situate UNASUR as an alternative regional construction and model of governance (Riggirozzi, 2011**;** Grugel and Riggirozzi, 2012). This study acknowledges the spirit of the post-neoliberal aspect reflected in the new regionalism of UNASUR. As an analytical purpose, this study mainly focuses on the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) program under the umbrella of UNASUR to see whether and how regional integration efforts via the IIRSA program are intended characteristics of new regionalism, particularly in the realm of public input (representativeness) of actor-ness. As will be further examined below, it seems that the IIRSA program, which aims to optimise regional geographical features via effective regional infrastructure, might be controversial because the calculations of international investors are prioritised over the interests of local actors.

Initiative for the Integration of Regional Infrastructure in South America (IIRSA) program

While the IIRSA program in particular will be further explored and analysed in the field work based research, the regional integration efforts in the sense of the formation of a geographical unit via infrastructure resurfaced at the first meeting of the South American presidents in 2000. As a consequence, the South American regional Integration Infrastructure Initiative, IIRSA, which aims to physically link a continent-wide infrastructure construction project, began in Brasilia in 2000. This IIRSA program is divided into ten zones, based upon the physical features of the land, and the identified infrastructure objectives of the region (Action 2030 Institute, 2009).

Each zone is known as an axis or a hub. These are; (1) *The Andean*, which includes Colombia, Venezuela, Peru, Ecuador and Bolivia; (2) *The Guyana Shield,* which includes Guyana, Suriname, French Guiana, Northern Brazil, and Southeastern of Venezuela; (3) *The Amazon*, which also covers Brazil, Colombia, Ecuador and Peru; (4) *The Peru-Brazil-Bolivia* hub, which covers the largest geographical axis; (5) *The Central Inter-Ocean* Axis, which includes Brazil, Bolivia, Peru, Paraguay, and Chile; (6) The *Capricorn Axis,* which can be traced across Argentina, Bolivia, Chile, Paraguay, and Brazil; (7) *The South Andes*, including Chile and Argentina; (8) *The MERCOSUR-Chile* axis, which includes MERCOSUR member countries and Chile; (9) *The South,* which links Argentina and Chile; and (10) *The Paraguay-Parana Canal,* which emphasizes the building of waterways between Paraguay and the state of Parana in Brazil. Of these ten integration and development hubs, this study particularly focuses on the Peru-Brazil-Bolivian hub, given its large geographical area and the respective local actors vehemently protesting and resisting trans-regional projects.

Although this needs further exploration and research, it seems that internationally active states, including China via investment by MNCs, are at least implicitly linked with the interests of respective national governments. Therefore, to some extent it can be expected that central governments are more likely to be inclined to external actors' interest rather than that of local actors. It is mainly argued that these (centre-)leftist governments are keenly interested in expanding piece of the economic pie under the capitalist world economy in order to sustain their governing status. While this analytical point will be discussed further on, especially after the field work research, another axis of the sub-regional entity, which is rather driven by radical leftist governments, is ALBA. This scheme emerges in the Latin American continent as an alternative to the neoliberal spectrum of the new millennium.

The Bolivarian Alternative for the Americas (ALBA)

2004 was a year of acute significance, marking the start of the process of regional governance. While the South American Community of Nations (SACN) reconfigured their orientation and identities, the sub-regional entity, ALBA, which is championed by Venezuela, emerged in the dynamic regional formation. As rightly pointed out by Briceño (2010), the victory of Hugo Chavez in the recall referendum in 2004 in

Venezuela resulted in him seizing internal politics as a key issue, and this context, along with the high oil prices in 2003, allowed Hugo Chavez to more actively engage in foreign policy. These internal (i.e. victory of recall referendum) and external (i.e. oil price increase) factors have provided foundational leverage for Venezuela outspoken denunciation of the notion of neo-liberalism and the process of the proposal of Free Trade Area of the Americas (FTAA).

These contexts led Hugo Chavez to meet Fidel Castro Ruz to sign an agreement for ALBA in December 2004, which aimed to find a "third way" for the people of Latin America. That is, the orientation of ALBA was to be "a flexible model for the integration of Latin America that places social concerns in the forefront"[12] (Kellogg, 2007:200). As Dello Buono and Bell Lara indicate, "ALBA is the first project of Latin American integration that is based in regional solidarity and cooperation rather than trade and profits. While it does not reject the latter, it accords priority to the former" (2007:9). Thus, ALBA pursues the notion of PTA (People's Trade Agreements, or Tratado Comercio para Personas in Spanish), purposing to reject FTA, in order to explicitly consider the developmental needs of countries and to address existing asymmetries in a spirit of mutual support (Buono and Lara, 2007:10).

In this socially-oriented framework, ideologically congruent countries and less developed countries joined this block: Antigua and Barbuda, Bolivia, Cuba, Dominica, Ecuador, Nicaragua, and Saint Vincent and the Grenadines joined as full members. Suriname and Saint Lucia were admitted as guest countries at the Summit in February 2012. One of several different characteristics between UNASUR and ALBA is that the latter includes member countries from Central America and Caribbean island nations while the former does not. In this vein, one of the salient aspects of ALBA is its transnational welfarist projects. These projects are based on intra-regional grassroots cooperation in areas of health, education, and housing through state-led programs, which are so-called Grandnational projects (Riggirozzi, 2011). Under these Grandnational projects, there are several particular programs, called 'Missions': for Healthcare (Misión Miracle), for Housing (Misión Vivienda), and for Education (Misión Robinson) (Buxton and Maya, 2011).

[12] Yuris Norido, Joel Garcia, and Maria De Las Nieves Gala (2006), *Chavez Calls to Quicken the Pace of Unification and Liberation*.

As stated above, the increasing price of oil is a key motivator for feeding regional social welfare programs. In this line, the member countries of ALBA are largely bound to the PetroCaribe agreement[13], where the Venezuelan government provides its oil to poor Caribbean nations on conditions of preferential payment. The underlying idea of this agreement, as Gibbs points out, is to foster "the development of energy policies and plans for the integration of the nations of the Caribbean through the sovereign use of natural energy resources to directly benefit their peoples" (Gibbs, 2006:275).

This primary idea, which is to do with the use of natural resources for (ordinary/poor) people, is ultimately linked to the notion of emphasising the role of the state and debunking neoliberal ideology. While this perspective will be examined and analysed throughout this research, this angle is key to understanding the dynamics of the Latin American region. Since the orientation that ALBA pursues is less likely to maximise business profits, the destiny of this entity must be largely dependent upon the price of oil and the presence of Hugo Chavez[14]. In this vein, Riggirozzi argues: "ALBA introduced new practices and policies that provide a chance for political invention beyond the mere anti-neoliberal rhetoric" (2011:15). That is, throughout the transnational welfarist projects and programs that ALBA champions, there will be a positive impact on those disenfranchised peoples and groups in a poor country so that there will be a significant possibility of building stability in the long term. As Riggirozzi (2011:15) points out, the degree to which these initiatives are to be consolidated coherently and effectively still remains to be seen. However, this entity must be taken into account as it largely drives the notion of an alternative to neo-liberalism in this new millennium, the so-called twenty-first century of socialism.

Throughout this chapter, regionalism has been discussed with a special focus on two distinctive stages of new regionalism – Phase 1 and Phase 2. Synthesising the aspects that this chapter has discussed, the following table has been constructed, which demonstrates the distinctive characteristics of these phases.

[13] The PetroCaribe agreement was signed at the First Energy Summit of Caribbean heads of state and government in Puerto La Cruz, Venezuela, July 2005.

[14] In fact, at this stage, the price of oil is less than half the price per barrel at the time that ALBA was launched and the leading figure of ALBA, Hugo Chavez, passed away in 2012.

Categories	Phase 1	Phase 2
Regional Institutions	NAFTA, FTAA, MERCOSUR*	UNASUR, ALBA
Domestic Regime Types	Governed by right wing government; Liberal democracy	Leftist governments; Social democracy
External Actor(s)	US**	China***
Emphasis of political economy under open regionalism	Economic globalisation	Political response to economic globalisation

Table 2: Two distinctive phases of new regionalism in South America (*Source*: Developed by the author based on an understanding of the features of the Latin American regionalism studies, in order to distinguish a different sort of open regionalism).

*: MERCOSUR is encapsulated broadly in open regionalism, as discussed above, although it contains limited nature of open regionalism.

**: The U.S. has been directly involved in shaping and institutionalising regional arrangements, including NAFTA and FTAA, and by indirect means.

***: China appears to play a contextual role in influencing region-building in Latin America.

Under the umbrella of new regionalism, which identifies with dimensions of the typology of regionalism (see Table 1), Table 2 above distinguishes Phase 2 from Phase 1 in relation to four different categories. This analytical classification, as this thesis argues, contributes a more nuanced discussion of new regionalism. In short, rising leftist governments, along with the emergence of China in the beginning of the twenty-first century in South America, particularly after the failure of the Mar del Plata summit for the FTAA in 2005, provides a different sort of new regionalism.

Within this discussion, by intending to conceptualise new regionalism into two distinctive regionalisms in South America, this subsequently gives rise to the question of whether the new leftist governments in the distinctive feature of Phase 2 of new regionalism are able or wish to use regionalism above the state as a way to engender a more participatory culture. In other words, this chapter opens the issue of whether regionalism can deliver socially progressive, equality-increasing policies, namely public input in the region-building process, under Phase 2 of new regionalism, particularly UNASUR and ALBA. This is a critical point of departure for this thesis, by reflecting

on the typology of regionalism (Table 1), with a special focus on public representativeness.

1.4 Conclusion

This chapter provided a conceptual foundation regarding the vocabulary surrounding regionalism: region, regionalism and regionalisation. It then established a typology of regionalism, based on the existing literature on regionalism in order to provide the starting point for this study. The research attempted to situate this study within the literature on types of regionalism, which has been divided into two realms according to its characteristics: old regionalism and new regionalism. As illustrated above, the two realms of regionalism are to be further sub-divided according to international context, security, trade, and actor-ness. Furthermore, this study focuses on different sorts of new regionalism under the auspices of market-led regionalism (i.e. open regionalism). From the typology of regionalism (Table 1) and its developed version, which sharpens our focus on the characteristics of new regionalism in South America (Table 2), this study poses an empirical inquiry as to whether the area of local level of actor-ness, denoted as public input (representativeness), is in fact valid for Latin America, particularly South American regionalism since the beginning of the twenty-first century, a time in which new leftist governments have emerged, and, at the same time, the presence of China has become prominent in Latin America.

The analytical intent is therefore to explore whether this existing perspective is generally applicable in the case of Latin America, and this chapter therefore reviewed the dominant literature on Latin American regional institutions. The second part of this chapter largely focused on understanding the dynamics of regionalisation in Latin America by reviewing existing Latin American regional organisations under the umbrella of the notion of old and new regional perspectives. Particularly, the latter part of the chapter illustrated the history, origin, and effects of each distinct regional scheme, including LAFTA, CACM, the Andean Pact, LAIA, MERCOSUR, UNASUR, and ALBA to provide an understanding of the idea of regionalism in this region. Additionally, this section reveals the orientation that this study investigates. In short, this research project aims to explore IIRSA programs under the umbrella of the UNASUR regional mechanism in order to determine which aspects of the existing

literature on regionalism need to be further developed. In other words, this research project provides a detailed analysis of the validity of the assumption in existing work on regionalism that local actors play an extensive participatory role in shaping regional projects and policies.

As such, and based upon this foundation, which is the product of an extensive literature review aiming to understand regionalism in general and Latin American regionalism in particular, the next chapter will more specifically explore the formation of regionalism in Latin America. It will use a domestic analytical lens and historically embedded societal structure as an indicator that will be defined and analysed via a historical approach, particularly with reference to historical institutionalism. These tools will be relied upon in order to find a possible answer to the key question of inclusivity (e.g. role of actor-ness) under the new regionalism in Latin America.

CHAPTER 2

THE DYMAMIC NATURE OF LATIN AMERICAN SOCIETY AND ITS LEGACY: IMPLICATIONS FOR THE CURRENT SOCIO-POLITICAL DOMESTIC SYSTEM

"To eat and to talk – to be free from hunger and from repression:
these elementary values animate a worldwide quest for
political democracy and economic rationality."

(Adam Przeworski, *Democracy and the Market*, 1991:IX)

2.1 Introduction

Despite colonialism taking place over 200 years ago, its legacy still profoundly shapes contemporary Latin American society. This chapter's aim is to understand the societal structure of contemporary Latin America in relation to the legacy of their colonial history. This understanding will enable us to bring together the characteristics of regionalism studies, in particular the realm of public representativeness. It appears that the legacies of the colonial period persist in Latin American countries in their social culture, daily lives, attitudes, values, and even in the concept of regionalism.

In essence, this chapter argues that a greater comprehension of the social institutions in Latin America provides a frame of reference for analysing whether new regionalism exists in Latin America, particularly in the sphere of public participation since the beginning of the twenty-first century. To achieve this, finding and understanding the elements that shape Latin American societal structure is a pre-requisite. Thus, the legacies of the colonial period have to be analysed in order to understand Latin American contemporary society.

Latin America's demographic (ethno-sociological) composition, inter alia, is quite unique due to its long colonial period. Its colonisation resulted in the formation of the colonial caste system of Spanish America: *peninsulares* (Spanish-born Spaniards), criollos (of Spanish decent born in the Americas), mestizos (mixed Spanish and Amerindian ancestry), mulattos (mixed Spanish and black ancestry) and *indios*. As many scholars, such as Wade (1997) and Larrain (2005), point out, this stratified social structure continues to linger on in some respects. This chapter will attempt to analyse how this embedded ethno-sociological feature of Latin American society is associated with the characteristics of regional institution formation, particularly in the new millennium.

It seems that under-represented groups at the regional level of policies and projects are more correlated with ethno-sociological based inequality. In attempting to identify and analyse this conundrum, the notion of new institutionalism will be employed. This study is inspired, in theoretical terms, by Theda Skocpol's *States and Social Revolutions* (1979) and Collier and Collier's *Shaping Political Arena* (1991). These two scholastic works will be employed as analytical frameworks largely for the twentieth and early twenty-first centuries. The more recent junctures of regional institutions will be chiefly coupled with other perspectives. Accordingly, *Hierarchical Market Economies and Varieties of Capitalism in Latin America* by Ben Ross Schneider (2009) and *Crony Capitalism and Economic Growth in Latin America* by Stephen Haber (2002) will be used as analytical frameworks.

This study employs two different analytical frameworks in order to optimise the understanding of the linkages between historically embedded societal structure in Latin America and varieties of new regionalism (i.e. characteristics of regionalism studies). It is particularly relevant for the element of actor-ness of regionalism studies. In short, this study values these two different frameworks because these analytical frameworks shed light on the logical flow of societal structure in Latin America over the contemporary period: its intention to change versus a fundamental inertia.

When exploring the causes of revolutions, including those in France, Russia and China, Skocpol (1979) analysed the interaction between class and state structure, with particular attention given to international contexts. This analysis provides insight into

the social movements in Latin America over the 1990s, particularly South America, that eventually changed the political map from being dominated by right-wing governments to left-wing ones. Details of these social movements, which are related to the change of political landscape in Latin America, will be further examined in the following section. Building upon a structural perspective of the relationship between class and state, and the role of international circumstance that Skocpol (1979) emphasised, Collier and Collier (1991) further developed this body of work with a more analytical framework. This framework is the so-called "building blocks of the critical juncture framework". This critical juncture framework provides a logical flow of events. The phased analytical elements of the critical juncture framework, which will be applied to the Latin American case, will be examined in detail in the following section.

Skocpol (1979) and Collier and Collier (1991) provided a broad analytical outlook on the dynamics of Latin American societal structure, that is societal participation via a democratic voting system and the intention to change ordinary people's societal status in economical justice. In line with the framework presented, a further analytical step is necessary for understanding the status-quo of locals' societal status in terms of political and economic participation in the realm of regional policies and projects in the twenty-first century. In this vein, there is a particular need for an analysis of the political economy of Latin America, more specifically to see how economy and politics affect each other and to find the ways in which economy shapes politics in contemporary capitalist society. Schneider (2009) and Haber (2002) provide a valid insight into whether the hierarchical element of capitalism in Latin America and the close relationship between politics and economic factors exist, and how these elements affect the formation of region-wide projects and policies. The details of these two scholars' combined analytical perspective will be applied to understanding and explaining why (centre-)leftist governments have fewer options than it might be expected in a capitalism-led world economy.

The combination of all these different analytical frameworks is vital and necessary. This is because they enlarge the understanding and explanation of the dynamic development of Latin American society, which relates to regionalism studies and with it the notion of actor-ness. The analytical positions of Skocpol (1979) and Collier and Collier (1991) provide a broad and conceptual framework through which the dynamics of Latin

American politics can be analysed. At the same time, Schneider (2009) and Haber (2002) place more focus on the hierarchical aspects of political economy and connect more closely the relationship between politics and economy. Thus, combining these two analytical frameworks provides a better understanding of the panorama of Latin American society, which is analytically connected to regionalism studies.

Under the umbrella of new institutionalism, the former analytical framework is associated with the notion of historical institutionalism while the latter with rational choice institutionalism. This chapter therefore proceeds in its analysis in four steps. First, it begins with a brief discussion of the building blocks of new institutionalism, detailing how new institutionalism is defined and how it figures into the analysis. Second, it filters the Latin American dynamics of society, particularly during the 1990s and subsequent years, through the lens of new institutionalism. Third, it attempts to expand on and explain how and why the historically embedded societal economic structure of Latin America affects the regional level of integration projects and policies. Lastly, it tries to link the findings of this chapter to the broader context of regionalism studies and then open up the discussion of other key explanatory factors (i.e. international or regional actors) in preparation for the analysis that will take place in the next chapter.

2.2 New Institutionalism

As the following quotation from Kathleen Thelen and Sven Steinmo (1992) points out, the school of new institutionalism emerges from a critique of behaviourialism, which emphasises political outcomes as originating from individual or group interest rather than from institutional structure.

> New institutions draw inspiration and insights from older traditions in economics, political science, and sociology. But renewed, explicit attention to institutional variables since the late 1970s grew out of a critique of the behavioural emphasis of American and comparative politics in the 1950s and 1960s, which – although it drew attention to other important and previously neglected aspects of political life – often obscured the enduring socioeconomic and political structures that mould behaviour in distinctive ways in different national contexts.
>
> (Steinmo and Thelen, 1992:1)

That is, new institutionalism attempts to explicate the role that "institutions play in the determination of social and political outcomes" (Hall and Taylor, 1996:936). In that orientation, Hall and Taylor (1996) divide up three different analytical approaches based on their distinctive stances on social and political problems: historical institutionalism, rational choice institutionalism, and sociological institutionalism. As Hall and Talyor (1996) rightly note, these idiosyncratic approaches posit two same fundamental enquiries: "How to construe the relationship between institutions and behaviour, and how to explain the process whereby institutions originate or change" (Hall and Taylor, 1996:937).

2.2.1 Historical Institutionalism

As the sections above imply, the school of historical institutionalism developed its scholastic position in response to the group theories of politics and structural-functionalism. In other words, historical institutionalism established its academic territory by employing the theoretical literature of these two existing approaches. The perspective which historical institutionalism took with it from group theory is that politics *per se* is "the contention that conflict among rival groups for scarce resources" emerges and is natural (Hall and Taylor, 1996:937). This stance has been added onto by the notion that the institutional organisation of polity and economic structure do matter amongst nation-states in shaping their politics. Furthermore, the notion of structural functionalists, which sees the polity as an overall system of interacting parts, influenced historical institutionalism. In this vein, historical institutionalism views the institutional organisation of polity or political economy as a key factor in shaping and structuring collective behaviour and also producing distinctive outcomes, rather than the position of structural functionalism, which emphasises that "the social, psychological or cultural traits of individual" drive the polity system (Hall and Taylor, 1996:937).

From this point, historical institutionalists enhance the "calculus approach"[15] and the "cultural approach"[16] as an eclectic feature, explaining how actors behave, what

[15] Calculus approach is to "focus on those aspects of human behaviour that are instrumental and based on strategic calculation" (1996:939).
[16] Cultural approach emphasises that "behaviour is not fully strategic but bounded by an individual's world view. This tends to see individuals as satisficers, rather than utility maximises" (1996:939).

institutions do, and why institutions persist over time (Hall and Taylor, 1996:939). In accordance with this broad and generative spectrum of historical institutionalism, the aim of the next section is to apply the perspective of historical institutionalism to understand how historically embedded societal structure in Latin America – one of the main indicators of this study – is widely based and how this affects the behaviour and actions of ordinary people *vis a vis* privileged people. To this end, as stated above, the analytical framework of Skocpol and Collier and Collier will be used.

2.3 The origin of the formation of Latin American society and its "continuity"

As has been touched upon earlier in this chapter, in order to understand the root of Latin American societal structure, it is necessary to explore its colonial past. This is because the structural system that continues to shape Latin America is at least implicitly the legacy of colonialism. As such, this study views this embedded legacy as an influence to the nature of Latin American contemporary society. There are two fundamental axes in this sense; one is the class stratification of society, and the other is the availability and distribution of natural resources.

Simply speaking, European nations conquered the Latin American continent mainly for reasons of economic exploitation (i.e. natural resources) and this generated the class structure which has arguably lingered on in contemporary Latin American society.[17] In terms of the origin of the social (racial) stratification of Latin America as a whole, in the process of Spaniard conquerors colonising Latin America, the Encomienda institution – "[a] servile system of labour through which the Spanish crown could secure the collection of tributes" – led to the first set of class divisions between colonial masters and Indian serfs (Larraín, 2000:153-4). Under and beyond the boundary of this Encomienda institution, as Jorge Larraín (2000) points out, the Spanish united themselves with the Indians, in part due to the lack of Spaniard women and also partly because "many Indian peoples offered their daughters in matrimony to the Spanish in order to set the seal on political alliances" (Larraín, 2000:47). Thus, in this way, a new racially based subordinate social category emerged: this was the mestizo, which represented people of mixed Spanish and Indian descent.

[17] In this mechanism, upper/ruling classes that benefitted from natural resources continue to enjoy this privilege. This notion will be largely discussed throughout this study.

Later on, the latifundia (hacienda) institution, a ranch and large estate, and the Economienda needed a greater labour force while the number of Indians began to fall dramatically due to disease (i.e. measles), but also in part due to massacres and the emergence of a new social category, mestizo. Thus, black Africans were forcefully migrated for slavery. This historically embedded social classification based on racial lines constituted white masters (*peninsulares* and criollos), mestizos, Indian serfs, and black slaves.

In this classified societal structure of the colonial period, John Rex (1977) believes that the characteristics and basic form of production and exploitation are to be found in the nexus between settler, trader, and peasant. Rex points out that in this societal framework, the Indians turned into a dependent peasantry and their societal status was degraded to that of a subjugated class, which was characteristic of the problems faced by many "minority" societies during colonial times (Rex, 1997:19).

2.3.1 Colonial legacy to modern social type

By taking seriously into account the claim of Rex (1977:15) that "whatever the internal nature of colonial and post-colonial formation, they were all caught up in economic and political conflicts which derive from colonialism", it becomes clear that the nature of new state formation after independence was heavily embedded in the legacy of colonial society. To this end, over the course of modernity in Latin America after independence, Jorge Larraín (2000) argues that the "Indo-Iberian cultural pole", which has remained and even been further consolidated over the three centuries of the colonial period, was an invincible axis that identified the oligarchic modernity of Latin America. This strong connection resulted in the existing social order remaining largely untouched, despite post-colonial regional independence, which was associated with the notion of modernity that had arisen in that society. According to Larraín, even founding fathers of Latin American republics, including Simón Bolívar, thought that "perfectly representative institutions are not adequate to our character, customs and present perspective" (Larraín 2000:73). His idea was rather to "build an authoritarian republic with a president for life and a very reduced electorate" (Larraín 2000:73).

In this tumultuous transition period, ethnic-based stratified classes including Indians became equal citizens of a country; however, they were continuously oppressed because they were viewed as socially and economically inferior by criollos and to some extent by mestizos (Rex, 1977, Larraín, 2000). This was mainly because the economic base of new republics was the hacienda system, a ranch and large estate, which largely sustained and determined the existence of the landlord class and the semi-servile peasants (Larraín, 2000: 73). Thus, some scholars, including Pablo Gonzalez Casanova (1965) and Dale Johnson (1972), have viewed this continuous aspect of the legacy of colonialism as internal colonialism. This entrenched the legacy of colonialism in the new republics during the modernization period in the nineteenth century and early twentieth century, and led to the formation of the oligarchic state system. While the oligarchic-led modernization process could manipulate the influence of European liberal ideas over this period (Wade, 1997:31), the populism-driven aspect of the political economy system emerged afterwards due partly to external context.

2.3.2 The emergence of populism along with clientelism

The first wave of the emergence of populism in Latin America was associated with the Import Substitution Industrialisation (ISI) Policy (O'Donnell, 1973; Roberts, 1995; Larraín, 2000; Prevost and Vanden, 2012). Given the external conditions of the time (i.e. the First World War and the Great Depression) and the internal aspiration of the region to lose their political and economic dependence on Europe, and in terms of the emergence of a middle class[18], there was an eventual crumbling of landowning oligarchic power. In this vein, Kalman Silvert (1972:364) adds, in explaining the demise of the oligarchic societal system and the emergence of other types of political system, that although anticlerical and bourgeois radical parties in Latin America flourished over this period, they were shallow in terms of reconciling the fragmented society.

"Traditional" clientelism, which was linked to the notion of the relationship between the patron, a large land owner, and the peon, his humble employee, faced a new transition to "bureaucratic" clientelism, where representatives filling governmental positions are

[18] As pointed out by Larraín (2000), the emergence of a middle-income class in eventually influencing the demise of an oligarchy of traditional hacienda owners was widely different from country to country (i.e. Mexico, Venezuela, Bolivia).

eager to doll out political rewards for constituents who voted for them (Mouzelis, 1985, Prevost and Vanden, 2012). As pointed out by Nicos Mouzelis (1985) and Larraín (2000), this development was linked to the notion of a new national populist regime and the emergence of ISI policy. That is, given the process of capital accumulation over this period, traditional clientelism, which was embedded in the oligarchic notion of the vertical structure, was less valid to the middle and lower classes. As such, while the axis of populist regime was widely spread out over Latin America with the incipient success of ISI policy, it seems that the innate feature of populism is accompanied with the caudillo tradition[19] of strong leadership. According to this model, a powerful leader is one who at least rhetorically attempts to embrace politically, economically and socially excluded people and groups. In line with this argument, Argentina and Brazil would be typical cases that might be included in this category.

Given the wide variety of definitions of populism, this study adopts the definition developed by Torcuato DiTella (1965). He defines populism as "a political movement which enjoys the support of the mass of the working class and/or the peasantry, but which does not result from the autonomous organizational power of either of these two sectors. It is also supported by non-working class sectors upholding an anti-status quo ideology" (Di Tella, 1965:47). In line with this widely accepted and well-known definition of populism, it is appropriate to point out that Steve Stein (1980) believes Latin American populism needs to be distinguished by its polyclass composition and urban concentration. That is, the characteristics of each Latin American country's populism should be different according to their domestic context.

Without ignoring its scholastic generative limitations, this study borrows the lens of Robert Dix, who emphasises both leadership composition and the mass base of populism, as well as its ideology and programme, in order to demarcate and distinguish more explicitly the varieties of populism in Latin America (Dix, 1985:30). Consequently, he highlights the importance of leadership as stemming from a strong or charismatic leader, and divides potential categorisations according to authoritarian populism, which can be associated with the leadership of high-ranking career army officers, and democratic populism, which has a tendency to be associated with professionals and

[19] According to Prevost and Vanden, the term "caudillo" was originally meant to be a local or regional strong man, this was then widened to depict a national leader (2012:184).

intellectuals who promote democratic rule. In his analysis, Dix (1985) also distinguishes authoritarian populism and democratic populism by their "supporters" people and group. He notes that the former is endorsed by urban dimensions rather than rural, while the latter is the other way around. In this way, he also tries to articulate that those who championed democratic populist movements were the unionised or skilled/organised labourers, whereas within authoritarian populism, support was predominantly coming from the "disposable" urban mass.

Furthermore, in terms of ideology and programme, authoritarian populism was more engaged with traditional political culture, which was associated with political nationalism and also linked to immediate gain from the programme. The other type of populism was less associated with traditional notions of political culture, yet more linked to economic nationalism and also paid more attention to structural reforms (Dix, 1985). While the typology of varieties of populism in Latin America was mainly used for analytical purposes, as Dix (1985) acknowledged, there would be exceptions and changes over time in this typology. In this regard, the study will revisit this typology of populism when analysing the second wave of populism in the new millennium. Then, considering the generic first wave of populism (from 1950 to 70) in Latin America along with the incipient success of the ISI policy, this study will analyse the disruptions that arose across the region as more authoritarian-led features became prevalent before facing the neo-liberal era.

One factor that has largely been embedded in society over this period (from 1950 to 1970), as pointed out by Larraín, was "the benefits of modernity continue to be highly concentrated and the people at large continue to be excluded" (Larraín 2000: 23). When the populism-led 'panacea' of ISI policy did not seem to be meeting domestic and individual needs in Argentina and Brazil, both countries faced military coups in the mid-1960s; other countries including Chile and Uruguay then followed suit.

2.3.3 A "somewhat different" authoritarian period

Realising the general climate of disillusionment within a country with rapid industrialisation, driven by state-led and heavily protectionist patterns often associated with populism-based policies, Latin America needed another "climate", which would

attract foreign investors and change the political economy structure. Against this domestic backdrop, another external dimension that needs to be seriously taken into account is U.S. foreign policy during the Cold War era. Even now, American influence over Latin America is huge, but over that period, many facets of Latin American political life were shaped by the strategic interests of the U.S. As Vanden (2012) points out, the Cold War and the anti-communism sentiment of the U.S. encouraged Latin America to provide a platform for its politicians and military personnel who were supported and educated by the U.S. In this turbulent context, the resurgence of military rule came into play with austerity programmes, which are associated with anti-populism, policy-oriented ideology. As a consequence, military coups took place in Brazil in 1964, Argentina in 1966 and 1976, Chile in 1973, and Uruguay in 1973 (Collier, 1979a, Larraín, 2000).

Given the growing trend towards military regimes in South America, as David Collier (1979) pointed out by referring to Guillermo O'Donnell's *Modernization and Bureaucratic-Authoritarianism: Studies in South American Politics* (1973), Latin American authoritarianism is different from that of the more general traditional authoritarianism. The rationale behind O'Donnell's comments was to invent the new terminology of Latin American authoritarianism, the so-called bureaucratic authoritarianism (BA), as highlighted below.

> To overcome conceptual dead ends, it is necessary to historicise the social sciences, or equivalently, to structure the history we write; that is, we must make of the historical *tempos* the sites on which structures are analysed…although…works depend on general notions that are being enriched by analysis (what is capitalism and domination), there referents are historically situated.
>
> (O'Donnell, 1973:4-5)

This study assumes that the above statement is not only applicable to the case of Latin American authoritarianism; it should also be the basis for conceptualising social reality and even for developing scholarship as a whole.

Although a detailed comparison of traditional authoritarianism and BA would be beyond the scope of this study, it is appropriate to highlight some key points. Collier (1979) notes that military regimes in the 1960s in Latin America, particularly Argentina

and Brazil, were ruled by the military as an institution, rather than exclusively by individual military rulers. Also, the BA regimes appeared to work with technocrats in terms of policy making, which led to the notion of bureaucracy (Collier, 1979b). This seems to be a key reason why authoritarian regimes stayed in power over the two decades, particularly in Brazil. That is, according to the argument of O'Donnell (1973, 1978), authoritarianism's official status favoured the objectives of late industrialisation in Latin America.

As O'Donnell stresses, in terms of "the impact of economic and social factors on politics as a means of clarifying […] empirical issues that arise in the study of Latin American societies" (O'Donnell, 1973: 21), the economic downturn due to domestic and international affairs, and the failure of populism-oriented policies, led to the environment in which military regimes were primed to enter. Furthermore, the increasing mutual necessities among the military and civilian elites begot the consolidation of bureaucratic authoritarian (BA) regimes over the years and even decades. Conversely, the regime expanded in the name of industrialisation by not seriously taking into account public needs and by distributing the immediate benefits to the national bourgeoisie and bureaucrats, rather than to ordinary people.

In this fashion, borrowing a term from Max Weber, "elective affinity" (Collier, 1979c) which is associated with the polarization between benefits and non-benefits over the industrialization period of the BA regime in Latin America, would become a feature of the legacy of such a political system. Domestic political systems in Latin America have been modified over time since independence, however, it seems that the groups who were under-represented in society from the beginning have largely remained marginalised in terms of their socio-economic status today.

2.3.4 The next phase: pacted democracy

The characteristics of a BA regime as explored above are not traits that appear in all Latin American countries, despite the fact that most Latin American states were under authoritarian rule during the 1970s (Peeler, 1998). However, as noted throughout this study, one common feature within this region is the inequality that has lingered on,

regardless of the type of political system that these countries implemented. As such, most Latin American countries faced the new era with this socio-political baggage. This study posits that the key, underlying reasons change has occurred in the domestic realm can be found in the political, economic, and societal aspects of regional and international conditions. The U.S., the hegemonic power in the Americas and arguably the world, has played an important role in shaping the trajectory of Latin America.

Given that the nature of (bureaucratic) authoritarian rule was, to a large extent, a response to the enlargement and political activation of the popular sector (O'Donnell, 1978), this study takes the position that the transition to democracy and acceptance of neo-liberalism over the 1980s and 1990s in Latin America as a whole was, to a large extent, a response to international norms and society. In addition, this study sees the laissez-faire economic reforms that most Latin American countries used over this period as a double-edged sword. By adopting neo-liberal policy, the Latin American economy could be developed and assimilated into the global society. However, this would have an unwanted effect due in part to neo-liberalism being associated with favouring those who already receive economic benefits, owing to vulnerable economic development structures, that is, high dependency on natural resources and weakness of technology and human resources. This is a key point in understanding the following period of Latin American society, mainly over the transition period of the new millennium. Prior to exploring the decades after the 1990s, this study still needs to examine and analyse how the transition from bureaucratic authoritarianism to democracy took place, how neo-liberal policy affected the region, and what the implications were for the next phases of development.

As revealed briefly above, regional and global conditions triggered and shaped the change in Latin America's political systems and economic rationality over the 1980s. In this sense, on the political and economic fronts, this region seemed to have faced a choice of different pathways to survival. On the political front, while the bi-polar international system was still predominately in place, U.S. policy under President Jimmy Carter (1977-1981) ardently emphasised human rights. This put pressure on Latin American authoritarian regimes (Peeler, 1998:78). Subsequently, the following administration under President Ronald Regan, promoted formal democracy as a key

component in U.S. policies, particularly regarding Latin America (Peeler, 1998). As such, the external condition was, to a large extent, not supportive of authoritarian regimes as a whole. The economic deficits many Latin American countries faced, which eventually generated a default, was another factor driving authoritarian regimes to find a way to overcome this crisis.

In explaining the negotiation process faced by authoritarian rulers who may decide to hand over their regimes and begin a transition to democracy in order to overcome this turbulent period, Adam Przeworksi (1991) developed a model called extrication, defined as "transitions negotiated with the previous authoritarian regimes" (Przeworski, 1991:xi). According to this model as adopted by O'Donnell (1979) and O'Donnell and Schmitter (1986), there are four categories of political actors: (1) hardliners, (2) reformers, (3) moderates and (4) radicals. The first two groups relate to the authoritarian regime, while the latter two relate to the opposition against that regime. While hardliners prefer not to change their regime, reformers prefer change over the status quo, but do not want to change to a full democracy. Moderates and radicals favour the democratic political system, where the former prefer full democracy but allow for negotiations with the other side, particularly with reformers, while the latter oppose any negotiations with the authoritarian regime (Przeworski, 1991:68, Peeler, 1998). In this complex web of knotted interests, Przeworki (1991) writes: "Extrication can result only from understandings between Reformers and Moderates." (Przeworski, 1991:68) Figure 1 below shows these groups arranged in a spectrum, demonstrating how far they are suited to negotiate in terms of their orientation.

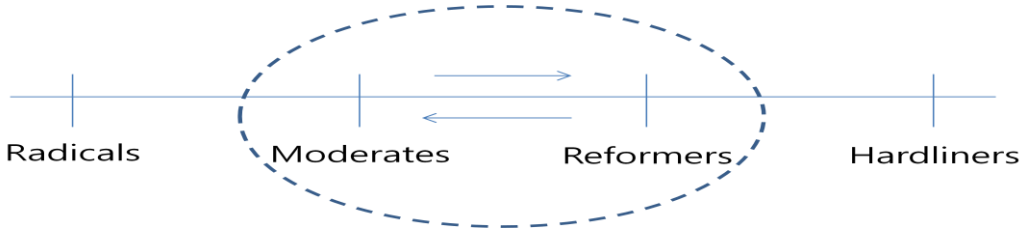

Figure 1: The spectrum of four different political associations over the transition to democracy (*Source*: Developed by author, based on the analysis of Przeworski (1991:69))

As Przeworki (1991) argues, a country's chances of a successful transition to a democratic system are determined by the extent to which reformers get the upper hand on hardliners in an authoritarian regime, so as to be capable of spurring negotiations with other actors; they also depend upon how well moderates are able to convince radicals to form pacts with other opposite actors. In Peeler's exploration of the case of Latin America, he noted that many Latin American countries[20] that experienced authoritarian regimes and transitioned to democracy in the 1970s and early 1980s exhibited elements of the above model, although each country had its own unique context and character (Peeler, 1998:80). In this vein, as pointed out by Peeler (1998), the ending of an authoritarian regime towards a democracy by way of pact between two different ranges of actors leaves a legacy of structural confines or conditions on the succeeding regime (Peeler 1998:81). Thus, a new democratic government, still burdened by its recent past, would be handicapped in terms of its legitimacy.

Even beyond the parameters of this study, it is possible to take the view that the legacy of authoritarian regimes, to a large extent, lingers in all facets of Latin American society. In understanding and explaining the differences between Spanish-speaking societies and English-speaking societies within America, Claudio Véliz uses the expression "the fox knows many things, but the hedgehog knows one big thing" (Véliz, 1994:11) to categorise the characteristics of Latin America. According to Véliz (1994), the fox represents English-speaking societies, which embody "mobility, change, decentralisation, asymmetry, diversity, the inorganic and the gothic"; whereas the hedgehog represents Spanish-speaking societies, which embody "resistance to change, the emphasis on order and unity, centralism, symmetry, organicity, tradition and the Baroque" (quoted in Larrain 2000: 176). Véliz (1994) argues that these strikingly different characteristics of historically embedded cultures and institutions impact the mode of behaviour and development of these different societies.

Kenneth Maxwell (1994) criticises the fact that when comparing and particularly understanding Latin American society and its civilization, Véliz's piece provided little discussion on the indigenous population, slavery, race, or economic resources. Despite

[20] According to Peeler's research, there were four countries, namely Argentina, Nicaragua, Haiti, and Panama, where this model of a negotiated extrication was not applicable (Peeler, 1998:80).

this, this thesis takes the view that using the metaphor and applying it to comprehend the differences between two civilizations is beneficial. As stated by Larraín, Véliz sees that "all aspect of the conquest and colonisation of Latin America by the Spanish and Portuguese carry the hallmark of the hedgehog" (Larraín 2000:176). As such, this conceptualisation, particularly with regards to the legacy of colonisation, which is fundamental to the shaping of Latin American society, provides an analytical space where this study can be situated.

The importance of the legacy of colonisation in understanding Latin American society, as studied by Véliz (1994), is closely associated with the central point of this study. In a similar vein, Stanley Engerman and Kenneth Sokoloff (1997) in *How Latin America Fell Behind* also argue that factors which are related to the formation of institutions during the colonial period have been largely influencing the structure of Latin American society. While this aspect will be explored further, the economic front of transitioning from an authoritarian regime to a democracy remains to be addressed.

As stated above, given the regional and global context that influenced the orientation of Latin America's political system during the 1970s and 1980s, the economic front needs to be further analysed. Although the degree to which neo-liberal economic policies affected these countries varied (Kingstone, 2011), the authoritarian regimes were already influenced by neo-liberal economic modernisation (Larraín, 2000:172). This is because the rationale behind the existence of authoritarian regimes is necessarily different from that of previous governments, which endorsed state-led economic policies. As such, despite the fact that there would be no orthodox neo-liberal policies, economic neo-liberal ideology was widespread and largely accepted across this region during the 1970s and 1980s.

As a result, massive foreign investments and state-led infrastructure development took place throughout this continent at this time. In the context of this political economy, unfavourable external conditions, such as the oil crises of 1973 and 1979, and structurally embedded misleading economic policies led to increasing foreign debt (Kuczynski, 1982).[21] Thus military regimes that took over during the 1970s and early

[21] In fact, Pedro-Pablo Kuczyanski (1982) mainly argues that the debt crisis-ridden problem was

1980s, given the structural imbalance between the low prices of Latin American export commodities and the high prices of imported manufactured goods over the decades, had to transform to make more extensive use of capital-intensive technology and increased training in manufacturing-related engineering (Hyanes, 2000; Prevost and Vaden, 2012).

To meet economic development aims, newer plants were built in Latin America, but "the investment in new machinery and patented process was not [optimal] " (Prevost and Vanden, 2012:166). According to Prevost and Vanden, although there were manufactured commodities to export, these demanded more capital from abroad to meet its capital needs (Prevost and Vanden, 2012:166). As a result, sustainable economic growth was jeopardised. Accumulating external debt, driven by the outward-directed and debt-led growth, led to a debt crisis and to what came to be called a "lost decade" in the 1980s.

Consequently, the fact that authoritarian regimes seized power over the 1960s and early 1980s meant that political systems needed to change into democracies, in part due to explicitly external and in part implicitly internal pressures. As stated above, the rationale that new military regimes used to take power in the 1960s or 1970s has to do with solving chronic economic problems via populist policies and the ISI programme. As a result, given the regional and international conditions calling for democracy, the failure of the economic "relief pitcher" brought about the change of political systems and caused the implementation of more neo-liberal austerity policies, as per the Washington Consensus. This study makes the assumption that participating and benefitting political and economic actors were limited throughout this time. Pedro Pablo Kuczynski (2003) states that over this period, the income gains that were being reached were highly concentrated on those who were already benefitting, as such the pattern of skewed unequal distribution bequeathed by the region's colonial history continued. Thus, with little institutional transformation that favoured the under-represented groups beyond Latin America's period of military regimes, the 1990s brought another political shift under the Washington Consensus.

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structural rather than accidental or contingent. However, this study views that the structurally embedded aspect, coupled with contingent factor, led to the eventual debt default.

2.3.5 1990s, the Washington Consensus, and hierarchical market economy

The only solution that remained for overcoming the economic chaos, which became known as the 'lost decade' of the 1980s, was handing out more austerity measures, which were associated with orthodox capitalist thinking. As stated above, under the authoritarian regimes of the 1970s and early 1980s, the dominant structural dependency mechanism, where something like constructing infrastructure required technology and financial lending from foreign countries and international financial institutions, and unfavourable external circumstances (i.e. the oil crisis, and declining the commodity prices) jeopardised and eventually forced most Latin American countries to implement economic structural adjustment programmes (SAPs) in national economies. These SAPs were collectively referred to as comprising the Washington Consensus. They were based on the idea of free market and free trade, which were unanimously championed by international lending institutions including the IMF, World Bank, and Inter-American Development Bank (IDB) – all based in Washington, D.C. (Buono and Lara, 2007; Vaden and Prevost, 2012 :169).

On the condition that the debtor nation proclaims its debt default, the creditor nation or institution will intervene in the debtor's national economic policies to ensure the loans are paid back. Table 2 below shows a list of ten policy recommendations for countries, delivered by the Washington Consensus.

1.	Fiscal Discipline
2.	Public Expenditure Priorities
3.	Tax Reform
4.	Interest Rates
5.	Exchange Rates
6.	Trade Liberalisation
7.	Foreign Direct Investment
8.	Privatisation
9.	Deregulation
10.	Property Rights

Table 3: Ten policy recommendations of the Washington Consensus [(*Source*: "What Washington Means by Policy Reform" in John Williamson, ed., *Latin American Adjustment: How Much Has Happened?* (Washington: Institute for International Economics, 1990)].

Under the guidelines of the Washington Consensus, Latin America had to implement imposed neo-liberal conditions, including the privatisation of major state-owned

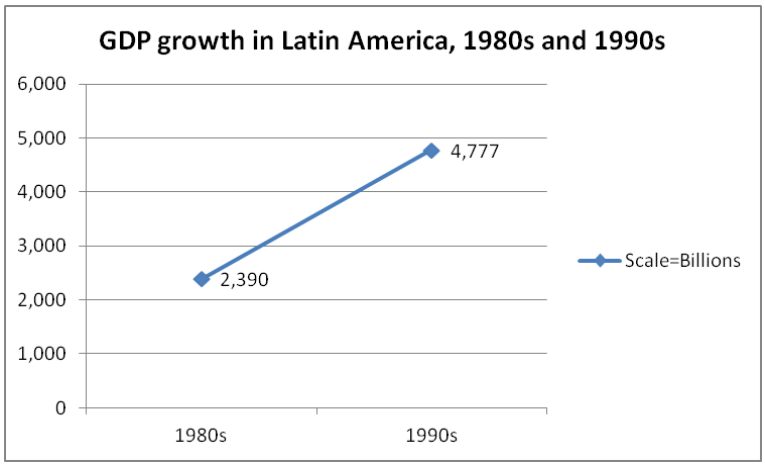
enterprises. Thus, these state-owned entities, such as the national telephone and telecommunication companies, were partially or wholly sold off, frequently at a low price (Vaden and Prevost 2012). The multi-national companies (MNCs) that bought these formally state-owned companies changed their operational systems and structures in order to maximise the interest of foreign companies. Particularly after the end of bi-polar hegemony, globalisation, which is largely embedded within the notion of capitalism, provided a legitimate space for liberal economic activity, specifically in terms of MNC investments.

In this vein, the analytical framework adapted from Schneider (2009) is useful in analysing specific features of capitalism in Latin America, compared to other regions or countries, over the 1990s. According to this framework, Latin American capitalism is comprised of so-called hierarchical market economies (HMEs), a term which connotes an oxymoron. Structurally, Latin America's economic institutional system is less aligned to any leading Western-style open market economy, such as the liberal market economies (LMEs) of the U.S. and the U.K., and the co-ordinated market economies (CMEs) of Germany and Japan. To Schneider, the reasons why Latin America has not progressed towards these other types of capitalism have to do with the fact that "non-market, hierarchical relations in [diversified domestic] business groups and MNCs are central in organising capital and technology in Latin America" (Schneider, 2009:553). That is, the culture of corporate governance in family-based, diversified domestic business groups allows for the manipulation of labour relations via unilateral decision and the maximisation of profits by lessening their role in socio-economic development, which is embedded in the nature of hierarchy. The investment of MNCs via foreign direct investment (FDI) targets global commodity chains and focuses on the mergers and acquisitions (M&As) of existing Latin American firms.

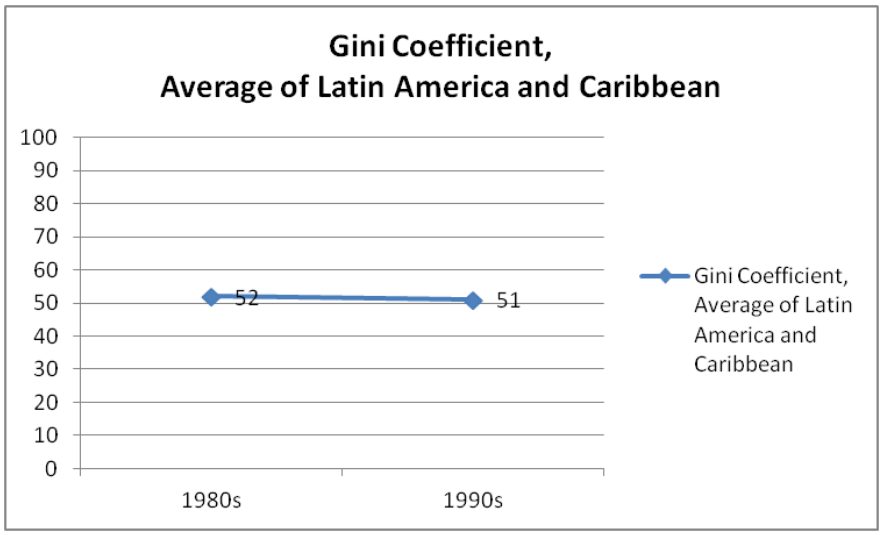
Consequently, the mutually reinforcing aspects of business groups and MNCs promote hierarchy, which seems to perpetuate the vicious cycle of inequality. In other words, economic inequality inherently leads to political inequality. The local level of actor-ness, which denotes public participation and representativeness in regionalism studies, seems to be affected by the economic aspect of inequality, which is rooted in neo-liberalism (capitalism). Thus, according to HME, economically stagnating groups and people are more likely to be excluded in the decision-making processes of policies and

governmental projects. This is because economically powerful international or domestic entities, such as MNCs and conglomerates, influence policy to maximise their economic interest, which is closely intertwined with political and social realities. Therefore, the propaganda of the Washington Consensus, under the umbrella of neo-liberalism in Latin America, is structurally misleading.

As many scholars, including Dani Rodrik (1997), have argued, this Washington Consensus prescription resulted in unwanted side effects. This programme seemed to have rhetoric of benefits for all, without actually generating benefits for the poor; rather, it promoted and even reinforced real gains for those who benefitted from corruption or crony capitalism, denoting a close relationship between politics and economy. Thus, propaganda-based promises of a better and more abundant life for ordinary people were not fulfilled; rather, social economic inequality increased. Graph 1 shows that total GDP increased two-fold during the decades of 1980 and 1990; however, the Gini coefficient of the 1990s (shown in Graph 2) was almost the same as it was during the previous decade, showing no signs of improvement.



Graph 1: GDP growth in Latin America, 1980s–1990s (*Source*: Author's calculation based on the World Bank dataset)



Graph 2: Gini coefficient, average of Latin America and Caribbean, 1980s and 1990s (*Source*: Author's calculation based on the World Bank dataset).

The neo-liberal policies of Latin America, imposed by international lending institutions under the auspices of the interests of the U.S., faced resistance from the unfavoured groups. Because a policy that benefits and includes all societal actors was not developed, the polarisation of views and the bifurcation of benefitting actors, in terms of this neo-liberal agenda, was accompanied by a decline in social spending and increased poverty and inequality (Kingstone, 2011). It can be argued that neo-liberalism is positively correlated with democracy, whereby "protecting freedom in the market protects freedom politically as well" (Kingstone, 2011:63). However, delegative democracy is a more appropriate concept for describing the characteristics of democracy in Latin America, because of the distortion and uneven allocation of the benefits of economic policies across society in the 1990s. Guillermo O'Donnell defined delegative democracy as a diminished institutional form of democratic governance – a characteristic that was prevalent in Latin America (O'Donnell, 1991). Along with this, O'Donnell (1991, 1999) conceptualised horizontal accountability,[22] referring to "officials holding one another accountable" (Mainwaring and Welna, 2003:57) in legislative committees. In this sense, Latin America does not exhibit the notion of horizontal accountability (O'Donnell, 1991; Kingstone, 2011; O'Donnell, 1999).

[22] According to O'Donnell, "horizontal accountability… is the existence of state agencies that are legally enabled and empowered, and factually willing and able, to take actions that span from routine oversight to criminal sanctions or impeachment in relation to actions or omissions by other agents or agencies of the state that may be qualified as unlawful" (1999: 38).

As the above argument suggests, with regards to the limited democratic institutions of Latin America, as Kingstone notes (2011), ordinary people might expect their leaders to engage with their issues and problems with less regard for transparency, deliberation, or accountability. Thus, policies could be crafted behind closed doors, away from public inspection. However, the somewhat rational next step of a society in a transitioning democracy would be at least to intend to improve or even in some respects balance socio-economic inequality. However, interrelated societal phenomena took place widely in the Latin American region: on the one hand led by social movements, and on the other political movements. While social movements are associated with social protest, political movements are linked with voting participation, which drastically shifts[23] the political system.

2.3.6 Social and political movements in the 1990s and 2000s

Scholars including Michael Walton have argued that the evidence for neo-liberalism's failings is misleading; rather, it is necessary to take seriously into account variations across countries and the micro level of the economy (Walton, 2004:166). That is, the effects of market-oriented policies are diverse, depending on the different contexts of each country. For example, according to Walton (2004), while water privatisation in Cochabamba, Bolivia created chaos, the privatised policy of water in El Alto–La Paz, Bolivia was carried out effectively. In the case of other privatisations, such as that of electricity delivery: Chile managed it poorly, while Argentina transitioned very productively (Manzetti, 2000). As such, as explicitly stated by Kingstone (2011), blanket statements about privatisation and its effects on the region, and even about all Washington Consensus-based policies, should be avoided. While there are few objections to this point, this study examines how it was that a series of social movements took place in many Latin American countries that protested against neo-liberal policies, and ultimately changed the region's political structure.

[23] As Jorge Castaneda observed in his book, *Utopia Unarmed: The Latin American Left after the Cold War* (1994): "[T]he United States and capitalism have won, and in few areas of the globe is that victory so clear-cut, sweet and spectacular as in Latin America." It seems that Castaneda has a similar perspective as that expressed by Francis Fukuyama in the *End of History and the Man* – that liberal capitalism will be lasting.

Prior to elaborating on the stated point, it is appropriate to acknowledge the chronic institutional deficiencies of Latin America that impede and even deteriorate economic and social performance, despite the shift to market-oriented policies (Kingstone, 2011:83). As such, a further point of inquiry associated with the previous question has to do with the notion of "neo-liberalism by surprise", a phrase coined by Susan Stokes (2001). Of the presidential elections since 1982, Stokes (2001) found that many of the presidents who campaigned on an anti-free market platform, including Carlos Menem in Argentina (1989, 1995), Victor Paz Estenssoro in Bolivia (1984) and Alberto Fujimori in Peru (1990, 1995), switched to neo-liberalism when in office.

This process can be characterised as a "neo-liberalism by surprise". Stokes argued, *pace* O'Donnell who modelled delegative democracy[24], that she "believed that voters would be harmed by the actions of markets if the government pursued policies other than those favoured by markets. But [governments] believed voters saw things differently and would not be brought around by words alone, but only by the eventual fruits that liberalisation would bear" (Stokes, 2001:186-187). Hence, it appears as though the only option left was pursuing the Washington Consensus. With no further discussion on whether the democracy of Latin America was therefore representative of the voters in this period, one central factor that shaped the contours of ideology and policies in the region was the interest of external actors, a point that will be analysed further on. Under the umbrella of the Washington Consensus, these policies were supported by international financial institutions and created resistance to neo-liberalism in Latin America, producing a bifurcation amongst actors.

As argued by Henry Veltmeyer and James Petras (1997, 1998), this influences the underlying structure of class relations. To analyse the mechanism that triggers protest and resistance towards neo-liberal policies, understanding the formation of class structure is an important step. This point is critically linked to the underlying theme of this chapter: that of a historically embedded societal structure and its association with the characteristics of regionalism in South America. While this main point will be analysed later in this thesis according to a set of explanatory factors, it should be noted here that Veltmeyer and Petras see class structure to be "the relation of capital to labour"

[24] As defined, it is a diminished institutional form of democratic governance, which has a negative connotation to it.

(Veltmeyer et al., 1997a). The structured class relation is between "those who own and control the means of production and those who have been dispossessed of all means of production except for the capacity to labour, which they have to exchange for a wage" (Veltmeyer and Petras, 1998:167). Thus, throughout the policies of neo-liberalism, there have been several types of class structure that have been shaped and articulated according to the categorisation system below:

Capitals class	
Middle class	Professional/bureaucratic
	Small business operator
	Independent producers
Working class	Formal sectors/proletariat (waged)
	Informal sectors/semi-proletariat
Peasant producers	

Table 4: Different types of class structure (*Source*: Veltmeyer et.al.,:33).

The Latin American upper class, which benefitted from Structural Adjustment Program (SAP)-induced conditions, has traditionally been supportive of neo-liberal policies, which bifurcated classes and consolidated class structure, eventually generating class conflict. Similarly, Richard A. Dello Buono and Jose Bell Lara believe that the deteriorated quality of life resulting from neo-liberal policies generated a wave of mass protests, "fuelling social movements" (Buono and Lara, 2007:3). One of the most salient instances for this was the Mexican peasant insurrection in Chiapas on 1 January 1994. This protest, which led to the formation of the Zapatista Army of National Liberation, "put an end to the ruling class's illusion of social peace and stability" (Veltmeyer, 1997:139) and confirmed that this rebellion was "against the inhumane and unjust policies of neo-liberalism" (Veltmeyer et al., 1997b:54).

Table 5 below shows the size of poor and absolutely poor populations during the 1980s and 1990s, which sheds light on why a series of social economic protests took place. Entering the twenty-first century, Latin America's political map changed from right wing to left wing, particularly in South America.

	Poor						Absolutely Poor					
	Total		Urban		Rural		Total		Urban		Rural	
	Million	%	Million	%	Million	%	Million	%	Million	%	Million	%
1980	135.9	40.5	62.9	29.8	73.0	59.9	62.4	18.6	22.5	10.6	39.9	32.7
1990	200.2	48.3	121.7	41.4	78.5	65.4	93.4	22.5	45.0	15.3	48.4	40.4
1994	201.5	45.7	125.9	38.7	75.6	65.1	91.6	20.8	44.3	13.6	47.4	40.8
1997	203.8	43.5	125.7	36.5	78.2	63.0	88.8	19.0	42.2	12.3	46.6	37.6
1999	211.4	43.8	134.2	37.1	77.2	63.7	89.4	18.5	43.0	11.5	46.4	38.3

Table 5: Latin America: Poor and Absolutely Poor Population (1980-1999) (*Source*: Buono, R.A.D and Lara, J.B (eds.) (2007:27).

There emerged a series of social protests in many Latin American countries, such as mass demonstrations, marches on public buildings, encampments, land occupations, roadblocks, hunger strikes, work stoppages, nonattendance at work or school, labour strikes, as well as civil strikes. Social protests and resistance, which were ignited and reinforced by increasing social deterioration driven by decreasingly popular Washington Consensus policies, led to a shift in the political configuration of Latin America. This politically transformed landscape, sketched by popular voters, was first revealed in Venezuela. Before examining the political movements that widely spread out afterwards, in particular in the new millennium, this study echoes Ha-Joon Chang's (Chang, 2007) criticism of the implementation of neo-liberal policies in developing countries. The "one-size-fits-all Golden Straitjacket" implies that the Washington Consensus was an appropriate prescription for constitutional remedies of the Latin American political economy. However, it proved that the policies brought about more side effects than cures. Thus, Latin America began to swing towards leftist politics (Castañeda, 2006).

2.4 A deeper analysis of Latin America's "left turn"

The Colliers' studies explored and analysed the historical changes in the relationship between the state and working class under the condition of the rise of organised labour (i.e. the labour movement). They developed an analytical framework (1991, 2002), which they called the Building Blocks of the Critical Juncture Framework (Collier and Collier, 2002:30). For the Colliers, this analytical framework is used to investigate and crystallise how labour movements in Latin America, particularly eight major countries including Brazil, Mexico, and Argentina, shape the national political arena over the trajectory of the twentieth century. Without discussing its analytical contribution and weaknesses in detail, the Colliers' analytical framework is strikingly applicable to

linking the points made in previous sections to the overall theme of this chapter, as well as to the broader theme of this thesis. It seems that the Colliers (1991, 2002) at least implicitly acknowledge that socioeconomic aspects are important for shaping state-to-citizen relationships, along with the international contexts. They write:

> Despite [the] emphasis on political dynamics, it is not our position that socioeconomic factors are unimportant as determinants of politics, but rather that for outcomes of broad regime type and regime dynamics, which are of interest here … (768) … the [Great D]epression did have an impact. Yet it appears to have been a marginal factor rather than a central factor in explaining the key outcome … (769)
>
> (Collier and Collier, 2002: 768-769)

Given that, this study recognises that the organised labour movement was a key factor in transforming the oligarchic nature of the Latin American political platform, helping to give ordinary people more social manoeuvrability. However, beyond and even during the twentieth century, this study views that the organised labour movement per se was highly correlated with societal economic structure and this point has to be linked with the regional and international context. In this vein, this study claims that the re-emergence of leftist governments since the beginning of the twenty-first century demonstrates that South America, in particular, is facing "incorporation periods" which are likely to result in a critical juncture in the states' future directions (Collier and Collier 2002: 29). Applying the Colliers' analytical framework, which comprises 1) antecedent conditions, 2) cleavage, 3) critical juncture, and 4) legacy, to this particular case, Latin America's transition to leftist governments can be analysed in Figure 2 below:

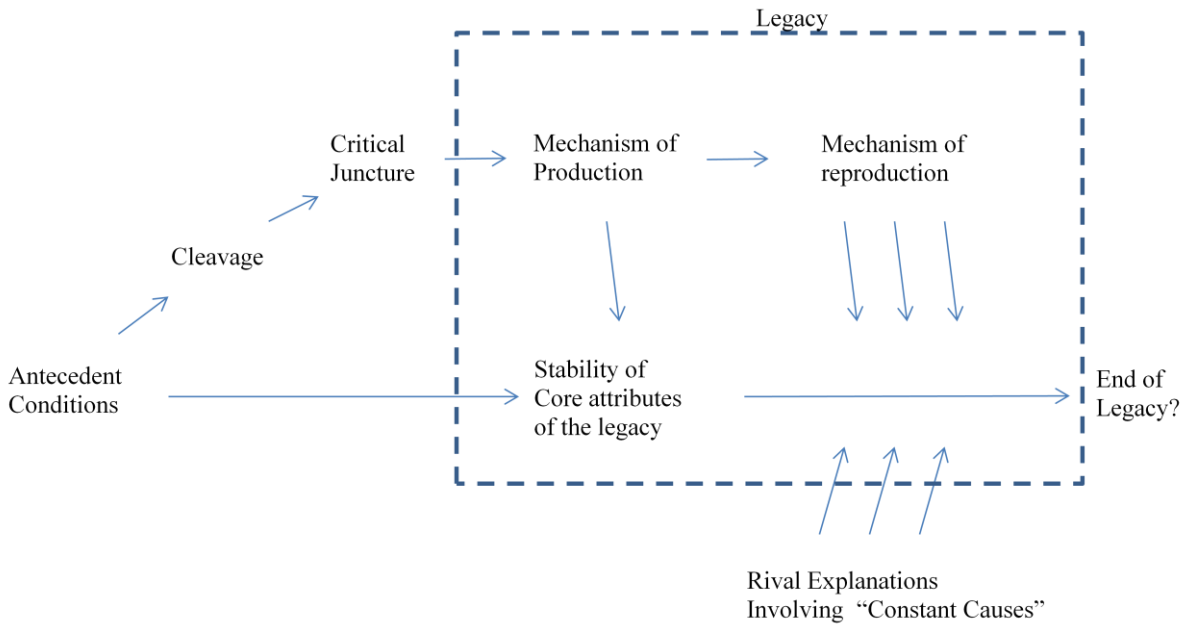


Figure 2: Building Blocks of the Critical Juncture Framework (Collier and Collier, 2002:30).

The underlying factor behind the argument of this chapter is historically embedded societal structure that is a remnant from the colonial period, which is Latin America's antecedent condition. The cleavage for the particular generation of twenty-first century leftist governments is the result of the Washington Consensus' implementation in the 1990s, which eventually yielded the social and political changes that occurred across Latin America. Subsequently, this led to the transformation of Latin America's political map, particularly South America's. This transformation can be considered as an incorporation period leading to a critical juncture in the new millennium. While the remainder of this section will be mainly concerned with this point, the study views that the legacy[25] of this critical juncture is the planning and implementation of regional integration policies and projects by South American countries, which will be explored and analysed later in this thesis.

Given this analytical roadmap, it is a well-supported view that "Latin America is *swerving* [emphasis added] left…" (Castañeda, 2006:28). However, it seems that social

[25] According to the Colliers' analytical framework, there are two different, yet overlapping, analytical segments under the umbrella of Legacy: one is the aftermath period, the other the heritage period. For analytical purposes, the aftermath period, which refers to the immediate political dynamics following incorporation, refers to leftist governments in South America that intend to nationalise its natural resources and extend social welfare programmes. The heritage period, which refers to the longer-term legacy of incorporation that covers most of the aftermath period, is a desire for regional integration.

movements, which mainly focus on criticising unemployment and poverty levels, and in particular extreme inequality, have permeated the Latin American region. These social movements, based on a desire for societal change, worked within democracy through the voting system and led to political movements, which succeeded in forming leftist governments. Thus, given this process of development, this study views the shifting of the political landscape leftwards as an event that might have easily been predicted, as opposed to an unexpected one. As has been revealed in history, although this point is arguable, "there is not one Latin American left today; there are two" (Castañeda, 2006:29). The two "lefts", as identified by many scholars including Teodoro Petkoff (2005), Jorge Castañeda (2006), Matthew Cleary (2006), and Kurt Weyland, Wendy Hunter and Raul Madrid (2010), are more relevant classifications, in terms of the Latin American leftward shift, than a single blank statement that covers all Latin American leftist governments.

At the same time, however, it should be noted that another group of scholars (Ramirez Gallagos, 2006; Cameron, 2009) classify leftist governments schematically, rejecting bi-dimensional classifications of Latin America. Rather, these scholars argue that, for analytical purposes, it would be beneficial to design more complex and multidimensional classification schemes. It seems that this approach is more relevant, particularly for the purpose of examining and analysing in detail the case of leftist governments. However, this falls slightly beyond the scope of this study. Thus, at this stage, this study mainly adopts the analysis of two lefts, which might be more broadly studied.

One group can be classified as more centre-left, which is comprised of modern, open-minded, and reformist governments, whereas the other is somewhat radical and based on Latin American populism and close-mindedness (Castañeda, 2006). Hugo Chavez (1998 to 2012), who won the presidential election in Venezuela, proved to be the first in the domino effect of leftist governments in the beginning of the twenty-first century, particularly in South America. Subsequently, Lula Da Silva (2002 to 2008) of the Workers' Party took over in Brazil. There were also Nestor Kirchner (2003 to 2007) in Argentina, Tabare Vazques (2005 to 2010) in Uruguay, Evo Morales (2006 to present) in Bolivia, Michelle Bachelet (2006 to 2010 and 2014 to present) in Chile, Rafael Correa

(2007 to present) in Ecuador, Fernando Lugo[26] (2008 to 2012) in Paraguay and Ollanta Humala (2011 to present) in Peru. In fact, with the exception of Chile, where Sebastian Piñera (a rightist president) held power from 2010 to 2014, after which Bachelet took office again, all other countries including Brazil[27] were succeeded by presidential candidates of a similar position on the ideological spectrum. As such, it can be argued that there are two "lefts" in Latin American politics; Table 6 below demonstrates the extent to which countries in South America belong to each category.

	Centre/moderate left	Radical/contestatory** left (Populist left)
Country	Brazil, Chile, Argentina*, Peru, Uruguay	Venezuela, Bolivia, Ecuador

Table 6: Current political landscape (*Source*: Developed by author, based on current political configuration and spectrum, employing existing literature).

Notes: * Colombia and Paraguay are considered to have centre-right governments; it seems that Argentina is now moving towards the zone of radical left.
** Kurt Weyland (2010) labels the current radical left as contestatory. It is because the existence of this present-day radical left is to contest and criticise political adversaries, business sectors, or the hegemony of the U.S. government in order to maintain and strengthen the loyalty of its mass followers. Moreover, Weyland views that the "contestatory left is not nearly as radical as its forefathers in the 1960s and 1970s" (Weyland, 2010:3). He rather uses the term contestatory left to distinguish it from earlier decades.

Furthermore, with respect to the origin of the two different "lefts", Castañeda (2006) interestingly distinguished two different paths that evolved in Latin America. According to Castañeda (2006), the centre-left paradoxically sprung from the hard-core left of the past, which is associated with Communist International and the Bolshevik Revolution. Castañeda (2006) argues that this hard-core left led to the establishment of "a solid presence in organised labour", exercising "significant influence in academic and intellectual circles" (Castañeda, 2006:32) in Brazil, Chile, and Uruguay. This legacy, inherently influenced by the collapse of the Soviet Union in 1991, led to a drastic shift to a more open-minded and reformist left (Castañeda, 2006).

Meanwhile, the origin of the other Latin American left is mainly embedded in populism along with nationalism (Castañeda, 2006). This type of leftist government is more prone to nationalise large sectors of their country's economy, such as natural resources (Castañeda, 2006). Regarding the origins of the two strands of leftism, Kurt Weyland

[26] As of 22 June 2012, he had been impeached and removed from office.
[27] As of 26 October 2014, current president of Brazil Dilma Rousseff was re-elected to a second four-year term with 51.6% of valid votes, as leader of the left-wing government (*The Economist*, 27 Oct 2014)

(2010) writes that the characteristics of left-wing parties are keys to determining their ideologies. Whereas moderate leftist governments (i.e. Brazil, Chile) have tended to be associated with older parties, which have a more institutionalised and well-consolidated base, radical leftist political parties (i.e. Venezuela, Bolivia) are younger and more attached to strong personality-based leadership. Thus, this implies that one type of leftism, which is that co-ordinated with a long-standing tradition of rooted parties, is more confined within an established pattern from a structuralist viewpoint. At the same time, the other type of leftist government provides more room to manoeuvre in terms of which leader (agent) gets to pursue systemic change, sometimes drastically, in areas of politics, economy, and society.

In line with this framework of two different leftist classifications, scholars including Raul Madrid, Wendy Hunter, and Kurt Weyland (2010) have further investigated which kinds of left-wing governments have been successful in tangibly meeting their goals of social equity, justice, solidarity, economic growth, and democratic equality in the form of accountability and citizen participation (Weyland et al., 2010). The research examined the performance of two different forms of leftist governments, where the more radical group features Venezuela and Bolivia, while the more moderate states studied are Brazil and Chile.

According to research conducted by Weyland, Madrid, and Hunter (2010), which looked into economic performance, social policies, including equity-enhancing programmes, and social performance indicators, moderate leftist governments seem more promising in their capacity to deliver positive progress than their counterparts. This phenomenon is linked to the more heavily dependent, mono-export structures of radical leftist governments, which are over-reliant upon natural resources such as oil, gas, and agricultural primary commodities. However, it seems that the windfall of economic rent, which is largely associated with primary commodity exports, is not only applicable to radical left-wing governments; rather, both lefts are affected by this.

Based on this ongoing raw material export pattern, structural diversification of exports has been continuously recommended by international and domestic observers. For example, the United Nations Economic Commission for Latin America and the Caribbean (UN ECLAC), at the Rio+20 Conference on Sustainable Development in

Brazil (June 2012), proposed structural changes for equality and environmental sustainability. According to ECLAC, the aim of this proposal was "to transform and diversify the export pattern beyond raw materials and increase investment in knowledge-intensive sectors" (UN ECLAC, 2012).

Entering the second decade of leftist governance in Latin America in this new millennium, all left-wing governments are contextualised within globalisation, which is linked with the notion of capitalism. In this context, "twenty-first century socialism" that represents radical leftist governments seems more effective as a rhetorical slogan rather than a practical policy (Weyland et al., 2010). However, in order to justify the presence of (centre-)leftist regimes, these governments attempt to be distinctive from previous regimes, which are mainly attached to the capitalism-oriented market. Thus, there are different policies and programmes that intend to embrace socio-economically marginalised groups.

Under the umbrella of schemes that focus on reducing poverty, strengthening social protection, and raising human capital, programmes such as the Bolsa Família (family allowance programme) in Brazil and Missions (a series of anti-poverty and social welfare programmes) in Venezuela have been implemented. Whether they are ad-hoc schemes or not, to roll out such nation-wide programmes and policies that ultimately support the existence of leftist governments, these governments need financial capital. While pursuing these aims, current regimes need to maximise their resources. In this vein, this study views regional policies and programmes under the framework of open regionalism as a means to meeting such a purpose, at least indirectly so.

These regional integration projects also seem to function as a unifying mechanism, at least rhetorically, for all South American countries, recalling Simon Bolivar's vision. However, it is questionable whether locals, particularly socio-economically and politically excluded or marginalized people, are capable of making their voices heard in regional projects and policies, in terms of public participation (representativeness). Despite the fact that leftist governments have embarked to represent largely under-represented groups, do these governments follow through with their proclaimed intentions, particularly when planning and implementing regional level policies and projects? As will be explored further in the following chapter, it would appear that the

interests of external actors, such as China, might be of more importance for (centre-) leftist governments, particularly for region-wide projects and policies. Thus, it seems that actor-ness might not be a particularly distinct characteristic of neo-regionalism studies. Instead, this is similar to the level of actor-ness found within old regionalism, in particular local levels of actor-ness, which denote public participation (representation).

2.5 Conclusion

Throughout this chapter, one aspect that has been illuminated is historicity. Positioning historically embedded societal structure as an explanatory factor in understanding the causation of the characteristics of new regionalism in South America since the twenty-first century, the main question that this study posed was: What has not changed over the past years? Accordingly, this study was inspired by the work of Larraín, and particularly by his argument that "for Indians, defeat [by Spanish troops] was a trauma and psychological shock of unimaginable proportions … [thus], it remained imprinted in the mental structure of […] Indians" (Larraín, 2000: 45). Subsequently, as illustrated above, independence from Spain and Portugal can be considered as a critical juncture in affecting the formation of societal structure. This was followed by a series of historically important moments throughout the development of Latin America. The neo-liberal wave, which was mainly constituted by the Washington Consensus, can be considered as a mechanism of economic change for Latin America in this sense. Thus, it seems that *prima facie* this moment affected the socio-economic formation of the region.

However, the point that has been put forward throughout this chapter is that the colonially embedded socio-economic structure of Latin America still largely lingers on. In summary, the neo-liberal wave, which is associated with the Washington Consensus, yielded the changing of the political landscape of Latin America, creating a key political juncture. Given the history of Latin American societies, particularly in the twenty-first century, the emergence of leftist governments is a strikingly odd phenomenon in the context of capitalist democracy emerging as a dominant system. Therefore, leftist movements go against the general trend and represent a critical moment in contemporary Latin American development. However, a more detailed analysis would argue that these accumulated mechanisms generating critical political junctures have been less successful in leading to a "paradigm shift" for Latin American social

structures in the realm of public representativeness and open regionalism.

In a similar vein, Skocpol argues that "political revolutions transform state structures but not social structures" (Skocpol, 1979:4). That is, the historically embedded societal structure, brought about by the legacy of colonialism in Latin America, becomes articulated as Latin American countries enter the global economy. Following this claim, the next chapter will look at Brazil, specifically Brazilian political elitism, arguably the most influential country in this region with respect to regional political economy. In its course of looking for the explanatory factor of the nature of regionalism in Latin America, this study asks if the external actors, particularly the U.S. and China, have been critically important in influencing the nature, or at least the orientation, of Latin American societal economic structures, as well as the region's political and economic map. It is with these in mind that we move on to the next chapter.

CHAPTER 3

BRAZIL: MYTHS OF NEW REGIONALISM IN SOUTH AMERICA

"New wine must be poured into new wineskins".
(Luke 6:8)

"We have a regime of liberty, but we are not
living under a regime of democracy …
We have not created up until now institutions
capable of functioning democratically".

- Fernando Henrique Cardoso (Veja, 1988)[28]

3.1 Introduction

Over the two previous chapters this thesis has attempted to provide two levels of context to explain the lack of public input in the process of regional integration projects and policies. One is the historically embedded societal structure in Latin America and the other is the presence of internationally prominent actors (i.e. the U.S. and China) in this region. These factors have been considered and examined to see whether these elements have had a significant impact in linking to the primary concern of this thesis: public representativeness in the process of region-making. Using these two factors as a frame of reference for this thesis, this chapter will focus on a particular country, Brazil, a predominant regional actor and one that arguably has potential hegemonic power.

Prior to embarking on a empirically-focused case study[29], the objective of this chapter is to explore the role of political elites in Brazil, in particular their perception in response to, and at the same time leading to, the reconfiguration of sub-regionalism in the twenty-first century, focusing especially on the element of external actors.

[28] Quoted from Frances Hagopian's "Democracy by Undemocratic Means"? Elites, Political Pacts and Regime Transition in Brazil (1990: 147-170).
[29] Justification and methods will be discussed in the following chapter (Chapter 5).

This thesis argues that Brazilian society is largely inscribed by a historically embedded societal structure (see Chapter 2). Brazilian elites see the rise of China as a strategic opportunity as the U.S. influence in this region has waned. Chapter 3 will now attempt to take a look at why and how Brazilian elites, with particular attention to political elites, would give China prominence in their strategic thinking and actions since the beginning of the twenty-first century.

In the first section, historically embedded patrimonial society in Brazil, a term used by Roett (1999), will be employed and discussed. The second section sets out to address the issue of perception and ideology in Brazil, particularly Brazilian political elites towards the U.S. and China. The concluding section synthesises these two factors, for the purpose of understanding whether local actors' voices can be heard in regional mapping and integration in the twenty-first century. This section will end by showing the need for an empirical case study to provide understanding and eventually resolve the research questions[30] while attempting to clarify the nature of Brazilian society.

3.2 Brazil and its dualistic nature

As observed by Roett, "[a]s Brazil enters the twenty-first century, one is struck by two sharp contrasts" (Roett, 1999:xv). In short, he asserts that while Brazil becomes increasingly influential in terms of its political and economic influence at the regional and global level, social reform in the domestic realm has lagged behind (Roett, 1999). This insight is particularly important and sheds light on the dualistic features of Latin America, particularly Brazil. This dual nature, a proverbial two-sided coin, is widely embedded in the nature of Brazil as a whole. This observation is a crucial step in understanding whether there might be active local participation in regional projects under the umbrella of post-neoliberalism. First of all we need to ask how and why Brazilian society has remained largely hierarchical despite external influences, such as trade, which have developed rapidly in the contemporary era. The following historical sketch of Brazilian history traces the relations between hierarchical domestic elements and external powers.

[30] These questions have demonstrated in Introduction and will be revisited in Chapter 4.

3.2.1 The genesis of patrimonialism in Brazil: Machiavellian rules of the patrimonial society

The potential clue leading to understanding the nature of the socio-political system in Brazil is not a product of fortuitousness, but rather, one of historical precedent. Thus, as pointed out by Faoro (1958), Uricoechea (1990), and Roett (1999), since the Portuguese colonisation, the power structure in Brazil has remained as a defining characteristic of a monarchical political system. In short, the concept of patrimonial state is relevant here in contextualising the socio-political system of modern Brazil.

Faoro defines patrimonialism as the use of the power of the state by the upper class to serve their own interests (Faoro,1976). Roett believes this term captures the style and content of the Brazilian political system among other concepts. Roett states that this "term has the advantage of focusing on the national political system and its continuation over time, regardless of the changing composition of the several political elites that fill the chief decision-making roles" (Roett, 1999:22). Roett subsequently emphasises this term as a means of conveying a distinctive feature of the nature of Brazilian socio-political system, specifically the qualities of centralisation and authority. Furthermore, seeing this concept as a summary of the nature of elites, who are in a consensus to seize and maintain their power whilst limiting popular participation, is critical. In short, this defining feature of political elites under the auspices of the patrimonial state is a key point argument of this thesis and it sheds light on the explanation for the limited nature of public representativeness at the regional level of projects[31].

How the role of political elites has evolved

The formation of the nature of the socio-political system in Brazil is widely embedded in the legacy of a monarchical system (Faoro 1976; de Carvalho 1982; Uricoechea 1990; Roett 1999). The characteristic of a monarchical institution is centralisation and hierarchy, and de Carvalho has compared Spanish and Portuguese elites and their educational backgrounds to show how these elements eventually shaped the socio-

[31] Please see Roberto Gargarella's book (2013), tilted *Latin American Constitutionalism, 1810-2010: The Engine Room of the Constitution*. He argues that inequality in the Latin American region can be to some extent explained by the preponderance of constitutions that precluded effective democratic participation. This gives some indication as to how inequality became ingrained even in democratic society.

political system within which these political elites have acted and remained. According to de Carvalho (1982), by the time of Brazil's independence from Portugal in 1822, political elites in Brazil were mainly trained in a single university, the University of Coimbra, Portugal. This concentration of training in a particular place contributed to an ideological homogeneity amongst elites who were easily united as a group. Conversely, most Spanish-speaking countries had more diversified actors' interests and institutional backgrounds, which led to the creation of civilian or military caudillistic governments (from the Spanish *caudillo*) rather than a unified a single state (de Carvalho, 1982).

Though it has been briefly discussed above, a comparison between Brazil, the only Portuguese-speaking country in South America, and Spanish-speaking countries is beyond the scope of this research. However, as discussed and analysed in a previous chapter (Chapter 2), a common denominator which lingers in all Latin American countries is the legacy of colonisation, which has led to a distinctive element in shaping the social reality of Latin America: historically embedded societal structure. Therefore the structured institutions of all of these countries are similar; however, Brazil's society can be argued to be more disciplined, owing to the tutelage of a monarchical system.

Armed forces, not a social revolution, overthrew the Brazilian empire and therefore the Old Republic (1889-1930) began as a military regime (Skidmore, 2009). In this fashion, Roett notes that one views asserts that the Old Republic demonstrated "a victory for decentralisation and the landed aristocracy, it also signified, more meaningfully, the continuation of oligarchical rule" (Roett, 1999:7). In short, just as the political elites ruled in the Empire, the political elites in this new era remained and influenced the features of the patrimonial state in the development of Brazil (Roett, 1999). Though the elites at the highest levels had changed, the institutional structure remained the same for many generations of Brazilians. In other words, the upper class act based on their political affiliation, within which the rules of the game have already been set up. In this line, Roett (1999) states that the levels of public participation did not increase over the Old Republic period; rather, ordinary people were excluded as much as they were under the previous regime.

3.2.2 Getúlio Vargas and his Era

The regime of Getúlio Vargas is critically important in relation to the political development in Brazil.[32] It is argued that his rule not only shaped current Brazilian politics and society, but also that his legacy has lingered in modern Brazil, particularly in terms of public representativeness. To reiterate, as will be analysed and discussed over this chapter and throughout this thesis, the patrimonial feature of governance has stemmed from colonialism and was rearranged by Vargas and his political supporters. In short, new leadership came into play, that of one who depicted himself as "father of the poor"; however, it seems that there is also a sense of continuity in the lack of development of civil society and as such he was seen as "mother of the rich" due to conservative modernisation (Hentschke, 2006).

In taking these actions, Vargas failed to heed the biblical maxim, "New wine must be poured into new wineskins" (Luke 6:8), meaning that the democratic reforms instituted were inappropriately situated within the context of the old Brazilian patrimonial system. Subsequently, the following section will illustrate how the Old Republic of the Vargas era emerged and transitioned, and will analyse whether underlying features of the formerly patrimonial state remained.

The revolution of 1930 was caused and accelerated by a set of factors. One such external factor was the Great Depression, beginning in 1929 (Hentschke, 2006), and the others constitute a more internal, complex set of domestic circumstances (Roett 1999; Skidmore 2009). As analysed by Roett and Skidmore, there were internal grievances in relation to disproportionate power sharing; in other words, Sao Paulo's dominance of national politics became a source of resentment for other political leaders from Rio Grande do Sul and Minas Gerais, amongst others. There were other lower levels of elites, such as young military officers, the *tenentes* (lieutenants), who played a role in endorsing the success of the 1930 revolution. Another coalition that contributed to Varga's victory was coffee growers, who were dissatisfied and angered by "the federal government's failure to compensate for them for the plunge in coffee prices" (Skidmore, 2009:109). Thus, the revolution was not driven by bottom-up priorities, but rather top-

[32] There has been extensive research on Vargas and his era (e.g. Robert Levine's The Vargas Regime: The Critical Years; John W.F. Dulles's Vargas of Brazil).

down preference, indicating a structural characteristic: elites and elites group have changed; however, the nature of elite rule, more interested in seizing and maintaining power than caring for ordinary people, remained as it was. In Hentschke's words, "the 1930 Revolution itself appeared to be little more than the typical mixture of conspiratorial movement, military coup, and reform, so well[-]known from the other caesuras in Brazilian history" (Hentschke, 2006:5). With the limited actors involved in terminating the hegemonic oligarchic bloc from the Old Republic towards a new regime, it appeared by nature to be less representative.

Upon the successful bid for revolution in 1930 with causal factors that have discussed above, Getúlio Vargas governed Brazil from 1930 to 1945. His rule can be distinctively divided up to three phases (Levine, 1998; Roett, 1999; Hentschke, 2006; Skidmore, 2009): provisional government (1930-34), as indirectly elected president (1934-37) and Estado Novo (New State) as dictator (1937-45). Throughout these periods and to a large extent, his fourth period (1951-54), as democratically elected leader, Vargas and his era continuously focused on one particular area: the promotion of industry and modernisation.

In this line, John French argues, "Brazil, under Getúlio Vargas after 1930, stands out as the most extreme case of state intervention in industrial and labour relations" (French, 1991:13). Particularly, as many scholars (Wolfe 1994; Roett 1999; Skidmore 2009) have noted, Vargas's Estado Novo (New State) was a period (1937-1945) with strong elements of authoritarianism in the name of modernisation and urbanisation. Mericle Kenneth understands Brazil's corporatism as a system in which "the state plays a major role in structuring, supporting, and regulating interest groups with the object of controlling their internal affairs and the relations between them" (Kenneth, 1976:303).

Vargas and his technocrats played a paternalistic role in crafting Brazil so that all Brazilians were largely under control. To extension, using the extensive welfare system (e.g. the elementary education system and public health program), particularly for urban working class, Vargas reigned them in by means of a patron-client relationship (Wolfe 1994; Roett 1999). Wolfe spelled out the relationship between Vargas and the supposed beneficiaries of his political rhetoric as such: "Workers' participation in national politics would be shaped by the unions and social legislation Vargas "gave" to Brazil's workers"

(Wolfe, 1994:85). As a consequence, the manipulation by Vargas could easily take place by means of a corporatist industrial relations system.

As articulately summarised and analysed by Roett, "the state expected compliance and no popular expectations of political involvement in decision making. This represented the purest patrimonial tradition in Brazil" (Roett, 1999:10). Vargas's political protégé continuously governed in the name of democracy after the unforeseen end of Vargas and his era by his suicide. In theory, the "shadow" of Vargas rule was lifted primarily by the military coup in 1964.

3.2.3 Rule of the Military (1964-1985)

Pre-conditional contextual explanation for the emergence of the military regime

The emergence of military dictatorship can be explained in light of economics and politics. Many scholars including Skidmore (1998, 2009) note that Juscelino Kubitschek and João Goulart, who were considered typical products of the Vargas political system, governed Brazil with unorthodox economic policies associated with the notion of import substitution industrialisation[33]. Subsequently, this generated the economic instability, particularly with the balance of payments. Consequently, economic uncertainty, which was largely caused by the ineffectiveness of unorthodox polices, prompted the military regime to stabilise the economic turbulence by adopting orthodox market-oriented policies.

Rather than adopting this orthodox explanation of the emergence of the military regime by means of an economic explanation, Youssef Cohen (1987) argues that political crisis, in other words, political polarisation and radicalisation of the democratic regime, led to the emergence of military dictatorship (Cohen, 1987). According to his argument, the old elites, under the auspices of the legacy of Vargas, and their successful perpetuation of their own power by manipulating workers within the corporative labour structure, was to the cause of this drastic political schism. In other words, the anti-Vargas, right-wing National Democratic Union (UDN), with the cooperation of military elites, was a

[33] Gullermo O'Donnell (1973, 1978) has argued that industrialisation driven by ISI policy generated not democracy, but rather bureaucratic authoritarianism.

group which was continuously excluded from power during most of the post-Vargas democratic period. In this fragile context, a critical moment was triggered by the resignation of Janio Quadros in 1961, who was endorsed by the UDN, only seven months after taking office and the presidency was subsequently passed to vice-president João Goulart (Cohen, 1987). This political instability stemmed from a mechanism of the seizure of power by one group and the subsequent exclusion and belittling of the opposing group and was triggered by fear that the current political leaders would lose their status.[34]

Accordingly, as argued by Cohen, political factors are more effective in explaining the onset of the military regime in Brazil than economic factors. This thesis does not consider economic or political explanations as separate entities, but as interrelated dimensions. By extension, Cohen avers that "democracies from above favour the emergence of modern forms of autocracy" (Cohen, 1987:30). In short, in the case of transition from democracy back to a form of dictatorship in Brazil in 1964, the ordinary people and their voices were continuously excluded and limited. Consequently, this concept of a patrimonial of state is evident in every corner of Brazilian society.

3.2.4 The coexistence of the civil-military regime

The rise and maintenance of the military regime in a bureaucratic authoritarian framework (1964-1985)

Along with the foregoing subsection, which discussed the factors which eventually led to the emergence of the military regime in 1964, the following period of Brazilian military government will be illuminated by Antonio Gramsci's understanding of the state, particularly the authoritarian state. Understanding that authoritarian states operate via hegemony and coercion, Gramsci defined hegemony in this context as "the spontaneous consent given by the great masses of the population to the general direction imposed on social life by the dominant group (Gramsci et al., 1971:12). As Alfred

[34] Alfred Stepan (1971) argued that the quality of political leadership by then President Joao Goulart is an important variable. In short, Stepan sees the economic and political crisis which generated the military coup as necessary factors; rather than as a sufficient cause for regime change. Accordingly, the miscalculation of Goulart in relation to his political aides, leftists' leaders and military elites, by whom that he saw that they were his sides, might be a critical variable in leading to the end of the arguably peaceful relationship between civilian and military leadership. It seems that his political capital was not sufficient for him to prevent the military coup d'état.

Stepan noted, for Gramsci, to the extent that the notion of hegemony does not exist in civil society, compliance is obtained by "the apparatus of state coercive power which 'legally' enforces discipline on those groups who do not 'consent' either actively or passively" (Gramsci, 1971, cited in Stepan, 1988). In Brazil, the unstable nature of civil-military governmental coexistence during the economic and political crisis, led a bureaucratic authoritarian[35] regime to come to the forefront as a saviour that would satisfy the populace and reduce suffering.

In practice, the economic miracle wrought by the military dictators was crucial asset and functioned to some extent as a pretext for legitimacy in purging political and economic opponents. As noted by Roett, "the bureaucracy of the central government continued to make and to implement policy with little need for concern over popular opinion or legislative monitoring" (Roett, 1999:12). To reiterate, applying Gramsci's idea of civil society via the nature of coercive state power, there was very limited room for the ordinary person's voice to be heard in this era.

In fact, there were a series of five military dictators who ruled Brazil from 1964-1985: Castelo Branco (1964-67), Costa e Silva (1967-69), Emílio Médici (1969-74), Ernesto Geisel (1974-79), and João Figueiredo (1979-85). Although Roett divided this era into three periods, the military republic can be split into two different phases according to their different features. One is linked with the victory of hardliners in the military regime over the previous three military dictators (1964-74). The second phase, within which the two consecutive military regimes can be located, might be considered a process of re-democratisation. In line with the first period, as Skidmore notes, there was a series of purges and torture for the purpose of "cleaning house" (Skidmore, 1988). In addition, to legitimise and establish a legal basis for authoritarian governance[36], within ten days after the military coup, the Institutional Act, which "signified the new role of the military and a boundary change in the political system" (Stepan, 1971:210) was implemented and ratified. Conforming to the provisions of this act, these military regimes exercised their power and prerogative to suppress political opposition.

[35] This is term that O'Donnell coined.

[36] Skidmore (2009) noted that the Brazilian military officers had a strong legalist streak compared to other similar types of military officers who subverted other contemporary regimes (i.e. Peru and Chile).

In this respect, it would be beyond the scope of this study to further analyse every military regime and their distinctive characteristics under the auspices of the bureaucratic authoritarian. However, one of the critical features to take into account is the role and interaction of the U.S. with this military republic. Therefore, the U.S. endorsed this Brazilian military regime, which criticised and purged the socialist nature of the former political system. In practice, even before this newly successful military regime in Brazil settled down by justifying its coup and selecting General Castelo Branco as president of Brazil, the U.S. congratulated and recognised the new government (Stepan, 1971) [37]. In short, a paradoxical element existed in the U.S. engagement with the Brazilian authoritarian regime in relation to democracy and human rights.

This thesis observes that there is different level of paradoxical factors that can be seen in Médici's presidency (1969-74). As many scholars have pointed out, there were two elements which were considered features of his administration: repression and economic growth, referred to as a miracle. A number of studies have examined the correlation between political regimes and economic growth. Adam Prezeworski and Fernando Limongi's (1993) *Political Regimes and Economic Growth* has been widely cited due to their controversial position. First, they argue that "politics does matter, but 'regimes' do not capture the relevant differences" (Przeworski and Limongi, 1993:65). This is attributed to the fact that "[p]ostwar economic miracles include countries that had parliaments, parties, unions, and competitive elections, as well as countries ran by military dictatorships" (Przeworski and Limongi, 1993:65). Therefore political regimes, whether democracies or authoritarian regimes, do not make a difference. According to Prezeworski and Limongi, what matters is the level of state autonomy.

The links between types of political regimes and the level of economic growth would require further discussion, but will not be addressed as it is beyond the scope of this thesis. However, by taking Prezworski and Limongi's concept of state autonomy into account, President Médici, under the auspice of authoritarian regime, exercised his

[37] According to Stepan, right after a successful coup by then president Joao Goulart in March 1964, in the following few days, April 2 and 3, "the president of the United States, with great haste and undisguised warmth, congratulated the victors of the coup, and the State Department opened up aid discussions with the Brazilian government" (Stepan, 1971: 210).

supreme power to drive the Brazilian economy. As a consequence, as Skidmore noted, "[m]any Brazilians naturally concluded that increased national power and a rapidly growing economy [annually 10 percent of economic growth] were a result of going authoritarian" (Skidmore, 1988:110). That is, it seems that the tightening authoritarian regime, coupled with or resulting in economic revival (e.g. rising incomes) were favoured by those who benefitted, particularly hardliners and even the middle class. This economic growth created new opportunity for wage workers to some extent, although "[w]age rate lower down the occupational scale may not have increased much" (Skidmore, 1988:107). This legitimised the state governance and justified the increasing level of state autonomy.

A reciprocal web of actors (i.e. military officers, both hardliners and moderates, and technocrats) was sustained. Thus, through the power base of the military regime, President Médici was granted carte blanche by those who supported this type of regime and its policies. The majority of the populace, including labour workers, enjoyed a sense of economic prosperity through the trickle down effect, which at that time was driven by finance minister Delfim Neto. Although the economic benefit was marginalised, there were some benefits for ordinary people. However, as noted by Roett (1999) and Skidmore (1988, 2009), the issue of social equity was controversial. In short, what was inherently embedded the nature of hierarchical society had been widely revealed in this regime. The following statement indicates that all Brazilians acknowledged that they were different, even before the law.

> Th[e] system of differential justice was well understood by all Brazilians. It reinforced a hierarchical social structure that was tight but not impermeable. When Brazil grew economically, its elites expanded. Yet this mobility did not alter the hierarchy itself (Skidmore, 2009:167).

Returning to the argument concerning the highly repressive and economically successful Médici regime, this thesis perceives that an element, which was concealed in re-democratisation, had already found a logical moment to move on. In other words, the economic benefit of the middle class would not be enough if they were kept under control by the repressive regime. The second phase of military government referenced above, consisting of two consecutive presidents of a military republic, will be discussed

and analysed to determine whether and how ordinary people were involved in the process of democratisation.

Politics, particularly in relation to the U.S., and economics favoured the first period of the military regime. However, these factors did not enjoy prominence in the era of Geisel and his successor, Figueiredo. In short, these two correlated factors were major contributors to Brazil's re-democratisation. First, in the vein of domestic politics, Skidmore noted that "[t]he initiative for political change, surprisingly enough, came from within the military itself" (Skidmore, 2009:175). Geisel and his political adviser, General Golbery, were in the realm of a Castelista, a moderate government, lifting press censorship and easing television and radio censorship (Roett, 1999; Skidmore, 2009). This alarmed and caused within the officer corps, many of whom were hard-liners who still believed that "Brazil suffered from the malignant disease of 'populism,'[and] 'communism' […] that could be cured only by decades of harsh treatments" (Skidmore, 2009:175-76). Along with these political liberalisation measures (e.g. easing censorship and amnesty law), in the drive for governmental legitimacy in Brazil, Helena Alves (1985) and Fernando Pedreira (1975) observed that the Geisel government was in the process of decompression.

With the developing economic crisis which caused by the oil crisis of 1973, "[a] new basis for legitimacy needed to be found, one more closely connected to corporative institutions flexible enough to provide efficient clientelistic modes of support gathering" (Alves, 1985). In this vein, Skidmore noted that the Brazilian military group, particularly the Castelistas (soft-liners) believe that "only popular elections gave legitimacy" (Skidmore, 2009:176). In interviews with the Geisel government's consummate maneuverer, political advisor General Golbery, Stefan learned that "there was no long-term authoritarian solution available to Brazil that would have legitimacy" (Stepan, 1971:33). In relation to international context, with special reference to the U.S., as stated by Skidmore, Brazilian elites became keen on improving the county's image abroad, seeking to erase Brazil's repressive image (Skidmore, 2009).

"I reaffirm that the commitments of the 1964 Revolution [is] to assur[e] a free and democratic society" (*Discursos* cited in Skidmore 1988)[38]. This statement was delivered by President Figueiredo of Brazil in his inauguration speech. This demonstrated the continuity rather than change compared to the previous Geisel administration, with relation to continuing and accelerating liberalisation (*abertura*). Subsequently, the military authoritarian regime associated with Brazil for over two decades was eventually discarded and the first civilian president governed in 1985. In this line, as have discussed in reference to Geisel's rule, there were some preconditions (e.g. politics and economics), that led Brazil towards the process of democratisation, although it was slow.

As stressed out by Stepan (1988), there was no single determining factor, but rather an array of different elements which were conducive to the transition to a new regime. Amongst many factors, including economic turbulence, ten years of *abertura*, intensive contested elections, particularly in 1982, and the military's continuous discourse of commitment to democracy, this thesis argues that lack of solidarity and cohesion amongst military elites was one of the chief reasons for the emergence of a civilian government in 1985. Stepan's interview with a high profile military officer in 1981 demonstrates the detachment and discontentment amongst military officers with the military-led government.

> We are losing technical capacity […] [w]e have been restricting ourselves in weapons requests in order to get a good image as a government. It is hard to ask a military government for this support because we are the government. It will be easier for the military to advance our legitimate claims against a government led by a civilian (Stepan, 1988:57)

This is a direct example that reflects the political end of authoritarianism. Thus the military's internal unrest was a critical element in eventually changing the political system, though civil society also played an important role in bringing democracy back (Mainwaring, 1989). However, we now embark on a discussion and analysis of whether the interest of civil society was indeed reflected in the process of political rearrangement in the new republic and if not, then why?

[38] Found in Joao Figueiredo, Discursos (Brasilia:Presidencia da Republica, Secretaria de Imprensa e Divulgacao, 1981),vol.1. pp-1-8. (cited in Skidmore 1988, 212/380)

3.2.5 The New Republic (José Sarney to FHC & Lula)

Several modifiers describe a dynamic and critical political memory in Brazil with regards to re-democratisation in 1985: the new republic, the end twenty-one years of military rule, and embarkation on a new experiment in democracy. These express the desire and promise of a new and innovative political system which was inclusive of all. This study observes that these inferences were predominantly an illusion, although there were differing levels of political participation that ordinary people engaged in based upon different civilian governments throughout the years. Frances Hagopian's observes that "political arrangements, once in place, condition future political behaviour and possibilities" (Hagopian, 1990:148), and this was reflected in this transitional period, and has been valid even under the banner of socialism, specifically left-wing governments of Lula and Dilma Rosseff in the 21st century. Hagopian argues that whilst transitioning from an authoritarian regime to democratic government, "patterns of politics established in periods of transition have a very real and strong potential to become semi[-]permanent features of the political landscape" (Hagopian, 1990:148). The most important phase that shapes and determines the feature of new regime is the moment that allows new political actors to identify with the new orientation and institutions, discard old patterned legacies such as oligarchic patrimonial systems, and adopt new traditions. However, once the moment has passed, there is seldom a chance for political actors to regain this opportunity (Hagopian, 1990).

Relating to transitional movement toward real democratisation, we need to consider the extent to which those involved benefitted from existing institutions. The following subsection will discussed and analysed how and whether the effect of transitional moments were compromised by political inertia, by briefly reviewing Brazilian civilian governments post-1985. Ultimately, this thesis links these with the legacy of colonial history, as discussed in Chapter 2, for Latin America as a whole and here with special reference to Brazil, which spawned a patrimonial-clientelistic system that persists to this day. This critical feature provides the argument of this thesis – that historically embedded societal structure can be used as a reference point in understanding whether the voice of the local actors can be heard in the decision-making processes of regional integration, even under the auspices of leftist government in Brazil.

As noted by Kingstone and Power (2000), Hagopian (1990), Roett (1999), and Skidmore (1988) and others, a key feature that identifies a successful transition from a military to a civilian regime is pact. In short, a compromise between moderates from the military and civilian elites of the old regime formed an "equation", leading to the answer of a civilian government. Thus, by nature, there was little room for ordinary citizens' interest to be recognised in this transitional moment of. As a result, as indicated by Hagopian (1990), the corporatist form of state control and clientelism, which does not allow for citizens' interests to be framed as they might choose, these two undemocratic elements were imprinted into the post-authoritarian regime to "dissuade collective action on the part of citizens to 'signify their preferences' to the state" (Hagopian, 1990:153). That is, democracy by undemocratic means[39] has largely embedded itself and characterised the nature of Brazilian political arrangement in the civilian governments of Brazil.

From the outset of the redemocratisation of Brazil, the proverbial sword of Damocles seemed to hang over the complex and unstable political landscape of the civilian regimes. After a hiatus of nearly two decades, elected civilian president Tancredo Neves was not able to lead his country due to his illness. Subsequently, as noted by Roett (1999), unprepared and disinterested vice-president José Sarney took on the presidential sash by being primarily interested in "peacefully transferring the presidential sash to a civilian successor" (Roett, 1999:14). In short, from the very early moments, this newly launched democratic regime faced an unfavourable framework as the leadership was keen to realise new hope by discarding 'old problems.' Moreover, as seen in Table 7 below, the economy was chaotic and saw rampant inflation.

Year	Inflation % Variation
1980	110.0
1985	235.1
1987	415.8
1988	1037.6
1989	1782.9

Table 7: Annual rate of inflation, selected years, 1980-89 [*Source*: Werner Baer, 2008:410) cited in Skidmore (2010:185)].

[39] This was the title of a provocative 1990 article by Frances Hagopian.

In this vein, during Sarney's governing period (1985-90), there were widening gaps between rich and poor. This is shown by Table 8, which indicates broadening income inequality from 1960-1990.

	1960	1970	1980	1990
Lowest 20%	3.5	3.2	3.0	2.3
Next 60%	42.1	34.6	30.9	31.6
Top 20%	54.4	62.2	66.1	66.1
Top 10%	39.7	47.8	51.0	49.7
Top 5%	27.7	34.9	33.8	35.8
Top 1%	12.1	14.6	18.2	14.6

Table 8: Income inequality in Brazil, 1960-1990* (*Source*: Susan Kaufman Purcell and Riordan Roett, eds., *Brazil Under Cardoso* (1997:73).
*Percentage of the economically active population with nonzero incomes.

With the above table, Skidmore (2010) observed that while economic conditions in the 1970s increased the gap in terms of income inequality, economic turbulence of the intervening years, such as the debt crisis in the 1980s, further widened the gap between rich and poor in Brazil. In short, ordinary people, particularly the poor, were continuously marginalised in the realm of economic distribution whether the economic conditions were favourable or not.

In the spirit of democracy, with special reference to voting power, Lula da Siva of Brazil's left-wing party, the Partido dos Trabalhadores (PT), ran for president in 1989. However, Fernando Collor de Melo of the right wing party seized power in the hopes of overcoming the uncertain political and economic environment, a feature that had plagued the fledging civilian regime. Skidmore noted, "Collor proved to have a powerful appeal to the poor and to industrial workers" (Skidmore, 2009:204), winning the run-off presidential election against Lula. In this realm, Yousseff Cohen argues in *The Manipulation of Consent* (1989) that "the political consciousness of Brazilian workers was shaped by state elites and state structures rather than by workers' direct experience […]" (Cohen, 1989:10). In short, Cohen sees that "Brazilian elites had instilled in workers the authoritarian values of the state ideology in order to secure their quiescence and consent" (Cohen, 1989:117). This is a state-centred explanation which shows the impact of the state upon society. Thus the state is structuring civil society, rather than the reverse.

This analysis recalls the critical perspective of Roett upon Brazil as a patrimonial society. He argues that regardless of the political system, whether it is opened or closed, the patrimonial system has not been dismantled and instead "[t]he basic attributes have remained in place" (Roett, 1999:64). That is, the political actors and the personalities of elites may change; however, "the underlying commitment of a particular government or regime, and the way in which that regime or government acts to guide political action, has been able to determine the survival of the patrimonial order" (Roett, 1999:64-65). Accordingly, the structure of a patrimonial state, which dominates and controls society via top-down procedure, which is the nature of hierarchical and corporative institutions, largely remains, although the political elites and political regime have changed.

While it seems that the manipulation of consent of the consciousness of ordinary people is a critical feature in the new Brazilian democracy, a number of social movements and political critics have developed (Hochstetler, 2000). For Kathryn Hochstetler (2000), these social movements were generated and legitimised in two ways: opposition to the military (1978-84) and citizenship (1990s). There was a continuous use of language of inclusion and exclusion in relation to social, political, and economic issues within which the idea of citizenship is located. Through the use of language, the Collor government and that of his successor Fernando Henrique Cardoso arguably paid insufficient attention to policies which were supported by Brazilian citizens.

Under Collor's government, given the fact that Brazil had over two hundred state enterprises, most of which were losing money, privatisation was a high priority (Roett, 1999; Skidmore, 2009; Kingstone, 2000). Ben Ross Schneider (1991) has termed Collor's style of governance as political Calvinism (Schneider, 1991). In short, his reformative spirit was generated by political and economic turbulence. As the first elected civilian president in thirty years and with the ever-present issue of runaway inflation, this provided opportunity and greater leeway. Thus, in Collor's political Calvinism, according to Schneider, "individuals can remain essentially passive; they need only receive message from above and relate their reactions to pollsters" (Schneider, 1991:324). It seems this is a Messiah mode of governance, containing authoritarian and neo-populist elements, which is characterised by the personalisation of power.

Francisco Panizza (2000) argued that the nature of incompatibility between neo-populism and neo-liberalism in the fledging democratic order proved the Collor administration's shortcomings. Thus, this thesis views that the failure to meet the aims of this civilian regime can be analysed via a mixed image of liberal democracy and Messiah-style governance, which leaves less room for ordinary citizens to participate. The volatile inflation that plagued Brazil into the 1990s was mollified by the Real Plan under President Fernando Henrique Cardoso.

Year	Inflation rate (%)
1991	480.2
1992	1157.8
1993	2708.2
1994	1093.9
1995	14.8

Table 9: Annual rate of inflation, 1991-95 [(*Source*: Werner Baer, 2008:410) cited in Skidmore (2010:214)].

The seemingly successful anti-inflationary Real Plan and Cardoso's recognition of societal problems, – "Brazil is no longer an underdeveloped country. […] [Rather], it is an unjust country" (Souza, 1997:74) – made a path for Cardoso's return to government for a second term. However, it seems that domestic and international structural constraints, such as the interests of local people and states as well as the Asian Financial Crisis, jeopardised the Cardoso regime even as it presented the illusion of stability. To elaborate on the domestic factor, the political legacy that largely remains in Brazil is that of localism (via local elites) and regionalism (e.g. Sao Paulo, the state of Rio de Janeiro), which constrained the reforms of the Cardoso government if they did not favour the interests of local and state elites (Roett, 1997; Amann and Baer, 2000; Bethell, 2003).

In addition, in the realm of social inclusion under the Cardoso regime, this government was more supportive in relation to civil and human rights than any other government in Brazil; however, as noted by Bethell, "Brazil is a democracy of voters, not yet a democracy of citizens" (Bethell, 2003:32). In this line, Leslie Bethell indicated the following:

> "In the presidential elections of 1994, 18.8 % of those who turned out voted em branco [blank ballot] and nulo [spoiled ballot], 18.7% in 1998. Thus, in 1998 38.4 million Brazilians either abstained or voted nulo or em branco – more than those who voted for FHC" (Bethell, 2003:32).

Accordingly, this demonstrates in relation to structural limitations of reform under Cardoso's regime, that there was a continuous factor of policies and programs limited to include truly ordinary citizens. To reiterate, this is a critical aspect of Brazilian political culture and society which this chapter and this thesis as whole have persistently examined to see as to whether this might be an explanatory factor in understanding regional governance in South America in relation to local participation.

"What is important in analyzing a political leader is not where he comes from, but where he is going; not his reference group in the past, but his present and future reference groups" (Petras and Veltmeyer, 2003:13). This statement echoes two Brazilian political leaders: Cardoso and Lula. As discussed above, Cardoso endorsed neoliberal policies, in particular aiming to quell hyper-inflation, although he was a well-known scholar of path-dependency theorists, who provided a basis for anti-liberalism. Lula has been arguably been even further oriented toward liberal orthodoxy (Flynn, 2007), given his seemingly antithetical life history, including his time as a metal worker. With two consecutive periods of governance (2003-2010), Lula finally left his office with an 83% approval rating (Folha de Sao Paulo, 30 Dec 2010). In short, this record indicates that Lula's regime was highly successful in embracing the majority of Brazilian citizens.

There is a critical image which to some extent symbolises and represents the overall work of Lula for his people in his presidency: the Janus-faced state. In short, this thesis understands that the Janus-faced state under the rule of Lula is a survival characteristic designed to cope with domestic needs, such as social welfare, and international context, specifically the capitalist-dominated world order, generating pragmatic political and economic policies. In this context, the Lula government implemented flagship social policy programs such as Bolsa Familia (family allowance programme). This programme is designed so that "human capital can be enhanced as a development vehicle by providing money to families to persuade them to invest in themselves through greater participation in education and health service" (Hall, 2006:691).

The raison d'être for Lula and his government is related to representation for traditionally underrepresented people and groups. This particular government and its political elites see "poverty as their responsibility to do something about" (Reis, 2012:179), contrary to conventional wisdom in which "elites may perceive the

consequence of poverty as being detrimental to their own interests" (Reis, 2012:180). Therefore, this thesis observes that this rationale provides a superficial strategic justification for the Lula government and his political elites by asking for a sacrifice from ordinary people to understand why and how leftist governments rule in order to overcome poverty. This is a critical departure in understanding how elites (especially political elites) govern and at the same time manipulate their citizens in a political and economic context.

In analysing the Lula regime and its elite interdependence in a globalised capitalist economy, Matthew Flynn (2007) articulately states that "Lula's government [did] not [form] corporate links to civil society but incorporated [itself] into the institutions that represent capitalist class power" (Flynn, 2007:10). In a similar line, Petras and Veltmeyer noted that "the militants who built the party through grassroots movements have been replaced by 'neo-Lulistas', upwardly mobile functionaries, professionals with no history of class politics" (Petras and Veltmeyer, 2003:11). The Lula government faced, in the end, "a corruption scandal, leading to a crisis described as 'the most extensive in the whole history of the Brazilian republic'" (Flynn, 2005:1221).

Additionally, Hall criticised that the Cash Transfer Program (CTP), which he saw as leading to the perpetuation of a hand-out culture and causing to "increased clientelism as politicians consciously use and manipulate these programmes as part of wider political and vote-capturing strategies" (Hall, 2006:707). Therefore, the Lula government and its political elites seem to represent their interests rather than the supposed interested of Partidos dos Trabalhadores (Workers' Party – PT). To reiterate, this thesis understands that there is a sense of continuity in relation to the lack of public representativeness, which shed lights on regional governance, with special reference to decision making-procedures at the regional level of projects and policies.

To sum up, through a brief explication of the political and historical context of modern Brazilian governance, with special reference to the limited nature of ordinary citizens' political participation, this thesis found that this political culture is largely embedded as a characteristic of continuity in Brazil, regardless of ostensible political affiliation. The following section analyses how Brazilian political elites view the U.S. and China. Subsequently, it will link this discussion with Chapter 3's analysis to demonstrate that

the presence of China is more compelling than that of the U.S. in the Latin American region, particularly in Brazil.

3.3 The perception of Brazil and its political elites toward the U.S. and China

The following section will discuss domestic actors' perceptions of international actors. An exhaustive study in this area would be Monica Hirst's (2013) analytical framework of the five A's (alliance, alignment, autonomy, adjustment, and affirmation), which is highly relevant to this thesis, shedding light on the dynamic relations between the U.S. and Brazil over time.

By taking Hirst's analysis of the bilateral relations into account, the history of the U.S.-Brazil relationship can be understood as the sum of "different phases, oscillating between 'good' and 'cool' without ever tipping into open hostility" (Soares de Lima and Hirst, 2006:33). The milieu in which Brazil associated with the U.S. seems to not be wholly negative, despite the ups and downs of their relationship. However, Brazil's preference for its autonomy led to the formation of a different circle (e.g. South-South cooperation, and regional power via South American regional institutions, among others). In short, throughout the history of U.S.-Brazil relations, Brazilian political elites perceived the transformations and asymmetries of the two countries and reacted accordingly. The Figure 4 demonstrates the dynamic of the convergence and divergence between two countries:

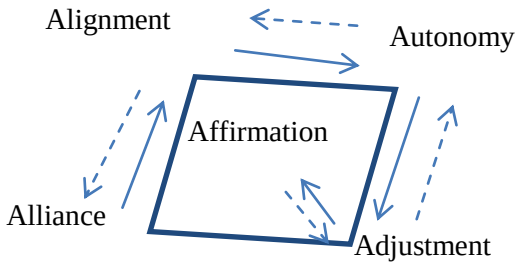


Figure 4: The dynamic relationship between the U.S. and Brazil. (*Source*: author's design, according to Hirst's [2013] analytical synthesis)

Old Republic period (1889-1930) of Brazil is represented by "Alliance" in the above illustration, in which the U.S. and Brazil, respectively viewed the European system, more particularly the United Kingdom, as a common enemy. As Hirst (2013) and

Teixeira (2011) note, the Baron of Rio Branco, minister of Foreign Relations (1902-1912), who was an influential political figure and is considered the patron of Brazilian diplomacy, regarded the U.S. as a fraternal partner in drawing up a multi-polar world system.

From this equitable level of relations between the U.S. and Brazil, Alberto Banderia (2006) sees economic interdependence "in which Brazil was 60-70 percent dependent on coffee exports and on the North American market" (Bandeira, 2006:14) in the first half of twentieth century as an example of "Alignment." This frame is met with Getúlio Vargas's government, which, as discussed above, exhibited authoritarian features and pushed for modernisation; whereas the U.S. needed to "assure a military base on the Brazilian Northeast coast in order to support its operations in the North of Africa" (Hirst, 2013:38). In short, political alignment along with the economics led the relationship of the two countries to be defined by a strategic-interest based mutual necessity.

In the bipolar world order of the Cold War era, Brazil, particularly the Janio Quadros – João Goulart government (prior to the military regime in 1964) attempted to posture Brazil as a neutral power, as part of the Non-Aligned Movement, resorting to the basic postulates of Independent Foreign Policy (Hirst, 2013). However, under the Castelo Branco military regime, as inferred by a statement from Foreign Minister Juracy Magalhães, "what is good for the United States is good for Brazil" (Bandeira, 2006:17), this seemed to be an overall principle of Brazilian diplomacy. That is, the overarching perspective of Brazilian political elites toward the U.S. could be summarised by this minister's statement. However, a revival of solidarity with the Third Word came to the fore under General Costa e Silva (Banderia, 2006) and was further reinforced by the following military regime, Ernesto Geisel (1973-79) (Hirst, 2013). Meanwhile Brazilian foreign policy kept seeking to replace the alignment with a special relationship with the U.S., due to the fact that Brazil's exports became oriented to the sale of manufactured goods (i.e. shoes, steel). As Hirst (2013) articulates, the U.S. president Jimmy Carter, championed human rights issues, and this, by nature, served to criticise the military regime in Brazil and eventually generated low political attunement between the two states.

External factors such as the end of the Cold War, economic globalisation, and Brazilian domestic factors including the re-emergence of a civilian regime, provided the environment for a process of change in U.S.-Brazil relations, an "Adjustment". According to Banderia (2006:21) and Hirst (2013:59-62), this concept was demonstrated by the Fernando Collor de Mello administration and particularly by the Fernando Henrique Cardoso (1995-2002) administration. While the U.S. and Brazil recognized the need for complementary cooperation in the new millennium, Brazilian political actors drew a broad and different picture in response to the ambitious U.S. hemispheric free trade zone, extending from Alaska to Pantagonia, and to some extent Plan Colombia which "projected an investment of US $1.3 billion in military aid to the counternarcotic program" (Bandeira, 2006:23). That is, a different version of the Monroe Doctrine, or as this thesis proposes, the Cardoso Bolivar Doctrine, named after General Simon Bolivar, as shown below:

> Cardoso wrote on the eve of the summit [the first time 12 South American presidents gathered under the leadership of Cardoso] that it would be a moment for the reaffirmation of South America's identity as a region where democracy and peace advance the prospects for an increasingly energetic process of integration among countries that live together in the same neighbourhood.
>
> (Excerpted from "Brasil e a nova America do Sul" from *Valor Economico* August 30 2000 *in* Banderia 2006:23)

The historical meeting of all twelve presidents of South America under the leadership of Brazilian president Fernando Henrique Cardoso was a strikingly critical moment in terms of Brazilian politics, regional power systems, and the global power mechanism. This will be further analysed in the following chapter. This meeting seems to lay bare intentions of Brazil's political elites toward the confirmation of regional power and the challenge of global power, especially the U.S.

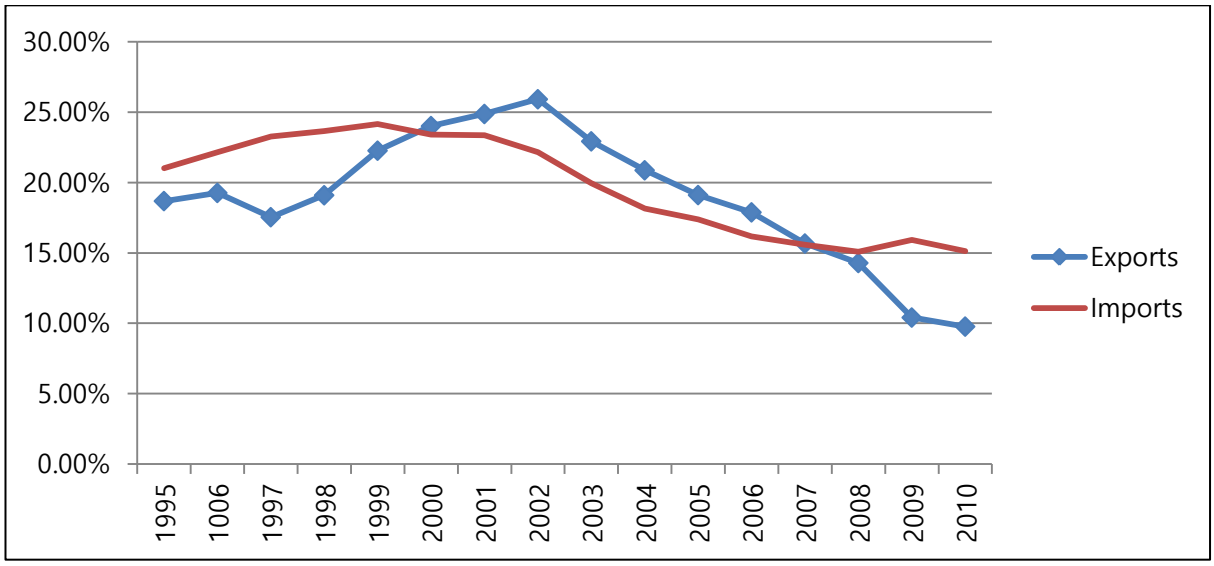
In this line, Cardoso, during his first meeting with President George W. Bush in Washington in March 2001, shortly after his meeting with twelve South American presidents in October of the previous year, said the following:

> That's true. I do agree with the President [Bush having said that the spirit of cooperation is the important thing]. I believe that – we have, of course, from time to time some difference. That's normal between nations. Yesterday the President said, American – to be American first. Well, I would say the same, to be Brazil first. That's normal. But then let's see how to cooperate

(Excerpted from remarks by President Bush and President Cardoso of Brazil during a photo opportunity in the Oval Office of the White House, 30 March 2001)

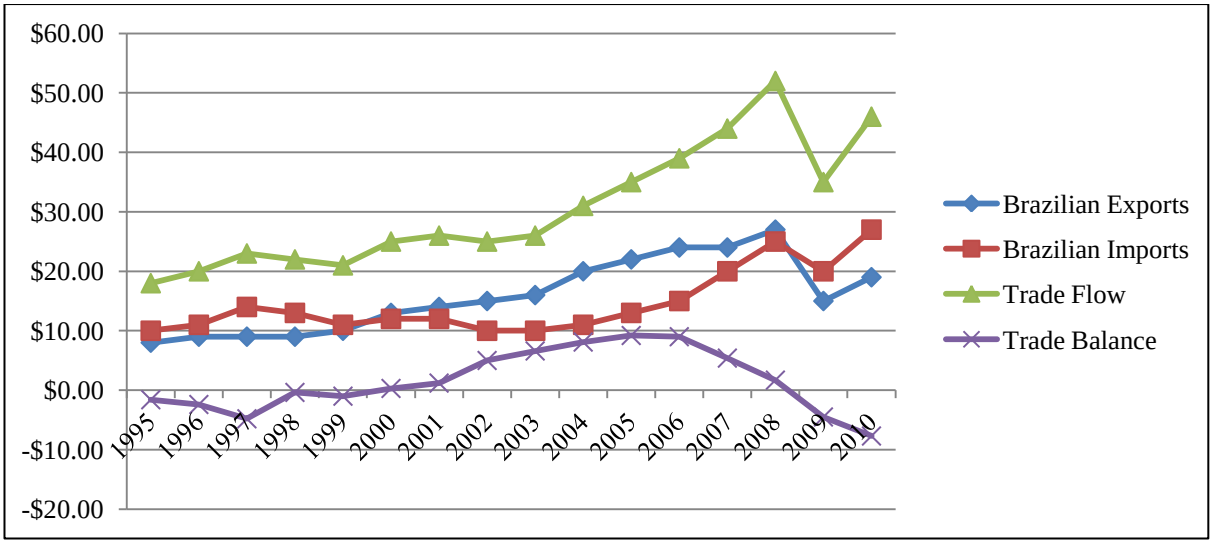
In this similar vein, Cardoso re-articulated that Brazil is more interested in South American sub-regional cooperation than hemispheric configuration in which the U.S. utilises its hegemonic power, by stating that "Mercosur is a destiny for us, while the FTAA is an option" (Rother, 2001).

Along with the projection of political estrangement from the U.S., fading economic interdependence seems to be another feature, as shown in the following graph, of the first decade of the twenty-first century.



Graph 3: Brazilian Trade with the U.S. (1995-2010) (*Source*: Raw data from the Inter-American Development Bank's official website).

Graph 3 demonstrates that the proportion of Brazilian trade with the U.S. was at its peak in 2002 and clearly declined afterwards, with less than 10% of Brazil's exports going to the U.S. in 2010. Graph 4, however, shows an increasing volume of bilateral trade, except in 2009, a clear effect of the financial crisis originating in the U.S.



Graph 4: Brazil – the U.S.: Evolution of Bilateral Trade US $ billion, FOB (1995-2010) (*Source*: Raw data from the Inter-American Development Bank's official website).

The above graphs are somewhat contradictory however. As argued by Teixeira (2011, 2012), Brazil increased its interdependence within the global system, diversifying trade partners, rather than solely trading with the U.S. The latter has been ingrained in the notion of asymmetric relations. The varying scope of interdependence with other countries, especially with regard to foreign trade, provides more leverage for Brazilian elites when dealing with the U.S. As asserted by Hirst, the era of the Lula regime can be phrased as "an affirmative approach in the dialogue with the United States" (Hirst 2013:62).

Beginning with Lula's leadership in Brazil, as indicated by Soares de Lima and Hirst (2006:25), the discourse of South-South cooperation and its further institutionalisation came to the forefront. One of the emblematic initiatives that Brazil took was aiming to achieve globalisation with a human face and shared development by proposing and taking the lead on the UN campaign Action Against Hunger and Poverty, instead of supporting the anti-terrorism, Washington-endorsed initiative in response to the events of September 11 (Soares de Lima and Hirst 2006; Hirst 2013). Furthermore, Brazilian foreign policymakers aimed to develop strategic partnerships among developing countries by forming an international level of cooperative mechanisms including IBSA[40] and BRICS[41] to ensure that their voices would be heard in the existing world

[40] The International Tripartite Forum, of which India, Brazil, and South Africa are member countries.
[41] An international association of emerging national economies includes Brazil, Russia, India, China, and South Africa.

order, particularly looking toward the U.S.

As for regional power mechanisms, with the continuation of the Cardoso government, the limiting agent of the relationship and source of deep divergence between Brazil and the U.S. was the FTAA. Lula lambasted the initiative, saying that the "FTAA isn't really a free-trade pact. Rather, it's a policy of annexation of Latin America by the United States" (Bandeira, 2006:24). While the U.S.-backed FTAA initiative stalled in 2005, Brazil increased its bargaining power and reasserted its regional hegemony by enlarging the extension of South American regional institutions including UNASUR. This thesis has already discussed the evolution of regional institutions in South America, particularly those initiated by Brazil in Chapter 2 of this study.

Another critical moment in which Brazil, and its political actors view the U.S. as less powerful than it was and, leading Brazil to reassert its region and global influence, is the 2008 financial crisis. At the 2009 G-20 summit, where addressing the flaws in the financial and supervisory architecture and searching for ways to overcome, Brazil was treated differently. President Obama said of Lula, "[t]hat's my man right here…[l]ove this guy. He's the most popular politician on earth. It's because of his good looks" (Jaketapper, 2009). While Brasília was well-treated by Washington at this G-20 summit, a few days previously Lula criticised that the nature of the global economy, saying it was "fostered and boosted by irrational behaviour of some people that are white, blue-eyed. Before the crisis they looked like they knew everything about economics, and they have demonstrated they know nothing about economics" (Watt, 2009). To reiterate, while Brazil criticises the financial crisis, pointing to the U.S. as the main culprit, Washington praised Brazil. In this context, as argued by Andrew Hull at the Woodrow Wilson Center with the title, "Brazil as a Regional Power: Views from the Hemisphere" that "beginning with Cardoso and quickening with Lula, the perception has grown that Brazil has finally assumed its place as global and regional leader" (Arson and Sotero, 2010:5).

Thus, given Brazil and its attempts to enlarge the extension of political and economic influence in and beyond the region, this thesis argues that (1) Brazilian elites (especially political elites) benefitted from historically embedded societal structure, as recognised

here in patrimonial society, and have gone on to (2) redraw regional and even global political maps so as to maintain and further utilise their power. To connect the theme of this research project in relation to regional governance, with special reference to public representativeness in regional projects, this thesis observes the emergence of China in this Latin American region, as discussed in Chapter 3, to see whether and how China has interacted with Latin America as a whole and what the implications of this interaction might be. In the following section, it will be discussed and analysed the way in which Brazil, and particularly its elites, understand and perceive the presence of China globally and particularly in this region.

3.4 Brazil and China: Shared gains, shared hopes, and political-economic ties

Many scholars have focused on the economic issue of whether Brazil and China are partners or competitors (Jenkins, 2012; Pereira and de Castro Neves, 2011; Bull and Kasahara, 2011; Gouvea and Montoya, 2013; Gallagher and Porzecanski, 2008). There is no doubt that trade relations and foreign direct investments are critical elements in shaping and developing these nations' mutual relations. However, the following section does not examine whether their economic relationship most resembles that of partners or competitors, rather, it aims to trace their political connection, particularly from the perspective of Brazilian political elites. This will allow one see how and whether this relationship can be amplified by increasing economic interdependence.

The Qing dynasty of China (ruling from 1870s to the early twentieth century) established diplomatic relations with Brazil and four others Latin American countries namely Mexico, Peru, Panama and Cuba (Shixue, 2006:203). Since the Communist Revolution in 1949, the political party's motives have been a critical factor in overall foreign policy. According to Jiang Shixue (2006:203), the first Latin American political party to establish relations with the Communist Party of China (CPC) was the Brazilian Communist Party in 1953. Furthermore, Brazil was one of the first countries to establish diplomatic relations with the PRC, even when Brazil was under an anti-communist military dictatorship (Domínguez, 2006; Cardoso, 2013).

Along with diplomatic ties, when President José Sarney visited China[42]to meet his counterpart, Deng Xiaoping, "both sides agreed that the 21st century would be 'the Pacific Ocean century' and 'the Latin American century'" (Zhiwei, 2012:135). This indicates that each respective country acknowledged that both countries will be leading their respective axes of the regional political economy and security and therefore mutual cooperation will be necessary to reinforce the respective domain of each. In this vein, as He Li (1991:91) and Mann (2002:39) pointed out, Brazil and China's relationship has expanded to sharing technology, namely nuclear atomic energy (1980s) and cooperative satellite research, culminating in the launch of the joint satellite into space in the1990s.
With these favourable contexts, their relationship was upgraded to a strategic partnership in 1993. Some have criticized this strategic partnership as only present in rhetoric (Junior, 2010). However, as Cardoso (2013) argued, centuries of positive Sino-Brazil bilateral relations function as nourishment to reinforce their interdependence in an evolving world order. Consequently, these political and strategic interdependencies have reached their apogee in the beginning of the twenty-first century, particularly in terms of mutual economic dependence. As asserted by Zhiwei (2012:136) among others, the following statement addressed by President Hu Jintao at the Brazilian Congress in 2004 summarised the orientation of both parties:

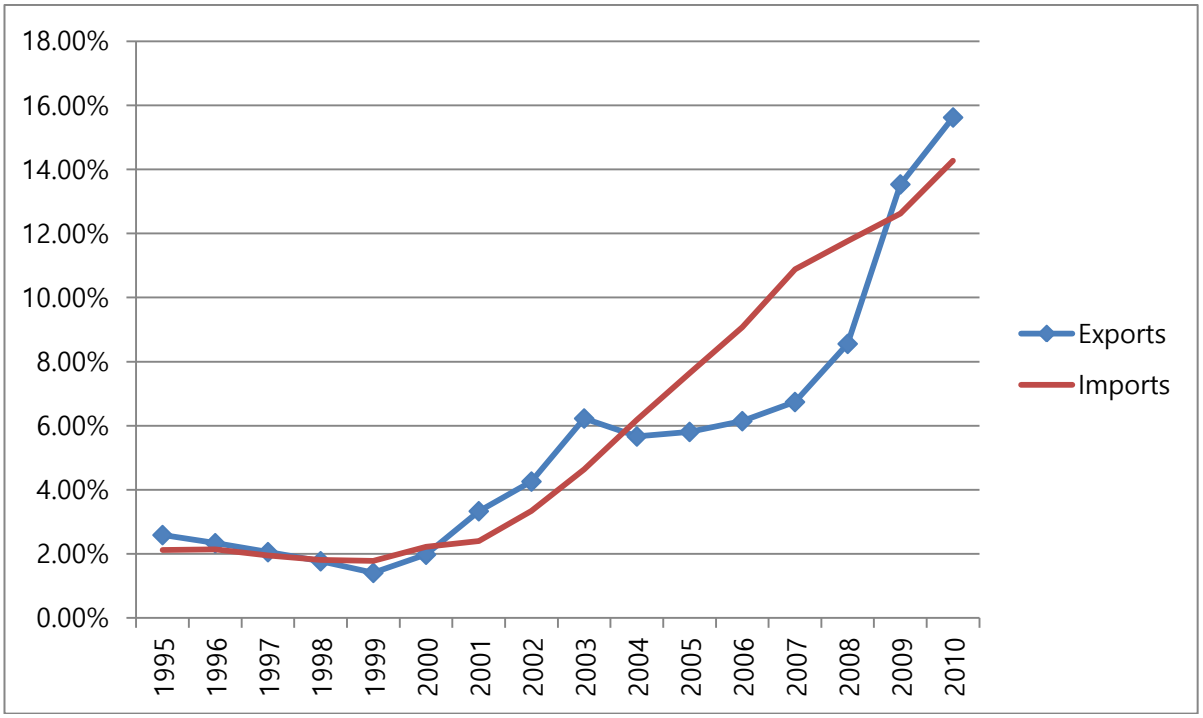
> China and Brazil strengthening their strategic partnership is not only advantageous for the prosperity and progress of both countries, it is also advantageous to maintain world peace and to promote collaborative development
>
> (Xinhua, 13 November 2004)

To reinforce cooperation and for the deepening of bilateral relations, a memorandum of understanding (MOU) was signed in 2004 to establish higher levels of coordination and cooperation (Zhiwei 2012). Its mechanism involved eight subcommittees including politics, economy and trade, science and technology, aviation, culture, agriculture, natural resources, and education (Zhiwei, 2012:136-137). These omnidirectional interactions produce enriched channels for dialogue, which result in a positive perspective for both sides, though arguably more greatly for Brazilian elites. In this vein, President Lula during his second state visit to China said that it was the most successful visit, during which he witnessed the signing of 13 cooperative agreements concerning

[42] According to Zhou Zhiwei (2012), João B. Figueriodo was the first Brazilian president to visit China.

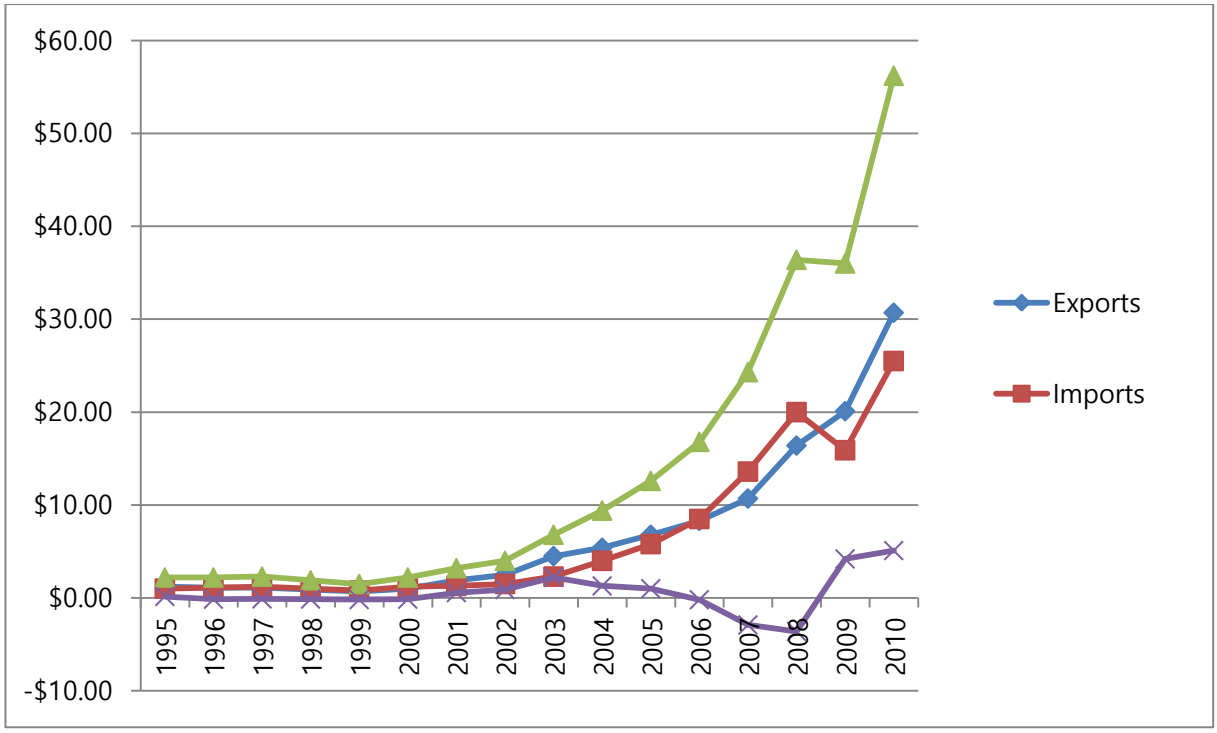
oil, financing, port use, and other issues (Xinhua, 20 May 2009; Zhiwei 2012:140).

Along with the bilateral "tailwind" socio-political partnership, the following two graphs indicate how the Brazilian and Chinese economies have become strongly and increasingly interdependent:



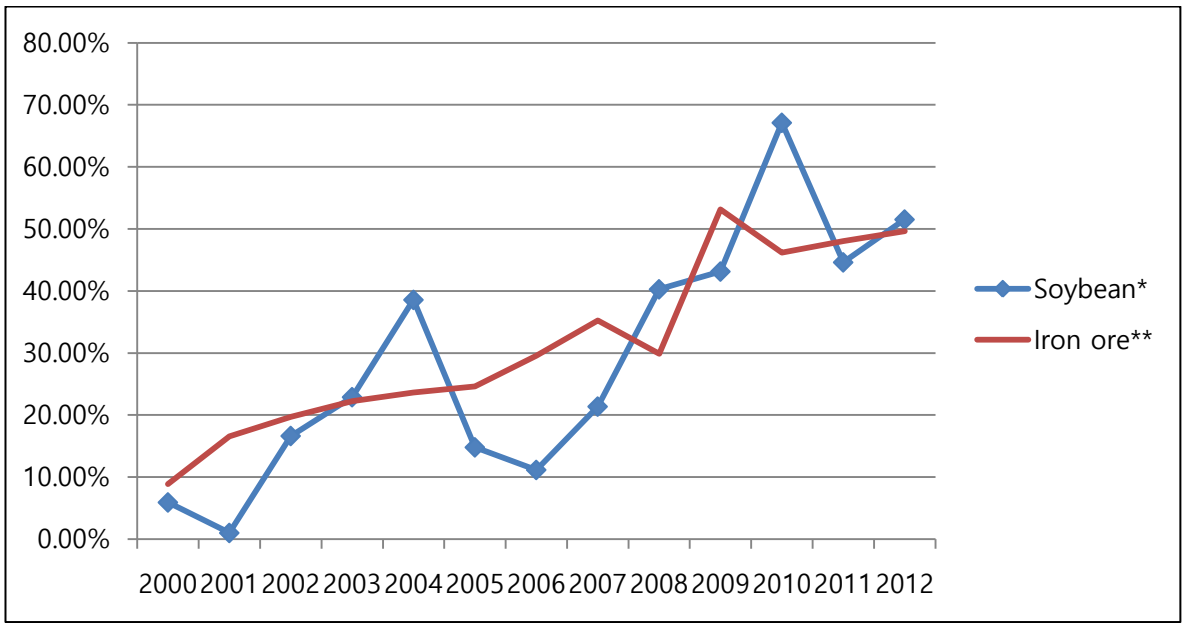
Graph 5: Brazilian trade with China (1995-2010) (*Source*: Raw data from the Inter-American Development Bank's official website).

Particularly when compared to Graph 3, which shows Brazilian trade with U.S., the trend is exactly opposite. Furthermore, the volume of Brazilian trade with China has surpassed trade with the U.S. since 2009. The financial crisis in 2008 seems to be a turning point in which Brazil-China trade relations exceeded those with the U.S. in terms of mutual economic dependence.



Graph 6: Brazil-China: Evolution of Bilateral Trade US$ billion, FOB (1995-2010) (*Source*: Raw data from the Inter-American Development Bank's official website).

With respect to primary commodities, particularly soybeans and iron ore, which are the main exports to China, the percentage of exports has risen steadily as shown below in Graph 7.



Graph 7: Brazil – China: Evolution of Bilateral Trade in Soybeans and Iron ore, US $ billion (2000-2012) (*Source*: Author's calculation based on HS code (i.e. soybean*:1507 & iron ore**: 2601) from IDB.org).

*The description of HS 1507: Soya-bean oil and its fractions, whether or not refined, but not chemically modified.

**The description of HS 2601: Iron ores and concentrates, including roasted iron pyrites.

Graph 7 illustrates that the proportion of Brazil to China trade of both soybeans and iron ore is more than 50% of total Brazilian exports of these commodities, according to data for 2012. These items are representatives of soft and raw commodities which are key in understanding China's interest in Brazil: Brazil is very important trade partner that enables China to realise its national interest, and likewise for Brazil. There are growing concerns and that Brazil's trade with China is one sided and over-dependent in terms of exporting basic goods and importing value added production (Pereira and de Castro Neves, 2011; Farnsworth 2014). Moreover, in Brazil's non-commodity sectors, which include medium and high technology manufacturers, Chinese and third party countries are increasingly competitive with domestic products (Pereira and de Castro Neves, 2011). In this sense, particularly, as pointed out by Pereira and de Castro Neves, *Federação da Industria do Estado de Sao Paulo* (FIESP), the most influential Brazilian industries and pressure group, has criticised Chinese currency policy and even pled for protectionist measures against Chinese products (Pereira and de Castro Neves, 2011:5).

The nature of Brazil-China relations are arguably so for the short to mid-term period, as each needs the other in order to fully meet their economic needs and global power aspirations. A complementary cooperation with less asymmetry is a fundamental basis that describes and sustains their bilateral relations. Therefore, this thesis understands that starting with fewer trade-based interdependent interactions, such as diplomatic relations and technology sharing through energy and aerospace programmes, among others, have generated a positive perspective on both sides. Subsequently, China's economic development, coupled with its increasing need for primary commodities, generated an overall positive effect on Brazilian exports and domestic economy from the beginning of the twenty-first century. This context therefore fuelled the high political expectations from and shaping of the political and strategic mindset of Brazilian elites (Domínguez, 2006; Pereira and de Castro Neves, 2011; Zhiwei, 2012).

In this vein, this thesis argues that Brazilian elites politicise economic interdependence with China in two different realms: domestic and regional/international. Given that the cooperation between Brazil and China has been predominantly economic, this study

concludes that Brazilian elites politicise economy to increase their political capital. Since the beginning of the twenty-first century, particularly during the Lula administration (2003-2010), Brazilian officials have leveraged their economic success abroad, largely by means of economic growth (e.g. exporting primary commodities with special reference to China),in domestic, South American, and international politics. As discussed in the article by Farnsworth (2014), "Brazil's China Syndrome", this is understandable for Brazilian political elites. In this line, Dominguez even noted that "Brazilian public opinion welcomes China's influence in the world and its growing power" (Domínguez, 2006:29).[43] In a changing world order, Brazil, particularly its political officials, aspire to be positioned in the centre. Thus, China becomes an increasingly and critically meaningful global partner so as to solidify their regional base and from this base step to global power.

3.5 Conclusion

The first part of this chapter has discussed and analysed the nature of Brazilian political society, with special focus on the evolution of political regimes. It has found that a key feature that has been manifest throughout Brazilian political history is the patrimonial concept of society. Although the political regime has adopted democratic traditions, the traditional political elites' practices have continued mostly uninterrupted (Hagopian, 1990, Roett, 1999). Hagopian has provided a critical and particularly insightful analysis, arguing that democracy was obtained by undemocratic means due to the lack of *povo* (people) involved in it. Rather, it was acquired by the pact between moderate military officers and traditional elites. Therefore, the top-down procedure of transitioning to democracy is a characteristic of Brazilian democratisation, in which the existing power holders are more likely to sustain their prerogatives and exercise their power even in arguably new political systems. By this logic, this thesis argues that there would be less space for ordinary people to deliver their voice to be heard in particular projects and policies at the state level, especially as political elites are interested in a political-economic gain, thus creating a justification to bypass the local communities' interest.

[43] To the degree of welcoming and appreciating the role of China in Brazilian particular economic aspect, this research will explore how and whether the local level residents and political/economic elites enjoy the emergence of China (i.e. Chapter 5 and 6).

To reiterate, this thesis argues that in the name of helping local people, particularly in relation to poverty, the primary concern of state actors and political elites has been to maximise its endowments for the purpose of increasing economic growth, which would lead to a reduction in the number of citizens living in poverty. However, the Brazilian government has undertaken this initiative unilaterally, instead of listening to what citizens are asking for. Therefore, this patron-clientelistic state of society exists widely and is justified even in the new century.

With this historically embedded Brazilian structure, the remainder of this chapter argued that Brazil, particularly its political elites, would give China more prominence in their strategic thinking and action than the U.S. To support this argument, this chapter showed the historical interactions in Brazil-U.S. and Brazil-China relations. Subsequently, it found that the phase and shape of interaction in reference to Brazil-U.S. and Brazil-China relations are inverted in terms of trade and political intimacy according to political elites' perception. Thus, this analysis allows us to why Brazil would prioritise China and its interests above those of the U.S.

Subsequently, with this level of interaction between Brazil and China, this thesis argues there are many stories which can be developed, particularly given the fact that China's imports are principally targeted toward primary commodities. Furthermore, since the beginning of the twenty-first century, the Chinese government's Go Out policy, which encouraged Chinese companies, especially state-owned companies (SOEs) to invest internationally, aiming for sustainable development by means of acquiring raw materials, which require trade from resource-abundant countries like Brazil. Logistic competitiveness for both sides needs to be considered, incentivising modernisation and the construction of infrastructure to facilitate trade. China's 2008 policy paper on Latin America and the Caribbean clearly stated that China is not only willing to peripherally cooperate in infrastructure development via investment but also be ready to give practical support for infrastructure construction in Latin America[44]. In this realm, as stated by Li Jinzhang, Chinese ambassador to Brazil, "[i]nfrastructure will be the top focus area for Chinese companies seeking cooperation with Brazil in the future"

[44] Under subsection 2, *in the economic field* of the Section 4, *Strengthen China's Comprehensive Cooperation with Latin American and Caribbean Region*, clause 2 and 6, respectively state the importance of infrastructure-related cooperation.

(Wenjuan, 2013) at the 20th anniversary of the Brazil-China Comprehensive Strategic Partnership.

Thus, this leads to the main line of investigation of this thesis: to what extent the emergence and presence of China in Latin America, particularly the South American region, has an implication in relation to South American regional governance, with special focus on regional integration via infrastructure. More specifically, with the ongoing socio-political context of Brazil, namely a historically embedded patrimonial system, and with Brazil and China's strategic partnership going beyond trade, Brazil, particularly Brazilian political elites might have greater and various political and economic leverage and conditions in driving regional integration policies and projects. Therefore, as argued by this thesis, public input and representativeness, which is one of the characteristics of new regionalism, might not be adequately considered when the processes of decision-making for regional projects are taking place.

Accordingly and subsequently, the following 'story' must be represented by an empirical case study to determine whether local actors' voices are heard when a regional project is planned and implemented. For this particular purpose, the next chapter will lay the methodological groundwork this empirical research.

CHAPTER 4

METHODOLOGY: METHODS AND APPROACHES FOR THE ANALYSIS OF REGIONAL INSTITUTIONS IN SOUTH AMERICA

"To see a world in a grain of sand,
And a heaven in a wild flower,
Hold infinity in the palm of your hand
And eternity in an hour[45]."

William Blake (1804)

4.1 Introduction

The main objective of this study is to find out whether the effect of regional integration in South America reflects the interests of local people through their public participation. In other words, it attempts to assess whether and to what degree local residents who are affected by regional projects and policies participated in the decision-making procedures behind those projects, as well as the reasons why they did or did not participate. To contextualise this research, the previous chapters, which are based upon existing literature, provided a background for this study and equipped it with its analytical framework and lens.

In short, regionalism studies in Latin America as a background of projection of region building, and historically embedded societal structure in Latin America and the role of internationally active actors (i.e. the U.S.[46] and China[47]) in Latin America provide the analytical framework. Under the context of twenty-first century sub-regionalism,

[45] This poem inspires me to think about how a small part – a single case study – can represent complex phenomena by elucidating the features of a larger class of said phenomena.
[46] As shown in Table 2 of Chapter 1, concerning new regionalism in Latin America, the U.S. engaged directly in new regionalism in Latin America, particularly Phase 1.
[47] China's involvement appears to be a contextual factor over the course of Phase 2 of new regionalism in Latin America, rather than directly affecting regionalism itself.

Chapter 3 focused on the role of political actors in Brazil and the nation's perceptions of the role of external actors such as the U.S. and China. Thus, the effect of actors and historical institutionalism, considered here as the historically embedded societal structure, are two key analytical concepts. A factual case study on a regional integration project brings an empirical element to the research question of this thesis. The main aims of this chapter are to outline the methodology that underpins the two key analytical concepts (actors and historical institutionalism) and the empirical case study, as well as explain the methods used for data collection.

This chapter draws upon two principal approaches: firstly, the multi-level analysis approach which informs my conceptualisation of the role of different levels of actors involved in South American region-building, and secondly, institutionalist approaches, which provide a mechanism that allows me to understand and analyse the nature of Latin America's dynamic societal structure. Given the combination of multi-level analysis and institutional approaches throughout this chapter, I argue for the cases for methodological pluralism (e.g. mixed methods) as a means to address the research problem. The main methods of data collection employed are semi-structured interviews with local, state, and federal level elites, and questionnaires for local residents. Furthermore, official documents and locally published documents, such as *Historia y Memorias de las Tres Fronteras, Brasil, Perú y Bolivia* are utilised to conduct research. The process-tracing method for the case study, under the institutionalist approaches, is also a particular asset.

This chapter also includes a consideration of research ethics as details of the planned fieldwork period, destinations and anticipated and encountered problems. The methodology is designed in order to produce synergies that take advantage of different methodological approaches while remaining internally consistent in order to understand the relationship between the role of different levels of actors, particularly including internationally active actors (i.e. the U.S. and China) and historically ingrained societal structure in a given concrete case study.

4.2 Multi-level of Analysis / Approach

Dividing the three levels of analysis in politics, particularly in the field of international relations emerges most saliently from the work of Waltz (1959) in his *Man, the State, and War*, publication that slices up the world into three-levels: individual, nation-state, and international system. In his subsequent masterpiece, *Theories of International Politics* (1979), these three different images[48] provide a space for scholars; particularly from International Relations to debate which image is the most critical level in understanding the dynamics of international politics, so as to criticise structural neorealism. The first variant of critique comes from those who are not persuaded by the explanatory merit of the third level variable (i.e. the international level). There have been a variety of second-image-matter literatures on foreign policy. For instance, Andrew Moravcsik (1997) emphasises how domestic politics produced national preference and the preferences; these preferences in turn are linked with foreign policy behaviour. In this similar line, debunking the state as a unitary actor, Helen Milner (1997) further examines the aspect of domestic politics and highlights that the interaction of the domestic actors' preferences eventually define how the international game is played out.

Another group of international relations scholars challenged the division between the domestic and international spheres. In this respect, Robert Putnam (1998) argues that when considered in isolation, neither studies of purely domestic-level nor purely international-level factors can explain international interaction. In short, the two-level logic of Putnam contributed to stimulating the research on dynamic processes of international bargaining and domestic bargaining. In this similar line, Peter Gourevitch stressed that the international system is "not only a consequence of domestic politics and structures but a cause of them" (Gourevitch, 1978:911). In short, we should study domestic structures and the international system as a symbiotic whole, instead of separating them into two realms. Furthermore, as pointed out by Gourevitch, "Nye and Keohane, Karl Kaiser, Edward Morse and other stressed the growing role of transnational, international and multinational actors…in shaping policy" (Gourevitch, 1978:893). The discussion on the various levels of analysis provides an insight for the

[48] The term used by Kenneth Waltz to describe levels (cited in Burchill and Linklater and his colleagues 2009:20)

types of methods that this research suggests. In fact, different levels of analysis are required, particularly for a globalised political economy system.

While it is important to examine different levels of actors for world politics, we also need to understand how these actors become or remain embedded within a particular institutional context, which for this study refers to South American region building. The project to identify and understand mechanisms of reproduction and the institutionally configured relations of power suggests a fruitful synergy with institutional approaches.

4.3 The Institutionalist Approach

Throughout Chapter 2, this research attempts to understand the societal structure of contemporary Latin America, coupled with the legacy of colonialism. In doing so, some institutional-laden literature and their analytical implications were employed. These include work from Ben Ross Schneider (2009), Stephen Haber (2002), Theda Skocpol (1979), and Collier and Collier (1991). In this section of this methodology chapter, some of these institutionalist approaches are revisited to inform the methods that this research employs, for the purpose of understanding the dynamic of historically embedded societal structure in connection with new regionalism.

With no detailed discussion here[49] in relation to the analytical merit of new institutionalism, particularly historical institutionalism, as shown in the following figure 5, these two somewhat bifurcated analytical frameworks provide an insight for this research. In other words, this analytical framework below mainly focuses on providing a broad framework to analyse the panorama of the dynamics of Latin American societal structures, as discussed in Chapter 2.

[49] For further elaboration on this point, see the previous chapter (i.e. Chapter 2).

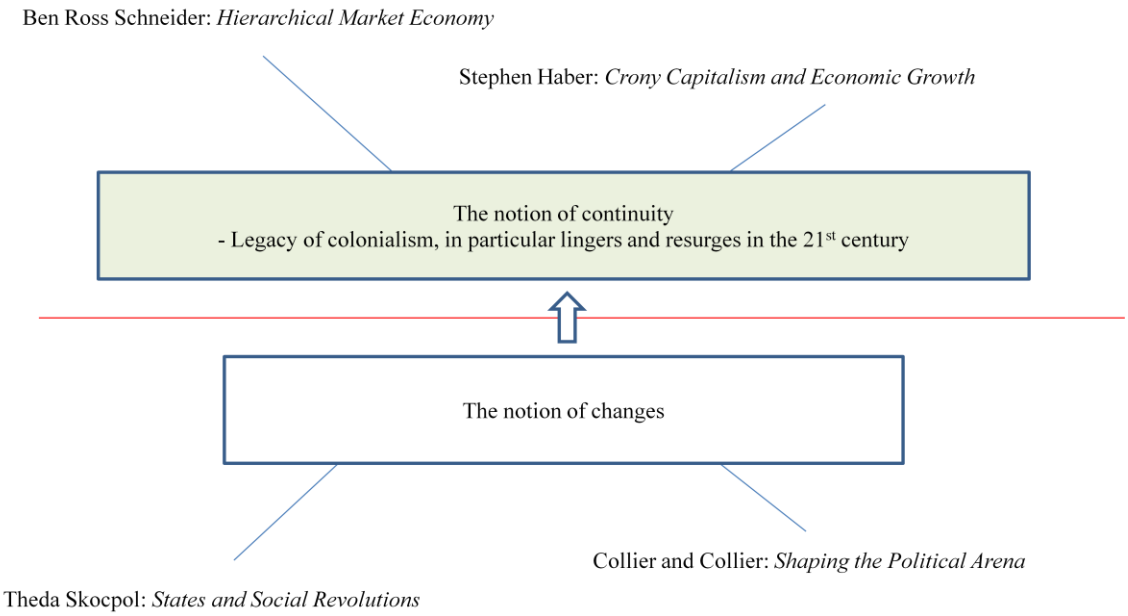


Figure 5: The dynamic nature of historical institutionalism (*Source*: Author's formulation based on the existing literature)

Works by Skocpol (1979) and Collier and Collier (1991) are employed as analytical frameworks largely for the notion of changes in the twentieth and twenty-first centuries. Building upon Skocpol's examination of the interaction between class and state structure, with particular attention given to international contexts, this analysis provides an insight into understanding and explaining the social movements during the 1990s in Latin America, particularly South America, that eventually changed the political map, from being dominated by right-wing governments to left-wing ones.

The two analytical pieces by Schneider (2009) and Haber (2002) provide insight to how historically embedded societal structure still persists in the new millennium, paying particular attention to the close relationship between politics and economics. This is useful in understanding the characteristics of local-level actor-ness, which refers to public participation (representativeness) in the processes of regional projects and policies.

This study values these two different analytical frameworks as together they shed light on the logical flow of societal structure in Latin America – its desire to change, yet its inability to overcome inertia – over the contemporary period. Ultimately, this chapter argues that characteristics of the hierarchical embedded societal structure cause Latin

America to be confined in the nature of path dependence[50] under the framework of historical institutionalism. Prior to addressing the particular methods for the multi-level analysis and institutional approaches, the research questions are revisited; in fact, these questions are derived from and related to multi-level approach and institutional analysis.

Revisited Central Research Questions

Below are the primary research questions that broadly define the boundaries of this research project and several other supporting research questions. The supporting questions are used to help refine the answer to these two primary questions.

Primary research questions:
The principle focus of this thesis is guided by the following questions:

1. Are the new regional institutions in contemporary Latin America really different from the old ones in terms of level of public input (representativeness)?

The second primary research question builds on the first to ask:

2. Whether new regionalism (e.g. market-led regionalism) can be used to deliver greater inclusivity and socially progressive policies that increase equality?

Secondary research questions:

1) To what extent is there local support for these regional projects? And how significant a factor is local support? To what extent have local citizens participated in the decision-making process?
2) To what extent do international actors play a role in shaping the degree of public input and representativeness of the institution in the new regionalism?
3) How can we understand how the state mediates between the competing imperatives of sub-national and supra-national actors to generate regional projects and policies?
4) What are the theoretical implications for the literature of new regionalism of these new regional institutions in contemporary Latin America? To what extent and in what way is regionalism changing in Latin America and to what extent is it "new" in the sense the literature defines the term?

[50] As defined in Chapter 2.

These questions are important in addressing the reality that since the beginning of the twenty-first century South American countries (except Colombia) have formed centre-leftist governments that emphasise social democracy and show an interest in region building. As discussed in Chapter 1, since the beginning of the twenty-first century, the regional institutions in South America, particularly UNASUR, have aimed to have the continent internationally recognised as the new emerging region in the new global order. Internally, the member countries of regional integration entities, including UNASUR and ALBA, aim to be able to provide for the interests of (what used to be) under-represented people, from a policy oriented-perspective. In this context, while these (centre-)leftist governments are seeking a larger slice of the economic pie, particularly through natural resources endowment so as to obtain relevant financial resources to carry out social programmes, the internationally active external regional actor that is China is also engaging the South American region under the framework of their Go Out policy[51].

In short, South America and China seem to have entered a mutually necessary partnership, one that is needed to secure their interests. Different levels of actors – international, national, and local – are now engaged in South American region building. These multiple levels of actors involved are also confirmed by the existing studies of new regionalism. As such, given the characteristics of leftist governments, it would be interesting to see how political elites in South America, particularly Brazil, govern the twenty-first century new regionalism within a historically embedded societal structure. Therefore, combining multi-level analysis and the institutional approach offers fruitful opportunities for understanding the various factors, their complex interactions, and their effects on South American region building. Thus, it informs triangulation and mixed methods to obtain the relevant data.

4.4 Triangulation and mixed methods research

It is less clear-cut to distinguish between triangulation and mixed methods by looking at their usages. However, each term has a slightly different emphasis and definition.

[51] As explained in introduction of this thesis, the Go Out policy is a Chinese national programme that encourages state-owned companies and/or private companies to move beyond Chinese borders for the purpose of sustainable development and to actively pursue goods, mainly natural resources.

Triangulation encourages the researcher to collect evidence from multiple sources in the study of a social phenomenon, aiming at corroborating a single finding, in other words, to have the work cross-checked (Della Porta and Keating, 2008; Bryman, 2012; Yin, 2014). Mixed methods research pertains to combining the use of both quantitative and qualitative research into a single study (Bryman, 2012; Yin 2014). Thus, whereas a common ground of these two research terms aims to increasing greater validity, the former is to be employed to describe research that combines just quantitative research methods or that combines just qualitative ones or both; the latter, places more emphasis on the combination of quantitative and qualitative research methods (Bryman, 2012). For this particular research project, it has both characteristics of quantitative and qualitative research methods, which have derived from the research methodology discussed above.

In line with the purposes of this research, multiple level interviews were conducted. Thus, in-depth and/or semi-structured interview were carried out, which are situated under the realm of qualitative research methods. Using a multi-level approach via interview methods is critically important to test the core research question concerning the role of local participation and reasons for this participation or lack thereof. Furthermore, a survey was conducted for particular local-level actors. This involves quantitative research method, and at the same time, the open-ended questions of this survey facilitated freedback from local residents regarding practical interests *in a real site*. This is under the realm of the institutionalist approach. The process tracing method[52] used by the case study here, which is on the Inter-Oceanic Highway and its relation to an actual town, is derived from the institutionalist approach. To further support the process tracing method for the particular case study, official documents, locally published books such as *Historia y Memorias de las Tres Fronteras, Brasil, Peru y Bolivia*) and cited observations were employed.

Thus, for the methodology and methods, the purpose of this round of research is to combine quantitative and qualitative data in order to cross-check the findings via multiple measures to ultimately ensure greater validity. The following section will present and discuss how each method (i.e. interviews, questionnaires dissemination and

[52] As defined in section, 4.7.3

process tracing of the case study) collect the relevant data or information to increase our understanding of the actors or institutions involved, and more specifically how each method provides empirical data to evaluate whether genuine public representativeness actually occurred at the local level in region-building in South America. The following part of this section briefly discusses the site selection for this research, prior to moving into the variation of research methods and data collection techniques that this thesis has employed.

4.5 Representative Sector

As can be seen Map 1, there are ten IIRSA hubs (also known as axes) that plan to physically integrate South America so as to facilitate its economic, transportation, communication, and energy networks.

Map 1: Ten hubs/axes of South American regional integration (*Source*: Adapted from official IIRSA website).

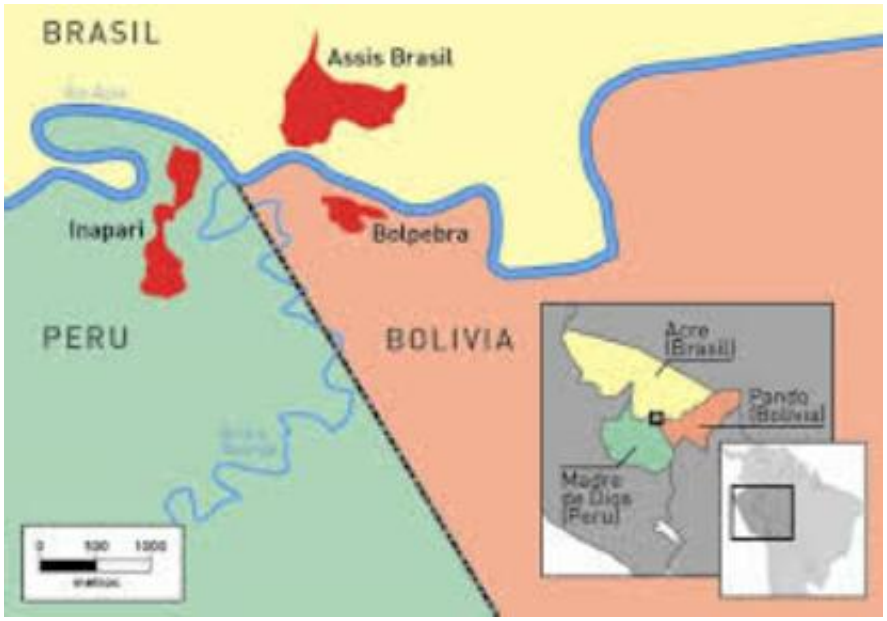
A detailed study about IIRSA will be introduced in the following chapter. For now, it is evident from this map that the largest area that this IIRSA programme covers is the Amazon hub, which consists of Brazil, Bolivia, Peru, Ecuador, Colombia, and Guyana.

However, this thesis has chosen not to investigate this hub as a principal area. This is simply because the area is too big for an individual researcher to cover given the limited amount of time and resources. Additionally, as stated earlier, this thesis mainly focuses on Brazil as a key country as it is a leading figure for integration efforts in the region. Consequently, this research is situated and conducted in the tri-border area under the Brazil–Bolivia–Peru hub in order to explore how regional integration takes place in this hub. One of the advantages of covering this tri-border area is to see how the regional implementation of a project connects two or three different countries in socio-economic and political terms. This in turn opens the way to a future research project on comparing how each nation and its local actors respond to such regional projects.

For this round of research, the fieldwork, which is conducted in this tri-border area, primarily focused on the Inter-Oceanic Highway that connects the three states. Subsequently, this research explored a Brazilian border state called Acre and a border city called Assis Brasil. These have been deemed as a representative sector in which to conduct fieldwork research. Notably, the border state and its border city is a launch site for this unique regional project (the Inter-Oceanic Highway). The following section will discuss why this particular little border town, Assis Brasil, is an important place for the research to be conducted in order to determine whether the nature of new regionalism exists, in other words, whether there was public input in the process of a regional project and why or why not.

4.6 Site selection

The empirical research for this thesis was based in a small border town called Assis Brasil as a municipal-level case study. The town is situated between and connected to Iñapari (Peruvian border town) and Bolpebra (Bolivian border town). This triple-frontier border city (Assis Brasil) used to be disconnected from Brazil's other inner cities, such as Brasiléia, which is also in the state of Acre, as well as neighbouring countries Peru and Bolivia.



Map 2: Brazil, Bolivia and Peru divide the border. Assis Brasil, Bolpebra and Iñapari are three border cities that share the Amazon area (*Source*: Adapted from http://www.ub.edu/geocrit/sn/sn-292.htm).

However, this little border city (Assis Brasil) has changed drastically due to the Avança Brasil programme[53] under the Fernando Henrique Cardozo government (1996 to 2002) that linked this border town to its neighbouring city, Brasiléia in order to connect it to Brazil's central configuration. Under IIRSA's mega-infrastructure highway project, this border town became a frontline as a starting point that ultimately connects directly to Peru and indirectly to Bolivia from the Atlantic side of Brazil. In short, under the Avança Brasil program, which aimed to build physical links via the construction of a highway in this Brazilian Amazon area, the inauguration of the last portion that links to Assis Brasil via the BR 317/AC took place on 20 December 2002. Having this BR 317/AC road (Inter-Oceanic Highway in Brazilian side) completed under the leadership of Cardozo, the government's aspiration to move towards the Pacific Ocean continues in the construction of a bridge called the Integration Bridge (Ponto do Integração), which links Assis Brasil to Iñapari in Peru. Lula declared the following in the official opening ceremony of this bridge in January, 2006;

[53] This research views that this national Avança Brasil programme was a benchmark for IIRSA as IIRSA seems to be an expanded version of the programme. More details on this Avança Brasil programme will be introduced in the following chapter (Chapter 6).

> *Esta ponte, construída pelo governo do Estado do Acre como o apoio do Governo Federal, é o primeiro passo na realização de outro sonho antigo: a ligação sul-americana entre o Pacífico e o Altantico.*
>
> *(Resenha do Itamaraty, 2006)*

> This bridge, built by the state government of Acre with the support of the Federal Government, is the first step in the realisation of another old dream: the connection of South America between the Pacific and the Atlantic.
>
> (Review of the Itamarty, 2006)

> *Tenho certeza que a história vai registrar que fizemos mais para a integração da América do Sul do que tantos que passram em um século.*
>
> *(rondonoticias, 23 January 2006)*

> I am sure that history will record that we did more for the integration of South America than has been done in a century.
>
> (rondonoticias, 23 January 2006)

> *Estamos nos associando para favorecer investimentos produtivos na Amazônia...A ponte Assis Brasil-Iñapari traz beneficios imediatos para essas duas cidades irmãs. Mas, sobretudo, ela abre perspectivas de desenvolvimento e de inclusao social. Agiliza o acesso das comunidades locais aos principais centros urbanos. Torna mais competitivas as exportações da região para os mercados internacionais do Pacífico e do Atlântico.*
>
> *(Resenha do Itamaraty, 2006)*

> We are partnering to encourage productive investments in the Amazon ... T*he Assis Brazil-Iñapari bridge brings immediate benefits to these two sister cities (emphasis added)*. But above all, it opens prospects for development and social inclusion. It streamlines the access of local communities to major urban centres. It increases the competitiveness of the region's exports to the international markets of the Pacific and the Atlantic.
>
> (Review of the Itamarty, 2006)

Thus, the construction of this bridge has a great deal of meaning beyond just connecting different border cities. It represents a historical moment that physically connects two South American nations for the first time; it marks the foundation of South America as a regional entity, which is linked with the aims of UNASUR and receives the support of IIRSA. Given this significant economic and political strategic perspective, Assis Brasil was chosen as a local-level case study to understand to what extent local citizens participated in the decision-making process of the regional integration effort.

In other words, as this city is located at a key intersection and would thus be strongly affected by the scale of this impending highway, if public input were to matter in the

new regionalism, then it should matter here in this tri-border city. If there was no significant local input for this project, then we can conclude more generally that public representativeness did not take place in a key area on the ground where it should have been influential.

This research will explore whether political leaders and/or official documents[54] actually cared about public representativeness in the processes of regional projects and policies. Furthermore, this empirical study will examine the ways in which political participation in twenty-first century regionalism takes place in this South American region. To determine the degree to which local residents participate in this specific regional-level integration project, this research conducted interviews with local residents including (ex-) mayors, local association leaders, and state- and federal-level elites who were involved in this project. This round of research also disseminated questionnaires, which included open-ended questions, to local residents in order to gather feedback from the local level. Thus, triangulation is used while it can also be considered a mixed method for the purpose of testing the case by exploring difference sources on the same event or process. These particular data collection techniques will be elaborated upon next.

4.7 Methods and data collection techniques

This section outlines the methods employed by the thesis for data collection and the strategies the researcher used for the analysis of data. The research initially consisted of a combined method of data collection techniques which included semi-structured and/or in-depth interviews with political elites and others, including academic researchers and officials from regional organisations. Questionnaires were also disseminated as a method of data collection. Once in the field, the methods employed included the collation of local daily newspapers and a published book largely related to this regional project – under the realm of process tracing. In order for a more rigorous analysis to be possible, this research collated quantitative data, such as from the survey, which aimed to acquire a certain degree of accuracy, generalisability, convenience, and replicability – the factors that lead to a great degree of objectivity as a feature of positivists. However,

[54] In Chapter 6, a series of official documents by IIRSA will be presented and they will be analysed based on how the statements made, particularly in relation to public inclusiveness in region building, have been or will be met.

as stated by Marshall and Rossman (2006), there are certain weaknesses: "They are of little value for examining complex social relationships or intricate patterns of interaction." (Marshall and Rossman, 2006:126) Accordingly, to mitigate for the limitations of these quantitative surveys, qualitative in-depth interviews were conducted at the local, national, and federal level of political elites. Particularly, interviews with local residents provide participants' perspective-based information, making their views available to research for the first time. This allows us to uncover the participants' stance, which will be discussed in detail next.

4.7.1 Interviews and its background procedure and contents

As stated above, this research conducted in-depth and/or semi-structured interviews with political elites across three different vertical levels who were involved in the regional integration projects in Brazil and, to a lesser extent, Peru[55] as well. Furthermore, different categories of people including local and national academic researchers, official of local and regional organisations in Acre, and local residents were interviewed as part of this research. The following table demonstrates the number of interviews conducted and the role and characteristics of the interviewees, so as to identify who they are and to indicate how they might be involved in regional governance. Particularly, the interviewees' codes shown below will be matched with those whose statements were included in this thesis, particularly in Chapter 5 and 6. However, a number of interviews were conducted and less formal conversations were had that have not been included below because they have not been directly employed in this thesis.

Number	Code	Status	Nation State	Level	Role/Affiliation
1	1EBFI	(Political) Elite	Brazil	Federal	Director-General at American Bureau, Itamaraty
2	2EBFO	(Economic) Elite	Brazil	Federal	Director at the International Development and Business, Odebrecht

[55] The researcher visited Peruvian border cities including Iñapari, Iberia, and Puerto Maldonado and conducted, to some extent, a similar level of research. The merits of this approach will be presented in the conclusion of this PhD thesis in the section on further and future research.

3	3EBFP	(Political) Elite	Brazil	Federal	Director of the Department of Infrastructure Issues at Ministry of Planning, Budget and Management
4	4EBFB	(Political) Elite	Brazil	Federal	Economist at International Trade Area at Brazilian Development Bank (BNDES)
5	5EARI	(Political) Elite	Argentina	Regional	Senior Economist at International Development Bank (IDB)
6	6EBSA	(Political) Elite	Brazil	State	(Ex)High official as head of staff members, State of Acre
7	7ECIC	(Political) Elite	China	Internatio nal	Professor / Deputy Director at the Chinese Academy of Social Sciences (CASS)
8	8EBSU	(Political) Elite	Brazil	State	Professor at the Department of Politics in the University of Acre
9	9EBLA	(Political) Elite	Brazil	Local	Public official at municipality of Assis Brasil
10	10EBLM	(Political) Elite	Brazil	Local	Ex-Mayor of Assis Brasil
11	11EBLF	(Political) Elite	Brazil	Local	A representative of the National Indian Foundation in Assis Brasil (FUNAI)
12	12EBLN	(Political) Elite	Brazil	Local	Director of Human Rights and Citizenship of Assis Brasil (NGO)
13	13EBLW	(Political) Elite	Brazil	Local	Head of Workers' Union (STR) in Assis Brasil
14	14EBLT	(Political) Elite	Brazil	Local	A member of the Teachers' Trade Union (SINTEAC) in Assis Brasil
15	15EBLM	(Political) Elite	Brazil	Local	Ex-mayor of Assis Brasil governed when the

					Integration Bridge plan was executed.
16	16EB/PLP	(Political) Elite	Brazil/Peru	Local	Ex-pubic official in Peru
17	17RBLT	Local Resident	Brazil	Local	A member of a local Taxi drivers' union (SINTAXI)
18	18EBSS	(Political) Elite	Brazil	State	Director of International Deparment at the Forest Development Office (SEDENS), State of Acre
19	19RBLF	Local Resident	Brazil	Local	A member of Fishing Association in Assis Brasil
20	20RBLC	Local Resident	Brazil	Local	A member of Commerical Organisation in Assis Brazil
21	20EBSC	(Economic) Elite	Brazil	State	An entrepreneur of an company that trades with China
22	22EBLM	(Political) Elite	Brazil	Local	Current Mayor of Assis Brasil

Table 10: The number of interviews conducted and the role and characteristics of the interviewees (*Source*: the author developed this table based on the interviews undertaken).

Thus, as has been shown above, twenty-two interviews were conducted and these correspond to participants who expressed their opinions and appear in Chapters 6 and 7. The following subsection will explain the strategies used to access these individuals for interviews and interview procedure and contents will be addressed subsequently.

4.7.1.1 Strategies used to access stakeholders for interviews

Deciding to travel to the Amazon region for my doctoral research, particularly in the tri-border state of Acre, I did not know anyone in the area, and I found it difficult to even find a place to stay during the fieldwork. Although I was located by that time in São Paulo as a visiting fellow at the state University of Campinas, scholars at this institute informed me that they had never have been there as Acre is such a remote and impoverished area with little infrastructure. Thankfully, one of scholars at this host

university contacted his fellow via Facebook whom he met during a conference in another different city. This scholar was a professor at the University of Acre who eventually endorsed my research and was of great help to me in relation to introducing key stakeholders to be interviewed.

Furthermore, using Internet and sending e-mail, I contacted a few officials of regional organisations that are located in Rio Branco, the capital city of Acre, while I was preparing for fieldwork in this area and staying at Sao Paulo. The Amazon Environmental Research Institute (IPAM) and its regional director were kind enough to support my research, not only supporting me in building a list of key contact personnel, but also providing useful background information for me in relation to this region, with a special focus on my research-related issues. Moreover, IPAM provided me with a research facility with a desk and internet access to conduct research in Rio Branco.

In addition to accessing the stakeholders to be interviewed via the aforementioned strategies, I also contacted some authors who have published in the field in which my research is situated. Moreover, for the interviews of high officials, particularly at the Federal level, I made a list of contact points via the UNASUR website and found delegates from Brazil who attended international meetings for the purpose of mainly infrastructure-related development. Subsequently, my efforts to schedule interviews with these officials via e-mail were mostly unsuccessful; thus, upon arriving at Brasilia (the capital city of Brazil), I directly accessed their office building and called from the lobby to respectfully introduce myself and my research and attempt to schedule interviews. Once one official was interviewed, then this individual helpfully introduced other relevant officials that I needed to approach. Thus, this functioned as snowball sampling (Bryman, 2011) in which I was being referred by other (elite) interviewees who had already been interviewed or contacted.

This snowball sampling approach also worked at the regional (i.e. the state of Acre) and local level (Assis Brasil). During the time spent at the state University of Acre in Rio Branco in the Amazon region, a scholar introduced a secretary of the Mayor of Assis Brasil, and the Mayor in turn provided me with contact details for a person that I needed to interview. Eventually, this networking allowed this study to actively engage with local and national levels of actors who were interested in and/or affected by this regional project.

4.7.1.2 Interview procedure and development of interview content

Before travelling to Assis Brasil, research materials were gathered in São Paulo in order to obtain a general understanding and orientation of the chosen Amazon area. Whilst residing in São Paulo, the researcher obtained data and documents related to the South American regional integration, including the content of the interview and lists of interview contacts. In preparation for fieldwork, particularly in relation to the interview contact points, the research also visited nearby Rio Branco, the capital city of Acre.

In an attempt to fully comprehend the perspectives of this state, which passes the Inter-Oceanic Highway towards the Pacific Rim, the research began with in-depth interviews, akin to conversations, with some of the locally based non-governmental organisations (NGOs) in the state. Through covering various topics of conversation, I gained a deeper understanding of this locality, with the interviews with the IPAM and its regional director being especially insightful. I also gained access to some co-founders and active participants of the MAP initiative. With an acronym formed by the first letters of the names of three bordering states, Madre de Dios in Peru, Acre in Brazil, and Pando in Bolivia, MAP is a leading entity in this region for fostering environmentally friendly sustainable development.

In addition, some active members of Direito Humano (Human Rights), a local NGO conveyed their perspectives via in-depth interviews. Contributions from scholars from the University of Acre and government officials enabled this study to be more coherent. The abundantly-rich conversations provided a remarkably crucial stepping stone in leading the research to settle down in the border city of Assis Brasil. To reiterate, to obtain a fruitful insight to deepen the incomplete understanding of this region, the research has expanded through the use of in-depth interview style of conversation with different stakeholders. This round of interviews, particularly at Rio Branco, the capital city of Acre, led this study to be situated and conducted in Assis Brasil.

Upon arriving at this tri-border city, Assis Brasil, the research began with meeting and interviewing contacts (e.g. (ex)-mayors) previously introduced at the capital city (Rio Branco) of Acre. The details about this particular border city and its establishment will be discussed and elaborated in Chapter 6. Research was conducted in this area for two

months, with interviews local residents (e.g. public officials, restaurant owners, and teachers), as well as leaders of locally based organisations who have lived there for a decade or more. The questions in the interview were streamlined to focus on understanding the dynamics of regional integration in this area. This type of interaction with local residents effectively led to the research being conducted through another method: questionnaires. The content-based questions were formulated with a better understanding of the region, springing from the researcher's active engagement with local residents via frequent conversations and on-site observations. Thus, the second data collection that this research utilised was questionnaire dissemination.

4.7.2 Questionnaires and related data collection method

As mentioned, the questions in this survey were informed by and tailored according to interactions with local residents. This research employed a structured survey with open-ended questions in order to obtain comparable information and yet allow participants to elaborate on their responses.[56] Since this survey was designed for households, in particular heads of households, all data was collected by visiting individual houses (door-to-door). In order to meet with the target interviewees, surveys were conducted in appropriate time slots: when the heads of the household had returned home, which was usually around 12:00 pm, when they had remained in their houses for two hours, and at around 5:00 pm. The survey was also conducted over weekends, which tended to be better as interviewees had more time to response and engage with the questionnaires. When interviewing a head of the household, the research would choose a man. If the male head of the household was not available because of work and/or a temporary absence from the house, the researcher would come back later to interview the male head of the household. In the case that a woman was the head of the household, which was very rare in this round of random sampling, the interview was conducted with the female head of the household.

According to data obtained from the city hall in Assis Brasil, research was conducted in two different areas in Assis Brasil: urban and rural areas. The urban area consists of five different sub-areas where locals reside. According to city hall data, approximately 55%

[56] Please refer to the Appendix.

of Assis Brasil's residents are located in the urban area. These five sub-areas (called barrio) are Centro, Cascata, Placido de Castro, Bela Vista, and Km02. Although the local population is more or less evenly distributed (see appendix), slightly more people are located in barrio Centro. The questionnaires were intended to disseminate to reflect this distribution. Therefore, a random sampling was done for this round of the research in a certain structured way. As will be discussed later in the chapter, there were some challenges that caused conducting research in a rural area[57] in this municipality to be less feasible. However, despite the challenges of long distance and incredibly poor road conditions after the wet season, this study managed to conduct its research in rural areas. The following Table 11 demonstrates the urban and rural areas of this municipality for the purpose of disseminating the questionnaire and conducting conversation-based interview. Eighty-eight surveyors (heads of household) responded and completed the survey in both urban and rural area of this municipality. These are distributed as follows:

Area	**Urban**		**Rural**	
	Name of barrio (sub-areas)	# of respondents / total number of families	Name of colonial[1] (sub-areas)	# of respondents / total number of families
	Centro	26 / 269	Livremeta	2 / 87
	Cascata	18 / 202	Sao Pedro	2 / 50
	Bela Vista	12 / 257	Parguacu (Bacia)	4 / 68
	Placido de Castro	11 / 160		8 / 205[2] / 648[3]
	Km2	13 / 58		
		80 / 946	**Subtotal: 88**	

Table 11: Distribution of survey respondents according to total number of families as well as area of residence (*Source*: Obtained from the author's fieldwork in 2013).

1) There are 11 sub-areas of the rural part of this municipality. As stated above, it was the rainy season, resulting in extremely difficult access to other rural areas, especially since this rural area is huge. Thus, as a lone independent researcher, given the time, resources and weather constraints, it was almost impossible to conduct the survey in these isolated rural areas.
2) This number, 205, is the total number of families living in the rural areas where the researcher actually conducted fieldwork.
3) This number, 648, is the total number of families that reside in the entire rural area.

While the analysis based on the survey data will be presented in the following chapter, the contents of the survey are mainly divided into four sections: (1) personal characteristics, (2) political affiliation, (3) regional integration in terms of the Inter-Oceanic Highway, and (4) open-ended questions. The survey questions were designed

[57] Detailed information with respect to the sub-areas of the rural part of this municipality will be discussed in Chapter 6.

to examine the extent to which local residents were included in the regional integration process, particularly this Inter-Oceanic Highway, which is linked very closely to their socio-economic life. As one sees from the survey questions in the appendix, the questionnaire aimed to keep the number of questions relatively low so as not to lose the respondent's interest. The survey was designed to acquire succinct, yet relevant information.

The survey begins with a section on personal characteristics, including demographic background, constituting 19 out of the 37 questions. Subsequently, this survey aimed to understand the respondent's political affiliation, which was covered in five questions including some sub-questions. The primary section of this survey, on the regional integration in terms of the Inter-Oceanic Highway, was developed in the following manner. Finally, this survey ended with open-ended questions in order to obtain comparable information and allow respondents to elaborate on their responses and engage more constructively.

The survey was conducted solely to the randomly selected heads of household at their homes rather than any other meeting place and/or offices, which may have led to more biased views (Marshall and Rossman, 2006). That is, to increase the degree of accuracy and generalisability, the survey was distributed solely to a head of household who stays at home, although it was not easy to increase the number of participants or sample size given the difficulty sometimes encountered to meet a head of household. The following section will discuss the process-tracing method for the purpose of descriptive and explanatory accounts of this research's case-specific study.

4.7.3 The process-tracing method and its underlying "powerful" explanation for causality

Along with the two methods (interviews and survey) utilised in this research, the process-tracing method of case study is employed in line with the institutional methodology. As George and Bennett point out, the method of process tracing attempts to trace the links between possible causes and observed outcomes (George and Bennett, 2005:7). In short, it encourages the researcher to find out the causal mechanisms (Vennesson 2008: 233). Given the round of particular questionnaire dissemination along

with interview methods, in relation to sincere public input on region-building in South America, it is of real interest whether and in what shape local actors or institutions are involved. The particular case study here was the Inter-Oceanic Highway, along with the Integration Bridge at the tri-border city of Assis Brasil. In other words, the sought after result would be whether new regionalism is a real phenomenon in relation to the level of actor-ness, as was developed in Chapter 1 based on existing literature.

Over the course of the fieldwork, the researcher found an interesting 'story', understood as historical explanation, which needs to be taken into serious account. The relationship between rubber baron and rubber tappers has been largely embedded in this area of society. This drives the researcher to understand the nature of patron (elites) and semi-slavery (local actors) under the umbrella of notion of path dependency. In short, the notion of continuity (e.g. legacy of colonialism) is linked to historically-ingrained societal structure in this area. By obtaining the precise characterisation of the initial conditions (George and Bennett, 2005: 148), which is a feature of the process-tracing method, the research taps into the causal mechanism to see why there is or is not public representativeness in the process of regional integration in South America, as exemplified by the case of the Inter-Oceanic Highway. The process-tracing tool was utilised as a qualitative method for this particular case study so as to add depth to research based on historical contingency and sequence. To support this process tracing method, the researcher consulted a locally researched and published book[58], visited the Acrean state museum and historical sites (e.g. the house of Chico Mendes[59]), and interviewed with local elites or residents.

4.8 Anticipated and encountered difficulties and strategies to overcome them

There were several problems that this study anticipated. This study was primarily oriented for fieldwork in Brazil, aiming to explore whether local residents were included to some extent in regional-level integration projects. Thus, the study first anticipated that it would be difficult to ensure that the chosen locations will actually be relevant sites for the analysis of regional-level projects.

[58] See Oscar et al., (2009)
[59] Chico Mendes is a critical and influential figure who fought to preserve the Amazon rainforest and advocated the human rights of Brazilian people, particularly rubber tappers.

As will be discussed in Chapter 5, it is true that there are many regional-level projects in South America that have taken place or are currently taking place; however, it was still a challenge to decide which area this research should focus on given the limited amount of time and resources, especially considering Brazil is such a huge country. As a visiting researcher in the state University of Campinas, São Paulo, the researcher considered accessing materials on regional integration issues, particularly in Brazil-related web-pages and articles. In addition, the professors and researchers from this institute provided the researcher with relevant information so as to orient which part of Brazil and beyond (related to other neighbouring countries) would be more representative in terms of regional integration projects that have taken place or are taking place. The Inter-Oceanic Highway was eventually chosen as a regional-level project for the purpose of analysing local actors' involvement according to regionalism studies. Research was thus located in a border state called Acre and its border city Assis Brasil because this South American regional level of project (i.e. Inter-Oceanic Highway) was actually initiated at this small city. The detailed information and the related analysis of this particular regional project will be discussed in the following chapters (i.e. Chapter 5 and 6).

Another anticipated problem was the researcher's linguistic capability to communicate with the interviewees with Portuguese. However, the researcher's level of Portuguese seemed coherent enough to conduct interviews and engage in conversations with locals. In short, given my fluency in Spanish and the familiarity of the tri-border state's residents with Portuñol (mixed Portuguese and Spanish), approaching the interviewees was greatly simplified. In this vein, an unexpected problem encountered at interviews and particularly surveys held at the local level (i.e. in Assis Brasil) was that some survey respondents were not able to read the written survey questions. Thus, collecting survey answers was not easy in the sense that the researcher had to read out the questions and mark down the responses, as well as write up the answers to the open-ended questions for those respondents. However, this unexpected challenge allowed for more engagement with local residents who expressed their own perspective beyond the simplified survey questions. Other types of anticipated problems were gaining access to interviewees and heads of households.

To some degree, environmental hardship was also anticipated. The Amazon area's welcoming atmosphere did not necessarily make it an easier place to physically and emotionally be in. In fact, the accommodation provided by the Mayor of this border town was reasonably comfortable, given the Amazon area's situation. However, the mosquitoes and other types of insects were annoying, and along with high temperatures and the limited food selection, as well as some degree of homesickness, these presented some personal challenges. The very limited access to the internet also hampered communication with family, use of social media, and research to some extent. There were extreme difficulties in accessing the internet to check e-mail so as to follow up on communications with my supervisors in the UK and other research-related personnel. Thus, I had to cross over the border into Peru where I could access the internet. Thus, conducting research in this technologically underdeveloped area led me to be a more independent researcher in light of having to personally make any urgent research-related decisions. Despite of the fact that spending two or so months in this region was challenging, the unforgettable trip not only contributed significantly to this research project, but was also a growth experience on a personal level.

A further difficulty that this research faced was time and financial resources. As stated above, this research was situated in the tri-border state (Brazil, Bolivia and Peru) and conducted primarily in the Brazilian side of city, and conducted as national (federal) level of interview (i.e. elite interview in capital city, Brasilia). However, this study was unable to actively replicate the same effort at the Peruvian and Bolivian sides of the area. It is right that the scope of this research is limited to and focused on the Brazilian side. Although some research was conducted in the Peruvian and Bolivian border cities, it would have been better if this study could have explored the other two states to a similar extent as it did for Brazil for the reference of future research. This part will be stated in the following conclusion chapter (i.e. conclusion of this research project). Whilst the study was largely conducted in the border city of Assis Brasil, it sought to also be in the rural area of the municipality. However, it was almost impossible to visit rural villages due to the limited entry routes. The road was not paved and due to the period at which the investigation was conducted, which was the rainy season, research efforts were constrained. Nevertheless, given the environmental difficulties, such as limited time, extremely poor road conditions, and slight financial resources, the researcher managed to spend an entire day, hiring a motorist and entering further into the Amazon,

conducting an interview with and disseminating questionnaires to a gatekeeper in the remote and rural villages.

In the end, while the study encountered several expected and unexpected difficulties, to some extent the researcher was able to obtain the relevant data needed throughout the fieldwork trip. In the spirit of conducting research via exploring and discovering the hidden facts, the researcher found some relevant explanatory factors which would be related to causal inferences that this research had begun to pursue and understand. The following Chapters 6 and 7 will discuss and analyse the given data from this fieldwork to solve the research inquiries posed.

4.9 Research biases

There are several areas of this thesis in which potential biases could negatively impact the results found throughout the empirical case-oriented research. This will be discussed further in an in-depth analysis in the following chapters (i.e. Chapter 5 and 6), which aims to justify the selection of a particular area of study, given regionalism studies, including cases that this entire project has embarked on to understand the nature of the regionalism in South America. The steps which this study made to avoid research biases will be briefly discussed below. Acknowledging that there is less of a chance to avoid potential research biases due to the nature of decided sampling and selected cases, the research was conducted with an understanding that there are limitations; therefore certain approaches were utilised to ensure the thoroughness of this project.

The central aim of this thesis is to explore and assess the extent to which local actors are actively engaged in shaping the regional level of projects. Therefore, this research deliberately chose an area where a region-wide project took place (the construction of part of the Inter-Oceanic Highway). The project in question is arguably representative of the regional integration effort in South America. This region is a tri-border area where Brazil, Bolivia and Peru intersect, thus it is considered an emblem of the spirit of regional integration, which impacts the whole of South America in terms of the socio-economy and politics.

With this in mind, the research investigated the construction of the Inter-Oceanic Highway that crosses over directly and indirectly these three neighbouring countries. It is one of the earliest regional-level projects and both took place and was completed in 2011. Among regional-level projects, this highway also has one of the largest social-political, economic and environmental impact. Since this region-wide project extends from the Atlantic coast of Brazil to the Pacific coast in Peru, other cities besides Assis Brasil could have been used. Therefore, there can be a bias in the city selection. However, this city was where this regional project, the Inter-Oceanic Highway, which is a Brazilian-based initiative, began. In this manner, it is evident why Assis Brasil is more relevant than others for the purposes of this study.

Another potential research bias is in this study's research methodology. As stated above, this study uses mixed methods (quantitative and qualitative) so as to more effectively analyse the causal inference, given the limited time and financial resources. Subsequently, this study chose the questionnaire as a quantitative research method and the semi-structured interview and process tracing as its qualitative research method. Now the next concern would be how to select respondents and ensure that they form a representative sample. To avoid any selection bias among the respondents to the questionnaires, the research randomly visited and met solely with the heads of households to disseminate the survey in this border town in Brazil. The research obtained the completed survey from up to 88 respondents in order to have a statistical significance.

As for potential bias related to the interviews, this research selected the majority of its interviewees based on purposive sampling and snowballing. Prior to conducting fieldwork, this study identified some potential actors (interviewees) that would need to be contacted in order to comprehend the targeted research project via enquiring what, how, when, why and where. Such contact lists were formulated by accessing relevant and/or related institutions. The interviewees were then categorised by their affiliations into the local, national, and international levels. The gatekeepers were a way to access these potential interviewees. However, the potential interviewees were sometimes unavailable and/or unwilling to participate either because they were away on a vacation or business trip or they had other personal matters. Due to the effect of snowballing, some interviewees were introduced through other (elite) interviewees too. While this

research aimed to listen to as many interviewees as possible and to engage with them as many times as possible, the research attempted to avoid leaning in one direction or towards one perspective. Although not all pre-identified interviewees were able to be met and interviewed, this research was able to engage with around 30 interviewees for the qualitative interviews.

This study mitigated the potential bias of only obtaining information from interviewees that were pre-identified by accessing other local and national actors who were met coincidentally, which provided a relevant and balanced stance. Also, to increase the findings from the fieldwork whilst alleviating any potential research bias, this study attempted to conduct research through the triangulation method. This method gave the study a chance to meet and hear what the local residents are interested in and what they truly care about.

4.10 Research ethics

One of the ethical issues for this thesis was that some local residents in Assis Brasil may have been scared to say what they really knew and understood when asked. As stated before, this research is about the locals' participation in regional-level projects and findings demonstrated that some local residents were worried about responding sincerely to the questions. Therefore, all respondents were informed, prior to conducting the research via either interview or questionnaire, that participating in the survey was voluntary and all responses were anonymous. However, this investigation found that this municipality was relatively small in terms of its population (around 6,000) and therefore politics was very much embedded in business issues and/or family affairs. This is somewhat in the vein of cronyism (Haber, 2002), which will be discussed in greater detail in the following chapter. With this caveat in mind, fieldwork was limited in its capacity to meet and engage freely and gather the opinions of the local inhabitants. Nonetheless, this research re-emphasised and re-assured anonymity to all rank-and-file who responded to the questionnaires and/or interview. If the respondent seemed unwilling to comply after being informed of this explanation, the researcher either skipped some critical questions or looked for the next respondent.

4.11 Methodological recommendations

Although this research claims that it was successful in a very difficult research area, the abovementioned contextually-based experiences and subsequent recommendations can act as a guide for future research.

The first and the foremost recommendation would be to develop a well-defined research project before embarking on fieldwork research, thereby making fieldwork more efficient. Given the thirty-one prioritised research projects that took place all over South America and the thousands of regional integration related projects that have been undertaken, deciding which case study would be most representative for the purpose of this PhD thesis was challenging[60]. However, this does not mean that this project per se should be defined so rigidly that modifications could not take place if uncertain and unforeseen circumstances were encountered in the fieldwork process. In other words, one must be aware of the need for flexibility and adjustments in order to have a successful study.

Furthermore, in terms of interviewees who might not be available and/or are difficult to approach for a variety of reasons, there needs to be alternative participants on hand. Similarly, it is crucial to establish a methodology that is well defined before conducting any sort of study. Research methodology must be deliberately open, to ensure relevant and feasible methods, which are suitable for the orientation of the study, are used. However, it should be noted that this too should not be rigidly fixed, with no room for further alterations. For instance, in this research project, local official documents were to be obtained as evidence to analyse the causal inferences; however, given the local context, which is associated with political issues of the area, it was not as relevant as expected. Thus, it should be noted that due to the nature of explorative studies, unexpected and unforeseen situations may occur that could jeopardise the study, so it would be advisable to have alternative sources of information ready.

[60] The reason why the Inter-Oceanic Highway and this research has been located in tri-border state of Brazil, Peru, and Bolivia was explained in the earlier section of this chapter and is developed in the following chapters (i.e. Chapters 5 and 6).

As per this line of reasoning, I recommend establishing as many contact points (gatekeepers) as possible before embarking on fieldwork. For this particular research, understanding the local context, meeting rank-and-file, as well as interviewing people to generate research resulted in an overload of information. Thus, as much as is possible, information such as contact points should be collected beforehand, as it would allow for more room to engage with the locals and their situations. Another recommendation for future research is that when conducting interviews with elites, ensure that the researcher clearly understands the entirety of the interviewees' response, that is, their verbal and physical language. Given the time constraints of both interviewees and researcher, it will also be more feasible to allow for one full interview rather than re-visiting later on to continue an interview if the responses were not clear or complete enough. Particularly as the more senior elites, for this research, had less time to meet and could often not meet more than once. A background study prior to the interview, keeping the researcher informed of any institutions the interviewee may belong to, and well-developed questions are essential.

If any unforeseen situations occur due to time limitations and the interviews end up taking longer than agreed, the researcher must ensure that contact details of the interviewee are obtained, as was done in this trip, so that any questions or issues can be further elaborated upon at a later date. If limited language ability is a barrier to conducting an interview, the researcher should also consider hiring an interpreter. If the interviewees allow the researcher to record the interview, the researcher should then make sure that the batteries and volume of recordable data are sufficient. If the interview does not go well, the researcher should rephrase questions and obtain contact details, asking whether the interviewee is open to further communication through these methods.

4.12 Conclusion

This chapter aimed to introduce and discuss which areas of research methodology and methods were employed, given the case that this research embarked on. The ultimate goal of this chapter was to construct methods that would assist in establishing a basis for unveiling and analysing data from the fieldwork so as to eventually draw sound conclusions to the central questions of this research project. Since this research aims to

find the causal inferences by conducting fieldwork to further answer the research questions, this investigation examined the area in which regional-level projects occur. In this vein, this chapter mapped out the project as a whole in terms of pursuing its methodological reliability and validity. To pursue these methodological rigours, this chapter argues that the desire for data triangulation would be beneficial due to the nature of cross-checking the same case, while data-driven methods (of both qualitative and quantitative nature) should be maximised. Particularly, process tracing was employed to pursue detailed historical explanations of this concrete case study.

In this chapter, the anticipated and encountered difficulties and strategies to overcome them demonstrated that the research in a particular area of the Amazon was challenging and at the same time provided relevant recommendations for future research; thus, it provided academic value for this research. Following on the previous chapters and their concepts of prior knowledge, the next two chapters will analyse the fieldwork so that together a sound conclusion will emerge. In other words, the following two chapters will further develop the discussion and analysis in the previous chapters, using them as a lens so as to find to what extent this thesis is well explored and contributes to the academic field.

CHAPTER 5

SOUTH AMERICAN REGIONAL INTEGRATION (IIRSA): LEAD ACTORS, IMPORTANT PROJECTS, AND DYNAMICS

> "Lula stated that the expansion of trade with China would also strengthen the integration of South America, in that it will stimulate construction of the Atlantic-Pacific bi-oceanic corridors".
>
> (Carrasco 2003:16)

> "The development and the integration of the countries of the New World demand work in order to offer to South America networks to the Atlantic and the Pacific Oceans, with infrastructure of fluvial and terrestrial transportation, communications and energy."[61]
>
> Jose Alencar Gomes da Silva
> Former Vice-President of Brazil
> (2003-2011)

5.1 Introduction

The previous methodological chapter discussed a multilevel approach to understanding how different levels of actors are engaged in the decision-making process. This chapter begins to apply the methodological tool of multilevel analysis by exploring national, regional, and international level actors, before moving on to the local level in Chapter 6.

[61] Cited in Eloi Martins Senhoras, *Ten Years of International Planning and the Geopolitics of Natural Resources in South America* (2011:2).

Actors here are analysed in terms of their involvement in shaping regional projects. In particular, the South American Regional Integration Initiative (IIRSA) will be studied to see how IIRSA projects have taken place. Accordingly, the aim of this chapter is to understand the dynamics of regional integration efforts and analyse the role of the actors involved in region-building. The focus on the political economy of Brazilian regional hegemony and external regional actors such as the U.S. and China and their impact on the development of these projects appear to be important. Ultimately, this chapter attempts to see whether there is a space for local actors to ensure that their interests are met. This particularly echoes one of the important features of new regionalism studies, namely that of actor-ness.

As Paolo Giordano and his colleagues have argued (Giordano et al., 2005), the global, the regional and the local exist as asymmetrical spatial dimensions within the context of development. In short, there might be a missing link between regional and local dimensions of spatial development. This is a critical point of departure for this chapter. This chapter argues that this regional integration agreement by means of IIRSA is by nature limited to the national level rather than trickling down to the sub-national level. Additionally, this chapter will explore the possibility that local economies and their actors tend to be less included, despite regional integration projects taking place in the local sphere.

The focus of this chapter on the regional and national level, rather than the local involvement of actors, which will be analysed in the following chapter, and this chapter is structured as follows. It begins by briefly outlining the inter-regional context which was created by two internationally active actors, the U.S. and China, to see how they influence South American region-building. Subsequently, this chapter focuses on IIRSA as a special case for regional integration efforts in South America, and explores the major players and the ways in which they are involved. Utilising relevant literature, such as official documents and interviews, this chapter examines how Brazil and its institutions (e.g. MNCs and BNDES) drive the South American regional arrangement.

This chapter further explores the role of China through the mechanism of public-private partnership (PPP) to demonstrate the presence and interest of China in this region-building process, with special reference to the Inter-Oceanic Highway. It will conclude

that the role of the U.S. and China has been instrumental in influencing South American region-building. Furthermore, it will show that Brazil and its aspiration for regional power, along with Brazilian MNCs, were key actors in the reconfiguration of the regions of South America. It will then link to the following chapter, which primarily focuses on the extent to which, and by what mechanism, local actors and institutions are involved in the regional integration process.

5.2 IIRSA: Its occurring structural context and the role of external regional actors

5.2.1 The U.S. and the Free Trade Area of America (FTAA)

Towards the end of the twentieth century, the western hemisphere-wide scope of integration, driven by U.S. economic and geo-political interests, called the Free Trade Area of the Americas (FTAA), was a critical moment for regional governance in the twenty-first century. In fact, FTAA's predecessor is the Enterprise for the Americas Initiative (EAI), which President George Bush announced in 1990 with the intention to support Latin America as a whole in three ways: trade, investment, and debt reduction (Mace, 1999; Philips, 2003; de Lombarde, 2006). This would be the second crucial comprehensive framework of cooperation with Latin America after the Alliance for Progress, which was endorsed by President Kennedy in the 1960s as a hemispheric framework (de Lombarde, 2006). In this vein, Philips (2003:328) analyses to what extent the FTAA impacts the existing sub-regional blocs in America. To do so, Philips compared the EU's enlargement with the FTAA regarding hemispheric integration. According to her study, while the EU incorporates new countries into the existing structures of the EU, the "FTAA does not constitute an enlargement of a bloc or institutional structure already in existence" (Phillips, 2003a:327). Rather, the FTAA constructs a hub and spoke type of integration (Phillips, 2003a; Grugel, 2004).

This study argues that this is a critical point of departure that links to shaping the features of regional governance in Latin America. Drawing from the notion of Collier and Collier's (2001:30) critical juncture, as developed in Chapter 2[62], the insertion of Washington in Latin America, particularly South America via FTAA in this new

[62] In Chapter 2, the rise of leftist governments, the so-called "pink tide", was recognised as a critical juncture, which intends to separate these countries from market-driven capitalism.

millennium, has awakened Latin America, particularly South American left-wing governments. This critically links to South American new regional organisations (Phillips, 2003a:343; Grugel 2004; Andre Megos, 2008:2; Almeida, 2010:165; Briceño-Ruiz, 2010:209; Oliveira, 2010: 133; Van Oosten, 2010:126-7)

As Grugel indicates, "the key point to make is that drivers behind the diverse patterns of regionalist associations are US hegemony, the responses of the US state to the challenges of globalization, changing notions of development within South America and, as a result, the urgent need of Southern economies to position themselves within the fabric of a globalizing economy" (Grugel, 2004:606). Taking a similar approach, Oliveira suggests that Latin American elites, particularly Brazilian elites, understand FTAA as a model embedded mainly in the idea of trade liberalisation, which lacks the value of social and political issues, prompting Latin America, particularly the Brazilian government "to support Mercosur and other regional blocs as a regional counter-hegemonic option" (Oliveira, 2010:133).

Furthermore, according to Pineiro Guimaraes, who was an influential ambassador along with Celso Amorim under the Lula government, "[t]he FTAA will amount to a kind of 'annexation' of the countries of Latin America by the United States that will bring a loss of national sovereignty and even larger obstacles standing in the way of initiatives aimed at national development" (Osava, 2003)[63]. Finally, Lula himself is outspoken against the FTAA, stating that it "is not owned by the U.S. and that all countries wanting to join should have an equal voice" (BBC, 14 July 2003). Subsequently, Lula further stated that "we want a united South America because we have common interests … political, economical and social interest in South America" (BBC, 14 July 2003).

Taking this analysis and perspective into consideration, this chapter argues that one of the key elements leading to the emerging idea of IIRSA and its de facto implementation and development in South America is the U.S., more particularly the nature of its regional hegemony. Therefore, the U.S. acts as an external actor in South American region building at least in terms of contextualisation and stimulation, here in particular with special focus on IIRSA and its development.

[63] This is an excerpt from a news agency, Inter Press Service. Thus, there is no specific page number for it. Further information can be found in the bibliography.

5.2.2 Global political economy and China

By extension, another level of the rationale behind a new sub-regional initiative such as MERCOSUR or IIRSA, is in the global political economy (Phillips, 2003a:328). It is conducive for Latin America to be inserted into the world economic paradigm (i.e. a neoliberal global market) and to some extent to be more actively engaged with the formation of sub-regionalism for market-led regionalism. This research particularly argues that searching for a different region other than the U.S. and EU needs be taken seriously into account for Latin America. In other words, for the purpose of diversifying Latin America, particularly South American inter-regional interaction, looking to the countries of the Pacific Ocean, predominately Asian nations, is a necessity. This will be explored further in Chapter 6. The global economic trend, which is the economic emergence of Asia, particularly China, provides a logical platform for sub-regional projects, with special attention to the IIRSA, to be proactively initiated (Zibechi, 2006:7; Couto, 2007:4; Couto, 2008:5; Senhoras,2011:17-18; Van Dijck, 2013:38).

This research suggests there are two different contexts, which are not mutually exclusive, contributing to sub-regionalism, particularly IIRSA. As presented above, Latin America, particularly South America, perceives the geo-political and economic behaviour of U.S. via FTAA, as more of a threat than an opportunity with regard to their political and economic sovereignty. With this intra-related regional level of analysis, this research further considers the emergence of Asia, particularly China with respect to economic interdependence, as a potential opportunity for an inter-regional level of analysis to understand the rationale behind sub-regional development, particularly IIRSA (Couto, 2007: 4; Van Dijck, 2013:38). A Director-General who particularly works on South American regional infrastructure projects and policies at the Ministry of Foreign Affairs in Brazil (Itamaraty), emphasises that China's entry into an international institution (such as the WTO) in the beginning of the twenty-first century demonstrates that China follows international norms and regulations, particularly with respect to trade, which follow from the demands of logistic competitiveness.

> *A adesão da China à OMC e a abertura comercial são fatores mais importantes. A China e a forte demanda por energia, alimentos e insumos básicos forçaram os países a investir no matrix de transportes e melhorar a logística nacional.*

> China's accession to the WTO and trade liberalisation are more important factors. China and the strong demand for energy, food, and basic supplies have forced countries to invest in the matrix of transport and improving national logistics.

(Interview (1EBFI)[64][65], 14 August 2014)

These analytical accounts of IIRSA demonstrate how an environment is created through which both the U.S. and China in their role as international actors can become involved. This highlights the importance of examining the procedure leading to the formation of the IIRSA, which provides the focus for the next section. In addition to this, it explores to what extent different levels of actors, including individual states (particularly Brazil) and regional financial institutions, play, and how and why these actors engage with this process. Ultimately, this chapter aims to demonstrate in what ways local actors are included in the process of regional level projects.

5.3 IIRSA as a new initiative for the South American integration and the actors involved

5.3.1 IIRSA and South America

All twelve presidents of South American and two regional bank presidents (i.e. the presidents of IDB and CAF) gathered and embarked on IIRSA in September 2000 (Brasilia Communiqué, 2000:1). In this way, the region-wide integration effort was institutionalised (Van Dijck, 2008; Van Dijck, 2013:6). Initiated by the leadership of the Brazilian president, Fernando Henrique Cardozo (1997-2002), this continent-wide project aims for the expansion and modernisation of South America's physical infrastructure, with special focus on the areas of energy, transportation and telecommunications (article of 39, Brasilia Communiqué, 2000:8). To operationalise these areas, this regional level of public goods have been drawn and concentrated on so-called development hubs (*ejes de integracion y desarrollo* or *eixos de desenvolvimento*) according to transport corridors (IIRSA 10 years later: Achievements and Challenges, 2011: 8; Ten years of the IDB in IIRSA, 2010:5; Action 2030 Institute, 2009:2; Van Dijck 2013:1). As illustrated in Map 3, there are 10 hubs across the region. The

[64] This '1EBFI' is coded for the classified purpose by its standing words: 1 (number of order), E (status - elites) B (nation - Brazil), F (level - Federal), I (affiliation – Itamaraty)

[65] Please see Table 10, which gives information on all interviewees whose statements appear in this thesis and classifies them according to their characteristics.

objectives of this regional project are to "strengthen a comprehensive insertion of South America in world markets" (Van Dijck, 2013:6) and particularly to recognise regional identity (IIRSA 10 years later: Achievements and Challenges, 2011: 45).

Map 3: Ten Hubs/Axes of South American Regional Integration. (*Source*: official IIRSA website)

Namely, the primary aim of the integration of infrastructure in the region is to support the region-wide strategy of so-called open regionalism and to reinforce an insertion of South America in the world economy (Taccone, 2004:329; Zibechi, 2006:2; Van Dijck, 2013:6).

In practice, according to the Brasilia Communiqué, in 2000, the first meeting of South American presidents focused on several topics: democracy, commercial integration, illicit drugs and connected felonies, information, knowledge and technology, and physical infrastructure integration (Brasilia Communiqué, 2000:1). In this official

founding document, the consolidation of democracy, particularly representative democracy, which contains the notion of "responsible participation of citizens and their organizations in democracy", was stressed as being of particular importance (Article 21 of Brasilia Communiqué, 2000:4-5). This signals that in a certain way public participation was acknowledged as a significant objective. This aspect will be further examined in the following section on the inclusion of the local actor, based on analysis of official documents and relevant interviews. Moreover, this element will be explored in the following chapter, which aims to undertake empirically based analysis. Prior to exploring the dimension of local actors, the following sections address a range of players involved in region building, with special focus on Brazil and its actors.

5.3.2 The role and interest of Brazil in initiating and implementing IIRSA

With the orientation of region-making for region-wide sustainable development, which is embedded in regional public goods and world market insertion, IIRSA was initiated by Brazilian leadership, coinciding with the celebration of 500 years since the discovery of Brazil by Europeans (Article 2 of Brasilia Communiqué:1). This is a critical element in this new millennium which demonstrates that Brazil initiated and made an effort in promoting a state of "South-Americaness" (Couto, 2007:1). In other words, the turn of the century saw a newfound drive by Brazil to promote their geo-political and economic interests in ways which utilised the country's diplomatic apparatus.

In fact, under the leadership of former President Fernando Henrique Cardoso, Brazil launched a new developmental programme, called Avança Brasil (Advance Brazil) in 2000. This program planned to undertake the construction of mega-infrastructure (i.e. roads, railways, waterways and hydroelectric dams) in Brazil's Legal Amazon region, investing a total of approximately $43 billion from 2000-2007 (Fearnside, 2002:735). Under the Avança Brazil programme, Brazil is divided up in to a series of axes that do not correspond to any existing geographical unit, including state boundaries. Rather, this new system aims to increase integration along transport corridors such as roads, railways, and waterways (Fearnside 2002:735-6; Van Dijck 2013:20). Thus, the Avança Brasil program was intended for national and international integration, increased systemic competitiveness of the economy, and the reduction of regional social disparities (Nasser, 2000). With this point of departure, as discussed in Chapter 1 and

also stated above, it appears that IIRSA is an expanded version of the Avança Brasil program in terms of its benchmarks (Senhoras et al., 2013:15). As indicated by Van Dijck, IIRSA as a whole is fundamentally associated with the notion of the Avança Brasil program.

> A idéia de formar a IIRSA se originou a partir da experiencia brasileira de planejamento territorial, conhecida como Estudo dos Eixos, (...) que planejava o país a partir de regioes identificadas por seu inter-relacionamento economico (The idea of the formation of IIRSA stems from the Brazilian experience of territorial planning, known as the Study of Axes (...) that laid out the country in identified regions on the basis of their interrelated economic relations …
>
> (Brazilian Ministry of Planning, quoted in Van Dijck 2013:20)

Thus this implies that the idea and the characteristics of IIRSA originated in Brazil. In this respect, the interviews from the current high-level officials of the Brazilian Ministry of Planning and other current high-level officials from Itamaraty (Brazilian Ministry of Foreign Affairs) clearly state that Brazilian governments have developed a series of domestic infrastructure-related programmes, which are called PAC I[66], PAC II, and PIL[67]; these all align themselves with the IIRSA region-wide integration projects (interview, 20 April 2013). To reiterate, Brazil drove the initiative of the formation of IIRSA and the push was led by Brazilian national interest. The following section illustrates in what particular aspects actors from Brazil become involved.

Brazil and its Multinational Corporations (MNCs)

While many scholars have pointed to Brazil's efforts in regional integration projects, particularly with a particular focus on their aspiration for regional and global governance, Iglesias has examined the domestic factor (Iglesias, 2008:150). In short, he argues that Brazilian government made use of regional integration projects for the purpose supporting territorial expansion of Brazilian MNCs. Constructora Odebrecht, amongst others, has played a critical role in providing engineering services and the manufacture of equipment and construction. Thus, throughout the IIRSA projects, Brazilian construction-related companies visibly immersed themselves in the process of becoming internationalised companies (Giacalone, 2006:81; Iglesias 2008:156;

[66] Programa de Aceleração do Crescimento (PAC).
[67] Programa de Invetimentos em Logística (PIL).

Briceno-Ruiz 2010:214). Brazilian firms became increasingly present not only at the regional level but also internationally. This point was confirmed by the following interview with a Brazilian construction company, Constrcutora Odebrecht:

> *Nossa empresa tem sido últimos 70 anos e agora se expande para todo o mundo, a fim de apoiar os negócios relacionados com infra-estrutura. É relevante dizer que a diversificação e internacionalização da nossa empresa têm a mesma maneira de fazer desenvolvimento brasileiro. No entanto, nós trabalhamos para o desenvolvimento global para beneficiar todas as pessoas no mundo.*
>
> Our company has been around for the last 70 years and is now expanding worldwide in order to support infrastructure-related business. It is important to say that our company's diversification and internationalisation have done Brazilian development in the same way. However, we work for global development to benefit all people in the world.
>
> (Phone Interview (2EBFO)[68], 15 September 2014)

Furthermore, as shown in Table 14 below, Brazilian companies represent 14 out of 20 of the largest companies in South America. Some of them are either directly or indirectly related to Brazilian-led regional integration efforts.

Company	Country	Sales	Percentage			Sector
			Sales	Investment	Employment	
Petrobras	Brazil	101,948	29	34	10	Oil & Gas
PDVSA	Venezuela	68,000	94	5	8	Oil & Gas
Itaú-Unibanco	Brazil	44,242	11	3	10	Banking
Vale	Brazil	27,852	35	47	20	Mining
Grupo JBS (FRIBOI)	Brazil	20,548	85	85	77	Agribusiness
Gerdau	Brazil	15,242	53	58	46	Iron & Steel Industry
Cencosud	Chile	10,518	56	50	44	Retail
Tenaris	Argentina	8,149	83	84	73	Iron & Steel Industry
Embraer	Brazil	6,812	86	45	13	Aerospace industry
Falabella	Chile	6,713	37	40	38	Retail
C.S.N	Brazil	6,305	23	13	6	Iron & Steel Industry
TAM	Brazil	5,780	31	5	6	Airlines
Sadia	Brazil	5,577	47	10	80	Food
Marfrig	Brazil	5,317	39	40	35	Agribusiness
Constructora Odebrecht	Brazil	4,800	69	56	49	Construction

[68] 2EBFO (2/Elite/Brazil/Federal/Odebrecht).

Andrade-Gutiérrez	Brazil	4,500	15	10	5	Construction
LAN	Chile	3,656	73	70	41	Airlines
EmpresasCMPC	Chile	3,248	70	27	31	Cellulose & Paper
Votorantim	Brazil	3,110	36	48	35	Cement

Table 12: South America - The Largest 20 Companies with Sales, Investment, and Employment Abroad, 2009 (in US $million and percentages) (*Source*: data from ECLAC, cited in IIRSA 10 Years Later: Achievements and Challenges, 2009a: 132).

Thus, it appears that the Brazilian MNCs, to a large extent, benefit from the regional integration process.

> *é verdade que as empresas brasileiras, por seu porte, experiência internacional, nível de capitalização e de proficiência técnica, estão muito além das demais empresas regionais*
>
> It is true that Brazilian companies, for their size, international experience, level of capitalization and technical proficiency, are far better off than other regional companies.
>
> (Interview (3EBFP)[69], high-level official from Ministry of Planning, Budget and Management, 5 July 2014)

As critically analysed by Giacalone (2006) and Iglesias (2008), Brazil, under the leftist government which is heading regional governance, justifies regional pubic goods such as the provision of infrastructure, which is inherently tied to the practices of private-sector organisations. In short, by using the MNCs at the regional level in relation to the provision of regional public goods, Brazil expands its political economic territory so as to meet its national interests: economic and geo-political power.

> *A abertura e a integração favorecem o Brasil por apresentar o maior mercado e o maior PIB. Na verdade, as empresas multinacionais usam o Brasil como plataforma para suas exportações na América do Sul, extraindo vantagem do regime aduaneiro comum.*
>
> The openness and integration favour Brazil as they have the better market and the better GDP. In fact, multinational companies use Brazil as a platform for their exports in South America, using the common customs to their advantage.
>
> (Interview (IEBFI)[70], high-level official from Itamaraty, 5 July 2014)

[69] 3EBFP (3/Elite/Brazil/Federal/Planning).
[70] 1EBFI (1/Elites/Brazil/Federal/Itamaraty).

This demonstrates that there must be an interdependence between the Brazilian government and business sector (e.g. MNCs) on the basis of mutual benefit. This interpretation might pose a question in relation to the local actors. In other words, how much space is available for local actors if private companies are located in a better position than they even in regional projects of a leftist government? This aspect will be critically assessed in the following chapter.

5.4 Brazil and financial actors for IIRSA

Brazil and BNDES (Brazilian Development Bank)

Financial support is a key element the realisation of the South American regional integration effort (Article 38 of Brasilia Communiqué, 2000: 8). There are three fundamental financial resources which embody this: state level expenditure, regional finance institutions, and public-private partnerships (PPP).[71] As pointed out by Van Dijck, roads are considered public goods which are of vital importance to economic development, thus ensuring the federal government's shouldering of the prime responsibilities for construction, maintenance, and finance (Van Dijck 2013: 21). The individual nation-state is a critical actor in entrusting the provision of this type of particular good to state-owned enterprises or state-owned banks as in the case of BNDES in Brazil. In fact, from the inception of the Lula government in 2003, the number one foreign policy priority was South American unity, which links to the implementation of IIRSA projects (Carrasco 2003:12). To realise this, according to Carrasco, BNDES functions as a spearhead in terms of financial support (ibid, 12).

To further link with the engagement of Brazilian MNCs in South American regional projects, BNDES uses its financial muscle in "various Latin American countries conditioned by the requirement to contract Brazilian construction companies to implement projects" (Van Dijck, 2013:9).[72] Furthermore, as pointed out by Iglesias (2008:164), Brazilian diplomacy, using BNDES as a financial powerhouse, supports the internationalisation of its MNCs in the IIRSA project portfolio. This point is articulated in the following interview with an economist at BNDES.

[71] To some extent, the European Investment Bank (EIB) is involved in an indirect and selective way in infrastructure projects (Action 2030 policy brief, Spring 2009; Pitou Van Dijck 2013).
[72] In addition, BNDES financially supports its MNCs to compete at the global level (Iglesias 2008: 160).

> Regional financial institutions including IDB and CAF are limited to supporting the regional integration project portfolio. Thus, like Odebrecht as a Brazilian construction company, is mainly supporting its finance through BNDES
>
> (Interview (4EBFB)[73], BNDES 10 May 2014)

In fact, according to BNDES statistics, as of December 31, 2014[74], in terms of amount of disbursement for developmental project-related allocation, BNDES issued $13,748 billion, more than triple the $3,768 billion of the Inter-American Development Bank (IDB), which finances operations all across Ibero-America. Moreover, the scope of BNDES is comparable to the combination of IDB and World Bank, which totals $10,324 billion (Fiocca, 2006:3). This implies that Brazil and its financial entity, BNDES, play a prominent role as a generator of credit outside the structures of international financial institutions, including in regional projects.

Regional financial institutions and IIRSA

The IIRSA Project Portfolio can be considered a transnational and regional public good in that goods that benefit two or more nations are involved (Estevadeordal et al., 2004:4) [75]. Therefore, regional financial institutions including the Inter-American Development Bank (IDB), the Andean Development Bank (CAF), and the Fund for Development of the River Plate Basin (FONPLATA) play a vital role in realising the integration efforts (Article 38 of Brasilia Communiqué, 2000:8, Estevadeordal et al., 2004:4). In fact, in terms of financial support, which is demonstrated in Annex II[76], IDB has been involved to a large extent in financing the preparation and implementation of IIRSA Portfolio Projects. IDB supported over 28 IIRSA projects with $2,832 million in financing by August 2010 (Ten years of the IDB in IIRSA, 2010: 33). Aside from the financial aspects, IDB prepared and presented a document called "Plan of Action for the Integration of South American Infrastructure", which is critical and demonstrated the orientation of the IIRSA project at the 2000 Brasilian summit (IIRSA 10 Years Later:

[73] 4EBFB (4/Elite/Brazil/Federal/BNDES).
[74] To provide figures for comparison, in 2002 BNDES disbursed $12.5 billion as compared to $5.5 billion by IDB (Carrasco, 2003:16).
[75] According to Estevadeordal and his colleagues, the regional level of goods can also be called "club goods", in which a defined number of participating countries will benefit from spillover (Carrasco, 2003: 4).
[76] Please see appendix.

Achievements and Challenges, 2011:15).

Furthermore, for the purpose of supporting regional infrastructure integration in South America, three institutional entities have been proposed and created: the Executive Steering Committee (ESC), the Executive Technical Groups (ETGs), and the Technical Coordination Committee (TCC). The TCC, which is comprised of the representatives of the IDB, CAF, and FONPLATA, would actively take part in supporting the initiation and monitoring of the Plan of Action (Plan de Acción para la Integración de la Infraestructura Regional en Amérca del Sur, 2000: 6; Ten years of the IDB in IIRSA, 2010:6; IIRSA Ten Years Later: Achievements and Challenges, 2011: 52-54; Van Dijck, 2013:8).

Another crucial document leading to embarkation on IIRSA and the orientation and justification for its scope is "A New Push for Regional Infrastructure Development in South America" (2000). This was also prepared and presented by IDB in response to a request from the government of Brazil during the first summit of the Meeting of Presidents in 2000. This document, which began with an understanding of globalisation and new regionalism as the new global and regional context, attempted to set forth the appropriateness of building physical infrastructure in the South American region (A New Push for Regional Infrastructure Development in South America, 2000: 1-4). In other words, responding to the global economic calling after the end of the Cold War and strengthening its position in terms of globalisation, South America as a whole needed to maximise its comparative advantages (i.e. natural resources) and overcome geographical hurdles such as the Andean mountain range, the Amazon rainforest, and the Orinoco Basin, which had been previously seen as an insurmountable obstacles.

In this spirit, further physical regional integration is a *sine qua non* of further progress due to the unassailable logic imposed by the liberalisation of trade and investment regimes (Van Dijck and Den Haak, 2006; Van Dijck, 2013). To respond to these pressures, the concept of an Integration and Development Hub (EID-Eje de integración y Desarrollo) evolved under IDB through this document from current trade hubs. Thus, the document, "A New Push for Regional Infrastructure Development in South America," played a critical role in providing IIRSA's founding concepts and identifying and structuring the regional integration project portfolio (Ten Years of the IDB in IIRSA

2000-2010:5). In this line, this chapter reasserts that IDB, along with other regional financial entities including CAF and FONPLATA, has played a vital role in not only supporting them financially, but also providing integral support to the countries developing the initiatives within the IIRSA Portfolio. In line with this, a senior economist at the Technical Coordination Committee (TCC) Secretariat of IIRSA, which is composed of three regional financial institutions, states that

> *El apoyo de las instituciones financieras regionales a proyectos de cartera de confirmación, proceso y ejecución de los planes anuales de trabajo ha sido muy importante. Además, se ha trabajado en temas relevantes para el proceso de integración física.*
>
> The support of the regional financial institutions to process confirmation Portfolio projects and implement of annual work plans has been very important. Additionally it has been working on issues relevant to the process of physical integration.
>
> (Interview (5EARI)[77], Buenos Aires, 28 July 2014)

It seems that in addition to financial support, regional financial institutions play a critical role in functioning as a platform to coordinate and ensure that the level of regional integration can proceed. Subsequently, the following section will examine the role of the private sector through the mechanism of public-private partnerships, which have been formulated through the process of IIRSA. It will especially describe one of the completed IIRSA (AIC 2005-2010)[78] portfolio projects, such as the Inter-Oceanic Highway, and to see how China has engaged with this particular project in terms of financial involvement.

Public-Private-Partnership (PPP), Inter-Oceanic Highway and IIRSA

In addition to financial support mechanism of the state and regional organisations for the IIRSA Portfolio Project, actors from the private sector have been involved. According to the framework of two critical documents, the Plan of Action (2000) and the Strategic Action Plan (2010), which function as a reference point for IIRSA's constructive orientation, the private sector is encouraged to fund, construct, and operate such ventures (Article 38 and 45 of Brasilia Communiqué 2000; Article 8 of Plan of

[77] 5EARI (5/Elite/Argentina/Regional/IDB).
[78] AIC 2005-2010 is made up of a set of thirty-one integration projects and involves all member countries, along with the ten Hub Initiatives, which demonstrates the level of cohesion among these South American countries in shared developmental priorities (Couto, 2007: 7).

Action for Regional Infrastructure Integration in South America 2000: 8; Van Dijck 2013:3). Along with this justification for participation in the IIRSA project portfolio, viable funding for the project portfolio is a key factor in attaining region-wide projects. In this line, the PPP modality is a ground-breaking solution in the realm of financial structuring while improving quality. Furthermore, as argued by Van Dijck, "PPP are arrangements or 'institutional design' by means of which goods and services can be produced in a more efficient way than would be possible by entirely public or entirely private production" (Van Dijck, 2013:24).

The Figure 6 contains the financing modalities such as public, public-private, and private for particular projects in the Implementation Agenda based on Consensus 2005-2010 (AIC 2005-2010). This demonstrates that it has remained stable when 2005 is compared to 2010. In this sense, it shows how the funding sources are distributed: 67.7% of the AIC Portfolio is publicly funded in 2010, compared to 61.3% in 2005; 29% of the portfolio had public-private financing in 2010, compared to 32.3% in 2005; and only 3.2% was funded by the private sector in 2010, compared to 6.5% in 2005.

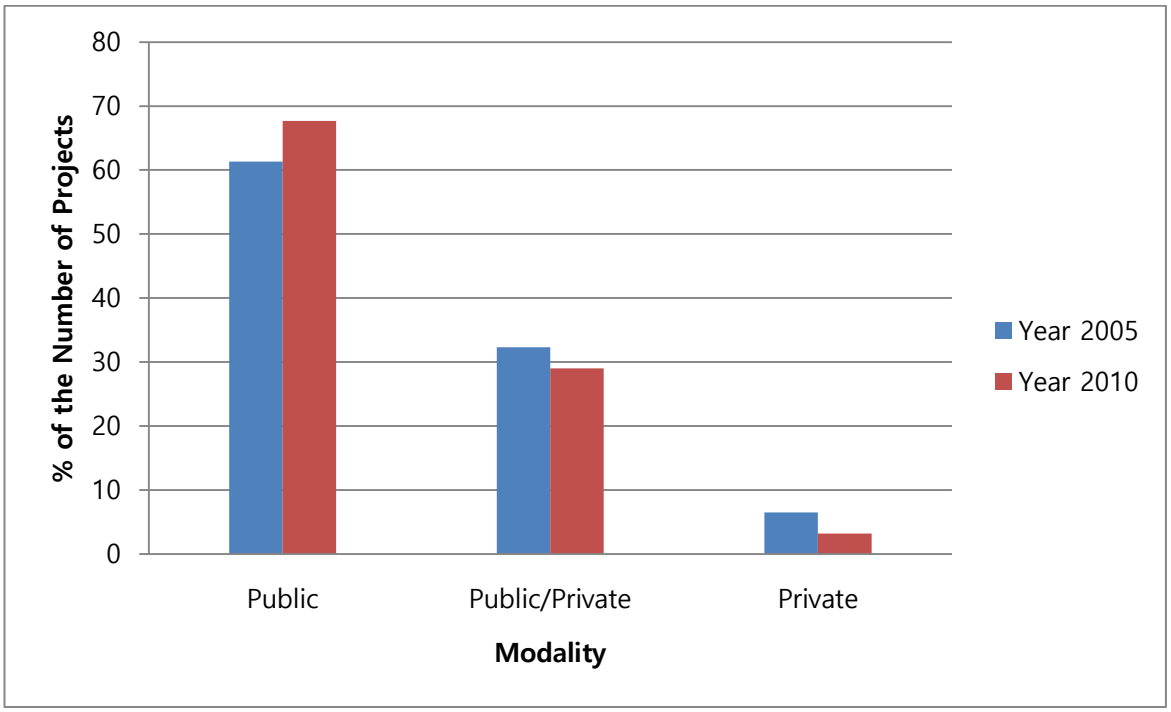


Figure 6: Evolution of the Financing Modality of the Projects in the AIC 2005-2010 (% of the number of projects) (*Source*: IIRSA: Implementation Agenda based on Consensus 2005-2010, Assessment report, 2010).

Along the line of public, public-private, and solely private financial support for AIC projects, the three regional financial institutions which make up the CCT (IDB, CAF and FONPLATA) have also supported it immensely because these 31 AIC projects are prioritised and strategically important for the participating countries (IIRSA Report 2010). In this vein, 20 of the 31 AIC projects in the Agenda, which accounts for 65% of AIC projects, are supported by these three regional financial institutions. The total amount for these 20 projects is around US$6.5 billion[79].

With this vantage point of the PPP modality, an Inter-Oceanic Highway, with special reference to the Peruvian side, is one of the IIRSA portfolio projects which was constructed via the PPP framework. According to news agencies, around half of construction costs for the Peruvian side of the Inter-Oceanic Highway were paid by Brazil and China (Graphic News, 26 January 2011).[80] This shows how Brazil's regional and global interests are embedded within these projects and as well as with the presence and interest of China. In fact, the Inter-Oceanic Highway is a transnational project to connect from the Atlantic to Pacific Oceans. As shown on Map 3 below, this highway primarily aims to facilitate the socio-economic integration of the Atlantic side of Brazil and the Pacific side of Peru.

Map 4: Inter-Oceanic Highway connecting from Sao Paulo in Brazil to Ilo in Peru and beyond (*Source*: Graphic News, with on the highlighted BR364 highway added by the author).

[79] Please see in the appendix, which provides details on particular AIC projects these three regional financial institutions have supported.

[80] There is no specific data on the financial contributions of Brazil and China to this project.

However, it has deeper meaning than simply facilitating the integration of two Border States to support such an ambitious trans-regional project. Rather, it has several different levels of significance. In short, the Inter-Oceanic Highway can be considered as an icon of candid physical regional integration, which was the aspiration of South American unity for over 500 years. Moreover, in this sense, it should be one of the most representative physical regional integration projects that took place under the auspices of the IIRSA Project Portfolio and conformed to the spirit of UNASUR. Thus, this brings forth a greater South American unity as whole rather than only two states. Another level of significance of the existence of the Inter-Oceanic Highway is its practical aspects. As official documents, literature, and even news agencies point out, it facilitates intra-regional and inter-regional trade largely by means of logistic competitiveness. Thus, open regionalism can be realised. Furthermore, the region could be solidified and this could eventually accelerate the consolidation of regional power, translating to leverage in a global society.

The Brazilian Federal Highway (BR 364) had already been built from southern Atlantic cities including Sao Paulo and Rio de Janeiro to inner city Cuiaba in Mato Grosso, Port Velho in Rondonia, and up to Rio Branco in Acre. Thus, the Inter-Oceanic Highway is constructed mostly on the Peruvian side. This fact gives us an exceedingly interesting point of departure for this research. In short, as stated throughout this thesis, Brazil is a primary actor in driving regional integration for the purpose of expanding its political economic territory within the boundaries of the South American region and with the intention of moving into the global arena in a multi-polar world order. Accordingly, Brazil needs to open the area of the Pacific to realise this aspiration. This indicates in part why Brazil supports the highway construction on the Peruvian side via PPP, as it was mainly built a Brazilian construction company, Constructora Odebrecht, and financially supported by the Brazilian Development Bank (BNDES).

Map 5 demonstrates the Peruvian part of highway construction towards the Pacific Ocean, which is divided into 5 sections (here called *tramos* in Spanish). Particularly, the ‘Paving of Iñapari – Puerto Maldonando – Inambari Road / Inambari – Juliaca / Inambari – Cusco Roads’ is one of the 31 projects Agenda Based on Consensus (AIC), which are *tramos* 2, 3, and 4, respectively (IIRSA official document). Subsequently, *tramo* 1 and *tramo* 2 are deemed to be two of 524 projects under IIRSA as well.

The length and costs of each *tramo* according to the Peruvian Ministry of Transportation and Communication are shown in the following Table 13 and Map 5.

Section of Inter-Oceanic Highway	Area to cover/construct	Distance (Km)	Total Investment (US $ million)
IIRSA Sur Tramo 1	Puerto San Juan de Marcona to Urcos	757	98,893.166
IIRSA Sur Tramo 2	Urcos to Inambari	300	263,061.049
IIRSA Sur Tramo 3	Inambari to Iñapari	403	332,372.939
IIRSA Sur Tramo 4	Azángaro to Inambari	305	214,644.540
IIRSA Sur Tramo 5	Puerto de Matarani to Azángaro & Puerto de Ilo to Juliaca	829	183,371.948
		2,594	1,092,341.000[a/]

Table 13: Peruvian side of Inter-Oceanic Highway, its sections and costs (*Source*: Las Concesiones Viales en el Peru, Ministry of Transportation and Communication, Peru).
Note: [a/] represents the costs as of October 2008.

Map 5: 5 Sections of the Peruvian part of the Inter-Oceanic Highway construction (*Source*: *La Republica*.pe; 5 June 2013).

According to an official IIRSA document (Implementation Agenda based on Consensus 2005-2010: Assessment Report, July 2010), the total estimated investment for just three sections (*tramos* 2, 3, and 4) has been increased up to US$1,384,300,000 ($1.3 billion)

as of July 2010. Also, this amount of financial investment, as emphasised by this particular report, was not included in the total costs of the construction of Billinghurst Bridge, also known as the Continental bridge, which crosses the Rio de Madre de Dios (Madre de Dios River), completed and inaugurated in July 2011. According to Odebrecht, the Brazilian transnational infrastructure company, which was one of the CONIRSA Consortium members, they participated in this particular bridge project along with *tramos* 2, 3, and 4, and an additional $30 million was invested in extending this bridge by 723 meters. Thus, according to *La Republica*, a Peruvian newspaper (12 September 2012) along with information from NGOs, the overall investment for the Peruvian side of the Inter-Oceanic Highway project cost approximately $2.8 billion, which figures to just over $1 million per kilometer. In short, completing this bridge through the Amazon jungle (the Billinghurst Bridge) in 2011 led to the completion of a 2,600 km long road on the Peruvian side. This further means this connection via highway, spanning about 5,000 km, connects Sao Paulo in Brazil to the coastal cities of Peru. Therefore, this is a critical phase in uniting the Atlantic and Pacific Oceans, which signifies that the dream of continental cohesion has become a reality.

In other words, this construction is a prototype of South American regional integration efforts, which is not only meaningful for bilateral relations, but also the region as a whole and it may open similar avenues for other regions, such as Asia.

> We build this road for the tri-border local people, from which it facilitates tri-border states (Brazil, Bolivia, and Peru) and this will link to countries from other regions, like China, so as to export our products including Brasilian nuts. In this vein, we are very keen on ZPE (Export Processing Zone), which will be located here in Acre. This open regionalism related facility increases our economy.
>
> (High-level official who worked under the then Governor of Acre, Jorge Viana, and who had actively participated in this project, interview (6EBSA)[81], 30 March 2013)

Thus, it allows region-to-region connection. This region-to-region connection has critical implications for the arguments of this thesis. It requires the study of who plays the game set by South American regional integration: who wins and loses, and, more specifically, who benefits more than others. While this perspective will be explored further in Chapter 6, the following section will examine in what ways China has been involved in South America, with special focus on regional infrastructure.

[81] 6EBSA (6/Elite/Brazil/State/Acre).

5.5 China's further engagement and IIRSA

Previous sections of this chapter have already discussed the correlation between China's global and regional power aspirations and its engagement with Latin American countries by means of various levels of interactions (e.g. geo-political and trade-related). Thus, without further discussion at this stage in relation to China's global and regional power aspiration with respect to the political economic realm in this region, it appears that China's presence, with focus on financial aspects, is an important endogenous factor in shaping and guiding regional integration efforts in South America. However, there is no specific data available which demonstrates how much China supports, and in what particular area China invests in terms of infrastructure[82], which is linked to the IIRSA projects and the greater regional unity they bring.

Furthermore, in relation to the amount of financial support provided based on public statements, an interviewee states, in reference to the president's visit in South America, that a certain amount of finance would be provided for infrastructure projects, and their practical execution:

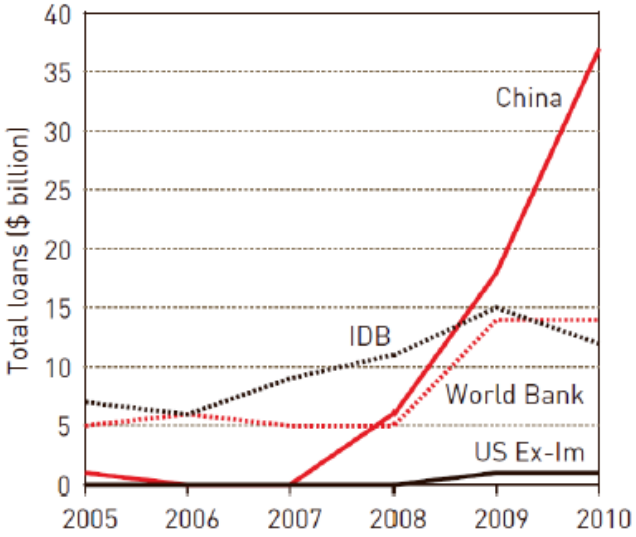
> *Según las noticias, cuando los líderes Chinos vienen a visitar América Latina, también traen una gran cantidad de inversión financiera, en particular la infraestructura centrada. Sin embargo, parece que hay bajo nivel de ejecución a la cantidad de ayuda financiera que prometieron. Hasta cierto punto, parece como ... hablando en voz alta ... pero no llevado a cabo mucho. Entonces, veo que va a ser diferente en el contexto multilateral, tales como el Banco de Desarrollo de Nuevos recién lanzado en Julio bajo el auspicio de BRICS. En resumen, aunque las formas bilaterales de promesas no parecen ser ejecutado, la entidad multilateral debería ser diferente.*
>
> According to news media, when Chinese leaders come to visit Latin America, they also bring a huge amount of financial investment, particularly infrastructure-focused investment. However, there seems to be low level of execution to the amount of financial support that they promised. To some extent, it appears like … speaking loudly … but not following through. Then, I see that it will be different in the multilateral context such as a newly launched New Development Bank in July under the auspice of BRICS. In short, although bilateral promises seem not to be executed, the multilateral entity should be different.

(Interview (5EARI)[83] with a senior economist from IDB and who works for the CCT [Technical Coordination Committee] of the IIRSA, 28 July 2014)

[82] Aside from one source that shows above that the joint amount paid by both Brazil and China, which is around the half of the amount for the construction of the Peruvian side of Inter-Oceanic Highway (Source: Graphic News via wire agencies, 26 January 2011).

[83] 5EARI (5/Elite/Argentina/Regional/IDB).

While this above point seems to be quite relevant, China engages increasingly with Latin American counterparts through regional institutional mechanisms including IDB[84] for investments with a special focus on infrastructure (Webber 2012). Having launched a $1 billion Latin American fund with IDB, Luis Alberto Moreno, IDB president, stated "[w]e are looking to focus on areas where Latin America has enormous deficiencies, like infrastructure […] [i]t's something that is quite novel and it is a route which we hope to continue to open up with the Chinese authorities" (Webber 2012). Furthermore, according to an Inter-American Dialogue report and a Financial Times news report, a Chinese state-owned bank has lent approximately $75 billion since 2005 and in 2010 China's commitment to this region, as shown in Graph 8, totalled $37 billion, which exceeded the combined financial support of the World Bank, IDB, and the US.



Graph 8: Chinese banks surpass American financial institutions (Source: World Bank, IDB, US Ex-Im, respective annual reports, cited in Gallagher et al., 2012).

This is a striking graph which illustrates that Chinese financing surpasses the World Bank, a huge global financial entity, the IDB, which represents Latin American financial institutions, and the US, which used to be the sole hegemonic country in the western hemisphere, combined for the year of 2010. This graph provides many stories to be developed to see how Chinese finance in this region influences the regions' recipients and their interrelation with China and other nation-states, particularly the U.S. In this vein, a Chinese scholar from the Institute of Latin American Studies in the Chinese Academy of Social Sciences (CASS) was interviewed and said the following:

[84] China became an official member of IDB since 2009

> Dynamics are coming from either side. There is a need for financing the specific project that will definitely help improve infrastructures and logistics of the region and involving countries in particular. At the same time, Chinese firms are also eager to export their overcapacity of equipments, skills and business services, even the labours of management. Given they obtain adequate credits, either by themselves or by local partners, Chinese banks are likely to provide loans.
>
> (Interview (7ECIC)[85] with a Deputy Director of CASS, 30 August 2014)

In this fashion, along with the direct financial support to the Peruvian side of the Inter-Oceanic Highway via PPP, this thesis observes that there must be at least some form of ongoing indirect financial support, possibly via regional financial institutions, delivered in the realm of the IIRSA regional project portfolio.[86]

Continuing in the line of China's engagement with South America, particularly in relation to the realm of regional infrastructure, China's accession to WTO in the beginning of the twenty-first century is a critical moment. This demonstrates that China enters into international institutions, which links with the notion of fair trade, this has to do with infrastructure with special focus on logistic competitiveness. This interviewee from Itamaraty states that

> *A adesão da China à OMC e a abertura comercial são fatores mais importantes. A China e a forte demanda por energia, alimentos e insumos básicos forçaram os países a investir no matrix de transportes e melhorar a logística nacional...neste sentido...**A China condicionado o proceso de integração e o investimento logistica.***
>
> China's accession to the WTO and trade liberalisation are more important factors. China and the strong demand for energy, food, and basic supplies have forced countries to invest in the matrix of transport and improving national logistics ... in this sense ... **China conditioned the process of integration and logistic investment.**
>
> (interview with a high-level official from Itamaraty, Brazil, 25 April, 2013; bolding added by the author)

Subsequently, many actors have been involved in the dynamics of South American regional governance, with a particular focus on regional integration efforts. Consequently, the remainder of the chapter examines, utilising the relevant official documents, whether local actors were concerned and in what ways they were represented throughout the process of region-building.

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[85] 7ECIC (7/Elite/China/International/CASS).

[86] It has been hard to discern the degree of Chinese financial engagement with the IIRSA project portfolio because of the secretive nature of Chinese financial investment.

5.6 IIRSA, its two consecutive development phases and a space for local actors

IIRSA Phase I (2000-2010)

The original structuring of the IIRSA Project Portfolio was within "a time line of ten years, for the expansion and modernization of South America's physical infrastructure, especially in the areas of energy, transportation, and telecommunications" (Article 39 of Brasilia Communiqué, 2000:8). In this respect, according to the IIRSA official website and its official document including "IIRSA 10 Years later: Achievements and Challenges", IIRSA considers the first three years (2000-2003) as a "launch and start-up period." Whereas the first three years (2000-2002) of the Initiative was a more political component, subsequently the following two years (2003-2004) are more technically and operationally important, which became known as the first phase of the Indicative Territorial Planning Methodological Process (API: Integration Priority Project Agenda, 2011:10). After these two transitional periods the planning stage progressed towards implementation, the Implementation Agenda based on Consensus 2005-2010, made up of an initial set of 31 integration projects, was created (Cuzco Summit Declaration, 2004; API: Integration Priority Project Agenda, 2011:12).

In this line, as briefly discussed above, the founding declaration of IIRSA, the Brasilia Communiqué, stresses the importance of representative democracy, and consequently the legitimacy of political systems. This links with the promotion of the participation of civilian organisations (Article 21 of Brasilia Communiqué, 2000:4-5). In this line, the Plan of Action, which is an official document that functions as a blue-print for regional integration in terms of physical infrastructure, sets out two components: a programmatic framework that serves as a basic plan for this, and the mechanisms for the implementation of the Plan and follow-up monitoring. While the first component of this proposed Plan of Action consists of ten core guiding principles, the following two principles are designed to include the local population into this regional level of projects:

> Article 7: Pursue regional integration projects that can raise the standard of living of local populations and offer them new opportunities.
>
> Efforts should be made to have infrastructure projects generate as many local development impacts as possible, and not simply serve as corridors linking major markets.

> Article 8: Construct mechanisms that promote participation and consensus.
>
> In developing and selecting projects, mechanisms should be devised to give an effective voice to affected communities, and the private sector, which may wish to fund, construct, and operate such ventures.

(Source: Plan of Action for Regional Infrastructure Integration in South America, 2000:2)

This chapter views that these above two articles are particularly interesting and significant factors which uncovers that the IIRSA, from the beginning, had and considered the local population's interest and participation in this regional level of developmental infrastructure projects. And this is also a critical point in examining whether the second phase of IIRSA (2010-2022) still considers local involvement as a central feature.

Second Phase of IIRSA (2010-2022): COSIPLAN, the new name of IIRSA under UNASUR

Approaching the end of the first phase of IIRSA (2000-2010), as stated in Chapter 1, the Union of South American Nations (UNASUR) was created in 2008. Within the aim of UNASUR, pursuant to the Constitutive Treaty, the specific objectives of UNASUR in relation to infrastructure are shown directly in Article 3 of this Treaty:

> d) Energy integration for the integrated, sustainable use of the region's resources, in a spirit of solidarity
> e) The development of infrastructure for the interconnection of the region and among our peoples, based on sustainable criteria of social and economic development
> m) Industrial and productive integration, focusing especially on small and medium-size enterprises, cooperatives, networks and other forms of productive organization

To meet these above ends, particularly in relation to infrastructure, the South American Council on Infrastructure and Planning of UNASUR (Consejo Suramericano de Infraestructura y Planeamiento de UNASUR – COSIPLAN) was established at the Third Summit of Heads of State and Government in Quito, Ecuador in 2009. According to the Statutes of COSIPLAN, this council 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" (Article 1 of Statues of

COSIPLAN, 2009, Annex I). In practice, given the challenges, such as securing political support and sustainable funding for the project portfolio, particularly in relation to AIC 2005-2010, the council's role is to emphasise the mandate conferred by UNASUR member countries regarding physical integration so as to obtain sustainable economic and social development and reduce existing asymmetries in South America via regional infrastructure integration.

With the recognition of the first 10 years of attainment under the IIRSA framework, the Strategic Action Plan contains the COSIPLAN's objectives endorsed by UNASUR. In short, according to Article 4 of the Statutes of COSIPLAN, there are six specific objectives and the Strategic Action Plan (PAE) presents its strategic actions based on each specific objective. One of the specific objectives of Article 4 of COSIPLAN and their actions is in relation to the inclusion of local and regional populations through the development of infrastructure. According to Article 4(b), the COSIPLAN is designed to "enhance the capacity and potential of local and regional populations through the development of infrastructure, with the aim of improving their life quality and expectancy." Subsequently, the particular strategic actions to attain this objective are developed to "[e]stablish bodies to foster social participation and the active contribution of the communities involved in COSIPLAN […]" (Action 2.3 of the Strategic Action Plan (2012-2022), 2011: 7).

This is an extremely important point. There is a continuity in stressing the importance of the local population and promoting social participation to acquire greater legitimacy in decision-making procedures concerning regional integration projects in the second phase of IIRSA (2012-2022) under the Strategic Action Plan. In short, as discussed earlier, the Plan of Action for Regional Infrastructure Integration in South America which was primarily designed for IIRSA during the first phase (2000-2010) was also stated in relation to the importance of the affected populations and communities. Therefore, a common feature over the entity of IIRSA's (now known as COSIPLAN) project portfolio is the consideration of benefit for local and regional populations through regional public goods such as infrastructure development. To reiterate, this is a key point in that this research poses a question as to whether this principle of local inclusiveness in this Plan of Action and Strategic Action Plan for Regional Infrastructure Integration has been effectively met. In this vein, the notion of the

inclusiveness of the affected local population through regional integration infrastructure will be critically assessed in great detail as a case study in the following chapter.

5.7 Conclusion

This chapter has identified the key actors and examined their roles in shaping South American region building. It considers the extra-regional context of the U.S. and China and the proactive responses by South America as a region and particularly by Brazil's leadership throughout regional physical integration efforts, with a special focus on infrastructure. In short, one of the justifications, among others, for being united or at least showing greater unity through regional integration is the role of external actors. This thesis has argued that the US-led FTAA arrangement, perceived as a threat, and at the same time China's global and regional presence, identified as an opportunity, accelerated the nations of South America, particularly Brazil, which already had an aspiration for regional and global power, in reconfiguring the South American region as a whole. In this context, as discussed above, Brazil and its institutional entities (i.e. MNCs and BNDES) have been leading actors in regional integration efforts, particularly IIRSA Projects. According to existing literature as well as interviews from for those who are directly or indirectly involved in regional projects, particularly IIRSA, Brazil and its geo-political and national interest are driving South America to integrate its infrastructure.

Since the initiation of the IIRSA, regional financial institutions have played a critical role not only in financing but also in supporting the roadmap via the drafting of crucial documents, such as the Plan of Action for Regional Infrastructure Integration in South America).[87] Furthermore, the formation of the CCT (Technical Coordination Committee), composed of three leading regional financial institutions and functioning as a mechanism of support and oversight for the Plan of Action, also shows the role played by regional financial institutions. In terms of the financial aspects of regional projects, public-private partnerships have been encouraged. In this respect, one of the icons of region-wide projects is the Inter-Oceanic Highway, which has been financially supported by Brazil and China. Moreover, the Brazilian MNC Odebrecht participated in

[87] This document was requested by the Brazilian government for the summit of the 12 Presidents of South America in 2000.

the construction of the Peruvian side of the Inter-Oceanic Highway under the consortium Conirsa. As analysed above, this represents Brazil's expansion of its geo-political economic territory from the Atlantic Ocean bases towards the Pacific Ocean and beyond. At the same time, China enlarges its global aspirations, particularly to implement its Go Out policy[88] for the purpose of sustainable development by acquiring relevant natural resources. As discussed in the previous chapters, this is mutually recognised by Brazil and China to form a solid partnership, as also indicated in an epigraph, which is placed immediately after the title of this chapter.

Taking the analysis of Giordano and his colleagues into account (2005:10), "in the business sector, companies must develop a global perspective, which often erodes their local involvement", this chapter analysed two different phases of IIRSA and found that these all emphasise the importance of local engagement. In short, as stated above, a common goal is to achieve social inclusion and citizen participation. Two official master plans for regional integration aiming to promote sustainable development take into account the affected community during the course of regional physical integration. Recalling an overarching argument of this thesis, that there is little local community input in the regional integration process and the following chapter explores whether the appropriate official documents and relevant officials' statements, as well as the existing literature on regionalism, have paid special attention to local actors in the procedure of regional unity, with special focus on the Inter-Oceanic Highway project.

[88] As explained in previous chapter, since the beginning of the twenty-first century, then President Hu Jintao explicitly encouraged Chinese state-owned companies, as well as private companies, to look for global markets and to invest in foreign countries for the purpose of Chinese sustainable development.

CHAPTER 6

LOCAL ACTORS IN A TRI-BORDER STATE OF BRAZIL AND THEIR "FACTUAL" PARTICIPATION IN THE INTER-OCEANIC HIGHWAY

"The ends justify the means"
(*The Prince*, Niccolo Machiavelli)

6.1 Introduction

The inaugural construction of a bridge called the Integration Bridge (Ponto do Integração) that links two border cities, Assis Brasil and Iñapari, in Brazil and Peru respectively, in January 2006 opened a new historical chapter in the relations of Brazil and Peru. Furthermore, it marks not only the interaction between two different cities and two countries on a new level, but also inaugurated a new era for the South American region as a whole. Ultimately, the construction of that bridge, which is one of the IIRSA AIC projects[89], can be seen as the initial point in bringing forth the Inter-Oceanic Highway, from the Atlantic to the Pacific Ocean. Chapter 6 has examined the extra-regional context within which the regional integration efforts for South America have accelerated, particularly in Brazil, so as to proactively integrate with distinctive features of globalization via regional governance (i.e. IIRSA). In fact, throughout the chapters building up to this point, this thesis has intended to examine whether existing regionalism studies, particularly new regionalism literature, has paid special attention to and is meaningful for Latin America, particularly the South American region. Subsequently, this thesis focused on analysing two potentially relevant factors (variables): historically embedded societal structure and internationally active actors and their role in influencing regional governance in South America.

[89] As stated in the Chapter 5, IIRSA AIC (Implementation Agenda based on Consensus) portfolio project for the period of 2005-2010.

With the analytical insights discussed in Chapter 5, this chapter targets a particular regional level of project to see whether the typology of regionalism (Chapter 1) proposed in this thesis is suitable, with special focus on public representativeness. Furthermore, it attempts to analyse this aspect of inclusivity under the conceptual framework of Phase 2 of new regionalism that this thesis has developed. As established in Chapter 5, this thesis explains that throughout the entire IIRSA project portfolio (2000-2010 and 2012-2022) the initiatives affected community and local participation, which were the areas that IIRSA official documents claimed to include. Therefore, this chapter will explore a particular region, more specifically a city which *de facto* experienced a regional level of projects to find out whether this affected community's interests were being heard. To meet this goal, this chapter is structured as follows: Firstly, it will introduce and then justify the particular regional level of project amongst IIRSA project portfolio and areas that this thesis explores. Subsequently, it will examine the characteristics of new regionalism, with special focus on local actors through a case study via the process-tracing and quantitative methods (i.e. questionnaire). By expansion, it will feature a discussion and analysis of findings from this round of field research that we may understand and explain this particular feature of South American regionalism.

6.2 Introduction & Justification for locating Assis Brasil[90] and its state, ACRE[91] as a concrete research area, in relation to regional integration effort, with special reference to the Inter-Oceanic Highway and its Integration Bridge

6.2.1 Assis Brasil and the implication of Integration Bridge in the vein of Inter-Oceanic Highway under IIRSA

"Esta ponte ... é o primeiro passo na realização de outro sonho antigo: a ligação sul-americana entre o Pacífico e o Atlântico. [This bridge [...] is the first step in the realisation of another old dream: the South American link between the Pacific and the Atlantic]" (Reuters, 21 Jan 2006). This declaration was made by Lula at the Inauguration of the Integration Bridge. As addressed in the introduction of this chapter, this bridge plays a critical role not only in bilateral relations between Brazil and Peru,

[90] A Brazilian city is located in Amazon area and shares the border with Peru and Bolivia, respectively. The further information about this city will be addressed in the following section.

[91] One of the Brazilian state and is located in Amazon area and share its border with Peru and Bolivia. The further information about this state will be presented in the following section.

but was also a historical moment for South America, with special focus on the realisation of its regional integration efforts. This bridge starts from Assis Brasil in Acre, the border city in which the fieldwork was conducted. In fact, this Integration Bridge is the first completed regional-level project[92] amongst IIRSA Portfolio Projects and has forged a new path towards the Pacific coast from previously deadlocked Atlantic coasts. As addressed in Chapter 5, the completion of this bridge represents a significant continuation in terms of regional policy from Fernando Henrique Cardoso, who initiated the idea of regional integration and called for 12 Presidents in South America to embark on IIRSA. Furthermore, this work highlights the continuation endeavour of Brazilian foreign policy under Lula da Silva, who channelled his effort towards making Brazil a regional power and competing in the existing global order.

Particularly, the following Figure 7 demonstrates the then three Presidents, Lula da Silva, Alejandro Toledo, and Carlos Mesa, of Brazil, Peru, and Bolivia respectively, who attended the initial ceremony for this Integration Bridge on the Brazilian side.

Figure 7: A commemorative monument for a 'historical' linkage among Brazil, Bolivia and Peru (*Source*: picture taken by the author, March 2013).

[92] According to Brazilian Ministry of Transportation, the period of execution was 14 months (August 2004 to September 2005) and its official ceremony was in January 2006.

To reiterate, this Integration Bridge, one of the first projects, and the first completed regional integration project under the scheme of IIRSA Portfolio Projects, contains an important story to be developed in relation to understanding the nature of new regionalism (Implementation Agenda based on Consensus 2005-2010, Assessment Report, July 2010: 130). Therefore, this fieldwork research is situated in a tri-border city[93] where this Integration Bridge has been constructed. This city is the point of initial departure and concurrently a watershed for the Inter-Oceanic Highway.

According to an official document from Acre[94], "o Acre em númerous [Acre with numbers]" from which I obtained the data from the IBGE demographic census, Assis Brasil is one of the twenty-two municipalities in the state of Acre. As shown below in Map 6, it is located in the south of Acre. Its population is 6,072 out of 733,559 in the province as of 2010. Around the half of the population (336,088 as of 2010) in this state resides in the capital city, Rio Branco.

Map 6: A political map of Acre, which is divided into five regions and twenty-two municipalities. The location of Rio Branco and Assis Brasil have been emphasised (*Source*: 2013 edition of 'Acre em Numeros' from State of Acre official website and modified by the author).

[93] A triple border city is a city located in border which it shares with two different countries. Here Assis Brasil shares its border with Iñapari (Peru) and Bolpebra (Bolivia).

[94] Acre is one of twenty-seven states and is situated in a tri-border, which it shares with Peru and Bolivia. Its capital city is Rio Branco.

While the rate of urbanization of this state is 72%, Assis Brasil is around 60%. The following Table 14 identifies with (selective) employment allocation, which demonstrates job distribution in the Amazon state, with focus on selective municipalities so as to compare it with Assis Brasil. According to data shown in the table below, the proportion of inhabitants employed in the public sector is 23.9%, with 15.23% employed as public officials and 8.67% employed in public education in Assis Brasil which is higher than other job categories, as well as having a higher public sector employment rate than other municipalities in Acre and Brazil as a whole. One in four residents of Assis Brasil is employed by and for public services, whereas one in six is similarly employed at the state level, and one in ten at the national level. This is a critical sign of an important aspect of this Amazon municipality in relation to the notion of dependence.

This thesis argues that limited variation in and alternatives for employment in this area, coupled with the high levels of primarily public-related occupation, constrains the space in which local people would engage at will. To reiterate, this structural confinement of local people's livelihood, which is highly dependent on public work in terms of their financial resources, has power to explain the degree of public participation with particular reference to the regional level of projects and policies. This part of my discussion will be further employed with regard to the analysis of local participation in IIRSA Portfolio Projects including the Integration Bridge and the Inter-Oceanic Highway.

Brasil, Unidade da Federação e Município	Seção de atividade do trabalho principal												
	Total	Agricultura, pecuária, produção florestal, pesca e aquicultura	Indústrias extrativas	Indústrias de transformação	Água, esgoto, atividades de gestão de resíduos e descontaminação	Construção	Comércio; reparação de veículos automotores e motocicletas	Atividades financeiras, de seguros e serviços relacionados	Atividades imobiliárias	Administração pública, defesa e seguridade social	Educação	Saúde humana e serviços sociais	Serviços domésticos
Brasil	100	14,20	0,46	11,81	0,67	7,29	16,97	1,29	0,43	**5,38**	**5,65**	3,77	6,91
Acre	100	20,51	0,07	4,32	0,47	7,54	14,60	0,67	0,12	**9,62**	**7,64**	3,47	8,71
Acrelândia - AC	100	49,94	0,10	6,88	0,20	5,45	9,09	0,24	0,10	4,02	7,42	3,17	5,88
Assis Brasil - AC	100	22,95	-	2,52	1,28	5,48	13,02	-	-	**15,23**	**8,67**	3,14	9,37
Brasiléia - AC	100	32,74	-	2,84	0,27	9,52	12,12	0,38	-	7,06	4,54	2,84	8,02
Bujari - AC	100	47,75	-	1,77	0,60	5,53	8,27	0,16	0,07	4,99	6,80	1,81	9,19
Capixaba - AC	100	45,88	-	6,38	0,24	3,50	9,49	-	0,15	7,24	4,35	1,04	5,49
Cruzeiro do Sul - AC	100	21,91	0,18	3,73	0,26	7,94	16,09	0,56	0,05	7,67	8,39	4,59	9,69
Epitaciolândia - AC	100	26,45	0,20	4,32	0,47	7,15	16,57	0,62	-	6,33	5,24	2,86	9,47
Feijó - AC	100	48,98	-	3,51	1,09	7,89	6,64	0,18	0,09	3,84	8,28	1,81	6,44
Jordão - AC	100	45,03	-	4,11	0,28	1,63	3,58	0,11	-	10,48	9,29	4,50	7,04
Mâncio Lima - AC	100	39,39	0,10	4,87	0,44	2,81	6,32	-	-	8,73	10,88	3,45	7,91
Manoel Urbano - AC	100	34,68	-	2,88	0,54	8,18	7,44	0,60	-	16,74	2,82	3,05	8,14

Marechal Thaumaturgo - AC	100	60,27	-	3,10	1,04	1,22	2,85	0,80	-	6,42	9,93	2,83	3,56
Plácido de Castro - AC	100	31,11	-	3,16	0,55	3,66	12,67	0,09	-	7,24	9,52	5,23	10,79
Porto Walter - AC	100	64,89	-	2,19	0,70	1,09	3,48	-	-	2,17	10,03	1,58	4,53
Rio Branco - AC	100	5,53	0,08	4,44	0,46	9,10	18,48	0,96	0,21	12,20	7,35	3,85	8,57
Santa Rosa do Purus – AC	100	36,94	-	1,87	1,05	1,09	7,14	-	-	19,37	13,54	5,65	4,33

Table 14: Section of the main work activity in the state of Acre and compared to national level of Brazil (*Source*: IBGE, sorted and selected by the author).

Turning to the Integration Bridge in the context of Acre, particularly Assis Brasil, according to the Ministry of Transportation of Brazil and IIRSA official documents, the construction of this bridge was executed over 14 months from August 2004 to September 2005 (Ministério dos Transportes, 2005), and opened to traffic on January 21, 2006 (Implementation Agenda based on Consensus 2005-2010, Assessment Report, July 2010: 130). At the inauguration ceremony, held in January of 2006, Jorge Viana, then Governor of Acre, stated that thanks to the great support from President Lula, a "lion," the *duration* of the construction work had been reduced from 30 months to 14 months (Rondonoticias, 23 January 2006). The interesting story comes in to play in this scene. Based on the interviews with several local residents, including the current mayor and former mayors of Assis Brasil, as well as a previous head secretariat who supervised development in the state of Acre, the primary plan had been changed. In short, according to a Brazilian newspaper O Tempo ("Lula inaugura ponte e promete renda", 21 January 2006), the previous proposal planned for a bridge between Brazil and Peru spanning 745 meters. However, the actual completed bridge is now 240 metres, just over one-third of the originally proposed length. Therefore, the actual completion period was accordingly moderated.

Figure 8: Integration Bridge which connects two border cities, Assis Brasil (Brazil) and Iñapari (Peru) (*Source*: Picture taken by the author, March 2013).

Here the research question again becomes relevant and links with the above stated context of regionalism studies. To what extent do local citizens participate in the procedure of such a regional project? As will be addressed in following section, the

majority of the local population in this border town wanted the Inter-Oceanic Highway to pass into this city and link the bridge to a Peruvian border city, Iñapari because of the socio-economic benefit. To do so, this bridge needed to be connected from the village and needed to span 745 metres to link to the Peruvian side. It is critical to investigate why this original plan had been changed and in what ways the local actors were included in this decision-making process. Accordingly, this research explores this local area to meet residents and relevant institutions by means of the above-stated research methods including surveys along with open-ended questions, interviews, and process-tracing.

Intuitively, it should be said that the more people participate in socio-political activities (e.g. local associations and elections), the more people are willing to actively engage with local issues that concern them. In other words, local residents who are engaged with local organisations such as trade unions or community associations and have voted in local and national elections are more likely to participate in any projects that are related to or affecting their way of living. Thus, with this statement, the following hypothesis is asserted:

> The more people participate in socio-political activities (i.e. local associations, such as trade unions, and local/national elections), the more people are willing to actively engage with local and national issues that concern them.

This hypothesis leads us to the following a research question:

> *To what extent is there local support for these regional projects? And how significant a factor is local support? To what extent have local citizens participated in the decision-making process?*

As stated in previous chapters, this research explores a locality so as to find out whether its residents are actively engaged with national or regional projects that affect their interests (i.e. socio-political economy and security). With the statement asserted above and its related research question, which was generated from existing regionalism studies, the research entered a tri-border town in Brazil (Assis Brasil) to find out whether and to what degree the locals are engaged.

6.2.2 Assis Brasil, conducting fieldwork in the city and related findings

As discussed in the previous chapter on methodology, this thesis aims to utilise both quantitative and qualitative methods so as to increase its reliability, validity, and replicability. Throughout the fieldwork, this research found that these are mutually supportive and inclusive methods. Before further discussion on the positive assets of this triangulation research method in terms of empirical case studies, the data that this research obtained from the questionnaires is presented below. This is a quantitative method using SPSS statistical software. Because of its survey design, this research employed the chi-square test (χ^2) and logistic regression approach rather than alternative statistically inferential tools to measure and interpret the empirical data.

As already demonstrated in Table 11 of Chapter 4, 88 of those surveyed (heads of households) responded and completed questionnaires from both urban and rural areas of this municipality. This research was particularly interested in finding whether and to what extent local residents were able to participate in the regional projects that affect their way of living (Q 29, 30, and 31). Other questions such as Q 20, 21 and 22 in this survey explore how local residents are engaged with socio-political life. Question 20 and its related sub-questions in this survey investigate whether the respondents are engaged with any local association and if so, which ones (e.g. business cooperative, community association, trade union and others) and the length of their participation. Questions 21 and 22 are concerned with political participation by means of presidential and mayoral elections.[95]

In this vein, one of the important areas that this research aimed to explore was whether local residents knew that the Inter-Oceanic Highway was supposed to cross through this small tri-border town, Assis Brasil (Q 29 of questionnaire[96]). As shown in the output below (Table 15), this research found that the majority of respondents (84.1%) knew that the initial plan for this Inter-Oceanic Highway was for it to be constructed in and

[95] Although participation in elections is mandatory for Brazilians, these questions seek to reveal the respondents' understanding of how democracy works and the importance of participation in political issues.

[96] Please see appendix

through the city rather than simply passing by.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	74	84.1	84.1	84.1
	No	14	15.9	15.9	100.0
	Total	88	100.0	100.0	

Table 15: Local Residents' Awareness in relation to the primary plan of Inter-Oceanic Highway (*Source*: SPSS output, based on a survey question (Q 29) "Did you know that the Inter-Oceanic Highway would cross within Assis Brasil?").

Also, as will be discussed further, the majority of interviewees also knew that this Inter-Oceanic Highway was supposed to pass through the city. However, the Inter-Oceanic Highway runs outside of this city. As seen in the following Figures 9 and 10, Assis Brasil has been excluded and this highway simply passes by the outskirts of the city.

The Inter-Oceanic Highway bypasses Assis Brasil

A local road in Assis Brasil

Figure 9: Inter-Oceanic Highway passes on the outskirts of Assis Brasil. *Figure 10*: The local road that enters into the city (*Source*: Picture taken by the author, March 2013).

The question arises as to why this highway was modified. This point will be addressed and discussed later. First, to learn whether these local residents were able to and/or allowed to attend meetings and express their interests, Question 30 of the survey was formed (also see the appendix) and the results are as follows.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	6	6.8	6.8	6.8
	No	82	93.2	93.2	100.0
	Total	88	100.0	100.0	

Table 16: Local Residents' Participation with respect to the modification of the primary plan of the Inter-Oceanic Highway (*Source*: SPSS output, based on a survey question (Q 30) "Prior to the modification of the main plan of the Inter-Oceanic Highway, could you attend to listen or to deliver your interests to persons or institutions responsible?").

The enquiry above is one of the most important areas of interest that this research sought to explore. It also determines whether local people were able to engage in the decision-making process. Subsequently, as shown in the results from Table 16, most of those surveyed (93.2%) were not able to participate in the decision-making process. In other words, local residents were, to a great extent, excluded.

Interestingly enough, survey respondents as shown below are actively engaged in several levels of political apparatus (e.g. local organisations, presidential/mayoral elections) to express their own interests. Among those respondents who participate in one (or more) of four categorised organisations, the trade union (46 participants) is the most popular association for respondents (47 people) who indicated that they are engaged with any organisation[97]. To reiterate from an analytical point of view, there are five different trade unions, which all aim to represent the interests of their members and achieve members' common goals. In addition, a business cooperative exists to give members the opportunity to cultivate their products in a rural area and bring them into the city to sell. Strangely enough, there were few such active community-based associations (as categorised in the survey – see appendix) that local residents can be involved in. From the interviews conducted, one of the interviewees stated that he is a representative of an NGO called Human Rights in this community and is the sole member of this NGO.[98] According to this interviewee, no such community

[97] The output data and its chart will be shown in the appendix.

[98] This interviewee stated that this type of NGO was organized more than 1 decade and was hard to maintain because of a lack of financial support, given the very small amount of members and in some point, he was one who only remained as a member for this NGO. According to him, he once again prepared to register as a community association to support from city hall and to call for members in this village.

organisations have developed in this town.

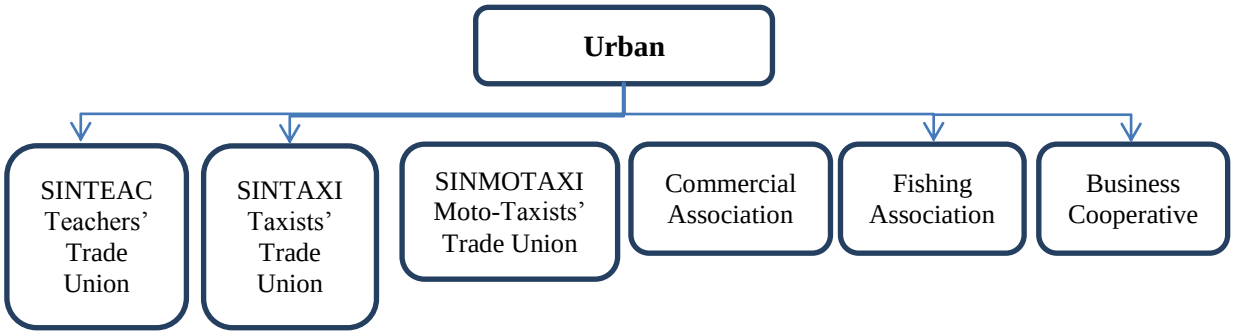


Figure 11: The different types of local (urban) associations in Assis Brasil (*Source*: Constructed by the author based on the information obtained from fieldwork, Feb/March 2014).

While there are relatively diversified local organisations in the urban area, there is only one organisation, called STR, which is a rural trade union, representing rural residents' interests. The organisation's structure is as represented below[99]:

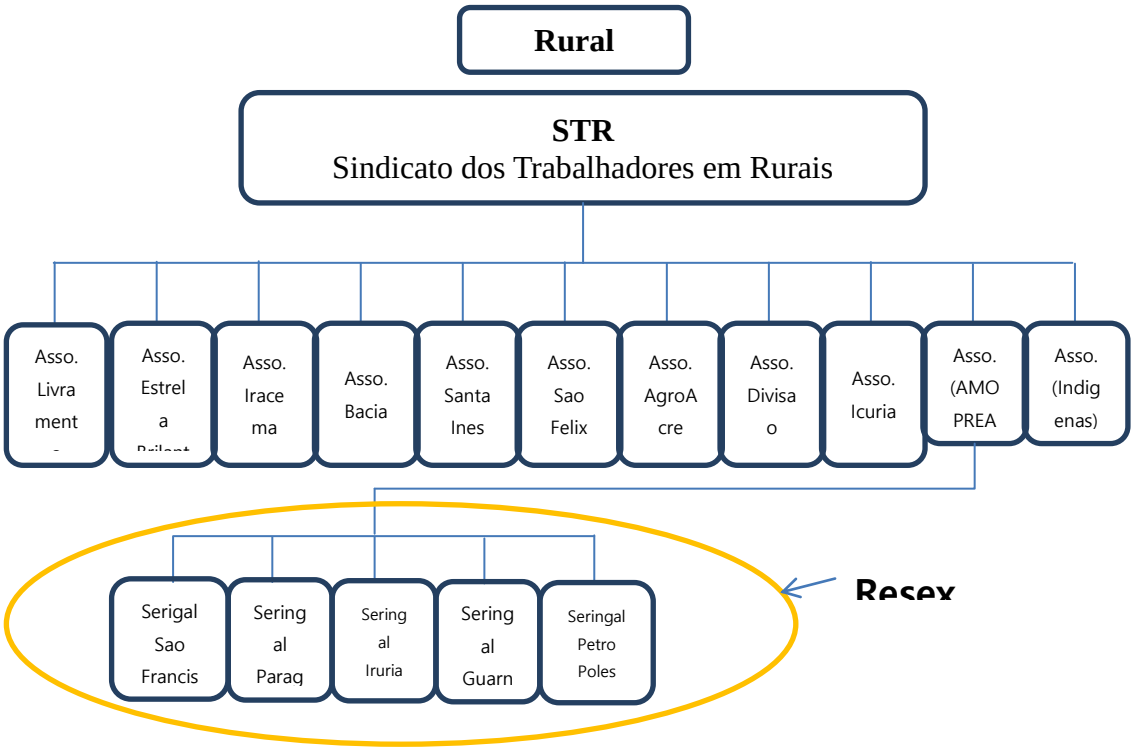


Figure 12: Local (rural) associations based on different rural localities in Assis Brasil (*Source*: Constructed by the author, based on the fieldwork, 2013).

[99] Those who live and work mainly in the agricultural sector in rural areas are associated with and classified into relevant sub-set divisions of STR. Throughout the survey and conversation-based interview with local residents, this research realised that some urban residents are also engaged with the rural-based association because they have obtained land in rural areas.

Thus this research hypothesised, as stated above:

> The more people participate in socio-political activities (i.e. local associations such as trade unions, and local and national elections), the more people are actively willing to engage local and national issues related to their life.

With this assumption, there would be a correlated relationship between the degree to which local residents were able to engage with the critically important regional plan and to the extent to which local residents actively participate in existing political institutions. In this vein, the chi-square test (χ^2), would allow us to see whether or not there is a statistically significant association between these two variables. To do that, cross-tabulation tables (a.k.a. contingency tables) are employed to demonstrate the relationship between the level of local association participation and the extent of regional integration participation shown below:

			Prior to the modification of the main plan for the Inter-Oceanic Highway, could you attend to listen or deliver your interests to persons or institutions responsible?		Total
			Yes	No	
Are you associated with any organization?	Yes	Count	3	44	47
		% of Total	3.4%	50.0%	53.4 %
	No	Count	3	38	41
		% of Total	3.4%	43.2%	
Total		Count	6	82	88
		% of Total	6.8%	93.2%	100.0 %

Table 17: The relationship between the level of local association participation and the extent of regional integration participation (*Source*: SPSS output, based on survey questions 20 and 30 and employing cross-tabulation tables to demonstrate the relationship between the level of local association participation and the extent of regional integration participation).

Table 17 shows that 47 respondents stated that they are associated with an organisation and yet only 3 respondents among them indicated that they were aware of or able to attend meetings in relation to the regional project in question. According to the follow-up question for those who were aware or attended these meetings, these respondents were working for local municipalities and/or had personal relationship with local mayor

at that time. Forty-one respondents stated that they are not associated with any organisation and again only 3 respondents stated that they were in some respect engaged with this regional project, while 38 respondents were not engaged at all. Thus, with this descriptive information, this research intends to see whether or not there is a statistical correlation between these two categorical variables.

	Value	Df	Asymp.Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.030[a]	1	.862		
Continuity Correction[b]	.000	1	1.000		
Likelihood Ratio	.030	1	.862		
Fisher's Exact Test				1.000	.594
Linear-by-Linear Association	.030	1	.863		
N of Valid Cases	88				

Table 18: Results of chi-square Tests (*Source*: SPSS output, based on survey questions 20 and 30 and employing Chi-square tests to determine whether the relationship between the level of local association participation and the extent of regional integration participation is statistically significant).
a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is 2.80.
b. Computed only for a 2x2 table.

From the output shown in Table 18 above, there is no statistically significant association between these two variables.[100] In other words, these two variables are independent. To reiterate, there must be a relevant degree of association between two variables due to these variables (level of local participation and the degree of regional project inclusion). Along with the cross-tab output, these chi-square tests (χ^2) re-confirm that there is no statistically valid relationship. With this result, another level of political participation, namely voting in local mayoral elections, will be examined to see whether there is an association between these two variables.

As stated above, although casting a vote in elections is mandatory in Brazil, election participation by local people demonstrates that they understand how democracy works and recognise the importance of participation in political issues.

[100] One can see that chi-square value (Pearson chi-square) is .030 p = .862. Typically, this research looks at 95% confidence intervals and thus the value of *t* is for a two-tailed with probability of .05 with the appropriate degrees of freedom (df). According to chi-square tests for these two variables, the significance level of these variables is .862, which is far above .05.

		Prior to the modification of the main plan for the Inter-Oceanic Highway could you attend to listen or deliver your interests to persons or institutions responsible?		Total
		Yes	No	
Did you vote in the last mayoral election in Assis Brasil?	Yes	6	77	83
	No	0	5	5
Total		6	82	88

Table 19: The relationship between the level of political participation and the extent of regional integration participation (*Source*: SPSS output, based on a survey questions 22 and 30 and employing cross-tabulation tables to demonstrate the relationship between the level of political participation and the extent of regional integration participation).

Table 19 shown above demonstrates that 83 respondents stated that they participated in voting for the last mayoral election and yet only 6 respondents amongst them indicated that they were aware of or able to attend meetings in relation to the Inter-Oceanic Highway. It is therefore strongly demonstrated that those who are interested in political participation via formal means, such as elections, were left out in the sense that they were not acknowledged and could not participate in this crucial regional project affecting their everyday lives. With this in mind, this research intends to see whether or not there is a statistical correlation between these two variables.

	Value	Df	Asymp.Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.388[a]	1	.533		
Continuity Correction[b]	.000	1	1.000		
Likelihood Ratio	.728	1	.394		
Fisher's Exact Test				1.000	.696
Linear-by-Linear Association	.383	1	.536		
N of Valid Cases	88				

Table 20: Results of chi-square tests (*Source*: SPSS output, based on a survey questions 22 and 30 and employing chi-square tests to find whether there is a statistically significant variation between the level of political participation and the extent of regional integration participation)
a. 2 cells (50.0%) have expected count less than 5. The minimum expected count is .34.
b. Computed only for a 2x2 table.

From the output shown above, one can see that chi-square value (Pearson chi-square) is .388 with a significance level of .533, which is far larger than .05. Therefore, there is

no statistical association between the two variables. In other words, these two variables are independent. However, it must be correlated, given the nature of the political participatory aspiration, which was demonstrated by the voting participation rate. To further investigate whether there is an association between formal political participation and regional project participation, the descriptive information via cross-tabulation and its bar chart is shown below:

		Prior to the modification of the main plan for the Inter-Oceanic Highway, could you attend to listen or deliver your interests to persons or institutions responsible?		Total
		Yes	No	
Did you vote in the last election for president of Brazil?	Yes	6	76	82
	No	0	6	6
Total		6	82	88

Table 21: The relationship between the level of political participation in the presidential election and the extent of regional integration participation (*Source*: SPSS output, based on survey questions 21 and 30 and employing cross-tabulation tables to demonstrate the relationship between the level of political participation and the extent of regional integration participation).

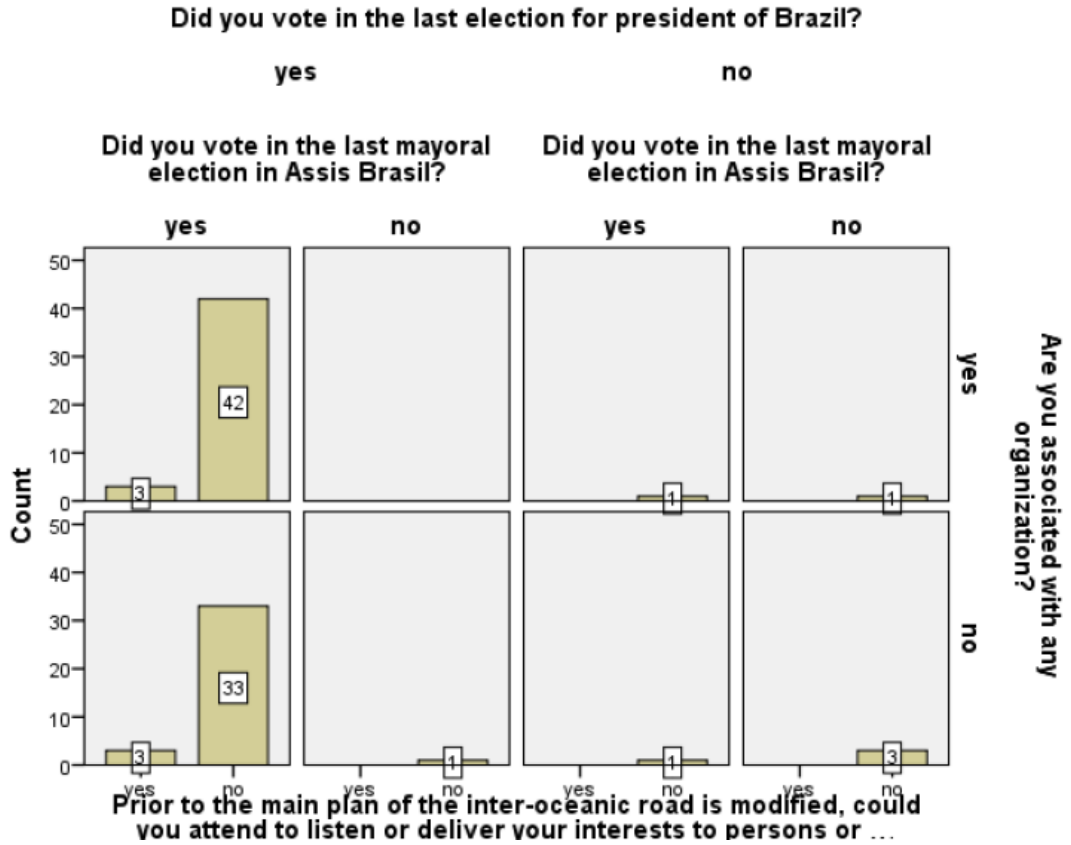
Table 21 shown above demonstrates that 82 respondents stated that they participated in voting for the last presidential election and yet only 6 respondents amongst them indicated that they were to some degree able to participate in planning or feedback regarding the Inter-Oceanic Highway. This strongly shows, as demonstrated above with the case of the mayoral election, that most of those who are interested in political participation via formal means were not invited, acknowledged[101], or able to participate in this crucial regional project that affects their everyday lives. With this descriptive information, this research will determine whether or not there is a statistical correlation between these two variables.

[101] The plan had been changed from the construction of the road through this particular city to passing by the outside of this city.

	Value	Df	Asymp.Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	.471[a]	1	.492		
Continuity Correction[b]	.000	1	1.000		
Likelihood Ratio	.879	1	.349		
Fisher's Exact Test				1.000	.646
Linear-by-Linear Association	.466	1	.495		
N of Valid Cases	88				

Table 22: Results of chi-square tests (*Source*: SPSS output, based on survey questions 21 and 30 and employing chi-square tests to find whether the relationship between the level of political participation and the extent of regional integration participation is statistically significant).
a. 1 cells (25.0%) have expected count less than 5. The minimum expected count is .41.
b. Computed only for a 2x2 table.

From the output shown above, one can see that chi-square value (Pearson chi-square) is .471 with significance level of .492, which is much larger than the p-value of .05. Therefore, there is no statistical association between two variables, accepting the fact (as shown in footnote a. of the above Table 22) that the distribution of the cell count is less than ideal. As shown above, two other supposedly related variables including participating in local organizations and voting in the most recent presidential election were not correlated descriptively or statistically with a significant level of regional integration project awareness and participation. This variable, participation in the most recent presidential election, was not in these realms. To view the relationship amongst all four variables (participation in presidential and mayoral elections, organisational involvement, and input concerning the regional integration project), the following bar chart is formulated.



Bar Chart 1: The Dynamic relationship among four variables taken from the survey and the extent of regional integration participation (*Source*: SPSS output, based on survey questions 20, 21, 22, and 30 to demonstrate the dynamic relationship among these four variables and the extent of regional integration participation).

From Bar Chart 1 shown above, amongst survey respondents as a randomly selected sample, only 3 respondents out of 88 - who voted in the last presidential election and the last mayoral election and who also are involved in local organisations - were engaged in a different manner in this regional project. This research employs an additional technique to assess the impact or correlation of a set of variables (predictors). As stated above, since the dependent variable is categorical, and independent variables are also categorical rather than continuous, logistic regression has been utilised to see whether there is statistical significance between the level of regional integration participation amongst three variables (presidential and local mayoral elections and participation in local organizations). And according to the logistic regression, none of these three factors appear to be driving respondents' ability to be involved in this regional project.[102]

[102] Please see in the appendix, which incorporates a series of output in relation to the factual result,

Therefore, the result is slightly counterintuitive, which means that local residents, who are represented by a sample for the purpose of this research, claim that they were to a large extent excluded in the process of the regional project.

Furthermore, given the following empirical data extracted by survey question 31, more than 80% of respondents are not satisfied with the way the road has been constructed.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes, I am satisfied	17	19.3	19.3	19.3
	No, I am satisfied (i.e. would like it to pass through the city)	71	80.7	80.7	100.0
	Total	88	100.0	100.0	

Table 23: The degree of satisfaction with the current Inter-Oceanic Highway (*Source*: SPSS output, based on survey question 31 to demonstrate the satisfaction of local residents with the construction of the Inter-Oceanic Highway).

It is inevitable that the projects and policies of any given government will not always be able to completely satisfy the needs and wants of the people that it serves. However, as demonstrated above, the original plan of the highway was for it to pass through the city. This plan was modified, causing to road to pass by the outskirts of the city with little public awareness. Thus, this research found that there was a lack of public participation (input) in carrying out the regional project which was affecting these local people. In other words, there was no proper consultation with local people when modifying this regional integration plan. Rather, it was driven by top-down procedure, given this round of explorative research.

> Nós entendemos que seria bom para essa estrada entrar na aldeia. Ele precisa, no final, considerar o custo de construção e o período de construção, embora o plano principal era o de penetrar na aldeia. Nós [os que estão no nível estadual] somos altamente dependentes do apoio do governo federal em várias formas, principalmente financeiramente, por isso esta decisão veio do nível federal e nós incorporamos .
>
> We understood that it would be good for this highway to penetrate into this village. It needs to in the end to consider the cost of construction and the construction period, although the primary plan was to penetrate into the village. We [those at the state level] are highly dependent upon federal support in various ways, particularly financially, so this decision came from the federal level and we incorporated it.

(Interview (6EBSA)[103] with a former head secretariat of the State of Acre, 30 April 2012)

employing logistic regression.

[103] 6EBSA (6/Elite/Brazil/State/Acre).

Along with this interviewee, who in fact managed this project, there were some high-level officials, such as ex-mayors of Assis Brasil, who stated as well that before and during construction, the most important elements that required consideration, among technical, societal, communal, and economic, were economic matters, which accords with the shortened construction period. Thus, they explained in this a reason that the plan had to be modified.

It is logical that if the construction could be carried out more economically, the project needed to be modified. Thus, a clear-cut reason to modify this project and bypass local voices was financial. The following analytical questions have to deal with how this was possible under a participatory democracy and identify the driving forces other than simple financial savings.

From this point, the research attempts to find the reasons why these local residents and actors were discounted rather than included. In other words, the following section attempts to analyse and explain why it happened in this way. To achieve these ends, a series of open-ended and semi-structured interviews at the local and national level were conducted. Particularly, the process-tracing method will be employed so as to find the causal mechanism and to increase our understanding of this border town, which is directly affected by the process of region-building.

6.3 Regional and Local politics and economic structure in Assis Brasil: historically embedded societal structure and the patron and semi-slavery relationship

Assis Brasil and its state, Acre, encompass a distinctive and concrete story, in relation to its geographical location and its historical societal institutions. Acre is one of twenty-seven states in Brazil and is situated in a tri-border area, which it shares with Peru and Bolivia along with the Amazon rainforest. This research has found that the key feature, which constitutes the uniqueness and importance of this area, is the rubber tree and the resulting production of latex. The rubber tree has not only been a historical factor, but rather a history ‘maker’ which has shaped the identity and the orientation of this area, and to some extent, Brazil as a nation. In short, this thesis argues that determining the

importance of the rubber tree and latex can be considered as a critical juncture for the political and economic structure of this particular region and town and the political and economic society of Brazil. This observation echoes the notion of historically embedded societal structure, which is a key element that this thesis explores, discussed particularly in Chapter 2, so as to increase the understanding of local actors' involvement in the new regionalism. This provides an insight to the process-tracing method.[104] In other words, empirically based case studies, using process tracing, explore "the processes by which initial conditions are translated into outcomes" (Vennesson, 2008:224).

Connecting from the above result - based on the questionnaires – of the lack of local residents and actors' inclusion in the Inter-Oceanic Highway, with special reference to the Integration Bridge, this thesis argues that rubber and latex set the boundary of the casual mechanism and this provides a clue to explaining the lack of public representativeness in this region. The following subsection discusses the evolution of the rubber boom with special reference to the formation of Acre. Thus, it examines how societal structure between rubber barons and rubber tappers became institutionalized, what it means for contemporary societal arrangement, and how this formation is linked to local input in relation to regional projects.

6.3.1 The formation of Acre: significance of Rubber and Cattle

Rubber and its Latex: These Implications for Political Economic Societal Formation of Acre

The state of Acre is the last territory recognized and integrated into Brazil through negotiation with Bolivia in 1903 after the so-called Acrean revolution (state website of Acre[105]). This was led by Brazilian rubber tappers (seringueros) who resided in this area for the purpose of rubber extraction when it belonged into Bolivia. A Brazilian scholar[106] at the State University of Acre (UFAC), who studies Acrean politics, said the following:

[104] See Chapter 4.
[105] For more information, see the bibliography.
[106] He is an author of a book, titled *Um governo na floresta: Politica, mito e historia no Acre contemporaneo*: Barauna, Sao Paulo 2010.

> "There was no such *revolution* in this area; rather just *fighting* occurred because it was only driven by capitalists. In short, there was no element at all for ordinary people. Rather these rubber tappers were *manipulated* by rubber barons for their capitalist-driven interests. Thus, its recognition as the Acrean Revolution is only meant to glorify it; it should have been rather called the Acrean War".
>
> (Interview (8EBSU)[107], 7 April 2013, italics are mine)

This critically insightful statement leads one to consider the relationship between historically ingrained societal structure and the nature of public input.
The right side of Figure 13 illustrates a place where rubber tappers are located and where the rubber baron is situated.

Figure 13: The co-existence of rubber baron and rubber tappers (*Source*: picture taken by the author, at the 'Florestal' (Forest) museum, Acre, 2013).

Rubber tappers live in remote areas (called, 'colocação no centro da floresta' – placement in the centre of forest) to obtain latex from rubber trees by cutting. The rubber baron is located near the river so as to use the river to export goods. According to a locally published book, titled 'Historia y Memorias de las Tres Fronteras: Brasil, Perú y Bolivia'[108] (2009:110) and some interviewees including scholars at the State University of Acre (UFAC) and Florestal museum staff, a rubber baron would receive rubber from rubber tappers and pay for some basic commodities, such as food and clothing rather than currency. Furthermore, cultivating agriculture was prohibited in this 'colocação' (Oscar et al., 2009:110). Thus, rubber tappers had to rely totally on a rubber baron to supply these items. This generated two societal classes and was

[107] 8EBSU (8/Elite/Brazil/State/University of Acre).
[108] 'History and Memory of the Three Borders: Brazil, Peru and Bolivia'.

institutionalized over time as a patron and semi-slave relationship.

Additionally, international events triggered path-dependent processes for rubber tappers and rubber barons. Due to World War II, the role of rubber latex considered as a 'white' gold made Brazil become recognised as a global entity, particularly in relation to the U.S. As discussed in Chapter 3, the U.S. supported Brazil's modernisation and industrialisation, forming the National Steel company under Vargas's Estado Novo period, in return for "rubber soldiers"[109].

Subsequently and finally, as interviewed by the author and also reported by an article from The New York Times[110], many rubber soldiers were not able to return where they came from (mostly from the northeast states of Brazil (Ceará or Sao Paulo), and were abandoned and forced to remain after the abrupt end of the war[111]. In this vein, there were several local residents who testified and the following statement is one of them:

> *Meu pai veio aqui pro Acre como um dos 'soldados da borracha' por causa de uma propaganda "mais borracha para Vitoria a Aliados" pra guerra. Depois, meu pai ficou lá. E eu tambem fico com minha familia nesta cidade da fronteira desde que eu nasci. Uma coisa que eu posso dizer é que meu pai estava orgulhoso de servir como um soldado da borracha. Mas, para mim, isso era fraudulento pra povos que tiraram látex pra guerra porque...depois da guerra, esta área foi abandonada.*
>
> My father came here to Acre as a "rubber soldier" under the propaganda "more rubber for the Allied Victory" for war casualties. Then my dad went over. And I also stay with my family in this frontier town since I was born. One thing I can say is that my father was proud to serve as a rubber soldier. But for me, this was fraudulent for people who were whipping latex to war because... after the war, this area was abandoned.
>
> (Interview (9EBLA)[112], 12 March 2013)

Consequently, this area was recurrently neglected after the second short boom[113] of rubber extraction.

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[109] Rubber soldiers were Brazilian who was drafted to harvest rubber in the Amazon for the Allied war effort (Rother 2006).
[110] See bibliography.
[111] After the end of World War II, Malaysia was colonized by Japan, resumed its rubber latex production, which was cheaper than that produced by "rubber soldiers" in the Brazilian Amazon.
[112] 9EBLA (9/Political Elite/Brazil/Assis Brasil)
[113] The first boom took place at the end of nineteenth century with the invention of the automobile, which required door and window profiles, hoses, and among other rubber components. Subsequently, rubber was planted in South Asia, particularly Malaysia, and the rubber market in Brazil was impacted due to price competition.

Till the Cows Come Home: The Emergence and Importance of Cattle

The relationship as a societal institution of patron and semi-slavery in the Amazon region was endemic until the military government (1965-85) entered into this region with new political economy, beginning around the end of 1960. After Brazil's military government seized power (1964-1985), the features of the Amazon area changed, aiming to tackle uneven national development by such means as the Transamazon Highway in Brazil (Skidmore, 2009; Heyck, 2010: 7). With the promotion of patriotic propaganda such as 'O Brasil Grande' (Vast Brazil), as pointed out by Heyck (2010), cattle ranching transformed the panorama of the Amazon basin, particularly the state of Acre. Along with the high levels of support by, for example, the state governor, Wanderely Dantas, land was virtually given away, "with one hectare (2.471 acres) going for practically nothing, or *the price of a banana*[114] in local parlance" (Heyck, 2010:7). The following picture illustrates a family of rubber tappers displaced by a cow.

Figure 14: A family of rubber tappers are displaced by a cow (*Source*: Picture taken by the author, at the Acre 'Florestal' (Forest) Museum, April, 2013).

Ultimately, cattle ranching occupied the areas in which rubber extraction had taken place, leading rubber tappers who remained to search for an alternative in the rural area of the Amazon or to move out to urban areas, in particular Rio Branco, capital city of this state. In short, in a new context forced by the military government in this period, rubber tappers had to leave where they used to belong without knowing how to survive

[114] Italics emphasized by the author

or where to go. Accordingly, these people were left behind and had to depend upon state government, which relies on the federal government where all necessities are being supplied. This is characteristic of the continuation of dependence as a societal structure in this particular Amazon region as a whole.

In short, this research shows that the patron has now been shifted from the rubber baron to the state. This is a critically important analytical point in that there is a continuation of a sense of dependence as a legacy that characterises this region. This feature is largely embedded into the societal structure of Brazilian society as a whole, and more particularly in the Amazon area. In this line, this legacy limits local citizens through an institutionalised mechanism that constrains their willingness to participate at the state and federal level, and policies are imposed upon them based on state and federal prioritised interest. This provides a logical explanation as to why there would be feasibility that public input can to large extent be excluded when regional projects are concerned. In other words, the nature of the bypass of local actors' interest is embedded in a societal structure. Having contextualised historically embedded reality and thus attempted to address the importance of popular insignificance (e.g. rubber tree and cow) in the Amazon region, and particularly the state of Acre, the following sub-section explores the socio-political economy of this tri-border town, Assis Brasil.

6.3.2 Assis Brasil and its political economy in shaping society

According to a locally published book authored by several scholars from Acre (Brazil) and Cuzco (Peru), rubber tappers (seringueros), forced to leave their colocação because of cattle ranching, resided and made progress in this city, Assis Brasil (Oscar et al., 2009:110). This is interesting point to consider. In other words, since the 1960s and 1970s, ex-rubber tappers occupy and reside in this town. As stated earlier, these people did not save money because they receive canned foods, sugar, salt, soap, and so on through a barter system, by providing latex. Even, they were indebted (Oscar et al., 2009:109). Furthermore, it appears that they were less likely to be trained for other skills. Accordingly, the ultimate patron for displaced people, as opposed to rubber barons, presumably is the nation-state. This indicates the political-economic and societal characteristics of this town.

In this vein, as addressed above in Table 16, the proportion of inhabitants in the public sector in Assis Brasil in 2010 is far higher than that of other job categories as well as having a higher public sector employment rate than other municipalities in Acre and Brazil as a whole. A similar pattern was found in 2000 according to IBGE[115]. Following an interview with a previous mayor of this town, who served in the 1980s and 1990s and is now a director of customs at the border, again employed as a public servant by the state government, said this:

> *Parece que mais que oitenta, ou não, eu acho que... noventa por cento de pessoas nesta area trabalham pra prefeitura; ou seja quase todas as pessoas que moram aqui trabalham como se fosse funcionarios....porque a gente não tem nada pra trabalhar... por isso, o trabalho é pra o governo diretamente ou indiretamente...então... 'nós depende muito do estado'.*
>
> It seems that more than eighty or not ... I think that ninety percent of people in this area work for the municipality; in short, almost all people who live here like working employees ... because we have nothing to work ... so we work for the government directly or indirectly ... so ... much depends on the state.
>
> (Interview (10EBLA)[116], 14 March 2013)

This statement summarises the nature of politics and the socio-economic situation of this border town. In short, the nation-state functions as a patron due to the fact that local residents are highly dependent on the resources that the government provides. Thus, the structural confinement shown here as 'dependence' – because of local residents' high level of primarily public-related occupation – is a characteristic of this Amazon town, leading to constraints on the space in which local actors are able to engage at will. Furthermore, pertaining to the notion of 'dependence', one of the striking statements from a high official who was in fact was heavily involved in Acre region-building with then governor Jiao Viana, particularly a highway (110km) connecting Brasiléia to Assis Brasil and the Integration Bridge, part of the overall scheme of the Inter-Oceanic Highway:

[115] Please see in the appendix, which contains a box that identifies (selective) employment allocation in 2000.
[116] 10EBLA (10/Elite/Brazil/Local/Assis Brasil).

> *Nós, povos acreanos, somos muito sustentados pelo o governo federal. Então, 'nós tem' que fazer algo pra o governo federal. Neste sentido, 'as infraestrutura' tem que construir pra favorecer o governo federal ...*
>
> People in Acre are very supported by the federal government. So we have to do something to the Federal government. In this regard, infrastructure has to be built to favour the federal government ...
>
> (Interview (6EBSA)[117], 30 March 2014)

This statement to some extent represents that a state-level government is dependent on the federal government and therefore amongst local actors would be exceedingly limited in voicing their interests, this might be a rationale for ignoring local input if it is inconsistent with the scheme of the federal government. In line with limitations of the delivery of local actors' interest, in other words, the level of participation in this local village, the following interview demonstrates that although there is a series of local institutional mechanisms, as shown in Figure 11 and 12 above, it appears that these local institutions are limited as representatives of local members' interests. A representative of FUNAI (Fundação Nacional do Índio - the National Indian Foundation) in this border town stated as follows:

> *Antes de conseguir os recursos, o governo chama todos para participar, mais depois que o Governo conseguiu recursos, Governo não chama mais a população, só chama seus internos ou seus representantes, só chama seus internos.*
>
> Prior to acquiring relevant resources, the government calls for everyone to participate; however, when the government obtains them, then the government no more calls for the population or relevant representatives, they just call their internal people"
>
> (Interview (11EBLF)[118], 13 March 2013)

Another local institution in this local town is the municipal council for Human Rights and Citizenship of Assis Brasil, the sole local NGO as introduced above. The founder is the current president of this entity as well as a unique member of it. In the line with the statements of a leader of the Brazilian Indian Group in this community, he criticises the nature of limitation of public participation in this region, and this municipality by referring a following Brazilian saying:

[117] 6EBSA (6/Elite/Brazil/State/Acre).
[118] 11EBLA (11/Elite/Brazil/Local/FUNAI).

> *Uma mão lava a outra.*[119] *Ou seja, se você vota em mim, eu vou dar um emprego. O governo percebe isso. Então os políticos usam o público para se preservar e utilizam para voto!*
>
> One hand washes the other. In other words, if you vote for me, I will give you a job. The government realises it. Thus, public politics use this to preserve power and use it for voting.
>
> (Interview (12EBLN)[120], 9 April 2014)

In short, this refers to the fact that people are selling their votes for 'food'. Thus, a patron of the state who has the power to 'feed' the people easily controls and manipulates the people. As discussed above, one in four are employed as a public official in this town, as one of interviewees states, many people are even indirectly linked with the local government for their livelihood. The leader of this NGO further comments:

> *A melhor forma de dominar um povo é pela barriga...ou seja quando está com fome ou pela falta de consciência.*
>
> The best way to master people by the belly ... I mean when people are hungry or lack of awareness.
>
> (Interview (12EBLN), 10 April 2014)

These above sets of interviews illustrate that this town is interspersed with the legacy of the relationship between patron and semi-slave and thus is highly characterised by the path-dependent nature of this relationship. With this understanding of the path-dependent nature of this town, which has been articulated by examining rubber production and cattle ranching, the following subsection will trace the political process of the construction of the highway and local actors' involvement and opinions.

The Political Process of the Construction of Inter-Oceanic Highway and Integration Bridge in Assis Brasil and Further Action from local people

To reiterate, in relation to the Inter-Oceanic Highway, with special focus on Integration Bridge, as addressed above, based on the survey conducted local residents are highly excluded. In short, while the majority of respondents knew that the Inter-Oceanic Highway would pass through their town, these people were not made aware of its

[119] This can be called 'Patronage system'.
[120] 12EBLN (12/Elite/Brazil/Local/NGO).

rerouting. Regarding the involvement of local institutions such as the Worker's Union in Rural (STR)[121], with focus on the Integration Bridge under the scheme of the Inter-Oceanic Highway, the current head of this entity said the following in an interview:

> *Quase todas as pessoas que trabalha no campo estão registrado 'com nós'. A verdade é que quando era tempo da construção desta ponte e rodovia, meu pai era chefe deste instituto. Nesta epoca, eu não participava, mas eu só sabia que esta ponte vai passar dentro desta cidade. Eu acho que ele não podia participar em nome da STR quando o primeiro plano foi modificado*
>
> Almost all people working in the rural area are registered with us. The truth is that when the time of the construction of this bridge and highway, my father was the head of this institute. In this epoch, I did not participate but I just knew that this bridge would pass within this city. I think he could not participate on behalf of STR when the first plan was modified.
>
> (Interview (13EBLW)[122], 7 April 2014)

One of the survey respondents and further follow-up interviewees was a teacher who is now a member of the Teachers' Trade Union of this town (SINTEAC) and who previously worked for a local municipality when the Inter-Oceanic Highway was stated to pass through the town.

> *É verdade que o plano principal desta rodovia foi construído para cruzar para esta aldeia. Lembro-me de que o prefeito e o particularmente governador veio visitar aqui e publicamente declarou em um auditório da escola que a rodovia será construída e vai passar por nossa aldeia. Assim, as pessoas locais ficaram muito satisfeitas e muitas pessoas ainda estavam pensando em abrir seu próprio negócio pra viver bem. Mais, de repente, um dia, o prefeito chamou para reunir e anunciou que a rodovia vai passar fora da periferia da vila e vai ligar a ponte à cidade peruana Iñapari, em conformidade. Ele simplesmente declarou que o governo do estado ordenou a nova rota principalmente por causa do aspecto financeiro, que importa para a duração do projeto. Isso foi absolutamente passando, sem considerar ainda nós. É porque o prefeito é do PT (Partido dos Trabalhadores), o governador é do PT e Lula também é do PT. Todo mundo é do PT. Além disso, agora eu sou um membro do SINTEAC. Eu duvido que SINTEAC e outras associações locais estão aqui bem representados para a população local. É porque muitos de cada membro e seu / sua família estão relacionadas com o município local, particularmente o prefeito na época.*

[121] Its headquarters is located in the city of Assis Brasil. Members of STR regularly meet and also take a training course which is offered by state and/or federal government, according to this interviewee.
[122] 13EBLW (13/Elite/Brazil/Local/Workers' Union).

> It is true that the primary plan of this highway was constructed for crossing into this village. I remember that the local mayor and particularly state governor came to visit here and publicly stated in the auditorium of the school that the highway will be built and will pass through our village. Thus, local people were very satisfied and many people even were thinking to open their own business to live well. Then, suddenly one day, the mayor called us to gather and announced that the highway will pass by the outskirts of this village and will connect the bridge to a Peruvian town, Iñapari, accordingly. I, in fact, did not attend this meeting. The colleagues who attended it told me that mayor simply stated that the state government was ordered to re-route primarily because of the financial aspect which was linked to the duration of this project. This was absolutely taking place without further consulting us. It is because the mayor is from PT (Workers' Party), Governor is from PT and Lula is also from PT. Everyone is from PT. Furthermore, now I am a member of SINTEAC. I do doubt that SINTEAC and other local associations are well-represented here for local people. It is because many of each member and his or her family are related to the local municipality, particularly to mayor at that time.
>
> (Interview (14EBLT)[123], 20 March 2013)

The statement above implies that the political and economic structure of this town and beyond, which is directly or indirectly dependent on political association with PT among others, assures a "free pass" to bypass the local residents and local associations. In fact, the ex-mayor who had two consecutive mandates during the initial progress and completion of the Brazilian part of Inter-Oceanic Highway was met and interviewed. He continued to emphasise that the highway is a great asset for socio-economic development; however, he kept avoiding questions related to public participation:

> *Este projeto é um grande trunfo para não só pra Assis Brasil, mas também pra nós nestes estados fronteiriços, Acre (Brasil), Puerto Maldonado (Peru) e Pando (Bolívia). Além disso, isto vai ligar pra o Oceano Pacífico para que as exportações para e importações da Ásia, especialmente a China sejam facilitadas. Graças ao grande apoio do governo federal e estadual, a construção da ponte de integração foi concluída de forma bem sucedida e rápida.*
>
> This project is a great asset for not only for Assis Brasil, but also for in these Border States, Acre (Brazil), Puerto Maldonado (Peru) and Pando (Bolivia). Furthermore, it will link to the Pacific Ocean so that exports to and imports from Asia, particularly China will be facilitated. Thanks to the great support from federal and state government, the construction of the Integration Bridge was completed in a successful and a quick manner.
>
> (Interview (15EBLM)[124], 15 April 2013)

[123] 14 EBLT (14/Elite/Brazil/Local/Teachers' Union).
[124] 15EBLM (15/Elite/Brazil/Local/x-mayor)

Furthermore, the below statement is from an interviewee who identified himself as a ex-commissioner of the Peruvian tri-border city, Iñapari and was employed there during the construction of this highway and Inter-Oceanic Bridge, and his wife is Brazilian and thus he is a dual citizen and lives now in Assis Brasil.

> *La gente aquí en las ciudades fronterizas son muy ignorantes y no saben qué hacer. Muchos de ellos incluso no saben leer. Así que somos los únicos que podemos cuidar de ellos ... Por lo tanto, la construcción de la carretera de esta manera y la localización del puente por fuera de nuestro pueblo está absolutamente bien realizado ...*[125]

> People here in border cities are very ignorant and they just do not know what to do. Many of them even do not know how to read. So we are the ones who can care for them … Thus, constructing the highway in this way and locating the bridge on the outskirts of our village is absolutely well carried out …

(Interview (16EB/PLP[126]), 12 March 2013)

In fact, as demonstrated above, based on the survey conducted,e more than 80% of respondents are not satisfied with the way the road has been constructed under the auspices of state and federal government. According to the open-ended questions in the questionnaire, most respondents complain that this highway does not benefit the local economy because the travellers are just passing by the outskirts of this town (open-ended question survey statement, March 2013). Furthermore, many respondents state that "in principle, it would benefit everyone, referring to Brazil, Peru and Bolivia; however, practically this highway favours Peruvian people and other big companies" (open-ended question survey statement, March 2013). In this vein, one of the respondents and who is also a member of a local Taxi drivers' union (i.e. SINTAXI) addressed this in a follow-up interview:

> *Esta rodovia, especialmente para conectar o Peru, não beneficia nada, em vez disso, Torito, que é dirigido por um peruano, tem benefícios únicos. Além disso, nós, como uma associação local de SINTAXI, fomos totalmente ignorados quando o plano principal desta rodovia foi modificado.*

[125] Interviewed by the author in Spanish.
[126] 16EB/PLP (16/Elite/Brazil-Peru/Local/Public Official).

> This highway, particularly connecting towards Peru, we do not benefit at all, rather, *torito*[127] who is only driven by benefits to Peru. Moreover, we, as a local association of SINTAXI, were totally ignored when the primary plan of this highway had been modified.
>
> (Interview (17RBLT)[128], 9 March 2013)

While the last sentence of this statement above implies that local institutions were not invited to deliver their interests to be heard, it recalls a cynical statement by one of the other respondents: "This highway is just for locals, thus only *toritos* are in this road" (open-ended question survey statement, March 2013). This indicates that the Inter-Oceanic Highway is less effectively utilised than it was designed to be. This point is critical, but it is out of the scope of this research to further evaluate this. However, this observation demonstrates that the federal and state governmental top-down plan has not fruitfully promoted local residents' interests.

In this line, one of the state officials in Acre, working at the Secretaria de Desenvolvimento Florestal (SEDENS; the Forest Development Office), which is concerned with the effectiveness of this highway stated as follows:

> *Nós, como funcionários públicos, não somos incentivados a trabalhar e morar nesta cidade de fronteira, porque nada está ali, como escola, hospital para a minha família... por isso não vamos estar lá para morar e trabalhar*
>
> We, as public officials, are not encouraged to work and live in this border city because nothing is over there, such as schools, or a hospital for my family…so we won't be there to live and to work
>
> (Interview (18EBSS)[129], 21 March, 2013)

This indicates that there is no follow-up measure from the government to effectively use this highway, thus generating problems such as those pointed out in open-ended questions amongst the survey respondents.

In this vein, many survey respondents indicated that "this highway facilitates travelling; however, drug trafficking-related crimes become prevalent, thus we need more police,

[127] A motorbike with a proper backseat added for customers.
[128] 17RBLT (17/Local Resident/Brazil/Local/Taxi driver).
[129] 18EBSS (18/Elite/Brazil/State/Forest Development Office-SEDENS).

but this did not happen at all"[130] (open-ended question survey statement, March 2013). One of the survey respondents answered the open-ended question in the follow-up interview thus:

> *As associações locais existentes não são fortes o suficiente para cumprir com os interesses dos membros. Mesmo a associação de pesca é mensalmente apoiada pelo governo do estado, assim que mantemos um 'perfil baixo' sobre tudo o que o governo faz.*
>
> The existing local associations are not strong enough to deliver the members' interests. Even the fishing association is monthly supported by the state government, thus we just keep a low profile whatever the government does.
>
> (Open-ended question survey statement and a follow-up interview (19RBLF)[131], 5 March 2013).

In a similar line, a member of local associations responded to the survey's open-ended question and further stated

> *Mudei de Brasileia, onde eu era dono do restaurante, porque ouvi dizer que haveria uma estrada que iria passar por esta cidade para se conectar ao Peru. Vim para cá com a minha família e abri um novo restaurante. Mas, então, sem um aviso prévio e / ou consulta, esta estrada foi retraçada. Não houve qualquer nível de participação desta associação para este problema, nem até a mim mesmo. Depois a estrada foi reencaminhada, nós ficavamos perguntando e até mesmo sugerindo a opção relevante para facilitar este caminho, incluindo mover a alfândega para a cidade. Embora algumas pessoas simplesmente aceitaram essa "transição", eu fiz algo diferente, usei meu voto para prefeito no ano passado.*
>
> I moved from Brasiléia where I owned a restaurant because I heard that there would be a highway which would pass through this town to connect to Peru. I moved here with my family and opened a new restaurant. But then without further notice or consultation, this highway has been re-routed. There was no level of participation of this association for this issue and even myself. After the road was re-routed, we kept asking and even suggesting the relevant option to facilitate this road including moving the customs into the city. Although some people just accept this 'transition', I did something differently by using my vote for local mayor last year.
>
> (Open-ended question survey statement and a follow-up interview (20RBLC[132]), 7 March 2013)

[130] This is linked to the securitisation aspect (e.g. Human Security), which will be discussed in the concluding chapter of this thesis as an area for further research.
[131] 19RBLF (19/Local Resident/Brazil/Local/Fishing Association).
[132] 20RBLC (20/Local Resident/Brazil/Local/Commercial Association).

In this same fashion, a local entrepreneur summarised the nature of the limitation of participation as a citizen through relevant institutions by referring to a Brazilian proverb, which is based on a Bible scripture (John 4:44), the nature of the limitation of participation as a citizen and/or through a relevant institutions

> *Santo de Casa, não faz milagre* – no one is a prophet in his own country[133]
>
> (Interview (21EBSC)[134], 16 April 2013)

To contextualize, this means that although someone knows and/or have a good idea for his / her own country to be better, it is often limited and overlooked. Thus, the structurally rooted nature of societal institutions, which has largely been embedded in the legacy of the colonial period, discussed in Chapter 2, as an initial condition. And it coupled with the concrete 'story'-related to the finding the important usage of rubber tree and its latex, which can be considered as a 'critical juncture' in the Amazon area, resists the adoption of universal value (i.e. (participatory) democracy), which is related to a supposed characteristic according to the new regionalism academic literature. Rather, echoing the concept of the patrimonial society discussed in Chapter 3, there is no public input and subsequently the "output" is not what the local actor wishes in this type of regional project. The output is what the state has designed.

In a somewhat similar vein, one of the potential interviewees, who was introduced by other interviewees, was the head of several commercial associations over the period during which the Integration Bridge was planned and under execution. She was at that time recognised as a provocative figure who criticised the abrupt change in the direction of the bridge. When I approached this person, who is still an owner of a large supermarket in this village, she refused to be interviewed concerning the Inter-Oceanic Highway and Integration Bridge. On the following day, she was present at the meeting (for the so-called development of this MAP[135] region) led by the ex-mayor, who had

[133] Usually, the people who know you best would not accept or want to think of you as a Prophet. If you introduce a new tradition in your own land, you will be seen as a usurper of the old tradition, disrespectful of it, or you own elders.

[134] 21EBSC (21/Elite/Brazil/State of Acre/Company).

[135] As stated earlier, MAP, refers to Madre de Dios, Acre and Pando, which is an acronym for the border states of Peru, Brazil, and Bolivia that share the Acre river and are directly influenced by the Inter-

overlooked the local residents' interests and manipulated local associations' participation. The primary plan for this bridge had been changed so that it would pass by the outskirts of this village. One of the gatekeepers explained that the ex-mayor is still very influential in this village. Quite a number of residents are affected by the decision made by the mayor's family [last name Araujo]. This explanation is reminiscent of a situation described to me by a scholar at the University of Acre. The current governor of Acre, a younger brother of the ex-governor, is now a senator, and acts like an emperor in his governance of the state, which, along with the tenure of his brother, has lasted over a decade.

This ongoing influence by a family of governors is quite similar to the family of the mayor in Assis Brasil, which is still strongly influencing this Amazon village. Thus, the above-mentioned head of the commercial association at that time changed her position to one of conciliation and became reconciled to the changes that the present mayor had initiated. In this vein, as earlier chapters (i.e. Chapters 2, 3, and 4) stated in relation to Latin America and Brazil respectively, the notion of clientelism and patrimonial forms of politics seems to continue to impact Brazilian state politics and thus limits public participation despite the leftist government (i.e Workers Party: PT), which has been in power since the beginning of the 21st century.

In fact, as indicated by one of the interviewees (14EBLT) "the mayor is from PT (Workers' Party), the governor is from PT, and Lula is also from PT. Everyone is from PT". It seems that it is not a question of which political ideology is embedded in PT, but rather the ideology that the leaders (e.g. the president, governor, and mayor) pursue. It represents their own interests rather than those of ordinary people by exercising power to further those interests. In this vein, it can be seen that planning and developing the regional programme for the Integration Bridge is historically symbolised by the connection between Peru and Brazil and so tends to promote less participation and consensus among affected local people and even bypasses them because of the hierarchical nature of the societal structure largely embedded in this society when determining the allocation of public goods (i.e. Integration Bridge).

Oceanic Highway, coupled with the Integration Bridge.

Involving local people in decisions on this level of construction can be undermined by the desire for cost-effectiveness in building public goods, coupled with a global economy driven by the presence of China, which is highly interested in competitive incentives. This problem is closely connected to the aspect of Phase 2 of new regionalism in Latin America.

However, an interesting political event recently took place in this town. Local residents changed from a political party that had been in control for a decade, PT (Workers' Party), to PSDB (Social Democracy Party of Brazil) for the 2012 mayoral election in (interview and electionAcre[136]). According to local people interviewed, they were disappointed by the compromises that PT and its then mayor made, particularly with respect to the effective usage and possible benefit for the local economy. In this line, a newly elected mayor stated

> *Temos muitos planos para levar vantagem desta rodovia, particularmente estamos propondo a mudar o local da casa feita sob encomenda para ser situado dentro de um centro da cidade para que os viajantes e outros transportes relacionados com o comércio deve estar passando por dentro da cidade. Isto irá facilitar esta cidade para ser mais dinâmico sócio-economicamente. Além disso, estamos muito interessados em investimento e / ou parceria estrangeira. Então, particularmente, estamos procurando uma cidade irmã como uma cidade fronteira com a China, para que possamos ser compartilhado com o conhecimento institucional e distribuição de informação e de investimento mais importante da China para a cidade e para além*

> We have many plans to take advantage of this highway; particularly we are proposing to relocate the customhouse to be situated inside a city centre so that travellers and other trade-related transportations will pass inside the city. This will facilitate this city to be more socio-economically dynamic. Furthermore, we are very keen on foreign investment and partnership. So we are particularly looking for a 'sister city' like a Chinese border city so that we can share institutional knowledge and information, and, most importantly, bring Chinese investment to the city and beyond.

(Interview (22EBLM)[137], 11 April 2013)

In short, the current mayor of Assis Brasil emphasises the role of China at a local level in employing this Inter-Oceanic Highway which connects border cities, border states, and trade from both the Atlantic and Pacific Oceans.

[136] Please see bibliography.
[137] 22EBLM (22/Elite/Brazil/Local/Current Mayor of Assis Brasil)

The case of the Integration Bridge is very distinctive but also representative of regional projects because of its historical meaning for South American regional integration. In fact, the state of Acre also has a distinctive story. The rubber trees and their latex are important not only for Brazil's economic growth (as elaborated earlier), but are also related to World War II when the US and its allies utilised rubber latex from this region. As such, Assis Brasil and its state, Acre, in the Amazon area are very unique and at the same time substantially important to regional politics. The continuation of clientelism creates a difficult problem for public input, even though a (centre) leftist administration governs Brazil[138].

In this vein, the following Diagram 1 summarises the political process surrounding local participation in relation to the Inter-Oceanic Highway in Assis Brasil.

The Brazilian part of the Integration Highway (BR 317/AC) was constructed, connecting inner city Brasiléia and the remote and isolated city of Assis Brasil, on 20 Dec 2002. This was one of the last mandates that Cardoso performed as president of Brazil prior to handing over the presidency to Lula.

⇩

The aspiration to move toward the Pacific Ocean continued by the construction of a bridge called the Integration Bridge that links Assis Brasil to Iñapari in Peru. According to a series of interviews with state and local elites and the state newspaper (*O Tempo*, 21 January 2006), the primary plan of this highway was intended to cross into this town. However, the plan was modified. According to the federal Ministry of Transportation, the length of the bridge is 240 metres, reduced from 745 metres (*O Tempo* and interviews).

⇩

Lula stated, "I am sure that history will record that we did more for the integration of South America than has been done in a century" at the official inauguration ceremony of the Integration Bridge on 20 January 2006 in Assis Brasil.

[138] However, as argued by Judith Tendler (1998), it is not generalisable that Brazil is a country in which clientelism runs rampant. According to her study, Ceara, which is a northeastern state in Brazil, has been regarded as a good governmental state because under the direction of this innovative state government and NGOs, civil society and public bureaucrats have become truly committed to improving their state.

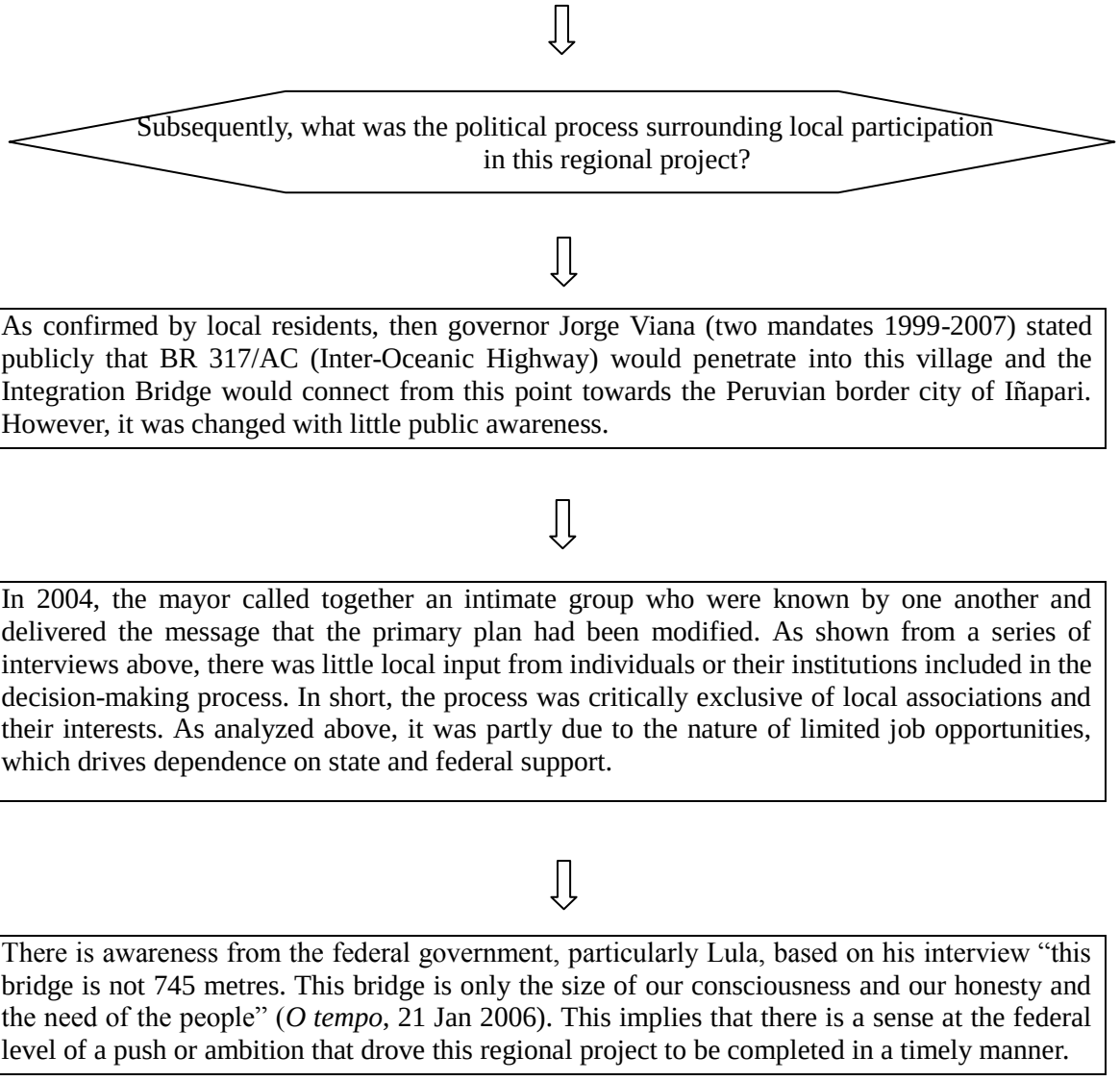

Diagram 1: The political process surrounding local participation (*Source*: developed by the author with evidence from interviewees and newspaper articles along with official documents).

This diagram, as well as previous analysis, articulates that the top-down procedure of decision making, coupled with singular political affiliation (i.e. PT) among political elites precludes room for local residents and their institutions' voices to be heard, with respect to the route of the Inter-Oceanic Highway. Ultimately, these local constituents voted against the party responsible, selecting an alternative candidate to represent their interests.

6.4 Conclusion

By analysing the domestic situation in Assis Brasil and determining whether local actors were included in the consideration of regional projects, particularly the Inter-Oceanic Highway along with the Integration Bridge on the Brazilian side, this chapter has found that public input was largely excluded, under the leftist government (i.e. PT). This counters the nature of new regionalism, with special focus on actor-ness, and demonstrated that the new leftist government was not effectively engendering a more participatory culture of regional projects. In short, according to the existing literature on new regionalism studies, there is a distinctive feature that local actors engage to a great extent in decision-making procedures at the regional level of projects, which greatly affect life at the local level. Furthermore, it confirmed that the leftist government still largely couched in the nature of open regionalism, contradicting the assumption that this government would precipitate greater inclusivity. To reiterate, greater inclusivity was not achieved under the leftist government in this South American region, which has been confirmed by empirically driven data consisting of surveys and interviews. In short, this local level of analysis demonstrates the extent to which existing new regionalism scholarship does not adequately consider South America, which will be discussed as an aspect of the contribution of this thesis in the following concluding chapter. Locating an empirical case at a local level is designed to verify and at the same time concretize existing studies here in relation to regionalism studies.

This chapter has explored the analytical aspects to understand why public input is lacking and specifically what particular elements force state actors to bypass local actors' interest in the decision-making process for regional projects. Shedding light on the previous chapters' analytical lens employing existing debates in relation to the importance of historically based institutions, this thesis confirms that this element increases our understanding of lack of public representativeness in this regional level of projects. With respect to historically embedded societal structure, which is a critical feature of Latin America as a whole, and with special focus on Brazil's Amazon area, this chapter found a concrete historical event, which can be considered a 'kairos[139]'. In

[139] 'Kairos' means time. However, it is distinguished from 'Cronos', which also means time. These are

short, the rubber tree turned into ‘value’ and subsequently the military regime replaced this tree with cattle after the rubber tree became less useful. This research recognised and analysed these two separate entities (i.e. rubber and cattle) as especially meaningful societal factors which re-articulate the societal structure of Brazil, particularly the Amazon area. This thesis claimed that there is continuity in relation to dependence as characterised by the relationship between patron and the slave-like existence of the rubber tapper. In this vein, it has been demonstrated above that state and federal government have now taken the place of the rubber baron for local residents, who used to be dependent upon rubber extraction activities.

This societally embedded structure constrains actors, particularly local actors, who tend to be excluded in regional projects due to the fact that the state is likely to bypass the local actors’ interest if it runs contrary to the state’s preference. Thus, one axis – historically embedded societal structure – contains explanatory power in understanding the lack of public input in a regional project, here in the Inter-Oceanic Highway, which previously discussed fieldwork has discovered. The other axis presented throughout this thesis, particularly the previous chapter, was the internationally active actor in order to see how and in what ways this external actor has related to this regional project, which eventually influenced the local sphere.

Thus, the concluding chapter of this thesis will revisit two factors that influence the degree of public input in a regional project in South America; specifically, historically embedded societal structure and the role of internationally active actors. The concluding chapter will therefore summarise and analyse holistically the findings from fieldwork, based on existing regional governance studies and emphasising the contribution to regionalism scholarship throughout this research.

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two Ancient Greek words. The former one refers to a particular moment or meaningful time, whereas the latter refers to chronological and sequential time.

CONCLUSIONS

This thesis has identified the problem of public representativeness in the process of regional integration efforts in South America on the basis of the existing literature of regionalism. The research examined whether market-led regionalism can be used to deliver greater inclusivity and socially progressive policies that increase equality, by distinguishing between Phase 1 and Phase 2 of new regionalism in South America. Subsequently, it questioned whether and to what extent the leftist governments are able – and wish to – use regionalism above the state as a way to engender a more participatory culture under Phase 2, essentially UNASUR and ALBA. As such, the empirical example was used to explore the concrete case of the Inter-Oceanic Highway integration project, which connects Brazil and Peru directly and Bolivia indirectly, under IIRSA's portfolio of UNASUR projects. This thesis has sought to explore two factors that influence the role of local actors or institutions, namely, historically embedded societal structures and internationally active actors (the U.S. and China) in the regional integration projects and policies of South America.

This thesis began by suggesting that, in Latin America, matters of historically ingrained domestic societal context configured a limited amount of political participation from below. Subsequently, in a globalised world political economy, China has tended to be a more compelling partner than the U.S., who used to play a key role in Latin America, particularly South America, in the twenty-first century, (centre-)leftist governments have expanded. This thesis has argued that South America and China seem to have entered a mutually advantageous partnership so as to secure their interests. While the left-wing governments need financial resources to execute their societal welfare programmes, China, under the Go-Out strategy and particularly in the beginning of the twenty-first century, has been expanding its economic territory for its own sustainable development.

Furthermore, China has extended its geo-political territory to include developing countries of "the South" and in particular Latin America. This thesis showed that because of the structured nature of society in South America – a legacy of colonialism – the interests of Brazilian political elites have caused local interests to be bypassed.

China's influence has exacerbated this process. In short, China is a key contextual factor that provides a different sort of open regionalism in South America, identified as Phase 2 of new regionalism. This research also argued that a combination of multi-level analysis and institutionalist approaches was particularly suited as the chosen methodology because of its focus on power, path dependency, institutional contexts, and regional integration.

Now that this research initiative has come to an end, it has become apparent that while some progress has been made in achieving an understanding of the issues, significant further work remains to be done. While answering the six research questions, including the primary questions, this conclusion chapter will examine more closely the contributions and important findings that this thesis generated. Furthermore, this thesis will conclude by acknowledging the key challenges and limitations in this round of fieldwork research and will highlight the particularly relevant areas for future research.

Answering the Research Questions: Findings of the Fieldwork Research

Primary Research Questions:

Are the new regional institutions in contemporary Latin (South) America really different from the old ones in terms of level of public input (representativeness)?

The research findings on the degree of public input in the realm of new regionalism suggest that "*'new'* regionalism" is a misnomer in Latin America, with special focus on public representativeness in the process of region building. As shown in table 24 below, which was developed and demonstrated in Chapter 1, one of the dimensions (Actor-ness) is a characteristic of regionalism. This thesis explored actor-ness, where the local level of actor-ness, denoted as public input (representativeness), was specifically analysed in a concrete, empirical case study.

Dimension (category)	Old	New
International Context	Bipolar/Cold War power structure	Multi-polar (globalization)/post Cold War
Security	Priority	Less prioritized
Trade	Closed regionalism (intra-regional oriented)	Open regionalism (inter-regional trade focused)
Actor-ness	State (state-centric)	Multiple levels of actors involved (non-state actor: civil society, private companies, etc.)

Table 24: Typology of regionalism (*Source*: Author developed, based on existing literature on regionalism).

A series of supporting questions were then used to help refine the answer to the primary question, that is, the above primary question and its answer will be revisited after attempting to answer these supporting questions.

Further developing from the primary question above, the additional primary question focused on determining whether new regionalism (e.g. market-led regionalism) can be used to deliver greater inclusivity and socially progressive policies that increase equality. This question called for a nuanced discussion on new regionalism. In short, by pointing out one of the key characteristics of new regionalism, open regionalism, which is also considered the standard view in the literature, to see how it links with achieving greater inclusivity, which is the aspect of actor-ness in region-building in South America, the research found that the leftist governments do not act 'left' (i.e. in accordance with their political ideology). The domestic regime, left-wing governments, encapsulated in the Phase 2 of new regionalism, showed these contradictions of achieving greater inclusivity through market-oriented regional projects. The reasons for this finding have been developed in a more detailed manner in the answers for the following questions.

To what extent is there local support for these regional projects? And how significant a factor is local support? To what extent have local citizens participated in the decision-making process?

Research findings from the methodological analysis of the empirical case study (i.e. Inter-Oceanic Highway) demonstrated that local actors or institutions are largely excluded in the decision-making procedure of regional projects and policies. As discussed in previous chapters, specifically Chapter 6, according to the official documents (e.g. Brasilia Communiqué 2000; Plan of Action 2000; Strategic Action Plan, 2012-2022), local populations and their considerations are given much attention and are included amongst these core official documents, which function as a blueprint for regional integration in the line of physical infrastructure. In other words, one of the key features of these official documents is that they are concerned with local populations and the promotion of the citizens' and their organisations' participation.

However, based on empirical research, this thesis found that there is a critical gap between *de facto* and *de jure*. In other words, the socio-political reality that takes place in a locally based regional project like the Inter-Oceanic Highway was expected to preserve an effective voice for affected communities, conforming to the clauses of official documents. Chapter 6 then explored whether local actors or institutions were actually included in the development process of the Inter-Oceanic Highway, along with the Integration Bridge, which is part of this highway linking Peru and Brazil. Ultimately, this bridge and the highway link up the Atlantic Ocean and Pacific Ocean for the first time in South America.

By employing certain methods, namely questionnaire dissemination, open-ended follow-up questions, and semi-structured interviews, this research found that local residents and their socio-political associations did not effectively deliver their opinions to be heard. As discussed in Chapters 5 and 6, despite its regional nature, this project in reality takes place at a local level; thus, it has considerable influence on the residents who are located in the areas where the project was being implemented.

This thesis was particularly interested in the twenty-first century socialism that was endorsed by the (centre-)leftist governments of South America, with a special focus on

Brazil. This political system at least *prima facie* represents the perpetually underrepresented people and groups. However, as a consequence of addressing whether local actors and institutions were involved in the process of regional projects, as exemplified by the Inter-Oceanic Highway, local populations were excluded. After seeking to answer if this was the case, the research question that follows needs to consider the reason behind it. Therefore, this thesis has looked at the issue on an international level.

To what extent do international actors play a role in influencing the degree of public input and representativeness of the institution in the new regionalism?

Research findings on the role of internationally active actors in relation to public participation in regional projects suggest that there is some degree to which these active international actors' interests (e.g. economic and geo-political) and their historical relationship (e.g. ideology and culture) are inextricably linked. As for South American countries, particularly Brazil, these interests and relationships influence public input and representativeness of regional projects and policies. In fact, this thesis began by formulating two different analytical realms: international and domestic. Subsequently, Chapter 3 explored, employing these domestic and international lenses, why Brazilian elites were predisposed to seek partnerships with China that replace those with the U.S., especially given the dominance of neo-liberalism in world politics in the twenty-first century.

Thus, we have found that China has become a more compelling partner for South America than the U.S., particularly for Brazil, in the twenty-first century. Chapter 6 then examined how the role of China influenced the reconfiguration of region-mapping in South America. According to empirical and secondary data, Brazil and China are mutually dependent partners in terms of geo-politics, trade, and natural resources-related assurance. To a large extent, this links to the idea of logistic competitiveness via infrastructure construction (i.e. highway), creating the condition that allows China to engage in the process of regional physical integration in South America.

However, as stated in Chapters 5 and 6, there is no specific data indicating how China supports the region financially and in what particular areas of the IIRSA project portfolio does China invests, except from the Peruvian side of the Inter-Oceanic Highway, where China invested in its construction together with Brazil. From this perspective, it has not been determined whether there is a direct role for international actors, particularly China, to influence the degree of public input and representativeness of the regional integration in South America, even with these actors providing finances. Both secondary data and primary sources show that the proactive presence of China in South America, particularly in shaping the region, provides a space for state actors but not for local actors and their institutions. Therefore, a given the increasing role of international actors in this region, deeper questions are raised as to why it happens and how to understand it, particularly in light of the claim that (centre-)leftist governments, in this case Brazil, represent minority groups, given the increasing role of international actors in this region.

How can we understand how the state mediates between the competing imperatives of sub-national and supra-national actors to generate regional projects and policies?

Analysis of Brazil's domestic system and its socio-political institution in the wider Latin America suggests that there is a perpetuation of patronage. In other words, there is a strong relationship between patron (state) and semi-slave (local people), which to some extent legitimises the state's lack of emphasis on local actors and their interest in the decision-making process of region building. This generated a context in which political elites can bypass their domestic constituents' interest, which was discussed above in relation to the role of internationally active actors.

In reality, the local actors and their institutions' participation have been excluded from the regional integration process, which was demonstrated and discussed in the above research question. As previously stated, this thesis is structured around two axes, international and domestic, which are explanatory power mechanisms. For the domestic aspect, Chapter 2 explored the history of Latin America from the colonial period to the present day, to understand how a feature of colonialism, which establishes ethnic-based

hierarchy, has lingered implicitly in contemporary Latin American society. With the path-dependent nature of social politics in mind, Chapter 3 examined the evolution of socio-political institutions in Brazil and found that the legacy of colonialism has mostly remained in every corner of Brazilian society, particularly political systems and institutions, according to existing literature.

Subsequently, research based on the empirical case study of the Amazon area, which takes part in the regional integration project (i.e. the Inter-Oceanic Highway), found that even though the state obtained its "delegated" power from its people, it did not exercise it for the local people, but rather for the elites and their interest groups; this was the case even under the (centre-)leftist government. In particular, Chapter 5 addressed Brazilian MNCs and their direct and indirect interests that have been coupled with and within the aspiration and interests of the state for region building. Thus, it can be concluded that the state is less likely to mediate between the competing imperatives of sub-national (i.e. local) and supra-national (i.e. international) actors as a referee, instead it represents its own interests. Given the nature of a historically embedded societal structure, which limits public participation and at the same time justifies political elites' "predetermined" and "bypassing" behaviour, the emergence of China as an international actor and also the international context of a capitalism-led world leads South America, particularly Brazil, to remain emblematic of the characteristics of old regionalism in the twenty-first century. This last analysis invites us to consider the following theoretical question.

What are the theoretical implications for the literature of new regionalism of these new regional institutions in contemporary Latin America? In short, to what extent and in what way is regionalism changing in Latin America and to what extent is that "new" in the sense the literature defines the term?

The answer to this question seeks to contribute to existing regionalism studies. The findings discussed so far suggests a theoretical implication that a typology of regionalism based on existing regionalism studies, with its special focus on the local level of actor-ness, was not illuminating to Latin America, particularly the South American region-building process. The empirically driven case study in the regional

integration of South America, particularly the tri-border states, where the Inter-Oceanic Highway crosses over, suggests that little public participation took place at the local level. This implies the continuous nature of the limited access of local actors and their institutions to the decision-making process of regional integration and policies. The following figure 15 illustrates in what particular dimension/characteristic that Latin America is still enclosed by old regionalism.

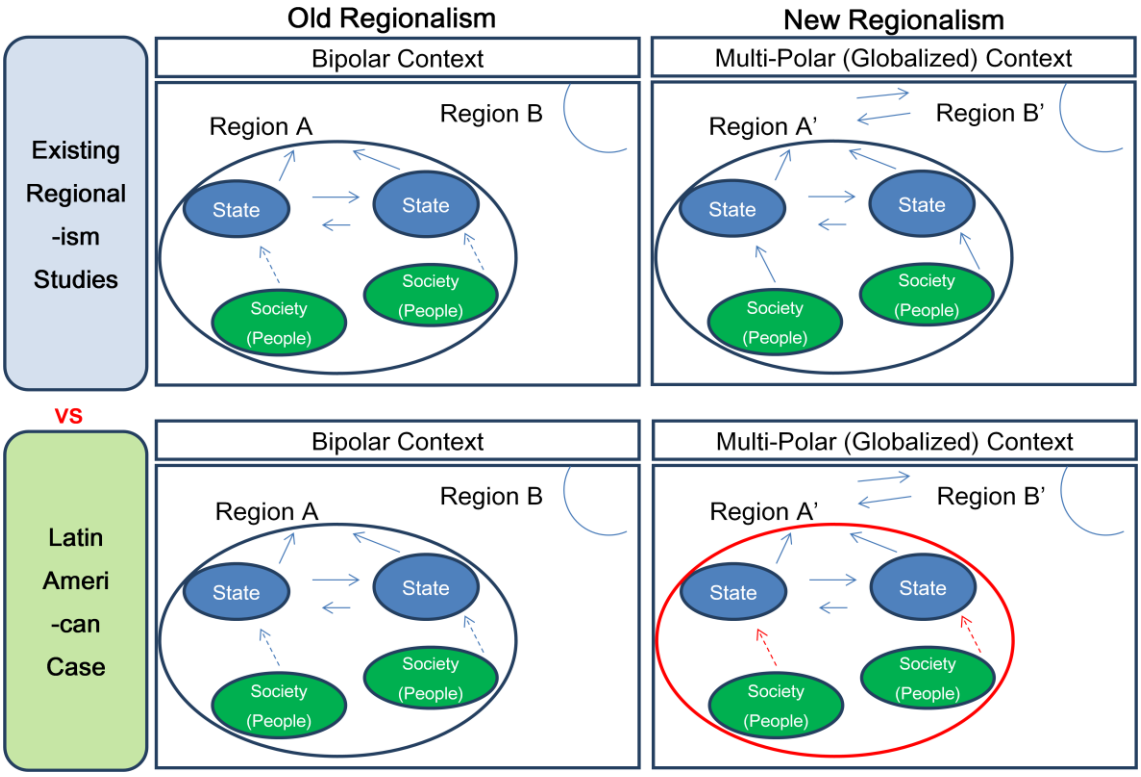

Figure 15: Old Regionalism and New Regionalism and their distinctive features, with a special focus on the levels of public representativeness and public inputs. The arrows between society and state change (from dotted line to solid line) in existing regionalism studies, whereas the type of arrows between society and state remains (still dotted line) the same between Old Regionalism to New Regionalism in the Latin American case (*Source*: Developed by the author based on an understanding of the features of regionalism studies).

Thus, the theoretical implications of new regionalism studies in Latin America demonstrate that existing regionalism studies cannot be generalised, especially with regards to the aspect of actor-ness. Latin America's status as a special case has not been sufficiently investigated by understanding the nature of a structural inertia (i.e. inequality) reinforced by the legacy of colonialism and the dynamic nature of

interdependence between China and South America in the twenty-first century. New regionalism in South America is therefore a misnomer. This conclusion is ultimately related to the answer to the primary research question of this thesis.

With regards to the international dimension (global powers), and in referecnce to "new" regionalism in Latin America, the entry of China as an important player, arguably replacing or displacing the U.S. in this region, has a range of implications for regionalism in Latin America. Namely, the emergence of China as a contextual actor has facilitated, as studied in the previous chapters, regional development in South America, in terms of infrastructural development. Thus, it promotes economic interests such as trade among South American nations.

Moreover, the appearance of China has encouraged (centre-)leftist governments in the continent to proclaim that South America belongs to South Americans, thus seeking to wean their countries of their geo-political dependence on the U.S. Given the multi-polarity nature of global power politics that characterise new regionalism, a new global power such as China strengthens the political dimension of new regionalism in Latin America. The two elements mentioned above (i.e. economic development through infrastructure-led reconfiguration of region-building and geo-political practical independence) are associated with the emergence of China in the realm of Latin American regionalism.

However, as discussed above, the emergence of a new global power in this region does not necessarily impact the realm of actor-ness, with a special focus on public input in new regionalism. The shift of power from U.S.'s sole hegemony under the sphere of old regionalism to multi-polarity, particularly by the entry of China in the new regionalism of Latin America, still displays a lack of public engagement in regional projects and policy making. Therefore, global power in the form of external regional partners does not matter in identifying and shaping the configuration of new regionalism (e.g. the development of regional cooperation) in the case of Latin America. Subsequently, the entry of a new global actor such as China in this region does not positively facilitate an increased local level of public input in region building. Instead, it articulates the nature of path dependency in Latin America, which includes two factors: international trade-related dependency, with a special focus on primary goods exported to external regional

partners, and the inertia of a societal structure where political elites bypass under-represented people and groups. Furthermore, it opens up a discussion about what this PhD thesis has contributed.

Research Contributions

The main contribution of this thesis is that it has explored a concrete case of a regional integration project taking place in the Amazon area, and found that local actors and their institutions were excluded. Particularly, in relation to the contribution towards existing literature on regionalism studies, this research focused on different *sorts* of new regionalism under the auspices of market-led regionalism (i.e. open regionalism) by classifying the characteristics of new regionalism so as to differentiate Phase 1 and Phase 2 as below:

Dimensions / categories	Phase 1	Phase 2
Regional Institutions	NAFTA, FTAA, MERCOSUR*	UNASUR, ALBA
Domestic Regime Types	Governed by right wing government; Liberal democracy	Leftist governments; Social democracy
Distinctive External Actor(s)	US**	China***
Preference/emphasis of Political Economy under open regionalism	economic globalisation	Political response to economic globalisation

Table 25: Two distinctive phases of new regionalism in South America (*Source*: Developed by the author based on an understanding of the features of the Latin American regionalism studies, in order to distinguish a different sort of open regionalism).

*: MERCOSUR is encapsulated broadly within open regionalism, as discussed above, although it contains limited nature of open regionalism.

**: The U.S. has been directly involved in shaping and institutionalising regional arrangements, including through NAFTA and FTAA, in addition to indirect involvement.

***: China plays a contextual role in influencing region-building in Latin America.

Thus, this table and its classified characteristics offer a conceptual contribution in distinguishing different phases of regionalism in South America and the potential contradictions of achieving greater inclusivity through market-oriented regional projects, couched in the language of open regionalism. In short, the involvement of an external actor, China in Phase 2, did not provide greater space for public input in terms of regional development than the sole hegemony of U.S. that previously existed. By analysing an empirical case study, this research challenged the view that existing regionalism-related studies did not pay attention to the Latin American region, particularly the process of South American regional integration efforts, with special focus on public representativeness. To reiterate, this thesis has contributed to existing regionalism research by identifying a problem, namely public input in the process of region-building, and stressed the importance that the local level of factual participation and engagement needs to be studied in new regionalism by exploring the South American region under the conceptual framework of Phase 2 of new regionalism. Therefore, it is clear that new regionalism is a misnomer in South America, particularly in relation to local level actor-ness, understood here in terms of public input.

Another dimension where this thesis has contributed to regionalism studies is research methods and its methodological approach. As explicitly stated in Chapter 4, the methodological chapter of this thesis, multi-level analysis was conducted to understand the local level of public engagement in the process of regional integration, which is subsumed by the international arena. Practical methods for different levels of analysis were semi-structured interviews at the local, state, and federal levels and questionnaires at the local level, along with process-tracing methods which allows the researcher to find the causal mechanism by tracking detailed historical events at the research site. The nature of this triangulation is to cross-check the same object, providing a methodological fruitfulness and rigor for regionalism-related studies.

Furthermore, this thesis developed the typology of regionalism studies by a re-configuration of existing regionalism studies to identify the features of regionalism so as ultimately to support the theorizing area of regionalism research. Particularly, this thesis offered a conceptual framework for Latin American regionalism by means of

distinguishing different phases of regionalism so as to develop a more nuanced discussion of new regionalism.

The overall implications of this study are to move beyond the nature of the entanglements of domestic and international politics, termed the 'logic of two-level games' (Putman 1988:427). There needs to be further research into the factual disposition of domestic socio-politics. In short, inspired by Alexander Gershenkron (*Economic Backwardness in Historical Perspectives*, 1961), Carles Boix (*Democracy and Redistribution*, 2003), Robert Dahl (*Preface to Economic Democracy*, 1986) and Ha-joon Chang (*Kicking Away the Ladder*, 2002), this thesis further argued (and also found from the empirical fieldwork study) that we need to look at the composition and configuration of domestic structure, particularly the features of the local level of socio-political and economic structure. This is shaped by the historical context of a region. This is particularly relevant for those countries and regions that experienced colonialism, which historically placed limitations on public input. This allows us to consider the limitation of this thesis and at the same time to open the venue for further and future research.

Limitations and Opportunities for Further and Future Research

The research presented in this thesis generated a complex array of insights into how and to what extent historically embedded societal structure and the role of internationally active actors influenced public input in the process of decision-making in regional integration at the local level in Assis Brasil, and thus it may be concluded that the research aims and objectives were achieved. However, the research findings were also limited in a number of ways, all of which offer significant potential for future research.

A limitation of this round of research is derived from the notion of validity across time and space. In short, the findings from this empirically based study limit generalisation. It is hard to avoid criticism, given that "any findings can be generalised only to the population from which that sample was taken" (Bryman 2001: 187), this study, the empirical samples for which were taken from a single locality, would benefit from a

comparative country study. Therefore, to increase the validity and generality that the findings from this round of research, a comparative country study on a single case-basis might be recommended. This idea allows the researcher an opportunity for further research.

In short, as stated in previous chapters, the Inter-Oceanic Highway crosses over Brazil and Peru (directly) and Bolivia (indirectly), the so-called tri-border states. Thus, employing the same methods and approaches, particularly in Peru, would increase the replicability and validity of this round of research findings from Brazil. Thus, a comparative analysis of the degree of public input in given integration projects and policies might be a fruitful area for further research.

Another limitation that emerged was the lack of focus on primary data. Given that this research explored the interactions between the international and national, particularly further concern at a local level, the multi-level approach has been employed, amongst others. As indicated in the methodological chapter of this thesis, as a single researcher, given limited time and financial resources, the physical research area and its scope was more demanding than anticipated prior to embarking on the fieldwork[140]. Thus, the number of interviews conducted with political elites, particularly at the state and international level, along with MNCs, were limited. Also, the number of survey participants should have been increased, giving a more evenly distributed focus on sub-areas of research and taking the rural areas into account more adequately.

The acknowledgement of the limitations in relation to particular methods ensures the researcher is aware that fieldwork based-research needs should be prepared coherently and access to the prospective interviewee including elites should be obtained in advance. In this way, it reduces time constraints and increases the chance to meet the proposed interviewees, given the fact that some critical interviewees were not available within the researcher's timeframe. An awareness of these practical methods will enhance the approach to future research.

[140] This links to the point of recommendation that this thesis stated in the methodology chapter is that be prepared and research more in a particular area that will be researched prior to conducting fieldwork.

A promising area for future research, in undertaking further study on this regional integration project, is the by-product of this bi-oceanic highway. When I conducted research in Assis Brasil, crossing this regional integration project, I encountered an interesting phenomenon. A large number of Haitians migrated to Brazil, utilising this highway. In fact, Haiti is known as the 'failed state' because of the damage caused by the 2010 earthquake. Thus, as a title of the newspaper article, "chasing the 'Brazilian dream', Haitian and other migrants..." (Coelho, 20 August 2013) suggests, Haitians migrate to Brazil in order to pursue socio-economic opportunity, and they particularly utilise this Inter-Oceanic Highway.

In this line, I had a chance to meet and speak with some Haitians in a border city, called Brasiléia, where the immigration office is located and thus at that time thousands of prospective immigrants, mostly Haitian, were waiting for several months or even a year in order to obtain the valid visa to travel further into Brazil and work legally. According to conversations with these people, they came to Brazil for a better life, flying to Ecuador or Peru and travelling to Brazil via this highway, paying thousands of dollars to smugglers, colloquially known as coyotes.

Furthermore, the following title of a newspaper article, "Revealed: The Human Trafficking Network Smuggling Haitians into Brazil" (Ferraz and Prado, 28 May 2014), indicates that there are negative side effects to the construction of the Inter-Oceanic Highway, particularly in the aspect of human security (Cox, 1981). Exploring how this geo-political and economically-driven regional integration entity, the Inter-Oceanic Highway, is serving and will serve at the domestic, socio-economic level and its direct or indirect effects on other South American countries would be interesting and timely research. Developing from the Agency and Structure debate, the following theme might be interesting to consider for future research in order to understand a societal phenomenon, given the regional integration of South America: voluntary immigration by those of African descent from Haiti as opposed to Spaniard and Portuguese elite-driven involuntary migration from Africa.

Throughout this round of research, the role of external actors, particularly China, acted as a contextual factor, rather than shaping regionalism itself or directly engaging the extent of public input in region-mapping in South America. However, there is recent

evidence that China might directly influence regionalism in South America. China proposed an investment of $50 billion in Brazil, primarily to build a railway link that runs from Porto do Acu, on the Brazilian Atlantic coast to Peru's Puterto Ilo on the Pacific Ocean, a distance of 3,300 miles (5,300km) along the proposed route (Lee, 2015; Sheffield, 2015). This plan was proposed by Xi Jinping in 2013 and 2014 meetings at the G-20 (Australia) and BRICS (Brazil). Subsequently, Chinese Premier Li Keqiang in a recent visit on 19 May 2015 realised this plan, bringing $50 billion to invest primarily in this regional integration project. According to a report by The Guardian titled "China's Amazonian railway 'threatens uncontacted tribes' and the rainforest", there is growing concern that authorities may rush environmental impact assessments and avoid consultations with local people for this proposed mega-project (Watts, 2015). Thus, this is a promising area of research related to this PhD thesis and thus it can be conceptualized as Phase 2-1 or Phase 3 so as to distinguish the previous phases that have been proposed for new regionalism in South America.

To reiterate, throughout this round of research, the importance of an awareness of South American physical regional integration, particularly the Inter-Oceanic Highway, has been discussed, with a special focus on local actors and their organizations' participation. However, in order to understand the nature of regionalism and its effects in South America and beyond, much greater understanding is required. This thesis contributes to that recognition of this understanding, but much remains to be done.

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APPENDICES

Appendix 1

Questionnaire: English Version

(For the actual version of the questionnaire disseminated to respondents see Appendix 2, which contains the Portuguese version of this document)

Questionnaire (Head of the Household)

Firstly, thank you for your participation in this questionnaire. This questionnaire is completely anonymous and it is not necessary to provide your name. No one knows who answered this questionnaire. The answers obtained here will be used for my doctoral thesis and may also be used for publication.

Please write one answer for each question, unless the question requires it. Do not forget to answer on both sides of each page. The following questions are to find out more about the situation of ordinary people in the regional integration region of South America.

I. Personal Characteristics (Personal History)

1. In which state were you born?
   a) Acre b) Amazônia c) Rondônia d) other ( )
2. Why do you live in Assis Brasil – Acre?
   a) to work b) because married c) other
3. How long have you lived in Assis Brasil?
   a) 1-3 years b) 4-7 years c) 8-12 years d) 13-15 years e) more than 16 years
4. How many people live in your home?
   a) 2-4 people b) 5-7 people c) more than 8 people d) other
5. How old are you?
   a) less than 18 years old b) between 19 and 30 years old c) between 31 and 45 years old d) between 46 and 59 years old e) more than 60 years old
6. You are a:
   a) male b) female
7. Where do you live?
   a) city b) country (rural)

8. In what type of accommodation do you currently live?

a) own home b) rented house c) own apartment d) rented apartment e) other

9. What is your education?

a) illiterate b) basic (primary) education c) secondary school d) university e) postgraduate

10. What kind of job do you have?

a) public service b) private company c) agriculture d) cattle raising

e) extractive activity f) autonomous g) other

11. How long have you been in your current work?

a) less than 1 year b) between 1 and 5 years c) between 6 and 10 years d) between 11 and 15 years e) more than 16 years

12. Do you have properties (land) rural (agricultural plot or forest concession)? How many hectares?

a) less than 30 hectares

b) 30 – 50 hectares

c) more than 50 hectares

d) no land

13. What is the legal status of the property?

a) Title of the property

b) Possession (ownership of land, but does not have a title or documents certifying the ownership)

c) concession

d) unknown

14. What kind of transportation do you use?

a) cars b) motors c) trucks d) buses e) motorbike f) walking e) other

15. How often do you use the inter-oceanic highway?

a) daily b) one or two times per week c) one time per month d) almost never

16. When you use this highway, what is the purpose of it?

a) work b) travel c) other

17. How is your life situation currently?

a) very good b) good c) more or less d) bad e) very bad f) do not know

18. Are you thinking of moving to other place?

a) yes b) no

if yes, where do you intend to move? Why?

19. Which are the three most serious problems you face today (check 3 answers) please?

a) housing b) health c) family d) economy e) education for the children f) stability g) work h) none i) other

II. Political Affiliation

20. Are you associated with any organization?

a) yes b) no

20-1. if not, why not participate?

20-2. if yes, what type of organization you belong to?

a) Business cooperative (skip to question 20-2-1)

b) Community association (skip to question 20-2-2)
c) Trade Union (skip to question 20-2-3)
d) Others (skip to question 20-2-4)

If you mark **a**) of 20-2,

20-2-1. How long have you been associated?

a) Less than 1 year b) between 1 and 3 years c) between 3 and 5 years d) more than 6 years

If you mark **b**) of 20-2,

20-2-2. How long have you been associated?

a) Less than 1 year b) between 1 and 3 years c) between 3 and 5 years d) more than 6 years

If you mark **c**) of 20-2,

20-2-3. How long have you been associated?

a) Less than 1 year b) between 1 and 3 years c) between 3 and 5 years d) more than 6 years

If you mark **d**) of 20-2,

20-2-4. How long have you been associated?

a) Less than 1 year b) between 1 and 3 years c) between 3 and 5 years d) more than 6 years

21. Did you vote in the last election for president of Brazil?

a) yes b) no

22. Did you vote in the last mayoral election in Assis Brasil?

a) yes b) no

23. You can say that this country, socio-politically…?

a) is getting better
b) is same
c) is getting worse
d) do not know

24. You can say that this country, economically…?

a) is getting better
b) is same
c) is getting worse
d) do not know

III. Regional integration in terms of the Inter-Oceanic Highway

25. Are you in favor of regional integration, politically?

a) yes b) no c) do not know

26. Are you in favor of regional integration, economically?

a) yes b) no c) do not know

27. Do you know the IIRSA (Initiative for Regional Infrastructure Integration of South America)?

a) yes b) no

28. Did you know that regional integration is predominantly by means of the completed Inter-oceanic roads that connects Brazil, Bolivia and Peru?

a) yes b) no

29. Did you know that the inter-oceanic highway that would cross within Assis Brazil?

a) yes b) no

30. Prior to the main plan of the inter-oceanic road is modified, could you attend to listen or deliver your interests to persons or institutions responsible?

a) yes b) no

31. Would you like the inter-oceanic highway to pass through the city (Assis Brazil) or would you be satisfied/happy the way it is now?

a) yes, I am satisfied b) no, I am not satisfied (i.e, would like it to pass through the city)

32. Has your life changed in socio-economic terms after the integration effort (i.e, inter-oceanic highway)?

a) yes b) no

33. Do you think that the municipality and the state of Acre are planning to adopt this new environment associated with the inter-oceanic highway to make better use of the socio-economic development potential in this municipality?

a) yes b) no c) do not know

34. If you think the municipality along with the state of Acre is planning for some projects/programs to improve the socio-economic conditions, using this new road which connects Brazil to Peru and Bolivia. Which projects/programs are you familiar with ?

IV. Open questions

35. In your personal opinion, do you think that the regional integration with the construction of Inter-oceanic roads is favourable for all Brazilians or only for large companies and/or other countries?

36. Positive and negative points associated with the Inter-oceanic highway?

37. Any suggestions?

Thank you for your attention!

Many thanks!

Appendix 2

Questionnaire: Portuguese Version

Questionário (para chefe de família)

Em primeiro lugar, muito obrigado pela sua resposta neste questionário. Este questionário é completamente anônimo e não é necessário escrever seu nome. Niguém saberá quem foi que respondeu este questionário. As respostas aqui obtidas serão utilizadas para minha tese de doutorado e também poderão ser utilizadas para publicação.

Por favor, para cada pergunta somente escreva uma resposta, a não ser que a pergunta o requeira. Não se esqueça de responder nos dois lados da cada página. As seguintes perguntas foram formuladas para saber a situação das pessoas comuns na integração regional da America do Sul.

I. Caracteristicas Pessoais (Historia Pessoal)

1. Em que estado você nasceu?
   a) Acre b) Amazônia c) Rondônia d) Outro ( )
2. Por qual motivo você mora em Assis Brasil - Acre?
   a) para trabalhar b) porque casou c) outro
3. Há quanto tempo você mora em Assis Brasil?
   a) 1-3 anos b) 4-7 anos c) 8-12 anos d) 13-15 anos e) mais de 16 anos
4. Quantos pessoas moram na sua casa?
   a) 2-4 pessoas b) 5-7 pessoas c) mas que 8 pessoas d) outros
5. Quantos anos você tem?
   a) menos de 18 anos b) entre 19 e 30 anos c) entre 31 e 45 anos d) entre 46 e 59
   anos e) mais que 60 anos
6. Você é um/uma:
   a) homem b) mulher
7. Onde você mora?
   a) cidade b) campo (rural)
8. Onde mora você atualmente?
   a) em sua própria casa b) na casa alugada c) em apartamento próprio d) em um apartamento alugado e) outro
9. Qual a sua escolaridade?
   a) analfabeto funcional b) ensino fundamental c) ensino médio
   d) universidade e) especialização
10. Que tipo de trabalho você tem?

a) serviço público b) empresa privada c) agricultura d) pecuária e) atividade extrativista f) autônomo g) outros

11. Há quanto tempo você está no trabalho atual?

a) menos de um ano b) entre 1 e 5 anos c) entre 6 e 10 anos d) entre 11 e 15 anos e) mas de 16 anos

12. Você tem propiedades (terra) rural (lote agrícola ou concessão forestal)? De quantas hectáreas?

a) Menos de 30 hectáreas
b) 30-50 hectáreas
c) Mais de 50 hectáreas
d) Não tem terra

13. Qual é a situação legal da propriedade?

a) Título da própriedade
b) Possessão (posse da terra, mais não tem um título ou documentos que comprove a propiedade)
c) Concessão
d) Não sei

14. O que tipo de transporte você utiliza?

a) carros b) motos c) caminhonetes d) ônibus e) motocicleta f) caminha g) outros

15. Quantas vezes você utiliza a estrada inter-ocenica?

a) diariamente b) um ou duas vezes por semana c) uma vez ao mes d) quase nunca

16. Quando você usa esta rodovia, a que proposito você utiliza?

a) trabalho b) viagem c) outra

17. Como encontra-se sua situação de vida, atualmente?

a) muito boa b) boa c) mas ou menos d) mal e) muito mal f) não sei

18. Você esta pensando em mudar para outro lugar?

a) sim b) Não. Caso sim, para onde prente mudar?
porque?

19.Quais são os três problemas mais graves que você enfrenta, atualmente (marque 3 repostas por favor?

a) Habitação b) saúde c) família d) econômica e) educação para os filhos f) estabilidade g) trabalho h) nada i) outro

II. Afiliação Politica

20. Você é associado a alguma organizaçao?

a) sim b) não

20-1. caso resposta negativa, porque não participa?

20-2. caso resposta positiva, o que tipo de organizacao que você participa?

a) Negócio cooperativo (passe para a pergunta 22-2-1)
b) Associação comunitaria (passe para a pergunta 22-2-2)
c) Sindicatos (passe para a pergunta 22-2-3)
d) Outros (passe para a pergunta 22-2-5)

Caso você marca **a)** de 22-2,
20-2-1. quanto tempo/anos você é associado?
a) menos 1 ano b) entre 1-3 ano c) entre 3-5 anos d) mais de 6 anos
Caso você marca **b)** de 22-2,
20-2-2. quanto tempo/anos voce é associado?
a) menos 1 ano b) entre 1-3 ano c) entre 3-5 anos d) mais de 6 anos
Caso você marca **c)** de 22-2,
20-2-3, quanto tempo/anos voce é associado?
a) menos 1 ano b) entre 1-3 ano c) entre 3-5 anos d) mas de 6 anos
Caso você marca **d)** de 22-2,
20-2-4, Quanto tempo/anos você é associado?
a) menos 1 ano b) entre 1-3 ano c) entre 3-5 anos d) mais de 6 anos
21. Você votou na última eleição para presidente do Brazil?
a) sim b) não
22. Você votou na última eleição para prefeito em Assis Brasil?
a) sim b) não
23. Você pode dizer que este País, socio-politicamente ...?
a) está melhorando...
b) está parado...
c) está piorando
d) nao sei
24. Você pode dizer que este País, economicamente...?
a) está melhorando...
b) está parado...
c) está piorando
d) não sei

III. Integração Regional em termo de a Estrada Inter-Oceanica

25. Você é a favor da integração regional, politicamente?
a) sim b) não c) não sei
26. Você é a favor da integração regional, economicamente?
a) sim b) não c) não sei
27. Você conheceu IIRSA (Iniciativo do Integração Regionais para America do Sul?
a) sim b) não
28. Você sabia que integração regional sobre todo pele metodo das estradas Interoceanica
completada que conecta Brasil, Bolivia e Peru?
a) sim b) não
29. Você sabia antes que o plano principal da estrada inter-oceanica que cruzaria dentro de Assis Brasil?
a) sim b) não
30. Antes do plano principal da estrada inter-oceanica ser modificado, você poderia
participar para escutar ou entregar seus interesses a pessoas ou instituções responsáveis?
a) sim b) não
31.Você gostaria que a estrada inter – oceanica passase dentro da cidade (Assis Brasil)
ou está satisfeito/feliz da maneira que está ?

a) sim estou satisfeito b) não estou satisfeito (ou seja gostaria do passar dentro da cidade)

32. A sua vida mudou acerca do sócio-econômico depois do tipo de esforço integração (ou seja, estrada inter-oceanica)?

a) sim b) não

33. Você acha que o município e também o estado do Acre está planejando adotar este novo ambiente associado pela estrada inter-oceanica para que aproveite melhor o potencial sócio-econômico neste município?

a) sim b) não c) não sei

34. Se você acha que o município junto com o estado do Acre está planejando alguns projetos/programas para melhorar o sócio-econômico, utilizando esta nova estrada que conecta o Brasil ao Peru ou Bolivia. Qual projeto ou programa você conhece?

IV. Questões Abertas

35. Na sua opinião particular, você acha que a integração regional com a construção das estradas Interoceanicas ocorreram para o favorecimento de todos os Brasileiros ou somente para as grandes empresas ou outros países?

36. Aponte pontos positivos e negativos associonados a estrada Iner-ocenanica?

37. Algumas sugestões?

Agradeço sua Atenção!
Muito Obrigado!

Appendix 3

As stated in the Chapter 6 of this thesis, Logistic Regression, along with the Chi-square test (χ^2), has been employed to assess the association between some degree of regional integration participation and the nature of local residents' political engagement. Thus, the following section demonstrates the result of this association conducted by Logistic regression to see whether it has similar result, compared to the Chi-square test (which has shown and discussed in the chapter 6). Furthermore, the analysis of this Logistic regression driven test will be followed.

Logistic Regression

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in Analysis	88	100.0
	Missing Cases	0	0
	Total	88	100.0
Unselected Cases		0	0
Total		88	100.0

a. If weight is in effect, see classification table for the total number of cases

Dependent Variable Encoding

Original Value	Internal Value
Yes	0
No	1

Categorical Variables Codings

		Frequency	Parameter Coding
			(1)
Did you vote in the last mayoral election in Assis Brasil?	YES	83	1.000
	NO	5	.000
Did you vote in the last election for President of Brazil?	YES	82	1.000
	NO	6	.000
Are you associated with any organization?	YES	47	1.000
	NO	41	.000

Block 0: Beginning Block

Classification Table[a,b]

	Observed		Predicted		
			Prior to the main plan of the Inter-Oceanic road is modified, could you attend to listen or deliver your interests to persons or institutions responsible?		Percentage Correct
			Yes	No	
Step 0	Prior to the main plan of the Inter-Oceanic road is modified, could you attend to listen or deliver your interests to persons or institutions responsible?	Yes	0	6	0
		No	0	82	100.0
	Overall Percentage				93.2

a. Constant is included in the model.

b. The cut value is .500

'Block 0: Beginning Block' in above Figure shows the state of play prior to the analysis proper and is mainly useful as a baseline against which to compare results. The 'Classification Table' shows that if we assume that all of the cases fall into the most common category (in this case code '1' as 'no' of original value), 93.2 % of respondents will be classified correctly.

Variables in the Equation

	B	S.E.	Wald	Df	Sig.	Exp(B)
Step 0 Constant	2.615	.423	38.231	1	.000	13.667

Variables not in the Equation

			Score	df	Sig.
Step 0	Variables	Q 20 (1)	.030	1	.862
		Q 21 (1)	.471	1	.492
		Q 22 (1)	.388	1	.533
	Overall Statistics		.583	3	.900

Block 1: Method = Enter

Omnibus Tests of Model Coefficients

		Chi-Square	df	Sig.
Step 1	Step	1.112	3	.774
	Block	1.112	3	.774
	Model	1.112	3	.774

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	42.696[a]	.013	.032

a. Estimation terminated at iteration number 20 because maximum iterations have been reached. Final solution cannot be found

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	.000	1	1.000

Contingency Table for Hosmer and Lemeshow Test

		Prior to the main plan of the Inter-Oceanic road is modified, could you attend to listen or deliver your interests to persons or institutions responsible? = Yes		Prior to the main plan of the Inter-Oceanic road is modified, could you attend to listen or deliver your interests to persons or institutions responsible? = No		Total
		Observed	Expected	Observed	Expected	
Step 1	1	3	3.000	33	33.000	36
	2	3	3.000	42	42.000	45
	3	0	.000	7	7.000	7

Classification Table[a]

	Observed		Predicted		
			Prior to the main plan of the Inter-Oceanic road is modified, could you attend to listen or deliver your interests to persons or institutions responsible?		Percentage Correct
			Yes	No	
Step 0	Prior to the main plan of the Inter-Oceanic road is modified, could you attend to listen or deliver your interests to persons or institutions responsible?	Yes	0	6	0
		No	0	82	100.0
	Overall Percentage				93.2

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1[a]	Q20(1)	.241	.849	.081	1	.776	1.273	.241	6.720
	Q21(1)	-17.369	14667.232	.000	1	.999	.000	.000	.
	Q22(1)	-16.902	15522.196	.000	1	.999	.000	.000	.
	Constant	36.669	21355.708	.000	1	.999	8414375962910733.000		

a. Variable(s) entered on step 1: Q 20, Q 21, Q 22

'Block 1: Method=Enter' in table above begins the presentation of the actual results. According to the Omnibus Tests of Model Coefficients, significant level is .774, which is bigger than .05. Thus, this shows no significance. In short, the influence of the independent variables does not produce a significantly improved prediction of whether or not a respondent "knew/participated." The 'R squares' are an attempt to show the amount of variance explained by the model (between 1.3 and 3.2 per cent). The 'Hosmer and Lemeshow test', particularly useful when there are a large number of predictor variables, also indicates the model does *(not)* produce an improved fit (here, a

non-significant result greater than 0.05 indicates an improved prediction). The 'Classification Table' attempts to show the amount of predictive improvement from the model. No improvement has appeared.

According to the 'Variables in the Equation' table above, three variables are included. None of these variables are statistically significant (all p-values are bigger than 0.05). The sign of the beta (B) coefficient indicates whether the effect of an independent variable is positive, raising the odds of it being in the category of interest. According to the result, Q 20 is positive; while Q 21 and Q 22 are negative. Since there is no statistical significance, the beta (B) coefficient is not particularly useful. These observations, it must be remembered, are based on an analysis of data which only includes a small number of respondents answering 'yes' to Q30.

Logistic regression was performed to assess the impact of a number of factors (as shown above) on the likelihood that respondents would report that they acknowledge and/or participate in this regional level of projects that directly affect their daily lives. From the model shown above, other factors – (i.e. which states respondents were born in, how long the respondents have been lived in this border city, level of education and whether the respondents are in favour of regional integration politically and economically and so on) along with the level of political participation related factors studied for the previous analysis – are presented.

As shown in the table, the knowledge of local residents' political participation along with respondents' other significantly likely factors do not affect/predict their involvement in the regional project, particularly in the case of the Inter-Oceanic Highway. In other words, none of the likely factors (Q20, Q21, Q22) appear to be driving respondents' propensity to be involved in this regional project. Therefore, the result is slightly counterintuitive, which means that local residents, who are represented by a sample for the purpose of this research, claim that they were to a large extent excluded in the process of the regional project.

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