

# Reviewing South America Institutionalism and the Failure of Regional Integration Process

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## Abstract

Revolusi Amerika Selatan secara massif pada awal abad 19, berdampak terhadap terbentuknya negara independen dan proses dekolonisasi oleh Kekaisaran Spanyol dan Portugal. Gaungan unifikasi atas dasar persamaan kultural dan linguistik berusaha diimplementasikan di wilayah ini secara terus-menerus, tetapi nyatanya proses integrasi regional ini selalu menemui kegagalan. Lemahnya proses industrialisasi, terbatasnya konsolidasi kedaulatan, serta banyaknya konflik internal turut serta berkontribusi dalam gagalnya usaha ini. Permasalahan ini terus berlanjut secara periodik hingga pada masa pembentukan regionalisme global pasca PD2. Disaat integrasi regional telah berhasil terbentuk di Afrika dan Eropa semisal nya, Amerika Selatan belum juga berhasil menegakkan suatu institusi regionalisme yang terpadu dan berdaya kompetisi tinggi di pasar dunia. Dari implikasi tersebut, karya ilmiah ini akan mencari interkoneksi antara pengaruh geopolitik kawasan dengan pembentukan institusi domestik untuk menemukan akar permasalahan gagalnya pembentukan regionalisme di Amerika Selatan, faktor historis semenjak dekolonisasi hingga gelombang revolusi sosialis abad 21 didalam dinamika Amerika Selatan akan digunakan sebagai fondasi analisis karya ilmiah ini. Kemudian, paradigma konstruktivis akan digunakan sebagai pengampu, disertai teori dan konsep regionalisme praktis oleh pakar Hubungan Internasional Jeffrey Checkel.

Keywords : regionalisme, institusi domestik, geopolitik, unifikasi, Amerika Selatan

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## Introduction

The timespan between years 1960-1970 and so forth saw the rise of regional integration globally. However, it does not reach its peak until the 1990s, which saw the boom of RIA (Regional Integration Agreement) in context of post WTO establishment.<sup>1</sup> This so-called 'second wave' of regional integration throughout the world had a characteristics of neoliberal economy paradigm similar with EU (European Union) neo-functionalism formation which heavily featured by open market, construction of new collective identity, asymmetrical RIA partner

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<sup>1</sup> Ruiz and Hoffman (2015) explained that circumstances of post WTO economic regionalism is strongly linked to the liberalization of global markets promoted at the multilateral level in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), thus carried out by WTO.

forming (in terms of size, development levels or both), and import-substitution based strategies.<sup>2</sup> This occasion made majority of IO (international organization, an advanced stage of RIA) shifting towards a more interdependence and wider regulatory framework, for instance is the establishment of MERCOSUR (Southern Common Market) and revitalization of CAN (Andean Community), both are the foremost implications of respond towards trends of dynamics open market economy paradigm in South America. Hence, the rise of this regional framework gave hope and reliance, especially towards South American people in bringing together collective identity and deeper integration overall.

Unexpectedly, the following years South America saw the prospect and advancement of regional building is gradually became incoherent and decrease significantly. The long-awaited implementation of UNASUR (Union of South American Nations), as South America most prosperous integrated organization for both MERCOSUR and CAN member is threatened by dissolution which saw 6 of its member states suspend their own membership in 20 April 2018.<sup>3</sup> Furthermore, CAN had shown that lack of coordination and inability to create such significant policies in creating new legislation is vital to the development of its core, such as the failure of creating common space policy and constant dispute between its member.<sup>4</sup> Thus, it brings an increased skepticism in deeper CAN integration. Likewise, MERCOSUR developed quite divergent and often clash of interest regarding common policies such as external trade barrier and one-sided suspension of member states.<sup>5</sup> Adding up with the emergence of Pacific Alliance (PA) as a new effort for regionalization, made overlapping institutions inevitable and achieved very limited degree of integration, while their counterparts in other continent is progressively developing well.

From the aragraph above, one could identify and classify the problem intrigued to better perceivethe failure of regional building in South America. Firstly, the lack of mutual understanding and failure in creating common vital policies that are beneficial for each member

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<sup>2</sup> Muller, Alan R. *The Rise of Regionalism: Core Company Strategies under the Second Wave of Integration*. New York, 2004.

<sup>3</sup> Associated Press. "6 Countries Suspend Membership in UNASUR Regional Bloc." April 21, 2018. Accessed November 3, 2018. [www.washingtonpost.com/world/the\\_americas/6-countries-suspend-membership-in-unasur-regional-bloc/2018/04/21/0b52ce72-4519-11e8-b2dc-b0a403e4720a\\_story.html](http://www.washingtonpost.com/world/the_americas/6-countries-suspend-membership-in-unasur-regional-bloc/2018/04/21/0b52ce72-4519-11e8-b2dc-b0a403e4720a_story.html).

<sup>4</sup> Gomez, Camilo Guzman. "The Andean Community Failure to Create Common Space Policy." *Symposium on Space Policy, Regulations and Economics*: 4-5. Accessed November 3, 2018.

<sup>5</sup> Kleinshmidt, Jochen, and Pablo Gallego Perez. "Differentiation Theory and the Ontologies of Regionalism in Latin America." *Revista Brasileira De Política Internacional (RBPI)* (April 27, 2017): 4. Accessed November 3, 2018.

states that met with their initial proclaimed goals. Secondly, the presence of rivalry and overlapping between regional organization that further causing inconsistency as well as lack of loyalties in each member states. Finally, and the most significant one is the lack of belonging in each member states to particular region based on shared values and interests, which in this case is South America. Now, we wonder how could such various integration effort fail miserably in the whole region, in order to further understand the grassroot of those failure which has been described, one must look deep into each formation and find the correlation between variable that constructing South America current regional phenomenon.

### **Formulation of the Problem**

By using theory and approach that will be described in the next section, this paper will analyze both domestic institution and geopolitics as the main grassroot of failure in South America regional building, thus their correlation that binding South America establishment until now. Subsequently, the main question of this research that could be formulated as :

*“How the linkages between domestic institutionalism and regional geopolitics leads to the failure of integration process in South America”*

### **Theoretical Framework**

As the most applicable and corresponding paradigm, constructivism convey a whole new concept. Bob S.Hadiniwinata describe it as a opportunity to give explanation for such regional phenomenon by using non-positivist explanatory variable as its main focus, such as cultural identity, institutionalism building, and social construct.<sup>6</sup> Referring to that, the regional constructivism theory by Jeffrey Checkel which highlighting the use of community and identity as a broader scope for understanding the regional identities and integration would be used to analyze this paper. By that means, it includes a pattern of *“theory and domestic context → method and process”*, theory explicates that one can not measure conception of identity within particular country or region without knowing the baseline or grassroot of it, furthermore, domestic context by definition is a process which historical events; political conflict; public opinion; etc, took part in it. It means that one must look at each elements of domestic context from its institutionalism formation as a baseline for further analyze the construction of identity within the current region.

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<sup>6</sup> Hadiwinata, Bob Sugeng. Studi Dan Teori Hubungan Internasional. Vol. 1. Jakarta: OBOR, 2017.

Regarding method and process, the argument is that regional organization as the most optimal institutions in integrating each states, influence identity, and community through some sort of process, it means all internal and external affair as well as threat the regional organization facing is directly affecting how member states perceive themselves and their policies afterwards.<sup>7</sup> And so, one could conclude that the scheme shown above is inseparable in further explicates the variable constituent inside each pattern and the linkages between those two pattern in the next section below. Ultimately, this paper will apply those regional constructivism theories finding into integration process by regional organization in case study, especially UNASUR case.

## **The Construction of Domestic Institutionalism**

### *Pre-independence era*

As a basis of formation from the state, it can not be doubted that domestic institutionalism stands at the core of those pillar. Interestingly, state institutionalism by nature is an outcome of evolutionary process mechanism, which highlight the utility of historical events, thus it will first be discussed from this perspective.<sup>8</sup> We will use Checkel “*theory and domestic context*” approach, especially the historical events element, to analyze further the identity and community building in South America.

Eduardo P. Buelvas argues that mainly from 17<sup>th</sup> until the early 19<sup>th</sup> century, ruling was done remotely and without the possibility of Spanish and Portugal power in continental Europe to sufficiently exercising and applicate their royal mandate in colonized territories.<sup>9</sup> Thus, it causes a marginal relationship that made contrast and distinction of state establishment between contracting parties. Adding up, the colonial power was not strong enough to encompass effectively the sovereignty and nation state concept over South America, mainly caused by lack of financial resources and conflict in homeland. For instance, formation of nation state concept (absolute sovereignty) and diminishing church influence (religious power) over state relation and policy in Europe after Treaty of Westphalia, the same process could not be implemented in South

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<sup>7</sup> T. Checkel, Jeffrey. "Regional Identities and Communities." *Simons Papers in Security and Development*, 36 (June 2014): 23-25. Accessed November 3, 2018.

<sup>8</sup> Bell, Stephen. "Institutionalism: Old and New." *The University of Queensland* (2014). Accessed November 3, 2018.

<sup>9</sup> Buelvas, Eduardo Pastrana. "Why Regionalism Has Failed in Latin America: Lack of Stateness as an Important Factor for Failure of Sovereignty Transfer in Integration Projects." *Contexco Internacional*, 35 (2013): 447. Accessed November 3, 2018.

America. And so, while Europe advanced in consolidating state institutions capable of handling the complexities arising from the modernity, however, there was no possibility of unlinking religious power and traditional elites from political and economic institutions in the South America.<sup>10</sup> As a result, nation state sovereignty concept was never fully implemented in pre-independence South America. It produces a weak institutionalism mechanism ultimately.<sup>11</sup>

### *Post-independence era*

The political vacuum left by the European power to the new republics, turns to be disastrous as the people inside the republic itself, does not consider the republics as the sole authority of sovereignty bearer.<sup>12</sup> Buelvas argued that lack of stateness and institutionalism in the early period of independence were resulting centralization of government interest, means only the capital get all the wealth, and the marginalized province gained nothing from it. Consequently, this also resulting in the rise of many local leaders, usually the religious power (church) and traditional elites in the region. However, the most significant one is the rise of local warlords that known as “caudillos”.<sup>13</sup> Typically, they tend to gather mass support of the peasant and mobilize support through their local community to further challenging the government in power. Unsurprisingly, caudillos became the biggest threat the new republics facing in maintaining power and authority, and as more caudillos tried to overthrow their power, the new republics responded it by bringing more repressive authority.<sup>14</sup>

That is to say, the civil war and political revolt brought little to almost nothing in terms of development and social change. Only when finally one of these caudillos was able to impose itself on others, was it possible to consolidate the unification of these new states.<sup>15</sup> The consolidation of power by these powerful caudillos in mid-nineteenth century as a new social structure, is still very much influenced by powerful local elites, wealthy landowners, family politics, and especially, the Roman Catholic Church itself. The republics were still struggling to

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<sup>10</sup> Ibid.

<sup>11</sup> Weak institutionalism is a complex term in regards with its definition, but basically its consist of weak government legitimacy, internal instability, and weak enforcement of the law.

<sup>12</sup> Roman, Charles Pregar. "Nineteenth-Century Chile: A Case Study: Subordination, the Class Process, and the Relative Autonomy of States." *Military Rule and the Struggle for Democracy in Chile*, SAGE, 18 (January 1, 2011).

<sup>13</sup> Bethell, Leslie, ed. "The Cambridge History of Latin America." Cambridge University Press, 4 (2008).

<sup>14</sup> S.Tulchin, Joseph. "Problems in Modern Latin American History." Edited by John Charles Chasteen. SR Books: 39. Accessed November 3, 2018.

<sup>15</sup> Pastrana, *op. cit.*, p. 449

consolidate their misshapen sovereignty and weak institutionalism, as well as finding their own identity and values.<sup>16</sup>

Using Checkel theory and domestic approach, one can conclude that South America issue with institutionalism has begun far beyond their independence movement. The cause that has been stated means there's a lack in mutual understanding between local leader regarding sovereignty the central government possess, in order for power consolidation afterwards. So, when the European continental empire has successfully conceptualize their own domestic institutionalism, central government in South America is still struggling to maintain the power struggle between the church, local elites, caudillos, and the rural community from descended into deeper chaos. The meaning and signification of sovereignty concept is extremely shallow, there is no cooperation between executive power and the populace as a whole. The local elites or figure are only focusing towards gaining more populism support and power in the region for their own interests.

#### *Early modernization era in 20<sup>th</sup> century*

Eventually in mid-nineteenth to early 20<sup>th</sup> century, these caudillos could consolidate their power entirely, but came with heavy prices as they lack in progress to keep up with times and technology, especially in the industrial revolution and the period thereafter that will be explained further.

First, as the Europe and other region facing an increasing economy as well as capacity production in the late 19<sup>th</sup> century, South America is still struggling to handle their internal turmoil, resulting in the lack of industrialization and creating such condition in South America into becoming a "peripheral zones", with the characteristics of extractive, unspecialized, mono-exporting economic countries, thus resulting in lack of trade relations among themselves.<sup>17</sup> Subsequently, the economic disparity in South America social structure is unavoidable, as just the economically powerful groups such as land owners, local elites or the central province that benefited greatly from these kind of export, while ironically 90 percents of its population of impoverished lower classes still thriving to sustain their daily life.<sup>18</sup>

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<sup>16</sup> A.Hudson, Rex. "Constitutional History." Development and Breakdown of Democracy, 1830-1973, U.S. Library of Congress (1994). Accessed November 3, 2018.

<sup>17</sup> Buelvas, *op. cit.*, p. 454

<sup>18</sup> W. Strayer, Robert. The Europeans Moment in World History. Vol. 5. 846-853.

Second, the lack of trade relations between nations in South America as stated above, however, it is an indirect result of the strong populism tradition in the region. Populism itself, defined as a personal leader who gathering the masses that feel left out and available of mass mobilization, remains exist since the low institutionalism and sovereignty combined with deep structural disparity is affecting the region.<sup>19</sup> Mudde and Kaltwasse argued that the pattern behind strong populism in South America is because it was a region with a long tradition of democratic governance since independence, but with high rates of socio-economic inequality, generating widespread resentments that politicians can articulate through populism.<sup>20</sup> Basically, in order for the people to trust their respective regime and not getting toppled in particular region with low institutionalism and sovereignty, one must create their national identity and strong impression by preying on weaker states. Consequently, every South American nation engaged in at least one war against one or more of its neighbors during the 19th century in an attempt to maximize its border and authority, resulting indirectly to lack of friendly relations among themselves. These conflicts against other republics largely contributed to a heightened sense of patriotism that evolved during the course of the 20th century until now.<sup>21</sup>

#### *Linkages between Past and Present South America Domestic Institutionalism*

The pathway of South America formation of domestic institutionalism is indeed, very complex and puzzling in some way or another, domino effect could be served as a basic terms in explicate this process, as one process leads to another and eventually effecting modern era South America nation characteristics and regional building in South America nowadays. Eventually, one could find these linkages using Checkel theory & method approach flexibly.

First, low institutionalism and unstable government legitimacy are resulting in the current pendulum swing between political left and right wing in each one of South America nation is a result of historic strong populism in order to appease the mass population desire. Thus, creating instabilities of policies between each change of regime, as usually the ruling regime tries to eradicate all of previous regime policies, resulting in an ineffective government proceeding

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<sup>19</sup> Weyland, Kurt. "Neopopulism and Neoliberalism in Latin America: How Much Affinity?" University of Texas at Austin (March 2003). Accessed November 4, 2018.

<sup>20</sup> Mudde, and Kaltwasser. "Voices of the People : Populism in Europe and Latin America Compared." Kellogg Institute. Accessed November 4, 2018.

<sup>21</sup> Henderson, Peter. "Border Wars in South America during the 19th Century." Oxford Research Encyclopedia (August 2016). Accessed November 4, 2018.

eventually. For instance, reviewing the failure of neoliberalism policies in South America early 21<sup>st</sup> century, Hugo Chavez uses this opportunity to challenge the central right wing government by gathering support from the working poor in order to reinstate the socialist left-wing government in Venezuela. Alvaro Uribe (31th President of Colombia) approached and conducted in the framework of a populist left-wing strategy, using social issue like financial crisis and failure of right-wing policies to gather massive support from largely marginalized citizen.<sup>22</sup>

Second, the problem with centralization and economic disparity in the early period of South America independence, is still very much influenced on how central government provide and distribute their fund disbursement, especially the lack of attention towards indigeneous and rural province nowadays.<sup>23</sup> Combined with the powerful local elites and their populism strategy, turning the internal conflict in South America to a prolonged conflict with no reconciliation in sight, this explained the very existence of insurgency in the region, for instance FARC in Colombia; Shining Path in Peru; EFP in Paraguay; ERP in Argentina. Finally, the lack of trades and relations among themselves as the result of national identity that have been constructed in previous era, as well as high nationality and prolonged sentiment from historic war that happening between states, it is already constructed deep inside each national principle as one their main identity itself. Deconstruction or changing the way these nations perceived one another means inevitable decrease in popularity, that could leads to *coup d'etat* by another populist or religious elites.<sup>24</sup>

## **The Construction of Regional Geopolitics**

### *The construction of extra-regional threat perception*

Similar with other region development, despite their domestic institutionalism issues, they also tried to builds their own collective identity and regional infrastructure, primarily based on their culture and similar fate. However, this process is deemed to be failed as UNASUR, the most waited regional organization is crumbling in 2018 after 7 countries leaves it membership. We will review the causes from extra-regional involvement and its correlation with the domestic institutionalism afterwards.

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<sup>22</sup> Buelvas, *op. cit.*, p. 464

<sup>23</sup> Kleinschmidt, *op. cit.*, p. 4

<sup>24</sup> Kaufman, Robert. "The Political Economy of Latin American Populism." National Bureau of Economic Research (January 1991).



The newly independent South America nations found themselves in a world of international rivalries and power politics. Between 1830 and 1890, European powers on numerous occasions directly intervened in the hemisphere with varying degrees of military force. Some of these interventions were directed at maintaining influence by aiding friendly South American countries in their rivalries with hostile neighbours. Other interventions are military action undertook to reassert their claim on South America territory, for instance is the Spanish invasion of several islands off the coast of Peru in 1861 to reinstate their naval power in the region, or the French blockade of Buenos Aires in 1836.<sup>25</sup> In early 20<sup>th</sup> century and the following years until World War 2 (WW2) saw the decline of European powers intervention in South America as the Monroe Doctrine implemented by United States, bring the whole continent of Americas under its indirect influence through diplomatic pressure.

After WW2 ended, as part of Truman doctrine in fighting communist influence, the US government has now directly involved in preserving their influence directly, mainly support for opposition in toppling authority they deemed leaning for Soviet sphere, and installing right-wing authoritarian government in returns. Such as the 1964 Brazilian *coup d'état* against centre-left social democrat government, 1973 Chilean *coup d'état* against democratic socialist government, etc. The only similarity between them is all the government in charge after *coup d'état* is an authoritarian, military dictatorship right-wing government.<sup>26</sup> This historical process obtained by the South American countries heavily influenced their objective in regional building process. Basically, if European Union as Europe main foundation of regional integration have an objective of minimized their member state rivalries and prevent another war, the purpose of South America regional integration is for countering external threat that came from extra-regional power, mainly United States and European influence, thus making geopolitics threat is the basic core of how South America establish their regional integration. "Region" was always understood as the way of conceiving the space that allowed it to exclude the United States and Europe, who were the main threats to sovereignty.<sup>27</sup>

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<sup>25</sup> Bethell, *op. cit.*, p. 84

<sup>26</sup> Central Intelligence Agency. "CIA Activities in Chile." Library. September 2000. <https://www.cia.gov/library/reports/general-reports-1/chile/index.html>.

<sup>27</sup> Buelvas, *op. cit.* p. 450-451

*South American Phase of regional integration*

Based on ECLAC's (Economic Commission for Latin American and the Caribbean) structural and economic analysis, integration thought in South America has developed in three big phases which began in the 1960s and 1970s.<sup>28</sup> Thus, it will be explained and be correlated with elements of domestic institutionalism as well as Checkel "*method and process*" approach.

The first phase of regionalism came with the objective to resolve the socio-economic disparities between South America countries, mainly by making a free trade agreement. It saw the rise of LAFTA (Latin American Free Trade Agreement) and Andean Group (AG), LAFTA proposed an aggressive 12-year plan to bring down all trade barriers of the sensitive and non-sensitive goods, while at the same time countering US influence on the region. This attempt at integration was ambitious and drew interest of many of the countries of the region which soon joined the LAFTA treaty such as Uruguay, Chile, Argentina, Brazil, etc. However, LAFTA was lacking in an institution capable of building consensus between the members, lack of regional trade between each member country (limited trade relations), and lack of collective identity, thus soon met with a failure.<sup>29</sup> Domestic institutionalism explained that LAFTA lack of integrity elements was a result of no sovereignty transfer between member nation, as each member tries to maintain their internal authority and not wanting to lose their support to any other populist opposition.

On the other hands, AG was comprised of country with similar political and geographic community, so it has much more bigger purpose by not only coordinating the economic terms, but also social and political policies, as all of its members are comprised of left-wing social liberal government. AG was created in response to the development of international system such as ECLA ISI (import-substituting industrialiation) and GATT rounds, so that they are not feeling left out in international system and being used by another power. All of these aspects made AG propositions more ambitious integration approach than any of the previous attempts by less developing nations up to that point.<sup>30</sup> Low executive legitimacy in Chile and Bolivia that made military populist right-wing regime in power, however, made AG soon became paralyzed with the change of regime in Chile as well as Bolivia dissatisfaction from industrialized planning. The

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<sup>28</sup> Ibid.

<sup>29</sup> Lopez, Eugenia. "The Latin American Integration Association." University of Navarra (2015). doi:10.1007/978-94-6265-069-5\_2.

<sup>30</sup> Acosta, Jesid. "Regional Integration in South America: A Comprehensive Analysis Towards a New Wave of Integration." Florida State University Libraries (2013).

policies that have been approved by both states previous regime, being suspended and followed by resignation from both states new regime.<sup>31</sup>

In conclusion, the first wave of regional integration is clearly lacking in any real progress or formation, resulting in Checkel approach regarding regionalism influence could not be used optimally. But, the failure of these integration soon made those former member states perceive the South America regional integration as a hindrance, resulting in their pursue of bandwagoning other major extra-regional actor.

The second wave of integration began as the cold war ended and the integration of former communist country into global economy market. MERCOSUR and the Andean Community (CAN) were created in response to the rise of massive expansion of world productivity and trade. These organization relied their policies and interests on a very neo-liberal mindset, it was based on EU successful model on regional integration as its ideal objective. Undoubtely, many of the norms and structures that make up MERCOSUR and CAN are based on EU common market model, even in some cases “literally copying EU terminology”.<sup>32</sup> CAN was in many ways, similar with AG principle, it was created on response to international system development and based on Bolivarian identity, referring to exclusively for those states that had been liberated by Simon Bolivar. MERCOSUR was created by Brazil as its leader primarily to counter US influence in the region, in order to not repeating the same failure as LAFTA, they created so-called “Marble Cake” identity since they does not have any actual identity that could bonds them together, the idea is that multiple identities are nested or embedded rather than neatly layered.<sup>33</sup>

The difference between first and second wave of regionalism is second wave regionalism put formation of collective identity as prime objective indefinitely, beside their pursue of economic integration and common market zone. However, the similarity is neither in the first nor the second was the transfer of sovereignty sought, there were even attempts to strengthen sovereignty. As already stated in domestic institutionalism, the argument is how they can possibly transfer some of its sovereignty while they can not even consolidate their own sovereign territory and populace at the same time.<sup>34</sup>

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<sup>31</sup> Acosta, *op. cit.*, p. 19

<sup>32</sup> Kleinshmidt, *op. cit.*, p. 3

<sup>33</sup> Caballero, Sergio. "Identity in Mercosur: Regionalism and Nationalism." *Global Governance* (January 2015).

<sup>34</sup> Buelvas, *op. cit.*, p. 455

As a result, their activity caused general disappointment, and around the turn of the millennium integration was paralyzed, and the trade flows remained at a level comparable to that of 1991. When Mercosur celebrated its 10<sup>th</sup> anniversary in 2001, its members were struggling with economic and financial crises, especially Argentina. Contrary to general expectations, intra-Mercosur trade decreased drastically and economic convergence remained very low. At the same time, the CAN was deeply divided South between opponents (Columbia, Peru) and supporters (Ecuador, Bolivia) of Venezuela's president Chavez and his energy policy.<sup>35</sup> The chaos reached its peak after South America experiencing the economic crisis of 2002 throughout the region. This contributed strongly to the delegitimization of the Washington Consensus.<sup>36</sup>

To explicate the failure of both organizations, with no transfer of sovereignty between member state, the desired outcome of regionalist efforts is actually the political and economic "autonomy" of states, and not so much *integration* as a whole.<sup>37</sup> Paradoxically contrasting with its regional integration mechanism that follow EU model that demanding a sovereignty integration of supranationalism model. With no significant development, this fragile regional organization soon became unstable when dealing with challenges from outside region, such as global economic crisis; trade war; unstable oil prices; etc. By far, the domestic populism tradition have a very critical effect in this phenomenon, with security perception that US no longer perceived leftist government as threat since the collapse of Soviet Union, they offered the population of alternative economic change and mobilized an immense support of marginalized population.<sup>38</sup> The result is alteration of all regimes in South America to leftist model from right wing, with the exception of Colombia and Chile only.

Using Checkel "Method and Process" approach regarding these regional integration, one could see that the pursue of reshaping sense of community by both CAN Bolivarian and MERCOSUR "Marble Cake" identity, although unsuccessful, significantly raise the importance of shaping collective identity, thus reshaping the construction of regional integration in third

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<sup>35</sup> Behrens, Luisa Linke. "South American Regionalism: Explaining the Foundation of UNASUR." Freie Universitat, 67 (November 2015). Accessed November 6, 2018.

<sup>36</sup> The Washington Consensus is a set of 10 economic policy prescriptions considered to constitute the "standard" reform package promoted for crisis-wracked developing countries by Washington, D.C.-based institutions such as the International Monetary Fund (IMF), World Bank and United States Department of the Treasury. (William, 1989)

<sup>37</sup> Acharya, Amitav. "After Liberal Hegemony: The Advent of a Multiplex World Order." Ethics and International Affairs (September 2017).

<sup>38</sup> Levitsky, Steven; Roberts, Kenneth. "The Resurgence of the Latin American Left". Baltimore: Johns Hopkins University Press.

wave of regionalism. This argument was supported by Judith Kelley, whom see that the rise of anti-American and populist tradition afterwards, is because the South American people grew tired of their economic disparity and US influence in the region, thus making its way to develop a supranational organization that could challenge the very existence of US mechanism in the whole western hemisphere.<sup>39</sup> This whole process ultimately resulting in the collapse of neoliberal economic model and its regime throughout all South America, turning to left-wing government and socialist economic model instead in the phenomenon known as “Pink Tide” movement.

### *Third Phase Regionalism and the Case of UNASUR*

Third wave regionalism saw the rise of post-hegemonic regionalism as well as importance of transfer of sovereignty throughout the region, thus resulting in the unity of both sub-regions of CAN and MERCOSUR to make a united mechanism called UNASUR, that was effective into force since 11 March 2011.<sup>40</sup> There are a few reason why a united supranational organization created by those two competing sub-region organization. First, the failure of previously economic integration leads them to set aside any attempts at economic integration, precisely the area MERCOSUR and CAN has floundered in order to solely focus on developing a deep political badge of identity.<sup>41</sup> Basically, UNASUR was created to promoted a collective identity altogether, not merely just sub-region identity anymore. Second, the amelioration of Brazil and Argentine relation as a direct result of 2002 financial crisis that weaken Argentine itself. Third, the coming into power of Chavez in Venezuela who directed his foreign policy towards South America rather than the Caribbean and North America, and who had the political will and financial means to support the process. Fourth, the convergence of many leftist government foreign policy as a direct result of Pink Tide movement, as they all now hoping for an unity based on their ideology, thus creating their own regional organization power.<sup>42</sup> Finally, a collective perception which signifies US as the main extra-regional threat in the region, as US attempts to divide South American governments into ‘good’ and ‘bad’ were vehemently opposed

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<sup>39</sup> Checkel, *op. cit.*, p. 18

<sup>40</sup> Post-hegemonic regionalism is a new type of regionalism that was outlined by many scholar, especially Amitav Acharya and Pia Riggiozzi. It was based on an phenomenon were US hegemony is decreasing significantly since the end of Cold War, especially in South America region, resulting in the rise of NRA (new regionalism approach) that stand on collectivism and socialism principle. (Ruiz, 2013)

<sup>41</sup> Riggiozzi, Pia, and Jean Grugel. "Regional Governance and Legitimacy in South America: The Meaning of UNASUR." The Royal Institute of International Affairs

<sup>42</sup> Behrens, *op. cit.*

by most South American countries, plus US-model trade arrangements organization FTAA (Free Trade Area of the Americas) would prove unacceptable in South America.<sup>43</sup>

UNASUR wanted to break all context of skepticism regarding the low possibility of deep integration in region, so it wanted to reconstruct political stance as well as national identity to a collective one as between member states. Eventually, it develops a deep political badge between member states by promoting a new architecture of centre-left democracy and implement a treaty to allow for measures be taken against a member states if the democratic process was put in danger.<sup>44</sup> UNASUR's role in resolving South America conflicts, especially between Colombia versus Ecuador and intrastate conflict in Bolivia, is often mentioned as a successful action by UNASUR to implement political unity.<sup>45</sup> One could conclude that UNASUR is a mixed type of regional organization, internal-focused to promote identity and political unity, external-focused to make itself as regional power and challenging US hegemony. It is so successful that many scholars, even the skeptical one are having a high expectation to South America future integration forecast, since they saw that South America finally found its political and philosophical purpose to integrate the region.<sup>46</sup>

However, the tides were turned upside down when half of the nation belonging to UNASUR decided suspend their membership in April 2018, consists of Argentina; Brazil; Chile; Colombia; Peru; and Paraguay. They believe the blocs political and economic views became so wide that it could no longer operate.<sup>47</sup> So, currently UNASUR just consists of Venezuela, Suriname, Guyana, Uruguay, Bolivia, and Ecuador.

We will explicate it using domestic and geopolitic elements as well as Checkel interrelated pattern. First, the lower degree of institutionalism in South America is resulting in nation policy depended entirely on the personalities of those presidents and their personal preference.<sup>48</sup> And so, while UNASUR itself emphasizing the transfer of sovereignty, its meeting does not go further than just a little summit for government official to meet. Second, while UNASUR has implement its own collective identity and regional priority such as social

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<sup>43</sup> Ibid

<sup>44</sup> Riggizori, *op. cit.*

<sup>45</sup> Behrens, *op. cit.*

<sup>46</sup> Buelvas, *op. cit.*

<sup>47</sup> Paraguassu, Lisandra. "Six South American Nations Suspend Membership of Anti-U.S. Bloc." April 2018. <https://www.reuters.com/article/us-unasur-membership/six-south-american-nations-suspend-membership-of-anti-u-s-bloc-idUSKBN1HR2P6>.

<sup>48</sup> Kleinschmidt, *op. cit.*

development, its fundamentalism is still pretty much influenced by neo-functionalism principle, in which it is unable to address any different option than supranationalism and the ruling process is composed of consensus decision-making. Third, the instabilities in current pendulum swing between left and right populism, in which right-wing populism is on the rise again in South America, as proved by the elected Brazil right-wing president Jair Bolsonaro. Fourth, the presence overlapping institutions in South America itself, the establishment of Pacific Alliance as South America new alternative regional integration approach, proposed by Chile, Colombia, Mexico, and Peru. Different from its predecessor, its purpose was making a regional integration not limited on South America anymore, but include Asia-Pacific region as a whole, also the very existence of ALBA (Bolivarian Alliance for the Peoples of Our America).<sup>49</sup>

Using Checkel approach in “*theory and domestic*” context institutionalism, we can link together those cause to explicate the failure of UNASUR integration. As the cause of low domestic institutionalism and stateness, lack of willingness in transfer of sovereignty still influencing South America nation principle. Added with the fundamentalism of populist yet high nationalist leader, turns to evoking a polarization and internal tension between member states in UNASUR.

Then, Checkel “*method and process*” geopolitics approach could see that identity building is the cause of internal tension in UNASUR. After the CAN significantly failed to achieved its purpose, the collective identity that was built on Bolivarian identity does not fade away. After the leftist government took control of majority South American nations, Venezuela builds its own socialist organization to counter western influence called ALBA, consists of Venezuela; Bolivia; Nicaragua; and Cuba. It leads to the consolidation of Bolivarian identity and Venezuela raise to power, eventually UNASUR is divided by Brazil versus Venezuela bloc. Both polar compete to become the unoffical leader of UNASUR. Subsequently, when Venezuela and its supporter decide to veto Argentina position in UNASUR secretary-general, a dissolution is unavoidable as UNASUR does not have any other option to reconcile beside consensus decision.<sup>50</sup> As the result of low institutionalism, the swinging politics between left and right government in South America could not make UNASUR integrated again, as UNASUR itsef

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<sup>49</sup> Pierre Sauve. *The Pacific Alliance in a World of Preferential Trade Agreements*. Edited by Jose Manuel. Vol. 16. United Nations University Series on Regionalism. Springer.

<sup>50</sup> Muhr, Thomas. "Conceptualising the ALBA-TCP : Third Generation Regionalism and Political Economy." *Pluto Journals* (February 2016).

was build based on leftist government policies as a whole. And now, the right wing government is on the rise again particularly in Brazil and Argentina, the so-called integration clearly could not be achieved anymore. Ultimately, as South American nations do not have any will to transfer its sovereignty significantly to certain integrated organization as well as strong commitment in certain organization to avoid overlapping institutions, they are doomed to fail.

Regional integration in South America always leads to failure if they insistently use neo-functionalism approach in making integration. As Acharya notes that “the design of regional institutions in the developing world has been more consistently sovereignty-preserving than sovereignty-eroding”. He argued that studies of regionalism in IR, especially South America must seek concepts not based on the implicit example of the former.<sup>51</sup> Consistently, Checkel furtherly argued that too many theoretical framework for exploring the IO integration and principle put the former in the driver’s seat, means that regional design is being limited and constanly compared to the successful one, which is EU.<sup>52</sup> At the same time, other scholars have warned not to fall into the trap of elevating claims of subaltern knowledge and “Southern solidarity” to such heights that they obscure the relevance of global structures and dynamics.<sup>53</sup> We could conclude that South America in its integration must have a regional framework that is not based on the formerly establish one like EU. It must find its own dynamics suitable integration, that could provide a better framework based on each member states establish characteristics domestic institutionalism.

## **Conclusion**

We could conclude that in order to look at each regional phenomenon and political relation, one must look at the very basis core of its regional construction in South America, which is the establishment of domestic institutionalism each member states have. Subsequently, it serves as a cornerstone in explaining the whole construction of internal aspect that affecting the so-called nation until now. Combined with the construction of regional geopolitics South America has ultimately resulting in the failure of South America integration as a whole. Each variable is linked together and served as a basis to explain the other phenomenon. Thus, Checkel constructivism theory between both domestic and regional organization as main pattern, is

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<sup>51</sup> Acharya, Amitav, and Alastair Iain. Johnston. *Crafting Cooperation: Regional International Institutions in Comparative Perspective*. Cambridge: Cambridge University Press, 2007.

<sup>52</sup> Checkel, *op. cit*

<sup>53</sup> Hurrell Andrew. "Towards the Global Study of International Relations." RBPI (November 2015).



overlap with each other and could not be separated. His patterns works like a cycle, the establishment of principle and identity building in one organization, is the result of previously attempted collective identity building and member states institutionalism character. And so, the cycle is repeating as each organization crumble and another arise, resulting in different perception and identity building. What still remains the same is the domestic institutionalism characteristics each member state have.

Based on the arguments we made here, regional integration in South America would not be possible in the long terms policies. All the attempts that have been made such as focusing economic integration or political integration, still leads to failure as they're insists using neo-functionalism as a basis principle in its organization. The perspective of South American integration will require more empirical engagement with the detailed workings of integration projects. One should consider the importance of using framework that serves adequate with each member internal formation, which has the characteristics of weak stateness and institutionalism.<sup>54</sup> While EU-type regionalism could still be compared, it clearly could not be served as a cornerstone anymore in global south especially South America integration process, as each regionalism have a very distinct institutionalism construction and political dynamics.

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<sup>54</sup> Kleinschmidt, *op. cit*

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