In this presentation I shall first try to clarify the strategic significance of Mercosur as it emerges in three different moments with three different political motivations. Then, the separate paths followed by the political and economic dimensions of Mercosur integration shall be shown as a specific feature of the bloc. The next topic concerns the continuing need for the Mercosur countries to co-operate towards the political stability and economic soundness of the region in order to ensure external credibility and grant a growing flow of external investments. Then I shall turn to examine a set of issues that could possibly be included in an enlarged Mercosur agenda. To conclude, the question is posed as to why a fresh political agenda is needed at all.

**Three independent converging trends**

Every complex political processes, especially so in International Relations, can be traced to multiple origins and comprise differing explanations. Mercosur is not an exception. If we assume, as a wide range of analysts did before, that Mercosur has been made possible only by a shift in Argentina/Brazil relations, then we can trace three significant moments in recent convergence of the two countries.

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# Draft version – references and quotations will be provided in a revised version.
The first one, seldom acknowledged for in the literature, actually precedes the end of military rule in both countries. It derived from a shift in the perception of threat by the military, especially in Brazil. In the late 1970’s, although the competition between Brazil and Argentina regarding the use of common watercourses for energy purposes, were still raging, the same applying to military nuclear research, a treaty was signed in 1978 by Argentina, Brazil and Paraguay settling the dispute.\(^1\)

This was a first step, that later developed in growing measures of confidence building among the military, including nuclear research, which culminated during the governments of Sarney and Alfonsin. Its reason was the perception, by military strategists, that the weakest and most threatened Brazilian border was not in the South, but in the North, the Amazon.

The vulnerability of the northern region was then linked to three factors among others. The first and most encompassing one was the sense of a decreasing tension on the East-West conflict, a growing co-operation or, at least, understanding between the superpowers. On the other hand, the late 1970s and early 1980s witnessed a steady hardening of Brazilian bilateral relations with the industrialised countries, especially the US, in a very wide range of economic, political and societal domains.

More rivalries and disputes could be predicted in the North/South axis of international politics than in the East/West direction. In that case, Brazil and its Southern Cone counterparts were predictably to stand in the weaker side of the conflict, and opposed to the same rich industrialised antagonist countries.\(^2\) The Brazilian defence machinery would not be able

\(^1\) Francisco Thompson Flores, *60 Anos de Política Externa Brasileira*, 2000.
\(^2\) As later on the conflict between the Argentine military and the UK over the Malvinas/Falklands would demonstrate.
to build up a minimally credible military presence in the Amazon region, while at the same time keeping a significant amount of deterrence in the Argentine frontier. It was vital, therefore, to play down the traditional assessment of Argentina’s military threat as the number one hypothesis of war.

As for the Argentines, whose border conflicts with Chile were far from settled, despite the expected co-operation between the two authoritarian regimes, they could not afford two hostile neighbours in two sensible frontiers.

The second factor adding further vulnerability was the growing perception that the Amazon had become a prime choice target for external pressures either from governments or from transnational organisations. Conflicts between land-less workers and autochthonous communities, disrespect for the human rights of left-wing militants involved in guerrilla warfare, disregard for the environment protection, were all generally blamed on the military government.

Calls for accrued diplomatic intervention, for economic sanctions or even for an international mandate over the Amazon, rooted in the assumption of an inherent right for the humanity to be exerted over its global heritage, were taken seriously by the military. The Northern borders were doomed to attract an overwhelming international ‘greed’ that the country was not up to cope with, unless the assumption of military threat on the South was reversed.

The third factor was a consequence of the preceding ones. The new magnitude of the Amazon security and defence challenge plus the fresh scrutiny on its social economic and population aspects pushed to a more precise appraisal of these overextended, unpopulated, porous borders.
And it made clear that a transfer of defence resources should be made sooner than later. The Brazilian government started the settlement of an incipient Amazon military command in parallel with the dismantling of the then over-equipped and over-manned 3rd. Army on the Southern Cone borders. As a consequence the pressures on Argentina’s defence were proportionately loosened.

These three converging factors were able to sustain the trend for a new strategic balance in the Southern Cone, based on the assumption that in forthcoming interests and power conflicts, the countries in the region should rather be in the same side. Therefore, co-operation rather than regional dispute should prevail between the two countries.

The second moment can be traced to the post-authoritarian governments in Brazil and Argentina, Jose Sarney and Raul Alfonsin. Alfonsin’s administration had been challenged by a series of military pronunciamientos, and co-operation with the Brazilian government was supposed to be instrumental to the mutual protection of such infant democracies against the risk of new military interventions in both countries, especially in Argentina.

Argentina’s Alfonsín and Brazil’s Sarney enhanced the succession of bilateral confidence building measures among the military, especially in the nuclear area, initiated by the previous military governments. They also established a series of agreements concerning co-operation in policies such as Science & Technology, transportation, industries of capital goods, etc.... And finally they signed a protocol aiming at the creation of a Free Trade Area between the two countries, to be achieved in 10 years\(^3\). Typically, an openly political motivation – bilateral

\(^3\) See Thompson-Flores (60 Anos), Amorim (Serie Intenacional, 60 Anos)
protection of democratic institutions and processes – was to be attained by enhanced economic interdependence. Economic interdependence, for its turn, was conceived as the result of common sectoral industrial policies and macro-economic co-ordination.

Mercosur’s third moment started in 1990 with Argentina’s Menem and Brazil’s Collor, paralleling the adoption by both governments of ‘neo-liberal’ reforms. Pressed by the announcement of Bush senior’s Initiative for the Americas, and joined by Uruguay and Paraguay, the two countries formally created Mercosur in 1991, with a scheduled reduction of all tariff and non-tariff barriers in 4 years. A customs union was to be achieved in the same span of time, with a view to the adoption of a full-fledged common market with free flow of all factors of production. The nature and format of Mercosur’s institutions were to be negotiated at the same time.

Mercosur’s goals were then defined as a general commitment to political and economic co-operation in the region in order to open their member states’ economies internally and externally, as well as enhancing the region’s competitiveness in the global markets. Non-explicit goals, though, were much more pedestrian: Argentina’s aim included gathering momentum in view of its future integration within the US economy. Brazil’s goals included preventing the Brazilian economy from further interdependence with the US economy, besides avoiding isolation in the region in case of an increased integration of its neighbours with the US.

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6 J. A. Guilhon Albuquerque, “U.S. and Brazil Bilateral Relations as a Major Obstacle to Hemispheric Integration”, draft paper prepared for the Conference: Una Gran Familia? Hemispheric Integration
The shared vision that the adjustment to a globalised economy and to enhanced external competitiveness would be smoother if linked to stronger regional competition led to the so-called open regionalism. And the resulting enlarged economic interdependency was supposed to grant the increased political co-operation needed to overcome pressures opposing the reforms.

The three trends described above are not to be regarded as a sequence of discrete periods, but rather as overlapping, intermingled continuous processes. The perception of the Amazon vulnerability still commands the most important shift so far in Brazilian defence goals, even though it is now the Colombia Plan and not the general ‘international greed’ the core challenging threat. The notion that political stability and economic soundness are a major regional asset that can be more successfully tackled through regional co-operation still prevails. And the awareness that the road to a successful globalisation is paved with shared threats, of which the contamination among emerging markets had already stricken three times in a decade (Mexico 1994, Brazil 1999 and Argentina, was never so acute.

Besides, each one of these trends is per se sufficient to determine the shift in bilateral relations that made Mercosur regionalism possible. Therefore we have a sort of over-determination so to say: more equations than we have unknowns. As a consequence, the inherent political foundation of Mercosur’s endeavour would last while at least one of those reasons subsists.

\[after\ the\ Santiago\ Summit,\ Ottawa\ October\ 1-2\ 1998;\ JAGA:\ ‘El\ Alca\ en\ la\ politica\ exterior\ brasileña’,\ Politica\ Exterior,\ vol.\ XVI,\ no.\ 85,\ Madrid,\ Jan-Feb\ 2002,\ 174-188.\]

\[7\ ‘Overdetermination’ should be understood in the sense of the 1970s French structuralists.\]
In every case political co-operation was the strategic goal that fuelled Southern Cone integration under the aegis of Argentina/Brazil new relationship. In every case, interdependency and especially economic interdependency was instrumental to that goal.

Finally, and most important, the linkage of political goals and economic method and the hierarchical relationship between them are also present in every instance. For Mercosur partners regional political and economic stability is a vital asset, to be secured through political co-operation, which, in turn is ensured by economic interdependency. Therefore, in its different departures, the political driving force towards Mercosur has consistently been translated into economic decision-making.

**Hiatus between political and economic co-operation**

This is not a minor change in the Southern Cone elite’s mind-set. For the best part of the 20th Century the dissemination of Raul Prebish’s conceptions of industrial growth and economic development in Latin America had been translated into the opposite. As the persistent flaws of colonial trade should remind us, trade equals dependency, dependency equals backwardness, backwardness equals poverty, poverty is a step away from social unrest, external interventions, and finally loss of sovereignty. Now the dissemination of ECLAC’s new vision of open regionalism implies that trade equals foreign investment, foreign investment plus trade equals interdependency, interdependency equals the co-operation needed to secure stability, which in turn favours sovereignty.

The line linking trade to political goals is long, frail and far from obvious, but it is there. Being there does not mean that all the decision-making process in Mercosur is determined by political as opposed to economic
considerations. The opposite occurs: Mercosur decision-making is about trade and trade related regulations and policies. Political decisions, though unavoidably present at every presidential summit’s ‘Political Declarations’, have seldom a direct impact on the integration process.

For that reason we can reasonably claim that there exists a hiatus between the process of economic integration in Mercosur and the progress of political co-operation among its member-states. Most of the achievements of Mercosur have been performed in trade or trade related matters. That was the case of the virtual elimination of internal tariff and non-tariff barriers; the adoption of the common external tariff, whichever were its flaws; converging or at least compatible negotiating platforms in regional forums; trade agreements with neighbouring countries; trade and industrial regimes agreed upon, etc.8

In contrast, the development of institutional procedures regarding both trade policy and politics in general has been dismal. No specific decision mechanism or forum designed to adopt common trade policies was ever implemented. The same applies to political alignments, regionally or globally relevant for the Mercosur countries and their closest neighbours.

The point is not whether Mercosur is or is not under-institutionalised. Whatever its institutional deficit, Mercosur decision-making mechanisms have no role for a political agenda per se, while having a very significant role for trade-related matters.

In point of fact Mercosur political co-operation has been intense and effective. The examples are plentiful. They involve the protection of

8 Whatever are the merits or weaknesses of managed trade resulting form these regimes it is indisputable that their adoption implies a significant degree of policy co-operation. Indeed, as of February 6 Argentina and Brazil, amidst the currency storm, were nonetheless meeting to renegotiate a fresh, more flexible automotive regime (O Estado de S. Paulo, Agencia Estado, 05/02/02).
democratic institutions, diplomatic peace-making interventions, and the adoption of a common standpoint in global affairs.

Co-operative actions aiming at the protection of democracy occurred in a member-state, Paraguay\(^9\), as well in neighbouring countries, as in the case of Peru\(^10\). In both cases, the rationale for Mercosur diplomatic activism was the need for restoring the region’s credibility as an area of political stability under the rule of law.

The Peru-Ecuador war was another instance of diplomatic intervention that involved two Mercosur countries, Brazil and Argentina, both Guarantors (together with Chile and the US) of the former Peace Treaty between the two countries. The war and the ensuing risk of social and political turmoil in both countries were deemed a threat to Mercosur’s external credibility. The two Mercosur members of the Guarantors Countries proceeded swiftly to enforce a cease-fire and exerted considerable pressure – together with the US – to obtain the final Peace Treaty. Brazil, especially, accomplished an unexpected activism seldom witnessed in the country’s diplomatic tradition.

The political response to the September 11 terrorist attacks on the US is an example of adoption of a common standpoint in global affairs. Mercosur countries then joined Brazil’s proposal to prompt the OAS to

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\(^9\) The long-lasting Paraguayan crisis started with an attempted coup against President Wasmosy, continued with the ousting of his successor, and ended with a Constitutional settlement that made possible a new government. See “Mercosur: Democratic Stability and Economic Integration in South America”, in Jeffrey Anderson (ed.), *Regional Integration and Democracy*, Providence, Rowman and Littlefield, 1999, 272-297.

\(^10\) The case of Peru comprises the disputed outcome of the presidential elections won by Fujimori, his subsequent ousting and Toledo’s eventual election.
support the US under the aegis of the Inter-American Treaty for Reciprocal Assistance.\textsuperscript{11}

All these instances of political co-operation have in common the fact that Mercosur has never proceeded as such. Neither was any official statement made on these subjects or on the measures taken by the Mercosur member-states. In every case diplomatic action was conducted through the current diplomatic channels, or by the so-called presidential diplomacy.

Truly, the first domestic political crisis in Mercosur - the first attempted coup against Paraguay’s Wasmosy - took the bloc by surprise and no institutional mechanism existed that could be activated. But it doesn’t apply to the following sequences of crises, since Mercosur member-states and Mercosur associate-members – Bolivia and Chile - adopted a ‘democratic clause’ in the first Mercosur Council meeting thereafter\textsuperscript{12}. The loose mechanism then adopted was not activated either. In both circumstances, though, a statement could have been made but wasn’t.

Mercosur failed to co-ordinate their actions and political views in other instances. The most conspicuous are the cases of Cuba, Colombia and Venezuela. What differs these cases from the successful ones are two of the factors involved. The first and most important in my view is the potential impact of the matter under consideration on the very stability of Mercosur. Democratic failure in Paraguay, as well as in Peru or the war between that country and Ecuador, were all potential threats to the subsistence of Mercosur as an ongoing concern. The same obviously

\textsuperscript{11} Despite the controversial views concerning the exhumation of a mechanism of hemispheric defence dating from the immediate post-war period, often considered a pre-emptive step into the Cold War, the point is that this move was adopted as a common standpoint by Mercosur countries.

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doesn’t apply to Cuba and doesn’t seem to apply to Colombia and still least to Venezuela.

The second factor involved is the lack of consensus over the issue or even the existence of conflicting views among the bloc members. As a matter of fact, the lack of consensus is not unrelated to the lack of relevance of the issues as to Mercosur’s vital interests.

**Persisting grounds for political co-operation in Mercosur**

We have assumed that the three contributing trends for the creation of Mercosur still persisted today and were, each of them, sufficient per se to maintain Mercosur’s inherently political goals. What if the external context changed in such a way as to cause those trends to be irrelevant? Still, as far as Mercosur persists in its ‘neo-liberal’ road to liberalisation, the need for both the bigger and the smaller economies in the bloc to warrant external credibility shall remain a *sine qua non* condition for success.

External credibility in the current context of globalised markets for trade and investments, as well as for credit, involves reliance on a country’s capacity to deliver political and economic stability, political and economic openness, as well as compliance, or at least compatibility with ‘global’ values and rights. Even in the worst period of misunderstanding and successive criticism to Mercosur from Cavallo under the De La Rua administration, Mercosur carried on external negotiations as a bloc.

It became almost a convention among Mercosur officials to acknowledge that the need to present a common platform to negotiate with the EU and

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in the FTAA talks had become Mercosur’s strongest bond. In a sense the preparations for those meetings were a unique opportunity to convene around a positive agenda, far away from mutual criticism and complaints.\(^{13}\)

Until now, though, political co-operation has been regarded as a long-term final goal, and economic interdependency has been considered the real thing, the proper object of decision making. The question is whether it is time to incorporate the political component in Mercosur’s daily policy-making instead of shelving it in the theoretical strategic dimension or in the separate diplomatic agenda of each member state.

The answer to that question depends on the response to the question as to whether economic interdependency is the sole means to attain Mercosur’s strategic goals. In my view the answer is no: political co-operation needs to be not only extended as well as deepened, but also grounded into Mercosur’s decision-making process. This incorporation of the political agenda, however, should not be limited to ‘political declarations’ but instead should become part of the routine of the permanent inter-governmental negotiations that are the core of Mercosur.

The question of a new agenda for Mercosur is almost a permanent quest. It came again into discussion after the Brazilian devaluation in 1999.\(^{14}\) A discussion about a new political agenda should necessarily include the more general question whether a new agenda is needed at all.

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\(^{13}\) The above mentioned reopening of the negotiations on the bilateral automotive regime, which is supposed to establish a framework for a common Mercosur regime is another example of how political co-operation in Mercosur has been able to overcome a foreseeable deadlock on trade negotiations.

\(^{14}\) In this section I borrow extensively from my previous publications, especially This analysis was first developed in JAGA: “A Integração Regional e a Agenda Multilateral Pós-Seattle”, in Pedro da Motta Veiga, (ed.) O Brasil e os desafios da globalização, Rio, Relume Dumará/Sobeet, 2.000; and JAGA: ‘Mercosur in a Regional and Global Perspective’, in Paths to Regional Integration: The Case of Mercosur (as above).
The quest for a new agenda is posed apparently when the previously existing one is exhausted. As it is not the case, the need for a new agenda could only derive from the current agenda's failure to incorporate new issues. For its turn that failure could only occur in one of two events: due to internal deficiency or due to the uniqueness of the new issues.

In the case of Mercosur the agenda has been continuously charged of deficiency, which has often been associated to a sort of foot-dragging, a feeling akin with 'euro-scepticism'. As it turns, some issues may seem brand new and may have provoked some impact – like the twin questions of 'dollarisation vs. single currency' –. They are not new in the sense that they could not be possibly absorbed in Mercosur's built-in agenda, that is, the one already included in the Treaty of Asuncion itself.

The current Mercosur crisis that originated the issue of re-launching Mercosur and gave relevance to the supposed need for a new agenda resulted directly from the devaluation of the Brazilian currency and from its consequences upon the economies of the region. The Argentines, who appeared as the spokesmen of the malaise, were partly concerned with limiting and preferably counterbalancing the effects of the devaluation over its trade with Brazil. But they were mostly concerned with securing an insurance policy for the future.

The crucial point for the Argentines was not that of renegotiating those rules and exceptions conceived in a more favourable level of exchange parity. They aimed at finally adopting the rules inscribed in the Treaty of Asuncion’s commitment to macro-policy co-ordination, which was reiterated in every occasion. The issues that were publicly voiced - non-accomplishment of deadlines for exceptions rules concerning sensible sectors, refusal to adopt in due time the automotive regime, attempts at
introducing new exemptions or special regimes by means of quotas – were all part of Mercosur's built-in agenda from the beginning.

So, if the current agenda is not exhausted and new issues are not incompatible with it, then either it is time for negotiating seriously – without which no change in the agenda will be relevant – or there is a mistake over the nature and contents of the agenda. The fact that such lasting disputes over exemptions, exceptions, special regimes and external tariffs are not perceived as sheer routine in the process of regional integration but, on the contrary, are viewed as a deadlock, suggests a misleading agenda.

The deadlock is supposed to involve, among other things, a failure in Mercosur's ability to develop from a so-called 'imperfect customs union' to a 'common market' and later on to an 'economic union'. A proposal to solve the impasse has emerged among some of the most active Argentine diplomats and advisors involved in Mercosur during the Menem administration15.

This apparent solution consists in drawing back to a mere 'free-trade area' since one cannot ‘advance’ in the negotiations over the deadline for the exceptions and special regimes, subsidies regulations, and macro-policies co-ordination, in order to consolidate a 'complete customs union' as a stepping stone toward a 'real common market'. This controversy over advancing or withdrawing from the customs union model suggests a misconception about the relationships between theoretical models and real processes of regional integration. It suggests also an equivocation about the nature of the post-GATT negotiations. As a consequence it

15 See El Futuro del Mercosur. Entre la Retórica y el Realismo, edited by Felipe de la Balze, Buenos Aires, Asociación de Bancos de la Argentina/CARI, 2000; see also Mercosur. Entre la Realidad y la
implies that Mercosur has been discussing a pre-Uruguay Round set of issues in a post-Seattle agenda.

In fact, from a bilateral viewpoint Mercosur is about growth. The four member-states and the two associates of Mercosur expect to enhance the positive impacts of interdependence and control the negative ones. A number of exceptions and special regimes provide a proper shade for sectoral sensitiveness and the Common External Tariff protects infant industries against competition from third countries.

Mercosur can give more room for sectoral adjustments. The increasing intra-regional competition has an important impact on less competitive industries, provoking relocations of plants and local unemployment. The special regimes and sectors excepted from Mercosur are theoretically aimed at easing the adjustment process in specific regions and sectors. Much more can be done in this direction, combining a timetable for the adjustment of the industries and the labour force with regional policies favouring labour retraining and industrial relocation.

Mercosur can also give more room for subsidising trade deficits. For years Brazilian imports of oil and wheat from Argentina assured the Argentine trade surplus toward Brazil. In different occasions Brazil's partners agreed upon an increase in the external tariffs in the textile, automotive and toys industries, to support the Brazilian effort to cope with a raising trade deficit. The same rationale applies to the recent claim of the Argentines to increase the external tariffs of consumers' goods and lower those of capital goods.

Besides, Mercosur can give more room for the attraction of a growing foreign direct investment. Although Brazil responds for about 90% of FDIs to South America, their impact on Mercosur as a whole is still significant. It is significant enough for its partners to tolerate the increasing relocation of investments from the region toward Brazil.

From a regional viewpoint Mercosur is also about growth. The South American Presidential Summit of August 2000 announced a program of investments in infrastructure, increasing by that the chances for an easier integration of the economies of the Andean and Amazon regions with the Southern Cone. The prospects for a huge program of infrastructure building are already promoting intra-regional investments, which until now have been limited to specific sectors in Brazil and Argentina.

It probably might increase some limited flow of transnational labour, which is important for Paraguay, Bolivia and could become critical for Colombia in the foreseeable future. With a growing transnational labour flow the need for compatible labour norms would become evident, responding to the region's unions' claim for a Mercosur Social Chart.

Still from a regional point of view Mercosur can give more room for further reducing the external tariffs. Mercosur actual tariffs are significantly lower than the region's consolidated tariffs under the WTO's accords. Nevertheless the Argentine crisis already expedited the process of a general review of the external tariff system. While Argentina is pressing for lower tariffs on capital goods and a higher tariff on consumer’s goods, Brazil is pressing just for the opposite. Paraguay and Uruguay would probably press for even lower external protection. The overall result might be one of significantly lowering external tariffs.
However the most contrasting difference is the one between Mercosur’s current agenda and the issues the bloc has been addressing in bilateral or multilateral forums. The WTO is a good example of that. A growing number of countries, most of all the richest, have brought upon the WTO the need to adopt common standards regulating the conformity to those rights and values supposed global. With that, the WTO’s agenda is more and more overwhelmed by the methodological and pragmatic question of defining such common standards and, most of all, defining their relation, or more precisely their ‘relatedness’ to trade.

So, if there is a sense, today, in constructing a mini-lateral alternative to the WTO, like Mercosur – or FTAA for that matter -, it should not be about tariff, but about the new issues of the global agenda. More and more regional agreements, inter-regional agreements and bilateral agreements on trade will rather negotiate common standards for rights and values than just tariff preferences. And they will do it as an alternative to other multilateral standards that for whatever reasons they do not want to, or cannot endorse.

Now when one looks at the agenda under negotiation between Mercosur countries and their extra-regional partners everywhere – bar inside Mercosur – it includes limits for 'unfairness' in services, in investments, in competition, in environmental protection, and so on. And in the horizon one can devise the approaching clouds of labour standards, democracy, corruption, human rights, and terrorism.... What is Mercosur negotiating internally again and again? For all intents and purposes it is about tariff and non-tariff reductions and increases, as well as limits to managed trade.
Off course the negotiation over the adoption of universal standards of 'fairness' in international relations is no simple task. Two problems arise immediately concerning the issue of universal patterns. First, the unilateral definition of standards by countries, investors or social groups such as labour unions and NGOs. Second, the adoption, by the great powers, of rules of compatibility among different standards. In both cases, the weaker the economy, the weaker the country, the weaker the social group, the least their chances to preserve their own standards of rights and values.

It would be much easier to achieve greater compatibility of non-discriminatory regulations and fair international behaviour in compliance with so-called 'global values' and 'global rights' among like-minded countries. It should be accordingly easier to achieve such compatibility among the Mercosur countries, plus Chile and Bolivia and, more generally among South American countries, than for those countries to converge to standards unilaterally adopted, for instance, by OECD countries.

If Mercosur adopted a regional standard of non-discriminatory regulations and compliance with commonly defined values and rights Mercosur would establish a stronghold from where FTAA, EU-Mercosur and WTO negotiations could be faced in a less defensive and less reactive mood.

However, as those global issues are generally deemed ‘sensible’, a great amount of political co-operation should be necessary to even internalise them into the Mercosur decision-making. But Mercosur would still be reactive to external inputs. Why not anticipate fresh new issues that could be considered vital from Mercosur’s viewpoint?
Protection of democratic institutions is one of them, the most deeply inscribed in Mercosur’s brief traditions. The framework already exists and there is no need for further institutionalisation. The informal procedures performed in Paraguay and Peru have proved to be efficient. All Mercosur needs for that matter is perhaps acknowledge a political issue as pertaining to its ordinary agenda, without having to publicise any official decision. In some cases it could be advisable to acknowledge that one particular country or government official has an unspecified mandate to report on the issue. In every case it would be desirable to make a final statement crediting Mercosur for any successful action.

Protection against financial threats is another major political concern. Since the Mexican devaluation in 1994 it became clear that currency crises contagion was both regionally oriented and aimed at particular clusters of countries. The subsequent currency crises in Asia, Russia and Brazil, apart some changes in the IMF’s procedures, did not encourage the adoption of serious mechanisms designed to avoid or at least limit similar threats as in Argentina’s drama.

Mercosur per se is not in possession of the relevant financial resources as to provide the necessary remedy. But provided a realistic set of proposals was agreed upon, Mercosur would be entitled to put it forward into the multilateral agenda.

Two other issues, among many for a long time submerged under two decades of triumphant neo-liberalism, are ripe to emerge in the aftermath of September 11. They are interconnected and the first and more general is World economic development and World poverty. I don’t expect I have to elaborate extensively on the subject. Stirring the adoption and enforcement of a programme of ‘war on poverty’ and economic
development should become a major political goal of Mercosur as such, as opposed to calls from its singular members.

A regional approach to development is also suitable. Development should not be addressed only in terms of lesser or greater affluence. The very notion of open regionalism, the remarkable growth of regional accords, the regional nature of recent regressive contagion, all claim for fresh new theories and policies of regional development. Why not an ‘open desarrollismo’, that is one that would be a far cry from protectionism, state-owned industrialism, price and exchanges control?

Both themes are already being championed, markedly at the WTO, but still through individual governments. Brazil is again trying to advocate the notion of a tandem trade&development, in its most acknowledged diplomatic tradition. Hopefully it is not as an alternative for, or a challenge to the market. The recent chronicle of regional development associated to regional integration in the Americas, including the contrasting cases of Mexico with NAFTA and Argentina with Mercosur should provide solid grounds for creative empirical generalisation.