

# Preface

Regionalism has become fashionable in many parts of the world. After a period of about four decades in which the European Community stood out as practically the sole example of ongoing, successful economic integration, the regionalist fever has spread rapidly all over the globe. According to the World Trade Organisation, more than thirty regional deals have been signed between 1990 and 1994. Regionalism is not only on the rise within regions but even between regions, as is demonstrated by the example of the Asia Pacific Economic Cooperation (APEC) agreement between the United States, Japan, China, Taiwan, Malaysia, Australia and a dozen other countries bordering the Pacific Ocean.

Not everybody is happy with the surge of the “new regionalism”. The criticisms come from two sides. On the one hand, there are the advocates of a free market world economy who argue that any regional deal presents a threat to international free trade. On the other, there are the critics of the globalising market economy who argue that the “new regionalism” is just another expression of the same trend of economic liberalisation and globalisation, and therefore has the same negative effects on the social, ecological, cultural and political conditions of countries and peoples within the regions.

Others, however, argue that it is precisely the new “open” regionalism which may give new impulses for a more just and better functioning system of multilateral cooperation. In their view, regional integration of the right kind is an essential intermediate step towards genuine international cooperation in which the developing countries and the transition economies will carry more weight than at present. Moreover, they see regional economic integration as an important way for most developing countries to develop their economies in a more satisfactory manner under the new market-based development paradigm.

The views presented in this book fall mostly into the latter category. They seem to be inspired by the assumption that the new “regionalist” mood is likely to stay and that it is therefore both interesting and necessary to study and discuss the phenomenon, and suggest ideas and policies that may help overcome current problems.

Many books and articles have appeared recently on the topic of regional integration in Latin America and the Caribbean. Yet the debate is far from concluded. There is not only a lack of consensus but also a lack of factual information on important aspects. By focusing the research primarily on

financial issues and by reporting extensively on a two-day discussion between experienced researchers and policymakers which was held at the Economic Commission for Latin America and the Caribbean (ECLAC) in Santiago de Chile, with the present volume Fondad hopes to make a contribution to both providing new information and shaping new opinions.

This book arises from a three-year research project set up by Fondad, which aims to explore how regional integration as well as multilateral cooperation can be promoted, in a mutually reinforcing manner, at the same time. The four papers presented in this volume are all written by experts who work in developing countries or come from such countries themselves.

Percy Mistry, an economist from India who has a remarkable knowledge of both public and private enterprise, presents a thought-provoking and broad view of the problem. One of his observations is that there is a critical need for a new analytical framework to assess the costs and benefits of regional integration. Stephany Griffith-Jones, an outstanding economist from Chile who has specialised in financial policy matters, explores the little-researched financial aspects of Latin American integration. Ricardo Ffrench-Davis, a leading economist of ECLAC who has gained a reputation in both academic and policy circles, focuses on the crucial role of intra-regional trade. Finally, Roberto Bouzas, a prominent economist from Argentina, reviews the challenges posed by the “regionalist” revival in the Western Hemisphere. In particular, Bouzas looks at the policy dilemmas and prospects posed by the North American Free Trade Agreement, NAFTA.

Each of the four papers is followed by reports of the floor discussions that took place in the Santiago conference. Two remarks about these reports are in place. First, they do not cover all the interesting issues that were raised. A debate about the Mexican currency crisis of 1994, for instance, could only be partially covered. In this case, however, the omission is redeemed by another Fondad booklet (on the lessons from the Mexican crisis) which will be published soon. The second caveat is that the conference participants have not reviewed the reports of the floor discussions.

Fondad gratefully acknowledges ECLAC’s co-sponsoring of the conference in Santiago, and the support of the Dutch Ministry of Foreign Affairs. We are also grateful for the solid and spirited contributions by the participants to the Santiago conference. I regret that one of them, Shahen Abrahamian, has passed away. We will miss his company. Special thanks go to Ricardo Ffrench-Davis, Stephany Griffith-Jones and Percy Mistry who were of great help in preparing the conference from which this book results.

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October 1995