

[Discursive Institutionalism in South American Integration: the case of the FTAA]

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Abstract

Guided by an awareness of the limited research on institutional change and regional integration on South America, this thesis aims to provide a relevant case-study that engages with recent debate on both regionalism and institutionalism. It aims to do this by presenting a cross-disciplinary framework of analysis informed by theories of international relations, public policy, and institutionalism. In this framework, the thesis emphasizes the assessment of the contribution of discursive institutionalism as a tool of analysis to account for endogenous change in institutional formation in South America. The analysis constructed from this cross-disciplinary approach will support the notion that institutional formation and change in South America was exogenously affected throughout the Cold War and the 1990s, becoming endogenously driven by the predominance of the belief systems of key players after this period. This thesis will find that discursive institutionalism can be a useful complementary tool of institutional analysis in a comparative scenario.

Table of Contents

List of Abbreviations	iv
Introduction	1
Structure and Methodology.....	5
Chapter 1: Regionalism, Nation-State, and Key Players.	7
Regionalism.....	7
Nation-State and Key Players.....	12
Chapter 2: Institutionalism and Discourse.....	16
Rational Choice Institutionalism	16
Historical Institutionalism	17
Sociological Institutionalism	18
Discursive Institutionalism	19
Chapter 3: Applying the frameworks.....	22
South America.....	22
Mercosur	26
FTAA	30
Chapter 4: Discourse and Conclusion	32
First Proposition.....	33
Second Proposition	35
Bibliography	36

List of Abbreviations

ALBA	Bolivarian Alliance for the Peoples of Our America. (Spanish Acronym)
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
AU	African Union
DI	Discursive Institutionalism
EAI	Enterprise of the Americas Initiative
EEC	European Economic Community
ECOSOC	United Nations Economic and Social Council
OAS	Organization of American States
EU	European Union
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
HI	Historical Institutionalism
IMF	International Monetary Fund
Mercosur	Common Market of the South (Spanish Acronym)
NAFTA	North American Free Trade Agreement
RI	Rational Choice Institutionalism
SI	Sociological Institutionalism
UN	United Nations Organization
UNASUR	Union of South American Nations
WTO	World Trade Organization

Introduction

The academic discussion on regional integration has been greatly redefined after the Cold War both by the end of this conflict and by the growing influence of the EU. The end of the Cold War allowed discussion on regional organizations to expand beyond the security concerns of the bipolar world and the strict ideological camps that accompanied their rhetoric. The creation or revitalization of groups like ASEAN, AU, Mercosur, APEC, NAFTA and many other regional bodies changed the face of international relations. Most outstanding of them all, was the increasing formal institutionalization of a supranational body throughout the majority of Europe. The EU's success in creating an evolving structure of government confirmed a challenge to well established notions of sovereignty, nationhood and the role of the modern nation-state. Even though this multitude of events allowed a paradigmatic shift in the literature and expanded discussion to react to world events, many regions in the world - and their lessons- remained underexplored.

Owing to its degree of formalization and rising profile in global matters, the EU has been at the center of debate both in the fields of institutionalism and regional integration to the detriment of other integration projects. Exhibiting comparatively lower formalized forms of integration in relation to the EU, other regional organizations have taken a secondary role in the academic debate. While research has pointed to the economic relevance of such groups (Fawcett & Hurrell, 1995; Munck, 2008; Dent, 2006), this material has tended to overlook broader topics related to the socio-cultural, political, and ideological transformations that regional integration can trigger. In this sense, while the EU as a subject continues to be approached from all these angles (Fawcett & Hurrell, 1995; Checkel & Katzenstein, 2009; Yagi, 2008) research dealing with integration in other parts of the world remains limited. Rationalizing the prevalence of this tendency will not be part of the scope of this work. It

suffices to state that this tendency seems to have legitimized a notion that supranational organizations, aside from the EU, have lacked strong incentive structures beyond those of economic cohesion. In this way, an unintentional bias based on the study of institutional change in European integration, has limited research approaches to other regional organizations.

One such area affected by these limitations, and the starting concern of this thesis, has been the understudy of integration movements in South America. Twenty five years after the return of democracy to the subcontinent, the progression of regionalism in South America has at many times being contradicting and plagued by institutional weakness. Despite this, integration in South America has thrived while borrowing initiatives from somewhat contradicting approaches. Regional integration in this part of the world has been affected by the European experience with integration, the growth of open regionalism, and the prevalence of socialist based approaches. Mercosur, FTAA, and ALBA are three recent examples of forms of integration that have forced ideological confrontation and have breached the barrier of economic incentive structures. The existence of these three, already points to marked differences from the context of EU evolution. The direction of this thesis proposes to integrate recent theoretical debate on institutional change into South America by debating conceptual characterizations of the institutional frameworks, nation-states, and main agents involved. In this way, the thesis aims to integrate recent theoretical debate on institutional change into the South American context.

While this thesis bases its discussion on identifying a gap in the literature, it aims to gain validity by engaging with institutionalist theoretical frameworks in the understanding of institutional change in the context of South American integration. In this sense, the emphasis of this research is to understand what can be learned from a holistic institutionalist perspective about regional transformation. In order to achieve this, it is necessary to

conceptualize regionalism, the nation-state, and the value of key actors in relation to the structure and agency debate in institutionalism.

Institutionalism as the study of both formal and informal institutional arrangements is a vast and complex issue with a rich history. Rational Choice Institutionalism (RI), Historical Institutionalism (HI), and Sociological Institutionalism (SI) are the three main branches that comprise the new institutionalism approach. While their take on the ‘structure versus agency’ debate portrays different understandings of the role and importance of institutions, they share a sometimes troublesome time in accounting for institutional change (Bell, 2011)ⁱ. Discursive Institutionalism (DI), as developed by Vivian Schmidt in a series of papers (Schmidt, 2008; 2010; 2011), disagrees with Bell’s thesis by posing that while the three new institutionalisms could potentially address change as an exogenous factor, they cannot account for endogenously driven change. Schmidt proposes to fill this gap in institutional change by using discourse analysis as a complementary tool to account for the presence of endogenous factors motivating institutional change. This thesis attempts to address DI’s potential in the context of South American integration.

This thesis raises two central questions:

- What form of regional integration in South America could provide a relevant case-study where DI can account for endogenous institutional change?
- Can DI have explanatory power on the observed patterns of change in regional integration in South America through existing institutionalist frameworks?

This thesis hypothesizes that Mercosur and the failure of the FTAA negotiations can produce such a case. This thesis hypothesizes that discourse analysis of key players’

ⁱ Despite the recognized shortcoming, Stephen Bell defends the capacities of HI to explain institutional change by incorporating an agent center approach to institutional reform.

addresses surrounding the 4th Summit of the Americas in 2005 would provide evidence on the presence of ongoing endogenous change in South American integration. This is based on the supposition that the ideologically conflicting positions of Mercosur and the FTAA will demonstrate parallel but contradictory discourses on their aims for the region. If DI's claims on the relevance of discourse analysis are to hold, then this thesis expects that this summit will present an opportunity to observe the consequences of endogenous change in the region. To this purpose, the methodological approach of this thesis will formulate a framework of analysis that will enable to: consider the preferences of agents inside their institutional contexts, the historical progress of regional groups and national politics, and the value and limitations of ideational components. This thesis will:

- Present a thorough theoretical understanding based on regionalism and institutionalism literature.
- Analyze the parallel historical developments of Mercosur and the FTAA.
- Contrast these with relevant discourse analysis of identified key players inside a relevant context.

Taking the Summit as a key moment from where to contrast discursive elements pointing at institutional change, will support the value of DI as a tool of analysis. Furthermore, it will showcase the value of South America as an alternative setting for the study of institutionalism in regional integration. The analysis of this thesis will demonstrate that:

- While institutional change in South America was exogenously driven throughout the Cold War and the failure of neo-liberal policies in the 1990s, it became increasingly endogenously driven by the predominance of the belief systems of key players.

- Discursive Institutionalism is a useful complementary tool in the analysis of institutional change in a comparative scenario.

Structure and Methodology

The introduction has placed the discussion of this thesis in relation to the understudy of South American integration, and recent developments in institutionalism theory. It has also presented two guiding questions, a case study, a theoretical review, and its main findings. The first two chapters of the thesis will define the concepts utilized in this work and the broader and specific theoretical debate it embraces. Chapter one of the thesis opens the discussion on structure and agency by exploring regionalism as a phenomena and its relation to political figures in the context of nation-states. It will conceptualize regionalism through a historical analysis of patterns of regional integration. It will address the nation-state both as a historically and socially constructed agent, and as a structure for key policy makers. It will finally touch upon public policy theory on the conceptualization of key players as policy entrepreneurs or members of advocacy coalitions. By this initial discussion, questions on institutional formation and change will move the analysis forward. Chapter two engages with the ongoing debate in institutionalism on the relevance of ideas and discourse. It will do so by briefly conceptualizing the three new institutionalisms in relation to their basis, roles of structure and agency, and their limitations to explain institutional changes. This section will present DI notions on the validity of discourse analysis to account for endogenously driven institutional change. Finally it will complement DI by presenting some of its criticisms. These two chapters will present a cross-disciplinary theoretical framework to assess the proposed case and its context.

Chapters three and four will focus in clarifying developments in South America through the established framework by centering in the emergence, transformations, and contrasts of

Mercosur and the FTAA. Chapter three will focus on the macro level experience with recent regional integration in order to validity the case selection. It will place particular emphasis on regional democratization, the effect of Argentina-Brazil rapprochement, and the growth of Brazil as a global player. From this analysis it will comment on the comparative development of Mercosur and the FTAA. The insights of RI, HI, and SI will create a strong background analysis to move onto chapter four. In this last analytical chapter, communicative and coordinative discourses –as understood by Schmidt’s DI–will be presented in accordance with their purpose in relation to their audience, their context, and their consequences. The addresses of Kirchner and Lula during the 4th Summit of the Americas will be contrasted with the addresses of Chavez and Morales on the same period in Summit of the Peoples of the Americas. Finally, the conclusion will address the limits and value of the thesis while also summarizing the relevance of the compound theoretical framework placed on the analysis of South American integration.

Chapter 1: Regionalism, Nation-State, and Key Players.

The aim of this chapter is to present the foundations of the concepts to be discussed in a way that engages with a broad spectrum of specialized literature and facilitates the argumentative and analytical line of this thesis. The centrality of the structure versus agency debate for the purpose of this work has been hinted at before. While structure and agency will be discussed in the institutionalist context in chapter two, it suffices to state that structure will mean both organizations and norms that could constrain individual –agency- decision making. The structure and agency dilemma is of great relevance for the three main elements of this chapter’s discussion. Regionalism as a phenomenon is inherently attached to the evolution of international relations. As such, economic and security concerns permeate its history. A historical analysis of the emergence of regionalism as a theory and as a phenomenon will allow to derive a suitable definition that takes into consideration the workings of material and ideational forces. This definition will allow to conceptualize a regional organization as a structure. The chapter will move forward by addressing the nation-state as a subsequent structure-agency element. The discussion will acknowledge the effect of the modern nation-state as a constraining structure and as a historical agent anthropomorphically conceived. Finally, insights into advocacy coalition framework and policy entrepreneurs will allow to recognize the implications of key players in policy development and institutional change.

Regionalism

In an introductory book on regional studies, Christopher Dent defines regionalism as “*the structures, processes and arrangements that are working towards greater coherence within a specific international region in terms of economic, political, security, socio-cultural and other kinds of linkages*” (Dent, 2006, p7). This broad definition exemplifies the problems that arise when attempting to formulate a definition encompassing regionalism’s contextual and

historical differencesⁱⁱ. Beyond a necessary common distinction on where a region ends or begins, little else seems to be particular to this phenomenon. Looking at the history of regionalism as part of the growth of the international system explains the difficulties that might promote such broad definitions.

While the history of diplomacy is rich in treaties and conventions, it would be difficult not to recognize the Treaty of Bern in 1874 as a peculiar precursor of multilateralism. The significance of this treaty lies in its growing scope throughout the decades and its purely functional direction (UPU 2013). This treaty -remaining nowadays through the Universal Postal Union- is a good example of the changes at the global level that were beginning to connect the world through increasingly effective trade. The growing recognition of non-European nation-states as part of the international system materialized through the establishment of the League of Nations and solidified through the events of World War II and the creation of the UN. Even though the UN replaced the League of Nations, it did not guide itself by Wilson's Kantian inspired precepts as its predecessor. To secure its existence, the UN became a pragmatic body that cemented the existing global balance of power. It achieved this by granting a permanent seat with veto powers to the victors of World War II inside the Security Council, the only body of the UN able to take binding measures towards its members. Despite this contradiction between values and action, the UN was instrumental in the transition to independence of most of the colonial territories of Europe and in the subsequent formulation of regional integration as a global practice (Fawcett and Hurrell, 1995).

ⁱⁱ In Dent's defense, his definition seems to be purposely broad in order to satisfy his later division between 'regionalization' as a bottom-up driven approach closely associated with the civil and corporate sector, and 'regionalism' as a top-down approach generally governmentally directed. Dent's compartmentalization of regionalism in this way has explanatory value for its development in East and South East Asia but loses explanatory power outside of that context.

At the same time the regional working groups of the ECOSOC installed particular geographic areas of cooperationⁱⁱⁱ, the dilemmas of the Cold War permeated all aspects of the international system. While many facets existed to the conflict, the security and economic arenas were the most transcendental for the international system. Despite ASEAN nowadays proclaiming a unique form of regionalism in the ‘ASEAN way’, their start as a US backed anti-communism group in the wake of fears of a domino effect from Vietnam is undeniable (Berger 2004). The OAS ostracism of Cuba after the 1959 revolution brings to light the powerful double-standard of similar events in the revolutions in Nicaragua and Honduras and the tacit support to military regimes in South America (Wright, 2007; Gordon, Therien, and Haslam, 2007). The reformulation of NATO priorities after the collapse of the Soviet Union and hence the end of its *raison d’être*, points again to another example of the monopolistic nature of Cold War conflict after World War II (Fawcett and Hurrell, 1995). Examples such as these abound not only in regional integration but also on the consolidation of national process inside many of the newly independent countries.

This meant that policies did not respond to regionally conceived needs but were overwhelmed by the influence of the Cold War. While these consequences are well known, the fact that most of these regional organizations managed to ‘survive’ the end of the Cold War seems to have let the literature to appreciate these organizations as continuous entities (Dent, 2007; Garnauth, 1994; Munck, 2008; Berger, 2004). This notion loses considerable plausibility when we consider the success of functionalism to lead European integration and fail dramatically in other parts of the world during the same period (Cameron, 1997). This thesis departs from this assumption by emphasizing that regional organizations motivated by

ⁱⁱⁱ See Henrikson’s “Chapter 5: The Growth of Regional Organizations and the Role of the United Nations” in Fawcett and Hurrell (1995) for a thorough analysis of the effects of working groups and commissions in the ECOSOC and other UN bodies on the demarcation of regional groups and influences. Although Henrikson focuses on the material consequences of these events, his analytical treatment of regional organizations address the conscious ideational impact that the UN had on creating these organizations.

Cold War rhetoric are intrinsically different from those motivated by regional concerns after 1990s^{iv}.

The failure of European political elites to avoid another war in their territories created a sudden change in the perception of their relations. The peaceful idealism of WWI, exemplified in the appeasement strategies of Britain towards Nazi Germany, has been historically constructed as naïve in the wake of World War II. The neo-functionalist solution after the end of the conflict had the clear objective of making war in Europe, as the Schuman Declaration proposing the ECSC stated, *unthinkable*. The ECSC marked a pivot point in modern nation-states history by voluntarily renouncing to their ‘sovereignty’ over a sphere of action to place it under a common higher authority. This singular situation remained motivated, not by their perceived economic gains, but by a clearly security related issue (Cameron, 1997). The succession of devastating wars in a short period of time made their ‘problem’ a ‘common problem’ that could not be tackled by national policies alone. This is markedly different from any other part of the world that for the most part of the Cold War, efforts had to be placed in establishing coherent national units. While the institutional transformations that created the modern EU were not without crisis of their own^v, they

^{iv} The underlying rationale for rejecting the view that sees the effects of the Cold War on regional organizations as unaffacting to their long term incentives structure resides on the insights of Anthony Downs classic “The Life Cycle of Bureaus”. The survival of the relevance of organizations like OAS, ASEAN, NATO, and even the Arab League lies in that they compromise and redefined their goals to remain relevant. The failure and the need to reestablish an organizational structure from the OAU to the AU lies in exactly the same patterns recognized by Downs.

^v See McCormick (2011) for a historical overview of challenges at different stages of European integration, and Mouritzen, Waever, and Wiberg (eds) (1996) for country specific adaptation challenges after the Cold War.

benefited greatly from customs union theory^{vi} in the 1950s which helped materialize their goal of interdependency (Biersteker et al, 1999; Kaelble, 2009)

Open regionalism surfaced at the end of the Cold War as an economic centered alternative to the deeper integration of Europe. Particularly after the failure of the Doha rounds to consolidate a global free trade area, US policy engaged in the promotion of FTAs (Dent, 2006; Jovanovic, 2006). NAFTA and APEC form the clearest examples (Solis and Katada, 2009). These venues of integration are profoundly different from the one that fueled the EU. Open regionalism makes a clear attempt to engage exclusively in economic policy, avoiding other policy realms. APEC's use of 'member economies' terminology rather than one of 'member states' in order to avoid touching on the sovereignty dispute between Taiwan and China is an example of this tendency to circumvent non-economic issues (Mochizuki, 2009). NAFTA's lack of common regulation on labor related issues and environmental standards does not only manifest the gaps between their members but the unwillingness to pool any sovereign functions (Rupert, 2000). This type of agreements, based primarily on the removal of tariffs and quotas, makes 'open regionalism' no different than any multiparty FTA and as such represents a form of integration to be differentiated in the analysis of this thesis^{vii}.

This brief review of regionalism as part of the modern international system established the overpowering influence of the Cold War in delineating regional integration efforts. While the failure to advance on WTO goals helped promote 'open regionalism', its limited policy scope finds it difficult to even qualify on Dent's definition. In contrast, integration in Western Europe during the period stands out because of the roles of ideas in enabling interdependency

vi The customs union theory developed an argumentative line that encourage market integration to increase development through trade (Jovanovic, 2006, p.28-31). It also established the steps to increase economic interdependence from a free trade area towards a total economic union. (Idem, p.23)

vii Despite these clear differences, to the knowledge of this author, no academic discussion has question a vision challenging functional spill-over as a source of integration in relation to open regionalism.

through functional spillover. The analysis of this thesis is concerned with this latter form of regionalism, leaving aside simple economic forms characterized as ‘open regionalism’ and marking a cautionary line before and after the Cold War. These distinctions are of great relevance if regional organizations are analyzed as structures. In a structure with weak belief systems -like NAFTA, APEC or condition by foreign pressures like OAS or early ASEAN- agents’ interest seeking behavior will be less limited. A structure -like the one originating the EU- with a solid belief system motivated by commonly perceived threats, has the capacity to limit agents behavior dramatically. Differentiating the broad understanding of regionalism according to the limitations of organizations as structures allows to better comprehend the possibilities and actions of the agents involved.

Nation-State and Key Players

Inside the discussion proposed, the nation-state accomplishes a double role. The nation-state is an agent in relation to a constructivist historical reading of the international system of nation-states. The nation-state is a structure in relation to the effects that their institutions and norms have in the options available to key players. These two readings can complement each other. Understanding the modern nation-state as composing the international system means seeing how these two coalesced. While the state can be recognized as a transhistorical form of organization, its pairing with nation is a recent occurrence (Anderson, 2006). The concept of nation brings the issue of identity into the discussion of state institutions. Pairing the nation with the state is a form of historically constructed legitimization of the authority of a given government over a territory (Anderson, 2006). This legitimacy derived from identity plays a central role in the regionalization debate in Europe (Kaelbe, 2009; Biersteker et al., 1999). In the wider literature, these changes have had tangible effects on the relation between the

territorial scope of a state and its authority to enforce regulations.^{viii} The value of identity for the conceptualization of the modern nation-state is reflected in the nation-state qualities as agency and structure.

Identity for the nation-state is founded on a perceived historical continuity. It is by this continuity that the nation-state can be seen to be an agent in relation to an international structure of equals. Alexander Wendt understood this as the anthropomorphization of the state in a historical analysis (Wendt, 1999). Wendt's framework of 'cultures of anarchy' gives flesh to this theoretical construct by posing that the relation between nation-states is dependent on their common perception as enemies, rivals, or friends (Idem, p.246-311). His theory explains that the transition from one 'culture' to the other explains the realm of possibilities that key political figures may have. Wendt explains that the transition from a 'Hobbesian' culture of enemies, to a 'Lockean' culture of rivals allowed violent solutions to disputes to be unthinkable inside the Western European context. This was achieved through the establishment of a commonly recognized and not forcibly enforced legal framework of interaction. Since Wendt's work aimed at tackling a compound social theory of international politics, for the purpose of this thesis, his discussion overlooks the value of key agents in enabling changes at historical junctures. The nation-state in a sociological and historical perspective can be seen as an agent because it is implied to be a structure strong enough to overtake individual agents' interests.

This thesis departs from the above mentioned constructivist notion by incorporating literature from public policy which discusses the value of interaction between agents based not only on their interest but also on their beliefs. The advocacy coalition framework (AFC) traces three levels of beliefs systems through the analysis of decision making on a multitude

^{viii} See Elden(2005), and Anderson (2006) –Chapter 10: Census, Map, Museum- for a relevant analysis of the conceptualization of sovereignty through territory and its effects.

of case-studies (Sabatier and Jenkins, 1993). ‘Deep core beliefs’ comprise the most general understanding on fundamental values of an agent while ‘secondary beliefs’ represent the extreme end of very narrow and specific issues where agents can reach compromises with relative ease. ‘Policy core beliefs’, which are at the center, represent *“the application of deep core beliefs that span an entire policy subsystem”* (Sabatier and Weible, 2007, p.196). In a recent revision by Paul Sabatier, he discussed policy changes through changes in policy core beliefs. This discussion is relevant because of its insights on the distinction between material self-interest and policy beliefs in agent behavior. Evidence showed that *“self interest is more important for material groups (organizations motivated for economic self-interest) than purposive groups (organizations motivated by an ideological position)”* (Idem, p.197). Research pointed that policy core beliefs could change for reasons other than policy learning or external system shocks. Even though these two rationale of change are not mutually exclusive, unlike external shocks which reformulate the distribution of material and political resources, internal shocks affect power distribution in a coalition or policy subsystem by challenging policy core beliefs.

The above model of the individual breaks away with simpler rational choice models by superposing self-interest and beliefs. The Network Approach helps the AFC model of the individual relate to the description of structure and agency in this chapter. The analytical toolbox of the network approach accounts for transnational, national, and policy-domain specific context to affect the structure of policy networks (Adam and Kriesi, 2007). In this sense, while the nation-state plays the role of an agent in constructivist international theory, it is considered as a structure affecting networks and agents in a given policy domain. Key individuals in a policy domain have a crucial role to play in the restructuring of policy networks. The policy window and policy entrepreneurs’ framework further solidify the capacities of individuals in a policy domain to push a transforming shock under specific

conditions (Kingdon, 1995). Nation-states hence cannot account for endogenous institutional change. The relevance of decision makers in the constitution of regional organizations is of marked importance because regionalism, in the analysis proposed, necessitates of both material and ideational forces to take place.

Chapter 2: Institutionalism and Discourse

After having established the components of analysis of this thesis, chapter two will present and comment on existing theory in order to fulfill three separate objectives.. The first one is to present an overview of the three main branches of institutionalism to demonstrate the usefulness of each approach while also presenting their individual limitations in accounting for institutional change. The second aspect moves into recent debate surrounding DI's proposition of discourse analysis as a tool to assess the impact of ideas in institutional change. The third objective is to critically assess the value of DI in light of its critics and in light of the objectives of this thesis. Observing this order will present a logical flow where the insights of DI show an adequate tool of analysis and provide support in the explanation of institutional change where current forms are lacking.

Rational Choice Institutionalism

The fundamental premise of RI comes from its understanding of formal and informal institutions as created and utilized by agents in order to reduce what are perceived uncertainties. This reduction is achieved by institutions through their capacity of incentive structures (Schmidt, 2010). Institutions in the framework of RI allow agents to secure behavioral expectations. This issue has been prominent in RI when discussing the international system. 'Rational design' provides an important benchmark in this respect by its focus on presenting institutional formation through self-interest behavior (Koremonos et al. 2001A). While it has found successful explanatory value in a series of international organizations, important limitations when accounting for institutional change still remain (Koremonos et al. 2001B). In this context, the main role of institutions is to allow agents to 'inform' their decision-making towards maximizing their preferences by having a joint framework of expectations.

Several problematic issues arise from the assumptions that accompany RI. The central role of agency in utilizing institutional structures to maximize their preferences creates two conflicting assumptions to the possibility of endogenous institutional change. The first one relates to stable preferences and stable institutions. Since agents chose to be part of a given institution insofar these are helpful to their interests, institutional frameworks must be able to reduce the risk of unexpected behavior by assuring the continuity of fixed preferences (Schmidt, 2010, p.6). If these conditions were not to be met, then agents simply would have no incentive to uphold such an institution. This brings a second controversial implication of RI: the weakness of institutions. By empowering agents in their analysis, RI diminishes the role of institutions and rejects the possibility of institutional settings formulating agents' interests. While work on the ACF and policy networks bridges an explanatory gap on change motivated by power dynamics or the prominence of beliefs, analysis following RI tends to struggle to incorporate the possible impact of institutions in fixing preferences (Schmidt, 2008, 2010; Lowndes, 2002)

Historical Institutionalism

Because of the foundation of its perspective, HI focuses on institutions as the guiding principle of behavior. Contrary to RI, '*HI focuses on how institutions, understood as sets of regularized practices with rule-like qualities, structure action*' (Schmidt, 2010, p.10). The preferences of individuals for HI, be those material or belief based, are derived from their inclusion in a given historical institutional setting. This strand of HI cements its rationale on path-dependency theories. These have been, time and again, criticized for their inability to account for agency by making it dependent on its embedded institutional framework (Bell, 2011, p.888). While HI's strength resides in its explanatory power on institutional evolution, lacking the capacity to account for independent agency limits changes to external shocks alone (Schmidt, 2008). While Bell points to a branch of HI able to account for semi-

independent agency and hence able to break away with ‘sticky’ conceptions of HI, the economically centered nature of research done still fails to account for other shortcomings^{ix}. Despite the shortcomings of HI to explain change beyond recognizing ‘critical junctures’ (Schmidt, 2010, p.5), its value lies in the capacity to present a coherent picture of institutional evolution.

Sociological Institutionalism

The central prominent feature of SI is the role of ideas in the continuity of culturally defined practices pinned by formal and informal institutions. Schmidt argues that SI is guided by a ‘logic of appropriateness’ which secures the behavior of agency through norms, frames, and meaning systems (Schmidt, 2010, p.13). *‘Rationality for SI is socially constructed and culturally and historically contingent...defined by cultural institutions which set the limits of the imagination, establishing basic preferences and identity and setting the context within which purposive, goal-oriented action is deemed acceptable’* (Schmidt, 2011, p.7). Ironically enough, SI is limited in its explanation of institutional change by roughly the same reasons as RI. The implied weakness of agency by its subordinate nature to structure means cultural norms and preferences remain fixed unless modified by an external shock (Schmidt, 2010). The weakness of agency is underpinned by the common feature that structures are external to agency (Idem, 2010). Despite this last valuable insight, the particular reading of SI portrayed by Schmidt is constructed out of an outdated base. This base overlooks the implications of what Wendt describes as the interaction of material and ideational forces in his definition of

^{ix} Bell’s example of reforms in the Reserve Bank of Australia showcase the influence of individual decision making in challenging an established institutional framework. In this sense, institutional drift or policy learning could explain Frasier’s action towards the Reserve Bank and not necessarily correspond to a historical revision of the institution’s role.

‘rump materialism’^x (Wendt, 1999, p.111). Sabatier touches upon the same issue by complementing the ‘logic of appropriateness’ with a ‘logic of consequences’ that places together the dilemma of SI and RI theorists on modeling individual behavior (Sabatier and Weible, 2007, p. 194). While this understanding does not ‘solve’ the issue, it nevertheless points that ideas, values, interests, and perceived consequence have a part to play in decision making.

Discursive Institutionalism

‘Without discourse, understood as the exchange of ideas, it is very difficult to explain how ideas go from individual thought to collective action. We don’t, after all, know what people are thinking or why they act the way they do until they say it. And we don’t for the most part engage in collective action or in collective (re)thinking of our actions without the articulation, discussion, deliberation, and legitimization of our ideas about our actions’ (Schmidt, 2010, p.15).

Behind this simple statement lie several of DI’s assumptions. Unlike the previous forms of institutionalism, DI begins by positing that agents can be ‘sentient’ of their embedment in a given institutional framework. This concept is operationalized by moving from the ‘background ideational abilities’ of agents to their ‘foreground discursive abilities’ (Schmidt, 2010, p. 15). Background ideational abilities are neither solely an interest based rational approach nor a norm-following value system, rather an amalgam that allows for the two. The notion of a sentient agent implies that the agent is both constrained by an institutional framework but also directly able to affect a change on it. An agent then would be able to assert change through his or hers foreground discursive abilities’ (Schmidt, 2009).

^x Wendt’s criticizes both extremes of international relations theory that treat material conditions as a given without considering the ideas that give meaning to their usage, and the notion that ideas ‘all the way down’ are unaffected by the surrounding material conditions.

Foreground discursive abilities is a term encompassing day to day interactions unconsciously affecting change and conscious deliberate attempts to reformulate an institutional context. The distinction between communicative and coordinate discourse does not only reflect on the audiences or content of interaction but also on the prevalent form of interaction in a given institutional context. This could be achieved by communicative discourse oriented to issue-publics^{xi} like in cases of participatory democracy, or through coordinative discourse in the formulation of discursive coalitions in a policy sphere (Schmidt, 2009, p. 530-535).

SI and HI have little problems in incorporating information from a DI approach because of the attributes the former places on ideas and the contextual shape that HI can deliver to patterns of discourse. Yet, as Schmidt notes, RI poses a different challenge. While Schmidt uses a very limited version of RI based solely on material interest as behavior's rationale, she points to a relevant challenge on the conceptualization of interaction. If RI sees interaction as coercion of entrenched interests then discourse could only play to power dynamics alone and not to true persuasion (Schmidt, 2010). Schmidt addresses this issue in the following way:

“Power itself, moreover, derives not only from position, meaning actors’ ability to wield power, but also purpose, since actors ideas and discourse about how they can and should wield that power may reinforce or undermine the power they derive from their position, depending upon the responses of their audience to their stated purposes. This is the essence of political leadership.” (Idem, p.18)

This clear conflict pervades the most entrenched criticism to taking political discourse seriously: the theatrics of politics. Wodak's description of political power through *dramatic realization, mystification*, and the presence of a *frontstage and backstage* play to the

^{xi} See Krosnick (1990) for a discussion on issue-publics. While their relevance is tangent to the discussion here, there is room to argue that awareness of issue-publics is important on political addresses aim at convincing a particular audience.

metaphor of this criticism (2009). Yet, the conscious play on language is directed at embracing the theatrical reality needed in political life to succeed. It is a fact that political speeches are explicitly constructed with attention to a language that caters to a specific audience and towards the detriment or the advantageous portrayal of something (Wodak, 2009, p.45-49). Panizza's case-study on Lula's campaign promises serves as an example that *political persuasion cannot be reduced either to a process of logical argumentation or to political manipulation* (Miorelli and Panizza, 2012, p.311). The analysis of political discourse is valuable exactly because it allows the reading of its meaning in relation to the relevance and objectives of the agent.

The other important criticism that this thesis takes careful note of is the overreliance on ideas and language as social constructs. Panizza and Miorelli touch upon this issue in their response to Schmidt's work by adding research on post-structuralist discourse theory to the insights of DI (2012). While their discussion on language and the creation of meaning surpasses the scope of this thesis' discussion, two valuable conclusions are worth mentioning^{xii}. The first one is the presence in institutional frameworks of a discursive antagonism to the existing institutional order emanating from the institutional system being unable to meet demanded changes (Idem, p.307). The second one relates to another insight of post-structuralist discourse theory that establishes the importance of signaling the moment where political identification assumes a central role in promoting endogenous change (Idem, p.315).

^{xii} The criticisms of Miorelli and Panizza towards DI are meant to fill the gap on how agents are able to think outside of institutional frameworks and hence allow endogenous institutional change. This entails a starting vision of agents akin to HI which does not reflect the direction of this thesis.

Chapter 3: Applying the frameworks

Having defined the main concepts touched upon by the proposed analysis and critically assessed the discussion on DI in relation to institutionalist and discourse frameworks, it is now time to apply these insights into South America. This chapter will begin by presenting a macro level analysis of the South American context to validate the focus of the case selection. It will present the relevance of dependency theory for the subcontinent and emphasize the role of US foreign policy on the region. It will then discuss the Mercosur in light of its emergence, purpose, organs, functions, and transformations. Following this, the analysis will present the FTAA from its beginnings till its rejection in 2005. This analysis will demonstrate the importance of Heads of State as key players in the South American populist setting, emphasize the role of historically conceived identities, and hint at the weight of material and ideational conditions in regional change. In this way, chapter three will operationalize an analysis of the concepts presented in chapter one for the case of South America and include a compound institutionalist vision of transformation in the region.

South America

Through the first half of the 20th century, driven by rising European demand of primary goods as consequence of two World Wars, the relevance of export industries for agricultural and natural resources brought a great but unequal concentration of wealth on the region (Skidmore and Smith, 2005). For South America, the post World War II era was characterized by a relative decline of exports that coincided with growing demands by urban working classes on issues of democratic accountability and workers rights (Munck, 2008). At the foreign level, the power vacuum left by the withdrawal of British influence from the region was quickly capitalized by Cold War dilemmas (Dominguez, 2008). Following the Truman administration, the US perceived the Americas inside its natural sphere of influence

and hence reacted strongly against opposition to its interests (Skidmore and Smith, 2005, p.410). Elites in South America, fearing the consequences of communist influenced policies, were quick to follow US suggestions ousting communist parties from political participation (Wright, 2007). The accumulative effect of these factors degenerated in the widespread emergence of violent conflict against the state (Wright, 2007; Skidmore and Smith, 2005). In the context of the Cold War, this translated into situations where the USA implicitly supported undemocratic causes that exacerbated human rights violations (Wright, 2007; Gibson 2004)^{xiii}. Intensified by a fear of a domino effect after the Cuban revolution, US policy through Latin American characterized itself for its high degree of interventionism (Malone and Khon, 2003). A most prominent example of these tendencies were the multitude of security agreements that gave preferential treatment to weapons purchases by Latin American countries. These agreements, facilitated through structures like the OAS, created a situation where *“the armed services gained power in their societies without having to fight budget battles at home”* (Skidmore and Smith, 2005, p.411). The destabilizing effect of these regional policies left a profound mark in the conceptualization of US relations with the region.

Arguably the most influential piece of academia to originate from South America, the research of Raul Prebisch, as part of the United Nations Commission for Latin America, on the deterioration of the terms of trade of underdeveloped nations fuel a widespread understanding of the limitations on development for the region. The work of Cardoso and Faletto as part of the United Nations Economic Commission for Latin American and the Caribbean, built upon these notions to cement dependency theory as a post-marxist understanding of global economic relations. Import-Substitution policies influenced the

^{xiii} Chapter 4 “Problems of Coordination: The OAS and the Inter-American Development Bank”; and Chapter 7 “The Inter-American Democratic Charter: Rhetoric or Reality?” in Mace, Therien, and Haslam (2007) discuss in length the role of the OAS through the conflict and the power dynamics of an OAS dictated by US interests and a somewhat coherent Latin American vision that tried to limit the capabilities of the organization.

establishment of groups like the Andean Community or the Latin American Free Trade Association which had no impact on the integration of the economies or the creation of complementary markets (Cardozo and Helwege, 1993). The dependence on foreign direct investment and the failure to produce competitive industrial sectors contributed to the failure and drop of import-substitution policies by the 1980s (Idem, p.93-98). The rising pressure from sectors of US civil society on their own government to condemn human rights violations gave impetus to a democratic wave that began to rise throughout South America (Wright, 2007; Dominguez and Shifter, 2008). With the end of the Cold War and the relevance of anti-communism, military elites in power could no longer rely on US financing. Crippled economies and an international society growing concerned with preserving human rights and democratic authority, influenced the return of democratic rule^{xiv}.

The end of the Cold War consolidated the return of democracy and brought neo-liberal economic reform to the region. The opening of markets and the end of state monopolies through privatization reopen the doors of capital investment to South America (Jovanovic, 2006). Despite this surge of foreign direct investment, most South American countries found themselves burdened by an increasingly unsustainable foreign debt and unpopular budget cuts placed by conditionalities of IMF and World Bank loans (Corrales, 2008). Even though the literature remains divided on the effects of neo-liberal reform in the region, a succession of economic crises prevailed in many countries and gave ammunition for the revitalization of populism (Skidmore and Smith, 2005, Munck 2008). Simultaneously, the aftermath of the terrorist attacks of 2001 in the USA reoriented US foreign policy inadvertently away from South America. The implementation failures of neo-liberal policies and the solidification of democratic processes opened new windows of opportunity for social debates and divisions

^{xiv} See Dominguez and Shifter (2008) for a compilation of essays centering in the different experiences of South American nation-states and their return to democratic regimes.

which had remained hidden under the violence of the Cold War. The victories of Chavez in Venezuela and Morales in Bolivia brought racial issues to political confrontation and reopen the possibilities of indigenous reintegration to South American mainstream cultural heritage (Skidmore and Smith, 20005). The increasing power of populist politics continues to raise issues on insecurity, democracy, and income distribution (Munck, 2008). Despite the uncertainties of populist leaders, political stability has been dominated by an increasingly common regional agenda. An example of this tendency is present in the growing share of exports towards Brazil by neighboring nation-states which have allowed Brazilian growth to push forward South American growth (Roett, 2010).

The above summarized historical context of South America has signaled two particular premises that guide the selection of Mercosur as an example where to appreciate the existence of institutional change. The first one is the powerful conditionalities on regional integration that the Cold War emplaced on the region. The second premise that comes to light is the growing relevance of the left through populism throughout South American politics. These corresponds to the theoretical presuppositions of chapter one that have been confirmed by literature dealing with economic, social, and cultural aspects of South American history. These facts are what forces the search of relevant forms of regional integration outside the influential period of the Cold War. In this respect, the relative involvement of the USA on the Mercosur and on the FTAA presents a unique opportunity of analysis. Having both developments begin after the Cold War, allows to test the validity of the assumption of the Cold War obstructing endogenously driven process of integration in South America.

Before moving the discussion on to the two main organizations of analysis, one last point deserves to be address. This point relates to Mexico, Latin America, and South America. One overlooked aspect of the discussion so far has been the concentration on the Mercosur member states and the USA when discussing South America. This arbitrary distinction can be

explicitly address through the analysis proposed on this work. Through the establishment of NAFTA and the consequences of the Mexican debt crisis of 1994, the Mexican economy became increasingly dependent on US trade (Hester, 2002). The outflow of migrant workers towards the US and the effect of remittances on the Mexican economy have also influenced in the redirection of Mexican politics towards the North (Gordon, 2007). Central America has largely followed suit to this Mexican tendency and hence the focus on South America to place our discussion. That being said, the discussion has largely avoided an explicit discussion of the developments on the pacific coast with Chile, Peru, Ecuador, and Colombia. This has been motivated by the tacit direction that, outside of Ecuador, the three other countries have characterized themselves with their dual approach to FTAs and open regionalism, while at the same time entertaining the idea of joining Mercosur type initiatives. Since this thesis is concerned with institutional transformation in the region, it has hence focus on the driving actors of institutional integration on a different framework while including these previous ones on the broader category of FTAA oriented countries.

Mercosur

The emergence of Mercosur is intrinsically attached to the improvement of relations between Brazil and Argentina under democratic governments at the end of the 1980s. An important landmark in this process was the cooperation initiated by President Alfonsín of Argentina and President Sarney of Brazil on the issue of nuclear energy cooperation and nonproliferation. Both Brazil and Argentina had recently left dark periods of military rule and were in need of cementing the rule of democracy while breaking away with past stigmas. Brazil and Argentina's nuclear capabilities were looked to with suspicion by the international community (Carasales, 1999). Guided by a pacifist agenda aimed at showing their international good will as well as continue to decrease the power and influence of the national military elites, both nation-states engaged in high level talks on the nuclear issue. As a

consequence, a joint nuclear control agency was established and the governments of both countries pledged to mutual nonproliferation by joining a modified Tlatelolco^{xv} agreement. Carasales reflects on the early skepticism of the rapprochement by pointing that till the accession to Tlatelolco, *'the possibility could not be excluded that the two countries (Brazil and Argentina) would enter into collusion against an imaginary third nation'* (Carasales, p.58). The fact that their nuclear nonproliferation was bilaterally agreed upon first and then extended to Chile, who had previously being close to war with Argentina, confirms that their rapprochement influenced the international and regional perception of the capabilities of the new democratic objectives while helping to pacify the region. Carasales acknowledges the importance of this rapprochement by marking that it was the continuation of these high level talks that the nexus of the Mercosur was later develop by President Menem and President Cardoso from Brazil (1999; Roett, 2007).

Following suit to the revitalization of free trade rhetoric under the global wave of neo-liberalism, Mercosur was constituted in the Treaty of Asuncion in 1991. The Treaty established a progressive reduction of trade barriers between the four founding members of Argentina, Brazil, Paraguay, and Uruguay and envisioned a transition from a free trade area towards a full economic union (Treaty Asuncion, 1991). The obvious influence of the EEC on this treaty and the subsequent one of Ouro Preto, which established the institutional framework of Mercosur, has been pointed out by many authors (Guilhon Albuquerque, 1999; Corrales, 2008; Carranza, 2004). In 1998, Mercosur established its first institutional conditionality through the Ushuaia Protocol which established a democratic clause forbidding

^{xv} The Tlatelolco Protocol was an agreement establishing a nuclear-weapon-free zone in Latin America. Neither Brazil nor Argentina had been a signatory to that agreement till 1994 when they agreed on a reform version adding an improved verification system framework (Carasales, 1999, p.58)

membership of any non democratic nation-state^{xvi} (Mercosur, 2013). The following institutional growth came in 2002, on the establishment of a supranational body to intermediate in disputes among member states or citizens of member countries (Mercosur, 2013). The most significant steps into integration as yet, came through the creation of Mercosur Structural Funds in 2004 and the creation of a Mercosur Parliament in 2005.

The Mercosur Structural Funds have the objective of consolidating the integration project by helping build infrastructure conducive to these goals (FOCEM, 2013). A variety of projects have run since 2007 under the framework. These have varied from road construction in isolated areas of Paraguayan jungle to projects on biotechnology development^{xvii}. While comparisons with the EU Structural Funds would seem adequate, outstanding budget differences^{xviii} and allocation by member state rather than economic area make the comparison rather useless at this point. The Parliament of the Mercosur provides a similar situation. Formed six years ago, the Parliament constitutes an institutional body heavily molded on the image of the European Parliament. Despite this initial similarities, the Mercosur Parliament stills lacks influential power as its work centers on producing opinion papers on norms to be discussed by member-state parliaments in relation to an integration agenda (PARLASUR, 2013). Despite already having settled a formula for the allocation of member seats, the Parliament has set back on two occasions the plans for direct election of the members of parliament. While the institutional dynamism seems to have lower its tempo

^{xvi} The commitment of Mercosur to uphold this clause was tested in 2012 during the ousting of the President of Paraguay Fernando Lugo after a constitutional impeachment. In light of these events, Paraguay's membership was revoked until new elections take place.

^{xvii} See <http://www.mercosur.int/focem/index.php?id=planes-de-adquisiciones> for a full list of all the projects under the FOCEM framework.

^{xviii} The FOCEM annual funds account to nearly 77 million euros while the EU Structural Funds for the period 2007-2013 accounted for almost 70 billion euros. It is interesting to note as a future point of comparison, if the FOCEM funds increase, that Brasil is set to contribute 70% to receive 10%, while Paraguay will contribute 1% to receive 48% (Robert, 2007, p.183)

inside Mercosur, it is very likely to be due to increased efforts on the establishment of UNASUR. While discussing UNASUR goes beyond the manageable size of the present work, its establishment in 2008 and the increased talks from 2005^{xix} point to a broader transformation at the South American level that hints at the expansion of the institutional framework of the Mercosur.

Despite its seemingly rapid institutional growth Mercosur finds several challenges to its long term development. One issues arises from the dependency on Brazil to guide economic growth. Brazil already represented more than half the size, population, and economic output of the bloc since the inception (Guilhon Albuquerque, 1999). Roett questions the future need of the Mercosur for Brazil considering its outstanding economic growth and visibility as a world player (Roett, 2010, p.122-128). Klom, writting in his position as Brazil Desk Officer of the European Commission, differs in this opinion to point out that Brazilian foreign policy has more to gain by keeping its rising influence in South America unchecked rather than struggling for influence at the global level with other emerging economies (Klom, 2003). While Klom is right in pointing that a South America that perceives Brazil as their natural leader would benefit the country's bargaining power at the international level, Roett has a valid point when confronting the increased politicization of Mercosur and the rising ineffectiveness of its institutions. A second prominent issue affecting institutional integration lies in the revival and continuity of populist politics in Argentina and Venezuela. Brazil transformed its left by appeasing its internal business elites and securing the stability of its market through a political regime that promoted a strong welfare state but also assure investment stability (Roett, 2007; Miorelli and Panizza, 2012). On the other hand, the economic rise of Argentina after its default in 2001 was utilized by President Kirchner to

^{xix} In 2005 the South American Community of Nations (SACN) comprising all countries of South America agreed to the Cuzco Declaration calling for the gradual development of an economic union and regional parliament to be emplaced (Roett, 2007, p.130).

concentrate power on those loyal to his faction inside the Peronist Party (Levistky and Murillo, 2008). The lack of coherent political opposition to the Kirchner has allowed the continuous deterioration of political and judicial institutions in the Argentina.

FTAA

Discussing the FTAA implies discussing the economic policy of the US towards Latin America at the end of the Cold War. The Enterprise of the Americas Initiative (EAI) initiated during the Bush administration in 1990 was met by enthusiasm by a vast majority of Latin America (Hakim, 1992). The auspicious promises on trade liberalization and increased financing available from the Inter-American Development Bank created an exciting prospect for Latin American economies. Above all, promised reductions on existing debts abode continuous strong support (Hakim, 1992). The enthusiasm for NAFTA as a stepping stone towards full hemispheric trade liberalization relegated the EAI to a secondary aspect (Robert, 2007). Despite heated disputes both in Canada and the USA, NAFTA entered into force in 1994^{xx}. It was in that same year on the first Summit of the Americas that the idea of the FTAA began to take shape (Carranza, 2004). It was not till four years later, on the 2nd Summit of the Americas that negotiations towards the FTAA began with the establishment of a trade negotiations committee. The economic crises in Brazil in 1999 and Argentina in 2000 slowed the momentum of the FTAA. When the 3rd Summit was organized in Quebec in 2001, enthusiasm was at an all time low. Despite these bleak prospects and an overwhelming anti-globalization and anti-FTAA protests throughout the Summit, a target agreement was reached to conclude the FTAA by 2005 (Smith, 2004).

^{xx} Chapter 11 of Mace, Therien and Haslam (2007) discusses the implementation of NAFTA as a politically incomplete experience. The consequences of this being that NAFTA is not able to adapt to exogenous economic changes. Great attention is placed on how this incompleteness disproportionately affects negatively to Canada and Mexico and may force their reconsideration of their role in the agreement. (p.195-211, emphasis on 206-209)

Different authors have placed differing emphasis on the reasons the FTAA failed to achieve its implementation target of 2005. Roberts points to the election of a leftist government in Brazil in 2002 and the appointment of Zoellick, an advocator of all types of FTA, as US Trade Representative for the downturn of negotiations (Roberts, 2007). Roett places emphasis on technical differences and regional dynamics (Roett, 2007, p.129). Corrales points to the disappointing reaction by an US administration tacitly supporting an attempted coup on Chavez in Venezuela in 2002 and the wave of distrust it produced on South American regional partners who had quickly condemned the attempted coup (Corrales, 2008). Finally, others emphasize the role of civil society to show their discontent on the agreement as an influential factor (Wainwright and Ortiz, 2006). Regardless of which view is the most persuasive, the bottom line remains that in less than four years a hemispheric wide free trade area that had gather genuine enthusiasm, became an unworkable reality. As many readings exist of the causes of this particular policy direction, just as many readings on their consequences are also available. What is of particular interest is that South American political figures are, one way or the other, identified as players which particular agendas rejecting a US proposal on the region. This represents a completely unthinkable scenario barely ten years prior. What the literature is indirectly recognizing in this situation is the manifestation of coherent policy core beliefs that would be necessary to address the presence of an endogenously driven institutional change. This will be the particular element of discussion of the last section of this thesis.

Chapter 4: Discourse and Conclusion

This thesis began its discussion by identifying an approach to regionalism and institutionalism overlooking the latent possibilities of research on South America. This thesis looked towards the institutional transformations in Mercosur as a relevant case for the presented dilemma. The thesis carried forth the hypothesis that explanations on institutional transformation in the case of the Mercosur could be enhanced by DI and contribute to the debate on institutional change. It further hypothesized that the 4th Summit of the Americas which saw the rejection of the FTAA would provide a setting where discourse could complement an argument of endogenously driven institutional change. To address this point, the thesis conceptualized regionalism by establishing two different categories. On one hand it placed open regionalism as an ideologically limited form of integration. On the other hand, it recognized the possibilities of development inherent to compound integration projects like the EU. It further categorized regional integration by defining it in relation to its ability to be guided by internally conceived logics. To this purpose, it recognized in the Cold War conflict an overpowering element that distorted integration efforts. Following this understanding, it defined the analytical role of the nation-state and political figures. By having explicitly addressed these key concepts, the analysis moved forward into an overview of current institutionalist debate. The thesis reviewed the limitations of institutionalist theory to account for change and then moved into applying all the explicit theoretical frameworks into an analysis of South American regional integration.

The lengthy analysis of chapter three touched upon the transformations that defined the historical positions of each nation-state in the regional context. It did this by explaining the role of US policy in the region, the ideological formulations of dependency theory and its consequences, and the growing influence of populism. It then applied all the insights of the

methodological frameworks to explain the weight of key players in formulating a rapprochement policy between Argentina and Brazil. It then continued by pointing to the rapid institutional growth of Mercosur despite the limited possibilities of its member states under different economic and social crises. The analysis then placed particular attention on two of Mercosur's most promising developments: the Structural Funds and the Mercosur Parliament. Finally, it address the limitations surrounding Mercosur's institutional growth by identifying two prominent issues: the rise of populism and the Brazil-dependency of the group. This thorough account allowed an understanding of Mercosur's institutional transformation in light of the frameworks described. By this process, the analysis targeted its explanatory power in relation to the development of the FTAA.

This final chapter now moves into demonstrating the two formulations mentioned in the introduction of this work.

First Proposition

- While institutional change in South America was exogenously driven throughout the Cold War and the failure of neo-liberal policies in the 1990s, it became increasingly endogenously driven by the predominance of the belief systems of key players.

From an overlapping institutionalist perspective it is simple to observe how national and regional institutional transformations were guided by the Cold War. From an RI perspective, military elites in South America and anti-communism policy makers in the US shared strong common interest to secure a particular security allegiance. Even in situations where these incentives were not enough, like in Chile with Allende or the Contras in Nicaragua, US interventionism secured a particular direction akin to their perceived interests in the region. In this sense, all three institutionalisms had no problem in explaining variation through the period. Beliefs become more prominent after the rapprochement policy of Alfonsín and

Sarney. The actual success of the institutional evolution of Mercosur as an increasingly endogenous process is implicitly hinted at by the literature dealing with the FTAA agreement. In this sense, DI confirms this progression of regional unity.

Kirchner's lengthy opening address to the plenary of the Summit centered on three key aspects. Job creation –which was the actual theme of the Summit-, a harsh critic of the IMF via Argentina's achievements in economic recovery, and the notion that “any integration is not enough” (Kirchner, 2005). Lula's words^{xxi}, as the discussion centers on the FTAA and away from the meeting's agenda, reflect on Kirchner's address by embarking on a similar rhetoric focusing on the uneven treatment that the FTAA proposed with particular attention to agricultural goods (Alo Presidente III, 2005). This view are consisting with the literature analysed and what DI points as coordinative discourse. This intuitions are further confirmed if they are compared with both Chavez and Morales addresses during the same period. Morales and Chavez engaged with the parallel Summit of the Peoples of the Americas which gathered civil society groups from a multitude of nation-states of the Americas. It was at this point that Chavez had recently launched ALBA as a directly opposing organization to the FTAA (Alo President I, 2005). Looking at Kirchner and Lula addressing their disagreement with the current FTAA proposal, both emphasizing a rhetoric of ‘gains and losses’ through economic arguments of unequal implementation not only engages at the coordinative discourse level but also at exposing their policy core beliefs. Likewise, the clearly anti-US rhetoric of Chavez and Morales during the social Summit speak to a communicative discourse aimed at engaging deep core beliefs (Alo Presidente V, 2005).

Institutionalism was able to provide an explanatory account of exogenous institutional change by accounting for changes at the national, regional, and global level. As expected

^{xxi} The extracts of Lula's comments are taken from a recording of Chavez weekly TV show ‘Alo Presidente’

from this case which presented highly polarized opinions, DI was able to showcase a glimpse of the formulation of discursive networks as Schmidt's framework predicts. In this respect, the above summarized analysis also acknowledges the post-structuralist discourse analysis critiques as two different discursive antagonisms are observed. For the Mercosur –Lula and Kirchner- these are symbolized in a critique to technical elements of the FTAA proposal. For ALBA, –Chavez and Morales- it is understood as a heavy anti-US imperialism rhetoric. The second prevalent criticism is more than acknowledged in the case above where political identification assumes a central role in expressing marked preferences for their endogenously conceived integration projects. Because of the spatial limitations of this work, further discursive research was not taken in relation to a comparative case between ALBA and Mercosur in developing discursive networks. It is though the expectation of this thesis that further work, aware of these possibilities, will sustain and deepen the above proposition.

Second Proposition

- Discursive Institutionalism is a useful complementary tool in the analysis of institutional change in a comparative scenario.

Departing somewhat from Schmidt's statements, the research of this thesis has found that although DI provides evidence on how endogenous change manifests in an observable manner, this fact alone does not yet qualify the approach as a completely new form of institutionalist perspective. In this sense a comparative approach to the use of DI can decrease biases in the perception of the *backstage* and *frontstage* of discourse for key players. Future empirical work on DI is bound to expand the capabilities of the approach and the construction of solid frameworks of analysis independent of contextual interpretations.

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