



REGIONAL INTEGRATION AND SOCIAL ISSUES: FIGHTING POVERTY AT MERCOSUR, CONSIDERING THE EUROPEAN UNION¹

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Introduction

Structural challenges from the past persist in South America's reality at the beginning of the 21st century. Poverty and profound social inequality, which are afflictions intrinsic to the region and its societies, remain obstacles to development and an ill to be battled against. The capacity of countries to fight poverty varies according to the inequality that also exists between them. This subject is therefore relevant to the field of International Relations; however, only in the post-Cold War period did it come to receive greater attention. The fight against poverty at an international level became a central topic in research, even occupying a space in security studies traditionally marked by the debate on war and peace through the concept of human security.

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Naturally, a few questions arise. What are the most effective ways to fight poverty? How can social inequalities between populations of different countries be overcome? Ideas arise, policies are implemented and we see various movements within a logic of international cooperation for development. So, in theory, forming regional integration blocs is a possible path for mitigating inequalities. The strengthening of the regional integration process among the countries that make up the Mercosul bloc could play an important role in reducing poverty and social inequalities. Regional integration could stimulate social well being, if it is carried out with a concern for the development of poorer regions; that is, if there are policies directly aimed at fighting inequalities, including specific funds. Otherwise, it could be yet another exclusion factor. The aim of this text is to discuss how the intensification of regional integration can contribute to the fight against poverty in the context of Mercosul, considering experiences of greater or lesser success in the European Union.

The current crisis in the EU has indeed had as a consequence an increase in the debate on the regional bloc's capacity to attenuate inequalities between countries, as well as between regions within each country. For example, the crisis in Spain has had an escalation of the debate on the very configuration of the Spanish State as a consequence, exacerbating the movement for self-determination in some regions. The case of Catalonia is an example of this. Part of the population and even of the elites of Italy, Spain, Portugal and Greece accuse Germany of a lack of sensitivity regarding the social and economic crisis. These accusations are extended to the European Commission and the European Central Bank. Conversely, the German government and a significant part of the population appreciate, in a bipartisan manner, that they should not have to pay the costs for the financial crises of other countries. For the Germans, having applied austerity policies for decades and having shouldered the cost of reconstructing the former Eastern Germany, additional costs are considered unbearable and politically unviable.

In the case of Mercosul, governments and important parts of society in Paraguay, Uruguay and Argentina believe that, because Brazil is the country with the largest economy in the region, it should also shoulder greater costs and contribute to its partners' economic and social development. In the case of Europe, part of Greek society considers the Germans, particularly their banks and certain companies, including military complex companies, to be responsible for their crisis. What we would like to underline with these considerations is that distributing the costs of integration is a complex issue, which cannot be dealt with using generic discourses

or a language of humanistic solidarity, although solidarity is of enormous relevance. Solidarity is precisely one of the factors that can ensure the success of regional integration processes.

The issues of the nationalisation of Bolivia's gas reserves and the consequent rise in prices of the product's imports to Brazil are recent. In 2010, a little before the crisis that led to the end of the government of Fernando Lugo in June 2012, Paraguay asked to open negotiations with Brazil regarding the price of energy from the Itaipu hydroelectric plant, considered to be unjust, below international standards and the result of agreements signed many decades ago during the period of authoritarian governments. These are significant examples. A rise in the price of energy purchased by Brazil implies a rise in costs and a reduction of the competitiveness of its products. Although we know that it is not only the costs of raw materials and energy that determine competitiveness, their general rise has generated complaints from entrepreneurs of countries that have to pay higher prices, as well as from part of the population or one of its sectors.

As John Rawls (2001), and, from another point of view, Michel Walzer (2004), suggest, when fixing prices and other factors that weigh on international distribution, fairness – specifically international moral fairness – must be considered. The relationship between regional integration and the fight against poverty should be understood in this way: the attribution of value to factors of production should recognise the economic and social meaning of several products, be they industrial, mineral, agricultural, services, technology, biodiversity or – particularly – labour.

This article is organised in five sections. Firstly, we need to contextualise what we understand by poverty and observe the situation of the countries of which the

Mercosul is comprised. Secondly, we will discuss the coordinated means to fight poverty and inequalities at an international level. Then, we will observe the migration flows in Mercosul. Two reasons make migrations a relevant topic in the debate on the fight against poverty: (1) the motivations that lead to the displacement of people have an economic quality to them (although not exclusively); (2) in some spheres, remittances sent by migrants to their countries of origin are considered to be an effective tool in the fight against poverty, which we consider to be contradictory. We will then discuss how the Mercosul Structural Convergence Fund (*Fundo para a Convergência Estrutural do Mercosul* – FOCEM) is a potentially efficient channel for mitigating the existing asymmetries in the region's countries, generating positive effects for reducing poverty and social inequality. Lastly, we will discuss Brazil's position in relation to Mercosul.

The issue of poverty in International Relations and the situation of countries in Mercosul

The first necessary exercise in the discussion about how strengthening regional integration processes can contribute to fighting poverty and social inequality is to clarify what this ill that must be fought against is. Seeking a more elaborate meaning than the simple idea of a lack of income, Lavinás (2002) has stated that:

A more careful definition is that poverty is a state of need, of deprivation that can place the human condition itself at risk. To be poor is therefore to have one's humanity threatened, whether by the non-fulfilment of basic needs (physiological or otherwise) or by the inability to mobilise efforts and means for such needs to be fulfilled (p.29).

Within this logic, throughout the 1990s, the idea of human development was articulated within the United Nations Development Programme (UNDP). The definition of this concept was presented in the UNDP's *Human Development Report*, published in 1990:

Human development is a process of enlarging people's choices. The most critical ones are to lead a long and healthy life, to be educated and to enjoy a decent standard of living. Additional choices include political freedom, guaranteed human rights and self-respect. (UNDP, 1990, p.10)

From this concept, the Human Development Index (HDI) was developed, in an initiative led by Amartya Sen and Mahbubul Haq. Today, the HDI is widely used as a tool for measuring social conditions on a global scale. It is calculated from indicators such as life expectancy, health, education and income, and is published annually in the UNDP's reports. A classification is developed based on countries' HDIs and by separating them into four categories: very high, high, medium and low human development. In the sphere of Mercosul and its associate members,⁴ only Chile and Argentina show very high human development. All the others show high human development, with the exception of Bolivia and Paraguay, which show medium human development.

Table I – HDI of Mercosul full and associate members (2012)

| Country | HDI | Position in world ranking |
|-----------|-------|---------------------------|
| Chile | 0.819 | 40 |
| Argentina | 0.811 | 45 |
| Uruguay | 0.792 | 51 |
| Venezuela | 0.784 | 71 |
| Peru | 0.741 | 77 |
| Brazil | 0.730 | 85 |
| Ecuador | 0.724 | 89 |

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⁴ The full members of Mercosul are: Argentina, Brazil, Paraguay (suspended from the bloc from June 2012 to August 2013 due to the summary impeachment of President Fernando Lugo), Uruguay and Venezuela (approved in 2012). The associate members are Chile, Bolivia, Peru, Colombia and Ecuador.

| Country | HDI | Position in world ranking |
|----------|-------|---------------------------|
| Colombia | 0.719 | 91 |
| Bolivia | 0.675 | 108 |
| Paraguay | 0.660 | 111 |

Source: UNDP, 2013.

These indicators are averages that do not demonstrate the situation of severe deprivation in which a considerable part of the population finds itself, a structural problem of the region. “Poverty in Latin America is the result of the extreme inequality imposed by the labour market, through low qualified jobs and especially through extremely low wage levels, which are beyond subsistence levels.” (LAVINAS, 2002, p.45). To present a clearer panorama, we can use estimates of the population below the poverty line. According to the UNDP’s calculations, this line is computed for people who survive with an income below US\$1.25 in terms of purchasing power parity per day. There is also an estimate calculated by governments, in which their authorities define their own criteria for establishing the poverty line considered adequate.

Table II – Population below the poverty line

| Country | Less than US\$1.25 in PPP* per day (%) 2002-2011** | Estimate of population with less than US\$1.25 in PPP* per day*** |
|-----------|--|---|
| Bolivia | 15.6 | 1,598,695 |
| Colombia | 8.2 | 3,899,158 |
| Paraguay | 7.2 | 481,172 |
| Brazil | 6.1 | 12,153,790 |
| Peru | 4.9 | 1,456,958 |
| Ecuador | 4.6 | 683,789 |
| Argentina | 0.9 | 370,071 |
| Uruguay | 0.2 | 6,783 |

* Purchasing power parity

** The data refers to the most recent year available during the specified period.

*** Estimate calculated by using population statistics published in 2012.

Source: UNDP, 2013.

With Table II, we can appreciate a worrying situation. We identified a very large number of people surviving below the poverty line in Mercosul and its associate members. It is interesting to note that the largest country and the country with the largest Gross Domestic Product (GDP) of the region, Brazil, shows a high percentage of people below the poverty line in relation to its population (6.1%). In absolute numbers, the quantity of people below the poverty line in Brazil is greater than the sum of those in all of the bloc's countries, which shows a high index of social inequality.

The ability of countries to fight poverty in its most severe levels varies, as there are also inequalities between countries, a situation latent in South America. In the table below, the differences between countries using GDP as a variable can be seen.

Table III – GDP/population relationship

| Country | GDP (2011, US\$ mi) | Per capita GDP (2011) | Population (2012) |
|-----------|---------------------|-----------------------|-------------------|
| Brazil | 2,476,651 | 12,594 | 199,242,462 |
| Argentina | 448,165 | 10,994 | 41,118,986 |
| Colombia | 333,185 | 7,100 | 47,550,708 |
| Venezuela | 315,893 | 10,731 | 29,890,694 |
| Chile | 248,592 | 14,395 | 17,423,214 |
| Peru | 180,464 | 6,138 | 29,733,829 |
| Ecuador | 66,381 | 4,526 | 14,864,987 |
| Uruguay | 46,710 | 13,819 | 3,391,428 |
| Bolivia | 23,949 | 2,374 | 10,248,042 |
| Paraguay | 22,890 | 3,485 | 6,682,943 |

Source: UN, 2012.

Mechanisms for overcoming inequality on an international level

The question that arises from this scenario is how to overcome the asymmetries on the regional and international level. The issue of international cooperation for development is not new. It started being given more attention in the period following World War II. This was a decisive moment for international cooperation, because, as Könz (1994) and Soares (1994) have pointed out, the low level of development of less fortunate States originating from decolonisation

and emancipation processes started becoming the focus of great concern by developed countries, although this focus frequently resulted in a reproduction of strong mechanisms of dependency. Amorim (1994) points out that Latin America's structural delay and the displacement of the foci of tension from the developed centre to the periphery strengthened the developmentalist bias of international cooperation.

It is worth highlighting that during this period institutions were created with the aim of organising a cooperation network among States, and conferences such as Dumbarton Oaks,⁵ San Francisco⁶, Bretton Woods⁷ and Havana⁸ took place. It is important to observe that economic questions assumed institutional importance for the first time, which came to shape international cooperation. Note that the proposal made by the World Trade Organisation, which was replaced by the GATT (General Agreement on Tariffs and Trade) when it was not ratified by the United States, essentially emphasised the correlation between development and trade, with a concern for the need of non-developed countries to have the conditions to generate revenue as a basis for continuing their processes of economic development. The Marshall Plan in 1947 and, for Latin America, the Alliance for Progress in 1961 can be mentioned as results of this concern: combining stimuli to development in the liberal perspective with strategic considerations on the part of the United States.

Even in the field of International Relations, greater attention to the issue can be observed, which grew after the end of the Cold War. Constituted in the years following World War I and founded in the context of war and peace, in its mainstream, the field was traditionally concerned with the search for means to avoid war, going from idealism regarding peace to the search for protection of nation States in face of external threats. In the neoliberal institutionalism lines, for example, the emerging context of the post-Cold War period diluted the concern with power and security issues, opening up space in its agenda for topics such as “[the] search for greater economic growth and social security, in the sense of improving the quality of life of the population as a whole and over-

5 Washington Conversations on International Peace and Security Organisation (1944).

6 United Nations Conference on International Organisation (1945).

7 United Nations Monetary and Financial Conference (1944).

8 United Nations Conference on Trade and Employment (1947/1948).

coming existing social problems that unbalance the nation's domestic relations" (MARIANO, 1995, p.22).

From this movement, there arose several initiatives that at least appeared to have overcoming asymmetries among countries in the international sphere as their objective, such as international cooperation for development through multilateral bodies and flows of bilateral external aid for development. The search for overcoming asymmetries in the processes of regional integration can also be configured within this framework. It is a simple equation: richer countries must assist poorer countries in their development processes. Peterson (2004) states that assistance as a means to alleviate hardship is a moral obligation of the population of developed countries. The author bases his statement on an ethical premise by Singer, according to which: "if it is in our power to prevent something bad from happening, without thereby sacrificing anything of comparable moral importance, morally, we ought to do it" (SINGER, 1972, p.231).

However, the fight against poverty and inequality cannot be addressed in a romantic or ingenuous fashion. Ethical and moral precepts are important, but politico-economic factors must be observed. In some cases, there is fear from important groups in society when it comes to supporting regional integration, because it would mean diverting resources from their own countries in order to strengthen the regional experience. That is, diverting resources necessary for the development of one's own country to other member countries of the bloc is criticised. Philippe Schmitter (2003) has analysed the reasons for which, five decades after the Treaty of Rome, the axis of the political life of European countries continues to be the struggle for power at a national level. Interest in the EU frequently arises in the form of criticism. In some countries, in the last few years or decades, sub-regional disputes internal to nation States have increased. This has not happened in Mercosul.

Even so, there have been advances in the processes of integration. However, overcoming asymmetries within the logic of capitalist free enterprise cannot be expected. Wallerstein's (1990) reasoning is illuminating for understanding these limitations. Capitalism, which, according to the author has flourished as a form of economic organisation for conducting the world-system in the last 500 years, makes economic factors go beyond the control of any political entity. This has ended up favouring capitalist activity, allowing an extensive expansion of the

system that came accompanied by a very unequal distribution of its gains. This occurs because in this global system, we come up against an extensive functional and geographical division of labour, which ends up making economic activities be unequally distributed by the system, a factor that “legitimises the ability of some groups within the system to exploit the labour of others, that is, to receive a larger share of the surplus” (WALLERSTEIN, 1990, p.339).

Again, according to Wallerstein, this generates in the global system a division into three categories: core, semi-periphery and periphery. These three categories are necessary for the functioning of the capitalist system, because due to the division of labour, each one of them has its function in international economic production.

The division of a world-economy involves a hierarchy of occupational tasks, in which tasks requiring higher levels of skill and greater capitalisation are reserved for higher-ranking areas. Since a capitalist world-economy essentially rewards accumulated capital, including human capital, at a higher rate than “raw” labour power, the geographical misdistribution of these occupational skills involves a strong trend toward self-maintenance. The forces of the marketplace reinforce them rather than undermine them. And the absence of a central political mechanism for the world-economy makes it very difficult to intrude counteracting forces to the misdistribution of rewards (WALLERSTEIN, 1990, p.339 and 340).

In the process of expansion, the world-economy ends up augmenting economic and social inequalities between States as it self-perpetuates. Compensatory mechanisms are therefore necessary. Assertive policies must be adopted in order to direct resources towards initiatives for overcoming asymmetries, because there is no incentive for that in the market logic. The experience of the 21st century’s first few years undoubtedly suggests a deep reflection on this topic. Differently from what Dependency Theory has suggested, there is no historical determination that necessarily leads to a reproduction of dependency. Experience shows that very important changes can take place. It suffices to see the current role of some Asian countries. Wallerstein’s analysis sheds light on the fact that international and regional interaction do not necessarily lead to win-win mechanisms.

The motivations to make the policies of the fight against poverty in the regional blocs be part of the agenda have their origin in the very reality experienced by regional integration. In the different theories on integration, there is an insistence

on the importance of it bringing noticeable benefits to its members. “Compensations must be offered to participating groups for their participation and so as to balance the possible deleterious effects that it may bring about. [...] The future prospect of receiving something in return for the present sacrifice stimulates the support for integration [...]” (MARIANO, 1995, p.10). In Mercosul, some factors may have contributed to the – still limited – advances observed in the last 20 years. However, policies of economic liberalisation have not been adequate for leveraging the growth of poorer areas of the bloc’s member countries. The experiences of the EU and Mercosul reinforce the fact that public policies have become even more necessary, whether to promote the investments that, on its own, the market does not make or to introduce into the market the populations hitherto removed from it – the very poor in Brazil and the chronically unemployed and underemployed in Europe. According to Badia and Sarsanedas (2013), 21.1% of Spaniards live below the poverty line, particularly in the Canary Islands, Andalusia and Extremadura. There are six million unemployed people in Spain; according to Badia and Sarsanedas, 26% of the workforce.

In the 2000s, a phenomenon of great importance that strongly influences the behaviour of regional blocs grew – low governability. This characteristic common in contemporary societies impacts on the fight against poverty, as this objective does not always translate into actions producing effective results on the part of States. In the case of the EU, the distributive conflict between States and social and regional groups in each State has as its consequence indecisiveness and delays that irrevocably compromise what is being fought against. The same happens in Brazil, where the unresolved and constantly postponed discussion on tax reform, regulation on the Tax on Merchandise Circulation (*Imposto sobre Circulação de Mercadorias* – ICMS) and even on the distribution of resources from the *pré-sal*⁹ weigh on the low capacity of public administration to deal more effectively with social problems. These impasses also affect the integration process, since the tax asymmetries weigh against it being furthered. The consequences for the policies of the fight against poverty are felt.

The low – in some cases negative – rates of economic growth in Europe or the low levels in Mercosul are related to this issue: difficulty in the public sector

9 Here we are alluding to the debate on the distribution of resources coming from the discovery of oil reserves in the pre-salt layer, at the bottom of Brazil’s seas.

intervening effectively with the aim of leveraging growth. In other words, the obstacles to intervention by the State, by means of public companies or a financial system under its control, help to explain the worsening or at least the continuing social problems, particularly the rise in poverty and, for some countries, the migrations. To the highly positive factor that is the strengthening of democracy, there does not always correspond an ability to adopt long term policies. Decreasing inequality requires a long term world view and the ability to reduce privileges. Governments have little capacity to advance actual pro-integration policies, even in cases where the so-called political will exists.

There are numerous examples. If regional integration and economic insertion on a global scale are, at least in theory, positive factors, for the former, high levels of macroeconomic convergence are required. The process of integrating trade and production means a trust in the economic conditions of partners, particularly in monetary stability and agreements, so that integration does not become a competitive advantage for a partner determined by the use of currency as a financial instrument. For the aim of promoting improvements in economic conditions, especially for the population, including decreasing the differences between States and regions within States, compensatory mechanisms with greater equality on their agenda are necessary, which means planning chains of production. In the case of Mercosul, the idea of regional chains of production was relevant in the period 1986-1990. It lost strength over the course of time because putting it into effect was dependent on business initiatives that were not actualised. Part of the necessary investments ended up being allocated to areas of relative greater development, thus increasing the impoverishment of States or weaker regions. The social consequences were direct. If integration enabled a maximisation of the advantages of an enlarged market, territorially distributing factors of production –particularly capital and investments –, it would contribute to extensively increasing employment, a crucial factor for fighting poverty.

Differently from the EU, which is at the centre of historical and theoretical reflection about processes of regional integration, in the case of Mercosul the economic non-complementarity is obvious. But there are no adequate, sufficient studies about this. At least there is no critical analytical mass to allow us to understand the problem and maybe suggest ways of overcoming it. This issue was relevant when Brazil and Argentina signed the Treaty of Cooperation, Integration and Development (*Tratado de Cooperação, Integração e Desenvolvimento*) in 1988, in which the possibility of policies of sectoral complementarity was established. In some cases, these policies were partly successful, but not so in others.

The structural relationship with central countries results from a historical, social, political and economic formation of many centuries. This relationship could not disappear overnight, and indeed, it remains. Mercosul has not greatly altered this tradition, although there have been important changes in the last few years. Considering the difficulties in public policies, as described above, regarding South America, including Brazil, this structural, historical relationship with the US and Europe could be reproduced with other regions – regions in which the success of public policies, such as in China's case, has produced leaps forward. South American countries have economic relations oriented towards the role of suppliers of commodities with low added value, which seems to have remained in the beginning of the 21st century. The immediate corollary is work positions of lower quality.

Mercosul has not succeeded in altering this type of relationship – or maybe it has not yet proposed to do so. From the point of view of business and corporate interests, these relationships are advantageous. Results of different pieces of research, particularly one carried out by FUNAG [*Fundação Alexandre de Gusmão*– Alexandre de Gusmão Foundation] (ARAUJO, 2004), suggest that the impetus of companies and economic operators is to maintain external relations by means of the channels through which they have gained trust and familiarity. The low predisposition to change results from a sense of stability and security. The pattern of external relations of the bloc, of which Brazil is a part, finds it difficult to change, thus weakening the possibility to strengthen policies for fighting poverty in the long term. An empirical analysis suggests a repetition of historical models.

Migration as a strengthening factor for integration and its contribution to the fight against poverty

Policies for fighting poverty, inasmuch as they are related to regional integration, are linked to a conception of the world in which solidarity has a political and economic role, as well as a moral one. Therefore, integration cannot be restricted to market policy. The economic factor must be taken into account, but also the search to unify political life, culture and societies. Where there has been progress in these areas the integrationist environment has also improved, as has the circulation of labour, students, teachers and common programmes, and there have been advances in the formulations of society and common citizenship.

From this observation we see a movement that could have positive consequences, but that could also generate paradoxical effects in the fight against inequality. We are talking about migration. Can migratory movements, strengthened by a possible free circulation of people, contribute to overcoming inequality within Mercosul? Through the analysis of two documents published by international bodies, The UN Global Commission on International Migration and the World Bank, Patarra (2006) has observed the configuration of two axes guiding the current debate on this topic: “migration policies based on Human Rights, and remittances sent by migrants as a tool for fighting poverty in the countries of origin” (p.18). The link established between migration processes and human rights is also explored within Mercosul, as can be observed in the textbook created to educate workers from the regional bloc:

The free circulation of workers must be a fundamental element in the regional integration we are building, not only because labour is the most important factor of production in every economy, but also because migration in the search of better opportunities is an essential human right in the construction of a wider shared space (BRASIL..., 2010, p.10).

On the other hand, identifying the remittances made by migrants as an effective means to fight poverty (ADAMS JR. & PAGE, 2005) is quite controversial. The World Bank report identifies three modalities of positive aspects that migrations provide to developing countries: “remittances, the reduction of pressure on the internal labour market and contact with international markets and access to technology” (PATARRA, 2006, p.20). Remittances certainly correspond to a considerable amount of resources for the migrants’ countries of origin. Yet the effects vary according to the size of the country’s economy and to other conditions. In the cases of Argentina, Brazil and Uruguay, remittances corresponded to less than 1% of GDP in 2012. In Paraguay’s case, to almost 5%, a situation quite different to that of countries such as Haiti, where remittances correspond to 25% and Guiana, Honduras, El Salvador and Nicaragua, where they reach around 17% (IDB, 2013).

If the remittances provide a considerable amount of resources for the economies of developing countries, they possibly “end up making people and whole families dependent, which, in the end, can reinforce their condition as eternally developing countries” (PATARRA, 2006, p.16). It is also worth pointing out that, in the countries in which they live, migrants are a contingent of “flexible labour that subjects itself to all manner of labour over exploitation, contributes to its production and consump-

tion, and pools prior investments from their countries of origin with their training, education and health.”

From these findings, we can start to think more carefully about Mercosul’s case. In the project for furthering the Mercosul regional integration process, after the phase of establishing a free trade zone and forming a customs union, the next step would be a process of implementing a common market. That is, after eliminating trade barriers and adopting a common external tariff, restrictions to the movement of factors of production (labour and capital) would also be eliminated. This phase of the integration process implies the free circulation of people among the bloc’s countries. Mercosul has not yet gone beyond the customs union.

However, in spite of the fact that the free circulation of means of production is not yet a reality, some advances have been made with the aim of providing better conditions to immigrants who circulate within the bloc. Indeed, we have observed a greater intensity of migration flows. Patarra and Baeninger have observed “relationships between the process of restructuring production, internationalisation of the economy and formation of economic blocs on one side, and the volumes, trends and characteristics of international migration movements on the other” (2006, p. 136). When they note the diversity of the displacements and the rise in intensity of migration flows, the authors identify the governability of the international migrations within Mercosul as a challenge. From this observation, there arises a demand for legal and administrative instruments, and instruments of information about migrations.

In 2009, two agreements signed in 2002 came into force: the Agreement of Residency for Nationals of Mercosul Member States (*Acordo de Residência para os*

Nacionais dos Estados Partes do Mercosul) and the Mercosul Agreement + Bolivia and Chile (*Acordo Mercosul + Bolívia e Chile*). These agreements allow “nationals of these countries to reside and work in Brazil for two years with provisional status and to apply for permanent status afterwards” (REIS, 2011, p. 57). Another instrument of significant importance for migrants was the Multilateral Agreement of Social Security of Mercosul (*Acordo Multilateral de Seguridade Social do Mercosul*) signed in 1997, which came into force in 2005.¹⁰ It established that “the contributions made to the social security system by a worker in any of the signatory countries of the Agreement accumulate as if they had been made in one country” (BRASIL..., 2010, p. 19).

In Brazil’s case, we can see migration flows both ways. Given its greater economic weight, it is attractive to themigration flows from the region’s countries, and these flows have shown growth in Mercosul’s internal environment. Out of the 161,048 immigrants from the Americas between 1991 and 2000, the proportion corresponding to the contingent of people originating from countries of the bloc was 53.62% (MATOS et al, 2006, p. 147). “The migratory flows from Paraguay, Uruguay and Argentina to Brazil are associated with several economic factors, for example, the growth in situations of increased poverty in certain countries, the greater dynamism of the

10 Other important instruments: Agreement on the Regularization of Internal Migration of Citizens of Mercosul Member-States [*Acordo de Regularização Migratória Interna dos Cidadãos dos Estados Partes do Mercosul*] (signed in 2002); Declaration of Asuncion on Human Trafficking and Illicit Migrant Trafficking [*Declaração de Assunção sobre Tráfico de Pessoas e Tráfico Ilícito de Migrantes*] (signed in 2001); Declaration of Santiago on Migration Principles [*Declaração de Santiago sobre Princípios Migratórios*] (2004); Declaration of Asuncion against People Trafficking and Exploitation in Mercosul and Associate Members [*Declaração de Assunção contra o Tráfico e Exploração de Pessoas no Mercosul e Estados Associados*] (2005).

sub-regional economies of the Brazilian Centre South, among others” (p.148). Historical ties and geographical proximity must also be added to these factors.

On the other hand, we also observe important contingents of Brazilians in the region’s countries, especially in border areas. The logic of Brazilian immigration to neighbouring countries shows different characteristics when compared to the opposite direction. As Reis (2011, p.48) has registered, the logic that rules the flow of Brazilians in Paraguay’s direction “is directly related to the expansion of the Brazilian agricultural border, particularly to soya culture and livestock rearing, and also to the Paraguayan policy of attracting immigrants.” As well as agriculture, panning for precious minerals and other commercial activities attract Brazilians to neighbouring countries. This type of migration ends up generating tensions and social conflicts, such as those of the *brasiguaios* (Brazilians settled in Paraguay, on the border with Brazil, and their descendants) – in some cases big landowners and in others, poor peasants. Regarding Paraguay, the liberal policy of president Horacio Cartes, who took office in 2013 and sought to attract Brazilian investments, will cause greater migration of highly qualified Brazilians to that country. This situation may also repeat itself in the region of Santa Cruz de la Sierra, Bolivia, where the expansion of soya production is of interest to Brazilian agribusiness. Perhaps because of this, the poverty issue was an important issue on the agenda of the meeting between presidents Rousseff and Cartes in Brasília in September 2013, or of the one between Cristina Kirchner and Cartes.

“Throughout the development of the integration process, migration could both provide the arguments against the idea of free circulation and be used as a disruptive factor in relations between Brazil and its neighbours, and could be interpreted and utilised as a sort of catalyst for processes of regional integration” (REIS, 2011, p.64). Reis (2011) interprets that the region’s countries opted for the latter, which does not mean that it is an easy procedure. It is a process “charged with contradictions, disagreements and tensions, which involve different State interests and pressures from several social and political groups affected to a greater or lesser degree by migrations, especially on frontier zones.”

Migrations are also reflected in the urban question, since the destination of almost the totality of migrants are the great centres of the region. “The destinations of the international migration flows of global workers to Brazil in 1999-2000 are the two main Brazilian metropolises, already defined in the urban

national hierarchy as global metropolises: São Paulo and Rio de Janeiro” (PATARRA & BAENINGER, 2006, p. 130).

During the second half of the 20th century, the urban population multiplied by six in Brazil, by 4.5 in Paraguay and by two in Argentina. For example, the São Paulo metropolitan region, which had a population of 2,622,786 inhabitants in 1950, reached 20,731,917 according to an estimate by the IBGE (*Instituto Brasileiro de Geografia e Estatística* –Brazilian Institute of Geography and Statistics) in 2012. Matos et al state that there may be several plausible explanations for this striking urbanisation process in the Mercosul region, one of the most intense in the world during this period: “the de-stabilisation of agrarian economies and a worsening of the level of subsistence of populations in a process of rapid growth; the expansion of industrialisation and modernisation in the context of the advances of Western capitalism; the supply of vital goods and services in the areas of health, sanitation, housing and education; and a real and virtual rise in job opportunities and income in the cities in expansion (MATOS et al, 2006, p. 144).

To consider the results of the migrations as positive factors in the fight against poverty sounds contradictory. Initially, the motivations that lead to migratory movements, although many, are basically economic. That is, the vast majority of people move because they do not have adequate socioeconomic conditions in their places of origin. Second, to identify remittances by migrants to their countries of origin as effective measures for fighting poverty is paradoxical. If on one hand, they provide palliative relief to the needs of families in their countries, they do not alter the structural logic of dependency, reinforcing the situation of an unequal world economy.

We cannot fail to register, even without discussing this matter, that in reality the greater part of migrations concerning Brazil are those of Brazilian migrants going to developed countries, especially the US, some European countries (UK, Portugal and Italy) and Japan, as well as Paraguay. The estimates of the Brazilian Ministry of External Relations in 2010 indicate that there are at least 3 million Brazilians abroad. There are approximately 1.5 million foreigners in Brazil, but among these are a great number of migrants who arrived in the country in the first half of the 20th century, or even in the 1950s and 60s. As we have seen, the contribution of the remittances by Brazilian migrants abroad corresponds to approximately 1% of GDP, according to Martes and Soares (2006). Consolidating the point of view that we have presented, they state that:

“[...] remittances are rarely used for productive purposes, which is largely due to the non-existence of a suitable environment for this type of investment: if the country of origin does not offer a favourable social, economic and institutional environment for the migrant to use his/her economic and human capital productively, it seems unreal to expect the transfers, on their own, to promote a reduction of poverty and local development” (p.50).

Convergence for overcoming asymmetries

The situation of Mercosul's regional integration in the last few years presents a paradox that must be clearly identified. This paradox results from the political scenario that has been developing in the 2000s. In the 2000s, the political convergence between Mercosul governments moved powerfully forward. Examples of this are the governments of Kirchner in Argentina, Lula da Silva and Rousseff in Brazil, the governments of the Frente Amplio in Uruguay and of Lugo in Paraguay. It is therefore paradoxical that the rise in political convergence did not have an impact on the strengthening of the integration process. The Brazilian government, together with other countries of the bloc, sought actions and projects that, according to it, were aimed at the internal balance of Mercosul, favouring the development of infrastructure and industry, and placed its bet on its enlargement with the signing of association agreements with countries of the Andean Community, and enabling Venezuela's entry.

Slowly, steps were taken in order to overcome the institutional deficit, and there were some initiatives to consolidate the project in the social field, with the creation of new areas of action such as the Mercosul Work Programme and the Social Institute. The forming of the FOCEM in December 2004, with participation quotas that were increased over time was an advancement, especially a conceptual one, important in the field of cooperation, with a view to reducing asymmetries. The aim of FOCEM is “to finance programmes for developing structural convergence; to develop competitiveness, foster social cohesion, particularly of smaller economies and to support the functioning of the institutional structure and the strengthening of the integration process.”¹¹ Given its focus on

11 O que é o FOCEM? Available at: <<http://www.Mercosul.int/focem/index.php?id=que-es-el-focem>>. Retrieved on 4th Oct, 2013.

improving the capacities of less favoured countries and regions, the Fund arose as an important tool for overcoming the region's asymmetries.

The annual amount initially assigned to FOCEM in 2004 was US\$100 million, the Brazilian contribution being 70%.¹² 48% is forecast to be assigned to Paraguay and 32% to Uruguay. The quotas were successively increased, reaching a total of US\$300 million in 2012. In the period 2005-2009, 25 projects were approved in FOCEM, totalling US\$160,728,003. 14 projects were developed in Paraguay, six in Uruguay, three in the Mercosul Secretariat, one regionally and one in Brazil (IPEA/ABC, 2010).¹³

FOCEM's action is inspired on European structural funds. The Structural Funds and the Cohesion Fund are financial instruments of EU regional policy, which aim to reduce differences in development among regions and Member-States, thus participating in the objective of economic, social and territorial cohesion. For the period 2007-2013, the financial allocation attributed to regional policy by the EU was close to €348 billion: €278 billion for the Structural Funds and €70 billion for the Cohesion Fund. This allocation represents 35% of the community budget, that is, it constitutes the second budget line. Here we have what is certainly the most important example of the role that regional integration can play as far as the fight against poverty and particularly the fight against inequality are concerned. In our understanding, its only partial success can be explained by the reasons already mentioned, not by the intrinsic value of these policies. When we compare FOCEM's resources against those of the Structural and Cohesion Funds, considering the great difference in national capacities, we see how there is still a long way to go in the case of Mercosul.

Regional integration for Brazil

In Brazil's case, where the strength of universalism remains, integration is presented as an important instrument, but always as an instrument. There is no clear and specific purpose to integration – it is not an end in itself. The governments made that clear when Mercosul was constituted. When they signed the Asuncion Treaty in March 1991, the four presidents shared the perception that a furthering of the integration process could be key to a more competitive insertion by

12 Argentina contributes 27%, Uruguay 2% and Paraguay 1%.

13 Implementation Project of Biblioteca Biunila – Unila and Imea.

their countries in a world in which large economic spaces are increasingly being consolidated and where technological-industrial advance is increasingly crucial to national economies, as Luiz Felipe Lampreia (1995) has analysed. The social issue was not present during that phase. The instrumental logic was important. In Brazil's case, Mercosul's development was part of a large effort towards a process of economic opening, trade liberalisation and improved insertion in the world economy in the 1990s. The process of integration was not conceived as an end in itself, but as an instrument for greater participation in the global market.

Terry Nardin (1983) has developed useful concepts for this debate. When he discusses forms of international association, he synthesises them into two possibilities: practical association and purposive association. Practical association is that in which relations between States are not necessarily engaged in a common objective, but which, in spite of this, have to live with one another. Therefore, it is an association. Conversely, purposive association is that in which States cooperate in order to support certain shared beliefs, values and interests, which have common objectives. Nardin himself is sceptical regarding the possibility of finding purposive association in the international system.

Mercosul's development has not shown itself to be uniform. Different phases can be pointed out. From 1999, with the crisis of the Brazilian Real, its devaluation and the subsequent recession in Argentina in 2001, Mercosul showed signs of crisis, whose developments were not and are still not clear, even though almost 15 years have passed. As well as the conjunctural elements, expressed by several trade and political disputes, structural questions relative to the economies of the countries involved and values rooted in the States and societies must be considered in the search for consistent explanations. The economic crises of varying degrees experienced by the Mercosul countries express this logic. The national crises were not moments of adjustments in the process of integration or occasions for a search for opportunities. In fact, they resulted in a weakening of integration and a reduction in the effort towards complementarity.

Difficulties in national economies can explain certain positions and contributed to actions by corporate groups and sectors of the elite. Our point of view is that the material elements are not explanatory on their own. The experience of Mercosul suggests that the economic benefits of integration are necessary elements, but not sufficient for guaranteeing continuity and a furthering of the

process. In the same way, this experience demonstrates the limitations of an integration based on the logic of benefits that can be attained. These are *sine qua non* conditions, but not sufficient for guaranteeing spillover dynamics. In this sense, we should ask ourselves if similar topics, relative to values, should not be considered in other experiences, including very advanced ones like the European experience or other ones, more institutionally behind but with great potential such as the Asian or the Asian-Pacific experience.

Integration cannot only be considered as a foreign policy project; it demands a strong intersection with internal policies. The existence at this moment in time in South America of countries concerned with the social issue suggests that the problems related to it such as employment, revenue distribution and the end of extreme poverty are aggregating factors, but national wills do not necessarily translate into the regional sphere. The perception that a partner is in an advantageous position regarding the benefits obtained with the process of integration has always been harmful to the continuity of efforts to consolidate Mercosul. The same applies to Europe. In this way, one can state that elements of the realist perspective of International Relations, which have prevailed for centuries in countries of the Southern Cone, have not disappeared completely. That is, within the State apparatuses and in sectors of society, the concern with the need for increases in benefits that would not alter pre-existing relations has remained. This goes against the construction of cooperative social policies, coordinated so as to produce an allocation of resources at a regional level, in the perspective of purposive association, to use Nardin's terms.

At a certain moment, even before the Brazilian and Argentinian crises of 1999 and 2000, there was a reduction in society's and companies' interest in integration. This was particularly visible in the automotive sector. Multinationals General Motors, Volkswagen, Fiat and Ford planned integrated production and investments in the bloc, aiming at using Mercosul as a possible global exportation platform for part of its products, especially lorries and medium-sized and small cars. At the end of the second half of the 1990s, particularly after 1997 with the difficulties in trade and political difficulties, the possibility of acting regionally decreased. This contributed to exacerbate the crisis in the bloc, as, given the protectionist risks, some companies favoured the larger market, Brazil. Mercosul had implications beyond trade, generating interest outside of this sphere. In a limited manner, the process of integration reached groups in different spheres: trade union organisations, universities, politics, employees, etc.

Mercosul's evolution remains undefined in the 2010s. The interest in integration has not grown to the point of it creating its own dynamic, as might be expected from an agreement with Haas's (2004) neofunctionalist model. A significant impact has not been caused on society, especially in Brazil. The bloc's dynamic has not led to an actual process of institutionalisation, although there are embryonic and partial initiatives, such as the Permanent Revision Court (*Tribunal Permanente de Revisão*), set up in Asunción in August 2004. Intergovernmental logic, associated with the important role of governments and presidencies, has made it possible for a certain equilibrium to be maintained, which has ended up guaranteeing low-level degrees of integration. After 2003, in the Lula da Silva government, as we mentioned earlier, the identification among governments had a significant role, but the furthering of integration carried on experiencing difficulties. Topics that were fundamental in the policies of Argentina, Brazil, Paraguay and Uruguay, such as the fight against poverty, had little impact on regional planning. They had some importance in defining the arguments of Mercosul in some international forums, such as the FAO, the financial G20, even the WTO, but they were not able to transform themselves into joint regional planning projects.

In the theories of regional integration, the role of States and of the elites is interwoven with the availability of society in general. In a way, Mercosul has specific characteristics. This does not invalidate the statement on interwovenness, but highlights a fact that had less influence on some other integration processes, without failing to appear in others: the fact that Mercosul was driven by heads of State (MALAMUD & SCHMITTER, 2011). In Brazil's case, it was supported by diplomacy, in some cases with support from groups from the Ministry of Finance, but with an absence of pressure or demands for cooperation on the part of elites and interest groups. In the beginning of the Brazil-Argentina cooperation, from 1986, some entrepreneurial sectors adhered with interest, but did not remain actively supportive over the course of time. The situation regarding trade union movements and movements from civil society was not entirely different.

Given all of this, the signs of concern for the limits set by the format of integration continue, but do not seem sufficient for overcoming the structural weaknesses – signs that manifest themselves among government officials and even among political forces, particularly the Workers' Party (*Partido dos Trabalhadores* – PT). President Lula da Silva seemed to come close to this question: "Mercosul has before it the challenge of reinventing itself and meeting the expectations of all of its members.

We must design mechanisms that definitely equalise the asymmetries, including with new resources”.¹⁴We know that in Brazilian society, not only is this perspective not consensual, but it faces real resistance, as voiced by Samuel Pinheiro Guimarães in the Mendoza Summit meeting in June 2012. On that occasion, Pinheiro Guimarães resigned from the post of Mercosul High Representative-General, claiming a lack of support and political conditions for carrying out his post.¹⁵

Conclusion

It is possible to promote the fight against the structural problem of poverty in Mercosul. Success or failure depends on how policies with the aim of overcoming the asymmetries, not just within the region’s countries, but also in the regions within the countries, are implemented – or even on whether they are implemented or not. The solution to the problem of inequality cannot be expected to come from within the market logic. Compensatory mechanisms are necessary. Assertive policies must be adopted so as to direct resources to initiatives for overcoming inequality. As we have analysed, the market does not provide adequate incentives.

Although they are interpreted as effective movements in the fight against poverty, flows of remittances originating from migration processes are contradictory. If on one hand they are an adequate palliative measure to relieve the poverty of families, on the other, they contribute to a vicious cycle that perpetuates relations of dependency.

The execution of policies aimed at a structural convergence, promoting the mitigation of existing asymmetries between the region’s economies, as the logic of FOCEM suggests, appears as an example of the role that regional integration could have in the fight against poverty and particularly in the fight against inequality. Policies of integrating production, of growth in competitiveness based on scientific and technological development particularly support the fight against poverty. Given the areas of extreme poverty in Brazil and Mercosul, specific actions of direct intervention, with regional parameters, can support better standards of living.

14 Brazilian President’s Speech, Luiz Inácio Lula da Silva, on occasion of the Open Dialogue of Presidents at the Mercosul Summit – Córdoba, Argentina, 21/07/2006. Available at: <<http://www.itamaraty.gov.br/sala-de-imprensa/discursos-artigos-entrevistas-e-outras-comunicacoes/presidente-da-republica-federativa-do-brasil/39557329298-discurso-do-presidente-da-republica-luiz-inacio>>. Retrieved on 3rd Oct, 2013.

15 O Globo. Alto representante-geral do Mercosul renuncia. 28/06/2012. Available at: <<http://oglobo.globo.com/mundo/alto-representante-geral-do-merc-sul-renuncia-5342170>>. Retrieved on 3rd Oct, 2013.

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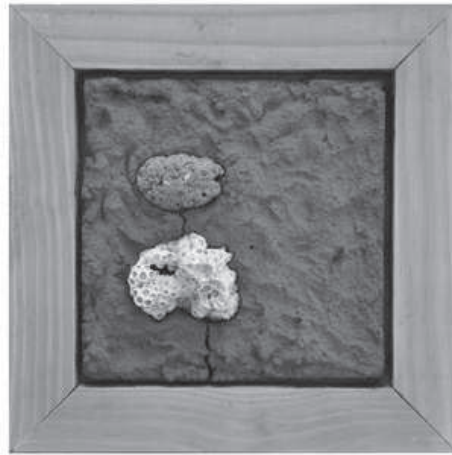
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