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Multipolarity and the Future of Regionalism:  
Latin America and Beyond

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# Multipolarity and the Future of Regionalism: Latin America and Beyond

## Abstract

This paper inquires into the effects of an emerging multipolar world on the international institution of regionalism. While IR scholarship has been making a strong case for the regionalization of world politics since the 1990s, the fact that most of the rising powers are also the sole regional powers of their home regions has led some scholars to argue that the advent of multipolarity can only strengthen this general trend toward a more regionalized international order. In this contribution, I challenge these arguments by proposing an alternative way of thinking about how multipolarity is developing. The implications of this interpretation are that the emergence of multipolarity may actually generate powerful centrifugal forces within regions, which would have adverse effects on the known forms of regionalism that regional groupings have been implementing thus far. This applies particularly to the global South, where intraregional economic interdependencies tend to be weak. The proposition is tested by examining empirical findings across several regions and through a case study.

Keywords: multipolarity, regional powers, regionalism, regional integration,  
open regionalism

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# **Multipolarity and the Future of Regionalism: Latin America and Beyond**

**Jorge F. Garzón**

## **Article Outline**

- 1 Introduction
- 2 Imagining Regions in a Post-Hegemonic World
- 3 Decentered Multipolarity: An Alternative System–Regions Interaction Model
- 4 Multipolarity and the Future of Regionalism
- 5 Regiopolarity and Decentered Multipolarity Meet the Real World
- 6 The Demise of New Regionalism in South America
- 7 Conclusions

Bibliography

## **1 Introduction**

The rise of new powers in the international system is profoundly transforming the environment in which most international actors and institutions operate. Aware of the significance of these developments, scholars have embarked on intense debates about the likely consequences of today's global power shifts and the gradual emergence of a multipolar international constellation for the future of a whole range of institutions, norms, and values of international society, such as the global governance regimes inherited from the postwar era, glob-

al peace, and security – primarily the question of the peaceful rise of China and others – and the universal validity of liberal visions of world order. Almost at the same time, there has been much talk of the emergence of a “regional architecture of world politics,” and of the impossibility of understanding the emerging world order without taking the role of regions into consideration (Acharya 2007 and 2014, 84). It is therefore surprising that the link between global multipolarity and regionalism has remained understudied in the literature, especially when there is evidence that regionalism has been historically very sensitive to the international political setting in which it unfolds (Mansfield and Milner 1999).

What are the consequences of an increasingly multipolar world for regionalism? From a broader, global-system perspective, a particularly relevant question seems to be whether the emergence of new great powers is a force working in favor of the reorganization of political authority over larger territories and markets or if, instead, it will foster a more fragmented international political economy in a way that may shore up the nation-state as a viable economic unit. Given the latter, what kind of regionalism, if any, will prosper in a multipolar world? As Acharya (2012, 10) put it, “the rise of China, India, Brazil and others creates the potential for redefining the purpose of regionalism and the role of regional institutions, either by strengthening or undermining them.”

The fact that most of the rising powers are also the sole regional powers of more or less defined world regions – for instance, South America (Brazil), southern Africa (South Africa), the post-Soviet space (Russia) and South Asia (India) – has led some scholars to assert that the advent of a multipolar world can only increase the level of political and economic organization of regions, thereby strengthening a general trend toward a “more regionalised international order” (Acharya 2014; Buzan 2011). Consequently, many authors have tended to emphasize the role of regional powers and different forms of regional leadership as the main drivers of regional transformation (e.g. Destradi 2010; Kupchan 1998; Steward-Ingersoll and Frazier 2012; Prys 2010; Pedersen 2002; Nolte 2011). Even when such assertions have remained mostly at the theoretical level and lacked deep empirical examination, they have become dominant in scholarly and policy circles. In this contribution, I challenge this interpretation by arguing that the emergence of multipolarity could actually generate powerful centrifugal forces within regions that would adversely affect the formation of cohesive and strong regional orders. This is due to the distinctive system–regions dynamics generated by the combined operation of global- and unit-level variables, these variables being the parallel emergence of new powers in different regions of the world, on one hand, and the change that this new international environment produces in the cost–benefit calculations informing the strategies of international insertion of smaller states, on the other. The way these variables play into each other adversely affects the supply-side conditions of well-known models of economic regionalism that diverse regional groupings have been pursuing.

In the following pages, I first present a review of different visions of multipolarity and of the role regions might play within this emerging international system. In the context of this

debate, I then propose and develop an alternative model, which I label *decentered multipolarity*, that in my view reflects a more realistic pattern of system–regions interaction. Third, by making the most of the explanatory insights gained by IR on the emergence of economic regionalism from a rational-choice perspective, I discuss how two competing models of multipolarity as an outside-in variable may impinge on two dominant types of regionalist strategies that have traditionally served as blueprints or models for regional groupings in the developing world and elsewhere – namely, *regional integration* and *open regionalism*. The focus here is on how different scenarios of multipolarity can affect the structure of incentives that underpin these two particular types of regionalism. I share the view that regionalism is a broad term to denote a “states-led project designed to reorganise a particular regional space along defined political and economic lines” (Payne and Gamble 1996, 2), but I also contend that these “political and economic lines” may vary substantially across time and space, giving way to different types of regionalisms that regional states can establish in order to deal with collective-action problems relative to each other or to their international environment.

After elaborating on these models and expectations theoretically, I situate them against the backdrop of the real world. I do this in three ways. First, by drawing on very recent studies undertaken within the fellow discipline of economics, I briefly provide some hard facts regarding the evolution of trade-regionalization dynamics (mostly during the last decade) within the home regions of some of the large states that are widely acknowledged as emerging powers. The analysis in that section encompasses several regions, including the Commonwealth of Independent States (CIS, Russia); the Southern Common Market/Union of South American Nations (Mercosur and UNASUR, both Brazil); the South Asian Free Trade Area/South Asian Association for Regional Cooperation (SAFTA and SAARC, both India); and the Association of Southeast Asian Nations+3/+1 (ASEAN+3/+1, China). Second, in order to look more closely into the causal mechanisms outlined in the theoretical section, I focus this time on one world region as I examine recent changes in the patterns of international alignments of some small and medium-sized South American states. Third, I provide an account of how the dynamics compounding the independent variable have contributed to the stagnation and disarray of the regionalist schemes set out by South American states in the 1990s.

### **Imagining Regions in a Post-Hegemonic World**

Visions of the place regions might hold in a multipolar world have depended on working hypotheses and conjectures about the actual nature of the multipolar constellation that is unfolding. A survey of the literature reveals that the scholarly debate has been revolving around at least two general models of the role that regions could play in a multipolar world. First, we can imagine a multipolar world characterized by the ascendance of one or two new superpowers, which together (and in competition) with the current superpower would pro-

ject power across the entire globe similarly to the way the United States and the Soviet Union did during the Cold War, or the European empires before them. Within this scenario, regionalism is expected to follow old historical patterns of what has been called “hegemonic regionalism,” in the sense that hegemons define the boundaries of regions and decisively shape the regional institutions, security architectures, and regionalization dynamics of their own regions and of those they penetrate (Acharya 2009, 4 and 2014, 82).

A second model draws heavily on the old notion that, in a world in which the geopolitics of regions matters, systemic unipolarity can be replaced by multipolarity only by means of “regional unification or the emergence of strong regional unipolarities” (Wohlforth 1999, 30). This paradigm seems to have captured the imagination of prominent IR scholars. For instance, Barry Buzan argued that the most likely end-scenario for an international system in transition is the advent of a world order with “no superpowers but several great powers” (Buzan 2011, 16-17). This means that, via a progressive weakening of the United States and the inability of the currently most obvious superpower candidates (China and the EU) to surmount their most formidable obstacles, no state will be able to project power throughout many regions or the whole international system. The natural outcome of this development would be a “more regionalised international order” because the removal of the superpower overlay would automatically increase the influence of regional (great) powers in their home regions (Buzan 2004, 143). Unlike superpowers, regional (great) powers lack the necessary means to project substantial power beyond their own regions (and possibly to proximate regions lacking strong protective regional powers). Therefore, they would use their superior material capabilities primarily to build strong regional orders or “zones of influence” around them. Similarly, and perhaps more straightforwardly, Acharya contends that the coming world can be better described as one of “regiopolarity” rather than multipolarity (Acharya 2009, 7). The logic underpinning this proposition is analogous to that of Buzan’s in the sense that Acharya also expects emerging powers “to remain fundamentally embedded in their regional strategic and economic contexts” and unlikely to become true global powers (Acharya 2014, 85-86). According to him, “in such a world, regions are likely to test the limits of power projection by the old or the rising powers” since “no great power [...] will have the ability to have its say over distant regions because of the countervailing local influence of the regionally dominant powers” or regional hegemons (Acharya 2009, 6 and 2014, 86).<sup>1</sup>

Even though these two different interpretations have been circulating for a while, it is not clear whether there is an actual theoretical debate among them. Recent international developments like the EU’s profound financial crisis, the inability of China to make allies beyond small and poor countries and, most important, a noticeable decline in the ability of the United States to shape regional orders in most regions, have rendered the first scenario increas-

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1 For Acharya the real question is whether regiopolarity will give rise to regional hegemonies or to more institutionalized regional arrangements like the EU. For a detailed account of the different types of regional orders that can emerge from regional unipolarities see Garzón (2014).

ingly unlikely and, therefore, less popular among scholars. The second interpretation, by contrast, has not only remained unchallenged but has been diffused widely among scholars and policymakers. This level of diffusion is not surprising since it establishes a very plausible and straightforward causal mechanism between a) shifts in material power at the global level and b) regional outcomes, which is based on a few assumptions about the geopolitics of regions as relatively effective power insulators and the nature of “power projection.” The logic of this paradigm can be summarized as follows: as some of the emerging powers are also the sole regional powers of more or less clearly defined geopolitical regions (such as South America, the post-Soviet space, Southern Africa, and South and Southeast Asia), they will increasingly reorder their regions around their regionally preponderant power in a kind of “hub-and-spoke” pattern of economic and political influence, at the same time as they successfully protect their regions from extraregional intrusion.<sup>2</sup> This latter task will be less costly as the power-projection capabilities of the established great powers decline. Relatively insulated from global-level power influences, these large “region-states” may therefore adopt a variety of internal political organization, such as “old-style spheres of influence, hegemonically centered institutionalism, and unequal forms of federal union” (Hurrell 2007, 165).

### **Decentered Multipolarity: An Alternative System–Regions Interaction Model**

As mentioned above, the persuasive logic of the second proposition concerning the place of regions within multipolarity (which I will refer henceforth to as *regiopolarity*) has remained unchallenged. In this section, I argue that the emerging multipolar configuration might be transiting towards an alternative scenario that can be conceived of in terms of a crisscrossing, decentered multipolar constellation. It may be easier to explain this concept by bringing in its main differences with competing models into the foreground. In contrast to *regiopolarity*, within *decentered multipolarity* the bulk of the regional political and economic linkages among states (and therefore influence) does not end up converging in the core regional (great) power in a kind of hub-and-spoke structure. Instead, these linkages transcend the region in all directions, in which significant extraregional power concentrations tune in to regional actors in ever-shifting issue-areas of cooperation and exchange. The causal mechanism that produces this outcome can be found in the combined operation of global- and unit-level variables, which are the simultaneous emergence of new poles of power in different regions of the world, and the propensity of smaller states to engage in an adaptive form of foreign policy

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2 This outcome is, of course, not expected in regions containing more than one regional power such as the Middle East or East Asia, since the order-producing virtues attributed to power asymmetry would be nullified.

behavior that seeks to minimize political costs while accessing the external resources they need – such as markets, investments, and aid.<sup>3</sup>

With regard to changes in global-level variables, the rise of new poles of power in the international system also means, from a regional outside-in perspective, a larger number of more or less powerful states with the capacity, and arguably the will, to project power (with varying levels of intensity, depending on their capabilities) into one or more world regions. Here, decentered multipolarity mends two flaws of the regiopolarity model. First, there is no reason to assume that these powers may not have (or may not develop in the future) a range of extraregional interests such as accessing scarce natural resources, seeking the political support of other states in international organizations, opening new outlet markets for their products, or even the often unspoken political goal of offsetting the advancements of another (rival) power. As the interests of emerging powers expand in tandem with their material capabilities (Zakaria 1999), there is no *a priori* reason to assume that these interests will be defined in a narrower regional manner, especially given the current degree of interdependencies in a broad range of global policy issues.

Second, proponents of regiopolarity have tended to view “power projection” in absolute terms. According to this interpretation, superpowers would project power throughout the entire international system, great powers to more than one region, and the remaining states would have only a regional reach (Buzan and Waever 2003; Buzan 2004). In practice, however, power projection varies considerably as much in terms of the instruments employed as in intensity. An extreme form of power projection is certainly a full-fledged military intervention such as that undertaken by the United States in Iraq in 2003. The amount of military and economic resources that the United States was able to project toward this distant country eventually changed the structure of Middle Eastern regional order and had the potential (via the now-failed post-conflict state-building plans) to fundamentally transform the targeted societies. Such an intense form of power projection can certainly only be undertaken by a healthy superpower. Weaker states in a different league such as middle powers may also be able to project resources toward the extraregional world through alternative instruments and with lower levels of intensity – like, for instance, the way Brazil decided to direct more than half of its technical cooperation resources to Africa (Stolte 2012). Brazil is certainly not a great power but this condition does not prevent it from impacting and projecting (economic) power onto societies outside its own region. Therefore, superpower or great power status is not a prerequisite for projecting power extraregionally. Power projection is a function of the

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3 I believe the term *decentered multipolarity* accurately captures the idea of a multipolar constellation in which the political and economic interactions of most non-polar states do not tend to cluster around the poles, as was the case, for instance, during Cold War bipolarity. The term draws on the notion of “decentered globalism,” used by Buzan (2011) to characterize the emergence of a more balanced distribution of power at the global level, in which no state or civilization manages to impose itself massively on all others as the West did throughout the majority of modern times.

amount of resources large states usually manage to allocate to their different foreign policy instruments by virtue of the economies of scale that their demographics (in combination with their level of development) permit them to achieve.<sup>4</sup>

A third important difference pertains to the geopolitical function assigned to regions. Like the regiopolarity scenario, the region also plays a geopolitical role in *decentered multipolarity* in terms of diminishing or filtering out the power being projected “into” it by virtue of both geography (or distance) and, primarily, the resistance that regional states can coordinate or mount to repel such influences. Within this model, however, neither of these checks really work as effective “power insulators” from global-level influences. Distance is the weakest insulator of the two as most of the instruments of foreign policy employed for power projection, especially economic and diplomatic statecraft, easily surmount large distances. Only in the military field can geography prove a formidable obstacle if a state lacks substantial force-projection capabilities. More relevant seems what regional states are able to do to either welcome or repel the projection of power coming from the extraregional world. In this respect, regional states can act on an individual or a collective basis. With regard to individual or unilateral state actions, what comes to mind first is the key role often ascribed to local regional (great) powers by proponents of regiopolarity in driving extraregional influences away from their home regions (Steward-Ingersoll and Frazier 2012, 11; Prys 2010, 499). Conceding that regional (great) powers have an interest in doing so, when it comes to practice, it is difficult to imagine how, in the absence of Cold War–like levels of securitization, a regional (great) power could prevent other regional states from welcoming the involvement of extraregional actors or from establishing economic and political linkages with the latter or even becoming outright regional gateways for deeper extraregional penetration. As the case of India demonstrates, even when regional (great) powers actively securitize their own regions, they cannot completely suppress smaller states’ bids to pull out, especially if there is an external power ready to assist them (Destradi 2012). Therefore, under the current levels of securitization in the international system, state action as an insulator from extraregional influences may only be effective if it is agreed upon or if there is a certain level of regional inter-state coordination.

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4 Note that as a system–region interaction model, *decentered multipolarity* does not necessarily need a precise structural definition of multipolarity at the global level in the sense of having to determine which states qualify as great powers and which do not in a quasi-Waltzian way. The current international system may be described by some as containing one superpower, three or possibly four great powers, and perhaps eight to ten regional (or middle) powers, or it may be characterized differently depending on the criteria used to categorize these states. What is important for the model is that several powerful states (some certainly more powerful than others) choose to project their power to distant regions in pursuit of their interests. Thus, the concept of *decentered multipolarity* does not claim to be an accurate representation of the current or near-future distribution of capabilities, but instead describes how the emergence of a more decentralized distribution of power is likely to affect regions.

On the other side of the causal mechanism that makes decentered multipolarity work, the availability of more potential extraregional partners with the capacity and will to pursue different extraregional interests can considerably alter the cost-benefit calculations informing the strategies that smaller states usually follow in order to attain key foreign policy goals. The adaptive foreign policy behavior of smaller states can be conceived of as the constant search for an acceptable point of equilibrium or trade-off between the often mutually exclusive goals of accessing external resources and preserving political autonomy (Handel 1990, 121-122). Thus, under conditions of multipolarity in a multiregional international system, smaller regional states may prefer the relatively low political costs of cooperating and exchanging with distant powers over closely engaging with the neighboring regional (great) power; the latter may not only be bad business in the sense of forfeiting diversification of economic linkages, but may also entail potential long-term political costs in terms of asymmetric economic dependency and the consequent loss of freedom of action to pursue their preferred range of policies. In Keohane and Nye's terminology (2001; see also Nye 2011, 53-55), multipolarity provides lesser states with the opportunity and the incentives to make a bid to manipulate the "asymmetries of interdependence" to their own advantage, not only to reap material gains but also to deny more powerful actors the exercise of economic (and other kinds of) power *over* them.

In this sense, as a consequence of the interplay of global-level variables (the emergence of new poles of power) and unit-level variables (disequilibria in the cost-benefit calculations of smaller states' strategies), multipolarity as an outside-in force with respect to regions may not prompt less powerful regional states to gravitate around the regional preponderance of their regional (great) power. Quite the contrary: it might actually be the source of powerful centrifugal forces within regions conspicuously militating against the formation of strong regional unipolarities.

This, of course, does not mean that smaller states avoid cooperation or exchange with their local regional (great) power. Regional (great) powers are likely to remain important trade and political partners for the smaller states of their own regions in any multipolarity scenario. Within decentered multipolarity, however, they become just one pole among others. Regional (great) powers may or may not decide to use their superior material capabilities to create strong regional orders around them. If they do (complying thus with the behavioral pattern expected by proponents of *regiopolarity*), my expectation is that they will find this task more and more difficult to accomplish as they will have to implement their policies within an international environment in which the compounded variables of decentered multipolarity are in operation.

**Table 1: Competing Multipolarity Models and their Effects on the Configuration of Regions**

Multipolarity Model	Relevant Actors	Power Projection	Role of Regions	Regional Outcome
<b>Two or Three Superpowers</b>	Superpowers	Throughout the whole international system	Passive objects of superpower intervention	Hegemonic regionalism (hegemons define the boundaries of regions, shape the regional institutions, security architectures and regionalization dynamics)
<b>Regiopolarity</b>	Regional (great) powers	Primarily used to build strong regional orders	Geography or distance is a relatively effective power insulator	Cohesive regional orders (regional integration, hegemonic institutionalism, benign unipolarities, etc.)
			Protective regional (great) powers deflect extraregional power projection into their regions	
<b>Decentered Multipolarity</b>	Declining superpowers, great powers, middle powers, regional powers  Large states in general with sufficient demographics to yield economies of scale in statecraft	To one or more regions, depending on the interests of large states  With different instruments and levels of intensity	Geography is not an effective power insulator (especially for economic and diplomatic statecraft)	"Light regionalism" or regional cooperation (more flexible and porous forms of regionalism)
			Regional (great) powers are ineffective power deflectors	
			Extraregional power projection can only be deflected (or regulated) if there is some degree of regional interstate coordination	

Source: Author's compilation.

## **Multipolarity and the Future of Regionalism**

This section examines the potential consequences for regionalism of these two competing models of multipolarity as an outside-in variable by drawing on two important strands of thought developed in the field of international relations to account for the voluntary clustering of independent states into regional groupings from a rational-choice perspective: Mattli's (1999) "regional integration theory" and "open regionalism theory." I chose to do so for two reasons: First, each of these theories seeks to explain a different, more or less clearly defined type of regionalism, which can therefore be regarded as a "potentially global phenomen[on]" that "should be recognised whenever it appears" (Malamud and Schmitter 2011, 155). Second, though with different emphases, each theory conceives of its respective strand of regionalism as the outcome of a given structure of incentives that regional states face with respect to each other as well as to their international environment. This is important because (setting aside the question of why a regional grouping of states would choose to embark upon either of these strategies in the first place) the structure of incentives relates directly to the conditions under which such strategies are more or less likely to succeed.

Following Ernst Haas, regional integration can be defined parsimoniously as a strategy by which nation-states decide to "voluntarily mingle, merge and mix with their neighbors so as to lose the factual attributes of sovereignty while acquiring new techniques for resolving conflicts among themselves" (Haas 1970, 610). That is, regional integration is a particular type of regionalism in which regional states set up supranational institutions to which "political authority" or "parcels of sovereignty" over "key areas of domestic regulation and policy" are delegated (Mattli 1999, 41; see also Börzel 2013, 508). In practice, most regional groupings that have pursued a strategy of integration have sought to reap economic gains. Open regionalism, on the other hand, can be concisely defined as the use of regional "preferential integration agreements and [...] other policies in a context of [external] liberalisation and deregulation, geared towards enhancing the competitiveness of the countries of the region" (ECLAC 1994, 8). In open regionalism, regional states band together to form a larger market (usually in the form of a free trade area or a customs union) not so much in pursuit of direct gains of trade among each other but as part of an outward-looking stepping-stone strategy to insert themselves into the wider world economy under better conditions by enhancing both their attractiveness to foreign investors – who are eager to capitalize on the institutional and structural advantages of an integrated market – and their bargaining clout in trade negotiations with third parties.

## **Multipolarity and Regional Integration**

The most important consequence of the values in the global- and unit-level variables bringing about decentered multipolarity is that they logically countervail the values of some key variables that rational-choice theories of regional integration have identified as contributing

to a successful strategy of regional integration. Walter Mattli identified two sets of necessary conditions for successful regional integration: demand and supply conditions. Echoing well-known neofunctionalist arguments, “demand conditions” refers to the potential gains of market exchange within a region. These potential gains must be perceived as high enough to generate a strong demand for integrated governance structures in the form of regional rules, regulation and policies. Generally, cross-border transaction costs are likely to take a heavier toll on firms if there is already a relatively dense network of market exchange among countries. “Supply conditions” refers to the “conditions under which political leaders are willing and able to accommodate demands for functional integration” (Mattli 1999, 50). According to Mattli, there are two types of “strong” supply conditions for integration. The first relates to the readiness of governments to incur the costs of integration in terms of sacrificing political autonomy to supranational agents for the prospective gains in terms of enhanced economic performance for their polities. Specifically, the expected economic gains must be significant enough to offset losses in political autonomy. The second condition refers to the presence of an undisputed regional leader with sufficient resources to use side-payments and cost internalization to ease the inevitable distributional conflicts emerging among states when attempting to integrate.

*Ceteris paribus*, the dynamics of decentered multipolarity are likely to adversely affect the first strong supply condition identified by Mattli by providing governments of smaller regional states with more opportunities to pursue trade and other kinds of resource exchanges with extraregional partners, thereby reducing the incentives to incur the political costs of integration with neighbors by delegating sovereignty to supranational bodies. If we adhere to the logic of theoretical approaches emphasizing the role of strong states or regional powers in promoting regional integration (e.g. Pedersen 2002) – that is, the second strong condition – at least decentered multipolarity raises the ceiling of the resources that powerful states must mobilize if they are to build attractive integration schemes. Thus, by affecting supply-side conditions, an emergent multipolar constellation resembling the decentered multipolarity model is likely to make a strategy of regional integration more difficult to implement.

By the same logic, the development of a regiopolarity scenario would also affect Mattli’s first strong supply condition for integration, but this time positively. By assuming that great powers cannot or choose not to project power to distant regions, within this model smaller regional states could not easily establish significant economic linkages with extraregional powers, leaving them with no choice but to seek economic integration with their home regional (great) power. This is reminiscent of a situation (very often assumed by scholars) in which regional integration is occurring within a political vacuum. By the same token, the material incentives that regional powers must mobilize in order to build attractive integration schemes would have a lower ceiling, which would positively influence the second strong supply condition. From a longer-term perspective, one could also even hypothesize that, due to the cumulative effect of trade and investment diversion, regionalization dynamics might

grow stronger over time, thereby also affecting demand-side conditions of integration. Thus, contrary to decentered multipolarity, regiopolarity may positively affect the values of the condition variables that make a strategy of regional integration more likely to succeed.

### **Multipolarity and “Open Regionalism”**

Rational-choice theories of new regionalism conceive of *open regionalism* as an outward-oriented strategy devised by developing countries to attain two important goals simultaneously: to attract market-seeking foreign direct investment (FDI) and to enhance their bargaining power in international trade negotiations (Ethier 1998; Fernández and Portes 1998, 211; Mansfield and Milner 1999, 614). In open regionalism, the ultimate goal of clustering the national markets of different states is less about fostering intraregional trade among them and more about forming a larger market that could prove more attractive for market-seeking investors from abroad by increasing both the latter's incentive to “jump” the regional agreement's external tariff (in the case of a customs union) and the economic viability of lumpy investments (Fernández and Portes 1998, 202). At the same time, the bargaining chip of allowing access to the same larger market – or the threat of denying it – may allow member states to strike better deals in trade negotiations with third parties if they negotiate collectively.

However, the structure of incentives informing this strategy rests on two important assumptions. First, it presupposes that the distribution of (low) bargaining leverage is more or less even among the regional states trying to cooperate. That is, if the market of one of the member states is considerably larger than the individual national markets of its regional partners, this state may, in theory, be able to attract large amounts of market-seeking FDI on its own or strike advantageous deals in international trade negotiations with third parties. Second, it assumes that extraregional partners, at least in principle, agree to negotiate with the regional grouping as a whole and abstain from pursuing a selective bilateral strategy.

Under a multipolar configuration showing the traces of decentered multipolarity, it is not clear whether both of the above premises would still hold with the same strength as they once did, at least in world regions harboring a regional (great) power. On one hand, as they hold the largest share of the regional market, there are few reasons to think that the incentives of regional powers to use this leverage in a more independent manner, either to attract investments or in trade negotiations with extraregional parties, would be negligible. On the other hand, powerful extraregional actors are unlikely to squander their own bargaining leverage (unless motivated by normative considerations) by choosing to negotiate with a regional bloc in lieu of with individual countries, especially if they face a certain level of competition from other extraregional powers attempting to seize economic opportunities within the same region.

The issue of the asymmetrical distribution of bargaining leverage does not appear to be solved within the regiopolarity model, either, so the use of the regional market as a bargaining tool remains more in the realm of the regional powers' foreign economic policies than in any real interstate coordination game. In this model, however, smaller regional states have less opportunity to develop significant economic and political linkages with extraregional powers due to the latter's unwillingness to project power; in addition, the collective-action problem of agreeing on an open regionalist strategy should prove much easier to solve in this model than it would be in a scenario of decentered multipolarity. This is mainly because the bargaining leverage of the smaller regional states is likely to be very low, so their loyal adherence to the regional project, and the privileged access to the regional power's market that their membership in the regional agreement should guarantee may be the only source of their ability to draw FDI, as is common in cases of North–South regionalism (Fernández and Portes 1998, 211). Furthermore, less pressure and cajoling on the part of extraregional powers may, in principle, give regional states more time and space to coordinate common positions in their dealings with extraregional actors.

Hence, the combination of an asymmetrical distribution of market leverage within a region and the presence of multiple extraregional powers competing to grab economic opportunities within the same region is likely to render strategies of open regionalism more difficult to coordinate. The removal of this last variable within the regiopolarity scenario improves this strategy's prospects of success relative to decentered multipolarity.

## 5 Regiopolarity and Decentered Multipolarity Meet the Real World

If we used the timetables proposed by the fathers of the BRIC acronym as a guide, we may well be talking about a “transition” to a multipolar world order until the middle of the present century. Therefore, instead of looking at the structure, policymakers would be well advised to pay more attention to the outcomes or patterns of international interactions that these global power shifts tend to generate. There may be no better policy guide to the complex politics of a multipolar world than the attentive observation and conceptualization of the world as it is actually working. In this spirit, this section provides an empirical account of these dynamics in two different ways. First, by making the most of the interdisciplinary dialogue between the fellow disciplines of international relations and economics, I present some facts about the recent evolution of regionalization dynamics within the home regions of some large states that are widely recognized to be both emerging and regional powers. Second, by focusing this time on one world region, I review the evolution of the international alignments of some small and medium-sized South American states (Bolivia, Colombia, Ecuador, Peru, and Uruguay) over the last decade. These states represent a varied sample of countries that are neither regional powers nor acknowledged as “trading states,” but instead

used to be active members of second-wave “open-regionalism schemes” such as Mercosur and the Andean Community (AC).

Rapkin and Thompson (1979, 268) once proposed distinguishing between three different types of interstate relations: bonds (formal alliances and membership in international organizations), transactions (for example, exchanges of material resources, trade, and foreign aid), and interactions (diplomatic contacts, alignments, and agreements). Of these, interactions are likely to be the most sensitive to changes in the international system, followed by transactions. Bonds on the contrary, are more likely to lag behind since “institutions [...] do not fully replace [others] in an instant; rather, they coexist” (Adler and Greve 2009, 73). While the first part of the empirical account presented in this section refers to the cumulative evolution of transactions in terms of trade across several regions, mostly during the last decade, the second part covers the “interactions” element in the international relations of states belonging to the South American region. Over the long run, the direction of both transactions and interactions may be indicative of the rise and decline of bonds.

### 5.1 Regionalization Dynamics within the BRIC Regions

This section offers an account of the development of transactions or exchange interactions across several regions, mostly over the last decade – a period widely viewed as having witnessed the appearance of a group of emerging powers more or less captured by the acronym “BRIC.” I examine the findings from two recent econometric studies undertaken by Iapadre and Tajoli (2014) and Chen and De Lombaerde (2014). Certainly one of most telling indicators of the evolution of transactions within a given region is the degree of trade regionalization. Using “regional introversion indices”<sup>5</sup> as a measure, Iapadre and Tajoli (2014, 95-97) identify a “common and pronounced downward trend of regional introversion” between 1995 and 2011 in Mercosur, CIS, SAFTA, and ASEAN+China. Particularly eye-catching are the declines observed in CIS and SAFTA. Within CIS, regional trade introversion has fallen continuously since 1995, a time at which member states traded almost exclusively among themselves. The downward trend continued until the last year of observation (2011), despite the financial crisis in extraregional export markets and, more interesting, the relative recovery of the Russian Federation as a regional power throughout the last decade.<sup>6</sup> Within SAFTA, regional trade introversion dropped dramatically: in 2011 was only one-third of what it was in 1995.

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5 The indicator was proposed by Iapadre (2006); it measures “in relative terms to what extent a region’s member countries tend to trade among each other more intensively than with third countries” (Iapadre and Tajoli 2014, 94).

6 Russia, however, actually relaunched regional economic cooperation in 2000 through the creation of the Eurasian Economic Community (EAEC) out of six CIS states (Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan). This redefinition of the regional boundaries by Russia would probably alter the results of the study.

Shifting the focus to the role of emerging powers within their regions – specifically, whether these states represent a hub around which regional trade networks are organized – by using network analysis, Iapadre and Tajoli proceeded to measure the degree of centrality of China, India, Brazil, and Russia in ASEAN, SAFTA, Mercosur, and CIS, respectively.<sup>7</sup> Their most interesting finding is that whereas the centrality of these emerging powers with respect to the global trade network has increased significantly in the last decade, this is not the case within their home regions. Instead, they found a marked decrease in the importance of Brazil and Russia as outlet markets for their respective neighbors' exports. Within SAFTA, the above-mentioned drop of trade introversion was also accompanied by a downward trend in the regional centrality of India (*ibid.*, 101-106). With the exception of China, emerging powers seem to be consolidating as “local suppliers” for their regions, and despite being well-connected exporters within the global economy, they are not “regional hubs”<sup>8</sup> in the sense of absorbing the produce of smaller neighbors to transform them into final goods directed toward global markets. Instead, the inputs that feed their export role come predominantly from the extraregional world. Ultimately, the authors concluded that “the larger country in each region in terms of economic size and sheer trade volume is not always also the main attractor of the region’s trade flows, or the centre of the regional trade structure” (*ibid.*, 107).

In another study, Chen and De Lombaerde (2014) looked at an additional pair of important indicators that have the potential to reveal trends in patterns of international exchange affecting the configuration of regional spaces. First, the authors brought forward an indicator of regional powers' “hubness” that aims to capture the “degree of relative market interdependence” between a regional power and its smaller neighbors,<sup>9</sup> and used it to measure the evolution between 2000 and 2010 of the relative market dependence on Brazil, Russia, India, and China of their respective home regions, institutionally defined as UNASUR (Union of South American Nations), CIS, SAARC (South Asian Association for Regional Cooper-

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7 The measures of centrality are *eigenvector centrality*, (which measures the importance of a node in terms of its connections to other central nodes), *authority centrality* (whether a country is important in the network as an import destination), and *hub centrality* (whether a country's exports are directed to many important destinations) (*ibid.*, 99).

8 A regional export hub “plays a dominant role in the trade of its regional partners, but exhibits a more intense orientation towards the rest of the world,” making the regional power's importance as a destination market for the smaller regional states greater than its reliance on intraregional exports. “This can be the result of regional production networks, in which final products made of inputs produced in different spokes are exported by the hub country to the rest of the world” (*ibid.*, 92 and 95).

9 The formula employed by Chen and De Lombaerde is:  $HMAB=EXAB*(1-IMAB)$ , “where *HMAB* measures the ‘hubness’ of nation B from nation A's point of view. *EXAB* shows exports from A to B as a share of A's total exports, and *IMAB* is B's imports from A as a share of its total imports. The value of the hubness measure ranges from 0 to 1. The closer the value to 1, the deeper the dependence of A's exports on B's market” (Chen and De Lombaerde 2014, 121).

ation), and ASEAN+3, respectively. Their findings were mixed, showing that only ASEAN+3 significantly increased its relative market dependence on Chinese imports and exports. Within SAARC, the smaller landlocked states of Bhutan and Nepal also reinforced their traditional dependence on India in the time period, less so Sri Lanka, the Maldives (by an increment of less than 0.1) and Afghanistan (less than 0.2). The South Asian secondary regional powers, Bangladesh and Pakistan, successfully resisted the pull of the Indian market and have maintained their historical marginal levels of exchange with India. Within UNASUR and CIS, however, regional states were generally more dependent on Brazil and Russia, respectively, in 2000 than they were in 2010. This reveals an overall decrease of these regions' relative market dependency on their regional powers during the first decade of this century. In South America, only Bolivia shows an increase greater than 0.1 points, whereas Paraguay, Uruguay, Venezuela, Ecuador, and Argentina all reduced their reliance on the Brazilian market. Within the post-Soviet space, the only country that became more dependent on the Russian market was Ukraine (*ibid.*, 122).

In a second step, the authors examined the evolution of the degree of globalization of regional powers (measured by the KOF Globalization Index<sup>10</sup>) against the backdrop of the average level of globalization of their regional neighbors. In this respect, a revealing indicator of regional scenarios moving toward the formation of hub-and-spoke structures would be to see regional powers featuring a considerably higher degree of globalization and globalizing at a faster pace than their neighbors. However, the data from 1990 to 2009 shows that even when regional powers display slightly higher levels of globalization than their home regions, overall neighbors globalized at a similar pace to their regional powers. In the case of South America, Brazil's level and pace of globalization were almost identical to that of the rest of UNASUR (*ibid.*, 123-124). Last, Chen and De Lombaerdes' study corroborates Iapadre and Tajolis' results by also finding that the increased participation of these regional powers in global markets does not induce them to import more products from the regions; instead, they source inputs from extraregional suppliers, thereby reducing their role in intraregional trade to that of "local suppliers" (*ibid.*, 125-126). The authors also observed, however, that even when this role was positively related to the regional powers' economic size and level of globalization, it was negatively related to the region's average level of globalization, suggesting thus that as regional neighbors globalize, they may diversify their sources of imports as well (*ibid.*, 126).

One could argue that the overall decrease in several indicators of regionalization in most of the home regions of the BRIC countries – with the possible exception of China's – as substantiated by these studies can be ascribed to the intensification of "globalization," possibly due to a drop in transportation and communication costs, as one of the articles suggests

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10 The KOF Index of Globalization considers economic, social and political variables. For a detailed account of the criteria and weights, see Dreher et al. (2008).

(Iapadre and Tajoli 2014, 89-90). However, as an explanation, the argument that more globalization causes less regionalization is tautological. Instead, it is useful to conceive of globalization as a dependent variable. Globalization may be the outcome of expanding (mercantilist) empires, as in the times of colonialism, or the result of the global reach of multinational corporations' investments, as in the last wave of globalization during the 1990s. Therefore, it makes sense to inquire about the drivers behind this "intensification of globalization." Are they purely economic in nature, or is there also an underlying component of political state agency? For instance, by seeking to account for the substantial growth of trade among developing countries (which, judging by the findings listed above, do not seem to be clustering on a regional basis), Gordon H. Hanson (2012)<sup>11</sup> concluded that falling trade costs, as predicted by standard gravity models such as the reduction of tariff barriers, the fall of transport costs, or the expansion of WTO membership, are insufficient on their own to explain why trade-to-GDP ratios have risen so much in low- and middle-income countries.<sup>12</sup> By the same token, Hummels (2007) provided evidence that the costs of ocean shipping have not decreased significantly during the period of observation. Alternative explanations, such as the expansion of multistage global production networks or the emergence of a finer degree of international specialization, can also tell only part of the story (Hanson 2012, 56-60).

In view of the general disagreement among economists about how to account for the closely related phenomenon of the surge of South–South trade, the role of political variables – such as the proliferation of North–South and South–South cooperation agreements (new strategic partnerships, bilateral FTAs, and other kinds of hybrid intergovernmental arrangements) between states belonging to different regions<sup>13</sup> – in producing part of the results obtained by the aforementioned studies (aka "globalization") should not be discounted, since these agreements very often involve governments' purposeful decisions to expand trade and

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11 Hanson found that, between 1994 and 2008, the share of exports from low-income countries going to low- and middle-income markets rose from 24 to 42 percent, while the share of exports from middle-income countries going to low- and middle-income markets rose from 33 to 46 percent. Within the same period, other middle-income countries absorbed 50 percent or more of middle income–country export growth.

12 Between 1994 and 2008, exports over GDP rose from 26 to 55 percent in low-income countries and from 25 to 55 percent in middle-income countries (Hanson 2012, 43).

13 The difference between strategic partnerships designed to open new channels of political cooperation and purely preferential, or free trade, agreements is sometimes not just of kind but of degree. This is partly because new-generation bilateral FTAs contain provisions on interstate cooperation that go beyond those policy areas usually covered by the WTO-Plus agenda. It is also because hybrid instruments referring to both economic and political issues have recently emerged. Taking into account only cross-regional agreements dealing with trade (most of them bilateral), WTO data reveals that they have mushroomed during the last decade to represent half of all PTAs that were in force by 2010. This proliferation has taken place predominantly alongside the North–South and South–South cardinal lines (see: WTO 2011, 58-61).

other kinds of exchanges with selected partner countries.<sup>14</sup> There is probably a two-way relationship between the opening of cross-regional trade opportunities and intergovernmental political decisions seeking to seize these opportunities and create new ones. Whatever the causes underlying their findings, these studies show that in the realm of interstate transactions or exchange interactions, at least for the time being, developments appear to be moving away from multipolarity scenarios in which regional (great) powers decisively shape the regionalization dynamics of their home regions.

## 5.2 South America: Shifting Patterns of International Alignments in a Multipolar World

This section offers a record of the shifting patterns of international alignments of some small and medium-sized South American states – namely, Bolivia, Colombia, Ecuador, Peru, and Uruguay. I include a varied sample of “hard cases” for the thesis that the foreign policies of smaller regional states are moving away from a prioritization of regional linkages toward a diversification of alignments and special relationships with a range of extraregional powers. These cases are “hard” for two important reasons: First, these states are not regional powers, nor do they perceive themselves as such in terms of possessing the capabilities to pursue active foreign policies on a multiregional or global scale, as Brazil and oil-rich Venezuela do. Second, none of these states is acknowledged as having a long-standing image of “trader state” in the sense of having traditionally privileged integration into the extraregional world as, most prominently, Chile has. Instead, due to their small size and geographical position, all used to subscribe to regional integration as the keystone of their strategies of international insertion. Thus, in terms of both structural power and geographical remoteness from the most important world markets, they can be considered as the least suited regional candidates to follow cross-regional international strategies. However, this is precisely what they have tried to do in recent years.

### *Peru and Colombia*

Being the largest and geographically best placed countries of the sample, these two medium-sized regional states have always enjoyed a greater ability to integrate into the extraregional world, even though, until recently, this world consisted of little more than the intermittent but strong pulling force of the United States. At least since the presidency of Alberto Fujimori (1990–2000), Peru has strived to strengthen economic and political links with the superpower. Above all, Fujimori played the cards of drug trafficking and terrorism to obtain U.S. foreign aid and support on debt relief (St. John 2011, 123). Trade relations were mainly conducted through the unilateral and nonreciprocal Andean Trade Preference Act (ATPA), enacted in

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14 For instance, the surge in South–South trade is strongly correlated with the increase of PTAs among developing countries – which by 2010 already represented two-thirds of all notified and non-notified PTAs in force (ibid., 55–56).

1991, and the Andean Trade Promotion and Drug Eradication Act (ATPDEA) of 2002, both of which also included other Andean countries. During the first half of the 2000s, however, while the Toledo administration (2001–2006) continued cultivating Peru's special relationship with the United States, this time by subscribing to a bilateral FTA, it also turned the country towards the region by concluding a strategic alliance with Brazil. Along with the main goals of launching a new-generation regionalism project, this alliance also included important bilateral trade and investment agreements (ibid., 126). Toledo's intention of making another turn, this time to the Asia-Pacific region, could not fully materialize until the García administration (2006–2011), in which we witnessed a dramatic move toward the proliferation of extraregional alignments, which started with a strategic partnership between Peru and China in 2008, followed shortly thereafter by a bilateral FTA between those two nations, signed in 2009. In addition to these new political and trade linkages with China, Peru also received funding for large mining projects, drawing up to 4.4 billion USD in Chinese investments. At almost the same time as it weaved these special bonds with the Asian giant, Peru negotiated two further bilateral FTAs with Singapore and Canada (both signed in 2008 and in force by 2009). A bundle of additional FTAs came shortly thereafter, this time with Thailand and South Korea (2009–2011), the EFTA countries (2010–2012), and Japan, Mexico, Panama, and Costa Rica (throughout the 2011–2012 period). Hence, of the countries examined, Peru undoubtedly constitutes the most striking case of a complete turnaround in foreign policy towards a multivectorial strategy of international insertion.

Even though Colombia enjoys a better international position than Peru, it did not espouse *in practice* the same impetus toward an increasing diversification of extraregional linkages that many of its peers did. Both the legacy of decades of economic, military, and political dependency on the United States and the heavy weight that internal insurgency and the cultivation of illegal narcotics traditionally bore on the formulation of foreign policy still seemed to loom large in Colombian foreign policy making throughout the 2000s. The Uribe administration (2002–2010), with its focus on defeating insurgency, only contributed to exacerbate these trends (Randall 2011). However, since the Santos administration took office in August 2010, most analysts have tended to converge on the view that Colombia's foreign policy is beginning to show more traces of change than continuity (Pastrana and Vera 2012; Palacio 2014). To start with, a general desecuritization of the country's external relations is being brought forward as the basis for a broader strategy of "thematic and geographic diversification." These new guiding principles, captured by Colombian strategists as *respice omnia* ("look to all") – rather than *respice polum* ("look to the north"), which dominated Colombian foreign policy until recently (Palacio 2014) – are enshrined in the National Development Plan 2010–2014 as well as reflected in multiple public speeches by President Santos (Pastrana and Vera 2012, 72; Ramírez 2011, 80). Yet, as already mentioned, though at the discursive level Colombia seems to fit with the increasingly prevalent strategic thinking in South America, in practice its diversification activities have been more modest than those of its neighbors, as

Colombia's foreign endeavors remain overly concentrated in the Americas – as the FTAs signed with the United States (2006–2012) and Canada (2008–2011) testify, and because the country is only timidly looking for new spaces in the extraregional world. Although it has already signed an FTA with South Korea, the Colombian strategy of insertion into the Asia-Pacific region has been, unlike its South American peers, prominently multilateral, primarily characterized by its seeking membership in APEC. Bilaterally, Colombia is only beginning to establish political and economic linkages with the extraregional states that form what has become known as the CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey, and South Africa), a group of countries with rapidly growing economies and similar international standings, but just beneath the BRICs in terms of size (*ibid.*, 90). An FTA with Turkey is already in the negotiation phase.

### *Uruguay*

Even when for a small country like Uruguay, deep regional integration with its larger neighbors is the most desirable scenario, an increasing awareness that Mercosur is capable of neither compensating for Uruguay's increasing feeling of isolation from wider international dynamics nor helping the small country in any conceivable way to gain access to the most important world markets is reinforcing an already mounting feeling of dissatisfaction with the general status quo of the regional bloc (Vaillant 2007). This perception has led Uruguay's foreign-policy elite to downplay regional integration as its primary international strategy and to correct course by initiating a process of bilateral negotiation with the United States that culminated in 2006 with the signature of a bilateral investment treaty (BIT). In the hopes of upgrading this relationship by turning the BIT into an FTA, Uruguayan diplomacy has concentrated its subsequent efforts on getting a special temporal authorization of Mercosur to conclude trade agreements with third countries individually, thereby seeking to suspend the norm of collective negotiation of the regional bloc. Since the institutional implications for Mercosur were substantial, instead of an FTA, Uruguay ultimately achieved a TIFA (trade and investment framework agreement).

### *Bolivia and Ecuador*

Being, or perceiving themselves to be, more vulnerable to the risks of negotiating trade agreements with much more powerful players, Bolivia and Ecuador have so far refrained from emulating the extent of Peru's strategy of commercial diversification.<sup>15</sup> However, this has not prevented these two countries from having avidly turned to a varied number of extraregional powers, including China, Russia, Iran, and France, arguably to attain two key foreign policy goals: to diminish their traditional dependency on the United States while still getting the investments they need to exploit their large endowment of natural resources.

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15 By the time this paper was concluded, however, Ecuador had signed a FTA with the European Union (on 17 July 2014).

Thus, counting on the availability of alternative sources of investment, Ecuador and Bolivia have both actively tried to distance themselves from the United States. Ecuador chose not to renew an agreement giving the United States access to a military base on its soil, and Bolivia has gone further by expelling the United States Drug Enforcement Administration (DEA) and the United States Agency for International Development (USAID) from the country and suspending official diplomatic relations. As a result of this policy, Bolivia lost the benefits from the ATPDEA and ATPA, which gave it preferential access to the U.S. market (Mathis 2009, 4). In June 2013, Ecuador followed suit by unilaterally renouncing the same agreements (El Universo 2013). Interestingly, this policy of “cutting ties” with the United States has not, as one might expect, been accompanied by a bandwagoning policy toward the regional power, Brazil. On the contrary, both countries have re-signed contracts and nationalized stocks of the Brazilian oil company Petrobras. In November 2008, Ecuador further repudiated a debt it incurred with Brazil’s development bank BNDES for the construction of a hydroelectric plant and expelled the Brazilian company responsible for the project. Bolivia later proceeded similarly by cancelling a contract with the BNDES and the Brazilian construction company OAS in January 2013 (SSR 2008, 10).

Bolivia and Ecuador have found the resources necessary to pursue these policies in their own region as much as in the extraregional world. Whereas regionally, both states have engaged in the alternative regional project Bolivarian Alliance for the Peoples of Our America – Peoples’ Trade Treaty (ALBA-TCP) – wherein they have found the opportunity to draw on resources of the oil-rich “secondary” regional power, Venezuela, which granted these states generous trade and energy concessions – extraregional powers have eventually come to fill the empty slot left by either the United States or Brazil. In Ecuador, the re-signing of contracts with Petrobras has also meant the entry of the Chinese companies Andes Petroleum, Sinopec, and PetroOriental. China has also lent the Ecuadorian government up to 7 billion USD and is currently constructing a self-financed 2 billion USD 1.5 Gigawatt hydroelectric plant (Agostinis 2013, 510; Ellis 2009, 10). Russia, meanwhile, signed a strategic partnership on trade and security cooperation with Ecuador on the occasion of the first visit of an Ecuadorian president to Moscow, in October 2009. Initially, Russia issued the Andean country a 200 million USD concessional loan for military procurements (Bonet 2009). Later, in November 2013, during another high-level visit to Russia, Ecuadorian authorities secured Russian funding for the construction of several renewable energy plants worth 1.5 billion USD (RA 2013, 7). In Bolivia, the Russian state-owned oil company Gazprom is part of a 4.5 billion USD joint venture together with the French Total and the Bolivian Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) for gas and oil exploration (WR 2009, 4). China, Russia, Venezuela, and Brazil are separately providing Bolivia with the crucial technical assistance and military hardware it needs to continue its fight against drugs since the departure of the DEA (Mathis 2009, 5; Fox 2012). Although Iran and Ecuador have held various high-level conversations on defense and energy cooperation, the Middle Eastern regional power has gained a

stronger foothold in Bolivia, with which it has established a mechanism for political consultation and an industrial cooperation accord including 1 billion USD for investments, mainly to help strengthen YPF (RA 2007, 8).

This brief survey of a broad sample of South American states suggests that, irrespective of the ideological inclinations of the different administrations, there is a general convergence toward a certain type of strategic thinking that advises diversification of political and economic linkages with a preferably wide range of extraregional actors. This behavior shows how, at the unit level, perceptions about changes and the opening of new opportunities in the international system are motivating sometimes outright dramatic deviations from traditional foreign policy practices.

## 6 The Demise of New Regionalism in South America

The landscape of South American regionalism has remained unchanged for nearly fifteen years. To this landscape belonged the Andean Pact (relaunched in 1991 and renamed the Andean Community in 1996) and the Common Market of the South (Mercosur), created in 1991. Both of these regionalist schemes had the ultimate goal of establishing a common market and constituted paradigmatic instances of open regionalism, as they were designed to make their member states more competitive in the world economy. With varying emphases, they pursued a mixed institutional strategy of intergovernmentalism and regional integration to attain their goals.<sup>16</sup>

Today, most observers of Latin American politics would agree that these regionalist schemes are undergoing a deep crisis or have, at best, stagnated in recent years (Sanahuja 2008-2009, 13; Phillips and Prieto 2011; Malamud and Gardini 2012). Different explanations have been proposed to account for this decline. While some pundits have emphasized the role of endogenous variables such as the inherent limits imposed by a low degree of intracontinental trade in creating sufficient demand-side conditions for further integration (Burgess 2005), flaws in the institutional design of these regional organizations (Malamud and Schmitter 2011, 151-154) or (more recently) the volatile behavior of regional powers (Krapohl et al. 2014), others have begun to point to external variables and to identify a “propensity of emerging powers towards bilateralism” (Malamud and Gardini 2012, 128-29) or an “increasingly pronounced tension between regionalist strategies and global priorities” (Phillips and Prieto 2011, 121) but without really fleshing out what these variables consist of or why they operate in the way they do. Unlike this literature, I am not concerned here in accounting for the overall crisis of these regional schemes. Instead, what I briefly show is how the policies of established extraregional powers towards the region and the entrance of new (rising) powers

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16 The AC has developed a number of supranational institutions such as a commission, a parliament and a court of justice, while Mercosur has only established a supranational dispute settlement body.

into the regional scene have proved decisive in disrupting *de facto* the basic commitments supposed to sustain a strategy of open regionalism by giving individual states strong incentives to renege on the rules of cooperation in place since the 1990s – namely, the collective negotiation of trade agreements and the coordination of a common external tariff.

The first test of the resilience of these blocs came from the north. After failing to persuade South American states to form the continent-wide FTAA (Free Trade Agreement of the Americas), the United States decided to resort to a selective bilateral strategy to engage the region by negotiating and signing an FTA with Chile first. Yet, Chile was not taking part in any open regionalist scheme at the time. The same year this agreement came into force (2004), however, the United States repeated the exercise and started bilateral FTA negotiations with two key AC member states, Peru and Colombia. Both negotiations concluded in 2006 and entered into force, respectively, in 2009 and 2012. At almost the same time, a pulling force emerged from the east, as China attempted to brace its rapidly growing volume of trade with Latin America by seeking to establish bilateral FTAs. The first of them, signed with Chile, entered into force in 2006. A second FTA came into force in 2010, this time with a member state of the AC, Peru. An additional FTA with an AC member state, Colombia, is said to be currently under discussion.<sup>17</sup> Perhaps in the fear of being left behind by the United States and China, the EU forewent its interregional, bloc-to-bloc negotiation approach and signed two bilateral FTAs with Colombia and Peru in 2011, both of which entered into force in 2013.<sup>18</sup>

Mercosur performed better in resisting extraregional temptations than its Andean counterpart. However, it may be approaching the limits of its ability to withstand such centrifugal forces, as a bilateral EU–Brazil FTA seems likely to soon follow the “strategic partnership” signed by those partners in 2007. Indeed, after more than a decade of discontinuous and ultimately unfulfilled interregional negotiations for a comprehensive EU–Mercosur trade agreement, Brazil seems about to succumb to the temptation of making the most of its privileged bargaining position as the world’s seventh-largest economy and as a special EU partner, as evinced by its proposal in August 2013 to start negotiations over an FTA with the EU.<sup>19</sup> Thus, in less than a decade, an expanding network of bilateral FTAs between a number of extraregional powers and key member states of the AC and Mercosur have decisively rolled back these more or less functioning customs unions to the early stage of free trade areas. It is therefore possible to conclude, following Phillips and Prieto (2011, 116), that the new

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17 There are also rumors that China and Ecuador are studying the feasibility of an FTA.

18 The growing trade volume between China and Latin America is already threatening to displace the EU to third in the list of Latin America’s most important trade partners after the United States and China. In 2012, China was already the main trade partner of Brazil, Peru, and Chile.

19 Brazil’s growing preference for going it alone is reflected in the words of former Brazilian Foreign Minister Antonio Patriota: “There are objective conditions that create strong incentives for an advance on the EU–Mercosur front [...] but there is also an anticipation that each [Mercosur] country may be able to negotiate at separate speeds” (see Rathbone and Leahy 2013).

regionalism “has essentially run aground as a force for structural transformation of the political economy in Latin America.”

While multipolarity has had these deleterious effect on the AC and Mercosur, the new Latin American regional organizations that have appeared in the last decade such as UNASUR (2008), ALBA (Bolivarian Alliance for the Peoples of Our America) (2004), and the Pacific Alliance (2012) have all refrained from following the main strategic lines of open regionalism. None of them aspires to become a customs union or to negotiate trade agreements with third parties together. What is more, regional integration, or the delegation of “parcels of sovereignty” to supranational institutions, has been completely discarded by all of them both as a model and as an aspiration.

## 7 Conclusions

Whether the emerging multipolar constellation is leaning toward the formation of strong regional orders (or regiopolarity) or toward the decentered multipolarity model put forward in this article will remain an open empirical question for at least a couple of decades to come. By presenting some evidence from the evolution of “transactions” across several regions and shifts in the interactions patterns of the international relations of most South American states, this article has made the case that for the moment, the world (or at least parts of it) is transitioning to a kind of decentered multipolar constellation in which economic and political interstate relations are not clustering regionally, much less forming hub-and-spoke structures around the material preponderance of the local regional (great) powers, but are instead increasingly transcending the various regions’ geopolitical boundaries in all directions in which regional actors manage to link up with extraregional poles. This phenomenon is certainly not new in multipolar regions like East Asia or the Middle East, but seems counterintuitive in regions that have historically exhibited different forms of hierarchical regional orders such as South America, South Asia, or the post-Soviet space. These findings may also suggest that the various modalities of possible internal political organization imagined for regions within a regiopolar scenario, such as hegemonic institutionalism, spheres of influence, asymmetrical federations (Pedersen 2002, 683), and even “benign unipolarities” (Kupchan 1998, 42-43) are very unlikely to form.

The same applies to forms of so-called “tight” regionalism, such as regional integration and open regionalism, in which a more or less stable structure of incentives is expected to sustain a specific cooperation game among regional states on the supply side of integration. An emergent multipolar system resembling the decentered multipolarity model is likely to adversely affect precisely this set of variables, thereby making the pursuit of this kind of re-

gionalist strategies less likely to succeed. This applies especially, but not exclusively,<sup>20</sup> to the global South, where regionalism has traditionally been the result of supply-side forces. In these areas, we can expect an emergent decentered multipolar constellation to affect these forms of regionalism more severely. The empirical account of the demise of the new regionalism in South America proves the plausibility of this causal relationship and shows how the global- and unit-level interacting variables operating the mechanisms of decentered multipolarity may have orchestrated its fall. In light of these findings, this article agrees with Malamud and Gardini's (2012, 125) contentions that "the world is not going the regional way" and that "further deepening of regionalism in Latin America [and possibly elsewhere] is not to be expected." Regionalism will, of course, not vanish from world politics, but an increasingly multipolar constellation is likely to carve it in new forms, more flexible and porous.

It is a significant paradox that within the same period that witnessed the disarray of new regionalism schemes in South America, new forms of regionalism have managed to emerge, of which economic and political organizational lines considerably differ from the traditional blueprints of regional integration and open regionalism. As already mentioned, this new breed of regionalism – which has been labeled "post-hegemonic" by some scholars (Riggirozzi and Tussie 2012) – casts aside European-style integration goals, both at the practical and the ideological levels, bringing instead a strong element of political coordination to the center stage of regional cooperation. Most significantly, these accords imply a tacit understanding of the freedom of all member states to conclude strategic partnerships as well as trade agreements with whichever extraregional state they wish. Some of these new organizations, such as the Pacific Alliance, are even designed to maximize the benefits of these extraregional links. These features are congruent with the expectations I have put forward in this article regarding the effects of a multipolar international system on regionalism, and suggest that an adaptation or accommodation of regionalism to the political economy of a multipolar world might have already been taking place. Whether multipolarity is having similar effects in other regions of the world or motivating the adoption of new or modified regionalist strategies is an interesting matter for future research.

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20 For instance, within NAFTA the share of intraregional trade has been falling steadily since 2000. This decline applies to all three member states and to most products on both the export and import sides (see WTO 2011, 67 and 70). This development has also been accompanied on the political side by a rush of foreign policy activism in Mexico and Canada, both seeking to establish cross-regional FTAs and other types of bilateral agreements with a varied range of extraregional partners.

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