

Prospects of New Governance in South America: Insights from Europe

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Introduction

The 50th anniversary of the signing of the Treaty of Rome provides a timely opportunity for an evaluation of integration in the European Union (EU) and in the regions that have more recently followed in its footsteps. Regional integration initiatives have permeated the globe and certain aspects of the European integration process are apparent in many of them. While they are all deserving of a comprehensive analysis, the focus of the present study is on the EU, the Andean Community of Nations (CAN), and the Southern Cone Common Market (MERCOSUR).

A cursory glance of these three integration processes over the past year yields, at best, a questionable state of affairs. In Europe, following the negative results of the 2005 French and Dutch referendums on the Treaty establishing a Constitution for Europe, a reflection period was introduced, theoretically a time during which the future of Europe was to become clearer. Almost two years later, the reflection period has been extended seemingly indefinitely and there is no apparent solution to the current EU's situation of limbo. Integration conditions across the Atlantic appear no better and in fact reached crisis levels as Venezuela withdrew from the CAN and became a full member of MERCOSUR. Within MERCOSUR, the two smaller countries (Paraguay and Uruguay) have become somewhat disenchanted with the process, largely as a result of what they consider to be unequal trade benefits amongst the organization's member states.

While these headline-grabbing problems have received a great deal of public attention, and indeed are cause for concern, the day-to-day workings of regional integration in Europe and South America have not been interrupted. In fact, they continue with the declared support of the majority of the regions' leaders and with significant progress in certain areas of regional competence. The most visible integration has taken place in Europe with Bulgaria and Romania becoming full members of the EU on 1 January 2007, and Slovenia adopting the euro as its national currency on the same date. No less important have been the steps taken in the CAN and MERCOSUR towards increased regional integration. It is now possible for citizens of all of the CAN countries to travel without a passport or

visa within the CAN, providing a very important element to a truly single market, the free movement of people. A CAN passport meeting all of the newest international standards has also been adopted, implemented, and internationally recognized. In the Southern Cone, the January 2007 MERCOSUR Presidential Council approved the first US\$100 million for social, health and infrastructure development projects in Paraguay and Uruguay through the MERCOSUR Structural Convergence Fund (FOCEM). Similar to the European structural funds which have been considered one of the great successes of the EU, FOCEM is designed to create more cohesion between the member countries of MERCOSUR, and rectify the natural regional inequalities resulting from different levels of economic development and strength among the member states.

In order to strengthen regional integration in the EU, the European Commission, since 2000, has encouraged improving European governance which became one of the Commission's strategic objectives. Thus, for the past seven years the Commission has been on a constant quest to improve methods of governance not just in its own daily practices but also in its external affairs. The EU has made the adoption of good governance initiatives a requirement for the allocation of its external regional development funding. With a conceptual framework based on governance, this paper will address to what extent and in what forms the EU, the CAN, and MERCOSUR have adopted practices of good governance, specifically those related to nonhierarchical governance. This qualitative analysis is based on a comprehensive review of original language primary documents from all of these regional organizations, hundreds of news articles, and official speeches. I argue that since 2005 the CAN and MERCOSUR have initiated but not consolidated exercises of good governance, particularly in the social, environmental, and cultural competences.

Governance and Regional Integration

Globalization, an undoubtedly contentious concept, both in terms of its meaning and its reality, nonetheless provides the context in which governance has become an overriding concern in sub-state, state, and supra-state politics. In its most basic construct, globalization refers to increased transborder interactions and worldwide implications. From this perspective, "globalization implies that connections across frontiers are not just occasional or random, but rather are regularized such that there is a detectable *intensification*, or growing magnitude, of interconnectedness, patterns of interaction and flows which transcend the constituent societies and states of the world order" (Held and McGrew, Goldblatt and Perraton, 2003: 67). In response and complementary to globalization, a parallel process has emerged, one of regionalization which has typically been accompanied by the creation of regional organizations and institutions. Within this increasingly accepted panorama of the current international system, the study of the interaction between state and non-state actors in policymaking and deci-

sion-making processes, governance in its simplest terms, has become progressively more necessary to explain national and international political processes and outcomes.

Governance does not negate the primary role of state governments in policymaking and decision-making either at the national or international levels, however, it does recognize the influential role of additional agents in these processes such as corporations (domestic and transnational), non-governmental organizations, and civil society groups, to name but a few. At the most basic level, from a liberal institutionalist perspective, governance is “the processes and institutions, both formal and informal, that guide and restrain the collective activities of a group” (Keohane and Nye, 2000: 12). More precisely, Rosenau argues that governance is represented by an increasing number of “centers of authority” around the world and at “every level of community” (Rosenau, 2003: 224). He further suggests that in comparison to the rule systems of government which are highly structured, the rule systems of governance are “social functions or processes that can be performed or implemented in a variety of ways at different times and places (or even at the same time) by a wide variety of organizations” (Rosenau, 2003: 225). This conceptual approach to governance accounts for political participation from different actors, at different times, and with regard to different competences, an invaluable tool for understanding political processes not contained within sovereign state borders and not limited to state actors. While not necessarily theoretical in nature, governance does provide a framework for researching and explaining political interactions and outcomes in processes of regional integration.

The EU has been by far the most widely studied process of regional integration in terms of governance. Multilevel governance has focused nearly exclusively on the EU and provides an alternative approach to state-centric theories in analyzing decision-making and policymaking in Europe. In this view, “European integration is a policy-creating process in which authority and policy making influence are shared across multiple levels of government – subnational, national and supranational” (Hooghe and Marks, 2001 [quoted in Nelsen and Stubb, 2003: 283]). Multilevel governance provides yet another explanatory tool for this study by incorporating sub-national levels of government, a necessary though not sufficient element for establishing nonhierarchical governance.

Given the complexities of the EU and the intention to “bring the EU closer to the European citizens”, one of the four strategic objectives of the European Commission in 2000 was to reform European governance. In the Commission’s 2001 White Paper on this subject, European governance is defined as “the rules, processes and behaviour that affect the way in which powers are exercised at the European level” (Commission of the European Communities, 2001: 8). The White Paper also identifies five principles of good governance that the EU works toward achieving, promotes in countries with which it has institutionalized relations and agreements, and attempts to embrace in its relations with third countries

(Commission of the European Communities, 2001: 27). These five principles of good governance are openness, participation, accountability, effectiveness, and coherence. Of these, this paper will focus on the principle of participation, sub-national governmental and non-governmental, in the EU, the CAN and MERCOSUR.

Research related to governance in the EU has come a long way over the past decade. The same cannot be said, however, for governance in processes of regional integration in the developing world,¹ despite the benefits it provides as an explanatory tool and its potential contributions to the study of regional integration and multilevel political processes and outcomes throughout the world. This paper seeks to add to these research areas and continues by considering progress in adopting exercises of nonhierarchical governance in the EU, the CAN, and MERCOSUR, focusing on the principle of participation by sub-national governments and civil society in regional policymaking and decision-making processes.

Sub-national Governments' Participation in the EU, the CAN, and MERCOSUR

Participation refers to the involvement of all those with an interest in the deliberations (though not decision-making) of a policy from its conception to its implementation, including but not limited to local and regional governments, grassroots organizations, and civil society (Commission of the European Communities, 2001). Why is participation such an important element of regional governance? The answer lies in the indispensability of legitimacy. "It [the Union] will no longer be judged solely by its ability to remove barriers to trade or to complete an internal market; its legitimacy today depends on involvement and participation. This means that the linear model of dispensing policies from above must be replaced by a virtuous circle, based on feedback, networks and involvement from policy creation to implementation at all levels" (Commission of the European Communities, 2001: 11). Legitimacy has long been a crucial aspect of the internal affairs of sovereign states, not only as a means of perpetuating political systems but also for recognition and respect in the international community; the same holds true for regional organizations.

European Union

The EU, with its mix of centralized and federal states, homogenous and ethnically divided societies, is a regionally diverse organization. The local and regional European governments have the responsibility for implementing the

¹ Phillips (2000, 2001, 2003), Griffin (2005), Caballero-Anthony (2004), and Söderbaum (2004) have begun to explore the issue of governance in regional integration in developing areas: the Southern Cone, the Caribbean, Southeast Asia, and Africa, respectively, yet much work remains to be done.

majority of the EU policies. The EU, however, did not institutionalize involvement of these governments until the 1990s, and only after a push for inclusion from these governments themselves. In the 1980s regional and local European governments began to collectively pressure the EU to reduce the democratic deficit and to recognize the regions in carrying out the EU's work. These efforts resulted in the creation of the Committee of the Regions (CoR) in the 1992 Treaty on European Union.

First meeting in 1994, the CoR now consists of 344 members, all of whom must hold a regional or local authority elected position or be politically accountable to an elected assembly. The European Commission and the Council of the EU are required to consult the CoR on policies related to the following issues: economic and social cohesion; education and youth; culture; public health; trans-European networks; transport; employment; social affairs; environment; European Social Fund; and vocational training (Committee of the Regions of the European Union, 2007). The CoR is responsible for providing written opinions on requested consultations and initiating its own opinions on additional issues the members feel are of particular interest to local and regional governments. This Committee provides a "formal outlet in which local and regional authorities can be heard through direct access to the EU institutions and their policy and decision-making processes" (Roy and Kanner, 2006: 30).

Andean Community of Nations and MERCOSUR

Economic crises and political instability have afflicted the Latin American countries for centuries. There is no doubt that at the domestic level all of these countries are in need of governance reforms. With these overriding and persistent problems why and how can the process of regional integration be important and, even necessary, for developing sustainable solutions in CAN and MERCOSUR? First, while governance may be failing on the national level, it may be stronger at other levels, including the regional and the local. "The weakening of the state does not necessarily imply an equivalent weakening of governance, which may be stronger at other levels than the national, involve new actors, and be both informal and private" (Söderbaum, 2004: 422). Second, the current economic crises and political instability are not contained within national borders and therefore, require a regional approach to their alleviation. Finally, just as in Europe, regional integration is not considered an end in and of itself but rather a means to resolving deeper and longer lasting problems such as was the case of the European Coal and Steel Community, which made war in Europe not only unthinkable but materially impossible. EU leaders argue that the same can hold true for South American integration, and are funding projects they believe will strengthen the CAN and MERCOSUR. These two sub-regional integration projects have welcomed this cooperative encouragement from the EU and, both

with and without the EU's financial assistance, have made small strides towards increasing participation in regional policy and decision-making processes.

Prior to the middle of the current decade, integration in the CAN was an exclusively elite progress with a singular focus on business and trade. The former Secretary General of the CAN, Allan Wagner Tizón, in an interview on this subject with César Contreras Altuve of *Ultimas Noticias* (Caracas, Venezuela) in November 2005, commented "We have not achieved integration that allows effective solutions to the problems of poverty, exclusion, and inequality in our societies." Realizing that the economic situation of the CAN countries remained precarious the agenda has changed to focus on "development with social inclusion". One of the mechanisms adopted to achieve the goals of this agenda is greater participation from regional and local governments in the regional integration process.

In May 2004, the Andean Council of Foreign Ministers approved the creation of the Andean Consultative Council of Municipal Authorities (CCAAM) which met for the first time on 1 July 2005. This consultative body, similar to the EU's CoR, is responsible for providing opinions and recommendations to the institutions that comprise the Andean Integration System (SAI).² This institution "represents a landmark in Andean integration as it incorporates the cities with a leading role in the decentralization of community policies and initiates a cooperative agenda between the local governments" (General Secretariat Andean Community, 2007a). Just as the CoR in the EU, the CCAAM is expected to consult on an established policy agenda: regional development; small and medium-size businesses; strengthening the Andean identity; utilizing new information and communication technologies to strengthen the connections between Andean cities; civil society; and financial mechanisms to promote local development and social cohesion (General Secretariat Andean Community, 2007a).

Much like integration in the CAN, the process of integration in MERCOSUR has been dominated by the elites, particularly the presidents of the member countries. Though there has been a strong push from the local and regional governments for greater recognition and participation in the policy and decision-making processes in the Southern Cone, the heads of state of these countries have been reluctant to grant greater sub-state involvement. Just as in the CAN, however, there is evidence of at least minimal progress towards greater participation.

On their own accord, and with the twin goals of gaining greater recognition for their potential role in regional integration and institutionalizing their participation in decision-making processes, several mayors of cities within the member

² The SAI is a network of institutions, including a Commission, Parliament, Council of Foreign Ministers, and Court of Justice (among others) responsible for the policymaking and decision-making processes of the CAN.

countries of MERCOSUR³ founded a city-level network called Mercociudades. The pressure they exerted on the leaders of MERCOSUR and its institutions resulted in the creation of the Specialized Meeting of the Municipalities and Departments of MERCOSUR, which met four times from 2001 to 2004. In 2004, the MERCOSUR Common Market Council approved the creation of the Consultative Forum of Municipalities, Federated States, Provinces and Departments of MERCOSUR. In this early stage it is still difficult to determine how much involvement this Forum will have in the policy and decision-making processes of MERCOSUR, particularly since the Decision that provides for the Forum's creation is rather vague on this point. There is little doubt that the Forum comes up short of what the network of MERCOSUR city leaders were hoping for (Chasquetti, 2006), yet small progress in this direction is certainly more welcome than no progress at all.

Civil Society Participation in the EU, the CAN, and MERCOSUR

Civil society - institutionalized peaceful citizen participation in organized social activity - involvement in policy and decision-making processes has become one of *the* key and most widely recognized successful elements in improving governance at all levels - sub-state, state, regional, and global. In his 20-year study of Italian regional governments, Robert Putnam found evidence that "the quality of governance was determined by longstanding traditions of civic engagement (or its absence)" (Putnam, 1995: 66). Particularly in developing countries, civil society has been seen as partially filling the gap left by weak, inefficient and/or corrupt state and local governments. In these countries, civil society groups often represent the interests of those who have been ignored or marginalized and have no formal access to the state. As civil society has begun to make inroads into influencing policy and decision-making at the national level in these countries, there has been a push to do so at the regional level as well. The inclusion of civil society groups in policy and decision-making processes creates a networked system of governance that is necessarily nonhierarchical and one that theoretically will be more effective and have greater legitimacy.

European Union

Much earlier than the EU's 2001 White Paper on Governance, in fact with the creation of the European Economic Community, the European process of regional integration began to provide an institutionalized method for civil society to participate in its policy and decision-making processes. The European Eco-

³ The full member countries of MERCOSUR at this time were Argentina, Brazil, Paraguay and Uruguay, and the capital cities of each of these countries were amongst the 12 founding cities of Mercociudades.

conomic and Social Committee (EESC) was created through the 1957 Treaty of Rome and is an institution designed to be a formal link between the EU and organized civil society. This objective was reinforced by the EESC in 2004 when it established a Liaison Group to better coordinate and communicate with organized civil society groups in the EU member states.

There are 344 members of the EESC from the 27 EU member states. The EESC, like the CoR, is an advisory body from which the European Commission and the Council of the EU must solicit an opinion on proposed policies in certain issue areas: single market, education, consumer protection, the environment, regional development, and social affairs (Roy and Kanner, 2006: 82). Like the CoR, the EESC is responsible for providing written opinions on requested consultations and initiating its own opinions in cases where the members feel there will be a significant impact on organized civil society. According to a former President of the EESC, Beatrice Rangoni Machiavelli, the strength of the EESC “lies in our role as representatives of civil society, in the breadth of our mission, in the experience and skills of our members who are an integral part of economic and social life, and in the quality of our opinions. This strength will enable us to contribute with renewed enthusiasm to a most ambitious and exciting project: building a united Europe” (European Economic and Social Committee, 2007).

European civil society was encouraged and did widely participate in the 2002-2003 European Convention established to debate the future of Europe, and which ultimately produced the draft Treaty establishing a Constitution for Europe. During the Convention, a Convention Forum was created to serve this process, particularly via the Internet. Although the Convention’s work has come to an end and the future of Europe is undergoing a period of reflection, civil society participation in this debate continues through an EU Internet site called Futurum (Europa: The Future of the European Union – Debate, 2007). The continued direct participation of civil society in this debate will ensure the future path of the EU, when it is decided, is more legitimate in the eyes of the European citizens.

Andean Community of Nations and MERCOSUR

Since the transitions from authoritarian regimes in the South American countries, most of which took place in the 1980s, there has been a great increase in civil society organizations, due in large part to the new democratic environments. These civil society groups have been somewhat successful in holding governments accountable and bringing issues to the national and regional agendas that would not have otherwise been priorities. Just as the EU considers civil society to be one of the keys to improving its own governance, it believes the same can hold true in South America, which is demonstrated in the White Paper on Governance and in the EU’s subsequent policies towards the CAN and MERCOSUR.

The European Commission's 2004-2006 Revised Regional Indicative Program for the Andean Community includes a specific initiative and budget line for CAN interaction with Andean Civil Society. This initiative, funded with €4 million of EU technical and financial assistance will:

involve transferring the experience amassed by the EU in its work with civil society. European know-how relating to the participation of civil society in political processes will be transferred, particularly to minorities such as indigenous peoples and to other social groups such as women and trade unionists, who have traditionally been neither consulted about political initiatives nor involved in their implementation or whose vital interests are threatened by such initiatives (European Commission Directorate General External Relations, 2004: 8).

The dual objectives of this civil society program are (1) to strengthen the democratization of the integration process, and to spread awareness about Andean integration and its potential benefits, all to help garner popular support for the CAN; and (2) to support and enhance the construction of the Andean zone of peace (European Commission Directorate General External Relations, 2004).

European support for the development of MERCOSUR civil society and its inclusion in the Southern Cone integration process is currently much greater than it is for the CAN. The EU had not prior to 2002 developed any civil society-specific projects with MERCOSUR, however, that significantly changed with the MERCOSUR-European Community Regional Strategy Paper 2002-2006. In this strategy, the EU funds civil society development and participation within MERCOSUR itself as well as joint civil society inclusion in the negotiations for the EU-MERCOSUR Association Agreement. To this end, two EU-MERCOSUR civil society conferences were held, one in 2000 and one in 2002. With regard to financial assistance over this four-year strategy period, the EU earmarked €14,500,000 for civil society development and participation, with a special emphasis on joint EU-MERCOSUR civil society projects with the purpose of disseminating a greater amount and higher quality of information regarding the EU-MERCOSUR negotiations to the citizens on both sides of the Atlantic Ocean. The MERCOSUR and EU-MERCOSUR projects entail establishing an information society, enhancing MERCOSUR's social dimension, and creating an educational and cultural dimension with audiovisual support and industry integration (European Commission Directorate General External Relations, 2002).

What progress has been made in these two sub-regional organizations toward developing civil society participation in their integration processes? In the case of the CAN there is evidence of not only increased, but sustained and institutionalized mechanisms for civil society groups to interact within the SAI. In

addition to the relatively new consultative institutions that have been created for this purpose, the CAN often posts on its website open calls for public participation in the form of submitted opinions, points of view and recommendations on issues under current consideration by the CAN.

The creation of institutions that act as liaisons between the CAN and civil society are another indication of progress toward meeting the established goal. A Business Advisory Council and a Labor Advisory Council have been operational since 1998; both are consultative bodies with the power to present their opinions and recommendations to the other institutions of the SAI. The Business and Labor Advisory Councils are composed of delegates from each one of the CAN member states, representing the highest level of national business and labor organizations (General Secretariat Andean Community, 2007c). More recently, in 2002, the Andean Indigenous Board was inaugurated, with representatives of Andean indigenous community organizations, governmental organizations, ombudsmen, and a group of experts. This consultative body is charged with providing opinions and recommendations on matters of relevance to the Andean indigenous communities, particularly, reducing poverty, development with social equity, and recognition of the role of the indigenous communities in the Andean countries (General Secretariat Andean Community, 2007d). In 2003, the Andean Council of Foreign Affairs Ministers passed Decision 539, which establishes another consultative body, the Andean Consumer Defense Board, responsible for ensuring fair market and commercial practices for the citizens of the CAN member countries (General Secretariat Andean Community, 2007b). While it is still difficult to determine the actual outcomes of these newly formed advisory institutions in the CAN, given their fairly recent development, their mere existence is an indication that the CAN, despite much less EU financial support for such initiatives, is taking very seriously the challenge of including civil society in the process of Andean integration.

Institutions have also been created to enhance civil society participation in the process of integration in MERCOSUR. The main consultative body of this nature is the Economic and Social Consultative Forum (FCES) which was created in 1994 through the Ouro Preto Protocol, began operations in 1996, and is largely modeled after the EU's EESC. The FCES is composed of individuals representing national business and labor organizations of the MERCOSUR member states. In addition to submitting opinions and recommendations to the Common Market Group, MERCOSUR'S executive institution, one of the main responsibilities of the FCES is to promote the inclusion of civil society in the MERCOSUR integration process. The FCES is continuously involved in the following four issue areas: consolidation of the MERCOSUR customs union; deepening the process of Southern Cone integration; the external relations of MERCOSUR; and social aspects of integration (Administrative Secretariat MERCOSUR, 2007).

In the context of the FCES, another advisory body was created in 1995, the MERCOSUR Women's Forum (FM). A completely nongovernmental organization, the FM represents the issues of primary interest to women to the FCES and other MERCOSUR institutions. The FM interests of focus are reducing poverty and unemployment amongst women, and increasing gender equality and women's security (Ministry of Foreign Affairs, 2005). The FM provides an institutional link to MERCOSUR for many civil society organizations and their interests.

Conclusion

Although the EU, the CAN, and MERCOSUR are currently experiencing complications in their processes of regional integration, this does not necessarily ring the death bell for these regional organizations. In fact, as has been demonstrated in this paper, while the difficulties have been the dominant issues in the press, behind the scenes, integration continues to progress, and indeed, move toward including certain elements of good governance in their daily practices. It should be remembered that the EU which has the longest experience in the regional integration endeavor has overcome crises at the local, national and regional levels during its 50 years to become what many consider to be the most successful attempt at regional integration in the world.

The institutionalized inclusion of sub-national governments and civil society organizations in the EU, CAN and MERCOSUR integration processes remains a work in progress. This is particularly the case for the CAN and MERCOSUR due to the relative newness of these exercises in the Southern Cone. The nature of these initiatives makes it difficult to measure their outcomes though this will be an important area for future research.

At the same time, sub-national governments and civil society organizations have begun, through consultation, to participate in the policymaking and decision-making processes of these three regional organizations, a positive advancement in and of itself. Participation by the people and the organizations that are most interested in specific policies and/or those that will be responsible for the policy implementation can only serve to make these policies more effective and legitimate in the eyes of those they are developed to serve. Strengthening the legitimacy of these regional organizations will reinforce their mandates to govern those issue areas which are of common interest to the governments and civil societies of their member states.