



## **The Latin American Union? Lessons for Latin America from the European Union and the**

**II.**



Pan-American Union was created to promote trade among nations in the hemisphere.<sup>30</sup>

years later, ALBA established a common currency known as SUCRE to replace the U.S. Dollar in trade transactions among members.<sup>43</sup> In addition, the union became especially appealing for smaller nations hoping to exchange with the oil-rich Venezuela.<sup>44</sup> Indeed, the union added several Caribbean nations and would later add Nicaragua, Bolivia, and Ecuador.<sup>45</sup> But the limits of establishing an economic union based on shared political values and oil trade alone proved insufficient in the long run. After years of criticism from members about the union's dysfunction, Bolivia and Ecuador eventually left the union when right-wing governments came to power citing irreconcilable political differences and accusations of political interference by the group in their nation's electoral process (Bolivia would re-join in 2020 when left-leaning Luis Arce came to power).<sup>46</sup> Indeed, it was an alliance limited by political dogma that kept nations such as Colombia, which Hugo Chávez

identity that surpasses national borders.<sup>53</sup> Countries that significantly trade with one another over a certain period of time not only become economically interdependent, but may also work together towards shared goals.<sup>54</sup> Drawing insights from this, Latin America might find that fostering a unified "Latin American" or "Latino" identity, based on shared socioeconomic bonds, offers a more powerful path to integration than relying on the divisive political rhetoric from a minority of nations within the region.

Federalists in Europe understood that intranational bureaucracies or meeting groups do not create the attachments between citizens of nations that is necessary for genuine economic integration.<sup>55</sup> Creating a regional central bank or multi-nation parliament wouldn't just simply make the citizens of Argentina identify with the citizens of Brazil. As Jacques Delors, the main architect of the EU, aptly noted: "you can't fall in love with a single market."<sup>56</sup> Economic advantages of integration, by themselves, do not sway public opinion. While citizens may consider the economic consequences of integration, conceptions of group membership, such as family or nationality, are much more potent.<sup>57</sup> In Europe, to encourage feelings of togetherness and "Europeanness," pro-union federalists sought to weave both a narrative and symbols, crafting a story with which citizens could identify.<sup>58</sup> In essence, the treaty of Paris became the first step in a much larger effort by pro-union federalist in the continent to establish the European Union.<sup>59</sup> The arduous journey to cultivate a sense of unity cannot be supplanted by fleeting summits and impassioned political rhetoric, as exemplified by former Venezuelan president Hugo Chávez's proclamation that Bolívar's dream had been realized after the region's heads of state agreed to establish CELAC.<sup>60</sup> During the creation of the EU, the identity narrative channeled human bonds to fuel efforts to redefine notions of nationality, create a new cultural identity, reorganize the continent's political and economic powers.<sup>61</sup> Europe's tumultuous past, especially the scars of war, provided valuable lessons on forging economic solidarity. The European Union has consistently reinforced the shared values and achievements of its member nations through poignant symbols.<sup>62</sup> Its blue flag adorned with twelve yellow stars, along with its distinctive anthem, echoes the symbolic resonance of a unified nation.<sup>63</sup> The word "euro" was applied to everything from trains and football championships to the EU's euro coins and bills.<sup>64</sup> National symbols such as flags, anthems, money, and passports are what cause people to recognize themselves as a particular group out of habit.<sup>65</sup> Contrast this deliberate and strategic process of identity formation with the efforts undertaken by Latin America to economically integrate—occasional diplomatic meetings, preliminary drafts for regional group formation, only to witness the withdrawal of member states upon political shifts.<sup>66</sup>

---

<sup>53</sup> See Godby, *supra* note 46, at 26.

<sup>54</sup> See generally *id.*

<sup>55</sup> See *id.* at 34.

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> See Burgess, *supra* note 48, at 2.

<sup>60</sup> Christopher Toothaker,

<sup>61</sup> See Godby, *supra* note 46, at 26.

<sup>62</sup> *Id.* at 35.

<sup>63</sup> *Id.*

<sup>64</sup> *Id.*

<sup>65</sup> *Id.*

<sup>66</sup> See Caroll, *supra* note 45.









economies through manufacturing growth.<sup>103</sup> While this alone will not overcome key differences between nations, when combined with other strategies, it may prove potent in creating the necessary economic and political impetus to integrate.

b. Latin America's Need for an Economic Union:

each nation's economic internal affairs as well as permanent offices inside the nation's central institutions.<sup>115</sup> This deepening relationship left Latin America more reliant on external economic institutions than ever before.<sup>116</sup>

region became more economically integrated than it had in the past due to a uniform approach to economic liberalization and privatization. Yet, this externally imposed uniformity did not meet the needs of a developing region.<sup>129</sup> Brazil and Ecuador's negotiations with the IMF were completely detached from the reality of the debt crisis on the populace of the country, particularly the most vulnerable on the economic rungs.<sup>130</sup> While Latin American nations suffered from inflation and under-



economic conditions for the creation of an economic union.<sup>152</sup> Smaller economies in the region may also join even if they don't share the same conditions, since they make up a significantly smaller share of the market.<sup>153</sup>

any gains in trade from the regional integration.<sup>165</sup> Because increases in trade may not be as potent as in more developed regions, Latin America must continue to engage with the international community, but would do so from a stronger position in a deeply integrated economic Union.<sup>166</sup> Nevertheless, significant economic gains can come from regional integration, as long as such integration is based on regional comparative advantages and scale economies.<sup>167</sup> A common currency can allow member states to better benefit from such gains as long as the common currency policy does not hamper their ability to engage in trade and investment opportunity with foreign entities.<sup>168</sup>

A point of concern for the region in creating an economic union is that of political shocks.<sup>169</sup> Political shocks, such as military coups, often lead to economic policy changes that may be detrimental to economic integration efforts according to conventional economic integration analysis.<sup>170</sup> While Latin America has had a long history of political instability, particularly in the 20th century, there are signs of increasing political stability in the region in the 21st century as social democratic institutions continue to grow stronger and thus reducing the threat such shocks pose to integration efforts.<sup>171</sup> But there are recent developments that may worry proponents of integration, particularly the on-going political and fiscal crisis in Venezuela, as well as the 2023 failed coup attempt on Brazil's political and judicial institutions by supporters of the former president Jair Bolsonaro.<sup>172</sup> Nevertheless, economic integration and common currency tends to foster greater political stability among its members, and thus this could serve as another benefit which proponents of integration may tout.

#### d. Creating a Common Currency

Latin America will likely need to integrate economically and politically into something akin to the European Union before establishing a common currency.<sup>173</sup> Taking the European model as an example, establishing a common currency requires that participating countries delegate currency policy to a central bank outside of its own jurisdiction.<sup>174</sup> Such a move contains a myriad of prerequisites; one which is a large degree of trust between participating partners.<sup>175</sup> In the EU, this trust was built through a 50-year project that began in the aftermath of the second world war.<sup>176</sup> Latin America will need to embark on its own journey of creating sufficient trust, particularly





that would symbolize the linking together of Europe.<sup>190</sup> To further cement the euro in the hearts and minds of the people, in the 1990s, the European Parliament President Enrique Barón supported the creation of a new comic book hero for Europe: Captain Euro, who saved people against his archenemy, Dr. D. Vider, who promotes division among Europeans from within.<sup>191</sup> The lesson for Latin America here is that the larger creation of a continental identity to promote regional integration can also serve as the basis for establishing a common currency.

Beyond building public support for the establishment of a common currency, a union must also do it in an orderly and efficient manner that lets all members' economies and business communities accommodate and transition to the new currency without causing chaos.<sup>192</sup> In Europe, the European Economic and Monetary Union (EMU) were a set of policies aimed at converging the economies of members states, each stage marking a deeper integration which culminated into the third and final stage—the adoption of the single currency known as the Euro.<sup>193</sup> In order for prospective members to join the Euro at the third stage, the European Union required that they meet certain criteria under Article 109(j) of the European Community Treaty—they had to maintain stable inflation rates, maintain control over national budgetary deficits, and maintain sustainable exchange rates, etc.<sup>194</sup> This high entry threshold meant that of the fifteen EU member states at the time, only eleven were eligible to adopt the common currency, and the rest who had not exercised their opt-out choice had to adjust their policies to meet the required criteria.<sup>195</sup> This



in Latin American keen on joining a common currency, the EU was greatly aided by the years-long creation of a “European” identity.<sup>214</sup> To that end, Latin America may find it to its benefit in the monetary realm to emulate Europe’s identity project.

f. Enshrining Societal Values through an Economic Union

One of the distinguishing elements of Economic Union agreements and FTAs is that they contain accords based on international human rights law.<sup>215</sup> They are meant to promote values such as labor rights, environmental protections, transparency, and respect for the rule of law.<sup>216</sup> Unlike the FTA which contains mechanisms that are largely based on self-regulation by member nations, an Economic Union can establish an enforcing body that can oversee new implementations andnal human righ

