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Measuring Integration Achievement in the Americas

Gaspare M Genna

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Philippe De Lombaerde • Edgar J. Saucedo Acosta
Editors

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Indicator-Based Monitoring of Regional Economic Integration

Fourth World Report on Regional Integration

 Springer

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Chapter 6

Measuring Integration Achievement in the Americas

Gaspare M. Genna

6.1 Introduction

Regional integration in the Americas is almost as old as the European project. However, it was not until the early 1990s that regionalism in the Americas progressed. Regional cooperation was part of a development strategy proposed by the United Nations Economic Commission for Latin America (ECLA or CEPAL in its Spanish acronym) under the directorship of Raúl Prebisch. ECLA recommended an integration strategy that promoted greater exchange within the region while simultaneously limiting exchange with countries outside the regions in order to reduce a theorized deterioration of their terms of trade (Franko 1999). In addition, the early regional integration organizations (RIOs), like the Andean pact and the Central American Common Market, included the coordination of industrialization policy that protected specific infant industries from completion, both inside and outside the region. This integration strategy did not produce the sustained results envisioned by its architects. These failures caused many decision makers at the time to keep a distance from initiatives that either restarted old regional integration projects or promoted the development of new partnerships. In the late 1980s and early 1990s, leaders became open to the idea once again, but with a different rationale. The Latin American leaders still viewed regional cooperation as a means to national economic development, but this time it would operate under the tenets of neoliberalism because of the belief that it would be a more efficient means towards growth. The RIOs that stagnated during the 1980s and the new arrangements of the 1990s and beyond adopted these notions.

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This chapter will describe one method to measure the complex set of regional integration achievements from their early beginnings. The Integration Achievement Score (IAS) was first developed by Hufbauer and Schott (1994), but was later refined and expanded (temporally and geographically) by Genna (2002). The measure taps the complexity of integration by disaggregating the phenomenon into its components, assigning values to these components, and then calculating a final index. By systematically measuring integration, researchers can perform side-by-side comparisons, especially large N econometric analysis. I will illustrate the application by assessing the integration achievement in the Americas. Like any method to measure complex phenomena, the method does have some limitations which need to be addressed. The paramount of these is the assessment of treaty implementation and the consistency of the implementation among the member states of the RIO. Lastly, another issue I will address is the analytical application of the IAS when one is faced with the problem of multiple RIO memberships.

6.2 The Integration Achievement Score

The IAS offers researchers a way to analyze regionalism by using systematic methods of measuring economic integration within and across regions. Systematic methods are desirable because it allows for direct comparisons of RIOs. Otherwise, we can be left with ad hoc measures which are specific to that region and therefore do not travel to other regions. Systematic measures that can be applied to any region around the world also allow researchers to test generalizable hypotheses.¹ The original IAS, as first developed by Hufbauer and Schott (1994), measured integration using a small number of RIOs for a single year, 1994. I added greater precision to their method, applied the method to a greater number of regional integration projects, and expanded the time frame from their inception through 2009.

The IAS is an index comprising six categories that measure the level of regional integration. Each category is further divided into six levels with values of 0 through 5 along a Guttman scale with larger values translating to higher levels in each category (see Table 6.1). A Guttman scale measures the progressively higher levels of intensity of an attribute since one cannot achieve a higher value until one passes through a lower value (DeVellis 1991). I apply an equal weight to each category. However, the researcher could wish to differentiate the weights depending on theoretical need. This is possible since the data is provided in a disaggregated manner. Each RIO is assessed using their ratified and implemented treaties, protocols, and other legal instruments that require a change in domestic law in order to

¹Systematic measures that can travel across all regions should not be viewed as a way to normatively judge (praise or criticize) RIOs. Scientific analysis is not interested in promoting integration nor is it interested in suppressing it. In other words, assessing regional integration is not an exercise akin to judging a beauty contest. The aim is to develop techniques to compare apples with apples so that we have generalizable findings.

Table 6.1 Integration achievement score (coding system)

<i>1. Trade in goods and services</i>
0 = No agreements made to lower tariffs and non-tariff barriers, 1 = Preferential Trade Agreement, 2 = Partial Free Trade Area, 3 = Full Free Trade Area, 4 = Customs Union, 5 = No barriers among member countries
<i>2. Degree of capital mobility</i>
0 = No agreements made to promote capital mobility, 1 = Foreign Direct Investment allowed in limited form, 2 = Capital withdrawal allowed, 3 = Full access for foreign investment and capital withdrawal, except for national government procurement, 4 = Full capital mobility except for large scale merges and acquisitions, 5 = Full capital mobility without restriction
<i>3. Degree of labor mobility</i>
0 = No agreements made to promote labor mobility, 1 = Right of movement granted for select professions, 2 = Full right of movement, 3 = Transferability of professional qualifications granted, 4 = Transferability of pensions and other retirement devices, 5 = Full freedom of movement
<i>4. Level of supranational institution importance</i>
0 = No supranational institutions, 1 = Establishment of nominal institutions, 2 = Information gathering and advisory role, 3 = Ability for institutions to amend proposals, 4 = Ability for institutions to veto proposals, 5 = Supranational institutions operate as primary decision node
<i>5. Degree of monetary policy coordination</i>
0 = No monetary policy coordination, 1 = Consultation regarding policy, 2 = Commitment to maintain parity, 3 = Coordinated interventions, 4 = Regional Central Bank establishment, 5 = Single currency
<i>6. Degree of fiscal policy coordination</i>
0 = No fiscal policy coordination, 1 = Consultation regarding policy, 2 = Commitments regarding deficit spending and taxation, 3 = Sanctions regarding breaking commitments, 4 = Uniform tax code, 5 = Single budget

fulfill the specific RIO obligations. I verify the implementation of RIO obligations among member states using information contained in various years of the Europa World Year Book (EWYB) and cross-referenced with other specialized sources.

The first category is trade in goods and services. This category is the foundation of regional integration and was for a time the only operational definition (see Balassa 1961). A RIO could, theoretically, have no provisions for trade so a zero value is possible, although unlikely. The next value up is allocated if countries develop a preferential trade agreement. Such an agreement allows for reduced duties or regulations on trade, but does not eliminate them. A partial free trade area is in place when some categories of goods and/or services are allowed to flow without tariffs. A full free trade area is an agreement that allows for free trade on all categories. A customs union is in place when countries have a uniformed tariff for goods coming into any RIO member from a non-member. It is possible for customs union to be in place while having a partial free trade area. In this situation, the RIO is assigned a 3.5 in this category. The highest value is given when RIO members remove all barriers (tariff and non-tariff) between each other.

The second category is free movement of capital. Liberalization in this category refers to direct investment in partner countries with the associated ability to

withdraw investment. It is important to note that values in this category are due to formal agreements among the RIO members and due to a country's unilateral liberalization of investment flows. At the first level, foreign direct investment (FDI) allowed in limited form. FDI at this level can be restricted by being tied to conditions of percent ownership by a citizen, partnerships with domestic firms, or other methods that would limit the independent exercise of the investment. The next level occurs when countries agree on a method that will allow for complete withdrawal of investment without penalties. At the next level foreign investment is allowed, as well as capital withdrawal, but not in areas involved in national government procurement. Often these areas are restricted due to national security concerns, but there are some minor exceptions to this. This next level allows for full capital mobility except for large scale mergers and acquisitions. This subcategory does not apply if the national government regulation requires approval for smaller mergers and acquisitions if the investor is a citizen of a RIO member country but not for its own citizens. Restrictions on government procurement areas must be removed for a value of 4 to be assigned. The highest value is given when there is full capital mobility (both in and out of the country) without restriction.

Following liberalization of capital is labor mobility. The unrestricted ability of labor to seek higher wages or other employment opportunities in the partner countries signifies that a single labor market is present. This single labor market is a strong indicator of an integrated economy because an important factor of production can be efficiently distributed. Right of movement refers to the automatic permission of entry for employment given by one member state to a citizen of another member state. At the first level, this right is granted for select professions, but at the subsequent levels, it is given to all categories of workers. Having the right of movement can be restricted by other means. Such restrictions include the transferability of professional qualifications. Agreements that standardize or at least recognize university degrees or other professional certifications warrant a value of three. Individuals could also be constrained from moving if their pensions or other retirement devices are restricted in some manner. This can include complete or partial forfeiture. The highest value is assigned when countries adopt agreements for the freedom of movement without the restrictions mentioned.

The next category is that of supranational institutions. The member states' collective deliberations are at the core of all RIO decision making. However, many RIOs also have regional institutions that participate in decision making at varying degrees. At the highest level, supranational institutions are central decision making actors in various areas. In order to score the maximum value in this category (that of 5), the supranational institutions need not command all authority within the RIO. For example in the case of a federal arrangement, the center does not possess all decision making power. The individual sub-national units do hold power and sovereignty in many areas. The values in this category assess the degree of importance in the decision making process. At the first level, a RIO establishes nominal institutions. These offices, often termed secretariats have no mandate other than to prepare and perhaps host meetings. At the next level, these secretariats are mandated to gather information and provide advice to the member states for their

collective decision making. At the next level, RIO institutions begin to have a more direct inclusion in the decision making process by having the ability to amend proposals. However, like reports and advice, amendments can be ignored because the member states can veto the amendment by overriding them with their own vote. The ability to veto proposals now aligns supranational institutions with their intergovernmental counterpart. The highest value is assigned to those supranational institutions that operate as primary decision node. This means that member states legally cannot, individually or collectively, reverse or block a decision made by a RIO institution.

The last two categories involve the monetary and fiscal policies of the RIOs. The category of monetary coordination refers to the progress in the establishment of common policies that adjust exchange rates among the member countries. At the first level, member states simply consult with each other regarding policy. Although consultation is mandatory at this level, commitments are not required. However, the transparency involved in these consultations can assist in informal coordination of individual policies. At the next level, member states commit to maintain parity among their individual currencies. How they will maintain parity is up to the individual member states. However, if they decide to coordinate interventions in their currencies in order to maintain parity, then the RIO moves up to the next level of this category. Next, the RIO members can become more committed to a single monetary policy by establishing a regional central bank. This bank would oversee all coordination by providing strategic planning, but also operates as an independent data gatherer and monitor of member states' activities. The highest value is assigned to RIOs that have a single currency used for all transactions under the governance of a regional central bank.

The final category is fiscal coordination, which refers to the establishment of spending criteria for the member states. Integration in this area helps to maintain stability that can be harmed should some governments develop excessive government debt, promote subsidies that could harm trade patterns, and/or develop uneven tax codes. At a minimum, governments can officially consult each other regarding fiscal policy in order to promote transparency and dialog. Next would be the establishment of commitments regarding deficit spending and taxation. Commitments would be strengthened at the next level when credible sanctions would be the norm to address member states that break commitments. The addition of a uniform tax code would provide a balanced environment for investment. The highest value is assigned to those RIOs that have a single budget that would finance programs and other initiatives outside RIO institutional maintenance.

6.3 Application of the IAS in Latin America

In this section, I briefly outline the integration measurement for five RIOs in the Americas: Andean Community (CAN), Central American Common Market (also known as the Central American Integration System; SICA), The Caribbean

Community and Common Market (CARICOM), The Southern Common Market (MERCOSUR), and the North American Free Trade Agreement (NAFTA). I cannot provide detailed progress reports on each RIO due to space limitations. Instead this section highlights only the important actions that would influence the IAS values for each project.

6.3.1 *Andean Community*

CAN was established in 1969 by Bolivia, Chile, Colombia, Ecuador, and Peru through the Cartagena Agreement. Venezuela joined in 1973. Under the original Cartagena Agreement, these countries were referred to as either the Andean Group or the Andean Pact. However, since the installation of the 1996 Reform Protocol of the Cartagena Agreement, the group adopted their current formal name and also goes by title of the Andean Community.² The original objectives of CAN were to create a common market with a harmonization of social and economic policies (Ocampo and Esguerra 1994). Chile withdrew in 1976 because of the wide divergence of its domestic policies vis-à-vis the other members. Its withdrawal was a particularly strong blow to integration given the strong complementary nature of the Chilean economy with Colombia and Venezuela (Ocampo and Esguerra 1994). Intra-regional political issues also hurt the Andean Group. A series of military coups in Bolivia between 1978 and 1980 led to a test of members' resolve to keep the sub-region democratic. Bolivia's military government was not recognized by the other members and it threatened to withdraw in 1980. Similarly, the group did not recognize President Alberto Fujimori's suspension of the constitution and subsequent autocratic rule. This led to the brief suspension of Peru's membership in 1992. The suspension was also due to Peru's incompatible preferences regarding the new negotiations of the common external tariff (CET). However, it is difficult to disentangle the two seemingly interrelated reasons. Peru was readmitted in 1994, but it did not resume full participation until 1997 (Commission Decision 414). One final political issue was Ecuador's border dispute with Peru in 1981 that erupted in to a full border war in 1995 and was not resolved until 1998. Venezuela left in 2006 in part due to ideological disputes with other member governments and in part due to Venezuela's desire to join MERCOSUR.

Toward the end of the *lost decade*, the Andean Group began its efforts to revive regional integration. One of the first actions was the Quito Modifying Protocol (1987), which recommitted the members to a CET and began the gradual effort to rescind Decision 24 (Bulmer-Thomas 1994). In 1988, the members established the Andean Inter-municipal Bank in order to finance public works (EWYB 2001). These revival efforts culminated in the 1996 Trujillo and 1997 Sucre reform

²The Spanish name is *Comunidad Andina* or CAN.

protocols of the Cartagena Agreement which formally established the new Andean Community.

The new incarnation of CAN includes a set of ambitious economic and political objects. This is to include the realization of a CET, a common market (including labor mobility), a common agricultural policy, a common foreign policy, macro-economic coordination, and strengthening of regional institutions. Of these objects, only the CET, the common market, and the strengthening of regional institutions has seen concrete action; although some steps have been employed for the others. Commission Decision 535 established a CET on approximately 62% of all imports into the region.

Decision 563 officially codified the text of the Andean Sub-regional Integration Agreement (the new Cartagena Agreement of 1997). In doing so it installed Chapter II of the Agreement which establishes the Andean Integration System (AIS). The AIS is simply the official institutions that operate as decision-making, advisory, and administrative bodies. The Andean Presidential Council represents the highest decision making body of the AIS. It is made up of all the presidents of the member states and convenes annually. The council has a rotating chair who holds that position for 1 year. The Commission of the Andean Community consists of representatives from each member and is the main policy-making body. This power is shared with the Andean Council of Foreign Ministers and begins as initiatives from the Presidential Council, the member countries, or the General Secretariat of the Andean Community. These policies are titled "Decisions," such as the one found above. It also has the responsibility to implement and evaluate policy. The Council of Foreign Ministers is the grouping of national foreign ministers who meet at least once a year for the purpose to develop common external policy and to coordinate the process of integration. It meets prior to the Presidential Council in order to also prepare for common positions and declarations that come out of that summit. The Council of Ministers also has the power to elect, remove, and evaluate the Secretary-General of the General Secretariat. The General Secretariat implements all the decisions of the decision making bodies listed above through functional departments. The Secretary-General is elected for a 5-year term. The Andean Parliament is a weak deliberative body of the AIS. Currently the members of the Parliament are representatives from the national congresses (generally members of committees associated with ANCOM). The representatives of Colombia, Ecuador, and Peru are now being elected directly and it is expected that all members will eventually have direct elections in place. It deliberates over decisions and adopts legislation than puts those decisions in forces. The final institution is the Andean Community Court of Justice. The Court began operation in 1984, comprising five judges one from each of the member countries for renewable 6 year terms. The Presidency of court operates on a one year rotating basis among the five. It has jurisdiction over legal ruling concerning CAN law and also operates as an arbiter over disputes. The Courts' powers have expanded in the new modification protocol to the founding treaty. This includes new jurisdiction in labor disputes, and appeals of inaction.

The CAN IAS for 2009 is 2.17. Given the establishment of a full free trade area and a customs union, the trade in goods and services score is 4. Individuals and firms have full access for foreign investment and withdrawal except for areas of national government procurement. This gives it a capital mobility score of 3. The labor mobility score is 1 since right of movement is reserved for select professions. Supranational institutions are important since they have the ability to amend proposals (a score of 3). There is some commitment to maintain currency values among the members (a score of 2), but no fiscal policy coordination is in place.

Current difficulties may lead to a lowering of CAN's IAS value. When Colombia and Peru's free trade agreement with the United States (US) (2006) goes into full force, it will put into question the CAN customs union. In addition, Colombia and Peru's focus is increasingly drawn to the newly formed Pacific Alliance, while Bolivia is focusing in the other direction with its MERCOSUR application. Lastly, Ecuador's economic foreign policy is becoming more in line with Venezuela. Unless the traditional protectionist bent of the customs union changes, it will be difficult for some of the member states, especially Peru, to continue to abide by CAN's requirements. This would mean a lack of treaty implementation and the subsequent lowering of CAN's institutionalized integration.

6.3.2 *Central American Common Market (Central American Integration System)*

Central America was at one time united as a federation from independence through 1838 (Bulmer-Thomas 1994). So when we speak of Central American integration, it would be more appropriate to speak of its re-integration. The effort of re-integration began in 1951 with the establishment of the Organization of Central American States (OCAS). On December 13, 1960, with the signing of the General Treaty of Central American Economic Integration, the member countries established the Central American Common Market (CACM),³ which was ratified by all the members by the end of 1963. These agreements represent one of the earliest cases of regional integration, one nearly as old as the European project. However, the level of integration attained by the countries of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama is small. In fact the CACM functionally ceased to exist by 1969 as a result of conflict among its members. Successful efforts to restart the project did not begin until the mid-eighties. In 1986, the new CACM tariff and customs agreement went into effect. The agreement developed the limited CET, eliminated intra-regional non-tariff barriers, and promoted agricultural trade liberalization. Newer initiatives produced the Protocol of Tegucigalpa to the agreement establishing the CACM and in doing so inaugurated

³In Spanish, it is referred to as the *Mercado Común Centroamericano*.

the Central American Integration System or SICA, using the Spanish acronym.⁴ SICA formally went into effect in 1993.

The CACM is now a subcomponent of the larger SICA project, although a very significant portion. The role of SICA is to coordinate the activities of the four subsystems of integration: political, economic (CACM), social, and environmental. To these ends, SICA is a network of supranational institutions and intergovernmental arrangements that facilitates decision making. The top of the decision making hierarchy is the summit meetings of the presidents of the member states. Decisions, accords, protocols, treaties, and initiatives are finalized during these meetings by consensus. The chair of these meetings is appointed on a rotating basis, every 6 months. Ideas, however, are first introduced into the system at lower levels of decision making. One such intergovernmental arrangement that first discusses ideas is the Council of Ministers. The Council is made-up of the various foreign affairs ministers of the member states. Other sectoral and intersectoral ministers gather in separate meetings. Decisions at the Council meetings are made by consensus, although the majority vote is permissible under certain circumstances. The Consultative Committee includes representatives from various social organizations, such as business organizations, trade unions, and academic institutions. The Committee provides input into the process by assisting the Secretary-General of the SICA General Secretariat. They do not hold veto power in the process. The General Secretariat was established as a true SICA supranational institution with the Protocol of Tegucigalpa. Through its divisions, which are headed by the Secretary-General, it forms the bureaucracy of SICA and coordinates the overall integration process. The Secretary-General is appointed during the presidential summits. Other technical and functional secretariats also exist under the General Secretariat, but are more autonomous than the individual divisions. One specialized secretariat of importance is the one that oversees the implementation and offers evaluation of the CACM (namely the SICA). In 1989, a parliament was established within the framework of the CACM. Each member country receives 22 representatives through direct elections. The Court of Justice includes one magistrate from each member and is the final authority over disputes related to the integration system.

SICA's IAS value for 2009 is 1.17. Given the uneven application and limited tariff agreements, the trade in goods and services score is 2. FDI is only allowed in limited form among individuals and firms from the member countries (capital mobility score is 1). Labor mobility is also limited to a select set of professions (score of 1). Supranational institutions do play some role, given their information gathering and advisory roles (score of 2). Monetary policy coordination is limited to consultation, although there has been some talk of establishing a common currency (score of 1). There is currently no fiscal policy coordination.

⁴SICA stands for the *Sistema de la Integración Centroamericana*.

6.3.3 *Caribbean Community and Common Market*

CARICOM actually represents two integration efforts, the Community and the Common Market, with a great deal of membership overlap. Like the Central American case, the origins of CARICOM begin with the collapse of their federation. The West Indies Federation (WIF) was an initiative of the British government and began in 1958. The WIF fell apart in 1962 as first Jamaica and Trinidad and then the other members declared independence from Britain and did not wish to maintain membership in the WIF. Antigua, Barbados, and Guyana formed the Caribbean Free Trade Association (CARIFTA) on December 1, 1965, but it did not go into effect until May 1, 1968 (Boxill 1997). The CARIFTA was delayed so as to give opportunities to the other states of the Caribbean basin to join. While only the country of Trinidad and Tobago was among the founding members (along with the three just mentioned), Dominica, Grenada, St. Kitts-Nevis-Anguilla, Saint Lucia and St. Vincent became members in July 1968; Jamaica and Montserrat in August 1968; and British Honduras (Belize) in May 1971.

CARICOM was established in 1973 in the Treaty of Chaguaramas by Barbados, Jamaica, Guyana and Trinidad & Tobago. The Georgetown Accord introduced eight others, all British territories, into CARICOM: Antigua, British Honduras (Belize), Dominica, Grenada, Saint Lucia, Montserrat, St. Kitts/Nevis/Anguilla and St. Vincent. All eight territories signed the Accord to become full members by May 1, 1974. The Bahamas became a member of the Community in 1983 but never joined the Common Market; Suriname became a member in 1995; Haiti is the latest member when it joined in 2002.

There are two areas of interest for CARICOM: political and functional aims and economic integration. The former aims are guided by Community action. This focuses on coordination of foreign policies and functional cooperation that includes services that benefit the people, development of greater understanding among the peoples, and the advancement of social, cultural, and technological development. Of these, coordination of foreign policies among members is of great importance because it unites small and mini-states in a coalition vis-à-vis third parties. The idea is to unite in a regional organization so that members are able to negotiate with one voice, especially with regard to free trade agreements. In 1997 the members formalized joint action by establishing the Regional Negotiating Machinery (RNM) body (EWYB 2001). The RNM consists of the Chief Negotiator, Chief Coordinator, technical advisory groups, and negotiating working groups. The negotiating working groups have areas of expertise that comprise of issues dealing with the members' association in the Lomé Convention with the European Union and other EU related negotiations, Western Hemispheric related issues like the impact of NAFTA, General Agreement on Tariffs and Trade (GATT) rounds and the World Trade Organization (WTO), and other non-economic related issues in the Americas.

The second area of interest, regional integration, which is guided by Common Market action, focuses on trade relations, balanced economic development,

equitable distribution of benefits, and economic coordination. As it stands today, a common market does not exist among the members, but plans are in place to develop one although a definite date is elusive. The comprehensive agreement towards this end was the initiation of the CARICOM Single Market and Economy (CSME) through Protocol II amending the Treaty of Chaguaramas in 1997. However some efforts predate Protocol II. All obstacles to intra-regional trade were removed in 1988, but a 3 year special consideration was given to members of the OECS (see below) on 17 products (EWYB 2001). A CET has been a difficult aspect of economic integration to achieve. The CARICOM CET, which has not yet been fully adopted by all members, was structured to allow capital goods and raw materials easier access while higher tariff rates would be imposed on consumer goods and on products deemed adequately supplied regionally (El-Agraa and Nicholls 1997). One drive to establish a CET came out of the 1984 meeting of the members' heads of state. The initial deadline of January 1991 was not achieved and was pushed back to October of the same year because the LDC members feared that the CET would promote high inflation (EWYB 2001). This deadline also failed to produce the CET, as well as the next deadline of February 1992. The LDC may have had cause to worry given the high level of a 45% duty. As of 1997, only a few members had fully implemented the CET.

Other efforts to develop a single market include labor mobility. Efforts at liberalizing the flow of people involve the free movement of skilled labor, which includes graduates of recognized regional universities, media workers, artists, musicians, athletes. The member countries have adopted legislation or administrative changes that allow the free flow of these skills as of June 2003. The next phase includes managerial and entrepreneurial skill holders and dependents. In 1997 the Agreement on Transference of Social Security Benefits went into effect. Other efforts in the planning stages are the creation of a Caribbean passport and the elimination of passport requirements among citizens of CARICOM members.

The primary institutions include the Conference of Heads of Government, Community Council of Ministers, Ministerial Councils, and the Secretariat. Protocol I of the founding Treaty amended the institutional workings of CARICOM in 1997. The following descriptions reflect the changes found in Protocol I. The Conference is the highest decision making body for CARICOM. It is made up of the heads of governments of member states,⁵ who meet annually or more frequently as needed. They make decisions via consensus and votes are always unanimous. Planning for the meetings, securing of the implementation of decisions, and proposal initiate is the responsibility of their Bureau. The Community Council of Ministers is the second highest organ. The Council is made up of ministers who would be responsible for CARICOM affairs in their home countries. Which minister to include or exclude into the Council depends upon the member states. Their

⁵Given that many of the members are also members of the British Commonwealth or are still territories of Britain, their head of state is the monarch. Therefore, heads of government meet instead of heads of state.

main responsibility is to develop strategic planning and coordinate areas of economic integration, functional cooperation, and external relations. The Ministerial Councils assist the work of the Conference and the Council. They are broken down into functional areas and include the Council of Trade and Economic Development, the Council of Foreign and Community Relations, the Council for Human and Social Development, and the Council for Finance and Planning. They formulate the technical aspects of policy, promote implementation, and supervise cooperation. The Secretariat is the administrative body of CARICOM. It is a true supranational institution because individuals are appointed based on their reputation of fairness. They are not appointed by the member states but are officially hired by the Secretary-General. The Secretariat is charged with coordinating the meetings of the other institutions, follow the actions of decisions, carry out research on regional matters as requested, and provide advice on furthering integration.

Two other CARICOM institutions are important to note. The first is the Assembly of the Caribbean Community Parliamentarians (ACCP). The ACCP is not a Caribbean Parliament per se, but a conference of MPs from the member states. The 1989 Conference meeting created the initiative to form the ACCP, which was formalized by the Agreement to Establish the ACCP that went into force in 1994. Its first meeting was 1996. Four members from each member's parliament come together once a year to discuss the process of integration. This is not a powerful institution but it can promote integration or criticize its process through the adoption of resolutions. There are currently no initiatives to convert the ACCP into a true Caribbean Parliament (i.e. direct elections, greater decision making power, etc.).

In 2003, CARICOM inaugurated the Caribbean Court of Justice (CCJ), which began with the Agreement to Establish the CCJ in 2000. The CCJ is charged with the interpretation of the founding treaty as well as the subsequent protocols that amend it. The creation of the CCJ is a centerpiece of the CSME because it allows any member citizen, state, or CARICOM institution to appeal to the CCJ for a ruling. By following CCJ decisions, the members have introduced greater certainty and regularity to the economic component of integration and thereby making it a more attractive area for FDI.

The IAS for CARICOM is 2.00 for 2009. It has a very high score (4) in the trade in goods and services component due to its customs union. The degree of capital mobility is also high (3) given that individuals and firms have full access to invest in member countries, except in areas for national government procurement. Labor mobility, however, is limited to selected professions (a score of 1). Supranational institutions have some importance given their information gathering and advisory roles (a score of 2). Monetary policy coordination is limited to a commitment to control currency values (a score of 2) with the aim to create a single currency. There is currently no fiscal policy coordination.

6.3.4 The Southern Common Market

MERCOSUR⁶ is a relatively new integration project, but one with old roots and large implications for the South American integration. The core of MERCOSUR has been the relationship of Argentina and Brazil which comprise the largest and among the most developed economies in South America. Argentina and Brazil first began the efforts towards economic cooperation under the Pinedo Plan (named after Federico Pinedo, Argentinean Minister of Finance) in 1940, which was also welcomed by Osvaldo Aranha, the Brazilian Finance Minister (Bulmer-Thomas 1994). Early efforts did not produce success due to the instability of democracy and poor economic growth that produced rival military regimes during the 1970s.

The initial negotiations of MERCOSUR began with Brazil and Argentina. In the midst of their consolidation efforts, Presidents Alfonsín of Argentina and Sarney of Brazil signed a cooperation agreement in 1986 (Fritsch and Tombini 1994). This cooperation agreement produced 20 protocols on such things as the elimination of trade barriers on a common list of products, quotas on wheat exports from Argentina, and energy supply cooperation (Bulmer-Thomas 1994). In November 1988 they signed the Argentina-Brazil Treaty of Integration, Development, and Cooperation, which set a timetable for the elimination of all trade barriers. In July 1990, both signed the Buenos Aires Act that puts together a commitment to a CET and an elimination of all inter-regional trade barriers by 1995. Other than the implied objectives of these actions, the agreements were also part of the respective administrations' plans to modernize their economies and curb inflation. The impact of these agreements sparked fear of trade and investment away from Paraguay and Uruguay leading to the signing of the Treaty of Asunción in March 1991 and formally establishing MERCOSUR among the four countries. The objectives of the founding treaty are the liberalization of intraregional trade, a common external tariff, harmonization of laws and regulations concerning rules of origin, and the mutual consultation on macroeconomic policies (Pereira 1999). The original timetable for the CET was not changed, which was met, but with exceptions: only 80% of extra-regional imports are covered (Bulmer-Thomas 1994). The goal is to eliminate all exceptions by 2006 (EWYB 2001). The free trade area also went into effect in 1995, but only on 85% of intra-regional trade (EWYB 2001). The liberalization of all intra-regional trade is effectively an open ended goal.

Other South American countries have associate membership in MERCOSUR and others are in various stages in seeking full membership. Chile, Colombia, Ecuador, and Peru are currently associate members. Guyana and Suriname are also on course to become associate members as they await treaty ratification. Associate membership means that states do not have full voting rights and are not members of the customs union. They do, however, have some access to the full members' markets and therefore form a partial free trade area. Recognizing Chile's geographic

⁶MERCOSUR is the Spanish acronym for *Mercado Común del Sur*. MERCOSUR is also known in Brazil as MERCOSUL which is the Portuguese acronym for *Mercado Comum do Sul*.

advantage⁷ and dynamic economy, the full members of MERCOSUR toyed with the idea of extending full voting rights to it. However the idea died when Chile first negotiated and then signed a free trade agreement with the US. The full members perceived this action as having "broken ranks". Bolivia, which has been an associate member since 1996, is seeking full membership. In 2012, it achieved the status of acceding member and will become a full member after it implements the common external tariff. There has been some talk of Ecuador joining, but no definitive action has been taken. The latest country to fully join is Venezuela, which did so in 2012.

The Brazilian move to devalue its currency in 1999 without consulting the other members created major economic problems in the region, particularly with Argentina. Coordination was not formally in place and there was no obligation to inform any partner, let alone consult with them, regarding macroeconomic policy. The result was retaliatory action by Argentina on Brazilian products, which in turn prompted Brazilian action on Argentinean products. When the dust settled, the two agreed informally not to continue their unilateral actions and Brazil agreed to Argentinean tariffs in order to help its crippled economy.

The formal result of this episode was the agreement in Florianopolis (2000) which made the first steps towards macroeconomic policy coordination. Targets for inflation were chosen: no more than 5% in 2002–2005, 4% in 2006, and 3% from 2007 (EWYB 2001). The agreement also included a public debt reduction to 40% of GDP by 2010 and fiscal deficits to no more than 3% of GDP in 2002 (EWYB 2001). The data from members would be reported to the Macroeconomic Monitoring Group, who would also establish harmonized methods of calculating the data. In addition, the idea of developing a common currency was entertained. The Monetary Institute for Mercosur was created to look into its feasibility.

MERCOSUR is unique among the integration projects in the Americas in that it has the power to sign international agreements on behalf of its members. This status as a legal entity was given to it by the members as a result of the Ouro Preto Protocol (1994) to the founding treaty. As a result, MERCOSUR has tried to develop an international presence, with some success. The successes involve the ability to negotiate a free trade agreement with CAN (2005), Israel (2007), Egypt (2010), and the Palestinian Authority (2011). It is also undergoing protracted talks with the EU that began in 2000.

The Ouro Preto Protocol also established the MERCOSUL institutions. The institution with the final say in decision making is the Common Market Council. At the top of the Council are the members' presidents and below them are the ministers of foreign affairs and economy. The Council is responsible for the political direction of the integration process. The meetings of the Council follow the European model. The presidents meet twice a year (June and December) to discuss and sign accords based on work of two other MERCOSUR institutions, namely the Common Market Group and the Trade Commission. Ministerial working groups meet 2 days prior to the Council summit in order to negotiate agenda items and the

⁷Chile borders the Pacific Ocean and therefore gives MERCOSUR a key link to the markets of the Far East.

final communiqué. The summit ends with the submission of the final communiqué, which lists the progress and new initiatives for integration, and possibly the signing of a new protocol to the founding treaty. The ministers also meet during the year in order to facilitate the integration. They issue decisions that achieve the goals set out by the treaty and its protocols.

The Common Market Group is the executive body that is responsible for the implementation of the measures. It performs this task through specialized working groups⁸ whose members are made up of representatives of public entities of the national governments. They meet various times a year and issue resolutions on how to best implement the decisions of the Council. The Trade Commission is also an intergovernmental institution chiefly responsible for the monitoring compliance of the CET. They do this by issuing directives which report on findings. They also suggest integration initiatives to the Group.

Less powerful but significant institutions were also established by the Ouro Preto Protocol. The Joint Parliamentary Commission (JPC) is made up of parliamentarians from the member states. The JPC was established in order to coordinate the actions of the members' legislatures and add a democratic dimension to the integration process. Each member country has a parliamentary committee that votes with MERCOSUR legislation before it is voted on by the full congress. No act, treaty, protocol, or other related MERCOSUR agreement can be acted upon unless it is approved by the members' legislatures using their constitutionally mandated processes. The members of these individual committees meet as the JPC to discuss new and old initiatives of integration. They reach decisions by consensus. While they meet as the JPC, the only power they possess is that of consultation. Their real power, along with their parliamentary colleagues, therefore is in voting on MERCOSUR legislation while performing their domestic mandates. However, this power is latent because the voting record indicates that the individual MERCOSUR legislative committees almost always indorse legislation and the members' legislatures almost always approves. There are two explanations for the very large percentage of MERCOSUR related legislation approved. First, the Council and the Group are sensitive to the objections of a member of a country's legislature. If there is a considerable obstacle, the Council and the Group will negotiate so that the legislation passes. This is done informally during the formulation stage. Another reason is that legislators often do not display interest in international affairs. They are mostly concerned with the narrow interests of their constituents and will enter the discussion when it involves those interests. Therefore legislators will approve the decisions of the MERCOSUR committees and any other committee involved in the legislative process. At the June 2003 presidential summit, one of the items on the communiqué was the establishment of the true MERCOSUR parliament that would have legislative power and be directly elected.

⁸The working groups are split up into the following areas: communications, mining, technical regulations, financial matters, transportation and infrastructure, industry, agriculture, energy, labor relations, employment, and social security.

In 2006, the member states adopted the MERCOSUR Parliament Constitutive Protocol. The JPC was replaced by the MERCOSUR Parliament, but the functional characteristics still remain.

Another important, but not powerful, institution is the Consultative Economic and Social Forum. This institution was also established to add greater legitimacy to the integration process by including social actors into the decision making process. The Forum is made up of representatives from business organizations and labor unions of the member countries. They meet to review the new actions of integration and produce statements. Their role is completely advisory. They do not have the power within the formal process to stop any new initiatives. One can argue that their position in the national setting may be of greater consequence than at the MERCOSUR level since they have an established network of political influence at that level. Therefore, like the JPC, they are more powerful at home operating under their domestic structures.

MERCOSUR has a Secretariat located in Montevideo, Uruguay. It is a purely administrative body that supports the work performed by the three main bodies. It is headed by a director who is chosen by the Council. The work of the Secretariat is split among three offices, technical consultation, documentation, and administrative support. The technical consultation office was created by Council decision in 2002 for the purpose of offering guidance on technical matters for the Council, the Group, and the Commission. The documentation office is charged with overseeing the implementation of the agreements at the member level and to report on their implementation to each of the three main institutions. This information, as well as other developments, is also published by them in official bulletins, which are now produced four times per year. They are also responsible for the maintenance and organization of the archive of all MERCOSUR documentation. The administrative support office is responsible for all the activities related to the financial, administrative, and human resources of the Secretariat under the supervision of the Director. An activity that the Secretariat has not been allowed to conduct is independent research on the development of regional integration. This may change as the technical consultation office's mandate becomes better defined.

MERCOSUR's IAS is 1.33. Given that the member states created a customs union, MERCOSUR warrants a score of 4 under the trade in goods and services component. However, Argentina has often violated the customs union agreement and therefore questions could arise regarding their ability and commitment to continue the customs union. Investment among the partners is allowed, but in limited form (a score of 1). The degree of labor mobility is also low (1) given that only some professions are granted the right of movement. Supranational institutions are influential, but this is limited to only information gathering and advisory roles (a score of 2). Although there is some discussion regarding monetary policy coordination, no formal agreements have been signed other than the establishment of a monitoring agency. There are no plans to establish fiscal policy coordination.

The level of institutionalized integration may stagnate in the coming years as MERCOSUR's expands its membership. The inclusion of Venezuela, and the

likelihood of Bolivia's membership, may increase the heterogeneity of preferences. A contest could develop between a more liberal orientated Brazil and the more insular newer states. The newer members' foreign policies may also harm the bloc's ability to negotiate FTAs with third parties. The potential harm that a membership expansion presents could be mitigated by Brazil's leadership. If it is capable to provide the appropriate side-payments, then we may see progress towards greater integration.

6.3.5 North American Free Trade Agreement

NAFTA represents the newest and least developed integration effort. The economic ties between the three members, Canada, Mexico, and the US, had been strong before agreement went into effect. For example, by 1945, 83.5% of all Mexican exports went to the US, and capital flowed south as labor moved north (Bulmer-Thomas 1994). However, the arrangement maintains a central role for the US in the three way relationship given the weaker ties between Canada and Mexico. Also the linkages among the three, from the outset, were to be purely economic without any discussion involving deepening the arrangement beyond its free trade character.

NAFTA began as a bilateral free trade agreement between Canada and the US signed in 1988, went into effect in 1989, and was officially known as the Canada-USA Free Trade Agreement (CUSFTA). This agreement (as well as NAFTA) was a major departure from the US preference of exclusively negotiating trade agreements multilaterally through GATT. Canada and the US originally invited Mexico to participate, but Mexico opted not to participate. The chief US motivation to include its southern neighbor was to improve overall US-Mexico relations. By doing so, the US would be able to extend this relationship to other Latin American countries in a future hemispheric-wide trade deal.

Mexico became a member of the new NAFTA after the accord went into effect in 1994. Entering into an economic partnership with the US also marked a major preference shift for Mexico. Having had a large portion of its territory taken from it by the US as a result of the Mexican-American War, Mexican governments have had an uneasy relationship with their northern neighbor. However, the new *Partido Revolucionario Institucional* leadership's abandonment of older and ineffective economic policies for neoliberal thinking shifted the Mexican government's view towards its northern neighbor. The great need for capital on Mexico's part and the security required by Canadian and US investors prompted a stronger continuation of the economic liberalization. Efforts begun under the de la Madrid administration (Lustig 1993). One way that all sides could maintain liberalization in Mexico was through NAFTA. During the negotiations, Mexico maintained a focus on capital mobility in the form of direct investment as an imperative part of the final treaty (Ros 1992).

The agreement was also a change in preference on behalf of Canada, but not one that was as great as those of Mexico and the US. Instead it was part of a continuing

shift in preferences starting with the Tokyo Round (1973–1979) of trade talks of the GATT. During this round Canada began to adopt a liberal trade policy. Also, it was viewed that the existing US-Canada interdependence needed a legal framework to improve confidence in the long-term continuation of the partnership (Weintraub 1997). This added greater certainty for capital and would encourage greater FDI into Canada.

The provisions of NAFTA include only targets for free trade implementation and dispute settlement. While it does have two side agreements, one for environmental, the other for labor issues, NAFTA itself does not address notions of political collaboration. After a 10 year phase out period, all goods and services under the approved economic sectors are now traded tariff-free. Some economic sectors were viewed as vital and were not touched by NAFTA. Petroleum in Mexico, culture in Canada, and airlines and radio communications in the US are sectors that fall under this provision (EWYB 2001). Recent unilateral legal changes in Mexico, however, will soon liberalize the petroleum sector.

NAFTA does not have provisions to directly provide public goods such as resource transfer from the US and Canada to Mexico. It was under the threat of non-approval that such provisions were left out, including labor mobility (although capital mobility was included). For example, the creation of North American Development Bank in order to finance environmental and infrastructure projects along the Mexico-US border required equal contributions from Mexico and the US. We can look at the Mexican peso crisis during the 1994–1995 as an indication of crisis management under NAFTA. In order to stabilize the falling value of the peso, Mexico was in need of foreign reserves. Although the US Congress opposed aid to Mexico unless onerous strings were attached, President Clinton used the Exchange Stabilization Fund, which was under the Treasury Department and did not require congressional approval, to provide credit to the Mexican central bank. If a common economic resource was available through NAFTA, then domestic politics were not to come into play under crisis situations. In its current framework, special needs of the members will always involve domestic politics.

NAFTA also included a clause that would allow the free flow of goods across the continent by liberalizing the transportation. According to the agreement, a cargo truck carrying tariff-free goods from Mexico to Canada or the US should be allowed to travel across the US. The provision, however, has not been enacted. Today, the truck stops within a few miles inside the US and the cargo must be transferred onto a truck that is registered in the US. The inability to enact the provision is due to differences in Mexican and US trucking regulations that have not been homogenized due to heavy lobbying by the US trucking interests.

Institutionally, NAFTA is weak because the negotiators wished to minimize its political content. Given the asymmetrical economic power distribution among the three and the low level of agreement the three have on international issues, the weak NAFTA institutions safeguard against US domination over political matters. For example, greater US dominance in a CET would mean dealing with the issue of Cuba, a country that Canada and Mexico have normal relations with, but the US does not.

The only two institutions mentioned in the agreement are the Commission and the Secretariat. Both serve to implement the agreement and to settle disputes associated with it. The Commission is made up of relevant secretaries and ministers of the three countries. Under the agreement, the Commission is chiefly responsible for disputes, but the Secretariat actually performs the tasks of dispute resolution. However it may be more accurate to refer to it as "Secretariats" because no single administration exists. Instead the Secretariat is divided into three sections, one for each country. They do not have an integrated structure⁹ and are not financed by a common NAFTA fund. Each country is responsible to maintain their own NAFTA Secretariat office, in their own countries, using funds allocated from their individual national budgets. The work conducted in each of these offices is to mirror one another. This means that each country is individually responsible for administering the NAFTA provisions.

The chief task of these offices is to administer the dispute settlement found in Chapters 11, 14, 19, 20 of the agreement. Disputes can arise between private individuals or firms, but all disputes are handled by the governments of the three on their behalf. The first attempt to settle a dispute is by intergovernmental consultation. If it cannot be settled in this manner, then the dispute is given to the Commission which is then handed off directly to the Advisory Committee on Private Commercial Disputes. If the Committee cannot resolve the dispute, then a panel of experts in the relevant field is chosen from a predetermined roster. It is up to the relevant Secretariat office(s) to administer the dispute through these panels. This panel now has the final authority to adjudicate the dispute.

NAFTA holds an IAS value of 1.67 for 2009. It is considered a full free trade area since all non-tariff barriers have been removed. This gives it a score of 3 under the trade in goods and services category. Full access is provided for foreign investment and capital withdrawal, except for national government procurement (a score of 3). Labor mobility is restricted to only a limited set of professions (a score of 1). Supranational institutions are limited to information gathering (a score of 2). Monetary policy is at the consultation stage (a score of 1). The NAFTA partners have not discussed fiscal policy coordination.

Figures 6.1 and 6.2 illustrate the IAS values for the five RIOS. Figure 6.1 plots the values over time. The RIOS with the longest and steady increases in integration achievement is CAN and CARICOM. The least integrated, but among the oldest, is CACM (SICA). Figure 6.2 displays the IAS values and the individual subcomponents for 2009. As one would expect, the trade in goods and services category has the highest values among the RIOS. Those RIOS with customs unions (CAN, CARICOM, and MERCOSUR) have the highest values. The second highest value is the degree of capital mobility category, except for SICA and MERCOSUR. The degree of labor mobility is identically low in each RIO. Supranational institutional importance is also low in each of the RIOS except for CAN. CAN is also the exception for the relatively low levels of monetary policy coordination. Last, none

⁹But they do have a single website.

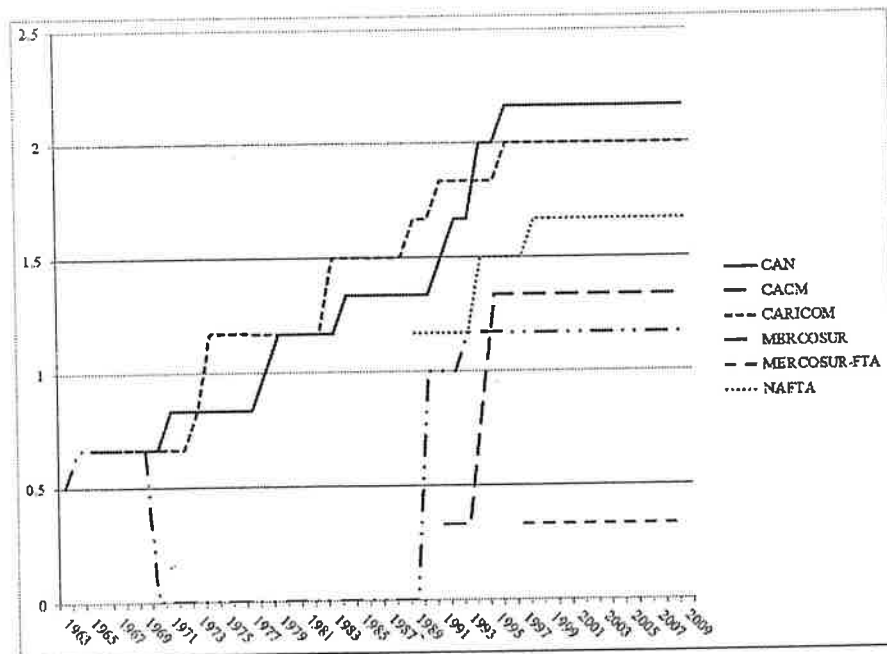


Fig. 6.1 Integration Achievement Score Levels Over Time among Various Latin American RIOs (1963–2009)

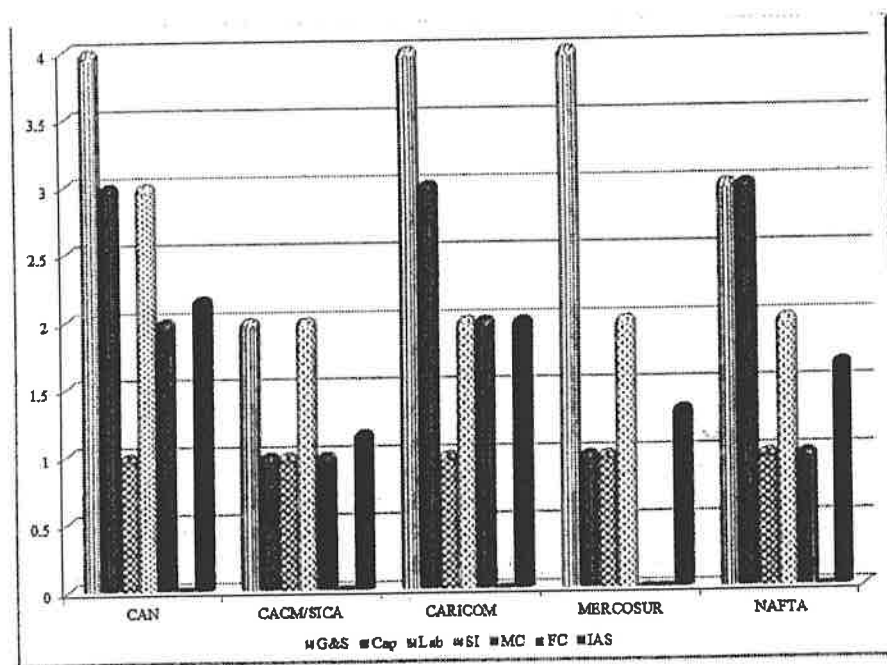


Fig. 6.2 Integration Achievement Score and Subcomponents by Latin American Regional Integration Organization (2009)

of the RIOs registers any degree of fiscal policy coordination. Overall, the RIOs of the Americas display low levels of integration achievement with an emphasis on trade and investment. Labor mobility has not been achieved. The low level of influence of supranational institutions, the low level of monetary policy coordination, and the lack of fiscal policy coordination indicates that decision-making sovereignty is still firmly in the hands of the member states.

6.4 Issues in Measuring Integration in the Americas

Thus far, this chapter has focused on measuring integration using the IAS and the application of the measurement among the RIOs of the Americas. Next, I will focus on two problems associated with using the measurement in analyzing regional integration and their solutions. The first problem is the issue of overlapping memberships. Although this chapter describes the integration achievement of five RIOs, the Americas is home to eight integration projects (or more depending on the definition of regional integration). As Fig. 6.3 shows, many states are members of more than one RIO. The problem of overlapping memberships arises when the unit of analysis is the individual country. Given multiple memberships, it would be difficult to disentangle the spaghetti bowl in order to explain which RIO impacts the country and to what degree. For example, if we are interested in explaining RIO impact on the economic performance of Paraguay, it would be difficult to say if integration due to the MERCOSUR agreements had any more or less of an impact than say trade with the associate members of MERCOSUR (through the FTA), the Union of South American Nations (UNASUR), or the Latin American Integration Association (ALADI). Or if there was an indirect influence coming in from CARICOM or NAFTA.

One solution is to aggregate the data so that the unit of analysis is not a single country but pairs of countries (country dyads). This way, one could match the RIO membership that includes both countries. For example, a Paraguay-Brazil pairing would include the MERCOSUR value while the Paraguay-Bolivia pairing would include the IAS value for the MERCOSUR-FTA. The problem persists if the pairs are members of two or more RIOs. Paraguay and Brazil are members of both MERCOSUR and UNASUR. Another solution would be to choose the higher IAS value. In the case of Paraguay, MERCOSUR's IAS value would be higher than either UNASUR or ALADI. This solution rests on the assumption that greater integration achievement translates to a greater impact on the country. One could conduct robustness checks by swapping out IAS values or possibly including multiple entries. The overlapping membership problem, however, disappears when the unit of analysis is the RIO or if one is interested in counting the number of memberships as the variable of interest.

The second problem involves implementation, and consistency of implementation, of RIO agreements. Signing and ratifying an agreement does not necessarily mean that agreements are implemented. When coding agreements, the researcher

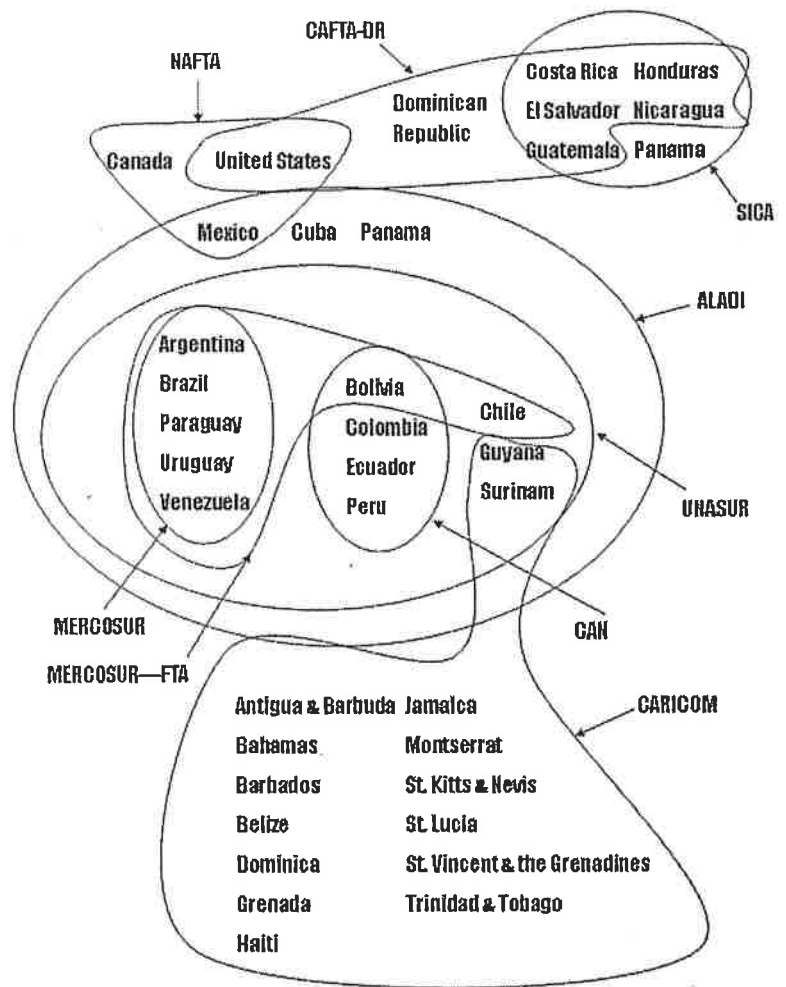


Fig. 6.3 Overlapping Memberships in RIOs of the Americas

needs to pay particular attention to the actual implementation of obligations otherwise the data will be inconsistent with reality and could perhaps inflate the level of regional integration achieved by the RIOs. The timing of implementation is also critical when conducting a time series analysis since the level of integration may not accurately coincide with the other variables found in the model. Inaccurate coding associated with the degree of implementation can also inflate the level of integration. We should also be concerned with consistency of implementation. There is a possibility that only some of the member states implemented the agreement (s) meaning that there is inconsistency within the RIO which could inflate the actual integration achievement. Finally, one would also need to keep an eye out for

defection from agreements over time. The true value of integration should go down if one or more member states begin to break agreements.

There are two related solutions to the problems of implementation and consistency. The first is constant monitoring of RIO activities using field reports and experts' documentation. Field reports are often published by international organizations or found in reputable yearbook entries. The reports often catalog problems associated with implementation, including the degree of the problems. These reports can be validated by experts who hold specific knowledge of particular RIOs. The point is to use multiple sources in order to produce accurate measurements. One can apply a conservative approach and not assume that an agreement has been implemented (or implemented fully) until it can be validated by two or more independent sources.

The second solution involves waiting. Since it may take some time before information can be validated, one can institute a minimum delay period before using the coded data. For example, the current version of the IAS only includes data up to 2009 and therefore includes a 5 year delay. In other words, I go back through 5 years' worth of information (field reports and experts' documentation) to be sure that the level of IAS in 2009 is accurate. The use of a 5 year delay is based on personal experience. Using a longer delay may produce more accurate results but limit number of cases in the analysis. Using a shorter delay may be less accurate but increase the number of observations.

6.5 Conclusions

The IAS is a systematic method to measure regional integration anywhere in the world. The index includes what many scholars view as the critical components of integration: trade, capital and labor mobility, supranational institutions, and monetary and fiscal policy coordination. The IAS expands the operational definition of regional integration because it includes more than trade and FDI. The fact that each RIO is assessed in the same way allows for accurate side-by-side comparisons both spatially and temporally. The application to RIOs in the Americas demonstrates the important similarities and differences. The comparisons demonstrate descriptively different patterns both in absolute terms and with regards to the subcomponents. Finally, the chapter points out that the measure, like any measurement, is not perfect. The issue of overlapping memberships, and how to handle them, applies to all measures. What is unique to the IAS is the issue of implementation and consistency of implementation because the method of measurement involves coding actual achievements in the underlying structure of the RIOs. However, if special care and patience is practiced, researchers can effectively deal with these problems and produce accurate measurements.

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