

A new beginning essay

[Economics](#), [Trade](#)



Economic integration is something many economists have proposed to protect the finances of regional blocs. The first modern example of an economically integrated federation is that of the United States. Its success has been subject of study for centuries and was the inspiration in the design of the Eurozone and many other economic alliances in the world that seek to increase the living standards of their citizens by letting them have a more active role in international trade. One of the most recent economic blocs that have come into being in America is that of the Pacific Alliance. It is relatively small and started off as a series of trade agreements among its members, and now has overseen the elimination of 90% of tariffs on goods. The trend is apparently to form a trade free area. Now, this alliance seems on its way to become the next economic pole of America and could teach the United States a lesson or two.

The dream of unifying the continent is an old one. There were early efforts made by South American leaders such as Francisco de Miranda, who dreamt of a continental empire called Colombeia, and Simon Bolivar who wanted to unify the Spanish colonies into one Gran Colombia. But a constant struggle among small military caudillos always toppled these efforts, especially those who ruled in particularly rich southern provinces that had flourished thanks to their coveted exports.

The other end of the continent was not very promising. The English colonies in the north were closer to what we now consider third world conditions, with a laughable army, and a very weak government. Yet, the fact that the union maintained their borders open to trade and transit, transformed the United States in the most powerful nation the world had ever seen.

Many leaders in the world studied this success. Some leagues in Africa and Latin America have been founded with this vision in mind, but they have failed in achieving any of the necessary steps towards economic integration. The European Union has been the only project that has followed a clear path to economic integration, even reaching a monetary union and free transit of people and capitals. It is now a force to be reckoned and its designer has been advising Asian countries for the creation the relatively new ASEAN community.

Closer to home, Latin America has been resistant to building economic unions, and they mostly focus on political and ideological unions. These organizations end up being anti-capitalism and anti-imperialism clubs of governments that are more focused on limiting their own markets and taking advantage of Venezuela's seemingly endless wallet, their constant bickering has helped them face the same fate faced by Bolívar. Such is the case of ALBA, MERCOSUR, CELAC, UNASUR, CARICOM and many others. These organizations hold dozens of summits a year but have little to no effect on the continent's finances, at least nothing that would not have happened as a consequence of their members' individual actions. This may have tired some more pragmatic leaders that wanted their decisions to have an impact in their countries.

These leaders joined to create the Pacific Alliance. Peru, Chile, Mexico and Colombia chose not to rely on the traditional victimizing Amerindian lament or a direct dependency on the United States. Instead they chose the path to regional economic integration with an objective based agenda, discrete and short meetings and ideologically sterilized tasks.

The member countries of the Pacific Alliance have improved their figures over the years. The economic freedom index, published by the Heritage Foundation, rates its members as mostly free, and stated that if the Alliance were considered a single country, it would qualify as the eighth largest economy in the world.

The fact that there is one other relevant bloc of countries in Latin America, most of them the Atlantic ocean except for Ecuador, that embraces a completely different approach to integration, makes the Pacific Alliance an even more interesting phenomenon to study. The continent now seems to be divided into two halves that try to prove that their vision is the correct one. The Pacific side is for the liberalization of markets and the Atlantic side is for the construction of a more just society. The numbers show that the Pacific Alliance is definitively faring way better than the countries facing the Atlantic, most of them members of MERCOSUR and ALBA. For example, the value of MERCOSUR trade in 2013, while still impressive, was slightly above 725 billion dollars, whereas the Pacific Alliance made way more than one thousand billion dollars in trade during the same period. This shows that there is a more proactive bloc of countries that has drawn the attention of other important economies in the world, such as the Asian community, Canada, Israel and India, who are now observers in their meetings.

Of course, these are only numbers that do not reflect the actual state of affairs inside member states of the Pacific Alliance. They still face problems such as high crime rates in Mexico and political turmoil in Colombia, but never as steep as what we see in Venezuela. Even though unemployment and poverty are still an issue, their governments have controlled inflation

and attracted foreign investment that could help generate thousands of jobs in the years to come, while Brazil and Argentina are struggling with national debt, monetary issues and social unrest.

The United States is still the freest and most prosperous country in America, but the principles that led it to that position are slowly being forgotten by an ever growing interventionist federal power. At the same time, four small countries in the south apparently have rediscovered the secret to economic growth. Will this remind the United States what made it such a wealthy nation? Or is this the signal of change in America's power balance?

References

Alianza del Pacífico. 2013. 1 June 2014. .

Balassa, Bela. The Theory of Economic Integration. Homewood: Greenwood Publishing Group, 1961.

Datamyne. " Comparative Economics: Mercosur and the Pacific Alliance." 26 March 2014. Datamyne. 1 June 2014. .

Luhnow, David. " The Two Latin Americas." The Wall Street Journal 3 January 2014. .

Naím, Moisés. " The Most Important Alliance You've Never Heard Of." The Atlantic 17 February 2014. .

Roberts, James. " The Pacific Alliance: A Latin American Role Model for the United States." 16 May 2014. The Heritage Foundation. 1 June 2014. .