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The Resilience of Latin American Regionalism: A Neofunctionalist Perspective

Detlef Nolte · Brigitte Weiffen

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Abstract Latin America has seen both recurrent crises and a surprising resilience of its regional organizations. This article explores how different approaches have attempted to explain this seemingly paradoxical record. Combining insights from European Union (EU) studies and comparative regionalism, we ask whether neofunctionalism as a theoretical approach developed for the study of the EU can travel across the Atlantic and enrich the analysis of Latin American regionalism. Neofunctionalist theorists posited that functional spillover could lead to politicization and subsequent deepening of regional integration. But while spillover has been the engine of European integration, it has never been a real option in Latin America. Past applications of neofunctionalist approaches to Latin American regionalism have therefore above all revealed its limitations. Comparative regionalism approaches fared better in that they identified characteristics that account for the repeated crises of Latin American regional organizations. However, this article suggests that the “second-best” strategies mentioned in neofunctionalist analyses, such as encapsulation, spill-around, or even spillback, can help explain the resilience of regionalism in Latin America. While those strategies posed an obstacle to deeper integration, as shown by classical neofunctionalist studies, we draw on a set of case studies to illustrate that Latin American regionalism survived through expansion (spill-around) rather than deepening (spillover), as well as through encapsulation and, in some cases, even spillback. A new reading of neofunctionalism therefore helps to explain the resilience of Latin American regionalism under adverse conditions.

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Keywords Comparative regionalism · Crisis · Latin America · Neofunctionalism · Regional organizations

Die Resilienz des lateinamerikanischen Regionalismus: eine neofunktionalistische Perspektive

Zusammenfassung Regionalorganisationen in Lateinamerika zeichnen sich sowohl durch wiederkehrende Krisen als auch eine überraschende Widerstandsfähigkeit aus. In diesem Artikel werden unterschiedliche Ansätze zur Erklärung dieser scheinbar paradoxen Bilanz untersucht. Wir kombinieren Erkenntnisse aus der europäischen Integrationsforschung und der vergleichenden Regionalismusforschung und werfen die Frage auf, ob der Neofunktionalismus, der für die Analyse der Europäischen Union (EU) entwickelt wurde, jenseits des Atlantiks auf die Analyse des lateinamerikanischen Regionalismus anwendbar ist. Neofunktionalistische Theoretiker postulierten, dass ein funktionaler Spillover üblicherweise zur Politisierung und anschließenden Vertiefung der regionalen Integration führe. Doch während Spillover-Effekte der Motor der europäischen Integration waren, traten sie in Lateinamerika nicht auf. Frühere Versuche der Anwendung neofunktionalistischer Ansätze auf den lateinamerikanischen Regionalismus zeigten daher vor allem dessen Grenzen auf. Die vergleichende Regionalismusforschung schnitt insofern besser ab, als sie Ursachen für die wiederholten Krisen lateinamerikanischer Regionalorganisationen zu identifizieren vermochte. Demgegenüber legt dieser Artikel nahe, dass die in neofunktionalistischen Analysen erwähnten „zweitbesten“ Strategien, wie Verkapselung (Encapsulation), Expansion (Spill-around) oder sogar Spillback, zur Erklärung der Resilienz des Regionalismus in Lateinamerika beitragen können. Während laut klassischer neofunktionalistischer Studien diese Strategien einer vertieften Integration im Wege standen, veranschaulichen wir mit einer Reihe von Fallstudien, dass der lateinamerikanische Regionalismus eher durch Expansion (Spill-around) als durch Vertiefung (Spillover) überlebte sowie durch Verkapselung und in einigen Fällen sogar durch Spillback. Eine neue Lesart des Neofunktionalismus trägt daher dazu bei, die Resilienz des lateinamerikanischen Regionalismus unter widrigen Bedingungen zu erklären.

Schlüsselwörter Vergleichender Regionalismus · Krise · Lateinamerika · Neofunktionalismus · Regionalorganisationen

1 Introduction

Latin America has seen both recurrent crises and a surprising resilience of its regional organizations (ROs). The most recent crisis cycle started in the middle of the 2010s and reached its peak with the disintegration of the Union of South American Nations (UNASUR) in 2019 and the paralysis of the Community of Latin American and Caribbean States (CELAC) from 2017 to 2019. Since then, however, both organizations have shown signs of revitalization. Against this background, this ar-

ticle examines whether neofunctionalism can provide an explanation of why Latin American regionalism has proven resilient, despite recurrent crises. In an attempt to combine insights from European Union (EU) studies and comparative regionalism, we explore whether a theoretical approach developed for the study of the EU can travel across the Atlantic and enrich the analysis of Latin American regionalism. The answer is yes, but a shift in focus regarding key concepts is necessary to adapt neofunctionalism to the Latin American context.

For neofunctionalism, crises were the engine of integration processes because they could lead to a spillover of functional cooperation from one issue area to others, leading to their politicization and a subsequent deepening of regional integration. But while spillover has been the engine of European integration, it has never been a real option in Latin America. Past applications of neofunctionalist approaches have above all revealed the limitations of integration processes in Latin America, where politicization and political conflict between governments led to a spillback in functional cooperation. Yet despite no significant progress in terms of a spillover of functional cooperation into new areas and the subsequent deepening of regional integration through the creation and strengthening of supranational institutions, Latin American regionalism has shown considerable resilience in its institutional structures.¹

We show that concepts developed by neofunctionalist authors are still useful to describe the evolution of Latin American ROs. In addition to spillover, mechanisms such as spill-around, encapsulation, and spillback explain the fact that ROs can advance, stagnate, retrocede, or be abandoned. Encapsulation and spill-around as alternatives to spillover are important concepts in neofunctionalist approaches, but they have been presented as “second-best” options. In turn, we highlight the merits of these second-best (but perhaps only) options for avoiding disintegration in the Latin American context. Faced with the threat of disintegration, even certain forms of spillback can help ROs to survive. While spill-around, encapsulation, and spillback are obstacles to deeper integration, as classical neofunctionalist studies show, they also provide an explanation for the resilience of Latin American regionalism under adverse conditions.

The article commences with an overview of the ups and downs of Latin American regionalism between crisis and resilience. It then facilitates a dialogue between neofunctionalism, as a prominent approach in EU studies, and comparative regionalism. The application of neofunctionalist approaches to Latin America in the 1960s/1970s and the early twenty-first century was based on the assumption that integration processes everywhere followed the same logic. However, these attempts, guided by a classical reading of neofunctionalism, with its focus on spillover as the key mechanism, seemed only able to explain nonintegration in Latin America. We then turn to the “countervailing forces” that have been highlighted both by comparative

¹ We use the term “regionalism” when referring to the aggregate of regional institutions in Latin America and “regional organizations/projects” when referring to specific ones. The differentiation between “organizations” and “projects” refers to the fact that some cooperation initiatives in the region are merely forums for diplomatic and political exchange with a relatively low level of institutionalization, hence not fitting the legal definition of international organization.

regionalism and revised neofunctionalist approaches. While these can explain the stagnation and recurrent crises of regionalism in Latin America, they make less of a contribution to explaining its resilience. Therefore, the article proposes a new reading of neofunctionalist approaches and explores the so far neglected concepts of encapsulation, spill-around, and spillback, suggesting that they may offer an explanation for the resilience of Latin American regionalism. We apply these concepts to the Latin American context by presenting eight illustrative case studies of crises of ROs since the late 1960s.

2 Latin American Regionalism Between Crisis and Resilience

Our concept of crisis for the purpose of this article refers to crises of ROs in which their functioning or even survival is at stake (Agostinis and Nolte 2023). Resilience, on the other hand, is the ability of a RO to reactivate and resume its functions after a crisis (Weiffen 2021, pp. 27–28). Regionalism in Latin America has a long history of crises (Dabène 2009; Nolte and Weiffen 2021a; Agostinis and Nolte 2023). At the same time, the literature emphasizes its resilience, showing how crises of ROs have traditionally been followed by the reactivation of regional cooperation (Dabène 2009; Rivarola and Briceño 2013; Briceño and Rivarola 2021). Early economic integration projects of the 1960s and 1970s, such as the Latin American Free Trade Association (LAFTA) and the Central American Common Market (CACM), both founded in 1960, and the Andean Pact, founded in 1968, were driven by the logic of import-substitution industrialization (ISI) and hence an idea of “closed regionalism” that would advance trade in finished products within the region while adopting protectionist policies toward the outside. However, these integration projects, some of which were very ambitious, soon stagnated.

The trajectory of Latin American regionalism since 1990 can be divided into three periods. In the 1990s, the regional and global environment was conducive to economic and political cooperation. Influenced by the Washington Consensus, center-left and center-right governments shared the common economic preference to open their economies and promote regional integration in the sense of an “open regionalism” that would enhance Latin America’s global competitiveness (Bulmer-Thomas 2001; Riggirozzi 2012). New organizations like the Common Market of the South (Mercosur) were founded, old ones such as the Andean Pact/Andean Community were revitalized, and intraregional trade peaked in the mid-1990s. In addition, Latin American countries increased their cooperation on security issues, and there was a broad consensus on the consolidation of liberal democracy, which led to the adoption of regional democracy clauses.

The first decade of the twentieth century was characterized by a less favorable economic environment for regional integration, which, however, could be overcome through positive political initiatives. While economic regionalization stagnated due to the commodities boom and the strengthening of trade relations between Latin American economies and partners outside the region, there was much political consensus among the left-leaning governments of the “pink tide” that gave a boost to regional cooperation. It was reflected in the creation of new ROs such as the Bolivar-

ian Alliance for the People of Our Americas (ALBA) in 2004, UNASUR in 2008, and CELAC in 2011, all of which had a political rather than an economic agenda, and the repositioning of existing organizations, such as a stronger social focus in Mercosur (Bianculi 2018; Ribeiro Hoffmann 2021). This new approach to regional integration was based on political consensus building, the promotion of regional interdependencies, and increased cooperation on nontrade issues. These ROs and projects had a lighter institutional structure than their predecessors did. While the creation of supranational institutions was still a topic of discussion in Latin American regionalism in the 1990s, “light regionalism” became the dominant approach in the first decade of the twenty-first century (Sanahuja 2008). In a provocative article, Malamud and Gardini (2012, p. 118) asked “Has Regionalism Peaked?” and concluded that “Latin American regionalism is ... rolling onto itself, either spilling around without deepening or going back to standard cooperation arrangements.”

UNASUR and CELAC were two regional projects that represented this realignment of Latin American regionalism, but they also highlighted some of its problems and limitations. UNASUR was created in 2008 by all 12 South American countries as an intergovernmental RO in which decisions were made by consensus at all levels. One of UNASUR’s strengths was the flexible cooperation among member countries within its sectoral councils, which covered a wide range of policy areas, including defense, infrastructure, health, and education (Palestini and Agostinis 2018; Hoffmann 2019). Riggiozzi and Grugel (2015, p. 796) described UNASUR as a regional governance project with “a preference within it for creating a team of professional specialists to take charge of a policy area rather than having politicians making grand (and unrealistic) statements of policy intent.” The sectoral councils worked to varying degrees, but all of them contributed to regional cooperation and the formation of transnational policy networks in these areas (Hoffmann 2019). Between 2012 and 2018, UNASUR also had its own General Secretariat, which operated with a limited budget and performed an administrative function in support of intergovernmental decision-making.

In 2011 CELAC was founded, building on the Latin American and Caribbean Summit and the meetings of the Rio Group. Economic integration was not a goal of CELAC; rather, it was designed as a forum for dialogue and political cooperation among Latin American and Caribbean countries through annual summits. An important objective was to reduce the influence of the United States in the region and to represent the region vis-à-vis third parties, for example through the EU-CELAC summits.

The heyday of political regionalism was short. The economic and political environments for regional projects in Latin America became more adverse in the second decade of the twenty-first century, and a crisis set in around the mid-2010s and reached its peak with the disintegration of UNASUR (2019) and the paralysis of CELAC (from 2017 to 2019). Both developments took place in the context of a conservative wave that emerged as a direct response to the pink tide and were thus the result of intense ideological polarization between member governments that made regional cooperation difficult. Since then, however, CELAC has been reactivated, and a revival of UNASUR is being discussed by academics and politicians (Adler and Long 2023; Long and Suñé 2022; Samper 2023; Weeks 2023). In the following,

we will explore how different approaches have attempted to explain these cycles of crisis and resilience.

3 Neofunctionalism's Past Travels to Latin America: Explaining Nonintegration

Neofunctionalist approaches have traveled across the Atlantic twice. First, Haas (1967) and Schmitter (1970a) analyzed Latin American integration processes in the 1960s from a neofunctionalist perspective; four decades later, Malamud and Schmitter (2011) did the same for the integration processes of the 1990s. Based on the European experience, they transferred neofunctionalist approaches to Latin America with the aim of looking for conditions that drive integration processes and lead to deeper integration. However, these past applications above all revealed the limits of Latin American regionalism. While spillover was the engine of European integration, Latin American ROs did not experience a spillover of functional cooperation into new areas, nor a deepening of regional integration through the creation and strengthening of supranational institutions. In contrast to neofunctionalist findings for the European case, where a functional spillover led to politicization and subsequent deepening of regional integration, politicization and political conflict between governments in Latin America actually led to a spillback in functional cooperation.

In their comparative study on integration processes in Europe and other parts of the world (including LAFTA and the CACM), Haas and Schmitter (1964, p. 705) asked whether “the economic integration of a group of nations automatically trigger[s] political unity.” They saw a limited possibility in both Latin American organizations but had more doubts in the case of LAFTA. In particular, the authors criticized the lack of a strong secretariat of the organization and a homogeneous class of technocrats in the countries participating in the economic integration projects. In another article, Haas (1967, p. 341) again emphasized the “crucial role” of technocrats in LAFTA, who might be able to compensate (as functional equivalents) for some of the shortcomings and missing preconditions for “a politicized economic integration in Latin America.” Technocrats (or *técnicos*, as he called them) can “encourage the formation of political groups favourably disposed to their efforts” and “form long-time alliances with politicians” (Haas 1967, pp. 343, 339).

Schmitter (1970a) analyzed in detail the Central American integration process from the 1950s to the mid-1960s with the CACM as the cornerstone. He tested the spillover hypothesis “in terms of expansion into new tasks, and the creation of new common institutions which could somehow be traced functionally to the fulfillment of the original obligations contained in the General treaty of 1960” (Schmitter 1970a, p. 32), but he could not confirm it in the end. Instead, following Joseph Nye, who had mentioned a “‘demonstration effect spillover’ in which less active institutions are stimulated to greater activity by the success of more active institutions” (Nye 1967, quoted in Schmitter 1970a, p. 32), he introduced the concept of “fallout” to capture the indirect consequences of integration, which are “not really deducible from the logic of functionalism” (Schmitter 1970a, p. 32). Schmitter (1970a) argued that the Central American integration efforts did not bear a resemblance to other integra-

tion processes (particularly the European one). There was no cumulative expansion in the scope and level of regional authority. But he acknowledged a “conscious differentiation into distinct arenas, each with its own set of obligations, style and decision making, rhythm of progress and attitudes toward integration” (Schmitter 1970a, p. 39), and admitted that what he conceptualized as “spill-around” might be a syndrome of successful crisis management (Schmitter 1970a, pp. 42–44).

Forty years later, neofunctionalism traveled to Latin America again when Malamud and Schmitter (2011) analyzed Latin American integration in the 1990s and 2000s, particularly the development of Mercosur and the Andean Community, from the perspective of a neofunctionalist reading of the course of European integration. The authors defended a narrow definition of integration that reflects the European experience, before asking “what lessons can be (cautiously) transferred?” (Malamud and Schmitter 2011, p. 146). Their answer is both clear and unsatisfactory. Basically, they argue that Latin America has not followed the European path and therefore has not made real progress toward integration. However, “EU lessons are useful for understanding South American travails with regional integration precisely because they can also make sense of non-integration” (Malamud and Schmitter 2011, p. 155). While neofunctionalist analyses have provided interesting insights into the problems and obstacles in Latin American integration processes, these insights have not been sufficiently valorized for further study. Rather, the tenor was that the conditions for integration identified by neofunctionalism were absent in Latin America and that, consequently, there would be no regional integration.

4 Countervailing Forces: Explaining Recurrent Crises

As demonstrated above for the Latin American context, ROs and projects can experience both progress and setbacks. The question, then, is what explains setbacks and crises. However, constraining factors and countervailing forces have not been sufficiently elaborated in classical neofunctionalism, as, for example, Niemann (2006, p. 47) argued:

“Neofunctionalism is mainly a theory of the dynamics of integration, but does not tell us much about the other side of the equation. Although disintegrative pressures are somewhat implicit in neofunctionalism, ... countervailing pressures have never been adequately incorporated into the theory.”

Niemann (2006) therefore proposed a revised neofunctionalist approach, in which integration is no longer seen as automatic and dynamic but rather as a dialectical process, that is, the product of both driving forces and countervailing factors. In a similar vein, research on comparative regionalism has identified certain characteristics that might foster or exacerbate crises (Börzel and Risse 2019; Nolte and Weiffen 2021a, b). This section synthesizes the “countervailing forces” mentioned by Niemann (2006) and the “region characteristics” mentioned by Nolte and Weiffen (2021b; Weiffen 2021) into a set of explanations for the recurrent crises of regionalism in Latin America.

An important countervailing force mentioned by Niemann, and also by numerous scholars of comparative regionalism, is national sovereignty. As Spandler and Söderbaum (2023) argue, socially constructed understandings of national sovereignty shape the patterns of regional cooperation and institution building. For Niemann (2006, p. 48), “sovereignty-consciousness” refers to the lacking disposition to yield competences to supranational institutions, which “tends to be linked to (national) traditions, identities and ideologies and may be cultivated through political culture and symbolisms.” In the Latin American case, sovereignty-consciousness includes a negative attitude toward regional institutions that could potentially develop some autonomy from national governments through secretariats and regional parliaments. Serbín (2010, p. 8) speaks of “an obsession with the norms of sovereignty and independence.” The protection of sovereignty is therefore a central element that explains the structure of Latin American ROs. At the same time, the protection of sovereignty, which is closely linked to the importance of autonomy in Latin American political discourse (Briceño-Ruiz and Simonoff 2015), also constitutes an important motive for the creation of Latin American ROs, due to the simultaneous pursuit of regional and national autonomy (Mijares 2020). Spandler and Söderbaum (2023, pp. 10–11) denominate this kind of regional cooperation “autonomy-oriented regionalism.”

Regional fault lines and a high level of regional diversity tend to present strong obstacles to integration. Factors such as the dissimilarity of political regimes, economic inequalities, territorial disputes, and numerous other economic, political, legal, demographic, sociological, administrative, and cultural differences between member states can act as countervailing forces to integration efforts (Niemann 2006; Weiffen 2021). In the case of Latin America, it has primarily been political–ideological differences and polarization that have hindered the progress of the integration process. In turn, economic, social, and cultural interdependencies usually favor the creation of ROs. However, in Latin America, the low degree of economic regionalization (as evidenced by a low level of interregional trade, usually below 20% of total trade) has not created a strong demand for regional integration (Nolte 2021).

A negative integrative climate, which refers to the general attitude of citizens and political elites toward regional integration, may also play a role (Niemann 2006; Weiffen 2021). In the case of Latin America, the results are mixed. Citizens broadly support regional economic integration (according to the Latinobarómetro surveys, more than 70% in the period 2009–2020; see INTAL 2022), but much less so political integration (only 53% in 2018; see Barral et al. 2020). Nevertheless, there have been no major political mobilizations for or against specific integration projects, and the disintegration of UNASUR and the paralysis of CELAC have not provoked any significant reactions among citizens. At the level of political elites, a low sense of community and a lack of ideological affinity have often impeded regional integration. Individual ROs have been perceived as ideological projects (such as ALBA and, in its late phase, UNASUR) and denounced as such by the politically opposing governments that consequently did not participate in them.

Moreover, the role of regional leadership and the political will to promote integration and utilize regional institutions as a problem-solving mechanism cannot be overlooked (Nolte and Weiffen 2021b). Regionalism may be strengthened or weakened in accordance with changing foreign policy preferences of political leaders. In

Latin America's presidential systems, which are characterized by a high concentration of power, presidents in particular can be game changers for regional integration. In his analysis of Mercosur, Malamud (2003a; 2005) emphasized the pivotal role of presidents and introduced the concept of "inter-presidential integration" (Malamud 2003a; 2005):

"The procedures through which Mercosur was built and actually operated were informal, bilateral, politicized, and executive-driven. In short, they were inter-presidential. ... Direct presidential intervention became an all-pervading thrust whenever the Mercosur machinery needed" (Malamud 2003a, pp. 212–213).

The intergovernmental and interpresidential nature of Latin American regionalism has provided a catalyst for regional integration, particularly during periods of political alignment between presidents. However, in times of polarization and lack of political consensus, these attributes of Latin American regionalism can result in deadlock and disintegration. Interpresidentialism then becomes a countervailing force, causing functional spillbacks due to political conflicts that are unrelated to the integration process. Changes in government and ideological polarization between presidents have contributed significantly to the most recent crisis of Latin American regionalism (when UNASUR disintegrated and CELAC was paralyzed).

The logic of interpresidential integration differs from the neofunctionalist path of regional integration in which politicization is the result of a crisis caused by functional (or technical) cooperation, which, mediated by regional institutions, leads politicians to make decisions about the further path of integration (Malamud 2003a, p. 204). With interpresidentialism in place, integration does not work as originally proposed by neofunctionalism. Spillovers or spill-arounds, to use neofunctionalist terminology, in regional cooperation are not driven from below (functional cooperation) but from above through presidential decision-making. Politicization is not the result of functional cooperation but the driving force behind (expanded) functional cooperation, with regional institutions sidelined by presidents. Or, as Malamud (2003a, p. 204) put it: "The relation between politicization and technical management is therefore not mediated, and the latter remains subject to the former without developing any autonomous margin."

In sum, Latin American regional projects have often stagnated or failed due to the influence of countervailing forces that have constrained the potential for regional integration in accordance with a neofunctionalist logic based on the spillover effect. Under these circumstances, it is perplexing why Latin American regionalism continues to flourish. Despite the absence of the neofunctionalist path of integration, ROs and projects have shown remarkable resilience, with ROs successfully navigating periods of stress and crisis (Nolte and Weiffen 2021a, b; Agostinis and Nolte 2023). In light of these observations, the question arises as to whether neofunctionalism offers alternative mechanisms to explain the resilience of regional projects, even in the face of adverse conditions such as those in Latin America.

5 A New Reading of Neofunctionalism: Explaining Resilience

The neofunctionalist studies by Haas, Schmitter, and Malamud demonstrated that regional integration processes in Latin America did not follow a spillover logic. There were no strong supranational institutions with decisional authority. But the observation that neofunctionalist approaches were inapplicable to Latin America and that consequently there would be no regional integration should not be the end of the story. As noted above, Schmitter (1970a) identified and described several alternatives to spillover in his early writings. But since the yardstick was the model of European integration, he paid less attention to these alternatives. However, in line with the recent move toward “global international relations,” regionalisms elsewhere in the world should no longer be judged by how well they achieve EU-style integration (Acharya 2014). It is therefore useful to ask what the alternatives might be in regions where the European path is not viable.

In the context of the Eurozone crisis, Álvarez (2013, p. 138) argued that concepts such as “spill-around,” “spillback,” or “encapsulation” may become relevant again for the study of the European integration process. At the same time, she pointed out that Latin American integration processes have been constantly “reinventing” and “relaunching” themselves with new names, strategies, institutions, and agendas of cooperation. As will be shown, neofunctionalism offers some concepts that can be useful in explaining this resilience, even if it is not the result of a spillover logic.

While spillover was the central neofunctionalist concept for explaining progress in regional integration, proponents of the neofunctionalist approach admitted that spillover was not the most likely path. In a seminal article, Schmitter (1970b, pp. 844–845) defined the concepts of spillover, spillback, spill-around, and encapsulation (he originally included three additional categories—muddle-about, retrench, and buildup—which were not further developed in his later writings) by combining two analytical dimensions: “the degree of decisional authority conceded to, devolved upon, or taken away from regional institutions” (level) and the “issue areas with which these institutions are permitted or not permitted to deal” (scope). While spillover meant the simultaneous increase in both dimensions, he argued that “the highest probability is that in any decisional cycle the actors will opt for encapsulation” (Schmitter 1970b, p. 847), that is, the maintenance of the status quo. In his later writings, he reaffirmed this position:

“The normal expectation with regard to the performance of such regional or global efforts at functional cooperation/integration is that they should ‘self-encapsulate’, i.e., at best, they should perform the initial tasks bestowed upon them by member states by international agreement and then persist as stable institutionalized components of the interstate order” (Schmitter and Lefkofridi 2016, p. 2).

Encapsulation is thus an alternative to the progressive development (in the sense of spillover) of ROs and could explain the resilience of regional projects. But neofunctionalist approaches offer even more alternatives. In his analysis of the CACM, Schmitter (1970a) introduced the concept of “spill-around”:

“Spill-around ... is characterized by a proliferation of independent efforts at regional coordination in distinct functional spheres—i.e., an expansion in the *scope* of regional tasks—without, however, a concomitant devolution of authority to a single collective body—i.e., without an increase in the *level* of regional decision-making. New issue areas become ‘collectivized’ or ‘regionalized’ and transaction rates increase impressively, but there is no transcendence, no fundamental redefinition of norms and goals, no development of a supranational political process, no emergence of a new and wider sense of community loyalty. The new institutions sprout up or are revitalized in a more or less uncoordinated manner. Each is relatively autonomous from the other ...” (Schmitter 1970a, p. 39).

This suggests that there may be two varieties of spill-around: type 1 spill-around within a RO, by taking on new mandates, and type 2 spill-around through the creation of a new RO (or forum) that takes on new or duplicates existing mandates, without there necessarily being a legal or institutional link between the two institutions.

Both encapsulation and spill-around can explain the resilience of regional projects. But this is also the case with another alternative, “spillback,” which, according to Schmitter (1970b, pp. 844–846), refers to a contraction of both the scope and level of regional commitment and authority. It is not obvious in Schmitter’s scheme where he would place the withdrawal or expulsion of a member from a RO. But it can be argued that this is a special form of spillback. By losing a member, the organization loses decisional authority (fewer states are subject to a common authority), and the issue areas (or mandates) covered lose (territorial) reach. Schmitter (1970b) argued that he might also have diagrammed “a ‘spillback’ syndrome whereby in response to tensions actors consequentially withdraw from their original objective, downgrading their commitment to mutual cooperation” (Schmitter 1970b, p. 840).

As empirical experience and the literature on the death of international organizations (e.g., Gray 2018) show, the possibility of spillback leading to disintegration is real. Thus, in a crisis, the survival of ROs may be at stake. While from a neofunctionalist perspective only spillover implies progression, it may not be viable in a crisis. Instead, the alternative outcomes to spillover that neofunctionalism presents as second-best options, namely encapsulation, spill-around, or even spillback, may be the only strategic options to prevent the disintegration of a RO or project (Table 1).

Spill-around can even result in progression by moving a RO or project beyond stagnation. In this case, stagnation in one sector of cooperation may lead to a new cooperation initiative in another sector as the mandate of the RO is expanded. Through

Table 1 Neofunctionalist concepts and the development of regional organizations

| | Progression | Stagnation | Retrocession | Abandonment |
|---------------|-------------|------------|--------------|-------------|
| Spillover | x | — | — | — |
| Spill-around | x | x | x | — |
| Encapsulation | — | x | — | — |
| Spillback | (x) | x | x | (x) |

spill-around, regional cooperation continues and expands into new sectors, which can lead to deeper integration in the long run. An example would be the stagnation of trade issues within Mercosur in the early 2000s and the promotion of the so-called Social Mercosur instead (Ribeiro Hoffmann 2021). Spill-around is thus part of what some authors have denominated liquid regionalism (Mariano et al. 2021), but it has been a consistent feature of Latin American regionalism. However, spill-around can also symbolize stagnation or retrocession (Table 1), for example, in the case of a type 1 spill-around, when the expansion of regional cooperation to new fields is only declaratory (Jenne et al. 2017) without concrete progress and the involvement of member states. As Schmitter (1970a, p. 41) had pointed out before, “Most of the spill-arounds which have occurred to date in Central America are of this ‘costless’ variety.” In the case of a type 2 spill-around, the creation of new regional projects could result in the retrocession of existing ones. Overall, Schmitter suggested that spill-around is likely to weaken support for regional integration projects in the long run (Schmitter 1970a, p. 43).

Encapsulation generally means stagnation of regional projects (Table 1). At best, it keeps ROs alive under adverse conditions. This was the case with the Andean Pact and the CACM from the mid-1970s to the 1990s. However, encapsulation carries the risk that ROs lose their substance and become hollow or even zombie organizations (Gray 2018). Finally, spillback usually results in stagnation, retrocession, or, in the worst case, abandonment of the regional project. Under certain conditions, however, it can also lead to progression (Table 1). For example, the withdrawal or expulsion of members from a RO can facilitate cooperation among the remaining members, and a reduction in tasks (mandates) can help to better manage the remaining ones.

In sum, although encapsulation and spill-around are important alternatives to spillover, classical neofunctionalist studies presented them as second-best options. Yet these second-best options may be the only ways to avoid spillback or, at worst, disintegration. Even spillback through the reduction of mandates and membership may become a way to help ROs survive.

6 Latin America: Resilience of Regionalism Under Adverse Conditions

In what follows, we present eight illustrative case studies to support our claim that these second-best options may explain why ROs survived under adverse conditions in Latin America (Table 2). Of course, spill-around, encapsulation, and spillback can also occur in noncrisis contexts. Our goal, however, is to explain why ROs have survived despite crises. While spill-around, encapsulation, and spillback have been obstacles to deeper integration, as classical neofunctionalist studies have shown, we argue that they simultaneously provide an explanation for the resilience of Latin American regionalism. Our definition of crisis follows the most comprehensive comparative study of crises in Latin American ROs to date (Agostinis and Nolte 2023), which defines a crisis of a RO as “a decision-making situation that calls the functioning or even the survival of an RO into question by confronting member governments with: (1) a manifest threat that one or more member states may leave or be suspended from the RO; (2) an institutional stalemate regarding compliance with the

RO's rules and procedures; (3) a decrease in institutionalised cooperation in one or more policy areas; and (4) the contestation of an RO's core objective and/or norm by one or more member states." According to these criteria, "a RO is in crisis when at least two crisis symptoms are present" (Agostinis and Nolte 2023, p. 121).

Agostinis and Nolte (2023) distinguish only between survival and breakdown as crisis outcomes, with UNASUR being the only case of breakdown. Extending this study, we ask to what extent the survival of a RO was accompanied by spillback, spill-around, or encapsulation. As will be shown, these categories are not mutually exclusive, but can occur in combination, especially spillback and encapsulation. In some cases, spillback (e.g., through the withdrawal or suspension of a member state or the temporary suspension of the application of a norm) can be seen as a step toward encapsulation (to "perform the initial tasks bestowed upon them by member states ... and then persist ..."; Schmitter and Lefkofridi 2016, p. 2) if it leads to a return to or strengthening of the original core functions of the RO. This is not the case if the spill-back results in a realignment or reorientation of the RO with fewer members and/or tasks.

6.1 Crises in Central America and the Andes

The CACM was the first Latin American RO to pursue deep regional economic integration (Dabène 2009). Intraregional trade increased from 6% in 1960 to 25% of total trade in 1968 (Bulmer-Thomas 1988, p. 82). However, at the end of the decade the CACM suffered a major crisis caused by a distributive conflict among the member states, as Honduras and Nicaragua, in contrast to El Salvador (and Guatemala), were underperformers in industrial development and perceived the distribution of the costs and benefits of regional economic integration as unfair, a constellation that fueled nationalism, especially in Honduras (Rouquié 1971). Honduras ran a trade deficit with other CACM members every year from 1965 to 1970 (Bulmer-Thomas 1988, p. 195). Migration flows from El Salvador to Honduras caused by the deterioration of the economic and social conditions in the rural sector, the occupation of unused

Table 2 Crisis response by regional organizations in Latin America

| | Spillback | Encapsulation | Spill-around |
|--|-----------|---------------|--------------|
| CACM (1969–1972) | x | x | – |
| Andean Pact (1974–1976) | x | x | – |
| Andean Pact/Andean Community (1992–1997) | x | – | – |
| Andean Community (2004–2006) | x | – | – |
| Mercosur (1999–2000) | – | x | – |
| Mercosur (2001–2002) | – | x | x (type 1) |
| Mercosur (2016–2017) | x | x | – |
| UNASUR (2017–2019) | x | – | x (type 2) |

CACM Central American Common Market, *Mercosur* Common Market of the South, *UNASUR* Union of South American Nations

land in the border regions, and the response of the Honduran government (excluding Salvadoran squatters from the benefits of the agrarian reform law) led to a brief war between the two countries, the so-called Football War of July 1969 (with some 2000 deaths and more than 100,000 Salvadorans displaced from Honduras), and plunged the CACM into a crisis, with negative effects on Central American trade relations. In the end, Honduras withdrew from the CACM in 1970 and remained outside of the regional integration scheme until 1992 (Dabène 2009, p. 53). The crisis outcome was the CACM's survival, combining spillback with encapsulation. Following the Honduran withdrawal (spillback), the remaining member states continued to pursue the RO's core mandates and preserved its institutional structure (encapsulation). Yet despite an increase in the total value of trade in the 1970s, intraregional trade declined from its peak of 26.1% in 1970 to 20.3% in 1979 (Bulmer-Thomas 1987, p. 208). The CACM stagnated in the 1970s and entered a phase of decline in the 1980s.

A first crisis of the Andean Pact took place between 1974 and 1976 and ended with Chile's withdrawal. In September 1973 a military coup overthrew the democratic government of President Salvador Allende. When Chile's military junta implemented neoliberal economic policies that clashed with the Andean Pact's protectionist regional integration agenda, it decided to withdraw from the RO. The exit took place via a mutually agreed separation (formalized through Decision 102 of the Andean Pact of 30 October 1976), which allowed the remaining member states to keep the regional integration process on track. It was a combination of spillback (Chile's withdrawal) and encapsulation as the remaining member states continued to pursue the Andean Pact's core mandates and preserved its institutional structure (Dabène 2009). But subsequently, the Andean Pact entered a period of stagnation until the 1990s.

The second crisis of the Andean Pact (renamed the Andean Community in 1996) unfolded in several stages between 1992 and 1997. At its core was the opposition of the Peruvian government to the implementation of a free trade area (FTA) and a common external tariff (CET). The crisis reached its peak in 1997 (Tello 2013), when the other member governments pressured Peru to decide whether to become a full member of the FTA, and the Peruvian government threatened to leave the Andean Community and join Mercosur. Thus, the crisis consisted of an institutional deadlock in the Andean Pact/Community regarding compliance with the norms and rules of the RO. In the end, a compromise was reached in which the other members gave Peru until the end of 2005 to join the FTA. Thus, the crisis was overcome by temporarily exempting Peru from certain trade-related obligations, paving the way for the country to remain in the RO. This approach to crisis management can be interpreted as a strategy of spillback, in which some rules are temporarily and partially (only for Peru) made flexible, but not abolished, to ensure the survival of the RO and the long-term realization of its objectives. In retrospect, however, the Andean Community stagnated rather than progressed as a result.

The third crisis of the Andean Community ended in April 2006 when the Venezuelan government announced its decision to leave the organization. The decision was triggered by Peru's and Colombia's negotiations with the United States on bilateral FTAs. At the same time, the Venezuelan government had already begun negotia-

tions with Mercosur to become a full member. The trade strategies of the Andean Community's member states had been diverging for some time. While Venezuela (supported by Bolivia) had a clear anti-free trade protectionist agenda, Colombia and Peru announced in 2004 their intention to begin bilateral negotiations with the United States in response to Venezuela's opposition to a comprehensive Andean Community-U.S. trade agreement. To prevent an escalation of the conflict, the bloc's Council of Ministers of Foreign Affairs, during a joint session with the Commission of the Andean Community held in July 2004, approved Decision 598, which allowed member states to negotiate FTAs bilaterally in the absence of a consensual position within the RO. The crisis outcome thus was a transformation of the Andean Community from a customs union (and would-be common market) to a FTA, reflecting the preferences of Colombia and Peru for a more flexible regional economic integration strategy. This also implied a departure from the model of open regionalism of the 1990s, i.e., regional integration as a precursor to integration into the world market. The dissenting member state (Venezuela) left the organization, allowing the other members to transform the RO according to their interests. Hence, the Andean Community survived through a spillback in terms of both mandate and membership, but stagnated in terms of its subsequent development.

6.2 Crises in South America

The first Mercosur crisis (1999–2000) was triggered by the Brazilian government's unilateral decision to devalue its national currency by 40% in January 1999 in response to the recession that followed the 1997 Asian financial crisis. Brazil's devaluation caused significant problems for the other Mercosur members (especially Argentina) as their markets were flooded with cheap Brazilian products. In response, they demanded compensatory mechanisms (Bouzas 2001). In addition, the Argentine government retaliated by imposing unilateral restrictions to bilateral trade with Brazil, which in turn responded by restricting imports from Argentina. Mercosur's survival was at stake. Eventually, Brazil negotiated an ad hoc solution to the trade dispute, and the presidents of Argentina and Brazil signed an agreement reaffirming their commitment to Mercosur. The outcome of the crisis was the preservation of the status quo (encapsulation), since the agenda for revitalization put forward by Brazil did not include a tangible commitment to reform the institutional structure of the RO and to address the thorny issues of exchange rate coordination and intraregional asymmetries. Hence, the result was stagnation.

The second Mercosur crisis (2001–2002) was triggered by a sharp deterioration in Argentina's economic situation. In order to regain the confidence of the capital markets, the government of President Fernando de la Rúa undertook an austerity program and decided to unilaterally modify its external tariff, in clear violation of Mercosur's CET rules (Gomez-Mera 2013). The Brazilian government initially refused to accept Argentina's manipulation of the CET, but its neighbor's growing economic difficulties eventually led Brazil to grant Argentina a temporary exemption from the CET rules until the end of 2002. However, Argentine Finance Minister Domingo Cavallo escalated the trade dispute by declaring that Argentina would be better off if Mercosur were downgraded to a simple FTA, which would allow it to

negotiate bilateral FTAs with the United States and the EU. The situation worsened when the Argentine government again violated the rules of the CET by approving a series of discriminatory measures favoring Argentina's imports from third countries (Kume and Piani 2001). This time Brazil agreed to the temporary bilateral safeguards demanded by Argentina to avert the risk of its defection from the RO, which would have meant the end of Mercosur (Gomez-Mera 2005). Throughout 2001, Mercosur experienced an institutional impasse that led to the suspension of several meetings of its organs. The collapse of the Argentine economy between November and December 2001 aggravated Mercosur's crisis and resulted in paralysis. As in the 1999–2000 crisis, a solution was reached through interpresidential diplomacy (Malamud 2003b). In the end, the Argentine government reversed its unilateral measures and restored the bloc's CET. Finally, Argentina's devaluation in January 2002 put an end to the exchange rate asymmetry dispute.

The crisis led to an adaptation of Mercosur's institutional design to remedy some of the RO's shortcomings that had been exposed during the two interconnected crises of 1999–2002. First, the newly elected left-of-center governments of Néstor Kirchner and Luiz Inácio Lula da Silva established the Argentine–Brazilian Trade Monitoring Commission, whose aim was to facilitate the negotiation of voluntary restrictions on bilateral trade. Second, in 2002 Mercosur's Administrative Secretariat was transformed into a Technical Secretariat, and the bloc's ad hoc arbitration mechanism was turned into the Permanent Review Court of Mercosur (located in Asunción, Paraguay). Finally, in 2004, member states launched a European-style Structural Convergence Fund (FOCEM) to address the persistent economic asymmetries among member states. In sum, member governments responded to the crises through encapsulation, which included a superficial reform of Mercosur's institutions but did not alter the RO's core characteristics. However, while Mercosur's economic agenda stagnated, the RO progressed in other areas and created new institutions, which can be seen as an expression of type 1 spill-around. Kirchner and Lula da Silva reinvigorated Mercosur with a new political focus. The Buenos Aires Consensus of 2003 broadened the agenda toward political participation, development, and social policies (the so-called social Mercosur; see Bianculli 2018). With the creation of Mercosur's Parliament (Parlasur) in 2006, “the bloc has widened the number of its institutions, but it has not increased their authority and no supranationality has emerged” (Malamud and Dri 2013, p. 235).

From a macro perspective, after the end of open regionalism and the neoliberal trade agenda of the 1990s, spillovers from trade to other areas became even less likely. Instead, Latin American regionalism in the first decade of the twenty-first century can be characterized as spilling around, either through the expansion of the agenda and functions of existing ROs or the creation of new ROs and projects, such as UNASUR. However, this has not been accompanied by a deepening of the integration processes, and economic integration has stagnated or even regressed.

Mercosur's third crisis in 2016–2017 and UNASUR's crisis in 2017–2019 were both triggered by domestic political changes in several member states, particularly the erosion of democracy in Venezuela. After the Venezuelan opposition won the National Assembly elections in 2015, the leftist regime of Nicolás Maduro began a transition from an illiberal democracy to an authoritarian regime. Meanwhile,

presidential elections (in Argentina, Chile, Colombia, and Ecuador) and the impeachment of a president (in Brazil) brought right-of-center governments to power in several South American countries. These governments took a critical stance vis-à-vis Venezuela, accusing Maduro of violating the democratic standards enshrined in the democracy clauses adopted by both Mercosur and UNASUR.

In the case of Mercosur, of which Venezuela became a full member in 2012, the crisis erupted when Venezuela assumed the 6-month *pro tempore* presidency in the second half of 2016 against the opposition of Argentina, Brazil, and Paraguay, plunging the RO into an institutional stalemate. In December 2016 the other four Mercosur members decided to temporarily suspend Venezuela for violating the Vienna Convention on the Law of Treaties by not fully incorporating Mercosur's membership rules (Bartesaghi 2017, p. 6). Following the further deterioration of Venezuela's domestic political situation throughout the first half of 2017, in August the foreign ministers of Argentina, Brazil, Paraguay, and Uruguay activated Mercosur's democracy clause and suspended Venezuela's membership indefinitely. The outcome of the crisis was a spillback in terms of (active) membership of the RO through the legal suspension of a member state that challenged the norms and procedures of the RO. At the same time, this measure helped to preserve the RO's status quo regarding common democratic norms (encapsulation). As for its overall development, Mercosur stagnated.

In the case of UNASUR, which was created in the context of the pink tide as a political project of ideologically like-minded governments, the political changes of the mid-2010s led to a divergence of preferences among governments that resulted in a serious normative conflict (Nolte 2022; Nolte and Mijares 2022). The crisis manifested itself when member states failed to elect the bloc's new secretary general after the mandate of former secretary Ernesto Samper expired in January 2017. The governments of Venezuela, Bolivia, and Suriname opposed the only official candidate, former Argentine senator José Octavio Bordón. The situation evolved into outright institutional paralysis when six member states (Argentina, Brazil, Chile, Colombia, Paraguay, and Peru) suspended their participation in and contributions to UNASUR in response to the blockade created by Venezuela and its allies. As a consequence, UNASUR assumed the status of a "dead" RO: Its headquarters was deprived of human and financial resources, and political and sectoral cooperation activities were suspended. In August 2018, the newly elected Colombian government of Iván Duque announced its decision to withdraw from UNASUR. Subsequently, the governments of Argentina, Brazil, Chile, Ecuador, Paraguay, and Peru (Uruguay followed in March 2020 after the election of a center-right president)² also announced their withdrawal, prompting a process of disintegration unprecedented in the history of Latin American ROs, and thus a case where spillback resulted in the abandonment of a RO. Subsequently, in 2019, the conservative presidents Iván Duque of Colombia and Sebastián Piñera of Chile initiated the Forum for the Progress and

² In Bolivia, after the ouster of President Morales in November 2019, the interim government announced its intention to withdraw from UNASUR, but this decision was reversed by President Arce after his election in 2020.

Integration of South America (PROSUR) to replace UNASUR, which, according to our classification, could be considered an instance of type 2 spill-around.

6.3 Discussion

Another example of a crisis due to political polarization among member governments was CELAC (which we did not include as a full case study due to its nature as a regional forum). In January 2017, only 10 presidents attended the presidential summit (with the notable absence of the presidents of Argentina, Brazil, Chile, Colombia, Costa Rica, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, and Uruguay, who at least sent representatives), and CELAC's paralysis only worsened thereafter. As collateral damage of the conflicts within CELAC, it was not possible to hold the EU–CELAC Summit scheduled for October 2017, and there were no presidential summits in 2018, 2019, or 2020. When the Mexican government revived CELAC during its 2020–2021 pro tempore presidency, it initially focused on increasing technical cooperation by incorporating new issues such as the COVID-19 pandemic.

In contrast to Europe, where crises often led to a spillover effect, spillback was the most common outcome in Latin America (in six of the eight cases). However, as predicted by Schmitter (1970b, p. 847; Schmitter and Lefkofridi 2016, p. 2), encapsulation was also a common outcome (in five of the eight cases). Encapsulation occurred three times in combination with spillback and once in combination with spill-around. In most cases, encapsulation led to stagnation rather than to progression in the development of ROs. In two cases (Andean Community 1992–1997; 2004–2006), the outcome was pure spillback, through the temporary and partial flexibilization of rules or the withdrawal of a member country (Table 2). The UNASUR crisis was the only one that led to disintegration. One could speak of a spillback, since more than half of the members have left the organization. However, unlike other cases of spillback in which only one member withdrew or was suspended, UNASUR did not survive these withdrawals. According to our definition, PROSUR can be considered a type 2 spill-around in that it took on similar tasks as the paralyzed UNASUR. However, it had fewer members, a weaker organizational structure (it was only a regional forum), fewer tasks, and a shorter lifespan: After the change of governments in Argentina (2019), Chile (2022), and Colombia (2022), the forum disappeared.

Developments following the paralysis of CELAC and the disintegration of UNASUR have signaled a possible revival of both regional projects. In the case of CELAC, the regional forum expanded its activities into new areas during Mexico's pro tempore presidency, as “the functional demand to address the pandemic did work as an incentive for relaunching cooperation within this dying mechanism. ... CELAC is the case that best illustrates the idea of ‘saved by functionalism’” (Ruano and Saltalamacchia 2021, pp. 107, 105). However, it was not a neofunctionalist spillover but rather a spill-around that saved CELAC, as the expansion into new areas was not induced by the success of cooperation in existing areas.

Although there have been calls for UNASUR's revival in 2022 and 2023 (Adler and Long 2023; Long and Suñé 2022; Weeks 2023), as of mid-2024 there are still

no signs of a breakthrough. When the then newly elected President Lula da Silva invited his counterparts to Brasília in May 2023, the general expectation was that UNASUR would be relaunched. However, the final declaration of the presidential meeting did not mention UNASUR, but merely agreed to evaluate the experience of South American integration mechanisms and to draw up a road map for future integration. This road map proposed to prioritize concrete initiatives that would have a positive impact on the living conditions of the population and that would not duplicate efforts already underway in other cooperation mechanisms, as well as establish a calendar of sectoral meetings. Thus, there could be a spillback of UNASUR's former tasks, which would be taken over by a future South American RO (which could even take the form of a regional forum rather than an organization), or a spill-around, which would result in the distribution of UNASUR's former tasks among different sectoral institutions.

7 Conclusion

Latin American regionalism is characterized by recurrent crises, but also by a surprising resilience. In this contribution, we have sought to integrate theoretical approaches and insights from EU studies and comparative regionalism in order to account for this seemingly paradoxical trajectory. Both offer analytical tools that complement each other in explaining the crisis and resilience of Latin American ROs.

We began by asking whether neofunctionalism, as a theoretical approach developed for the study of European integration, can travel across the Atlantic and enrich the analysis of Latin American regionalism. We argue that it can, but that the approach must be adapted and the appropriate concepts selected to make it applicable to the Latin American context. The classical neofunctionalist logic of integration, with its focus on spillover effects, has primarily highlighted the limitations of Latin American ROs. Comparative regionalism approaches have fared better in identifying characteristics or countervailing forces that account for the recurrent crises of Latin American ROs. However, as we have argued, the alternative or second-best strategies mentioned in neofunctionalist analyses, such as encapsulation, spill-around, or even spillback, can help explain the resilience of ROs. Our case studies have demonstrated that Latin American ROs survived through spillback rather than spillover, as well as through encapsulation and, in some cases, spill-around.

Our article adheres to the recommendations of the “global international relations” agenda, which encourages the expansion of regionalism studies beyond Eurocentric models (Acharya 2014). A new reading of the neofunctionalist approach facilitates comparative regionalism research and contributes to a better understanding of ROs and projects in other regions of the world beyond Europe. Building on our analysis and the results of previous studies on the crisis and resilience of Latin American ROs (Agostinis and Nolte 2023; Nolte and Weiffen 2021b), future research could analyze in more detail which of the three alternative options prevailed in crisis situations and why.

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