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Mercosur and the Struggle against Poverty

Tullo Vigevani and Juliano A. S. Araguskú

Introduction

Structural challenges from the past persist in South America's reality at the beginning of the 21st century. Poverty and social inequality, problems intrinsic to the region and its societies, remain as obstacles to development. It was only in the post-Cold War period that the fight against poverty became a research topic in international studies. In this context, the most effective ways to fight poverty have been discussed from a global perspective. Regional cooperation and integration can be seen as a possible path for mitigating inequalities. Regional integration can stimulate social welfare only if carried out with a concern for the development of poorer regions and including policies directly aimed at fighting inequalities, as in the case of regional structural funds. However, regional integration can also be another exclusion factor. This chapter discusses to what extent and how regional integration in Mercosur can contribute to the fight against poverty within and among its member-states. The analysis will refer occasionally to the experiences of the European Union (EU).

In the case of the latter, the current Euro crisis has intensified the debate on the regional organization's capacity to attenuate inequalities between countries, as well as between regions within each country. For example, the crisis in Spain has intensified the movement for self-determination in some regions such as Catalonia. From a regional perspective, asymmetries and the role of wealthier countries such as Germany have been discussed in a polarized manner. Part of the population and even of the elites of Italy, Spain, Portugal and Greece accuse Germany of a lack of sensitivity regarding the social and economic crisis (Badia and Sarsanedas 2013). These accusations are extended to the

European Commission and the European Central Bank. On the other hand, the German government and a significant part of its population understand that they should not have to pay for the costs of the financial crises of other countries; after implementing austerity policies for decades and having paid for the cost of the reconstruction of the former Eastern Germany, additional costs are considered unbearable and politically unviable.

In the case of Mercosur, governments and important parts of society in Paraguay, Uruguay and Argentina believe that, as Brazil is the country with the largest economy in the region, it should also bear greater costs and contribute to its partners' economic and social development. The nationalization of Bolivia's gas reserves and the consequent rise in prices of the product's imports to Brazil illustrate this perspective. In 2010, before the crisis that led to the end of the government of Fernando Lugo in June 2012, Paraguay demanded negotiations with Brazil regarding the price of energy from the Itaipu hydroelectric plant, considered to be unfair, below international standards and a result of agreements signed many decades previously during the period of authoritarian governments. A rise in the price of energy purchased by Brazil implies a rise in costs and a reduction in the competitiveness of its goods. Although it is not only the costs of raw materials and energy that determine competitiveness, its general rise has generated complaints from entrepreneurs of countries that have to pay higher prices, as well as from parts of the population.

These considerations show that the distribution of costs and benefits in the integration process is a complex issue which cannot be dealt with by using generic discourses or an argument of humanistic solidarity, although solidarity is of great relevance. Solidarity is precisely one of the factors that can ensure the success of regional integration processes. As Rawls (2001) and, from another perspective, Walzer (2004) suggest, policies that have an influence on international wealth distribution must take justice into account, specifically international moral justice. We argue in this chapter that the relationship between regional integration and the fight against poverty should be understood in a way in which the attribution of value to factors of production should recognize the economic and social significance of several products. Be they industrial, mineral, agricultural, services, technology, biodiversity or – particularly – labour, the cost must include their social significance; for instance, by including values such as the fight against inequalities, environmental preservation and welfare.

This chapter is organized into four sections. Firstly, we define poverty and map the poverty situation of Mercosur's member-states. Secondly, we discuss the coordinated initiatives to fight poverty and inequalities at the international level. Then, we map and analyse migration flows in Mercosur, and their impact on poverty and regional integration. Finally, we assess existing mechanisms for overcoming asymmetries, with a focus on the Mercosur Structural Convergence Fund (FOCEM), to analyse how it could turn out to be a potentially efficient channel for mitigating existing asymmetries in member countries and thus have positive effects on poverty and social inequality reduction.

A global and domestic perspective on poverty

The first necessary exercise in the discussion is to clarify the concept of poverty. As Lavinas (2002, p. 29) states: 'poverty is a state of need, of deprivation that can place the human condition itself at risk. To be poor is therefore to have one's humanity threatened, whether by the non-fulfilment of basic needs (physiological or otherwise) or by the inability to mobilise efforts and means for such needs to be fulfilled'.

Already in 1990, the United Nations Development Programme (UNDP) articulated the idea of human development, taken as 'a process of enlarging people's choices. The most critical ones are to lead a long and healthy life, to be educated and to enjoy a decent standard of living. Additional choices include political freedom, guaranteed human rights and self-respect' (UNDP 1990, p. 10). Based on this concept, the Human Development Index (HDI) was developed in an initiative led by Amartya Sen and Mahbub ul Haq. Today, the HDI is widely used as a tool for measuring social conditions on a global scale based on indicators such as life expectancy, health, education and income. Countries are thus classified into four categories: very high, high, medium and low human development. In the sphere of Mercosur and its associate members, only Chile and Argentina show very high human development levels. All the others show high human development levels, with the exception of Bolivia and Paraguay, which show medium human development levels (Table 4.1).

These indicators are averages, however, and so do not evidence the situation of severe deprivation that affects a considerable part of the population, this being a structural problem of the region. These indicators must be seen in combination with poverty indicators. According to the UNDP's calculations, the poverty line is computed for people who survive with an income below US\$1.25 in terms of purchasing power parity (PPP) per day.

Table 4.1 HDI of Mercosur full and associate members (2012)

Country	HDI	Position in world ranking
Chile	0.819	40
Argentina	0.811	45
Uruguay	0.792	51
Venezuela	0.784	71
Peru	0.741	77
Brazil	0.730	85
Ecuador	0.724	89
Colombia	0.719	91
Bolivia	0.675	108
Paraguay	0.660	111

Source: UNDP 2013.

Table 4.2 Population below the poverty line

Country	Less than US\$1.25 in PPP* per day (%) 2002–2011**	Estimate of population with less than US\$1.25 in PPP* per day***
Bolivia	15.6	1,598,695
Colombia	8.2	3,899,158
Paraguay	7.2	481,172
Brazil	6.1	12,153,790
Peru	4.9	1,456,958
Ecuador	4.6	683,789
Argentina	0.9	370,071
Uruguay	0.2	6,783

*Purchasing power parity.

**The data refer to the most recent year available during the specified period.

***Estimate calculated by using population statistics published in 2012.

Source: UNDP 2013.

Table 4.2 shows a worrying situation. A very large number of people survive below the poverty line in Mercosur and its associate member countries. A complicating factor is that the largest country and the country with the largest gross domestic product (GDP) of the region, Brazil, shows a high percentage of people below the poverty line in relation to its population (6.1%). In absolute numbers, the quantity of people below the poverty line in Brazil is greater than the sum of those in all of the bloc's countries, which shows a high index of social inequality.

As discussed above, human development is related to enlarging people's choices. According to the UNDP, this embraces political freedom, guaranteed human rights and self-respect. All these aspects are directly related to the idea of social citizenship. Therefore, social inequality is an issue to be addressed to extend social citizenship in Mercosur member countries. As suggested in the Introduction of this book, 'regional integration initiatives have the potential to fulfil other important functions (...) including the creation of an appropriate enabling environment for economic and social development, and the reduction of social exclusion and the articulation of a more inclusive civil society'. Discussions about poverty have deserved increased attention in Mercosur in recent years. It has been a very important subject on the agenda. But that doesn't mean that there have been concrete results. Several explanations could be suggested for this. Probably the most plausible one could be identified in the weak economic conditions of the countries, including Argentina and Brazil. The same is valid for discussions about social citizenship. Mercosur stimulated contacts and relationships between social actors, but institutional measures are still few and are not very effective.

The ability of countries to fight poverty in its most severe levels varies, as there are also inequalities between countries, a latent situation in South America. Table 4.3 below shows the GDP differences between Mercosur member-states. The regional integration process is supposed to attenuate the asymmetries between countries. Therefore, it is supposed to support the fight against poverty, against the most extreme poverty. In several presidential or ministerial meetings, the subject has been specifically discussed, including the relationship between national and social asymmetries. In the Asunción conference of economic and foreign ministers, held in September 2007, asymmetries were considered one of the main issues, ranging from the economic to the social dimension.

Mechanisms for overcoming inequality at the global level

The topic of international cooperation for development is not new, but it started to receive more attention during the post-World War II period. This was a decisive moment for international cooperation because the low level of development of the poorer states after the decolonization and emancipation processes started to receive attention from the developed countries (Könz 1994; Soares 1994). However, the measures adopted frequently resulted in a reproduction of strong mechanisms of dependency. Amorim (1994) stated that Latin America's economic

Table 4.3 GDP/population relationship

Country	GDP (2011, US\$ million)	Per capita GDP (2011)	Population (2012)
Brazil	2,476,651	12,594	199,242,462
Argentina	448,165	10,994	41,118,986
Colombia	333,185	7,100	47,550,708
Venezuela	315,893	10,731	29,890,694
Chile	248,592	14,395	17,423,214
Peru	180,464	6,138	29,733,829
Ecuador	66,381	4,526	14,864,987
Uruguay	46,710	13,819	3,391,428
Bolivia	23,949	2,374	10,248,042
Paraguay	22,890	3,485	6,682,943

Source: UN 2012.

structural delay and the transference of the tension from the developed centre to the periphery strengthened the development bias of international cooperation.

During this period, institutions were created aiming to organize a cooperation network among states, and different conferences such as Dumbarton Oaks,¹ San Francisco,² Bretton Woods³ and Havana⁴ took place. Economic questions assumed an institutional importance for the first time, which came to shape international cooperation. The proposal for the creation of the International Trade Organization essentially emphasized the correlation between development and trade, with a concern for the need of non-developed countries to have the conditions to generate revenue as a basis for continuing their processes of economic development. However, the General Agreement on Tariffs and Trade (GATT) finally replaced this initiative, as the United States failed to ratify it. The Marshall Plan in 1947 and, for Latin America, the Alliance for Progress in 1961, can be mentioned as results of this concern: combining stimuli to development in the liberal perspective with strategic considerations by the United States.

International cooperation for development through multilateral bodies and flows of bilateral foreign aid for development also increased during these years. The role of regional integration and regional organizations can be understood in this context. According to Peterson (2004), assistance, as a way to alleviate poverty, is a moral obligation of the population of developed countries. Peterson's statement relies on an ethical premise supported by Singer: 'if it is in our power to prevent something

bad from happening, without thereby sacrificing anything of comparable moral importance, morally, we ought to do it' (1972, p. 231).

However, the fight against poverty and inequality cannot be addressed in a romantic or ingenuous way. Ethical and moral precepts are important, but politico-economic factors must be observed. As mentioned, the transfer of resources among member-states for a process of regional integration is not free from controversies. Schmitter (2003) analysed the reasons why, five decades after the Treaty of Rome, the axis of the political life of European countries continues to be the struggle for power at a national level.

Overcoming regional and national asymmetries is not automatic; the process of expansion of the capitalist system generates a division of the global system at its core, semi-periphery and periphery. The result is an extensive functional and geographical division of labour, which makes economic activities unequally distributed around the world. From this perspective, compensatory mechanisms at the global, regional and national levels are necessary; assertive policies must be adopted to direct resources towards initiatives aimed at overcoming asymmetries because the market has no incentive for that.

The motivations to embrace the fight against poverty as an item on the regional organizations' agenda have their origin in the reality experienced by all kinds of regional integration experiences. 'Compensations must be offered to involved groups for their participation in order to balance the possible deleterious effects generated by it. [...] The future prospect of receiving something in return for the present sacrifice stimulates the support for integration [...]' (Mariano 1995, p. 10). In Mercosur, some factors may have contributed to the – still limited – improvements implemented during the last 20 years. Policies of economic liberalization have not been adequate for leveraging the growth of poorer areas in member countries; public policies have been implemented to fight poverty in the region, though with meagre results.

In the 2000s, problems of low governability had an impact on regional blocs and thus impacted on the fight against poverty. It means that the fight against poverty executed by the states with problems of low governability does not always produce actions with effective results. In the case of the EU, the distributive conflict among member-states and social and regional groups within countries led to indecisiveness and delays that compromised the policy of asymmetries' mitigation. In the EU, to some extent, tensions between countries and tensions inside countries reflect difficulties in the fight against inequalities. In the case of Mercosur, Brazil, for instance, has constantly postponed discussions

on tax reform. These impasses also affect the process of regional integration since tax asymmetries generate difficulties at the regional level.

Initiatives and policies against poverty created by Mercosur have been generally stimulated by the targets set by the United Nations Millennium Declaration (8 September 2000), this in itself being a result of the conclusion of the great international conferences on social issues during the 1990s (Nascimento and Reis 2009, p. 187). The first steps were stimulated by international agencies, like the World Bank, the International Monetary Fund and the Economic Commission for Latin America and the Caribbean, which linked development with the fight against poverty and inequalities, as strongly emphasized by Kliksberg (2001). Building on these international organizations' recommendations, actions in this domain were included as main goals on the agenda of Mercosur, but only after acceptance by national governments.

High levels of macroeconomic convergence are required to promote successful and sustainable regional integration processes. Trade and production integration depend largely on the economic conditions of partners, particularly regarding monetary stability. In order to promote improvements in economic conditions, especially for the population and including the decreasing of asymmetries between states and regions within states, compensatory mechanisms focusing on greater equality are necessary, which means planning production chains. In the case of Mercosur, the idea of regional production chains was relevant between 1986 and 1990, but it lost strength over the course of time because its implementation was dependent on business initiatives that did not occur. Part of the necessary investments ended up being allocated to areas of greater relative development, increasing the impoverishment of weaker states and weaker regions, with serious social consequences.

One of the main problems for Mercosur is the lack of economic complementarity, which is hardly addressed in the literature. This problem was discussed when Brazil and Argentina signed the Treaty of Cooperation, Integration and Development in 1988 when sectorial complementarity was first established. Policies were partly successful in some cases, but not in others. The structural situation has not changed too much in the last few years; South American countries remain suppliers of commodities with low added value in the global markets and in the global distribution of work quality. Examples such as China, which managed to implement successful public policies, are not to be found in South America, even despite some positive initiatives in the last decade. Mercosur member-states did not change their patterns of insertion into the global economy and markets. Reasons for this, pointed out in the

literature, are the pressures of business and corporate lobbies, who prefer to maintain external relations through the traditional channels – where they have more confidence and reliability (Araujo 2004).

Migration at the regional level and its contribution to the fight against poverty

Policies for fighting poverty, and their relationship with regional integration, are linked to a conception of the world in which solidarity has a political and economic role, as well as a moral one. If regional organizations have a commitment to fight poverty, integration cannot be restricted to trade policy. The economic factor must be taken into account, but the search to unify political life, culture and societies is necessary together with the discussion of a common regional citizenship.

In this context, the role of migratory movements and the free circulation of people must be included in the discussion about regional integration and the fight against poverty. This section analyses the relationship between poverty and migration in Mercosur. Patarra (2006, p. 18) argues that remittances sent by migrants can be seen as a tool for fighting poverty in the countries of origin, according to studies developed by the UN Global Commission on International Migration and by the World Bank. The link established between migration processes and human rights is also explored within Mercosur, as can be observed in the textbook created to educate workers within the regional organization: 'The free circulation of workers must be a fundamental element in the regional integration that we are building, not only because labour is the most important factor of production in every economy, but also because migration in the search of better opportunities is an essential human right in the construction of a wider shared space' (Brasil 2010, p. 10).

The role of remittances as an effective way to fight poverty is, however, controversial (Adams Jr. and Page 2005). The World Bank report identifies three modalities of positive aspects that migrations provide to developing countries: 'remittances, the reduction of pressure on the internal labour market and contact with international markets and access to technology' (Patarra 2006, p. 20). Remittances certainly correspond to a considerable amount of resources for the migrants' countries of origin. Yet the effects vary according to the size and level of the country's economy and development. In the case of Argentina, Brazil and Uruguay, remittances corresponded to less than 1% of GDP in 2012.

In Paraguay, they stood at almost 5%, whereas in Haiti, transfers corresponded to 25%, and for countries such as Guiana, Honduras, El Salvador and Nicaragua, they reached around 17% (IDB 2013).

If remittances provide a considerable amount of resources for the economies of developing countries, they possibly 'end up making people and whole families dependent, which, in the end, can reinforce their condition as eternally developing countries' (Patarra 2006, p. 16). It is also worth pointing out that, in the countries in which they live, migrants are a contingent of 'flexible labour that subjects itself to all manner of labour overexploitation contributing to production and consumption and pools prior investments from their countries of origin with their training, education and health' (Patarra 2006, p. 16).

Mercosur migration policies are assessed in light of this discussion. In fact, migration flows are quite intense, and some progress has been made in terms of the provision of better conditions for immigrants who circulate within the organization. Nevertheless, the governability of international migrations within Mercosur is still a challenge, and the demand for legal, administrative and information instruments on migrations is growing (Patarra and Baeninger 2006, p. 136).

In 2009, two agreements signed in 2002 came into force: the Agreement of Residency for Nationals of Mercosur Member States and the Mercosur Agreement + Bolivia and Chile. These agreements allow 'nationals of these countries to reside and work in Brazil for two years with provisional status and to apply for permanent status afterwards' (Reis 2011, p. 57). Another instrument of significant importance for migrants was the Multilateral Agreement of Social Security of Mercosur signed in 1997, which came into force in 2005.⁵ It established that 'the contributions made to the social security system by a worker in any of the signatory countries of the Agreement accumulate as if they had been made in the same country' (Brasil 2010, p. 19).

In Brazil's case, migration flows go in both directions. Given its greater economic weight, it attracts migration flows from the other member countries, and these flows have been growing in Mercosur's internal environment. Out of the 161,048 immigrants from the Americas between 1991 and 2000, 53.62% came from other member countries (Matos et al. 2006). These migratory flows 'are associated with several economic factors, for example, the growth in situations of increased poverty in certain countries, the greater dynamism of the sub-regional economies of the Brazilian Centre South, among others' (Matos et al. 2006, p. 148). Historical ties and geographical proximity are also relevant factors.

On the other hand, we also observe important contingents of Brazilians in the region's countries, especially in border areas. Brazilian immigration to neighbouring countries shows different patterns from emigration flows. Brazilian emigration to Paraguay 'is directly related to the expansion of the Brazilian agricultural border, particularly to soya and cattle production, and also to the Paraguayan policy of attracting immigrants' (Reis 2011, p. 48). As well as agriculture, panning for precious minerals and other commercial activities attract Brazilians to neighbouring countries. This type of migration ends up generating tensions and social conflicts, such as those of the *brasiguaios* (Brazilians settled in Paraguay and their descendants) – in some cases big landowners, and in others, poor peasants. Regarding Paraguay, the liberal policy of President Horacio Cartes, who took office in 2013 and sought to attract Brazilian investments, was expected to attract highly qualified Brazilian migrants to that country. This is also the situation in the region of Santa Cruz de la Sierra, Bolivia, where the expansion of soya production is attractive to Brazilian agribusiness. These developments explain why poverty was an important issue on the agenda of the meetings during the visits of Horacio Cartes to Brasilia and Buenos Aires in September 2013 as the recently elected president of Paraguay.

Reis argues that 'Throughout the development of the integration process, migration could both provide the arguments against the idea of free circulation and be used as a disruptive factor in relations between Brazil and its neighbours, and could be interpreted and utilised as a sort of catalyst for processes of regional integration' (Reis 2011, p. 64). Still, according to this author, Mercosur member-states opted for the latter, which does not mean that it is an easy procedure. It is a process 'charged with contradictions, disagreements and tensions, which involve different State interests and pressures from several social and political groups affected to a greater or lesser degree by migrations, especially on frontier zones' (Reis 2011, p. 64).

Migrations are also reflected in the urban question since most migrants move to the largest cities in the region: 'The destinations of the international migration flows of global workers to Brazil in 1990–2000 are the two main Brazilian metropolises, already defined in the urban national hierarchy as global metropolises: São Paulo and Rio de Janeiro' (Patarra and Baeninger 2006, p. 130). During the second half of the 20th century, the urban population multiplied by six in Brazil, by 4.5 in Paraguay and by two in Argentina. For example, the São Paulo metropolitan region, which had a population of 2,622,786 inhabitants in 1950, reached 20,731,917 according to an estimate by the Brazilian

Institute of Geography and Statistics (IBGE) in 2012. Some plausible explanations for this striking urbanization process in Mercosur, one of the most intense in the world during this period include the 'de-stabilization of agrarian economies and a worsening of the level of subsistence of populations in a process of rapid growth; the expansion of industrialization and modernization in the context of the advances of Western capitalism; the supply of vital goods and services in the areas of health, sanitation, housing and education; and a real and virtual rise in job opportunities and income in the cities in expansion' (Matos et al. 2006, p. 144).

To consider the results of migrations as positive factors in the fight against poverty sounds contradictory. While different motivations underlie migratory movements, in South America, these are mainly economic. The vast majority of people move because they do not have adequate socioeconomic conditions in their places of origin. Second, to identify remittances sent by migrants to their countries of origin as effective measures for fighting poverty is paradoxical. Even if they provide palliative relief to the needs of families in their countries, they do not alter the structural logic of dependency, reinforcing the situation of an unequal world economy.

Convergence for overcoming asymmetries

Regional integration in Mercosur suffers from a paradox which results from the political context that has evolved in the 2000s. The political convergence between Mercosur governments, with the election of the governments of Kirchner and Fernández in Argentina, Lula da Silva and Rousseff in Brazil, the Frente Amplio in Uruguay and of Lugo in Paraguay, often referred to as the 'left turn', did not have a positive impact on the strengthening of the integration process. The paradox is that the political sense of convergence wasn't sufficient to enable strong economic integration; countries continued with economies strongly linked with external regions.

Steps were taken to overcome the institutional deficit, and some initiatives aimed at consolidating the project in the social field with the creation of new areas of action, such as the Mercosur Work Programme and the Social Institute.

In this respect, the creation of the Mercosur Social Institute in 2007 is an important development. Created to consolidate the social dimension as a central axis in the regional integration process, this initiative was intended to contribute to the enforcement of social citizenship

in the regional sphere. However, as discussed by Bianculli and Ribeiro Hoffmann in the Introduction of this book, is it possible to say that this process is enhancing a regional social citizenship? We argue in this chapter that this initiative is still very limited, while the idea is not clearly compatible with the institutional structure perpetrated by the member countries' approach to Mercosur. The budget evidences the limitations of the Mercosur Social Institute, which in 2014 amounted to US\$855,461,00.⁶ In 2010, the bloc approved a Statute of Citizenship. Still, this is a plan of action to be implemented until 2020 and which is mainly intended to consolidate a set of fundamental rights and benefits.⁷ The other experience to consider is the role of the Mercosur Parliament: the concept of citizenship could stimulate its work and the decision to implement direct elections for representatives. At the same time, its lack of power delayed the discussion concerning direct elections that begun in 2010 and was scheduled for 2014, to 2020.

The Permanent Forum of Ministries of Internal Affairs is another relevant example, as this forum is responsible for the establishment of migration rules among member countries. Some small steps have been implemented through this channel.

Culpi and Pereira (2014) suggest that policies of small steps can be encouraged through four focuses: a national network of communications between state officials, the influence of neighbouring states, leaders for innovation policies and the influence of central government in stimulating innovation policies. Thus, they conclude that Argentina's capabilities in terms of migration policies had a great influence on the further improvement of the agreements achieved at the regional level.

The creation of the FOCEM in December 2004, with the establishment of participation quotas to be increased over time, was another advance, especially a conceptual one; it was important in the field of cooperation aiming to reduce asymmetries (see Medeiros et al. in this volume as well). The aim of the FOCEM is 'to finance programmes for developing structural convergence; to develop competitiveness, foster social cohesion, particularly of smaller economies and to support the functioning of the institutional structure and the strengthening of the integration process'.⁸ Given its focus on strengthening the capacities of less favoured countries and regions, FOCEM became an important tool for overcoming the region's asymmetries. In 2004, FOCEM was assigned US\$100 million, out of which Brazil contributed 70%.⁹ Whereas 48% is to be assigned to Paraguay and 32% to Uruguay. The quotas were successively increased, reaching a total of US\$300 million in 2012. Between 2005 and 2009, 25 projects were approved under FOCEM, totalling

US\$160,728,003. Fourteen projects were developed in Paraguay, six in Uruguay, three in the Mercosur Secretariat, one regionally and one in Brazil (IPEA/ABC 2010).¹⁰

FOCEM's inspiration for action came from the European Structural Funds. Together with the Cohesion Fund, they are the main financial instruments of EU regional policy, which aims to reduce differences in development among regions and member-states, thus promoting economic, social and territorial cohesion. For the 2007–2013 period, the financial allocation attributed to regional policy by the EU was close to €348 billion: €278 billion for the Structural Funds and €70 billion for the Cohesion Fund. This allocation represents 35% of the community budget, which means that it constitutes the second budget line. This is certainly the most important example of the role that regional integration can play as far as the fight against poverty and particularly the fight against inequality are concerned. In our understanding, its only partial success can be explained by the reasons already mentioned, not by the intrinsic value of these policies. When we compare FOCEM's resources with those of the Structural and Cohesion Funds, considering the great difference in national capacities, we see that there is still a long way to go in the case of Mercosur.

For Mercosur member-states, regional integration is important, but it is always seen as an instrument, not as an end in itself. When they signed the Asuncion Treaty in March 1991, the four presidents shared the perception that further developing the integration process could be the key to a more competitive insertion of their countries into a world in which large economic spaces were increasingly consolidating and where technological-industrial advance was increasingly crucial to national economies. The social issue was not present then. The instrumental logic was important. Mercosur has been driven to a large extent by the presidents of its member-states (Malamud and Schmitter 2011); entrepreneurial sectors adhered to the project with interest, especially in the initial stage of the cooperation project between Brazil and Argentina, but they did not remain actively supportive over the course of time. The situation regarding trade unions and civil society support was not entirely different. The lack of societal support for Mercosur has limited its capacity to consolidate the process of integration both in economic and non-economic spheres, such as in the fight against poverty.

Conclusion

In this chapter, we have argued that it is possible to promote the fight against the structural problem of poverty in Mercosur. Success or failure

depends on how policies intended to overcome asymmetries, not just within member countries, but also across regions within the countries, are implemented – or even on whether they are implemented or not. We have also argued that the solution to the problem of inequality cannot be expected to come from within the market logic, which does not provide adequate incentives; compensatory mechanisms at the national and regional levels are necessary. Assertive policies must be adopted so as to direct resources to initiatives intended to overcome inequalities and asymmetries.

The impact of remittances from migration flows on poverty alleviation and reduction of inequalities is still contradictory. While they offer an adequate palliative to relieve family poverty, they also create a vicious cycle that perpetuates relations of dependency. The implementation of policies aimed at a structural convergence, promoting the mitigation of existing asymmetries between the region's economies, as the logic of the FOCEM suggests, could play a role in the fight against poverty, and particularly in the fight against inequality. Policies to integrate production chains and to promote competitiveness based on scientific and technological development particularly support the fight against poverty. Given the areas of extreme poverty in Mercosur member-states, particularly Brazil, specific actions of direct intervention, through the creation of social policies and the setting of regional parameters, could play a positive role in raising living standards.

As discussed in this chapter, initiatives and policies against poverty are not rooted in the Mercosur regional integration process itself. Stimulus resulting from the targets set by the United Nations Millennium Declaration – a result of the conclusion of great conferences on social issues during the 1990s – had a major role in the inclusion of an agenda for fighting poverty at the regional level. This illustrates how norms, ideas and policies can be diffused from the global to the regional level. At the same time, we argue that while Mercosur member-states have actually struggled to reduce poverty, the regional organization could have a more effective role in further achieving these goals and improving living standards.

Notes

1. Washington Conversations on International Peace and Security Organisation (1944).
2. United Nations Conference on International Organisation (1945).
3. United Nations Monetary and Financial Conference (1944).
4. United Nations Conference on Trade and Employment (1947/1948).

5. Other important instruments include the Agreement on the Regularization of Internal Migration of Citizens of Mercosul Member-States (2002); Declaration of Asuncion on Human Trafficking and Illicit Migrant Trafficking (2001); Declaration of Santiago on Migration Principles (2004); and the Declaration of Asuncion against People Trafficking and Exploitation in Mercosul and Associate Members (2005).
6. MERCOSUL/CMC/DEC. Nº 01/14.
7. MERCOSUL/CMC/DEC. Nº 64/10.
8. O que é o FOCEM?, <http://www.Mercosul.int/focem/index.php?id=que-es-el-focem>, date accessed 4 March 2015.
9. Argentina contributes 27%, Uruguay 2% and Paraguay 1%.
10. Implementation Project of Biblioteca Biunila – Unila and Imea.

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