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- 1. Disparities in Argentina: A Summary of their Origins and Present State**

Regional differences in Argentina have been accentuating rather than decreasing since independence. In the sixteenth century, during early colonial times, priority was given to the silver economy in Potosí (Spanish viceroyalty of the Upper Peru, nowadays Bolivia). During that era, the regions of the present Argentine Republic that were most dynamic, populated and wealthy were those that served as satellites from the Upper Peru. The north of Argentina prospered in this period since it produced ox carts, textiles and basic goods to be sold in the Upper Peru. It is precisely those provinces in the north that now display some of the lowest levels of GDP. By contrast, the littoral was scarcely populated. The centre of cultural activity and one of the most important cities at this time was Córdoba, whereas Buenos Aires was no more than a village. When the viceroyalty of the River Plate was created in 1776, the importance of Buenos Aires rose as its port flourished as the direct link with Spain. The economies of the interior were now satellite economies of the central authority of Buenos Aires, but with poor infrastructure and specialised art craft economy, the interior entered a period of sharp decline. This became even worse when independence was declared in 1816 and the links with the Upper Peru and Chile ended.

Meanwhile, the geographic location of Buenos Aires together with the productivity of the Pampa (the fertile grasslands in the Argentine provinces of Buenos Aires, La Pampa, Santa Fe, and Córdoba) became a natural attraction not only for foreign migrants but also for those from the rest of the country contributing to a concentration of population in and around the littoral and Buenos Aires (the littoral is the area dominated by the river Parana and Uruguay in the north-east of Argentina, which includes the provinces of Misiones, Entre Ríos and Corrientes). Although Argentina has a varied geography and climate that allows for all kinds of production; the port of Buenos Aires provides the only entrance to this vast territory. Therefore, whoever controls this access has complete power over the rest of the country. Between the end of the nineteenth century and the 1930s the export led model of development reinforced the position of Buenos Aires port as the main gateway. This imbalance not only persisted but also grew worse and deepened over time, particularly with the import substitution industrialisation model in the second half of the 20<sup>th</sup> century. Migration flows, far from triggering the balancing mechanisms prescribed by classical economics, contributed to worsening the concentration in Buenos Aires and its surroundings where the industrialisation effort was mostly located. The lack of serious public policies to develop other areas of the country and induce an efficient and long-lasting decentralisation process, together with the end of the import substitution industrialisation model and the more liberal economic policies that followed, determined a high concentration of both population and economic activity in and around Buenos Aires province. This duality between Buenos Aires, its surroundings and the rest of the country constitutes one of the most dramatic features of 21<sup>st</sup>- century Argentina.

## **2. Regional Integration Schemes**

Economic integration in Latin America saw different stages. During the sixties, integration efforts were regarded as a way of providing the basis for a more efficient industry and creating economies of scale by enlarging the domestic markets. The Latin American Free Trade Area (LAFTA) was created in 1960 with the objective of abolishing all tariffs by 1971. Although some progress was experienced, by the beginning of the seventies there was a sense of frustration at the modest progress of LAFTA. In addition, the continent was going through the debt crisis and political upheavals. In 1980, LAFTA was replaced by the Latin American Integration Association (LAIA) and countries focused more on bilateral trade agreements and private sector initiatives. In the nineties, economic integration gained an important boost as a result of international trade conditions. At this stage, Latin American 'new' regionalism was not regarded as a protective measure against foreign competition or as a way of promoting their import substitution strategies but, rather, as a way of increasing Latin American exports internationally and inserting the economies into the world markets. The Free Trade Area for the Americas (FTAA), North American Free Trade Area (NAFTA) and the Common Market of the South (MERCOSUR) are all from this period. There was an increase in the signing of bilateral agreements and the revitalisation of old integration schemes such as the Central American Common Market (CACM) and the Andean Pact.

### **MERCOSUR**

The population of the four countries of MERCOSUR is over 270 million people and comprises 70 per cent of total land of South America. It is the world's fourth-largest trading bloc after the European Union (EU), North American Free Trade Agreement (NAFTA), and the Association of South East Asian Nations (ASEAN). MERCOSUR was formally constituted when the Asunción Treaty was signed in March 1991, including Argentina, Brazil, Uruguay and Paraguay as full members. Venezuela applied for full membership in 2006 but still has to be ratified by Brazil and Paraguay. Associate members of MERCOSUR are Bolivia, Chile, Colombia, Ecuador and Peru; while Mexico has an "observer" status. Although it aimed to create a customs union by 1994, only an "imperfect" customs union was reached by that stage. In 1995, MERCOSUR agreed a five-year programme in which to perfect the free trade area and customs union. By 2005, about 85% of goods and services were traded free of restrictions, although there were about 800 exceptions to the common external tariff and informal non-tariff barriers tend to further slow down the free flow of goods between member countries. MERCOSUR has undoubtedly increased trade flows between its member countries. However the main problem in MERCOSUR is that macro conditions, particularly those of Argentina and Brazil - the two largest countries - have often determined trade flows and the pace of negotiations, fostering doubts about the deepening of the integration effort. Moreover, there is a lack of coordination on macro-policy and supra-national institutions. The Treaty of Asunción concentrated the power of decision-making in the foreign affairs and finance ministries while the other sectors involved were only consulted and therefore the dynamism of the integration process has been significantly dependent on the political will to reach agreements. The creation of a new regional organization in 2008, the Union of South American Nations (UNASUR), has raised further questions about the future of MERCOSUR.

## **Regional Disparities within MERCOSUR**

Disparities between the member countries of MERCOSUR are wide and extend not only to levels of GDP and population but also access to education, infant mortality, life expectancy, urbanisation rates and infrastructural variables such as density of railroads, telephone lines and vehicles per capita. In 2000, Brazil's population comprised 79 per cent of the MERCOSUR's total population; Argentina accounted for 17 per cent and both Paraguay and Uruguay 2 per cent each. In addition, GDP per capita in Argentina and Uruguay was above the MERCOSUR average, while that of Brazil and Paraguay was below average. Not only are there differences between the member states but, most importantly, within the countries that form MERCOSUR. As seen in other integrated areas such as the European Union, convergence is usually harder to achieve for regions within countries than between countries, and is particularly difficult for lagging regions. Acute regional disparities within the member countries, more than between countries, have been a crucial factor for the lack of coordination and success of the integration. A small but encouraging development was the creation in 2006 of the Fund for Structural Convergence in MERCOSUR (FOCEM). For a minimum period of ten years, the four member countries will contribute to it with an annual total amount of US\$100 million as follows, Argentina 27%, Brazil 70%, Paraguay 1% and Uruguay 2%; while the allocation of resources would be done in reverse, as follows, Paraguay 48%, Uruguay 32%, Argentina 10% and Brazil 10%.

## **ZICOSUR: A Regional Solution to a Regional Problem?**

ZICOSUR (Integrated Zone of the Centre West of South America) is a sub-region within MERCOSUR and it was formed in 1997 by peripheral regions of Argentina, Brazil, Bolivia, Chile and Paraguay; comprising a population of nearly 30 million people and a land area of 3.6 million square km. ZICOSUR is formed by provinces and departments that have lower development levels within their countries, except in the case of Paraguay where all of its departments belong to ZICOSUR. Lack of proper infrastructure and regional imbalances relative to their domestic countries' main producer and consumer centres are a shared feature of these regions. The sub-region is composed by nine Argentine provinces - Salta, Jujuy, Tucumán, Catamarca, Santiago del Estero, Formosa, Chaco, Corrientes and Misiones; the four Bolivian departments of Chuquisaca, Cochabamba, Santa Cruz and Tarija; the Brazilian state of Mato Grosso do Sul; the Chilean regions of Tarapacá and Antofagasta and all of the Paraguayan departments. The main objective of this area is to achieve integration with international markets by developing infrastructure and socio-economic development within the sub-region. The main areas of work are trade and industry, services and infrastructure, environment and the promotion of local culture and tourism. ZICOSUR has held numerous meetings over the years and is an active forum of discussion and events in the region. Amongst its projects was an agreement with CODESUL (Economic Development Council for the South of Brazil) in order to reinforce the Atlantic-Pacific corridor initiative, which would connect both oceans by strengthening inland infrastructure links through the administrative units of ZICOSUR. Within ZICOSUR, the Region Norte Grande comprises the nine Argentine provinces that belong to ZICOSUR. In 1999 the first meeting of governors was held in Salta, and the Inter-provincial Treaty for Integration in the Norte Grande region was signed.

Further information and forthcoming events on this area can be found at ZICOSUR website, listed in the following section.

### 3. Institutions, Universities and Research Centres with a Regional Perspective

Centro de Estudios de Estado y Sociedad (CEDES)	<a href="http://www.cedes.org">www.cedes.org</a>
Centro de Estudios de Integración Regional (CEIR), Universidad Nacional del Comahue	<a href="http://investigadores.uncoma.edu.ar/ceir/index.htm">http://investigadores.uncoma.edu.ar/ceir/index.htm</a>
Centro de Investigaciones para la Transformación (CENIT)	<a href="http://www.fund-cenit.org.ar/">www.fund-cenit.org.ar/</a>
Centro de Investigación Seguimiento y Monitoreo del Desarrollo Local, Facultad de Ciencias Económicas y Sociales, Universidad Nacional de Mar del Plata	<a href="http://eco.mdp.edu.ar/investig/cie/">http://eco.mdp.edu.ar/investig/cie/</a>
Centro de Investigaciones Económicas, Análisis Industrial y Desarrollo Económico Local, Universidad Nacional de La Plata	<a href="http://eco.mdp.edu.ar/investig/cid/">http://eco.mdp.edu.ar/investig/cid/</a>
Centro Franciscano de Estudios y Desarrollo Regional, Universidad Católica Argentina	<a href="http://www.uca.edu.ar/esp/sec-universidad/subs-cefeder/">www.uca.edu.ar/esp/sec-universidad/subs-cefeder/</a>
Centro Interdisciplinario de Estudios Regionales (CEIDER) Universidad Nacional de Cuyo	<a href="http://ffyl.uncu.edu.ar/?id_rubrique=135">http://ffyl.uncu.edu.ar/?id_rubrique=135</a>
Centro Regional de Estudios Económicos de Bahía Blanca (CREEBBA)	<a href="http://www.creebba.org.ar/inicio.php">www.creebba.org.ar/inicio.php</a>
Consejo Federal de Inversiones (CFI)	<a href="http://www.cfired.org.ar/">www.cfired.org.ar/</a>
Comisión Regional Río Bermejo (COREBE)	<a href="http://www.corebe.org.ar/">www.corebe.org.ar/</a>
Centro Regional de Estudios Económicos de la Patagonia Central (CREEPaCe)	<a href="http://www.creepace.com.ar/index.htm">www.creepace.com.ar/index.htm</a>
Dirección Nacional de Programación Económica Regional - Ministerio de Economía	<a href="http://www.mecon.gov.ar/peconomica/basehome/dnper.html">www.mecon.gov.ar/peconomica/basehome/dnper.html</a>
Facultad Latinoamericana de Ciencias Sociales (FLACSO) - Sede Argentina	<a href="http://www.flacso.org.ar">www.flacso.org.ar</a>
Fundación Grameen Argentina	<a href="http://www.grameenarg.org.ar/">www.grameenarg.org.ar/</a>
Instituto de Desarrollo Económico y Social (IDES)	<a href="http://www.ides.org.ar/">http://www.ides.org.ar/</a>
Iniciativa para la Integración de la Infraestructura Regional Suramericana (IIRSA)	<a href="http://www.iirsa.org/">http://www.iirsa.org/</a>
Instituto para la Integración y el Desarrollo, Universidad Nacional de Tucumán	<a href="http://www.idela.org.ar/">www.idela.org.ar/</a>
Institute for the Integration of Latin America and the Caribbean (INTAL), Inter-American Development Bank	<a href="http://www.iadb.org/INTAL/">www.iadb.org/INTAL/</a>
MERCOSUR Fondo Para La Convergencia Estructural	<a href="http://www.mercosur.int/focem/">http://www.mercosur.int/focem/</a>
Programa de Economías Regionales y Estudios Territoriales, Instituto de Geografía, Facultad de Filosofía y Letras, Universidad de Buenos Aires	<a href="http://www.filo.uba.ar/contenidos/investigacion/institutos/geo/pert/pert.htm">www.filo.uba.ar/contenidos/investigacion/institutos/geo/pert/pert.htm</a>
Region Centro Argentina	<a href="http://www.regioncentro.info">www.regioncentro.info</a>
Region Norte Grande	<a href="http://www.regionnortegrande.com.ar">www.regionnortegrande.com.ar</a>
Subsecretaría de Planificación Territorial de la Inversión Pública, Ministerio de Planificación Federal, Inversión Pública y Servicios	<a href="http://www.planif-territorial.gov.ar">www.planif-territorial.gov.ar</a>
United Nations Commission for Latin America and the Caribbean (CEPAL)	<a href="http://www.eclac.org/argentina/default.asp">www.eclac.org/argentina/default.asp</a>
Universidad de General Sarmiento, Instituto del Conurbano	<a href="http://www.ungs.edu.ar/areas/institutos_ico/n/.html">www.ungs.edu.ar/areas/institutos_ico/n/.html</a>
Universidad del Nordeste	<a href="http://www.unne.edu.ar">www.unne.edu.ar</a>
ZICOSUR	<a href="http://www.zicosur.net">www.zicosur.net</a>