

A Descriptive Analysis on the Glory Age and the Role of Mercosur in Creating Economic Integration

Brilliant Windy Khairunnisa

Airlangga University & Lancaster University

Email: brilliantwindy@yahoo.com

Keywords:

Economic Integration

Glory Age

Mercosur

Role.

ABSTRACT

In 1991, Brazil and Argentina formed the Mercosur role while they started to work together due to their identical goal of bringing the Latin American economies together. Mercosur is quite serious in its efforts to improve the economic conditions of its member countries through economic integration. In this study, the author will discuss in more detail the role of Mercosur in creating this integration. This study utilised a descriptive qualitative research method by employing a literature review, while forum group discussions were conducted to ensure the quality of the result, and a historical approach was utilised during the analytical process to conclude the study. This study shows that Mercosur has succeeded in creating three policies that are the gateway and have resulted in quite significant success in the economic integration of countries in the Latin American region. The role of Mercosur during its glory was to provide freedom for the cost of entry of goods across member country borders so that it could facilitate the process of economic integration.

INTRODUCTION

Numerous scientific disciplines pertaining to international relations are examined in the interdisciplinary field of international relations. All facets of life, including culture, science, commodities and services, and communication, have transcended national borders, particularly in this age of globalisation. Since the majority of a nation's policies are based on how these players interact, international relations rely heavily on the interaction between nations. On the other hand, interactions between international relations players are not necessarily between nations. Interactions between non-state actors, including people, international organisations, multinational corporations, and so on, are also covered in the field of international relations.

These days, there is a lot of discussion concerning international organisations, which are prominent in the field of international studies. Nearly every nation in the world operates on the tenet of interdependence since, as a result of globalisation, both individuals and nations will find it challenging to thrive on their own. Due to their limits in terms of people and natural resources, they must rely on other nations' assistance to fulfil their interests. As a result, there is a lot of controversy concerning this international organisation, particularly about international organisations that deal with commerce and economics.

Regional cooperation is a more in-depth aspect of the subject of international organisations. Around the world, different kinds of collaboration have started to be established, which has led to an increasing number of nations in a certain region or area sharing similar interests in order to harmonise the objectives and interests of several nations in a single territory or area through the establishment of cooperation. Globalisation is the primary force behind the formation of different forms of regional cooperation. However, there are several other contributing motivations in addition to this primary one, such as the desire to establish economic integration in order to enhance the welfare of its member nations.

Brazil and Argentina formed the Mercosur role because they had the same goal of bringing the Latin American economies together. Thus, the two nations started working together to achieve this. Other Latin American nations joined as well, forgetting their own rivalries as they realised how important regional cooperation was. Additionally, they desired freedom from the sway of American power. As a result, Mercosur, a regional collaboration between Latin American nations, keeps working to integrate and enhance its

economies. In its prime, Mercosur was able to significantly influence the growth of the economies of its member nations. The fact that member nations' GDPs are still growing serves as evidence of this.

From the explanation of various cooperation under the auspices of Mercosur, it is clear that Mercosur is quite serious in its efforts to improve the economic conditions of its member countries through economic integration. Therefore, the role of Mercosur in the success of the economic integration of countries in the Latin American region is important to discuss in more depth. In this study, the author will discuss in more detail the role of Mercosur in creating this integration. The author uses a descriptive qualitative research method that presents secondary data from the results of the study.

LITERATURE REVIEW

Related to Mercosur's role in creating improvements to the economy, the author reviews several previous studies related to this where in improving the economic level of its member countries, Mercosur has made various efforts and steps, which steps are in accordance with Mercosur's main goal to facilitate the flow of people, services, goods, and capital between its member countries (Ramanzini Junior & Vigevani, 2026). In the field of trade, Mercosur has a role as a forum for economic development through trade liberalisation carried out between member countries (Botto, 2022). As well as the role of Mercosur through economic cooperation which can provide benefits in the political, cultural, economic and social fields for Brazil (Hajar, 2024). On the other hand, there is a dynamic effect generated through the role of Mercosur where the existence of economic globalisation, stock markets, and the development of money, also has an influence on environmental quality (Shujah-ur-Rahman et al., 2020). Likewise, regarding the issue of integration, the author reviews that regional integration has implied the emergence of political groups, which indicates the existence of certain interests behind this integration.

However, Mercosur's function in fostering economic integration among its member nations during its prime has never been examined or discovered in prior studies, which is one of the novelties or differences between the author's research and the literature evaluations that were carried out. The economic integration of Brazil is covered in length by the author in the study's findings, but it is not included in the Mercosur roles that the author has discovered. As a result, the author's research may be compared to

and a continuation of earlier studies on Mercosur's contribution to Brazil's economic growth during its prime.

RESEARCH METHOD

This study utilised a descriptive qualitative research method by employing a literature review to obtain secondary data and analyse as well as describe its results qualitatively. However, numerical data in this research serve as supporting data to the available data. The literature reviews conducted based on the last ten years sources with specifically in English and Mercosur literatures. On the other hand, the glory age in this study refers to the 1991-1998 period. Furthermore, a mini focus group discussion with three experts on international relations was conducted to ensure the quality of the results, while a historical approach was utilised during the analytical process to draw the conclusion of the study.

DISCUSSION AND RESULT

History and Causes of Economic Integration in South America

In the age of globalisation, regional integration is viewed as one approach to improve a country's standing, particularly in terms of business, politics, and security. People eventually realise that they cannot address numerous problems on their own, which fosters continual improvement among countries, making them the pioneers of regionalism across the world. The improved relationship between Argentina and Brazil in the mid-1980s laid the groundwork for the creation of the Southern Common Market, known as MERCOSUR, which was officially established in 1991 (Heine, 1999). This group included Argentina, Brazil, Paraguay, and Uruguay as its initial members while the process of regional integration in South America was influenced by the experiences of European integration, especially the European Union, MERCOSUR emerged in a unique regional and historical setting. Therefore, South American regional cooperation should not be seen merely as a copy of the European model, instead, its development shows how specific political, economic, and historical factors in the region have shaped its institutions (Malamud, 2020a).

Given the frequent overlap between the phrases South America and Latin America, it is vital to note that they are not synonymous. South America refers to the physical environment, namely the nations in the southern half of the American continent, whereas Latin America refers more broadly to the countries and territories of the Americas whose historical and cultural development has been substantially shaped by Romance-language traditions, particularly Spanish and Portuguese (Svampa, 2019). Thus, the two concepts overlap significantly but are not exactly the same in which most South American countries are usually regarded as part of Latin America, while some Latin American countries, like Mexico and those in Central America, are located outside South America. This difference is especially important when studying MERCOSUR. Even though MERCOSUR is a regional integration effort in South America, its development is connected to the broader Latin American regionalism and integration processes. In fact, the Treaty of Asunción connects MERCOSUR's expansion to members of the Latin American Integration Association (ALADI), showing how South American regional integration interacts with larger Latin American institutional structures. As a result, South American regionalism can be studied both as a separate regional process and as a part of the larger development of Latin American regionalism (Baracaldo Orjuela & Chenou, 2019).

In contrast to the simple idea that Latin America is mostly known for dictatorship, the region has a rich and varied political history that includes strong democratic traditions. Since the 1980s, there has been a growing trend towards strengthening democracy, which has been supported by regional agreements such as MERCOSUR's focus on democracy and economic growth (MERCOSUR, 2026). After the Cold War, the spread of liberal ideas around the world happened at the same time as, but did not alone cause, the democratic changes in

South America, which had already started in the late 1970s and 1980s. Argentina's experience under President Carlos Menem, who led the country from 1989 to 1999, is often highlighted as a major example of stabilisation and reform in the 1990s. This came after the extreme inflation and serious economic downturn that occurred during the last years of Raúl Alfonsín's democratically elected government, which was in place from 1983 to 1989. Menem's government introduced major changes, including strict financial controls, selling off state-owned companies, opening up trade, and the 1991 Convertibility Plan, which helped end extreme inflation and led to strong economic growth in the early to mid-1990s. More widely, much of South America's progress in the 1980s and early 1990s was slowed down by poor monetary policies, large budget deficits, and very high inflation, which hurt investment and economic growth (Manzetti, 1999).

Deviating from this reality, Latin American governments also focused their policies on supervising central banks that were ordered to focus on managing the country's inflation rate. This situation then made low inflation rates the main indicator of the success of Latin American countries' macroeconomic policies (Heine, 1999). In addition to managing inflation, governments focused on deregulation, opening up trade, and liberalising markets as major goals. They aimed to implement reforms similar to those promoted by the Washington Consensus in order to better connect with the global economy and draw in foreign investment. These measures were not intended to physically cut off trade routes, but rather to address debt problems and balance-of-payments issues, increase economic competitiveness, and re-establish access to international financial and goods markets (Teichman, 2019).

In Latin America, regional unification is not a new concept. Since the early 1800s, notable thinkers, political figures, and leaders working for independence have talked about forming some kind of political union or confederation among the newly freed Spanish American countries. In many ways, the idea of Latin American unity comes from Simon Bolívar's long-held but unfulfilled dream of a group of Hispanic American states working together, which he expressed during and after the independence movements, not as a liberal idea after the Andes region. Even though Bolívar never succeeded in making a lasting union, he took real steps toward this goal by organising the 1826 Congress of Panama, also known as the Amphictyonic Congress (De la Reza, 2013). This meeting aimed to create a confederation of independent republics that would share common defence and diplomatic efforts, rather than forming a single nation or accepting Spanish control.

At the First International Conference of American States, which took place in Washington between 1889 and 1890, the United States advocated for a hemispheric customs union that would have formed a Pan-American trading bloc under its leadership. However, the participating countries could not reach an agreement on such a plan. Since that time, Latin American countries have pursued regional integration through various approaches, often positioned as ways to support development and, more recently, sustainable development. Nonetheless, it remains a topic of debate whether these integration efforts have truly achieved these objectives. In the Asia-Pacific region, APEC has become a key example of open regionalism, with member countries agreeing to extend many trades liberalisation benefits to non-members on a most-favoured-nation basis. While some analysts focus on APEC's commercial aspects, others argue that open regionalism should also address broader development and equity goals. However, this social dimension is more clearly addressed in Latin American discussions than in APEC's official documents (Zhao, 2013).

The process of regional integration in Latin America is closely connected to globalisation. As international competition and the movement of capital have grown, governments have been motivated to open their economies and increase trade openness. At the same time, regional institutions are often viewed as tools to protect smaller economies from the volatility of global markets and to help coordinate investment and trade policies. Within this context, the

Latin American Free Trade Association (LAFTA) was established in 1960 by a wide group of Latin American nations, preceding and coexisting with later sub-regional initiatives such as the Andean Group (1969), the Central American Common Market (1960), and the Caribbean Community (CARICOM, 1973). LAFTA made only modest progress toward deep integration, partly due to ongoing protectionist policies and differing national interests. In the 1990s, ECLAC introduced the idea of open regionalism as a new approach to Latin American integration. This concept argued that regional cooperation should combine trade liberalisation with policies aimed at transforming production structures and advancing social equity. This provided renewed intellectual support for regionalism in the post-Cold War period (Arenas-García, 2012).

Open regionalism in Latin America focused on promoting trade and investment across borders, differing from the earlier model of regionalism that was more focused on protecting domestic industries through import substitution and high trade barriers (Heine, 1999). This new approach led to a significant increase in trade within the region during the first half of the 1990s. This growth was driven by policies that reduced trade barriers, agreements that offered preferential trade terms, and improved economic stability across the region. A key example of this new regionalism is MERCOSUR, which was established in 1991 by Argentina, Brazil, Paraguay, and Uruguay through the Treaty of Asunción. MERCOSUR is a major example of this shift towards more open regional cooperation in the Southern Cone (Fuentes, 1994).

Unlike the European Union, MERCOSUR operates mainly as an intergovernmental organisation. Important decisions are made through consensus among its member countries, and it does not have the same type of supranational institutions found in the EU. However, MERCOSUR has created some limited mechanisms for resolving disputes in a quasi-judicial manner. This structure helps maintain national sovereignty but also makes progress in integration reliant on the political agreement among member states. MERCOSUR is flexible, allowing associate members to participate in trade agreements and work together in specific areas without having to adopt the full common external tariff or gain voting rights in key decision-making bodies. Although MERCOSUR has a wide range of responsibilities, including trade, investment, and policy coordination, its impact on competitiveness and its influence on global trade and investment flows have been inconsistent. This is due to various implementation challenges, exceptions, and occasional protectionist tendencies within the region (Schimmelfennig et al., 2020).

The aforementioned reasoning leads to the conclusion that economic considerations are the main impetus behind the South American region's integration in an effort to boost the economy and emerge from the economic downturn following the Mexican Peso Crisis. South American nations are similarly dedicated to modernising their political structures to become more democratic. After the Cold War, the processes of liberalisation and democratisation together shaped the way regional cooperation developed, with democratic principles becoming more deeply integrated into agreements and the actions of states. At the same time, globalisation played an important role in pushing regionalism forward, as nations saw regional partnerships as a way to deal with the uncertainties of global markets and to improve their standing in the international economy. In this environment, MERCOSUR became a major example of South American integration. It used its intergovernmental and adaptable structure to handle different national priorities while encouraging trade, investment, and cooperation on policies among its member countries. While MERCOSUR helped increase trade within the region and foster more discussion on policies in the 1990s, its overall ability to boost the South American economy has been inconsistent (Below, 2017). This is due to differences between countries, economic challenges, and occasional moves towards protectionism.

Mercosur as an Organisation in South America

In its meaning, Mercado Común del Sur or what is usually called the Common Market of the South (MERCOSUR) is a regional organisation in the Latin American region which operates in the economic sector with Brazil and Argentina as its pioneers (Seatzu, 2015). The organisation promotes the freedom of movement of goods between countries, which is done by eliminating import fees for goods between countries' borders, and implementing non-tariff restrictions on the movement of such goods, and other similar things (Perko, 2025). In its establishment in 1991, MERCOSUR was created through the Treaty of Asunción, which was signed in Asunción, Paraguay, by Argentina, Brazil, Paraguay, and Uruguay. The main way it makes decisions includes the Council of the Common Market (CMC), which is the top political group, the Common Market Group (GMC), which handles day-to-day operations, and the MERCOSUR Trade Commission (CCM), which is a technical group that helps the GMC. The GMC includes people from each country's foreign affairs ministry, economy ministry, and central bank, showing that decisions are made by the governments themselves. The Trade Commission is mainly in charge of watching over and managing common trade policies, making sure they are followed within the group and with other countries, and suggesting actions to deal with trade problems and check if countries are following the rules (MERCOSUR, 2005).

MERCOSUR is a group of countries in Latin America that work together economically and politically. The main members are Argentina, Bolivia, Brazil, Paraguay, and Uruguay. Venezuela was also a full member but was removed in 2016 due to the fact that it did not follow the rules of democracy and law that the group follows. The main goal of MERCOSUR is to make it easier to trade goods, services, money, and people between the countries, help their economies grow, and improve the lives of people in the region by working more closely together. Initially, MERCOSUR was mostly about trade and sharing rules about customs; however, over time, the group started working on other things too, like talking about politics, social issues, and even some security and culture matters. However, the main focus is still on economics.

As time has gone on, trade inside MERCOSUR and nearby countries has grown a lot, which helped the economy and made neighbouring countries interested in joining. Countries like Chile, Bolivia, Peru, Colombia, and Ecuador became associate members at different times between the mid-1990s and early 2000s. These countries got better trade deals but didn't get full voting rights or have to follow the same external trade rules as full members. Venezuela joined as a full member in 2012 but was suspended in 2016, so it's not currently trying to join again (MERCOSUR, 2024). Despite its goals, MERCOSUR has had some problems. One big issue is that some countries take too long or don't finish passing the rules and agreements that were made. This makes it hard to use the rules effectively. Even though democracy is seen as a key part of the group, new studies show that working together economically with democratic countries can actually help strengthen democratic values and systems, not just the other way around (Malamud, 2020b).

Mercosur's Golden Age

MERCOSUR is a regional economic group where the member countries are the main ones involved in the process of integration and negotiations. According to the Treaty of Asunción in 1991, Argentina, Brazil, Paraguay, and Uruguay agreed to work together for deeper economic integration. This includes removing internal trade barriers like tariffs and non-tariff obstacles, establishing a Common External Tariff (CET) and a shared trade policy, which forms a customs union. They also plan to coordinate their economic policies at both the overall and sector levels. This approach focuses on cooperation among member states rather than merging their economies entirely. Brazil and Argentina, being the biggest economies in the group, have taken the leading roles in pushing forward this integration process (Connolly & Gunther, 1999). The CET was organised into several tariff levels (0–20%), with an average tariff rate of approximately 11–11.4% during the mid-1990s. The MERCOSUR Trade Commission was established to

help oversee and manage these shared trade policies. In the 1990s, MERCOSUR developed into one of the world's biggest trading groups, often ranked as the fourth largest after the EU, NAFTA, and ASEAN in terms of total trade volume and market size (WTO, 1991).

The early achievements of the bloc are shown by the quick growth in trade between its member countries. In the early 1990s, trade within MERCOSUR made up about 9–12% of each member's overall trade, but this increased to around 20–25% by the late 1990s. However, this growth started to slow down after 1999. Foreign investment in MERCOSUR also saw a big increase, reaching about US\$50–55 billion in 1999. However, the exact proportion of this investment compared to global flows to developing countries differs depending on the source, and the figure of 17.7% is not well supported. During this time, MERCOSUR's total exports were just over US\$70 billion, while imports were around US\$80 billion, highlighting the large scale of its international trade activities (Connolly & Gunther, 1999).

These successes were achieved due to supporting factors, such as the signing of the protocol Ouro Preto in December 1994. This protocol is an agreement that discusses plans for further development of the policies contained in the previous agreement, namely the Treaty of Asunción. In this Ouro Preto protocol, Mercosur member countries agreed to create two important bodies, namely Council of the Common Market (CMC), the body consists of the Minister of Foreign Affairs and the Minister of Economy, then the next body is Common Market Grouper (CMG), which serves as the executive body in Mercosur, consisting of two member ministries and the central bank (De Almeida, 2018).

CONCLUSION

Based on the discussion of this study, it can be concluded that the development of MERCOSUR is mainly driven by its member countries and carried out through agreements between governments. National governments, especially Argentina and Brazil, play a key role in designing, managing, and implementing policies that encourage integration. High-level political efforts, including actions taken by presidents and strong political commitments, were key in creating an economic system where member countries rely on each other. These efforts include removing trade barriers within the group, applying common external tariffs, and working together on economic strategies and policies in various areas. However, the concentration of power in the government's hands has limited the involvement of civilians and the public in making important decisions. This low participation creates a gap in democracy and makes the group more vulnerable to changes in the domestic political situation. In the 1990s, when MERCOSUR was at its most active, the group managed to greatly reduce trade barriers, boost trade within the region, and attract more foreign direct investment which this period is often called the "glory age" of MERCOSUR. However, in the long run, the results show a mixed picture; various issues such as inconsistent policy implementation, uneven benefits among members, and recurring protectionist tendencies have limited the depth and sustainability of economic integration. As a result, the achievements of MERCOSUR should be seen as partial successes that depend on certain conditions, rather than as a clear example of fully successful regional integration.

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