

**Regionalization in Latin America: Trade, Finance, and Firm Behavior**

First Draft: Do not quote.

**Abstract**

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Latin America arguably has the longest history of regional integration attempts of any part of the world. At the same time, it has been singularly unsuccessful in promoting intra-regional trade and investment flows (which some call regionalization). The principal explanation suggested in this paper is that the region's post-World War II approach to integration – based on governmental agreements but focusing on economic interactions – was a contradictory combination that undermined the intended results. In East Asia, by contrast, market-led integration resulted in extensive trade and investment ties, while government-led integration in Western Europe was first and foremost a political project. This does not mean that there was no government role in Asia, nor that economics was not an important part of the European experience, but the dominant goals and instruments were more consistent in the other two cases.