

Crafting Cooperation

*Regional International Institutions in
Comparative Perspective*

Edited by

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and

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3 International cooperation in Latin America: the design of regional institutions by slow accretion¹

Jorge I. Domínguez

The first regional institutions in the Americas emerged in the 1820s as the successor states of Spain's American empire sought to construct stable, amicable, and productive relations between themselves. A relatively thick array of international institutional rules had emerged by the 1930s, well in advance of the foundation of the first formal international regional organizations in the hemisphere and three decades before the establishment of the first successful international subregional institutions. In the international relations of the Americas, the analysis of the emergence of institutional rules must to some extent be decoupled, therefore, from the analysis of organizations.

Yet not until the 1990s did international regional and subregional institutions in the Americas effectively promote trade, defend democracy, coordinate foreign policies, and contribute to an international milieu that reduced the frequency and intensity of militarized interstate disputes over territory and settled many of those disputes. International regional institutions in the Americas did not, therefore, have a crafting moment or a master architect. They resulted from the long accumulation of failures and occasional successes. The analytical task requires explaining the early establishment, long survival, delayed effectiveness, and eventual implementation of the rules of this array of international regional institutions – long periods of stasis followed by change.

In this essay, I argue, first, that the idea of international regionalism was a response to security problems in the immediate aftermath of Spanish American independence in the 1820s. This ideational legacy lingered well beyond the founding cause, however. Second, the layered subregional texture of international relations stems from a structure of differentiated international subsystems in the Americas created also in the mid

¹ I am grateful to Alastair Iain Johnston, Amitav Acharya, and Andrew Hurrell for many excellent comments. I also benefited greatly from the group discussions at the two conferences held under this project. All mistakes are mine alone.

nineteenth century. These subsystems were reasonably insulated from the global international system in the nineteenth century and, in important respects, retained relative autonomy to our own day, creating the context for the subregional organizations established in, and enduring since, the 1950s. Third, membership has been remarkably constant at the regional and subregional levels and thus unhelpful to explain change. Fourth, the scope of rules and organizations became more intrusive in the 1990s as a result of changes in both the general international system and domestic politics. The regional and subregional organizations were objects, not causes, of the change toward intrusiveness fostered by the governments of the Americas. But, once the organizational design changed, the institutions themselves became instruments of further intrusion in domestic affairs and agents of international cooperation and domestic commitments. The change in scope itself explained little, however, because change expanded uniformly across institutions. Finally, the most effective rules – including those established in the nineteenth century – have been automatic or self-enforcing and thus organizationally thin. Variables regarding ‘centralization’ or ‘flexibility’ are much less important than automaticity.²

The critical juncture of the 1980s brought together the key independent variables that account for the changes in the international institutions of the Americas and that explain their characteristics at the start of the twenty-first century. They were the region-wide economic depression of that decade, the breakdown of authoritarian regimes, and the effects of the end of the Cold War. Before that time, economic autarchy and sovereignty defense were dominant. Since the early 1990s, more market-oriented democratic regimes strengthened international regional organizations, founded or revitalized international subregional organizations, and made such institutions more intrusive in domestic realms to sustain both democracy and markets. States replaced the non-intervention rule with a collective obligation to defend constitutional democracies.

This essay examines in particular the cases of the Organization of American States (OAS), the Southern Common Market (MERCOSUR, or MERCOSUL in its Portuguese language acronym), and the Central American Common Market (CACM). The role of the United States is made explicit whenever it is pertinent to distinguish its role from that of the Latin American governments with regard to the OAS, MERCOSUR, the CACM, or wider international patterns in the Americas. The focus of the discussion is, however, on the Latin American states.

² These concepts draw from the work of this project’s leaders, Alastair Iain Johnston and Amitav Acharya. See also Barbara Koremenos, Charles Lipson, and Duncan Snidal, “Rational Design: Looking Back to Move Forward,” *International Organization*, 55:4 (Autumn 2001), 1051–82.

The last section assesses several hypotheses. It concludes that several plausible arguments have little or no general and comprehensive utility to explain the change in international regional institutional performance after 1990 (though each may help to explain some particular cases), to wit: domestic political culture and identity, institutional scope or mandate, organizational membership or decision-making rules, organizational centralization and flexibility, choice of economic model, role of countries of varying size and power, and existence of enforcement and uncertainty problems. Three other hypotheses yield mixed results. These are the international effects of domestic political regime, the presence of interstate militarized conflict, and the role of the United States.

Finally, six changes in independent variables have much higher general utility to explain the change in international regional institutional performance after 1990. These are the impact of prior and independent structural and normative international systemic changes, the role of international non-governmental organizations, domestic preferences, choice of automatic rules, relative emphasis on interstate distributional issues, and choice of voluntary and comprehensive institutional strategies. Two other hypotheses bear on understanding important continuities between the pre- and post-1990 periods, namely, the role of Latin Americans as international rule innovators and the importance of ideational and structural legacies. Institutional design variables are important parts of the explanation, but they alone are insufficient to explain either continuity or change.

Founding ideas

The first ideas about the design and construction of regional institutions in Latin America emerged from the ashes of a ‘failed state’, imperial Spain. In 1815, Simón Bolívar wrote about his hope that ‘the Isthmus of Panama could be for us what the Isthmus of Corinth was for the Greeks’. He wished ‘to convene [in Panama] an august assembly of representatives of republics, kingdoms, and empires’ of Spanish America to address issues of ‘peace and war with the nations of the other three-quarters of the globe’.³ By the end of 1822, Bolívar had created Gran Colombia (today’s Venezuela, Colombia, Ecuador, and Panama). And in a glorious example of continental military coordination still celebrated in the patriotic histories that Spanish American youngsters learn, the armies of Argentina, Chile, and Gran Colombia joined to smash the last Spanish

³ “Bolívar’s Jamaica letter,” in Helen Delpar (ed.), *The Borzoi Reader in Latin American History* (New York: Knopf, 1972), vol. 1, p. 197.

Viceroyalty in South America, forcing Peru to be free.⁴ The last Spanish army on the American mainland surrendered at the Port of Callao, Peru, in January 1826.

In June 1826, Bolívar's Gran Colombia convoked a Spanish American international conference at its provincial city on the isthmus, Panama. The newly independent states feared that the concert of European continental powers would support Spain's bid to reconquer its former American territories. Delegates from Mexico, the United Provinces of Central America, Gran Colombia, and Peru met in Panama for three weeks. These four countries covered a span from the northern Mexican provinces of California and Tejas to the southern boundary of Peru. Argentina, Chile, Paraguay, and Bolivia did not attend. The Panama Congress adopted treaties for broad multilateral cooperation, addressing security and other concerns, and called for a second congress to be held in the following year at Tacubaya, Mexico. This first experience of crafting an international regional institution to address security concerns failed, however. Only Gran Colombia ratified the Panama agreements. The Tacubaya Congress never met, perhaps because the threat of a Spanish reconquest was fading.⁵ In 1829–1830, Venezuela and Ecuador seceded from Gran Colombia. In 1838, the five constituent units of the United Provinces of Central America split up. Tejas seceded from Mexico in 1836 and the United States seized Mexico's northern half in 1848.

Out of the ashes of these newly failed states and other experiences during the nineteenth century came six long-lasting results:

- (1) Political unification of existing states was highly unlikely but attempts at Spanish American interstate coordination were broadly popular.
- (2) Spanish Americans thought that they shared some identities, making them supportive of diffuse international regionalist efforts.
- (3) Inter-American, Latin American, or Spanish American international regional institutions were difficult to craft, however, and even harder to sustain.
- (4) Extra-hemispheric security threats provoked insufficient levels of sustained cooperation but they were likely sources of transient alliance formation.
- (5) *Ad hoc* coalitions of willing states were more likely to succeed than grander undertakings. Some governments were aloof from international cooperation.

⁴ The expression is Jean-Jacques Rousseau's in *The Social Contract*, trans. G. D. H. Cole (New York: E. P. Dutton, 1950), p. 18, or in any edition in book I, chapter 7.

⁵ Arthur P. Whitaker, *The Western Hemisphere Idea: Its Rise and Decline* (Ithaca, NY: Cornell University Press, 1954), pp. 42–3.

- (6) The failure to ratify international agreements was an obstacle to coordination.

International subsystem structure

The international subsystems that would be the setting for Latin America's regional institutions date from the nineteenth century, even though the organizations were only founded in the twentieth century. The minimum requirement for an international system is a pattern of bounded interaction; the same holds true for an international subsystem. There must be active communication among subsystem units on an ongoing basis and such activity must be autonomous or weakly affected by units outside the subsystem. International subsystems were created in South, Central, and North America, and the Caribbean; in this essay, I concentrate on the first two of these.

South America

Three nearly concurrent wars involving nine of South America's then ten independent states broke out in the 1860s. Argentina, Brazil, and Uruguay defeated and dismembered Paraguay, hitherto South America's strongest military power. The western South American states fought Spain's last attempt at imperial reconquest. Colombia seized a chunk of Ecuador's territory. Simultaneous wars made South American states keenly aware of their interconnectedness.⁶ A relatively stable, interactive South American balance-of-power system developed and lasted relatively unchanged until the early 1990s. There have been only five wars in South America since the 1880s, only one of which was substantial (the Chaco War between Paraguay and Bolivia, 1932–1935).⁷

Central America

In 1850, the United States and Great Britain signed the Clayton-Bulwer Treaty agreeing that neither would construct nor exclusively control a

⁶ Robert N. Burr, *By Reason or Force: Chile and the Balancing of Power in South America, 1830–1905* (Berkeley: University of California Press, 1965), p. 106.

⁷ For more detail on wars in South America, see Miguel Angel Centeno, *Blood and Debt: War and the Nation-State in Latin America* (University Park, PA: Pennsylvania State University Press, 2002), chapter 2. For more detail on the construction of peace in South America, see Arie M. Kacowicz, *Zones of Peace in the Third World: South America and West Africa in Comparative Perspective* (Albany, NY: State University of New York Press, 1998), chapter 3.

transisthmian canal or 'exercise domain' over any part of Central America.⁸ They thus certified the independence of the small states that had emerged from the break-up of the United Provinces of Central America in 1838. The US-British agreement evolved gradually over time and was modified in three ways. Britain exercised dominion over British Honduras, today's Belize. British power otherwise waned in Central America. And in the early twentieth century the United States built and exclusively controlled the Panama Canal. US supremacy was challenged only during the generalized Central American wars in the 1980s.

Boundary setting procedures sustained each subsystem. The behavior of Great Britain and the United States insulated the international subsystems of the Americas from the undifferentiated impact of great power contestation in the international system. Since the 1820s, the boundary setter between Latin America and Europe was the British fleet. Great Britain developed intense economic relations with the Spanish American states and Brazil while also for the most part deterring military operations by other European powers. Britain's boundary setting international role persisted for the South American subsystem until World War I. US influence in South America has been modest, with occasional explosive exceptions at times of military coup or insurgency. In Central America, the boundary setting instrument was the US-British condominium, which US supremacy replaced by the end of the nineteenth century. Only Mexico had also some sporadic, recurrent influence in Central America. Cuban influence in Central America was noteworthy from the 1960s to the early 1990s.

The United States and Great Britain, for the most part, did not look for territorial possession goals.⁹ Relative to its immense economic and naval power, British territorial seizures proved modest (British Guiana, British Honduras, and small islands in the South Atlantic). British military interventions throughout the Americas in the nineteenth century were mainly exercises in debt-collecting gunboat diplomacy. Even those were infrequent; British policy was characterized by "carefully limiting its intrusions into local politics."¹⁰ Past the mid nineteenth century, the United States stopped seizing Mexican territory. Its only subsequent permanent acquisitions in the Americas would be the seizure of Puerto Rico

⁸ G. Pope Atkins, *Latin America in the International Political System*, 3rd edn. (Boulder, CO: Westview Press, 1995), p. 37.

⁹ For the distinction between possession and milieu goals, see Arnold Wolfers, *Discord and Collaboration: Essays on International Politics* (Baltimore: Johns Hopkins University Press, 1962), pp. 72-4 and 91-3.

¹⁰ Charles Lipson, *Standing Guard: Protecting Foreign Capital in the Nineteenth and Twentieth Centuries* (Berkeley: University of California Press, 1985), p. 45.

and the purchases of Alaska and the Danish West Indies. In the first third of the twentieth century, the United States established protectorates over Cuba, the Dominican Republic, Haiti, Nicaragua, and Panama, but in search of milieu, not possession, goals: to prevent state collapse from giving an opportunity for an extra-hemispheric power to establish a foothold in the Caribbean and Central America, and to protect its economic interests.¹¹

The units within each subsystem, in contrast, cared intensely about their territorial possession goals. Bolivia, Ecuador, and Paraguay lost significant territory through war or coerced cessions to their neighbors. Militarized interstate disputes long characterized the histories of the South and Central American subsystems; in Central America, such disputes remain worrisome even in the twenty-first century.¹² Brazil greatly expanded its already vast national territory through international negotiation, but without war on a neighboring country after 1870. Between 1816 and 1980, Brazil was the world's third largest gainer of territory, and the top net gainer of territory, but it ranked only twenty-second in its participation in wars.¹³ The relative lack of interest of the United States and Great Britain in territorial possession goals and the relatively high interest of other American states in such goals had two systemic effects:

- (1) From the perspective of Latin American states, the international system was layered. They engaged in the international system through economic activities and politically through US and British informal intermediation. They had a wide margin of autonomy in relations with their subsystem neighbors. Such layering would in due course make the construction of regional institutions possible.
- (2) Relations with neighbors in each international subsystem at times featured conflict over territorial claims or boundary delimitation. Until well into the twentieth century, these conflicts delayed the creation of effective regional international institutions even after war had become rare.

¹¹ The classic study remains Dana G. Munro, *Intervention and Dollar Diplomacy in the Caribbean, 1900-1921* (Princeton: Princeton University Press, 1964).

¹² David R. Mares, *Violent Peace: Militarized Interstate Bargaining in Latin America* (New York: Columbia University Press, 2001). See also Paul Hensel, "One Thing Leads to Another: Recurrent Militarised Disputes in Latin America, 1816-1986," *Journal of Peace Research* 31:3 (1994), 281-97. Jorge I. Domínguez, *Boundary Disputes in Latin America*, Peaceworks, 50 (Washington, DC: United States Institute of Peace, 2003).

¹³ Calculated from Gary Goertz and Paul F. Diehl, *Territorial Changes and International Conflict* (New York: Routledge, 1992), p. 50.

Founding international rules

The Spanish American Republics and Brazil developed four international rules to govern relations between them. The first and fourth of these rules date from the second quarter of the nineteenth century. The second and third developed in the first half of the twentieth century. The legacies of these rules, with a partial exception to the second, still operate today in the context of the OAS. Change over time was remarkably slow:

- (1) The inherited boundaries from the empires would be honored.
- (2) Sovereignty and non-intervention would be defended.
- (3) States would actively seek to mediate disputes throughout the hemisphere.
- (4) Implementation of agreements would be lax.

Honoring inherited boundaries

Latin America's first key innovation in international law was *uti possidetis juris* as the rule to govern relations between successor states following imperial collapse: existing administrative boundaries were converted into international frontiers. In the future, this rule would apply to the termination of European empires in Sub-Saharan Africa and the breakdown of the Soviet Union. The Spanish empire's administrative boundaries were sufficiently respected in South America in the 1820s and early 1830s to contribute to securing early on a framework of domestic and international legitimacy in the otherwise bloody passage from the empire to its successor American states.¹⁴ In Central America, *uti possidetis* proved effective after the breakdown of the United Provinces into its constituent units in 1838. Central American states continued to go to war with each other, but not for the most part to alter the territorial configuration of states in major ways, even if still today they differ about where exactly each boundary is.

This rule addressed the security dilemma. It did not require military build-ups, arms races, or heavy taxation. It was facilitated by notions of shared identity but it included both the Spanish American countries and Portuguese-speaking Brazil. It became the dominant post-colonial interstate idea. In time, this rule facilitated international cooperation between states that did not fear for their territorial integrity. Once independent,

¹⁴ Robert H. Jackson, *The Global Covenant: Human Conduct in a World of States* (Oxford: Oxford University Press, 2000), pp. 316–35; Fred Parkinson, "Latin America," in Robert H. Jackson and Alan James (eds.), *States in a Changing World: A Contemporary Analysis* (Oxford: Clarendon Press, 1993), pp. 239–43.

no state has disappeared in South America.¹⁵ Past the travails of independence of the United Provinces of Central America in the nineteenth century,¹⁶ the only successful secession was Panama's (1903) – engineered in large measure by the United States. There has been no significant shift in international boundaries in the Americas since 1942, and remarkably few wars of territorial aggression. This rule of territorial integrity is at the core of the foundation of the OAS. Latin America anticipated the establishment and consolidation of the territorial integrity norm that became widespread worldwide after World War II.¹⁷ Specific boundary delimitation efforts do, of course, shift bits of territories from one country to another by mutual consent. Over nearly two centuries there have been only six significant violations of *uti possidetis juris* through war, to wit:

- (1) The creation of Uruguay as a buffer state between Argentina and Brazil through war (1825–1828).
- (2) The dismemberment of Paraguay at the hands of Argentina, Brazil, and Uruguay in the aftermath of the War of the Triple Alliance (1864–1870).
- (3) Chile's conquest of the territories harboring nitrate natural resources of southern Peru and littoral Bolivia in the War of the Pacific (1879–1883).
- (4) Ecuador's loss of territory through cession or wars with Colombia (1863) and Peru (1939–1941).
- (5) Bolivia's loss of territory to Paraguay in the wake of the Chaco War (1932–1935).
- (6) Great Britain's nineteenth-century seizure of territory from Argentina (south Atlantic islands), Guatemala (today's Belize), and Venezuela (today's Guyana).

Defending sovereignty and non-intervention

The second rule, the defense of state sovereignty and international non-intervention in the domestic affairs of states, developed principally in the late nineteenth century after interstate wars had become much less frequent. This rule became part of a Latin American crusade to contain

¹⁵ Haiti ruled the Dominican Republic during much of the second quarter of the nineteenth century. Bolivia and Peru briefly created a confederation. Central American merger efforts persisted sporadically during the nineteenth century.

¹⁶ Unsuccessful secessionist movements flare up from time to time in certain Anglophone Caribbean islands, such as Nevis or Tobago. See, for example, Ralph Premdas, "Identity and Secession in a Small Island State: Nevis," *Canadian Review of Studies in Nationalism*, 28 (2001), pp. 27–44.

¹⁷ Mark W. Zacher, "The Territorial Integrity Norm: International Boundaries and the Use of Force," *International Organization*, 55:2 (Spring 2001), 215–50.

the United States. Latin American balancing against US power is consistent with neo-realist expectations,¹⁸ but the means chosen by the Latin Americans were the weapons of the weak:¹⁹ international law.

The defense of sovereignty countered the US and European insistence that states have the right to protect their subjects, in their persons and businesses, and thus retain the right to intervene in other states. In the 1880s, instead, the Argentine international jurist Carlos Calvo argued that sovereignty is inviolable and under no circumstances do resident aliens enjoy the right to have their home government interpose on their behalf. The wider Latin American defense of non-intervention – first articulated by Argentine Foreign Minister Luis Drago in 1902 – sought to counter the US and European official view that they had the right to armed intervention to compel states to honor their public debts. The Latin Americans promoted the Calvo Doctrine regarding alleged alien rights from the First International Conference of American States, held in Washington in 1889; the United States voted against the resolution. The Latin Americans introduced the Drago Doctrine regarding public debts at the Third Conference, held in Rio de Janeiro in 1906; the United States opposed it.²⁰

In time, the position advocated by the Latin Americans gained support because of changes in the major powers. Armed intervention is no longer used to collect international public debts. Starting in the late 1920s, but associated with the Good Neighbor Doctrine in the 1930s and 1940s, the United States stopped intervening in the domestic affairs of its near-neighbors, ending all military occupations of neighboring countries. Article 1 of the OAS Charter, adopted in 1948 with US support, commits member states to defend sovereignty. Article 18 is the final juridical victory of Calvo and Drago: “No state or group of states has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other state. The foregoing principle prohibits not only armed force but also any other form of interference or attempted threat . . .” The Article 18 rule weakened *de facto* in the 1950s when the United States resumed routine intervention in the domestic affairs of Latin American countries, again in 1991 when the OAS carved a

¹⁸ See the argument in Andrew Hurrell, “Regionalism in Theoretical Perspective,” in Louise Fawcett and Andrew Hurrell (eds.), *Regionalism in World Politics: Regional Organisation and International Order* (Oxford: Oxford University Press, 1995), pp. 49–50.

¹⁹ The expression is James Scott’s. See his *Weapons of the Weak: Everyday Forms of Peasant Resistance* (New Haven: Yale University Press, 1985).

²⁰ C. Neale Ronning, *Law and Politics in Inter-American Diplomacy* (New York: Wiley, 1963), chapters 3 and 4; J. Lloyd Mechem, *A Survey of United States–Latin American Relations* (Boston: Houghton Mifflin, 1965), pp. 94–9.

“democratic exception,” and once more in 2002–2004 when the United States strayed from unconditional support of constitutional government.

The Latin American defense of non-intervention contributed to international law and became part of the United Nations Charter. African and Asian countries – as the papers on Africa and ASEAN in this project make clear – are the happy latter-day inheritors of this historic Latin American project.

Mediating disputes

The third institutionalist rule was a commitment to activist intermediation, preceding the formal establishment of the OAS. This rule evolved in South America since the 1880s as one means to sustain the peace. By the late 1920s, South America’s forty-year absence-of-war owed much to international mediation and arbitration practices as well as more informal means of dispute settlement. In Central America, the long US occupation of Nicaragua interrupted the active contestation of boundaries.

As Table 3.1 shows, intermediary activity across Latin America’s subregions surged during the troubled years between 1925 and 1942. At that time, Peru and Colombia went to war over the Leticia territory, Bolivia and Paraguay fought over the Chaco, and Ecuador and Peru battled over the Amazon territories and, after the US withdrawal from Nicaragua, Central American states re-focused on their interstate relations. The chi-square statistic is insignificant, which means that states were not subregional specialists in their intermediary activity. Instead, states volunteered their intermediary activity across subregions, proportionate to the distribution of disputes in each subregion throughout Latin America. Intermediary activity, indeed, contained these conflicts in Central America and would help to end wars between South American states.

From its foundation in 1948, the OAS took up this responsibility for mediation as a key reason for its existence.²¹ Its formal institutional machinery performed well in both comparative and absolute terms. For the period from the late 1940s to the 1960s, Joseph Nye assessed the relative efficacy of the OAS, the Organization of African Unity (OAU), and the Arab League in helping to settle serious disputes between member states, most of which entailed some fighting. Nye deemed the OAS twice as effective as the OAU and more than three times as effective as the Arab League. The OAS helped to isolate each clash to prevent

²¹ For an excellent history of the OAS as an organisation, see Carolyn M. Shaw, *Cooperation, Conflict, and Consensus in the Organization of American States* (New York: Palgrave MacMillan, 2004).

Table 3.1 *Intermediary activity in south and middle American regions*

Intermediary governments	Location of dispute		
	South America	Middle America	Total
South American	15	3	18
Middle American	3	2	5
United States	5	2	7
Total	28	7	35

$\chi^2 = 1.278$, not significant for two degrees of freedom.

SOURCE: Coded from J. Lloyd Meacham, *The United States and Inter-American Security, 1889–1960* (Austin: University of Texas Press, 1961), 154–76.

NOTE: European governments served as mediators in five South American disputes.

escalation in most cases, abate the dispute in three-quarters of the cases, end the fighting in the majority of instances, and settle the dispute in nearly a third of the cases.²² For the period from the 1940s to the 1970s, Mark Zacher compared the efficacy of the same three organizations to the United Nations. He found that, in “wars, the frequencies of intervention and success by the OAS are considerably greater than those of the other bodies.” The OAS was also the superior performer for crises short of war; the OAS stopped a majority of wars and contained nearly half of the crises between member states. The OAS succeeded in only one out of seven instances of military intervention, however.²³

These findings may give too rosy an impression about the efficacy of the OAS conflict-resolution machinery, however. The OAS was less effective in securing a permanent settlement of disputes once militarized conflicts broke out or in settling disputes in peacetime to avert future war. Nor did it supplant the old pattern of “coalitions of the willing,” which would often be the most effective. Bilateral negotiations between states in conflict, unaided by the OAS, also often yielded effective solutions.

Implementing agreements

The fourth institutionalist ‘rule’ was laxity in implementation. This may seem an oxymoron, namely, that rule breaking may be a rule. I call it a

²² Joseph S. Nye, *Peace in Parts: Integration and Conflict in Regional Organization* (Boston: Little, Brown, 1971), chapter 5, especially p. 171.

²³ Mark W. Zacher, *International Conflicts and Collective Security, 1946–77: The United Nations, Organization of American States, Organization of African Unity, and Arab League* (New York: Praeger, 1979), pp. 213–15, quotation from pp. 213 and 215.

rule because it is so pervasive and long-lasting across issue areas and time periods, unpunished by co-signatories, and generally accepted even when its existence hampered the procedures or organizations that participating states sought to create. This behavior differs from formal rules that permit delayed accession to some other rule; for example, the European Union’s rules permit some member states to choose to stay outside the *euro* currency. In the inter-American setting, agreements are signed but many states fail to ratify, even though the agreement expects all signatories to ratify.

The 1826 Panama Congress started this pattern. For illustrative purposes, consider the record regarding international security issues. In 1923, at the International Conference of American States held in Santiago, Chile, on Paraguay’s initiative the first inter-American treaty on international security issues was signed. A subsequent specialized conference met in Washington in 1929 to produce a more specific general treaty on arbitration and a general convention on conciliation. Ten years later, several major Latin American countries had yet to ratify it, including Paraguay and Bolivia who savaged each other in the interim during the Chaco War. Similarly, in 1940 the American Republics founded the Inter-American Peace Committee as a dispute-settlement instrument; the Committee did not meet until 1948, although it would in the 1950s become effective for conflict resolution between states.²⁴

The record is similar with regard to human rights. In 1969, the American Republics signed the American Convention on Human Rights as a binding treaty. Yet not until 1978 had enough states ratified it to bring it into effect. The Convention created the Inter-American Court on Human Rights, which came into being in 1979. In the early 1990s, democratic regimes governed in most countries in the Americas, yet only ten had acceded to the jurisdiction of the Inter-American Court.²⁵ In 1977, President Jimmy Carter signed the Convention but the United States has not ratified it. The US government does not accept the jurisdiction of this Inter-American Court.

At times, states have ratified treaties but a wide gap remained between text and behavior. At the International Conference of American States held in Buenos Aires in 1936, the Declaration of Principles of Inter-American Solidarity and Cooperation was the first multilateral recognition of the need for “a common democracy throughout America,” yet most signatory governments were undemocratic. The key treaty for

²⁴ Meacham, *A Survey of United States–Latin American Relations*, pp. 102, 107–8, and 178.

²⁵ Viron P. Vaky and Heraldo Muñoz, *The Future of the Organization of American States* (New York: Twentieth Century Fund, 1993), p. 10.

collective security in the Americas during the Cold War was the Inter-American Treaty for Reciprocal Assistance, commonly known as the Rio Treaty, signed in 1947. Its Preamble commits member states to the “international recognition and protection of human rights and freedoms” and to advance “the effectiveness of democracy for the international realization of justice and security.” The Rio Treaty has never been invoked for the defense of democracy, even though democratic regimes toppled frequently in the decades that followed.²⁶ The gap between the formal norms committing the states to democracy and actual practice was widest in the late 1970s when authoritarian regimes ruled all but three Latin American countries and a torture pandemic spread through the region.

The gap between formal pledges and behavior has been equally evident in the area of economic integration. In 1960, Argentina, Brazil, Chile, Mexico, Paraguay, Peru, and Uruguay signed the Treaty of Montevideo that established the Latin American Free Trade Association (LAFTA). Ecuador, Colombia, Venezuela, and Bolivia joined later in the 1960s. LAFTA established a twelve-year transition period to eliminate most trade barriers through product-by-product negotiations. Twenty years after the Montevideo Treaty, imports subject to LAFTA agreements were no more than 6% of the total imports of the region from the rest of the world. Intra-regional imports not subject to LAFTA agreements grew faster than those imports governed by some LAFTA agreement. In 1980, LAFTA was replaced by the Latin American Integration Association (LAIA), an even looser, less effective, and more limited association.²⁷

The 1961 General Treaty of Central American Economic Integration created the Central American Common Market (CACM), freeing more than 90% of Central American trade categories. The CACM had explicit and tighter rules than LAFTA; the CACM mandated a common external tariff as well as intra-regional trade liberalization. During its first decade, intra-regional CACM trade rose from 5 to 26% of total trade. In 1969, however, Honduras and El Salvador went to war, leading to thousands of deaths. That war and other factors stopped CACM’s momentum. By 1990, intra-regional trade as a percentage of total trade had fallen to half

²⁶ Domingo E. Acevedo and Claudio Grossman, “The Organization of American States and the Protection of Democracy,” in Tom J. Farer (ed.), *Beyond Sovereignty: Collectively Defending Democracy in the Americas* (Baltimore: Johns Hopkins University Press, 1996), pp. 134–5.

²⁷ Mario I. Blejer, “Economic Integration: An Analytical Overview,” in *Economic and Social Progress in Latin America: 1984 Report* (Washington, DC: Inter-American Development Bank, 1984), pp. 15–19, 24–25.

the 1970 level.²⁸ The 1969 Honduran–Salvadoran war calls attention to a recurrent Latin American outcome: simultaneous conflict and cooperation. Gains from CACM economic integration did not prevent war.

For most states, there is a gap between state interests and the rhetoric of its government leaders. The gap in the Americas is distinctive for three reasons. First, governments rarely acknowledge the existence of the gap. Officials continue to talk as if there were no gap. Second, states continue and, over time, heighten the rhetoric regarding the salience and utility of continental or subregional cooperation, regardless of lax enforcement. Third, states continue to sign treaties and other less formal agreements that sometimes reduce the gap between formal obligation and actual enforcement but just as likely widen the gap. Governments find it useful to sign agreements that they expect never to ratify because, on balance, these help them to manage relations with other states in the Americas, contributing to their reputation as inter-American or subregional team players. There is, therefore, an inter-American interstate “society” with a life of its own, with delayed impact on actual behavior, which engages time and attention from government officials. The US government, too, is as much a practitioner of the rule of laxity as are the Latin American governments, and the Latin Americans employ the rule of laxity at times as one tool to manage their relations with the United States.

Issue area subsystems: simultaneity of conflict and cooperation

Simultaneity of conflict and cooperation was also evident between states in southernmost South America during the last episode of widespread military government. In the mid and late 1970s, the same South American states that cooperated over counter-subversive operations came close to war with each other. In 1975, Chile’s National Directorate of Intelligence (DINA) established Operation Condor, a means for military dictatorships to exchange intelligence about their opponents, coordinate trans-border counter-subversive operations and, in some instances, assist each other in murdering their opponents. Argentina, Bolivia, Brazil, Chile, Paraguay, and Uruguay participated in Operation Condor to varying degrees. The US government knew about Operation Condor and variously described it as counter-terrorist or counter-insurgency operations.

²⁸ Eduardo Lizano and José M. Salazar-Xirinachs, “The Central American Common Market and Hemispheric Free Trade,” in Ana Julia Jatar and Sidney Weintraub (eds.), *Integrating the Hemisphere: Perspective From Latin America and the Caribbean* (Washington, DC: Inter-American Dialogue, 1997), pp. 111–12 and 117.

Operation Condor flourished because participating states were “modern” dictatorships, what Guillermo O’Donnell called “bureaucratic-authoritarian” regimes. They believed in technology, modern communications and transportation, psychological warfare, and similar means to counter the alleged threat of subversion. They thought that they had the right to kill the enemies of their regimes. In the name of national security, tens of thousands of civilians were murdered in the countries participating in Operation Condor. Intelligence services assisted each other in various ways, from issuing false passports to providing a safe haven to agents from a neighboring state tasked with assassinating a political exile. The extent of participation varied. Brazil was reluctant to extend their joint activities to Europe; Uruguay became inactive by 1978.²⁹

The intelligence services operated with wide discretion. For example, on 24 August 1976, the US ambassador to Chile wrote to the US Secretary of State Henry Kissinger that “cooperation among southern cone national intelligence agencies is handled by the Directorate of National Intelligence (DINA), apparently without much reference to any one else. It is quite possible, even probable, that [President Augusto] Pinochet has no knowledge whatever of Operation Condor, particularly of its more questionable aspects.”³⁰ If General Pinochet had the option of plausible denial of DINA-sponsored assassinations, surely the Argentine and Brazilian Congresses were kept in the dark when Operation Condor began in 1975. Operation Condor was a secret agreement.

These allies in the holy war against subversion had otherwise tense international relations, however, in those same years of intelligence cooperation. Argentina and Chile escalated their militarized conflicts throughout the 1970s. Argentina and Brazil differed seriously over a host of issues, especially those pertaining to the use of the Paraná river system’s resources for hydroelectric power and navigation. Respective military missions envisaged combat against neighbors. The US government feared that Argentine–Brazilian rivalry would lead these governments to develop nuclear weapons.

In 1978, the military governments of Argentina and Chile mobilized for war against each other. Their armies went on alert; citizens prepared for the worst. Argentina’s military government had refused to accept an international arbitration award concerning the lands and waters in the

²⁹ J. Patrice McSherry, “Operation Condor: Clandestine Inter-American System,” *Social Justice*, 26 (Winter 1999), pp. 144–74; Esteban Cuya, “La ‘Operación Cóndor’: El Terrorismo de Estado de Alcance Transnacional,” www.derechos.org/koaga/vii/2/cuya.html; www.gwu.edu/~nsarchiv/news/20010306/condortel.pdf; www.gwu.edu/~nsarchiv/news/20010306/condor.pdf; www.gwu.edu/~nsarchiv/news/20001113/760901.pdf

³⁰ www.gwu.edu/~nsarchiv/news/20001113/760824.pdf

Beagle Channel, even though Argentina had been bound in advance to abide by the arbitral award.

In 1975, the military dictatorships in Bolivia and Chile re-established diplomatic relations severed in 1962 because of Bolivia’s insistence hitherto that Chile award it a sovereign corridor to the Pacific Ocean. Perhaps in the context of increased collaboration between their intelligence services, Bolivia and Chile negotiated actively in 1975–1976 over such a corridor. The negotiations failed, however, and Bolivian–Chilean relations again became adversarial thereafter.³¹

These could be called “functional” or “issue area” specialized international subsystems. The same states, in the same subregion, cooperate over one issue and fight over another. Cooperation-inducing institutions and rules that govern in one issue area (trade, counter-subversion) have not always prevented war or threats of war, nor did cooperation in one issue area, with the partial and brief exception of Chilean–Bolivian relations, facilitate cooperation in another issue area.

The transformation of international and domestic politics in the 1980s

On the eve of Latin America’s great economic depression of the 1980s, its international regional institutions had a mixed record. Its best accomplishments were long-term. The territorial integrity of states was accepted. External powers no longer deployed their navies to collect public debts. The institutions stopped relatively frequent militarized interstate disputes from escalating into war, or stopped war when it (rarely) broke out. The United States intervened recurrently in the domestic affairs of states but only to stamp out leftists.

The region’s continental or subregional international institutions had not succeeded at economic integration or even accelerating trade, however. In the area of human rights and democracy, hypocrisy reigned: lofty pronouncements alongside systematic violations. The gap between formal assent and actual implementation was noteworthy in many issue areas. The same governments collaborated in some issue areas and risked conflict or even war in others. International subsystems in the Americas retained a certain insulation from the international system, enabling Argentina and Chile as well as Honduras and El Salvador, among others, to pursue possession goals relatively independent of wider trends or the

³¹ Ronald Bruce St. John, “Chile, Peru, and the Treaty of 1929: The Final Settlement,” *Boundary and Security Bulletin* 8:1 (Spring 2000), pp. 92 and 94–5.

distribution of power in the international system. There was, in short, remarkable path dependence in structures and rules over a long time.

Three fundamental changes swept through Latin America in the 1980s: economic liberalization, the end of the Cold War, and democratization. Each had a significant impact on each country's international relations and cumulatively affected international regional and subregional institutions in the Americas.

The economic depression that hit Latin America in the 1980s was the world's most severe outside of Sub-Saharan Africa. Its depth and duration forced most Latin American governments first to modify economic policies and in due course to adopt a new liberalizing macroeconomic framework. Between 1985 and 1991, unweighted average tariff rates dropped in Argentina from nearly 40% to about 14%; in Brazil, from above 55% to about 20%; in Mexico, from above 33% to less than 13%. The same happened in other countries.³² In each case, these were unilateral decisions. Dormant regional institutions did not mandate them. Unilateral tariff reduction preceded and facilitated the creation of the North American Free Trade Agreement (NAFTA) and the Southern Common Market (MERCOSUR). The international financial institutions aided and abetted the process of economic restructuring and liberalization, especially the Inter-American Development Bank.

The end of the Cold War in Europe had a decisive impact in Central America, where since the late 1970s internal and international wars had been impregnated by US-Soviet-Cuban rivalries. The Cold War's end freed the US government from anti-communist demons so that it could foster, and participate in, negotiations to end wars in Nicaragua, El Salvador, and Guatemala – negotiations that the US government had opposed and undermined during most of the 1980s. Such bargaining brought peace to Nicaragua in 1990, El Salvador in 1992, and Guatemala in 1996.

The long night of military dictatorship ended gradually in Latin America. In 1979, Ecuador's military government was the first to transfer power to a freely elected civilian government. Most South American countries followed suit in the 1980s, with Chile the last to democratize in 1990. Democratization in South America occurred for the most part for autonomous reasons, with little impetus from outside (and no assistance from the United States during the first half of the 1980s).³³ In Central

³² Robert Devlin, Antoni Esteveordal, and Luis Jorge Garay, "Some Economic and Strategic Issues in the Face of the Emerging FTAA," in Jorge I. Domínguez (ed.), *The Future of Inter-American Relations* (New York: Routledge, 2000), p. 157.

³³ See general discussion in Laurence Whitehead, "International Aspects of Democratization," in Guillermo O'Donnell, Philippe Schmitter, and Laurence Whitehead (eds.),

America, in contrast, pacification and democratization proceeded hand in hand. Central American democratization would have been unthinkable without the end of the Cold War; this subregion's democratization is closer to Eastern European than South American patterns.

In sum, Latin America's economic liberalization and South American democratization began largely unaided by international regional institutions. Central America's pacification and democratization, in contrast, occurred simultaneously with changes in the international system and subsystem and, as we will see, with valuable roles for the OAS and especially the United Nations. The difference between these subsystems can be attributed to the deep US involvement in the domestic affairs of Central American countries and its greater aloofness from those in the South American cases. The United States found it expedient to empower international institutions to help it extricate itself from Central America and, as corollaries of that process, positive externalities resulted – peace and constitutional government.

The triumph of regionalist multilateralism in the 1990s

The three great transformations of the 1980s made room for innovations in the 1990s. First, the United Nations and the OAS became means to pacify Central America. Peace-making elsewhere in the Americas would also make effective use of international institutions. Second, the changed conditions of domestic political regimes changed the incentives regarding some international rules: democratic regimes welcomed international intervention to defend them.³⁴ Third, economic liberalization, notwithstanding its origin in domestic circumstances, engaged countries in the global economic system; in this issue area, too, domestic changes increased incentives for international cooperation.

International institutions facilitated the bargaining and implementation that brought peace and democratization in Nicaragua, El Salvador, and Guatemala.³⁵ In all three countries, negotiations went forward under

Transitions From Authoritarian Rule: Comparative Perspectives (Baltimore: Johns Hopkins University Press, 1986), pp. 3–47.

³⁴ For a persuasive articulation of this point, see Jon C. Pevehouse, *Democracy From Above: Regional Organizations and Democratization* (Cambridge: Cambridge University Press, 2005), especially chapters 6 and 7.

³⁵ For a partial assessment, see Teresa Whitfield, "The Role of the United Nations in El Salvador and Guatemala: A Preliminary Comparison," in Cynthia Aronson (ed.), *Comparative Peace Processes in Latin America* (Stanford: Stanford University Press, 1999), pp. 257–90. See also Mônica Herz, "Límites y Posibilidades de la OEA en la Esfera de la Seguridad," in Wolf Grabendorff (ed.), *La Seguridad Nacional en las Américas* (Bogotá: Fondo Editorial CEREC, 2003), pp. 133–54.

the auspices of the UN Secretary-General and the intrusive and effective involvement of his representatives. UN and OAS observers monitored the elections that were key to the transition. During the first half of the 1990s, the OAS International Commission for Support and Verification monitored and facilitated the demobilization and resettlement of the Nicaraguan insurgents. The United Nations played this implementation role in El Salvador.³⁶ Both the OAS and the United Nations worked effectively on Guatemala's pacification and democratization. In the early 1990s, the OAS also helped to end Suriname's internal war.

Most new democratic regimes in South and Central America and the long-standing democracies of the Anglophone Caribbean joined forces with the George H. W. Bush (Bush I) administration to breach one of the hemisphere's oldest rules: non-intervention in domestic affairs, weakening the protection for the rights of tyrants to abuse their people. In June 1991, the OAS General Assembly adopted the Santiago Commitment to Democracy (Resolution 1080), converting the OAS into a club of democracies. It was a simple rule. The interruption of constitutional government would henceforth automatically trigger an OAS meeting to discuss a response. The rule did not mandate any specific action other than convening a meeting, with the behavioral expectation that the risk of shameful failure would increase the likelihood that the member states would act indeed to defend democracy under threat.

The OAS defended constitutional government in the 1990s in Guatemala, Haiti, and Peru. Its effectiveness varied, but its engagement differed from its passive acquiescence to military coups in decades past. Success was greatest in defending constitutional government in Guatemala in 1993. Domestic circumstances in Haiti made success more difficult to achieve but the 1991 military coup would be reversed in 1994 in part thanks to the pressures and legitimation for such reversal that international institutions provided. Success in Peru was deferred because Alberto Fujimori's 1992 coup against the Congress and the courts stood, but the OAS facilitated the transition that terminated Fujimori's rule in 2000.³⁷

A second old "founding rule," laxity, suffered a dozen-year setback as a result of the enforcement of the new defense-of-democracy rule. The rapid response of the OAS to interruptions of constitutional government

³⁶ Luis Guillermo Solis, "Collective Mediations in the Caribbean Basin," in Carl Kaysen, Robert Pastor, and Laura Reed (eds.), *Collective Responses to Regional Problems: The Case of Latin America and the Caribbean* (Cambridge, MA: American Academy of Arts and Sciences, 1994), pp. 95–125.

³⁷ Acevedo and Grossman, "The Organization of American States and the Protection of Democracy," pp. 132–49.

and the generally unhesitant response of member states to defend democratic institutions was a marked contrast to the past. The united democratic front cracked only in April 2002, when the George W. Bush (Bush II) administration behaved either ineptly or anti-democratically during the slow-moving attempt to overthrow Venezuela's President Hugo Chávez. In March 2004, the Bush II administration decisively induced Haiti's constitutional president, Jean-Bertrand Aristide, to resign in the face of a growing insurgency.

Regionalist multilateralism got a boost in December 1994 when the Miami Summit of Heads of State of the Americas launched the process to create a Free Trade Area of the Americas (FTAA). States would negotiate, as a single undertaking, a comprehensive hemispheric free-trade agreement by 2005. These negotiations had been made possible by the prior unilateral economic trade liberalization in Latin America, the increased political compatibility between democratic regimes, and the practical commitment (see below) to settle also territorial and other security-related issues between states.³⁸ The negotiations bogged down because the US Congress did not grant the President unfettered trade negotiating authority (at the time known as "fast track").

In late 2003, to rescue the negotiations, the United States and Brazil crafted an agreement that came to be known as "FTAA light." All eventual signatories would accept a "common and balanced set of rights and obligations applicable to all countries" but, beyond that, a cafeteria menu approach would prevail. Countries would be free to adopt, or opt out of, other provisions in the FTAA.³⁹ As originally conceived, the FTAA thus aborted, its real future more likely to depend on the Doha Round of negotiations of the World Trade Organisation. The practical consequences of signing and ratifying "FTAA light" remain unclear.

In April 2001, however, the FTAA negotiations adopted a democracy-promotion feature. The Quebec Summit of Heads of State of the Americas, at the initiative of the southern South American states and Mexico, inserted a "democracy clause" in the FTAA process. Only democratic regimes could sign or remain FTAA members. This broke with past US government preferences. The United States, Canada, and Mexico had signed the NAFTA with no democracy clause (NAFTA still lacks such a clause). The Quebec Summit agreement was the first-ever link between trade negotiations and the continental defense of democratic regimes.

³⁸ Devlin, Estevadeordal, and Garay, "Some Economic and Strategic Issues in the Face of the Emerging FTAA," p. 153.

³⁹ Free Trade Area of the Americas, 8th Ministerial Meeting, Miami, 20 November 2003: Ministerial Declaration, www.ftaa-alca.org/Ministerials/Miami/Miami.e.asp

In September 2001, the OAS adopted the Inter-American Democratic Charter, which authorizes the OAS Permanent Council to intervene in circumstances when constitutional democracy is threatened.⁴⁰

The multilateralist revival in the 1990s had four key traits:

- (1) For the first time ever, the American Republics welcomed the United Nations to play a leading role in conflict settlement. The United Nations performed ably in three Central American cases.
- (2) The American Republics linked the democratic nature of the domestic political regime to the prospects for international trade negotiations. No economic integration agreement before 1990 had this feature.
- (3) A democratic exception was carved out of the hard-shell rule of non-intervention. Democratic constitutionalism would henceforth be defended, even if direct intervention in domestic affairs were required. This new rule was enforced until 2002, although it lies in doubt since then.
- (4) The United States, the Anglophone Caribbean, and the Latin American states agreed on these new systemic traits, until the United States broke the constitutionalist consensus in 2002.

Coalitions of the willing

The new multilateralism of the 1990s did not displace the coalitions of the willing that had been crucial in the region's past, that is, a subset of states that cooperate outside the framework of existing regional or subregional institutions. Examples in the political-military arenas include the collective interventions in Haiti in 1994 and 2004, the definitive settlement of the Ecuador-Peru boundary in 1998, and the repeated defense of constitutional government in Paraguay.

In 1994, in an historic first, in advance of deployment the United States asked the UN Security Council to authorize the use of force in Haiti. Illegal migration from Haiti to its neighbors was a legal consideration, but the intervention sought to evict the military junta that had overthrown the constitutionally elected president in 1991. The United States supplied most of the forces for the intervention. After the invasion, Canada provided the next largest contingent. Argentina contributed a warship to help enforce the naval quarantine of Haiti prior to the invasion. Argentina and several Anglophone Caribbean countries also supplied police forces afterwards. The event demonstrated the new US commitments to

⁴⁰ For discussion, see Francis Adams, "The Emerging Hemispheric Democracy Regime," *FOCAL Point*, 2:2 (February 2003), pp. 1-3.

multilateralism and the defense of democracy in the Americas but in actual implementation the intervention in Haiti was a coalition of the willing with UN and OAS blessings.

The March 2004 military intervention in Haiti was also a coalition of the willing, with security forces at first deployed mainly by the United States but also Canada, Chile, and France. This time, however, the UN Security Council authorized the deployment only after the US government had eased President Aristide out of office. The subsequent military occupation was the first-ever UN force anywhere most of whose troops were South Americans (Brazil with the largest force; Argentina, Chile, and Uruguay also important) operating under Brazil's military command.⁴¹

In April 1996, a military coup nearly overthrew Paraguay's constitutional president. Dramatic mobilization by Paraguayans thwarted the coup, but a key element in stopping it was international support for President Juan Carlos Wasmosy. The key members of this coalition of the willing were Argentina, Brazil, Uruguay (Paraguay's MERCOSUR partners), and the United States. All four governments reacted immediately through their ambassadors in Asunción. OAS Secretary-General César Gaviria was also quick (though acting on his own authority because the OAS could not meet in time). These actions were consistent with the new OAS rule of democratic defense adopted in Santiago, Chile, in 1991, but the most general characteristic of the response was an *ad hoc* coalition of the willing.⁴² In 1997, MERCOSUR members amended the founding Treaty of Asunción (1991) to limit membership to constitutional democracies – the first example in the Americas of such a democratic clause in an economic integration treaty.⁴³

In 1995, war broke out between Ecuador and Peru. Argentina, Brazil, Chile, and the United States stopped the war, acting under the authority of the Rio Protocol (1942) that terminated the Ecuador-Peru 1939-1941 war. The Rio Protocol called these four states the "Guarantors," obligated them to resolve disputes between Ecuador and Peru, and required them to play an ongoing role until the border was demarcated definitively.

⁴¹ *The New York Times*, 1 August 2004, p. 4.

⁴² See Arturo Valenzuela, "Paraguay: The Coup That Didn't Happen," *Journal of Democracy*, 8:1 (January 1997), pp. 43-55. See also Frank O. Mora, "Paraguay y el Sistema Interamericano: Del Autoritarismo y la Parálisis a la Democracia y la Aplicación de la Resolución 1080," in Arlene Tickner (ed.), *Sistema Interamericano y Democracia: Antecedentes Históricos y Tendencias Futuras* (Bogotá: Ediciones Uniandes, 2000), pp. 251-7.

⁴³ Rut Diamint, "Evolución del Sistema Interamericano: Entre el Temor y la Armonía," in Arlene Tickner (ed.), *Sistema Interamericano y Democracia: Antecedentes Históricos y Tendencias Futuras* (Bogotá: Ediciones Uniandes, 2000), pp. 12-13.

The Rio Protocol “institutionalized the role of outsiders in the Ecuador–Peru dispute” and represented “multilateral commitment to a bilateral settlement.”⁴⁴ The Guarantors brokered the 1998 settlement of the Ecuador–Peru dispute. The parliaments of Ecuador and Peru supported the settlement, thereby employing the procedures of democracy to credibly commit the actions of their countries in the future.

Noteworthy in these three examples was the transformation of Argentina and Brazil into internationally active pro-democracy dispute-settling states. South America’s giants demonstrated that they had been directly impacted by the triple transformation of the 1980s and were committed to sustaining it.

These coalitions of the willing in military and security arenas respected international institutions and treaties and acted within their parameters; acted principally at the initiative of a subset of states, not at the direction or even the urging of the international institutions; involved the United States along with other countries of the region; and went beyond merely supplying “good offices” to act decisively and often intrusively in particular cases.

Subregional trade agreement may also be considered coalitions of the willing. MERCOSUR, the CACM, and NAFTA are examples. In the mid-2000s, US negotiations with Central American countries and the Dominican Republic to create a Central American Free Trade Agreement (CAFTA) were new examples. We now examine MERCOSUR and the CACM as both political and economic agreements.

Southernmost South America and MERCOSUR

Until 1979, relations between Argentina and Brazil had been tense. Military missions envisaged combat against each other. The two countries seemed engaged in the early stages of a nuclear arms race.⁴⁵ In November 1979, however, the military dictatorships of Argentina, Brazil, and Paraguay signed the Itaipú–Corpus Treaty, governing the distribution of the Paraná river system waters to permit the construction of two hydroelectric projects, one by Brazil and the other by Argentina.⁴⁶

⁴⁴ Ronald Bruce St. John, “Ecuador–Peru Endgame,” *Boundary and Security Bulletin* 6:4 (Winter 1998–1999), p. 79.

⁴⁵ Subsequent research has shown that Argentina was not developing nuclear weapons, however. See Jacques Hymans, “Of Gauchos and Gringos: Why Argentina Never Wanted the Bomb, and Why the United States Thought it Did,” *Security Studies*, 10:3 (Spring 2001), 153–85.

⁴⁶ This section draws from Jorge I. Domínguez (ed.), *International Security and Democracy: Latin America and the Caribbean in the Post-Cold War Era* (Pittsburgh: University of

This treaty engineered not just dams but also peace. Argentina and Brazil reached additional agreements to reduce the probability of military confrontation and a nuclear weapons race and, in 1986, signed economic integration accords. The 1991 Treaty of Asunción founded the Southern Common Market, MERCOSUR; its original members were Argentina, Brazil, Paraguay, and Uruguay. From the start, MERCOSUR was envisaged as a shared political project, not just a trade agreement.

The development of this integration process closely paralleled the chronology of broader trends in the world. The member states of the European Community signed the Single European Act in February 1986 to deepen the creation of a single European market. With the collapse of European communist regimes in Eastern Europe in 1989, Western European attention focused on the new European democratizing regimes and emerging markets. In mid-1990, Mexico, the United States, and Canada began negotiations to establish the North American Free Trade Agreement (NAFTA). In each case, South American governments reacted defensively to strengthen their ties to each other, fearing a loss of markets and influence in their relations with both Europe and North America.⁴⁷

Intra-MERCOSUR trade did grow. Tariff barriers on goods fell, trade boomed. From 1990 to 1998 – the eve of Brazil’s financial panic in 1999 and the start of Argentina’s prolonged economic recession – intra-MERCOSUR exports grew by 23% per year from \$4.1 billion in 1990 to \$20.4 billion in 1998. The intra-MERCOSUR share of exports relative to the total exports of MERCOSUR countries grew from 9% in 1990 to 25% in 1998.⁴⁸

MERCOSUR’s trade integration narrowed the gap with other regional organizations. In 1989, before its founding, the MERCOSUR countries’ intra-regional exports accounted for about 8% of their total trade in comparison to about 18% for the same statistic for countries within the Association of Southeast Asian Nations (ASEAN). MERCOSUR countries’ intra-regional exports accounted for less than 0.5% of their

Pittsburgh Press, 1998), especially chapters by Jorge I. Domínguez, “Security, Peace, and Democracy in Latin America and the Caribbean: Challenges for the Post-Cold War Era;” Carlos Escudé and Andrés Fontana, “Argentina’s Security Policies: Their Rationale and Regional Context;” Francisco Rojas Aravena, “Transition and Civil-Military Relations in Chile: Contributions in a New International Framework;” and Mónica Hirst, “Security Policies, Democratization, and Regional Integration in the Southern Cone.”

⁴⁷ Walter Mattli makes these points especially. See his *The Logic of Regional Integration: Europe and Beyond* (Cambridge: Cambridge University Press, 1999), 139–63.

⁴⁸ Devlin, Estevadeordal, and Garay, “Some Economic and Strategic Issues in the Face of the Emerging FTAA,” pp. 166–7; Inter-American Development Bank, *Integration and Trade in the Americas: A Preliminary Estimate of 2003 Trade* (Washington, DC: 2003), p. 5.

combined regional gross domestic product, whereas this same statistic was over 9% for ASEAN countries. In 2000, MERCOSUR intra-regional exports accounted for 21% of total exports, approximately the same as the intra-regional-to-total export proportion among ASEAN countries. Nonetheless, the ASEAN/MERCOSUR trade gap in 2000 was still substantial. MERCOSUR intra-regional exports accounted for a bit over 2% of regional gross domestic product, whereas that statistic was nearly 15% in the ASEAN region.⁴⁹ (With the Brazilian 1999 financial crisis followed by an even more severe economic depression in Argentina, intra-MERCOSUR exports fell sharply, recovering thereafter. In 2003, they were worth \$12.7 billion and 12% of total exports.⁵⁰)

Simultaneous with MERCOSUR's development, Argentina and Brazil signed a nuclear safeguards agreement to provide for transparency and mutual guarantees in their respective nuclear power industries; they also installed an array of confidence-building and cooperative military measures.⁵¹

Chile did not join MERCOSUR but signed an agreement of association. It has behaved in many respects in accordance with the new pattern of interstate relations in the southern cone. In 1978, as noted, the military governments of Argentina and Chile mobilized for war. The Pope's mediation prevented war. In 1984, Argentina (then under a democratic government) and Chile (still under General Pinochet's rule) signed the Treaty of Peace and Friendship whereby Argentina accepted the award of the disputed Beagle Channel islands to Chile. Argentine-Chilean relations improved across the board. Trade and other economic relations intensified in the 1990s. At the start of the 1990s, the two democratic governments settled twenty-four unresolved boundary disputes, still extant 170 years after their independence. Chile and Argentina, too, created many confidence-building security measures and promoted substantial economic cooperation.⁵²

The structure of the southern South American international subsystem changed after 1979, nurtured by the triple transformation of the

⁴⁹ Banco Interamericano de Desarrollo, *Más Allá de las Fronteras: El Nuevo Regionalismo en América Latina. Progreso Económico y Social en América Latina. Informe 2002* (Washington, DC: Banco Interamericano de Desarrollo, 1982), p. 163.

⁵⁰ Inter-American Development Bank, *Integration and Trade in the Americas: A Preliminary Estimate of 2004 Trade* (Washington, DC: 2004), Table 3.

⁵¹ For a thoughtful analysis, see Arturo C. Sotomayor Velázquez, "Civil-Military Affairs and Security Institutions in the Southern Cone: The Sources of Argentine-Brazilian Nuclear Cooperation," *Latin American Politics and Society*, 46:4 (Winter 2004), pp. 29–60.

⁵² For examples, see Francisco Rojas Aravena, "Building a Strategic Alliance: The Case of Chile and Argentina," *Pensamiento Propio*, 14 (July–December 2002), pp. 61–97.

1980s.⁵³ In the Argentina–Brazil and Argentina–Chile dyads, the initiative regarding both peace and trade began without reference to inter-American or subregional institutions. MERCOSUR is a product of prior democratization in southern South America; it was not a contributor to the transition to democracy.⁵⁴ MERCOSUR is a product of the prior bilateral improvement of political and security relations and the reactivation of trade between Argentina and Brazil, not the cause of such processes, although MERCOSUR did intensify the trends previously set in motion.⁵⁵ The Argentine–Chilean across-the-board improvement of political, security, boundary, and economic relations never developed under the aegis of inter-American or subregional institutions. Chile is associated with MERCOSUR but it eschewed formal membership in order not to subscribe to its common external tariff and to retain flexibility to sign free trade agreements with other countries, including the United States.⁵⁶ These southern cone processes resemble coalitions of the willing, albeit formalized through MERCOSUR.

MERCOSUR is "light" on institutionalization. Its key operative mechanism is presidential initiative. Parliaments ratified the Treaty of Asunción but have otherwise been passive and at times been bypassed, notwithstanding the existence of a Joint Parliamentary Commission constituted of sixteen parliamentarians per member country. Implementation depends on inter-executive relations, not supranational institutions. Presidents are both decision makers and dispute settlers. MERCOSUR's only permanent institutions are its Administrative Secretariat whose primary task is to supply documents and information regarding new protocols and agreements to member governments and its Permanent Commission whose main job is outreach to parliamentarians and civil society entities. There is no MERCOSUR parliament or commission similar to those of the European Union. The 2004 Olivos Protocol created a permanent MERCOSUR court, but it has yet to function properly. The

⁵³ See also David Pion-Berlin, "Will Soldiers Follow? Economic Integration and Regional Security in the Southern Cone," *Journal of Interamerican Studies and World Affairs*, 42:1 (Spring 2000), pp. 43–69.

⁵⁴ This differs, therefore, from other cases that Pevehouse discusses in *Democracy From Above*, chapters 4–5.

⁵⁵ Freund and McLaren have shown that trade accelerates in anticipation of the formal start of trade agreements based on prior credible negotiations (such as the European Union, NAFTA, and MERCOSUR). See C. Freund and J. McLaren, "On the Dynamics of Trade Diversion: Evidence From Four Trade Blocks" (Washington, DC: Federal Reserve Board, 1999, mimeo), cited in Robert Devlin and Antoni Esteveadeordal, "¿Qué Hay de Nuevo en el Nuevo Regionalismo de las Américas?" *Documento de Trabajo*, 7 (Buenos Aires: INTAL-ITD-STA, 2001).

⁵⁶ David R. Mares and Francisco Rojas Aravena, *The United States and Chile: Coming in From the Cold* (New York: Routledge, 2001), pp. 40–1.

top-ranking representatives of each member government (Foreign and Finance Ministers) constitute the MERCOSUR Council. Its Common Market Group performs technical tasks of implementation; the foreign ministries of member governments staff it.

MERCOSUR suffers, too, from the lax applications of the decisions of its entities. Between 1991 and 2002, the MERCOSUR Council approved 149 decisions that require their incorporation to the domestic legal system of each member country, of which 70 percent remained unenforced in 2002. The Common Market Group approved 604 resolutions for those same years, of which 63 percent remained unenforced in 2002.⁵⁷ The 1991 Treaty of Asunción, short and vague, does not cover security issues; a 1997 amendment requires members to be constitutional democracies. Between 1991 and 1998, nearly all trade disputes between members were addressed through bilateral negotiation, and the most serious through direct presidential involvement.⁵⁸

One consequence of this institutional design is that MERCOSUR has fallen short of many of its goals. The MERCOSUR project depends on ongoing political negotiations to achieve most goals. Little happens as a consequence. The liberalization of trade in services has lagged considerably. The common external tariff is in a shambles. There has been little effective harmonization of macroeconomic and microeconomic policies, including no competition policy. Coordination of policy toward foreign direct investment is poor, and little has been done to coordinate social policy.⁵⁹

MERCOSUR's formal dispute settlement mechanism for trade disputes had been used only twice before the Brazilian financial panic of January 1999 that was followed by Argentina's steep 2001–2003 economic recession. Between 1999 and 2001, however, fifteen disputes came before its dispute settlement mechanism. MERCOSUR's institutions were thus moderately helpful as its states navigated through serious

⁵⁷ Félix Peña, *Concertación de Intereses. Efectividad de las Reglas del Juego y Calidad Institucional en el MERCOSUR*, www.fundacionbankboston.com.ar. I am grateful to Juan Cruz Diaz for bringing this work to my attention.

⁵⁸ More generally, see Luigi Manzetti, "The Political Economy of MERCOSUR," *Journal of Interamerican Studies and World Affairs*, 35:4 (Winter 1993–1994), pp. 105 and 116–20; Andrés Malamud, "Presidential Diplomacy and the Institutional Underpinnings of MERCOSUR: An Empirical Examination," *Latin American Research Review*, 40:1 (February 2005), pp. 138–64; Celina Pena and Ricardo Rozemberg, "MERCOSUR: A Different Approach to Institutional Development," FOCAL FPP-05-06 (Ottawa: 2006), pp. 1–14.

⁵⁹ Nicola Phillips, "Moulding Economic Governance in the Americas: US Power and the New Regional Political Economy," in Michèle Rioux (ed.), *Building the Americas* (Brayland, 2005). More generally, see her *The Southern Cone Model: The Political Economy of Regional Capitalist Development in Latin America* (London: Routledge, 2004).

economic troubles. Yet, bilateral Argentine–Brazilian inter-executive negotiation remained the key means to manage the fallout on MERCOSUR from their intertwined economic crises (1999–2003). The presidents of Argentina and Brazil have come to see the MERCOSUR partnership as a strategic alliance.⁶⁰ In addition, the two governments and respective business groups negotiated individual deals over voluntary trade restraint, special tariffs, etc. MERCOSUR's thin institutionalization – its relatively few, limited-scope formal treaty-mandated organizations – accommodated these *ad hoc* responses reasonably well but the longer-term effects of this improvised adjustment may have adverse effects on trade growth and macroeconomic coordination.⁶¹

In contrast to that dismal record with regard to politicized negotiations, the two most effective institutional rules in MERCOSUR, as in NAFTA, have been automatic, unencumbered by political negotiations, and thus self-enforcing. One has been the automatic, pre-programmed, and systematic lowering or elimination of tariff barriers on goods, in marked contrast to cumbersome Latin American integration schemes from the 1960s to the 1990s. By 1995, each MERCOSUR country had liberalized at least eighty-six percent of rubrics for trade in goods.⁶² This rule was battered during the 1999–2003 economic crises; there was some backtracking and new negotiations, yet continued commitment to joint problem-solving. The automatic rule worked effectively and better than alternatives. The second most effective rule has been the requirement that members be democracies, which helped to dissuade potential business elite supporters of a military coup in Paraguay, and that all members would act automatically to defend a member constitutional government under threat of coup. These two most effective rules do not depend on MERCOSUR's small staff or weak organization.

The southern South American balance of power system, founded in the 1860s, ended in the 1990s, replaced by a pluralistic security community. As originally explained by Karl Deutsch, this is a set of states in which "there is real assurance that the members of the community will not fight each other physically, but will settle their disputes in some other way."⁶³ Within such a community there are reliable expectations of

⁶⁰ Laura Gomez Mera makes this point forcefully in her "Explaining Mercosur's Survival: Strategic Sources of Argentine–Brazilian Convergence," *Journal of Latin American Studies*, 37 (2005), pp. 109–40.

⁶¹ Banco Interamericano de Desarrollo, *Más Allá de las Fronteras*, pp. 105 and 192–93.

⁶² Robert Devlin and Antoni Esteveadeordal, "¿Qué Hay de Nuevo en el Nuevo Regionalismo de las Américas?"

⁶³ Karl W. Deutsch et al., *Political Community in the North Atlantic Area* (Princeton: Princeton University Press, 1957), pp. 5–6.

peaceful change, with military force disappearing as a thinkable instrument of statecraft. War is not simply absent. The demon of conflictual possession goals has been exorcized. State elites constructed new interests and identities and internalized norms to ban the likelihood of war in a subregion where not so long ago it still seemed likely.⁶⁴

Presidential decisions based on domestic political calculations, not “spillovers” from one issue area to another fostered by supranational technocrats, explain the change in the international subsystem.⁶⁵ (“Spillover” would imply perceived linkages between problems arising out of their inherent technical characteristics and linkages deliberately created or overstated by political actors.⁶⁶) The international behavior that flows from the preferences of actors, not the rules of specific institutions, explains the outcomes.

MERCOSUR has no formal role with regard to security issues, though its promotion of trade and foreign economic policy coordination indirectly help peace maintenance. Thus MERCOSUR’s direct contribution to the formation and sustenance of the southern South American security community is less important than ASEAN’s, as other papers in this project indicate, even though a pluralistic security community is better consolidated in southern South America than in Southeast Asia.

The internalization of commitments to defend democracy mattered. Among the motivations to resolve all twenty-four boundary disputes between Argentina and Chile in the 1990s was the shared wish of their respective democratic governments to eliminate the likelihood of war. Success in boundary limitation would also reduce the significance of the armed forces in each country and consolidate civilian authority over the military. The agreements on nuclear cooperation between Brazil and Argentina were similarly motivated by the shared desire of their civilian governments to govern the military more effectively.⁶⁷ Argentine

⁶⁴ Andrew Hurrell, “An Emerging Security Community in South America?,” in Emanuel Adler and Michael Barnett (eds.), *Security Communities* (Cambridge: Cambridge University Press, 1998), pp. 228–64. Southern South American changes occurred through processes unlike those that Paul Huth identified for the peaceful resolution of territorial disputes. See his *Standing Your Ground: Territorial Disputes and International Conflict* (Ann Arbor: University of Michigan Press, 1996), chapter 6.

⁶⁵ For a thoughtful explanation of changes in southern South America in terms of domestic coalitional change in the 1980s and 1990s, see Etel Solingen, *Regional Orders at Century’s Dawn: Global and Domestic Influences on Grand Strategy* (Princeton: Princeton University Press, 1998), chapter 5.

⁶⁶ Nye, *Peace in Parts*, p. 65.

⁶⁷ Sotomayor Velázquez, “Civil Military Affairs and Security Institutions in the Southern Cone.” More generally, this use of international agreements to lock in domestic democratic commitments is consistent with Pevehouse’s general argument in *Democracy From Above*.

President Raúl Alfonsín’s incentives to accept the Papal arbitral award regarding the Beagle Channel were also the same. Democratic governments in Argentina and Brazil in the 1990s shared similar dispositions. (These cases contradict the argument that new democracies are more likely to engage in war with each other.⁶⁸) Domestic democratic concerns underpinned the shift toward international dispute settlement. In 1991, Chile and Argentina led the effort to adopt the new inter-American rule of defense of democracy for similar reasons.

In conclusion, in the 1990s trade grew, other economic cooperation developed, democracies became stronger, boundary disputes were settled, and security cooperation intensified in southern South America. MERCOSUR was organizationally thin but its automatic trade-in-goods liberalization and democracy requirement rules worked; its specific contribution to the construction of a security community was indirect, however. Inter-executive and specifically inter-presidential relations and a few institutionalized conflict-resolution rules handled disputes and crises. The result was a pluralistic security community – South America’s interstate achievement of the 1990s.

MERCOSUR’s troubles: expansion or deepening?

The failure of the negotiations regarding the Doha Round of the World Trade Organisation and the possible Free Trade Agreement of the Americas (FTAA) induced Brazil, in particular, but all the MERCOSUR partners to explore alternatives. The members faced a choice between deepening cooperation within MERCOSUR to achieve greater efficiencies, and expanding the partnership to include other countries that might bring fresh assets. In the distressed circumstances of the MERCOSUR economies in the early 2000s, expansion seemed less politically burdensome at home.

From the early 1990s, Brazil had considered fostering a South American Free Trade Area (SAFTA), built around MERCOSUR; this project re-emerged late in the presidency of Fernando Henrique Cardoso, and during the Lula presidency, as one way to advance Brazil’s interests along with its partners.⁶⁹ The sustained increase of the world’s price of energy in the early 2000s focused attention on Venezuela – South America’s pre-eminent holder of petroleum and natural gas reserves. Venezuela’s President Hugo Chávez was eager to expand his influence in South America.

⁶⁸ Edward D. Mansfield and Jack Snyder, “Democratic Transitions, Institutional Strength, and War,” *International Organization*, 56:2 (Spring 2002), pp. 297–337.

⁶⁹ See especially Gomez Mera, “Explaining Mercosur’s Survival,” p. 131.

Brazil was nearly energy sufficient but not quite, while Argentina had a complicated political situation with regard to its domestic energy policies.

In July 2004, MERCOSUR expanded in lieu of deepening. It granted associate member status to Ecuador, Colombia, and Venezuela to supplement the special MERCOSUR arrangements already in existence with Bolivia and Chile. In November 2005, MERCOSUR members and Venezuela stood apart from the rest of the governments at the Mar del Plata inter-American summit in voicing their reservations regarding the FTAA negotiations. In December 2005, MERCOSUR accepted Venezuela as a full member. In pursuit of such membership, in 2005 the Venezuelan government had already purchased \$1.6 billion in Argentine debt to help Argentina become free of its obligations to the International Monetary Fund; in 2006, Venezuela purchased another \$600 million of Argentine debt.⁷⁰ Soon President Chávez and his new MERCOSUR partners focused on a mega project, the “great pipeline of the south,” through the Amazon rainforest to deliver Venezuelan natural gas to southernmost South America, even though liquefying natural gas would be a financially more viable project.

Natural gas had already become a source of southern cone international disputes, however. In 2002, Argentina lowered and froze the domestic price of natural gas; gas shortages appeared when demand recovered. Argentina then cut off natural gas exports to Chile, breaking an international agreement.

In 2005 President Chávez backed the election campaign of Evo Morales for the presidency of Bolivia; in December, Morales won the presidency. At the end of April 2006, Morales flew to Havana to secure political and material support from Venezuela and Cuba and, on 1 May 2006, he announced the nationalization of Bolivia’s natural gas sector. One of the two most affected companies was Brazil’s Petrobras; half of the natural gas consumed in Brazil comes from Bolivia. Bolivia also decided to double the price for its natural gas exports to Argentina. At a presidential summit on 4 May 2006, Argentina and Brazil accepted Bolivia’s nationalization but their ardor for Chávez’s involvement in the southern cone cooled.⁷¹

A parallel dispute had also broken out between Uruguay and Argentina. In early 2006, Argentina objected to the building of two large cellulose factories by Finnish and Spanish investors on the Uruguayan bank of the Uruguay River, which is also the binational border. Argentine protestors,

⁷⁰ Credit Suisse First Boston, *Emerging Markets Economics Daily*, 13 February 2006, p. 6.

⁷¹ International Crisis Group, “Bolivia’s Rocky Road to Reforms,” *Latin America Report*, 18 (3 July 2006), pp. 5–10; *The Economist*, 11 February 2006, pp. 36–7; *ibid.*, 13 May 2006, pp. 43–4; Credit Suisse First Boston, *Emerging Markets Economics Daily*, 27 June 2006, p. 2.

with the backing of Argentina’s government, blocked a busy binational bridge to halt construction of the paper factories. After weeks of sustained protests and serious losses to tourism and trade, Argentina’s Congress voted to sue Uruguay before the International Court of Justice while Uruguay took its case before the OAS. The OAS indicated its support for Uruguay, and a nearly unanimous international court ruled against Argentina. While this dispute was under way, Uruguay announced that it would negotiate a free trade agreement with the United States, breaking with MERCOSUR’s posture hitherto of negotiating as a single bloc.⁷²

These events have weakened MERCOSUR. The inclusion of Chávez’s Venezuela as a full member dilutes MERCOSUR’s commitment to liberal democratic institutions. Chile and Bolivia are not full MERCOSUR members, but their respective associations with MERCOSUR should have led Argentina to honor its natural gas agreement with Chile and it should have led Bolivia along a different path in making its natural gas decisions as they bear on Argentina and Brazil. Argentina and Uruguay, both MERCOSUR full members, were unable to resolve their serious differences within the MERCOSUR framework. Uruguay unilaterally broke ranks with MERCOSUR’s common external trade policy.

Nevertheless, these serious disputes have been handled without resort to armed force or military coups. Uruguay and Argentina have made use of proper international means for dispute resolution. Evo Morales’ democratic election as President of Bolivia was instantly accepted, as it should have been. Bolivia’s decision to nationalize its natural gas sector has been accepted while negotiations on trade and financial issues continue. Venezuela’s purchase of Argentina’s international bonds was a valuable contribution to Argentina’s economic recovery. Intra-MERCOSUR trade remains strong. MERCOSUR’s core commitments to peace, security, inter-presidential negotiations, respect for democratic elections, and trade persist.

Central America and the Central American Common Market

The Central American Common Market (CACM) stagnated in the wake of the 1969 war between Honduras and El Salvador and weakened severely during the 1980s under the impact of region-wide economic depression and its internal and international wars. With the peace settlements reached in Nicaragua, El Salvador, and Guatemala in the

⁷² *The Economist*, 18 March 2006, p. 40; Credit Suisse First Boston, *Emerging Markets Economics Daily*, 3 May 2006, p. 6; *ibid.*, 16 May 2006, p. 7; *ibid.*, 14 July 2006, p. 4.

1990s, the economies recovered. CACM reactivation began with the Puntarenas Declaration in December 1990, benefiting from the end of the Nicaraguan international and civil wars earlier in 1990, and mindful that NAFTA negotiations had begun also earlier that year without the Central Americans and that European assistance and attention had focused on former communist Eastern Europe.

The CACM has been rich in organizations, poorer in results. In the early 1990s, there was a fresh attempt to revitalize its institutions. The common external tariff, established at its founding, had lapsed; it was restored in 1993. The 1993 Tegucigalpa Protocol (ratified by all members) created the Central American Integration System, establishing regional executive, parliamentary, and judicial functions, Ministerial Commissions for regional cooperation, and technical secretariats.⁷³ The Central American Bank for Economic Integration finances joint development projects. The Central American Economic Integration Secretariat provides technical support. Both are long-standing CACM institutions, badly battered in the 1980s, but modernized in the early 1990s. A more recent creation, the Central American Parliament, is a forum to hold integration institutions accountable. In 2003, intra-CACM exports reached 27% of Central America's total exports, surpassing the 1960s level; at \$3.1 billion, the value of intra-CACM exports was the highest ever. In 2000, CACM intra-regional exports accounted for about 7% of the CACM's gross domestic product, compared to not quite 5% in 1989.⁷⁴

And yet, the rule of laxity in implementation still haunts Central America. Only three of the five CACM countries ratified the agreement to establish a Central American Court of Justice. Even those that ratified have made little use of its procedures to resolve commercial disputes. No fewer than sixteen trade disputes broke out between CACM members from 1993 to 2001 but in only one case did the parties resort to the Central American Court. Moreover, an important segment of regional production – agriculture and services – has never been part of free trade in Central America. The born-again common external tariff covered 95% of all tariffs in 1993, dropped to 50% in 2001, and rose to 80% in 2002.⁷⁵

⁷³ Lizano and Salazar-Xirinachs, "The Central American Common Market and Hemispheric Free Trade," pp. 122 and 125.

⁷⁴ Devlin, Estevadeordal, and Garay, "Some Economic and Strategic Issues in the Face of an Emerging FTAA," pp. 166–7; Inter-American Development Bank, *Integration and Trade in the Americas: A Preliminary Estimate of 2004 Trade*, Table 3; Banco Interamericano de Desarrollo, *Más Allá de las Fronteras*, p. 163.

⁷⁵ Devlin and Estevadeordal, "¿Qué Hay de Nuevo en el Nuevo Regionalismo de las Américas?," p. 21; Banco Interamericano de Desarrollo, *Más Allá de las Fronteras*, pp. 32, 98–9, and 104–5.

Central America exhibits moderate levels of foreign policy coordination. Central American governments negotiated as a block with the European Union, the United States, Mexico, and Venezuela, respectively, regarding possible trade agreements. In the early 2000s, they negotiated as the CACM with the US government to sign the US–Central American Free Trade Agreement (CAFTA) in mid-2004. But Central American governments repeatedly broke ranks to make individual deals. Never during the 1990s did MERCOSUR countries, for example, sign bilateral framework agreements with the United States as part of negotiations for a free trade area of the Americas; the MERCOSUR bloc negotiated as a unit. Yet, within the first three years after the Bush I administration proposed inter-American free trade, each Central American government reached a separate trade deal with the United States.⁷⁶ Between 1994 and 2000, Mexico signed separate bilateral free trade agreements with Costa Rica and Nicaragua, and another jointly with El Salvador, Guatemala, and Honduras. In the 1990s, the CACM as a bloc signed a free trade agreement only with the Dominican Republic.⁷⁷ And in 2005 CAFTA went into effect without Costa Rican participation.

Central American governments also coordinated to some extent their foreign policy responses to the changes in US immigration law enacted in 1996. In 1997, the foreign ministers of Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica journeyed to Washington to make a joint case. The respective presidents also did so as a bloc during the summit meeting with President Bill Clinton in Costa Rica later that same year. However, each Central American government responded mainly on its own to the new US immigration law. The final outcome reflected the efficacy of such independent lobbying: Nicaragua succeeded the most thanks to its long-standing ties to the Republican Party, which then held a majority in the US Congress, Honduras the least, with El Salvador and Guatemala with intermediate results.⁷⁸

Regarding international security, Central America's record in the 1990s and the first decade of the twenty-first century is poor, even though all states in the region are constitutional democracies. Militarized

⁷⁶ Ennio Rodríguez, "Central America: Common Market, Trade Liberalization, and Trade Agreements," in Roberto Bouzas and Jaime Ross (eds.), *Economic Integration in the Western Hemisphere* (Notre Dame: University of Notre Dame Press, 1994), pp. 152–65.

⁷⁷ Devlin and Estevadeordal, "¿Qué Hay de Nuevo en el Nuevo Regionalismo de las Américas?," p. 31.

⁷⁸ Christopher Mitchell, "The Future of Migration as an Issue in Inter-American Relations," in Jorge I. Domínguez (ed.), *The Future of Inter-American Relations* (New York: Routledge, 2000), pp. 221–2; Rafael Fernández de Castro and Carlos Rosales, "Migration Issues: Raising the Stakes in US–Latin American Relations," in Jorge I. Domínguez (ed.), *The Future of Inter-American Relations*, pp. 242–7 and 252–3.

interstate disputes increased in frequency since the Cold War ended in the region. Disputes involving some use of force broke out between Honduras and Nicaragua in 1991, 1995, 1996, 1997, 1998, and 2000; between Nicaragua and El Salvador in 1996 and 2000; between El Salvador and Honduras in 1996 and 2000; between Guatemala and Belize in 1997, 1999, and 2000.⁷⁹ Although larger-scale war did not break out, these cases support the key propositions advanced by Mansfield and Snyder to explain why early democratizers may be belligerent even toward other constitutional democracies.⁸⁰ Nicaraguan President Arnaldo Alemán, in particular, mobilized belligerent nationalism to bolster his flagging political support. The armed forces of Nicaragua, El Salvador, Guatemala, and Honduras also welcomed external defense missions to resist downsizing in the aftermath of civil-war pacification.

On the other hand, repeated OAS mediations helped to keep the peace. Since 1990, the Central American record is consistent with Huth and Allee's hypothesis, on the basis of large-N statistical research, that "democratic dyads are very unlikely to see their military confrontation escalate to high levels of force."⁸¹ An optimistic view is that interstate militarized disputes in Central America might have been worse in the absence of the CACM. Perhaps so, but the CACM did not prevent the 1969 war between Honduras and El Salvador when the record of trade growth had been more impressive. The more likely causal path is that militarized interstate disputes prevent the intensification of cooperation within the region and impede greater advances in economic integration.

Regarding the defense of democracy, in 1993 the OAS intervened to stop a coup in Guatemala, staged by President Jorge Serrano with initial military support against Congress, the courts, and the political parties.⁸² Other Central American democracies supported OAS action. Left to their own devices, however, Central American governments performed less well. In 1995, CACM members signed a treaty obligating each other to

⁷⁹ David R. Mares, "Boundary Disputes in the Western Hemisphere," *Pensamiento Propio*, 14 (July–December 2001), pp. 46–8. For a detailed study, see Manuel Orozco, "Boundary Disputes in Central America: Past Trends and Present Developments," *Pensamiento Propio*, 14 (July–December 2001), pp. 99–134.

⁸⁰ Mansfield and Snyder, "Democratic Transitions, Institutional Strength, and War."

⁸¹ Paul Huth and Todd Allee, "Domestic Political Accountability and the Escalation and Settlement of International Disputes," *Journal of Conflict Resolution*, 46:6 (December 2002), p. 781.

⁸² Jorge Luis Borraro Reyes, "Aplicación de la Resolución 1080 del Compromiso de Santiago para la Democracia y la Renovación del Sistema Interamericano. El Caso de Guatemala," in Arlene Tickner (ed.), *Sistema Interamericano y Democracia: Antecedentes Históricos y Tendencias Futuras* (Bogotá: Ediciones Uniandes, 2000), pp. 227–33.

sustain democratic regimes, but not enough states ratified for it to go into effect – another example of the rule of laxity.⁸³

In conclusion, since 1990 regional coordination in Central America has become more effective in trade liberalization and growth, foreign policy coordination, and, possibly, democratic accountability. Yet the extent of improvement was limited and inferior to that achieved in southern South America. Central America performed poorly in the international security issue area, saved from wider war by the OAS. Guatemala's claim to Belize's territory is a clear rejection of *uti possidetis juris*. Central America remains an example of lax implementation of agreements but it benefits from the inter-American vocation to address and contain militarized interstate disputes and, in the 1990s, from the new inter-American commitment to intervene in defense of constitutional government.

Assessing hypotheses

International regional and subregional institutions in the Americas have been constructed over a long time but they were revitalized and re-invented in the early 1990s.⁸⁴ The idea that regional institutions are good is a legacy of the aftermath of independence in the 1820s. The structure of the international system in the Americas, differentiated into subsystems, fostered subregional patterns. The rules of the continental system (respect for territorial integrity, activist commitment to interstate mediation, laxity in implementation) are also of long standing and changed very slowly. Indeed, only the "hard shell" view of sovereignty, averse to intervention in the domestic affairs of states, changed. In the 1990s, it was replaced by a rule permitting and obligating states to defend democracy everywhere in the Americas – a new rule that weakened in the early 2000s.

Between 1990 and 2002, the OAS and MERCOSUR performed well in collectively defending constitutional government. The OAS' effectiveness in democratic defense weakened thereafter, and Venezuelan membership in MERCOSUR may dilute the latter's commitment to democratic constitutionalism. Both the OAS and MERCOSUR improved the likelihood that interstate peace would be constructed and sustained (see summary in Table 3.2). They facilitated better foreign policy coordination and MERCOSUR had a significant role in the expansion of trade in goods. Their automatic rules helped to defend democracy and promote trade in goods.

⁸³ Diamint, "Evolución del Sistema Interamericano: Entre el Temor y la Armonía," p. 14.

⁸⁴ For a theory-based assessment of regionalism sensitive to the Latin American experience, see Andrew Hurrell, "Regionalism in Theoretical Perspective."

Table 3.2 Latin American regional and subregional institutional outcomes, 1990–2006

Organization	Organizational design	Laxity	Trade growth	Financial adjustment	Security	Foreign policy coordination	Democracy defense
OAS	Thick	Down	NR	NR	++	+	+
MERCOSUR	Thin	Down	+	—	++	+	++
CACM	Thick	Same	+	~	—	+/~	+/~

NOTE: Organization of American States (OAS); Southern Common Market (MERCOSUR); Central American Common Market (CACM). + implies good performance; - implies poor performance; ~ implies middling performance; NR means the category is not relevant. Ratings under "laxity" are comparisons to pre-1990 patterns. "Thick" and "thin" refer to the number and scope of treaty-mandated formal organizations.

MERCOSUR was unprepared for the financial crises of its members in the 1999–2002 period, however.

The CACM is a more modest achiever with regard to the promotion of trade, and since 1990 it performed less well than the OAS and MERCOSUR in defending constitutional democracy. The rule of laxity continued to bedevil this subregion. Central American governments managed foreign policy coordination and financial adjustment marginally better than the MERCOSUR countries but the Central Americans did not handle well their shared international security problems. Finally, organizational design had little impact on the likelihood of achieving successful outcomes. Organization-poor MERCOSUR performed reasonably well. The organization-rich OAS and CACM had varying levels of performance but they were not better performers than MERCOSUR.

We now consider plausible hypotheses that bear on the explanation of the change in institutional performance before and after 1990.

Hypothesis rejection

- (1) Domestic **political culture and identity** did not change and consequently they cannot explain the changes in the "thickness" (the number and scope of treaty-mandated organizations), formality, or effectiveness of institutional arrangements in the 1990s. The Latino-barómetro public opinion polls continue to show skepticism about democracy and free markets.⁸⁵ After 1990, new government policies in defense of constitutional government and freer trade did not respond to public opinion changes. Instead, the shocks of the 1980s (end of the Cold War in Europe, the decade-long economic depression, and the democratization wave), exogenous to the international regional institutions, broke moorings for states in the Americas.
- (2) **Membership** in organizations and the **number of state actors** varied little over time. Membership has always been inclusive for all Latin American countries for each pertinent level, except for Cuba's suspension from OAS active membership in 1962. Since 1870 no state has disappeared. No secession past independence succeeded since 1903. Membership in the OAS increased in the 1960s and 1970s thanks to the addition of newly independent Anglophone Caribbean countries, but the change in OAS efficacy did not occur until much after that increase in membership. Canada joined the OAS in 1989 and contributed to the adoption of the 1991 Santiago Declaration on

⁸⁵ Marta Lagos, "Public Opinion," in Jorge I. Domínguez and Michael Shifter (eds.), *Constructing Democratic Governance in Latin America*, 2nd edn. (Baltimore: Johns Hopkins University Press, 2003), pp. 137–61.

democracy, but the key actors in adopting the rule change regarding the collective defense of democracy were the old members, namely, Latin American states and the United States. Cuba's suspension from active OAS membership in 1962 was unrelated to the OAS' disposition to defend democracy from the 1960s to 1990; instead, it was an episode in the Cold War. Membership in the CACM remained unchanged since its foundation. Venezuela joined MERCOSUR in December 2005, well after MERCOSUR's characteristics were set.

- (3) Organizational **decision-making rules** remained the same in MERCOSUR and the CACM combining elements of formality and informality. MERCOSUR *de facto* operated under leadership from Argentina and Brazil, with Paraguay and Uruguay as bandwagons. However, *de facto* rules changed over time in the OAS from a supermajority to "consensus." The OAS dispute-mediating effectiveness was about the same under both decision-making rules. The change from strict non-intervention to the collective defense of democracy occurred for reasons other than this shift in decision-making rules and well after the *de facto* rule had shifted to consensus.
- (4) **Institutional scope** changed dramatically after 1990 at both the regional and subregional levels. The institutions undertook many more tasks and sought to affect domestic politics more intrusively. This was equally true regardless of the relative reliance on internal organizations, that is, it was comparably the case for the organizationally "thick" OAS as for the organizationally "thin" MERCOSUR. But the change was so uniform that it is difficult to make much of this variable either to explain effectiveness or variation between institutions.
- (5) In a hemisphere marked since the birth of Latin American states by the rule of laxity, hypotheses about **centralization and flexibility** are difficult to specify.⁸⁶ In a pinch, each and every Latin American organization has been "flexible" to the point of ineffectiveness. Such flexibility and, for prolonged periods, irrelevance help to explain why the institutions (OAS and CACM in the 1970s and 1980s) did not just fade away. However, these variables do not explain the resurrection of the OAS and the CACM or the birth of MERCOSUR in the early 1990s. The single most effective design feature in these three institutions was automaticity, not flexibility.
- (6) The OAS began to defend democracy only after its **mandate** changed in 1991. However, the change in the OAS is better explained as

⁸⁶ Koremenos, Lipson, and Snidal argue that centralization and flexibility are among the most important design features in institutions. See their "Rational design," p. 1054.

the result of changes exogenous to the organization. MERCOSUR acted to defend Paraguayan democracy in 1996 before its mandate changed, and a treaty to mandate the defense of democracy as part of the CACM went unratified. Mandate change thus fails as a systematic explanation of cross-institutional behavior. The fact that the OAS and MERCOSUR were more effective in defending democracy in the 1990s is unrelated to a change in their formal mandate.

- (7) The Latin Americans sought economic integration under both state-led and open-market **economic models**. At first the CACM and LAFTA were attempts to lengthen the useful life of import-substituting industrialization – the same economic model but within a hoped-for larger integrated protected economy. Economic integration developed or re-shaped in the 1990s took place in market-friendlier contexts. Economic model is unrelated to the likelihood of undertaking an economic integration project because such projects were undertaken regardless of the prevailing economic model. In the 1990s, trade integration succeeded more in southern South America than in Central America but the prevalence of market-oriented policies varied a good deal by country within each subregion. Semi-protectionist LAIA went nowhere; the market-based FTAA project has also gone nowhere. The choice of economic development model thus explains little about the likelihood or effectiveness of international economic cooperation in the Americas.
- (8) **Country size and power** does not explain success at integration efforts, which have been as likely when large or small countries lead them. The participation of large countries in an integration scheme does not ensure its success, or their absence doom such a scheme to failure. The sources of leadership have also varied in the political and security arenas. The key actor in Central America's pacification in the late 1980s was Costa Rica. The 1994 intervention in Haiti gained a modicum of legitimacy from the deployment to Haiti of Afro-Caribbean police officers from democratic Anglophone Caribbean countries. Yet the United States played a major role in the intervention in Haiti in 1994 and the larger countries were also essential in bringing about the Ecuador–Peru settlement in 1998 and in defending constitutional government in Paraguay in the late 1990s.
- (9) **Enforcement and uncertainty problems** explain little about the results in the 1990s. The enforcement of a "relative absence-of-war" system predates the foundation of all the formal regional and subregional organizations. The OAS and the southern South Americans dealt capably with interstate security disputes in the 1990s but the Central American governments on their own did not. The OAS was more effective than the Central Americans acting on their own at

addressing Central American interstate security problems. The OAS and MERCOSUR ratified and acted on their respective democracy clauses; the CACM approved a democracy clause that went unratified. The CACM clearly had an enforcement problem but the nature of the problem was the same as for those other states and institutions that overcame the problem. Moreover, the level of uncertainty explains little about the changes in the 1990s or the variation across institutions.

Hypotheses with mixed results

- (1) The democratic regimes of Central America performed poorly but those in South America performed well in responding to interstate disputes since the regime transitions of the 1990s. Central America's democratic regimes have been less effective at fostering intra-regional trade than have the democratic regimes in southern South America. Southern South American dictatorships cooperated in specific issue areas in the 1970s – as Central American dictatorships did at times – but they could not reach more comprehensive forms of security cooperation. The mixed membership of the OAS – with dictatorships and democracies for most of its history – did not impair the organization's capacity to mediate between states in security disputes but, of course, its capacity to defend democracy depended on the prior change in the domestic political regime of all member states by 1990. Thus **domestic political regime** seems unrelated to the likelihood or efficacy of trade promotion or specific dispute settlement, but democratic regimes are more likely to succeed at continental international security cooperation and in democratic regime defense.
- (2) The **presence of interstate militarized conflict** greatly impairs international cooperation across the board, as evident in both Central and South America in the 1970s and in Central America since the end of the Cold War. The absence of militarized interstate conflict was a contributing but not the predominant factor in fostering such cooperation as in southern South America.
- (3) In the 1980s, the **United States** played a salient role promoting free-market ideas but only a delayed and secondary role in promoting democratization. In the 1990s, the US played a key role in institutionalizing the OAS rule regarding the collective defense of democracy and fostering inter-American trade. After 2002, the United States weakened the defense of democracy rule. The US role in interstate boundary dispute settlement was embedded within the OAS or

coalitions of the willing; the US role in such disputes had little significance outside of collective efforts.

Hypothesis acceptance

- (1) The likelihood of regional and subregional institutional effectiveness responds strongly to **prior and independent structural and normative changes in the international system**. The birth of the OAS after World War II and MERCOSUR in the 1990s, the revitalization of the OAS and the CACM in the 1990s, greater bilateral or *ad hoc* international problem-solving, are best explained with reference to prior normative and structural changes in the international system – the ends of World War II and the Cold War and, since the 1980s, the global spread of democratic and free-market norms. The critical juncture of the 1980s brought together an economic great depression that unleashed free-market alternatives, a continent-wide democratization, and the end of the Cold War (Cuba excepted). The interaction between these three variables – exogenous to the continental and subregional institutions – facilitated international regional and subregional institutional revitalization and effectiveness in the 1990s.
- (2) **International non-governmental organizations**, especially those concerned with human rights, and **international political party federations**, especially the Socialist International and the World Federation of Christian Democrats, played significant roles in assisting Latin America's democratization in the 1980s. The **United Nations** played an indispensable role in Central American pacification in the 1990s.
- (3) The commitment to the collective defense of democracy since 1990 and toward market-friendlier economic integration can only be explained with reference to the **changes within countries** during the 1980s. Changes in the preferences of actors affected how they used the institutions and how they complied with their decisions.
- (4) **Automatic rules** have been most effective since 1990, when two new rules were adopted: the reduction of tariffs on goods and (for the OAS until 2002) the obligation to defend constitutional democracy under threat. These are self-implementing rules, independent of organizations or their staffs past the very moment of agreement. Liberalization of tariffs on goods succeeded the most (NAFTA and MERCOSUR) wherever the rule of automaticity applied.⁸⁷ Although the OAS must meet to act to defend democracy under threat,

⁸⁷ For a comparison between NAFTA and MERCOSUR, see Ivan Bernier and Martin Roy, "NAFTA and MERCOSUR: Two Competing Models?," in Gordon Mace and

member states and the OAS Secretary-General came to feel sufficiently authorized to act in many cases on their own.

Nearly as automatic is an older rule: by the 1920s the habit developed that coalitions of the willing act in instances of international security threat and seek to mediate between disputants. In the 1990s, the rule was extended to the defense of democracy, too. Thus Rio Protocol Guarantors fashioned the peace between Ecuador and Peru in 1998 and coalitions of the willing defended democracy in Paraguay and, in 1991–1994, Haiti. Between 1991 and 2002, once a dispute broke out or democracy was threatened, regional or subregional institutions or sets of states automatically offered their good offices to stop and settle conflicts and defend constitutional government.

- (5) The presence of **distributional problems** affects the likelihood of success of international economic institutions. LAFTA and the early CACM privileged distributional issues in their agreements and, as a result, found it nearly impossible to liberalize trade effectively. At the end of the great depression of the 1980s, governments privileged growth over distribution, permitting the foundation of MERCOSUR and the refurbishing of the CACM. The weakening of both MERCOSUR and the CACM during the economic slowdown that began in the late 1990s can be traced to the reappearance of distributional concerns within both organizations.
- (6) International cooperation in the Americas has been most successful when it is both **voluntary and comprehensive** in its origins and purposes. Southern cone cooperation in the 1970s was strictly utilitarian and limited to some issue areas. Southern cone cooperation since 1990 has been comprehensive, crossing many issue areas, seeking both material utility and peace and democracy. In the 1990s, less successful institutions such as the CACM did not address issues comprehensively; the CACM failed to settle interstate security disputes. The least successful interventions in the domestic affairs of states, even if the OAS authorized them, are those that felt coerced or “bought” – the US-led intervention in the Dominican Republic in 1965 is the most prominent example.

Two other hypotheses should also be accepted because they help to explain important continuities between the pre- and post-1990 periods.

- (1) Latin Americans have been **international rule innovators**. They are not just “price takers.” They developed the doctrine of *uti possidetis juris* a century before its spread throughout Africa, Asia, and

the former Soviet Union. They pioneered the defense of “hard shell” notions of sovereignty and non-intervention. Their coalitions of the willing succeeded more often at interstate dispute resolution than did the League of Nations. The OAS has been more successful in such endeavors than other regional organizations. Latin Americans began serious economic integration efforts coincident with the efforts that led to Western Europe’s Treaty of Rome. They lagged behind Western Europe in implementing a commitment to defend democratic institutions but they improved their own performance since 1990. There has been, therefore, significant ideational, normative political autonomy in the Americas. The Latin Americans have been innovation receivers in the design of economic development models at times in their histories, however.

- (2) **Legacies** matter. The structure of international subsystems in the Americas, first developed in mid nineteenth century, persists into the twenty-first century. The subregional organizations created in the 1990s respond to international subsystemic structures that date from the nineteenth century. The rules of territorial integrity, activist mediation, and laxity in implementation are also of very long standing. Success in avoiding major interstate war is also an accomplishment of old. The only old rule reversed in the 1990s was the absolute prohibition to intervene in the domestic affairs of states; intervention to defend democracy became possible.

Conclusions

From the nineteenth to the twenty-first centuries, Latin American governments fashioned international rules to order their relations. In the second half of the twentieth century, they constructed international organizations to institutionalize those rules. The efficacy of these organizations rests on their intergovernmental character; they are not supranational. These organizations succeed or fail in response to the preferences of their member states. For the most part, institutional design features have explained little about the efficacy of organizations. The key exception has been automaticity. From *uti possidetis juris* or the propensity for instant international mediation in the face of the threat of war, to the defense of democracy in the 1990s, or NAFTA and MERCOSUR reduction of tariffs on goods, international rules work absent a role for any international organization, or minimalist organizations succeed when the founding actors bind themselves to act automatically and link the rule to their interest in complying with it.

Past 1990, there was success. Scores of boundary disputes were settled in South America. Trade in goods grew in MERCOSUR and the CACM. No constitutional democracy was dismantled in the Americas outside Haiti. Foreign policy coordination improved in southern South America and somewhat in Central America. The Isthmus of Panama had not yet become like the Isthmus of Corinth, as Bolívar in 1826 had hoped it would become, but the Americas became more prosperous, peaceful, and freer thanks to the greater effectiveness of international regional and subregional institutions.