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Summary

Mercosur Perspectives

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By any criteria, Mercosur is one of its regional members' major achievements in recent years. Today, its consolidation is a State policy and its expansion and deepening is independent from any changes the governments of the Member States might undergo as a result of electoral processes.

From a political perspective, Mercosur has yielded undisputable results, not only as warrant of the prevalence of democratic governments and peace in the region but also because it reinforces cultural ties and advances the consolidation of a regional "identity."

From a social viewpoint, regional integration, based on Latin American countries' shared cultural, geographic, and historical features, renders a more equitable, favorable contribution to the peoples of the region in the context of the ongoing *continentalization* and globalization processes.

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This process is thus a strategic instrument for achieving political stability, economic growth, and social justice in the member countries and the means to invest the regional with an identity and with a major role on the international stage.

I start from the premise that Mercosur is an irreversible process, which is already being expanded to include the other South American countries and is based on the unity spirit that permeated the work of our liberators. I thus find it indispensable to examine the perspectives open to integration in the present and in the immediate future so that we can formulate policies and create instruments conducive to internal consolidation and to spearheading a union of South American countries.

Accordingly, in this analysis I will briefly review the course followed so far and offer some thoughts on future prospects, taking into consideration a series of aspects I deem fundamental for ensuring the integration process and for tackling the multiple external negotiations.

Antecedents

The profound changes occurred in the world in the late eighties and early nineties favored the integrationist forces in Argentina and Brazil, two countries that soon took up the promotion of the interests of Paraguay and Uruguay. The signing of the 1991 Asunción Treaty was one of the most significant political and economic milestones for the region in the 20th century.

Mercosur began as a free trade zone endowed with the instruments to become a customs union in the short run and the intention of becoming a Common Market further on.

From an economical standpoint, the association's first years saw the expansion of intrazonal trade as well as increased trade with the rest of the world and a greater flow of investments into the region. This also contributed to ensuring and deepening internal economic reforms, which raised the degree of industrial complementation and made it possible for small and medium enterprises to participate in international transactions.

By 2001, ten years alter the signing of the Asunción Treaty, total intrazonal exports had trebled, from US$5 billion in 1991 to US$15 billion, with a peak of US$20 billion in 1997.

In addition, trade with the associated countries (Chile and Bolivia) had a positive performance, with a growth of more than 140 percent, while trade with the rest of the world grew 100 percent.

This improved performance of intrazonal trade can be observed both in Mercosur as a whole and in each member country individually.

As regards institutional aspects, at first a small structure was contemplated, but one dynamic enough to permit the achievement of the objectives envisaged by the Asunción Treaty, and endowed with two decision-making bodies – the Common Market and the Common Market Group. This organization's main characteristics were *intergovernability*, the lack of a fixed headquarters for its bodies, and consensual decision-making.

In 1994, with the signing of the Ouro Preto Protocol, the States Parties ratified the initial structure, fine-tuned its competences, and increased the number of decision-making bodies by establishing the Trade Commission. Moreover, stronger commitments were undertaken with respect to the binding character and implementation of the norms handed down by the aforementioned bodies and a mechanism was established for these norms' incorporation into the national legal systems.

The regional crisis

Mercosur was born in a context characterized by very favorable external and internal circumstances but in spite of this the process, after the initial impulse, began to show increasing problems in the late nineties.

The succession of international financial crises that began in the second half of the nineties with the Mexican crisis, followed by those of Southeast Asia, Russia, Brazil, and Turkey, coupled with the low prices of commodities and the retraction of capital flows, was compounded by the problem of intrazonal relative prices.

The devaluation of the Brazilian currency early in 1999, followed by the Argentine crisis late in 2001, considerably affected the price of trade transactions in the expanded market. In addition, the group's economic recession produced a change in trade among members, causing the States Parties to adopt unilateral measures that were often inconsistent with the commitments undertaken.

The proliferation of protectionist measures also led to bilateral trade disputes, several of which had to be solved under the dispute solution system. It should be

mentioned that between 1999 and 2003 nine Arbitration Tribunals were held. Under these circumstances, quadripartite negotiations aimed at deepening both the free trade zone and the customs union came to a definite standstill.

This brought to the fore a series of flaws in the integration process: imperfections in the common external tariff, noncompliance by the States Parties, legal gaps, and failure to incorporate common norms into domestic legislation. All of these formed an inadvertent legacy of the years of intrazonal trade growth.

In 2000, the States Parties concentrated their efforts on what was called the "Re-launching of Mercosur", which consisted in the formulation of an integrated work program whose main axes were: elimination of obstacles to access to the regional market; establishment of disciplines for encouraging investments, production, and exports; review of the common external tariff; institutional reform; and coordination of macroeconomic policies. However, the persistence – and aggravation – of the regional and international situation prevented the achievement of results that warranted talking of a significant qualitative change in the integration process.

The international situation in 2001 (little dynamism of the world economy, the drying-up of capital flows to emerging countries, the drop in the prices of the region's major exports) translated into an unprecedented period of economic crisis in Mercosur countries. Intrazonal trade showed a strong contracting trend as exports decreased more than 30 percent in 2002 as compared with the previous year.

It was my lot to be a player at these difficult moments experienced by Mercosur when I was my country's Head of State. But I could say that the abandonment of convertibility in Argentina permitted the beginning of a process of normalization of intrazonal relations, which contributed to the configuration of a more favorable setting for resolving problems of relative competitiveness of chronically competitive sectors in intra-regional trade.

A new impetus to Mercosur

In 2002, the governments of all States Parties focused on leaving behind the conflictive relations of the preceding years and on finding ways to strengthen the integration process.

This made it necessary to rethink the political and institutional space that had been to a certain extent postponed in view of the trade successes of the early nineties. At the same time, a process was begun for the gradual elimination of intrazonal conflicts – a process known as "clearing the table" – through a series of bilateral negotiations among some members.

Furthermore, the awareness grew that unless a "common interests matrix" was reconstructed, the strategic meaning of Mercosur as a regional public policy would become gradually diluted.

For the conception of this "matrix", work began in 2003 on a positive agenda that included not only economic and trade issues but also the establishment of new bonds in the political, social, cultural, educational, scientific, and technological areas, aimed at building up the regional identity.

The problem of the asymmetries among the States Parties also began to be addressed in earnest only then and, at the Asunción Summit, the Presidents decided to get a firm hold on these issues and work started on the identification of measures to be adopted. Finally, in December 2003, a series of norms was approved to deal with the situation of Paraguay and Uruguay, the smaller countries, and to ensure greater customs flexibility. The 2004 Summits made further progress through the requisite diplomatic steps for the implementation of those measures.

In this context of changes, a series of targets was set for the 2004-2006 work program, aimed at the consolidation of the integration process, now endowed with a new profile. This program establishes objectives for the economic, trade, social, institutional, and external relations areas and pertaining to the new issues of the integration agenda.

Perspectives

This section will focus on topics included in the areas listed and offer some thoughts on new perspectives for the process will be offered.

Trade and economic aspects of Mercosur

The consolidation of the free trade zone for arriving at the customs union requires work in different fields, involving the following issues:

• Macroeconomic coordination

Macroeconomic coordination, as envisaged by the Asunción Treaty, was a commitment of a programmatic nature, which required action on the part of the Mercosur institutions.

Negotiations related to this topic did not advance speedily owing to the divergences that persisted among the States Parties until 2000, when the Declaration on Macroeconomic Convergence was approved, establishing convergence targets and mechanisms for a series of macroeconomic variables. To accomplish this, the Meeting of Ministers of Economy and Central Bank Presidents set up the Macroeconomic Monitoring Group. It is essential that the region move forward in respect of coordination of macroeconomic policies to allow the economies of the region to participate more fully in the international financial markets and to ensure their stability, thereby raising investment levels and lowering interest rates.

Unfortunately, although the macroeconomic conditions of the four partners improved noticeably in 2004 and 2005, major advances in this direction have not yet occurred, although there are no clear political reasons for this delay in making more credible and sustainable the coexistence of the exchange scheme. The necessary combination of flexibility and interdependence requires that this qualitative advance in macroeconomic coordination be made.

I intend thus to work, with the partners' support, toward the establishment of appropriate mechanisms to facilitate this convergence.

Our efforts should be directed at the establishment of a Mercosur Monetary Institute as a necessary first step for laying the groundwork for the possible adoption of a common currency.

• Common External Tariff (CTA)

The CTA is the essential instrument of a customs union and is indispensable for sustaining a common external trade policy. This policy must be based on an equitable criterion whereby an equal effort is required in equal situations. This is why, as mentioned, in December 2003 a series of norms was approved to address the situation of Paraguay and Uruguay, the smaller partners, and to ensure greater tariff flexibility, as a period of adjustment is needed.

Currently, the CAT situation requires compliance with the rules of origin of goods traded within the bloc and special import regimes subsist, which apply unilaterally to each country.

It is essential to work further toward the establishment of a common market just as it is fundamental, at this stage, to eliminate the double taxation and to arrive at the free movement of goods. Accordingly, I intend to work toward the gradual achievement of these objectives. To achieve them it will be necessary to arrive at understandings that, at the highest political level, should reflect a common will to make progress on these essential aspects of a customs union.

It is also advisable to adopt a work program for the complete elimination of internal customs as well as ensuring the sharing of revenues from trade with third countries. With the support of all States Parties, I shall work to fully achieve this objective.

• Incentives

As tariffs on intrazonal trade are eliminated, other public promotion policies at the national level gain in importance. Incentive measures adopted by the governments, particularly measures aimed at promoting national production and attracting foreign investments have a definite distorting effect on resource allocation within the expanded market, giving rise to an "incentives war."

To prevent the indiscriminate adoption of such measures under an integration process, it is necessary to establish common disciplines conducive to the achievement of a truly common space in which competence conditions are equalized, taking especially into consideration the need to promote the less privileged areas of the region. My presidential mandate has been clear in this connection and I should say that, given the experience of other regions (such as the case of Ireland in the European Union), it is not impossible to achieve results that are satisfactory to all parties. It is only a question of putting intelligence and creativity at the service of balanced internal development.

• Production integration

To enhance trade dynamism so as to permit the expansion adjustment of regional trade and the elimination of possible causes of new sectoral

conflicts, the establishment of competitiveness forums has been encouraged in recent years. Such forums are a production proposal to ensure a regional export platform.

We are actively working in conjunction with Mercosur's Technical Assistance Secretariat-SAT to complement the lumber forum that is in operation with textile, meat, leather and leather products, and other similar forums. The possibility of gaining access to new markets through these productive integration mechanisms not only increases the region's exporting capacity but is also a means to interconnect the countries' entrepreneurial sectors, thereby further guaranteeing their common interests.

• Taxation harmonization

Although the Asunción Treaty calls for the coordination of fiscal policies and the harmonization of the pertinent legislation, Mercosur has not made much progress in this respect.

The replacement of national markets by a single market requires that state or provincial (sub-federal) tax systems be taken into consideration with a view to removing any tax discrimination that affects the flow of goods and services and gives rise to conflicts among the parties.

Advanced integration schemes require the gradual harmonization of national tax systems, particularly those that affect the cost of goods and services. Competition among members may be distorted if there are tax structure and tax burden differences among them, which are bound to affect the level and quality of intra-regional trade. It is thus necessary to begin working jointly toward greater harmonization of tax systems, particularly with respect to indirect taxation, as envisaged by the 2004-2006 Objectives Work Plan. I have added this goal to the agenda and intend to work in the Commission I chair toward its achievement

Institutional Mercosur

Since 2002 there has been a change in the integration scheme, based on the awareness on the part of all States Parties about the need to monitor progress in the economic area, through the adaptation and strengthening of the institutional structure.

It is important to lay the foundations for permanent group institutions, as only thus can we demonstrate our firm commitment. In this regard, significant progress has been made, as shown by the following examples:

• The Olivos Protocol

The Olivos Protocol, approved during my term as president, in February 2002, fine-tuned the conflict resolution system established by the Brasilia Protocol, in light of the experience of the various disputes arisen and the decisions handed down to solve them. This new instrument has established Mercosur's first Permanent Tribunal, with its seat in Asunción, as a legal review instance for which the States Parties are nominating jurists of the highest level.

This new system has no precedent in other integration schemes, as it was specifically conceived in accordance with Mercosur's current needs and characteristics.

The Olivos Protocol is one of the integration process's prime achievements and it will permit further progress towards a uniform interpretation of Mercosur's body of rules and the creation of a common jurisprudence, thereby helping to confer greater legal security to the trade in goods and services.

Strengthening the legality of the integration process increases the possibilities of market access as well as the prospects of intensified trade flows and of progress towards the achievement of the common market objectives.

• Technical Secretariat

Recently, work began on transforming Mercosur's Administrative Secretariat established by the Ouro Preto Protocol into a Technical Secretariat. To this end, modifications have been introduced in its structure, with the creation of a Technical Assistance Sector, endowed with technical and legal functions and a specific hierarchical role in the association.

The inclusion of Technical Assistance is a crucial step in the Secretariat's transformation, but work should proceed toward the definitive establishment of the Technical Secretariat. At this stage of the integration process it is very important to have the support of a permanent body of specialists to address

problems through a comprehensive vision and to tend to the interests of Mercosur as a whole and not of individual countries.

Still in this connection, I should call attention to the need to endow this essential body of our operational structure with greater resources. A budget of one million dollars, as compared with the eight million dollars of the Andean Community, shows our dramatic lack of the wherewithal to sustain an integration process such as the one we have in view.

• Mercosur Parliament

In 2003, the Presidents of the States Parties gave impetus to the establishment of a Mercosur Parliament, convinced that the existence of an assembly or parliament as part of the integration process, similarly to what happens at the national level, adds a social and political dimension that confers legitimacy to the decisions adopted, thereby facilitating the process and carrying it forward.

From the outset, Mercosur's States Parties saw the importance of such a body and, as they signed the 1991 Asunción Treaty, they endowed Mercosur with a Joint Parliamentary Commission-CPC, which, however, was not given legislative competence.

The establishment of the Mercosur Parliament, a political and social representative body of the citizens of member States, will send a clear signal of the integration process's maturity and consolidation.

From the Commission over which I preside we intend to give impetus to all initiatives undertaken in this connection so as to broaden the process's democratic basis and involve Mercosur citizens in its development and evolution.

• Direct application of Mercosur rules

The common rules issued by the decision-making bodies (Decisions, Resolutions, and Guidelines) do no apply directly to the States Parties' internal legal systems; they are subject to a mechanism known as "simultaneously in force", established under article 40 of the Ouro Preto Protocol-POP.

This mechanism, which has no precedent in other integration arrangements, has proven of very difficult implementation and has given rise

to the most complex problems in the implementation of Mercosur rules in the States Parties. This system of incorporation and implementation of quadripartite Mercosur rules has been a source of legal insecurity, as it does not make possible for subjects of the four States Parties to be bound at the same time by the same obligations.

In view of this situation, and to overcome these difficulties, work was begun last year on the conception of a system to allow the direct incorporation into national legal systems of Mercosur rules that do not require legislative treatment in the States Parties.

The implementation of such a system will permit common rules to be in force and to be effective, according the subjects of the four States Parties the same treatment with respect to their rights and obligations in the expanded market.

Mercosur's ability to effectively incorporate common rules into local legislation could be the greatest proof of its integration capacity. Without common rules, the integration process is not credible, regardless of all the political discourse in which we may state the contrary. Without them there are no incentives to investment or security for entrepreneurial decisions of any kind, which means losing the advantage of regional synergy.

• Mercosur Permanent Representatives Commission

Finally, a further measure to strengthen the institutional structure was the establishment of the Mercosur Permanent Representatives Commission-Crpm, which I have the honor to chair.

The purpose of this standing commission is to assist the Council, Mercosur's highest instance, in its work and to bring into play a community vision of fundamental aspects, such as the consolidation of the customs union and the establishment of the common market, the negotiations with other countries and economic blocs, the links to the legislatures of States Parties and the private sector, and political coordination.

As Crpm Chairman and in compliance with the mandate I have received from the Presidents of the States Parties and Associates, I have committed myself to spend every effort within my power to achieve the lofty objectives for which the commission was set up.

In particular, I have set the objective – in addition to the responsibility of institutional representation with which I have been entrusted – of helping implement common decisions that, for various reasons, have not yet become a reality in our countries. One example of this situation is the so-called "Citizens' Primer", to which President Lula has devoted so much effort and which requires constant work from the Executive and the Legislative Branches toward the approval of the rules that benefit the citizens of the region.

Lastly, I wish to stress particularly the transformation of the Technical Secretariat and the establishment of the Permanent Representatives Commission, two clear illustrations of the changes occurring in Mercosur.

The two bodies were set up because of the need for a common approach that gives priority to the common interest over the interest of the component parties. We have apparently begun to leave behind the paradigm of nationalities, with its borders and concepts of sovereignty, and to enter a phase of regionalism and integration, in which cooperation and integration fortunately prevail.

External relations

The strengthening of the regional commitment to Mercosur has made possible agreements with third countries or regions and the coordination of strategies and technical negotiation proposals, with highly positive results in terms of the defense of national and regional interests, market access, and incoming investments.

The States Parties' decision to form a Customs Union entails, as mentioned, the need to coordinate positions pertaining to external trade policy and particularly to negotiate and sign, jointly, trade agreements with third countries or blocs of countries.

Over time, this activity has become increasingly more complex owing to a multiplicity of relations with third countries or groups of countries and to the diversity of subject matters addressed in each agreement. This has made necessary the creation of mechanisms to attend to and to confer dynamism to these relations and it was for this purpose, among other objectives, that the Commission I chair was set up.

In this connection, mention should be made to the ties with the Latin American countries with which we have negotiated free trade agreements, such

as Chile, Bolivia, and Peru, and the Andean Community of Nations-CAN. Also ascribed priority are the negotiations with Mexico, India, and South Africa, among other countries, and those of the Free Trade Area of the Americas-Ftaa and with the European Union-EU. Mercosur has also undertaken a significant coordination of positions at multilateral forums connected with trade, such as the World Trade Organization-WTO and the Cairns Group, or of a political nature, such as the OAS, the United Nations, and Unctad.

This notwithstanding, I see as very positive the strategy whereby a Mercosur country acts as a bridgehead for establishing new contacts that will permit the whole bloc to initiate joint negotiations afterward, and I will work to encourage it. I also remember that, as President of Argentina, I initiated relations that have continued and been expanded with the Arab Magreb Union-AMU, which opened a precedent for this type of work and are being pursued in encounters, such as the historic Brasilia Summit to be held in May 2005 between our Arab brethren and the South American countries.

These multiple, simultaneous external negotiations force Mercosur to maintain and deepen its external trade policy, while making progress in its internal commitments so as to achieve a definite identity conducive to the development of our resources and to making them attractive to international investments.

Today the continent is clearly divided into four regions: the North American Free Trade Agreement – Nafta, the Central American Common Market-Mcca, the Andean Community of Nations – CAN, and Mercosur. But we are living through a time of changes. As we overcome the old concept of sovereignty and attach priority to our common interests, we will advance towards a union encouraged by geographical proximity. I firmly believe that the four regions will become two and then one. This is the direction taken by the South American Community of Nations, about which I will talk in a moment.

In these eighteen months during which I have been Chairman, I have visited a large number of countries with which we have established and strengthened our relations. These visits have given me the opportunity to meet with government officials and have intensified my optimism. Particularly during my encounters with Andean Community representatives I have perceived that despite the great difficulties faced by the countries of that region there is a strong political will toward integration. Of course, I have also noticed

a strong inclination toward integration in Brazil, South America's largest country, which borders on nearly all countries of the region and entertains a logical leadership aspiration.

On the basis of these experiences, I will now express my thoughts on the negotiations Mercosur is currently engaged in and particularly on what represents the greatest advance – the South American Community of Nations.

• The Ftaa

The Ftaa will mean an interesting opportunity for the bloc, provided one arrives at a broad, balanced agreement that takes our interests into consideration, particularly as regards effective market access, overcoming current barriers with clear, stable rules of the game that favor nondiscrimination among hemispheric countries and contribute to the sustained growth of our economies and the welfare of our peoples.

In the context of the Ftaa, Mercosur is negotiating as a bloc, coordinating positions in all substantive negotiation areas, both political and technical. To this end, it implements a two-way strategy: on the one hand, it presents a common position conducive to increasing its negotiation strength before the other participants in the process and, on the other, it promotes Ftaa as an instrument for speeding up the internal pace of the bloc's consolidation and deepening[1].

The Miami Ministerial Meeting arrived at a political commitment that will ensure a common, balanced set of rights and obligations, based on the requisite flexibility to take into consideration the participants' sensibility. The countries that wish to undertake other commitments in terms of liberalization and disciplines are free to negotiate plurilateral agreements.

Given the fact that many forces are simultaneously at play in this negotiation, the task of coordinating the interests of thirty-four countries for the signing of a single agreement is at best extremely complicated. This is why there has yet been no consensus on "core rights and obligations" shared by all the parties nor have the procedures for the negotiation of plurilateral agreements been defined.

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[1] A third strategy has been using Mercosur as a reactive platform in working with the European Union.

It is essential to arrive at a satisfactory overall balance in the negotiations. This implies fully addressing the agricultural issue and in this connection particularly the United States should examine how to neutralize the distortions in the farm products trade stemming from the application of subsidies and from practices of an equivalent effect, both internally and in relation to exports, so as to ensure real reciprocity of commitments to be undertaken in the area of services and investments.

The main differences observed have polarized the countries around four issues: market access, agriculture, services, and investments. These are not minor issues and their complexity is reflected throughout the agreement. Nevertheless, I believe that the process will continue; but it is obvious that the key is what format it will take and when it will enter into force.

• EU

In 1995, Mercosur and the European Union signed a framework cooperation agreement that laid the basis for the negotiation of a broad agreement between the two blocs. The process is advanced in the areas of cooperation and political dialogue, while in the trade area attempts are being made to establish a Free Trade Zone that will permit increased effective access to markets in accordance with WTO rules.

In 2001, tariff proposals and texts on goods, services, and government procurement were exchanged. At the Madrid Summit of May 2002, thirty seven "business facilitation" measures were approved and, based on the Work Program agreed in Rio de Janeiro in June 2002, substantial progress was made with the submission of proposals connected with goods compatible with the WTO (we submitted to the EU a proposal of goods that accounted for 83.5 percent of imports from Europe in the last triennial), requests for improvement, and initial offers regarding services and investments. Moreover, texts were arrived at, based on different levels of consensus for all the matters under negotiation. Lastly, in November 2003, a new, ambitious Work Program was agreed, which unfortunately was not completed by October 2003 as had been planned.

Notwithstanding the progress achieved, the fundamental problem is still the negotiation about agricultural issues, as the EU offer pertaining to goods

does not meet Mercosur aspirations[2]. The future agreement with the European Union will be a major pillar for Mercosur's incorporation into the multipolar world and its purpose will be the establishment of a Political, Economic, and Cooperation Association between the two blocs. All this reinforces a well-founded optimism about the successful closing of this negotiation by the end of 2005.

• Mexico

In July 2002, a Framework Agreement with Mexico was signed, with a view to the establishment of a free trade zone based on the convergence of bilateral progress achieved by each of the four States Parties. In these bilateral negotiations normative aspects of a future agreement have been discussed and an exchange of lists of products is contemplated.

The agreement with Mexico and the outcome of the negotiations started with the Caribbean Common Market-Caricom and the Central American Common Market-Mcca will lay the foundation for the ensured continuity of South American unity, expanding it to all of Latin America.

• South Africa

Mercosur has also signed a Framework Agreement with South Africa in 2000 with a view to the establishment of a free trade zone. This was the starting point for advancing toward fixed tariff preference agreements based on lists of products. At South Africa's request, the member countries of the South African Customs Union-Sacu (South Africa, Lesotho, Swaziland, Namibia, and Botswana) joined the negotiations. So far, preliminary lists of products have been exchanged and will be dealt with at technical meetings to be held this semester.

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[2] Although the EU has offered to liberalize 91.5 percent of our exports over ten years, the remaining percentage concentrates our greatest export potential (meat, grain, olive oil, sugar, and processed food products). These products are the main subject of the Common Agricultural Policy (CAP), which was reviewed in June 2003, although so far it has not been possible to determine what impact the revised policy will have on the liberalization of trade in agricultural products.

These countries provide a gateway to Sub-Saharan Africa, a region of unusual wealth. This is why progress in negotiations with these countries has strategic importance for Mercosur.

• India

In June 2003, a Framework Agreement was signed with India and recently the first preference agreement was signed (a historical event in which I had the honor to participate). Since then we have gradually advanced in the negotiation of annexes to this agreement so that it can enter into force as soon as possible.

The South American Community of Nations – Sacn

In 2004, a series of historical events took place on the irreversible path toward continental integration.

Above all, the signing of trade agreements among all Mercosur + CAN + countries in the context of the Latin American Integration Association-Aladi was a historical landmark.

Mercosur and CAN signed an Economic Complementation Agreement-ACE with a view to the establishment of a Free Trade Area between the two blocs and in this context negotiations were begun with Peru, leading to the signing of a free trade agreement in mid-2003.

Thereafter the process of negotiation with Colombia, Ecuador, and Venezuela aimed at the establishment of a free trade zone gained momentum and an agreement was signed in Montevideo in December 2003, achieving its goal of encompassing all South America.

Alter this extremely important step, a decision was matured in our circle of Presidents to proceed further to a higher level of integration and this was accomplished last December in Cuzco, when ten countries decided to establish the South American Community of Nations.

The objectives adopted then were as follows: to speak in a single voice to the world; to make progress on an ambitious integration agenda; to deepen the operation of democratic institutions; and to undertake a common effort

to eradicate poverty. These objectives are feasible, provided we adopt a reasonable joint work program.

As I put down these thoughts, the great challenge is the planning of the process of CAN, Mercosur, and Chile convergence as well as the adoption of an institutional engineering and of integration initiatives at once ambitious and feasible.

The political will expressed by the Presidents has been indeed powerful and makes me feel optimistic about the future of this joint undertaking. Our regions – CAN and Mercosur – have accumulated sufficient knowledge about the possibilities and limitations of this integration process to make them serve the purposes of the South American Community of Nations. But great many issues still demand our common voice and joint work and require that we engage in an intense process of internal discussion and external expression.

Projects for the coming Mercosur

The establishment of the South American Community of Nations-Sacn and the steps we will begin to take at the next Summit to be held in Brazil in late August 2005 should not induce us to neglect duties still pending within Mercosur. The motto is: a strong South American Community requires a strong Mercosur. This motto is not difficult to understand. The process of consolidation of the Sacn will not be immediate. It will require institutional initiatives, implementation of an integration agenda, internal dialogue, in brief, a "gymnastics program" aimed at higher stages of institutionalization.

As mentioned, our primordial region, i.e., Mercosur, must discharge many duties to comply with the agreements that have given it birth. From it, among other things, thousands of jobs depend. Thus, the agenda we propose seeks to meet our internal commitments while at the same time we prepare ourselves the best we can to have a Sacn that is an integration model.

Mercosur holds Ministerial Meetings, which are subordinate to its Council and include on their thematic agenda the whole universe of regional topics as well as allowing Mercosur to round up the economic and trade aspects with other of a cultural, legal, and social nature, among others. These instances include the highest authorities in the areas of health, agriculture, mining, energy,

industry, tourism, education, culture, justice, interior affairs, labor, environment, and social development.

Although the work done so far has been fruitful, there is a series of projects in some of these areas that would be convenient to be addressed in greater depth, and to which, as Crpm Chairman, I have the firm intention to give impetus.

• Physical and energy integration

The development of a Basic Mercosur Network through the realization of works in the transport, energy, and telecommunications sectors is essential to the region's growth and to achieving actual physical integration, including with the countries of CAN and with Chile, the basis of the South American Community of Nations.

To this end it is necessary to identify a field of joint work for the Integration of Regional Infrastructure in South America-Iirsa initiative in the context of an integration project that would interconnect the existing infrastructure and imbue it with a unifying meaning. Such actions will require a clear, stable legal framework and this should be one of the priority tasks.

Determining the highway axes and interconnections, railways, and waterways, establishing investment plans, and promoting financial support for projects, so as to encourage the participation of private investors and mobilize all possible resources (Fonplata, CAF, IADB, and WB) are some of the tasks I would be able to tackle in the short run.

As a whole, South America is rich in natural resources and it is only logical that this natural capability should be exploited to the benefit of its inhabitants. It is thus essential that Mercosur work vigorously on the harmonization of the legal framework pertaining to the gas, oil, and electric energy sectors and on making the national interests compatible with those of the private sector so as to make possible undertakings in the energy area to ensure the welfare of civil society. These endeavors could give rise to institutions and provide experiences for the building up of the South American Community of Nations.

To facilitate the flow of goods and people it would be advisable to attach priority to the establishment of multimodal networks to coordinate the use of land, river, sea, and air routes.

Between 1997 and 2000, the Mercosur Basic Road Network plan was prepared but a major effort is required to implement it and to link it to existing infrastructure objectives and to objectives that have priority for our Andean and Chilean brethren. We will work to achieve these objectives as soon as possible. Although issues pertaining to specific sector regulations are been addressed, a deadline of a year at most should be set for the completion of this work.

• Culture

The cultural area offers a wide range of possibilities. A series of activities and projects should thus be encouraged in connection with the promotion of scientific research; literature and the fine arts; and the organization of painting or sculpture exhibits and of film festivals featuring Mercosur artists. This would help the formation of a South American identity. With this in view, we are preparing an intense agenda of activities which, issuing from a Montevideo basis, will reach all countries of the region.

• Tourism

To this day the Mercosur's States Parties have competed for winning tourists for their major attractions. The exchange rate adopted in recent years has helped increase the flow of tourists from outside the zone into countries of the region.

In this connection we should work on the drafting of strategies to take better advantage of international tourism into the region, preparing coordinated offerings that would include tourist centers in the four countries, so as to increase and distribute the revenues derived from this source, and eliminating the competitive bias in favor of cooperative work to enhance potential benefits.

• Business facilitation

So that the integration process will be reflected in the activity of the private sector, it is advisable to undertake commitments aimed at facilitating business. To this end, I have the intention of giving impetus to the following projects:

First, harmonization of national corporate legislation so as to encourage the establishment and operation of business corporations in the Mercosur area. This will bring immediate benefits to medium enterprises desiring international projection.

Second, preparing a draft "Mercosur Corporation" statute so as to create a new type of corporation for enterprises desiring to operate in more than one State Party under a single regional registration.

• Creation of a space in Mercosur for the Judiciary Branches and members of the judiciary of States Parties

One of the first things that called my attention in Mercosur's institutional structure was the fact that there is no established permanent place for the Judiciary Branches and members of the judiciary of States Parties.

In view of the scope of the objectives of the integration process and of the work geared to institutional strengthening, its seems appropriate to create a meeting space for the Judiciary Branches of the States Parties to round up Mercosur's structure.

The purpose of this new institutional sphere should be to increase the ties and exchanges among judges of each country and between them and the integration process, and thus contribute to a more uniform interpretation and more harmonious application of common norms in national jurisdictions. I think it would be important to have an exchange of views among those responsible for enforcing community norms, beginning with the highest echelons. The establishment of a forum or meeting of Supreme Court Justices or of members of Superior Justice Tribunals of the States Parties also seems essential to me.

In addition, I think it advisable to create space for other members of the judiciary, such as National Counsels for the Defense, Electoral Tribunal Magistrates, and Inspectors. Recently undertaken initiatives are thus very satisfying as well as the possibility of soon having specialized meetings for the development and coordination of topics pertaining to these areas.

These additions to the common agenda are essential, as they broaden the association's thematic spectrum and give it greater density, leading to consensus under a pro-integrationist synergy.

• Addressing asymmetries

Existing differences among countries that form part of the common space hinder progress in the consolidation of the process. I thus firmly believe that we should tackle difficulties, work intensely to overcome them, and generate the "common interests matrix" I suggested earlier.

In this connection, the Mercosur Permanent Representatives Commission has strongly stressed the political importance of this issue and we have concentrated on securing the resources necessary so that relatively less developed countries may overcome some of the asymmetries of origin, which limit their possibilities of stable growth, as was done in the European Union.

Thanks to the support we have received from the Governments of the States Parties, we have been able to make progress in such an important field. At the Ouro Preto Summit, the Presidents decided to set up the Structural Funds, the details of whose implementation we hope to complete for the next Asunción Summit.

We know full well that we cannot, by the stroke of a pen, change centuries of differences but we also know that we are starting on a course that should be complemented by a stable, predictable treatment of investments flowing into the Region, so that the less developed countries and regions may benefit in a more equitable way from the size of the expanded market. This, in the end, will be the great change we envisage for Mercosur.

• Promotion of cross-border activity

One of the measures we at the Crpm will advance is the promotion of cooperation along borders and the *mercosurización* of bilateral agreements, such as the one signed by Brazil and Uruguay, which created an identification card that will permit residents of border zones to reside, work, and have access to educational and health services in the border cities of the neighboring country. This puts the border communities of the two countries on an equal footing, thereby preventing daily activities from being carried out illegally.

As pointed out, the concepts of territorial limits and sovereignty have lost their clear-cut definition and our children today feel that they form part of the region, although serious problems do occur along the borders, where jurisdiction and nationality clash.

Although Mercosur has done much work in this connection, a long way still remains to arrive at the free flow of people. This is a key issue and we should spend our best efforts to make the peoples of the region aware of Mercosur's existence and of all its benefits.

Concluding thoughts

The Southern Common Market has before it infinite possibilities to be exploited in all their potentiality. But it is essential that the next decisions be made in accordance with a comprehensive view of the process, which should not be limited to economic cooperation and trade liberalization.

This is necessary so that the benefits of the integration process are extended to the entire society of the States Parties, because Mercosur is a "common enterprise" and as such should be shared and "felt" by the whole population of the region.

This is why we should employ all our experience in future action. We should work intensely toward internal strengthening so as to be able to successfully meet the challenges and to take advantage of the opportunities provided by the new world context. We must also project the image of a process that has its own personality and characteristics and add to its identity political and social elements so as to make progress with common initiatives that are not limited to trade and economic aspects.

This means that, among other things, the countries' national decision-making processes must take into consideration a common vision and the impact of national policies on the region. Actions should guarantee a delicate balance between flexibility for adaptation to the changing regional and international situation and ensure stability so as to raise the bloc's credibility and to endow it with the requisite mechanisms for benefiting the citizens of the region and permit the development of business with a view to the future.

As I mentioned at the beginning, I have developed these ideas based on a personal strategic view of our integration process and of the definition of a positive agenda that will lead to the achievement of the objectives established in the Asunción Treaty and based also on a correct distribution of costs and benefits among all Mercosur participants.

Only thus can we realize the manifest destiny that motivates our association and that begins to project itself onto a higher level through the South American Community of Nations. Only thus, on a personal level, can I feel satisfied with my work in the lofty position with which you have honored me. ▪▪▪

Version: João Moreira Coelho.

Education and culture in Bolivia

Fernando Cajías de la Vega [*]

Cultural diversity in Bolivia

Like any other country in the world, Bolivia undoubtedly has a wealth of different features. In this paper, however, I intend to concentrate on just one of them: cultural diversity. The reason for this choice is the influence it has on the country's educational and cultural policies.

Bolivia is no exception in this respect since most Latin American countries are highly diverse. It is relevant, then, to stress both what it shares with them and how it differs.

As was the case in the entire Andean region, at the time the Spanish conquerors arrived in the territory that is now part of Bolivia, it belonged to the great Inca Empire. The Incas had implemented a policy of cultural integration mainly through use of the Quechua tongue and by acknowledging

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the supremacy of the local people's gods. Despite the expansion of their empire, the Incas never managed to create a uniform Andean culture: the Aymara and Uru peoples, among others, continued to use their own languages.

Moreover, in the Amazon, Chaco and subtropical regions, the local peoples resisted and rejected the designs of the Inca Empire. The Guarani people, in particular, fiercely preserved their freedom and identity.

As a result, Bolivia inherited the pre-Hispanic diversity which, despite the natural changes wrought by the passing centuries, continues to prevail in our country. Whereas in other Latin American countries this pre-Hispanic legacy has become merely archaeological, residual or a minority feature of the culture, in Bolivia it is the living heritage of the majority.

To this patchwork of pre-Hispanic heritage must be added Bolivia's colonial heritage. The Spanish left a deep imprint; a Creole culture stemming directly from its Spanish source took root but evolved with singular independence, strongly influenced by blood ties, geographic surroundings and ethnic environment: native Amerindians and mestizoes[1].

Though Creole culture may not be homogeneous, it is bound together by the language, religion and other heirlooms of Spain. At the same time, however, it has identities branded by the Andean uplands, the Amazon region or the La Plata river basin. Ethnic diversity is thus overlaid with regional diversity: the *cambas*, creoles and mestizoes of the tropical zone; the *collas*, creoles and mestizoes of the Andean plateau; the *chapacos*, creoles and mestizoes of the southern reaches of Bolivia, and so forth.

Regional diversity, of course, abounds in neighbouring countries, pitting coastal inhabitants against dwellers of the hinterland. In Bolivia, however, it is especially potent, directly affecting the planning of public policies.

For a number of reasons, from the earliest days of colonisation, a racial and cultural mix developed that can be seen today among much of the population and in their diverse cultural manifestations. The interbreeding of Europeans and natives is visible in skin colour, in customs relating to the key events of life (e.g. birth and wedding), in artistic expression, in religious

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[1] In Spanish America, mestizo referred to a person of mixed Spanish and Amerindian blood.

syncretism, in the way people live, in their ideas on life after death, in their folk lore. The mestizoes are as diverse as the creoles, varying according to their geographic setting, their blood ties and the native culture they nurture.

From the very early stages of colonisation the Spanish brought African slaves to Bolivia but their identity gradually become diluted. They did, however, manage to preserve their music and their religiosity. This, then, is another of the cultures comprising our Latin American identity. And despite their reduced numbers, Afro-Bolivians are still part of our national make-up.

The institution of the Republic brought other subtler elements to enrich the cultural mix stretching back to colonial and pre-Hispanic times: 19th century immigration from Europe and Asia. Differently from other Latin American countries that took in large contingents of immigrants who came to have a profound influence on their make-up and identity, migration in Bolivia in both the 19th and 20th centuries was very discreet.

This, then, is a brief sketch of Bolivia's striking diversity, its greatest asset and also its most substantial challenge when it comes to planning and implementing public policies on education and culture.

Historical views of diversity

At no point in our history, be it in pre-Hispanic, colonial or republican times, has diversity been treated as a matter of equality. Sadly, especially since the colonial period, diversity has been a source of discrimination, domination and social exclusion.

Under colonial rule, being an Amerindian meant working in the mines as *mitayo* labourer and paying taxes; being a mestizo meant having access to top ranking political, military or religious posts; and being a Creole meant being at a disadvantage in comparison with Iberians.

Such forms of discrimination were handed down to the Republic and are still visible, all the more so when it becomes apparent that poverty and destitution are the preserve of certain ethnic groups. Thus the overriding objective of unity in diversity must tackle an outstanding task: eradication of poverty.

Before diversity was fully accepted, there were several different ways of approaching it.

In the first phase of the Republic, the forms of exclusion prevalent under colonial rule persisted, Bolivia's dependence on Spain being replaced by economic dependence on England and cultural dependence on France.

The second phase of the Republic (1880-1930) was marked by a liberal model in the political and economic spheres, and discrimination increased. As in the United States and many Latin American countries, Bolivia's public policies were fraught with the misconceived opposition between civilisation and barbarism.

In the name of civilisation, ethnocide on a par with and probably worse than that committed in the 16th century was justified. Though many more Quechuas and Aymaras survived than did Apaches and Araucans, the Andean Amerindian communities forfeited most of their land. Amerindians from the tribal *comunario* were set to work as unskilled labourers in the Andes or were hired as rubber tappers by freeholders in the Amazon region.

Many thinkers deemed Amerindians like mestizoes – disparagingly referred to as *cholos* (half-breeds) – to be the root cause of Bolivia's backwardness.

Public policies drafted by the political elite in this period were designed to civilise and modernise the country. What mattered was to copy European and Anglo-American models.

With a few exceptions, artistic expression in Bolivia appropriated the formulas and trappings of overseas neoclassicism, romanticism and modernism. The main public and private venues thus replicated on a smaller scale some spot in the Old Continent, sometimes as a quaint mirror, at other times as a hideous mask.

The demise of the liberal model in the late twenties, further compounded by questioning and activism for profound social change on the part of nationalists and socialists, produced a new attitude to diversity. This helped shape new mentalities and novel cultural expressions.

Indigenism soon surfaced in films, painting, sculpture, architecture, literature and music. The image of western European Christ was replaced by that of the Aymara Christ painted by Cecilio Guzmán de Rojas. The main building at Universidad Mayor de San Andrés in La Paz displayed a blend of functionalist vertical architecture with staggered decorative motifs redolent of Tiwanaku ancestral culture.

Be that as it may, as various Aymara intellectuals now admit, as an artistic movement Indigenism represented closer association with Amerindian culture on the part of the Creoles. It took another four decades for Indianism (a cultural movement in support of Amerindians led by Amerindians themselves) to emerge.

Reflecting these changes, important initiatives such as the establishment of the principal indigenous schools – the Warisata school, in particular – also began to materialise in the field of education.

Cultural and educational vanguard movements thus foreshadowed the National Revolution of 1952. Indeed, Educational Reform (including a new official cultural policy) was one of the four key reform measures introduced by the Revolution – the other three were agrarian reform, nationalisation of the mines and universal suffrage.

The Educational Reform was based on the 1955 Education Code. Among other basic principles such as education for all, cultural diversity was treated as an objective of national integration through access for "the dispossessed majorities – workers, peasants and the middle classes – to the benefits of civilisation."

The new paradigm sought to promote a national culture capable not only of agglutinating all the cultures comprising the broad blend of Bolivia's melting pot but also of consolidating the nation itself.

An ambitious project was launched to revive Bolivia's pre-Hispanic past. Mestizo and native forms of expression gained the streets of the country's major cities following their identification in popular feasts, hand-woven fabrics and displays of religious fervour.

Despite these positive developments, the ethnic groups comprising the Bolivian nation felt that this drive for national integration was still rife with hegemonies and exclusions, with the dominant culture merely absorbing "the subaltern cultures."

This heralded the advent in the seventies of movements for cultural self-affirmation no longer promoted top-down from the administrative centre but springing from pressure groups within civil society. One by one movements budded and bloomed: the Aymara Nation, the Assembly of Guarani Peoples, the indigenous centres of eastern Bolivia, the Ayllus, the Afro-Bolivian Movement, the Camba Nation, and so on.

Driven now by the cultures themselves, cultural and educational paradigms were renewed mainly from the nineties onwards. The goal of

attaining national integration was then replaced by the idea of promoting unity in diversity.

Diversity, intercultural ideals and globalisation

It is doubtless paradoxical that the age of burgeoning importation of cultural goods from other countries, of the enhanced quest for universal values, of growing influence of other cultures, of the apparent triumph of globalisation should also be the age of untrammelled consolidation of the right to diversity.

Far from being confined to Bolivia, this is a worldwide phenomenon. It is clearly betokened by the deep-searching debate Unesco is encouraging on its "Preliminary Draft Convention on the Protection of the Diversity of Cultural Contents and Artistic Expressions."

Diversity is not viewed the same way by one and all, though; globalisation still has many champions in Bolivia. The proponents of diversity have, nonetheless, succeeded in making protection of diversity a state policy.

This new state of affairs is reflected in Article One of the Constitution, which defines Bolivia as a "sovereign, independent and multicultural" state.

One of the cornerstones of the Educational Reform begun in the 1990s and now being fully implemented is the principle of intercultural education.

The conceptual tenets of cultural identity and diversity have been incorporated into current Bolivian education through the policies and praxis of bilingual intercultural education (BIE). They are an integral part of the set of parameters established by the 1994 Educational Reform Act.

In Bolivia, as in other Latin American countries, BIE's roots can be traced back to the so-called "indigenous education" schemes developed in the first half of the 20th century. Indigenous education generated unique educational processes, particularly in the rural areas of the Andes. In Bolivia's case, the most important landmark project was the Ayllu School in Warisata, founded in 1928, one of the finest achievements of Bolivian education designed to revive the Aymara people's own forms of administration and education.

Experiments of this sort generally failed to attain the status of policies of State, and so unfortunately did not succeed in generating sufficient repercussion. The underprivileged status of indigenous communities both in

Bolivia and in the rest of the American continent thus remained virtually unaltered.

As a critical response to this predicament, in the second half of the 20th century and especially as of the 1970s, other types of experiment arose seeking to democratise education in every respect and for all members of society. One offshoot of this alternative approach can be found in the first studies and experiments in what is now generally known as Bilingual Intercultural Education.

According to Peruvian researcher Luís Enrique López:

"Latin American education systems are gradually eschewing the homogenising, levelling outlook that attended their inception and are increasingly, even if reluctantly, coming to accept socio-cultural and sociolinguistic diversity. This has paved the way for bilingual and intercultural approaches to education. As a result, bilingual intercultural education (BIE) has been integrated into today's education systems, generally as a response to pressure from indigenous organisations.

Interpretations of BIE are, however, quite varied and although, generally speaking, legislation on BIE varies little from country to country, in some cases it is in practice understood as a set of compensatory programmes designed to offset the shortcomings of indigenous children in elementary education. In other cases, it is made available only in the early years of schooling. In other instances, under the same denomination, it refers to educational programmes that resort to indigenous language and culture throughout the entire schooling of the indigenous population, and even extends to postulating the need for indigenous higher education, likewise bilingual and intercultural."

Debate in Bolivia has largely taken place since the restoration of democracy, the main driving force behind it being the Unified Confederation of Bolivian Peasant Workers' Unions (C.S.U.T.C.B.), which tabled a proposal to include BIE in Bolivia's education reform programme at the 1992 National Education Congress. At the same time, the Catholic Church's Episcopal Education Conference (C.E.E.) and the Bilingual Intercultural Education Project (PEIB) supported by Unicef have been busy carrying through experimental projects in Aymara, Quechua and Guarani communities.

Today, the most relevant starting point for debate must be Article One of the extant Bolivian Constitution, which declares Bolivia to be a free, sovereign, multiethnic and multicultural country. This is the first of Bolivia's legal statutes to acknowledge the nation's intrinsic diversity.

The Education Reform Act surveys these debates and experiments, giving BIE pride of place because, together with grassroots participation, it is considered one of the linchpins for transforming education in Bolivia.

From this standpoint, the intercultural dimension is incorporated into the basic tenets of Bolivia's new education model:

"It is *intercultural and bilingual because it assumes the country's socio-cultural heterogeneity* in an atmosphere of *respect* for all Bolivians, men and women alike.

It is a right and duty pertaining to all Bolivians because it is organised and developed with the involvement of all sectors of society free from *restrictions or discrimination concerning ethnic, cultural or regional origin,* concerning physical condition…" (Education Reform Act-ERA, Art. 1, subsections 5 & 6).

The same Act states as one of the purposes of Bolivian education:

"Strengthening national identity by exalting the historical and cultural values of the Bolivian Nation on the basis of its enormously diverse multicultural and multi-regional wealth" (ERA, Art. 2, subsection 4).

The relevant objective of the education system is:

"To build an *intercultural*, participatory education system…" (ERA, Art. 3, subsection 5).

These basic precepts have been incorporated into other aspects defined by the Education Reform Act. The mechanisms for grassroots participation, for instance, include the four Educational Councils of the First Peoples (Aymara, Quechua, Guarani and Amazonian). These Councils "will be involved in formulating education policies and will oversee their implementation, especially vis-à-vis the intercultural dimension and bilingualism" (ERA, Art. 6, subsection 5).

As to Organisation of the Syllabus, the Reform Act recalls that an intercultural dimension is an objective that must be built into the school syllabus. Furthermore, in each year of primary education due attention must be given to "the specific cultural codes of the cultures from which pupils hail" (ERA, Art. 11, subsection 4).

Bilingualism, meanwhile, is incorporated into the syllabus through acknowledgement of two distinct modes of teaching:

"2. Language modes:

- Monolingual, in Spanish with the learning of an indigenous language;

- Bilingual, in an indigenous language as first language, and in Spanish as a second language" (ERA, Art. 9).

These guidelines have been taken up in other documents issued subsequently to the Education Reform Act.

The Regulation for Grassroots Participation Bodies (GPB) states that school boards must be organised in accordance with the needs and socio-cultural conventions of each community.

Meanwhile, the description of the Educational Councils of the First Peoples (Chapter III) stresses that they must be organised "according to the needs, conventions, customs, values, forms of organisation and socio-cultural praxis of their peoples" (Grassroots Participation Bodies Regulation Art. 27). In addition, it underscores their duty "to oversee the implementation of education policies (…) particularly with regard to the intercultural dimension and bilingual education as well as the training of teachers at Higher Bilingual Teacher Training Institutes" (GPB, Art. 31, subsection 2). These councils are to be represented on the National Education Council.

The Regulation for Syllabus Organisation (RSO)[2] begins with a preamble that makes special mention of the country's heterogeneous make-up and intercultural dimension as "a resource and comparative advantage for promoting a new, harmonious type of personal and social development."

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[2] Bolivian education is provided in two distinct forms: regular schooling and alternative education. Regular schooling is organised on four levels: infant, primary, secondary and higher. Alternative education, on the other hand, includes adult education, further education and special education.

This statement signals a new stance on the part of the Bolivian State, no longer regarding multicultural features as an obstacle or problem, as had previously been the case, but rather as a positive aspect for enriching an individual's education.

Chapter II of the Regulation sets out the guidelines for the syllabus. To begin with, it emphasises the viewpoint that there should be a common national syllabus trunk with complementary branches encompassing cultural specificities, among others. Furthermore, it sustains that "bilingual education aims to preserve and develop indigenous languages while also universalising the use of Spanish."

The intercultural dimension is likewise incorporated into educational administration. For example, the teacher is expected to be an "intercultural communicator, sensitive to the cultural and linguistic differentials of the pupils…" (RSO, Art. 89, subsection 6) and should consider the local culture as the functional context of their learning. Thus, the intercultural dimension applies to the entire education system.

Other documents issued in the wake of the Education Reform Act take these guidelines a step further in relation to the syllabus.

The document titled *Pedagogical Organisation*, for instance, posits the global nature of the intercultural dimension in the education process, arguing that "pedagogical organisation must be tailored to the cultural and linguistic diversity of Bolivian society. Teaching practices, the classroom environment, materials design, teaching modules, class organisation, learning development, assessment of learning, guidance of pupils' work, the type of teacher training, the nature of pedagogical consultancy, school-community relations, etc. should expressly heed the intercultural dimension, which the Education Reform has defined as the basis for developing national education" (Pedagogical Organisation: 9).

The same document goes on to provide a break-down of the intercultural dimension in terms of both learning and teaching. It is thus suggested that, given the context of Bolivia's cultural diversity, learning cannot maintain the rigid mono-cultural outlook of traditional education. Indeed, the broader context of globalisation should be observed since it requires raising children in an atmosphere of receptiveness and tolerance to cultural and linguistic difference. As a result, "the intercultural nature of learning must provide a

space for dialogue and communication in class between the pupils' culture and the knowledge and know-how pertaining to other cultures. Different viewpoints and ways of thinking must be contrasted and communicative agreements sought and negotiated. (…) Learning should foster development of an ethical dimension: the valuing and legitimising of the other as a point of reference for one's own behaviour" (Pedagogical Organisation: 15-16).

The teacher's status as a "sensitive, democratic intercultural mediator" is also stressed (Pedagogical Organisation: 25).

The *New Study Programmes* (NSP) also highlight the intercultural dimension, initially as part of their general guidelines and again in each area of knowledge in primary schooling.

The general guidelines describe Bolivia as one of the most culturally diverse countries in the world, each of its ethnic groups having its own cultural and linguistic heritage. They reiterate the potential benefit of such diversity while also viewing it as a challenge for Education Reform. They thus propose that education be acknowledged

"… as a space for promoting social cohabitation capable of dispelling prejudices and of fostering mutual understanding.

This requires putting into practice a pedagogy that values and legitimises the knowledge and know-how pertaining to each of the ethnic, cultural and linguistic realities comprising our society, in which different sets of values prevalent in indigenous cultures can find expression: respect for nature, solidarity and community fellowship, an integrated cultural outlook, among others. In this pedagogy the aim is that each act of teaching and learning be converted into an opportunity for cohabitation, mutual assistance and democracy" (NSP: 7).

According to this guideline, besides serving as a compass bearing, the intercultural dimension is made into a transversal competence for the national curriculum. This "implies educating individuals to be capable of self-affirmation and also to be able to understand and tolerate difference in their dealings with others in terms of lifestyle and behaviour. Above all, though, it means being capable of coping with the permanent conflict of contrasting one view with another, one truth with another" (NSP: 9).

The place of diversity in multicultural education is made crystal clear in a prospectus of BIE published by the Bolivian Ministry of Education in 2003:

"Educating in diversity means:

• Overcoming and rejecting prejudices, racism and discrimination;

• Creating an educational environment in which nobody is excluded or discriminated against;

• Fostering dialogue between individuals and different groups of people;

• Acknowledging as legitimate the knowledge and values peculiar to each region or cultural group;

• Recognising that the world is not homogeneous and that each person and group enriches reality;

• Encouraging attitudes of mutual acceptance, respect and enrichment among people and cultural groups;

• Accepting with tolerance and respect the existence of certain differences of opinion and even of conflicts between cultural groups;

• Treating diversity as a factor for enhancing the quality of education owing to the possibility of learning from others and making exchanges with them;

• Promoting learning and development of indigenous languages;

• Forging a commitment among the different social, cultural and ethnic groups with a view to building a just, fair and respectful society."

Civil society, government departments and the Catholic Church are all engaged in furthering the cause of intercultural education. However, a whole decade on from initial implementation of the education reform it is clear that substantial progress has been made in terms of discourse and the establishment of norms. Not enough has been achieved on the ground, though. As a result, we are still a long way from attaining the goal of all Bolivians having an intercultural outlook.

The intercultural perspective must be two-pronged: self-affirmation of cultural identities and dialogue between cultures. It has become patent, especially

in the light of the tragic events of October 2003, that self-affirmation bereft of dialogue can sow the seeds of dangerous fundamentalism and feudal vocations that seriously threaten Bolivia's unity. Worse still, such attitudes deal a serious blow to prospects for Latin American integration.

Consequently, without in any way retrenching on the commitment to educational and cultural policies that promote self-affirmation of identities and seek to protect diversity, a special effort must now be made to foster the intercultural dialogue that can frame a culture united in diversity. This culture can display a vocation for Latin American integration and the internationalisation of Bolivian cultures, the latter being understood as their necessary presence in the complex world of globalisation. Like status has already been accorded to Latin American literature, Colombian *Ballenato*, Mexican tacos, Argentine tango, Brazilian music and various other manifestations of Latin American culture.

The new challenge facing the intercultural ideal

If we are desirous to preserve Bolivia as a country and nation, encouraging self-affirmation alone will not suffice. In tandem with this, we must strive to foster dialogue and a confluence of identities. Such a confluence must comprehend ethnic roots and association with a neighbourhood, town and province.

Each Bolivian is a composite of identities embracing a sense of belonging to the family and a sense of belonging to the nation. Naturally, a sense of Latin American brotherhood and the desire to build a broader Latin American nation also play a key part in this confluence of identities. Nothing is excluded, all elements complement each other.

Educational and cultural policies are, of course, vital to achieving such goals. The issues of intercultural education, intercultural dialogue, the definition of Bolivia as a multi- and intercultural country, the safeguarding of cultural diversity, and Bolivia's presence in the world will all be high on the agenda for debate at the forthcoming Education Congress, at the Forum on Cultural Policies and, above all, in the Constituent Assembly. DEP

Version: Mark Ridd.

Argentine - Brazilian alliance

Hélio Jaguaribe [*]

P ortugal's territorial occupation of Brazil was characterised, among other things, by continual westward expansion beyond the dividing between the South American possessions of the Spanish and Portuguese crowns established at the Tordesillas Treaty. Encroachment beyond the boundary line was made all the easier when the Iberian kingdoms came under a single crown between 1580 and 1640. The inhabited frontier between Portuguese and Spanish domains in South America was gradually pushed back as far as the River Plate.

Portugal had always had its sights set on occupying the east bank of La Plata, intending to claim it as a natural boundary between the two crowns' territories. The founding of the Portuguese settlement of Sacramento in Banda Oriental[1] dates back to 1680. Although Madrid might be willing to turn a blind eye to this

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[1] Banda Oriental is the name originally used to refer to what was to become the Eastern (or Oriental) Republic of Uruguay.

encroachment, the Spaniards in the region never countenanced it, continually attempting to oust the Portuguese from their southern outpost, which they succeeded in doing in the end. Ever since then, relations between Brazil and what was to become Argentina have always been high profile, oscillating between periods of open rivalry and contention (as in the case of the Sacramento settlement) and phases of frank cooperation and friendship, the first example of which was the joint move by the two kingdoms to thwart Artigas' plan as early as 1821 to separate Uruguay from Argentina and make it an independent state.[2]

Dom João VI's transference of his Portuguese court to Brazil in 1808 – in contrast with Fernando VII's misguided decision to remain in Europe – had several relevant consequences. Overnight Brazil became the seat of the Portuguese Empire and thus a magnet for its resources. So, from the beginning of the 19th century, Brazil's position became far better than that of its neighbours, mostly divided and frequently at loggerheads with each other. Dom João VI set about expanding Brazil's territory and establishing less artificial frontiers for the country. This explains his unrealized plans to occupy the Guianas to the north and his occupation of Banda Oriental to the south.

Artigas reacted to this move, in which he was surreptitiously supported by Argentina. The upshot was the outbreak in 1827 of war with Brazil, by that time already an Empire governed by Pedro I. The Brazilians suffered a major defeat at the battle of Ituzaigó. The British negotiated a ceasefire, which subsequently led to the formation of an independent buffer state (Uruguay) between Argentina and Brazil, established by the Treaty of 27th August 1828.

In Argentina itself, the rise of the Rosas dictatorship in 1829 eventually caused an uprising led by Urquiza, who ousted Rosas in 1852 with support from Brazil. A long period ensued in which the two countries maintained a positive mutual understanding, during the successive governments of Urquiza (1853-60), Mitre (1862-68), Sarmiento (1868-74) and Roca from 1880 to 1886 and again between 1898 and 1904, by which time Brazil had already become a republic.

An important period of close cooperation between the two countries – and with Uruguay, too – was that covering the Paraguayan War (1865 to 1870)

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[2] José Gervasio Artigas, general who fought for Uruguay's independence.

waged against the dictator Solano Lopes, who was intent on annexing swathes of Argentine and Brazilian territory. Another major cooperation phase was that conducted by Brazil's Foreign Minister, the Baron of Rio Branco. He skilfully countered the personal animosity of Argentine Foreign Minister Zeballos, whom he manoeuvred into resignation, and went on to establish satisfactory cooperation with Brazil's main southern neighbour, culminating in the ABC (Argentina-Brazil-Chile) agreement of 1904.

The first Perón administration in Argentina (1946-1955) coincided with Getúlio Vargas' second mandate in Brazil (1950-1954). This proved to be another period of close relations between the two countries despite the prevailing anti-Perón sentiment in the Brazilian parliament.

The 1970s, by way of contrast, were marked by controversy over the Brazil-Paraguay bi-national scheme for building the giant Itaipu hydroelectric plant. Argentina felt the project unacceptably altered the course of the waters flowing into the Plata River. The squabbling reached an alarming pitch but, in good time, the two neighbours chose to seek a negotiated solution. The outcome was the Itaipu Accord signed by Presidents Alfonsin and Sarney on 19th October 1979. The Accord provided Argentina with guarantees that the plant would provide it with appropriate levels of outflow.

The Itaipu Accord marks the beginning of a process of increasing convergence between the two countries from which the present "strategic alliance" ultimately stems. Major milestones along the route include the Itaipu Declaration (30 Nov.85), the Minutes for Integration, Economic Cooperation & Development (29 Nov.88), the Nuclear Agreement (28 Nov.90) and finally, crowning this drive for integration, the constitution of Mercosur by the Assunción Treaty (26 Feb.91). Argentine-Brazilian cooperation, which since 1987-88 had already included Uruguay, now also encompassed Paraguay.

The Alliance and its Problems

Acknowledgement of the convenience of a strategic alliance between Argentina and Brazil is now widespread in both countries. The new governments (Lula's administration in Brazil and Kirchner's in Argentina) are decidedly favourable to consolidating such an alliance.

From Itaipu onwards, the understanding between Brazil and Argentina was based on both countries acknowledging that they had much to lose from

contention and a great deal to gain from cooperation. The example of persistent cross-border conflicts between France and Germany was didactic. Three wars (the Franco-Prussian War of 1870 and the two World Wars of 1914 and 1939) cost both countries awesome human and material sacrifices for the ephemeral incorporation of Alsace and Lorraine and the even more fleeting annexation of Saar – all for nothing. On the other hand, cooperation between Germany and France, starting with the institution of the European Coal & Steel Community (1951-67), led to the formation of the European Economic Community and culminated in the European Union and the adoption of a single currency (the Euro) by most member states of the EU.

Despite the basic pro-alliance consensus in Argentina and Brazil, there has been a recent rash of topical difficulties owing to Argentine demands that the excessive predominance of Brazilian industrialised products in Argentina's domestic market be contained. The unilateral protectionist measures the Argentines have adopted, however comprehensible from a domestic standpoint, run counter to the regulatory provisions of Mercosur and so naturally provoke a negative reaction among the corresponding sectors of the Brazilian business community. Holding its strategic alliance with Argentina dearer than momentary differences, however, the Brazilian government has taken a tolerant attitude to these moves and sought to treat the matter as equally topical.

Purely topical solutions are, nonetheless, patently insufficient. What is needed at this juncture is an analysis to determine why the alliance, more than a mere convenience, is indispensable and to discover what is required to make it work smoothly.

Indispensable Alliance

The relevance of the special relation between Brazil and Argentina is not simply the fact that close cooperation between the two countries is extremely convenient to both of them. Rather, what is at stake here is the fact that, given the current global set-up, a solid, stable and reliable Argentine-Brazilian alliance is a *sine qua non* condition for the historical survival of both countries. Neither is presently in a position effectively to secure its sovereignty on its own nor to preserve its national identity or control its historic destiny. This predicament is one of the ineluctable consequences of modern-day globalisation.

Indeed, globalisation as it now stands, exacerbated by the Bush administration's imperial unilateralism, is fast and drastically reducing most countries' capacity for international leverage. The purely formal aspects of their sovereignty – flag, national anthem, military parades, and (should they be democracies) even "free" elections of those governing them – have so far been preserved. Nonetheless, these countries' leaders operate under a series of very powerful constraints of a financial, economic-cum-technological, cultural, political, and (when necessary) military order. Like it or not, they are obliged to follow the guidance or dictates of the international finance markets, of great multinational corporations and, ultimately, of Washington.

What is often referred to as the "American Empire" is quite unlike historical empires, from Rome to Britain, characterised by formal control of the provinces or colonies by the metropolis, exercised through a proconsul or viceroy with the full backing of the metropolis' military and bureaucratic might. The "American Empire" is, instead, a field, in an analogous sense to the way we employ the term when referring to a magnetic or gravitational field. It is an area within which the constraints mentioned above are imposed, sapping any possibility of effective resistance.

European nations have managed to escape being converted into provinces of this "Empire" by integrating in the EEC and subsequently the European Union. Semi-continental countries like China and India or even Russia (on account of its nuclear arsenal despite its severe decline following the implosion of the Soviet Union) also manage to preserve their domestic autonomy and considerable room for manoeuvring on the international stage. Were it to succeed in safeguarding its sovereignty until it attained a satisfactory level of sustainable development, a country like Brazil might likewise attain an appreciable degree of domestic autonomy and international clout. The problem for Brazil, however, as will be seen in what follows, is that it would only achieve that level, by an optimistic estimate, within about 50 years. In the meantime, the growing restrictions impinging on its room for international manoeuvre as an individual player would tend to convert it, in the space of a decade, into little more than a segment of the international market or a "province" of the Empire.

Why then, given the conditions we have already alluded to, is an Argentine-Brazilian alliance indispensable to both countries? The Argentines face the problem of insufficiency of critical mass both in demographic terms (fewer than 40 million

inhabitants) and with regard to their productive system. A prolonged and misguided period of deliberate neo-liberal deindustrialisation from Matinez de Hoz to Menem has reduced Argentina to producing primary goods (oil, wheat and meat), making its industry highly dependent on central countries. On the other hand, as the selfsame neo-liberal policies led the country to transfer control of its flagship corporations, with the partial exception of the agriculture sector, to multinational giants, they now call the shots in the economy and powerfully influence national policy, threatening to make it an international satellite.

Why is such an alliance vital to a country like Brazil? With a population of 180 million, the country has sufficient demographic critical mass. Moreover, it can boast the largest industrial park in the Third World, immense natural resources, especially an abundance of water, and will in the near future be self-sufficient in petroleum, without mentioning its many other positive aspects. The answer to that question has to do with the very low level of social integration in Brazil. Approximately one third of the population lives in extreme poverty or destitution and is totally uneducated. Another third is very poor with a per capita income of little over two dollars a day. Among the 40% middle-income segment of the population only about 10% enjoy entirely satisfactory living conditions and levels of education.

To date, Brazil has relied heavily on its extraordinary degree of national integration – one of the highest in the world. This state of affairs cannot last forever, though, and a large-scale social programme must therefore be implemented. Should present social conditions persist, Brazil will not be able to preserve its effective autonomy beyond a decade.

The issue of poverty in Argentina and Brazil demands a brief clarification. Largely as a result of the educational policy implemented by Sarmiento, Argentina succeeded in forming a relatively balanced society based on a broad middle class, which became the most educated and civilised society in Latin America. An empirical study by sociologist José Luis de Imaz published under the title "Los Hundidos"[3] in the 1960s showed that the level of poverty in Argentina (roughly 10%) was lower than that in the United States. Today, after more than twenty years of neo-liberal policies, half the population are living

[3] Literally, "the sunken".

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in poverty. This, however, is the result of dire, prolonged economic stagnation generating equally long-term unemployment. "Newly poor" Argentines are thus basically former members of the middle class, duly qualified for remunerated labour the moment the jobs return to the market. The recovery of the Argentine economy, now well under way and advancing apace, is thus capable of restoring a satisfactory level of employment nationwide in about five years.

The situation in Brazil is entirely different. Here we have to cope with "ancient poverty" of the kind encountered in India. Brazilian poverty is a social consequence of the way the country's economy evolved. Until the 1960s Brazil was a vast tropical farm, worked until 1888 by slave labour and from then on by a destitute, uneducated peasant class. Brazil's overnight industrialisation, spontaneously triggered by the depression in the early thirties and then deliberately and systematically spurred by the Vargas and Kubitschek administrations, sharply modified the entire economy. Even so, until the sixties the country remained predominantly rural. From the seventies to the present day, wave upon wave of mass rural exodus has flooded Brazilian cities with hordes of destitute, utterly uneducated people, many of whom have never adapted to urban working conditions. They have progressively formed giant belts of marginalised communities encircling all the country's major urban centres. The emergence of drug traffickers among these marginalised communities has generated a level of criminality that is fast outstripping the police force's capacity to contain and tackle it. A gargantuan social problem has thus reared its head and will require equally outsize recovery programmes if it is to be overcome. Programmes of this sort demand resources not currently available and a timeframe for producing results way in excess of the ten-year estimate alluded to above.

Significance of the Alliance

In immediate terms, an Argentine-Brazilian strategic alliance betokens an upgrading of both countries' international status. Moreover, it implies an almost automatic consolidation of Mercosur and of a South American system of cooperation and free trade.

The establishment of a system of close liaison between the Argentine and Brazilian economies within the framework of a common international

outlook would go a long way toward offsetting their respective weaknesses. From Argentina's standpoint, it would mean expanding its market from less than 40 million to no less than 200 million consumers. That would boost the country's GDP from US$ 273 billions to approximately US$ 1,000 billions (i.e. one sixth of Europe's joint GDP). Argentina's lack of critical mass would then vanish.

From Brazil's vantage point, the alliance would buy it a considerable amount of slack for reducing its glaring social inequalities and enhancing the level of social integration, so boosting its overall development.

In addition to the immediate positive effects that would ensue for both countries from closer association of their economies and international policies, as stated above, the alliance would constitute a virtually automatic consolidation of Mercosur. Indeed, the Southern Cone Common Market has proved remarkably advantageous for the economies of Paraguay and Uruguay, absorbing about 50% of their exports. Other major benefits would certainly be forthcoming, as we shall explain below, were a common industrial policy to be adopted by Mercosur and, by extension, by South America as a whole. However, without a solid, reliable and durable Argentine-Brazilian alliance in place, governments of the day in the other two Mercosur member states may be tempted to adopt lone ranger policies, taking advantage of occasional clashes between Argentina and Brazil, as occurred in Uruguay under Battle's presidency. An unfaltering alliance forged between the two mainstays of Mercosur rules out such risks and provides the other two partners in the bloc with healthy encouragement to further their integration in Mercosur. Consolidation of Mercosur, moreover, tends to have a knock-on effect for the entire South American system.

In this respect, it is worth considering the two major alternatives facing the world as the 21st century gets under way: the consolidation and universalisation of the "American Empire" over the coming decades or, conversely, the emergence by mid century of new independent power bases. The first of the two is likely to come about by default if, for a variety of reasons, as the first half of the century elapses, such independent new power bases fail to materialise.

These new power centres could well arise were China to prove capable not only of sustaining its formidably high growth rates but also of making the timely, pacific adjustments such development would demand. Within a matter of decades, China would then be able to rival US power, backed by a satisfactory

nuclear arsenal. The same applies to Russia, providing the reforms Vladimir Putin is introducing make sufficient headway, allowing the country to regain the superpower status of the Soviet Union within decades.

This new multi-polar scenario would tend to produce a three-tier international system. At the apex would be the superpowers: the USA, China and Russia. A second tier would consist of countries (e.g. India) or groups of countries capable of acting as major independent international players. This is also the tier to which a South American system capable of combining appropriate integration and a satisfactory level of development would belong. Finally, the second tier would also tend to be comprised by a probable Latino-Germanic subsystem. The third tier would then consist of dependent countries, reduced to mere segments of the international market.

The hypothesis of a Latino-Germanic subsystem requires some explanation. This has to do with the fact that the European Union was already in want of a minimal level of unity on foreign policy before its recent expansion. Now that ten new members have joined the EU, it is even farther from achieving the requisite degree of cohesion. The Union has thus been transformed into an economic giant but a political dwarf. Within the EU, though, certain major states like the United Kingdom, France and Germany already tend to have their own foreign policy. Thus the prospect that, without impairing the bloc's economic unity, the EU will be divided into two distinct subsystems: an Atlantic-leaning group under British leadership, including Scandinavia and possibly Holland, on the one hand; and a more Europe-centred grouping under Franco-German leadership including post-Aznar Spain and a putative post-Berlusconi Italy. It is as yet hard to predict how Slav countries are likely to act vis-à-vis these two subsystems. For the time being, they are strongly pro-Atlantic. However, when the present anti-Soviet leaders have been replaced by a new generation, it is quite probable that the influence of French culture some are now experiencing and the sway German culture and economic prowess gradually exert on others will have a considerable long-term effect on eastern European mindsets.

Faced with these alternatives, the formation of a cohesive South American system is a precondition for countries in the region becoming relevant players on the international stage in the second half of the 21st century. In the event of the "American Empire" being consolidated, a suitable South American

system could expect to operate as a first-class province within it, much as Europe does now. Separately, their prospects are not much better than those of African nations. Conversely, if – and to my mind this is the more likely outcome – a new multi-polar system emerges, a properly integrated, satisfactorily developed South American bloc would stand a decent chance of being a major independent international player in this new scenario.

It is worth noting that, in the event of a new multi-polar system developing, the foregoing remarks are based on the supposition that the drive to preserve this new international system will, as was the case throughout the Cold War, prevent the superpowers from attempting military solutions that might lead to collective suicide (i.e. mutual atomic destruction – MAD).

Requirements

For an increasingly palpable political determination to promote closer liaison to be converted into a solid, stable and reliable Argentine-Brazilian alliance, certain requirements must be met. Beyond political accords, the success of such an alliance will depend on the extent to which it proves reciprocally beneficial on the ground. A great deal is involved here, ranging from psycho-cultural aspects to economic and political variables.

Without going into more elaborate detail on this complex issue, suffice it to say that what really counts when it comes to reciprocal benefits is the adoption of measures that will effectively bring about a reduction of existing imbalances. The success of the EEC was the direct result of Germany and, to a lesser extent, Britain and France, making unequal contributions in order to boost the development of more backward partners such as Greece, Ireland, Portugal and Spain.

In the case of the Argentine-Brazilian alliance, of Mercosur and of a prospective South American system, the essence of compensatory treatment of asymmetric conditions resides in the adoption of a common industrial policy. That means, on the one hand, envisaging rational, equitable distribution of productive capacity among the partners so that each may have a satisfactory array of goods and services to sell to the remainder and to import from them. On the other hand, it implies acceptance of strongly differential contributions partners are to be expected to make so as to ensure the system's success,

especially in the early stages. A country like Brazil must acknowledge the need to make heftier contributions than Argentina, which must in turn be prepared to invest more than weaker members of the bloc.

Obviously, no attempt should be made here to set figures to the actual contributions each partner might be expected to provide. What matters, from the outset, is that there be unequivocal recognition *a priori* of the need to take requisite steps at national level to guarantee substantial public and private investments in the territories of partner states. The need to set up a major funding agency for the entire system, to act much as Bndes[4] does in Brazil, must also be given due attention. At the same time, it should be said that the Ftaa[5] project is incompatible with the system we are envisaging and Mercosur should therefore reject it outright.

Together, Argentina and Brazil are in a position to escape the fate to which they would separately be doomed. They are not inexorably destined to become mere segments of the international market or provinces of the "American Empire." The establishment of a solid, stable and reliable strategic alliance between the two countries will serve to buttress the consolidation of Mercosur and foster integration across South America, raising the prospects of an auspicious destiny for the entire continent. Should they fail to clinch this opportunity, they may unwittingly forfeit their national identity and the chance to write history rather than be written off as mere geography.

Version: Mark Ridd.

[4] The National Economic & Social Development Bank.

[5] Free Trade Area of the Americas.

Overview of security in South America [1]

Francisco Rojas Aravena [*]

Toward a South American community of nations

At a meeting in Cuzco, Peru, on 8th December 2004, the presidents of South American countries agreed to create a South American Community of Nations[2]. Their decision is an initial step towards establishing an institutional framework for formally conferring on South America an identity of its own. This will be achieved through the establishment and gradual implementation of joint projects promoting integration of this part of the world. On the external front, an endeavour is made to promote concerted, coordinated policies and diplomatic action aimed at making South America a differential factor

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[1] This paper constitutes an update, development and amplification of the concepts expounded in my paper " Seguridad en el continente americano " [Security in the American continent]. Briefing papers, Fundación Ebert, 2004.

[2] Cuzco Declaration on the South American Community of Nations, III Summit of South American Presidents. 8th December 2004, Cuzco, Peru.

capable of becoming a significant interlocutor in South American nations' foreign relations.

The values guiding and underpinning the South American Community of Nations are democracy, solidarity, human rights, freedom, social justice, respect for territorial integrity, diversity, non-discrimination and affirmation of the autonomy and equal sovereignty of states, and peaceful settlement of controversies, among others. South America's identification with the values of international peace and security, based on the utmost respect for international law and on the renewed, democratic multilateralism that decidedly and effectively presides economic and social developments on the global agenda[3].

On the issue of security, both Mercosur and the Andean Community of Nations have already subscribed a series of declarations in which they reaffirm their desire to promote peace and avoid the proliferation of weapons of mass destruction. The main declarations and documents of which they are signatories include the Declaration by Mercosur, Bolivia and Chile on the Peace Zone, signed in Ushuaia in July 1998; the Andean Charter for Peace and Security, signed in Lima in July 2002; the Declaration of a South American Peace Zone, signed in Guayaquil in July 2002 as part of the II Summit of South American Presidents; the Declaration of an Andean Peace Zone and the Quito Declaration on the establishment and development of the Andean Peace Zone, signed on 12th July 2004.

Mention should likewise be made of the major endeavours made to coordinate positions initially by the ABC countries (Argentina, Brazil and Chile), to which the remaining South American countries adhered in 2004, the aim of which was to coordinate positions in preparation for the meetings of the Ministers of Defence of the Americas.

In brief, it is clear that efforts are being made to create a South American System capable of becoming a relevant player on the international stage. This political and strategic will has taken concrete shape in the United Nations mission to Haiti. Troops from Argentina, Brazil and Chile form the backbone of the stabilisation programme being implemented by Minustah. The commitment to Haiti is a major cooperation undertaking representing a short, medium and long-term commitment[4].

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[3] Ibid.

[4] Group of Rio. XVIII Group of Rio Summit. "Rio de Janeiro Declaration," 5th November 2004, paragraph 8.

Like the other declarations and the action carried out to date, the Cuzco Declaration signals an increasingly strong, effective commitment – a commitment that is proving progressively more binding – with reference to shared values and interests stemming from cooperation between the countries in the region. As these cooperation policies are developed, an endeavour is made to change the present state of affairs, and to change the past, with a view to establishing a new strategic body with its own identity capable of affording effective dialogue with the main players in the international arena. It will, of course, be a gradual process. The objectives listed indicate a sizeable challenge to the member states' political will and capacity for regional liaison. They will require surmounting major obstacles and overcoming resistances that derive from historical inertia, such as current differences in positions. It will also be necessary to put aside the chronic mutual mistrust among the countries' elites and authorities. Above all, it is essential that trust be instilled in the personal relationships between the Presidents[5].

Finally, it should be stressed that democracy is the ideal that affords greater opportunities for cooperation. It is the conceptual framework around which the twelve countries in South America can cooperate. It is thus the route to be taken to ensure better governance and develop a South American space integrated on political, social, economic, environmental and infrastructure issues.

Recent gravitational facts[6]

The United Nations Security Council sought to establish a mission to bring peace to Haiti. In an endeavour to secure the rule of law, the Brazilian government resolved to send troops to Port-au-Prince to quell a wave of violence associated with drug-trafficking, the drug traffickers being in possession of military weaponry. In Colombia, the authorities announced the "Patriot Plan" designed to recoup territory that had fallen into the hands of the country's guerrilla forces and over which the State had lost jurisdiction decades before. This decision aroused fears in neighbouring countries, particularly Ecuador, that the conflict might spill over their borders. In an

[5] Álvaro Vargas Llosa, *La Fauna Política Latinoamericana*. Santiago: La Tercera/Mondadori, 2004.

[6] Describing some of the more significant facts relating to this issue in 2004.

acutely polarised political and social atmosphere, the Venezuelan government arrested almost a hundred presumed Colombian paramilitaries and accused them of subverting the order in the country. In early 2005, relations between Colombia and Venezuela became tense over the arrest on Venezuelan soil of Rodrigo Granda, often referred to as the "FARC's Foreign Minister," following pay-offs in Colombia. In Bolivia, the already unstable atmosphere was further exacerbated by a series of facts that undermine stable governance. These facts ranged from billeting by the armed forces and police in protest over the transference of military justice to civil jurisdiction to a request for autonomy by Santa Cruz province. All this took place against a backdrop of burgeoning mobilisation in opposition to the policies of President Mesa. The latter had sought to make the territorial maritime claim against Chile one of the flagships of his foreign policy. That led to a breakdown in dialogue between the two countries. After a few months, however, there was renewed hope for the resumption of presidential dialogue. Argentina is in the throes of an energy crisis the effects of which can be felt in neighbouring countries. This has raised a political, diplomatic and technical debate on breach of contract and compliance with commitments assumed. The United States, meanwhile, have singled out drug trafficking as the main source of threat from the region, associating it with international criminal organisations with ties to extremist and terrorist organisations in the Middle East. As he launched into his second mandate, President George W. Bush described Cuba as one of the seven tyrannical regimes in the world.

This panorama shows how the agendas on security and governance, defence and development are closely intertwined. They are directly affected by an array of actors and a context in which international and domestic variables are constantly in play. In brief, issues relating to security and defence in the Americas demand new approaches, outlooks and parameters. They must in turn be translated into proposals, guidelines and actions in a global system at the United Nations, in a regional system at the OAS and its associate institutions, and in each sub-regional agreement. Latin American and Caribbean countries naturally focus on the hemispheric and sub-regional arena. Only Brazil sees itself as both a global and regional player: it has promoted initiatives like the G-3 or BISA (Brazil, India and South Africa) in the strategic political sphere, initiatives like the Group of 20 adopting concerted positions in trade negotiations, or liaison with players in other regions (e.g. the invitation to the Bi-regional Summit between South America and Arab countries). One project

Brazil has constantly pursued in a determined fashion is precisely the establishment of the Community of South American Nations.

International security: where does Latin America stand?

The changes wrought by the 11th September 2001 attacks on the United States and the ensuing series of terrorist attacks in different countries and regions around the world, including the 11th March bombings in Madrid in 2004, raise a threat of transnational terrorism on a global scale. This is the most common and significant threat in the perception of the member states comprising the United Nations. Nonetheless, perceptions as to how near or imminent such a threat may be vary enormously from one region of the world to another. But besides this, from a structural point of view, there is a perception that the United States are pursuing a policy designed to consolidate their hegemony by establishing a hard power gap of such magnitude that it would obviate the emergence of a plausible counterweight in the foreseeable future[7]. This has proven to be such a systematic policy that it has ruled out the possibility of resorting to an essential instrument of power like influence (soft power)[8]. This reordering of the global hierarchy has been wrought outside the traditional institutional mechanisms, which are multilateral. The United States are thus building up a de-institutionalised capacity for global control on the basis of "ad hoc coalitions." That has been translated into a policy of radical unilateralism, the prime instruments of which are intervention and pre-emptive strikes[9]. It is not yet clear whether this can be deemed a long-term policy of State or whether it is merely the reflection of a stance adopted by a particular administration, the George Bush Jr. administration. The international system – Latin America and the Caribbean included – granted the biggest ever coalition of States (the United States to the fore) broad-ranging powers to fight terrorism. To that effect, it authorised the invasion of Afghanistan. That did not prove sufficient for the Bush Jr. administration, however. His obsession with Iraq

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[7] Philip Bobbitt, "Better than Empire." *FT Magazine*, Issue 46. London, 13th March 2004.

[8] Joseph S. Nye Jr. *La paradoja del poder norteamericano* [The paradox of North American power].Spain: Editorial Taurus, 2003.

[9] Francisco Rojas Aravena, "La política de Bush y el unilateralismo radical." *Papeles de Cuestiones Internacionales*, n.80. Madrid: Fundación Hogar Del Empleado y Centro de Investigación para la Paz, Winter 2002, pp.63-72.

led the United States to dispense with the coalition and exercise unilateral powers, a move that has had dire consequences for multilateral cooperation, stability in the region and even respect for the stability of international oil prices. Almost two years on from the intervention in Iraq, it has been unequivocally demonstrated that however great American hard power may be, legitimacy born of institutionalised multilateralism is required to attain peace and stability, be it political, economic or social.

Together, Latin America and the Caribbean form the largest immediate sphere of influence of the United States. Nonetheless, the attention and priority ascribed to it are low level, despite the fact that they have a tremendous influence on the political and strategic course the region plots. Latin America plays a marginal role in international affairs. Put in positive terms, the region defines itself as a zone of peace,[10] a zone of non-proliferation, as a zone free from nuclear weapons, strategic vectors and missiles, and from chemical and biological weapons.[11] Moreover, Latin America and the Caribbean comprise the area with the lowest level of military spending in the world.[12] In 2002, South America's total military budget stood at US$ 8,160 millions, equivalent to 0.97% of worldwide military spending. Indeed, Latin America and the Caribbean invest a mere 1.6% of their joint GDP on their armed forces. Of the total contingent of men and women in arms across the globe in 2002, the South American contingent represents 4.67% with military personnel only slightly in excess of one million.[13]

In this sense, then, Latin America does not constitute a threat to any international player. On the contrary, as a zone it contributes to international peace and security. Moreover, it makes an effective contribution to global security through the men and women it sends to take part in a variety of peace-keeping operations decided on at the United Nations.

Peace is not kept unassisted; one or more states must shoulder the responsibility and bear the burden of maintaining it.[14] The will of Latin America

[10] Meeting of South American Presidents, II Summit. Declaration: South America, Zone of Peace. Quito, 2002.

[11] See the list of Conventions and Treaties signed by Latin America and the Caribbean, the OAS and the UNO.

[12] See figures published by the US ACDA; Military Balance; and SIPRI.

[13] Rosendo Fraga. Balance Militar de América del Sur. *Nueva Mayoría*, September 2004. www.nuevamayoria.com>.

[14] Donald Kegan. *Las causas de la guerra y la preservación de la paz*. Spain: Fondo de Cultura Económica, 2003.

and the Caribbean alone is insufficient to preserve peace and stability in the Americas. The United States must also do their part. The change of direction in US foreign policy towards combining "à la carte multilateralism" with unilateral intervention beyond the framework of UN legitimacy casts a tense shadow over prospects of cooperation for peace. Worse still, the United States make alliances that divide the region. It was divided over Iraq: seven countries condemned the invasion, seven voted in favour and, of these, four (El Salvador, Honduras, Nicaragua and the Dominican Republic) sent symbolic military contingents. US policies for the region are perceived as a drive toward the militarization of conflicts and the "securitisation" of the agenda.[15] The options open to Latin America in view of such trends and depending on the external/domestic influence of the United States in each country are as follows: either a) becoming more divided whilst seeking to secure relative advantages for each country; or b) establishing effective mechanisms for dialogue with a high degree of transparency when dealing with issues of common interest. No consensus has been achieved on the move to integrate the Americas through trade (Ftaa) and the region is divided over rejecting or supporting the initiative. Brazil is the main opponent.

Broadening multilateral spaces is a crucial task for medium and small-size countries in the International System – the case of most countries in our region. This outlook is constantly reaffirmed in the most diverse international forums. The San José Declaration at the XIV Ibero-American Summit of Heads of State and Government thus states that "From our outlook on the world, on the basis of our shared history and cultural heritage and inspired by the principles and values comprising our identity, we reiterate that only effective multilateral treatment of the problems and challenges we face will make it possible to formulate and implement an agenda for the promotion of peace, democracy and development with social inclusion."[16] On the other hand, those present at the XVIII Summit of the Group of Rio declared: "We reaffirm that only multilateral treatment of global problems and threats to international

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[15] Flasco-Chile, *Paz, crisis regional y política exterior de Estados Unidos*. Informe regional: América Latina. Santiago: Flasco-Chile, 2004.

[16] XIV Ibero-American Summit of Heads of State and Government, San José Declaration, 20th November 2004.

peace and security, and full respect for International Law will enable us to attain peace and development with social inclusion. We equally acknowledge the urgent need to strengthen multilateralism for the settlement and effective treatment of the issues on the global agenda."[17]

Concerning the general debate on reform of the United Nations, the region adopts a concerted position. The tenets and purposes of the institution are upheld, and it is recommended that decision-making be made "more democratic" and more "participatory," especially on the Security Council. The suggestion is that it "be restructured to ensure greater balance and representativeness;"[18] no concrete proposals are proffered, however.[19] At least three countries (Argentina, Brazil and Mexico) have declared their intention to seek a permanent seat, should the Security Council be expanded.

When it comes to the emergence of new, de-territorialised, asymmetric threats like global terrorism, Latin America may be vulnerable in certain respects. Nonetheless, the region is neither a base nor a focal point for the planning of acts of global terrorism despite allegations to that effect by the United States.[20] All the information gathered in the wake of the September 11th attacks shows that no cells linked to global terrorism are operational in Latin America today. That may change in the near future. This, though, is a matter on which it is crucial to continue to collaborate and exchange information to prevent Latin American territory being used to launch attacks against the United States, the European Union, or their interests. Latin America and the Caribbean have reiterated their determination and firm commitment to combat terrorism in all its forms with due respect for International Law and human rights. The Inter-American Convention against terrorism is the institutional expression of this stance. The Inter-American Committee against Terrorism (Cicte) created within the framework of the OAS is the appropriate locus for implementing the Convention and developing other political liaison initiatives on this issue.

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[17] XVIII Summit of the Group of Rio, "Rio de Janeiro Declaration," 5th November 2004, paragraph 2.

[18] Group of Rio. "Cuzco Consensus." 24th May 2003.

[19] Group of Rio. "Rio de Janeiro Declaration," paragraph 3.

[20] Speech by General James T. Hill, Commander of the United States Southern Command, before the House Armed Services Committee in the US Congress. 24th March 2004.

Security of the State in the 21st century

The State continues to be the main actor in the international system, though no longer the sole one. Today the State must share power and cooperate with other non-state agents such as non-governmental organisations, multi- and transnational corporations and even individuals. This heralds a fundamental change in regional and global relations. Traditionally the security of the State was associated with two basic aspects: a) internal cohesion for organising domestic power relations with the formation of a government capable of enforcing the rule of law within a given territory and for the entire population; b) relations, be they competitive or cooperative, between sovereign States. These two aspects have seen substantial change across the globe and in Latin America. In many cases, competing agents often vie with each other for ascendancy within a single territory, leading to the fragmentation of society. Or else the demands of peoples and societies fail to be satisfied by state action, putting at risk security as a whole and undermining the capacity to govern. Meanwhile, the main focus of attention in interstate relations is associated with sovereign decision-making capacities and with unimpaired territorial integrity. The latter has traditionally been the focus for the perception of threats to security.

Interstate peace is one of the foremost assets of Latin America, one that should be preserved. At the same time, however, domestic vulnerabilities are the main threat to security of the State in the region. Incapacity to fulfil the demands and meet the needs of the populace hampers the establishment of effective institutional democracy. An effort must therefore be made to progress from electoral democracy to democracy for citizenship, as Undp proposes in its Report on Democracy.[21]

The claim that interstate relations in Latin America display a high level of stability and a low potential for conflict has obtained considerable consensus among both academic analysts and political decision makers. Progress made in this domain in the nineties – when some of the main interstate disputes in the region were settled or when strategic military competence was no longer to the fore in settling such disputes – has been particularly important.[22] In this

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[21] Undp. *La democracia em América Latina. Hacia una democracia de ciudadanas y ciudadanos.* Undp, Lima, 2004. <www.pnud.org>

[22] Jorge Dominguez (org.). *Conflictos territoriales y democracia en América Latina.* Buenos Aires: Siglo XXI Editores/ Universidad de Belgrano y Flasco-Chile, 2003.

respect it is worth mentioning the principal accords reached between the countries in the southern cone, which have consolidated a more ample state of stability, allowing South America to declare itself a zone of peace. The nuclear agreements signed between Argentina and Brazil in the mid-eighties were crucial to this process. Among the main border disputes settled, those between Argentina and Chile and between Peru and Ecuador deserve special mention. In Central America, the most important breakthrough was between Salvador and Honduras.

It should be stressed that this is an issue requiring constant vigilance and the maintenance of proactive measures for consolidating interstate peace. In the event of economic complementation measures failing to translate into closer association and solid integration, all aspects relating to territorial sovereignty, the demarcation of frontiers and strategic balance will require closer attention. Only when a powerful web of interdependence has been spun in other spheres (the economy, trade, finance and services, in particular), when effective mechanisms are in place for settling conflicts and when an institutional framework has been built to guide and oversee such processes will it be possible to wager with any degree of certainty that no individual conflict will escalate to the point of involving issues of defence and international security. In this sense, Latin America and the Caribbean still have a long way to go.

Indeed, a reasonable number of territorial sovereignty disputes still remain unsolved. A recent study on the Caribbean Basin, for instance, detected almost forty border conflicts associated with territorial claims and/or boundary problems both on land and at sea.[23] In the case of Latin American countries, at least fifteen such disputes have yet to be settled. It can be claimed that many of these differences are dormant or firmly under control. Nonetheless, the experience of the nineties shows that the use of force to solve disputes related to territorial sovereignty was widespread and on more than 25 occasions there were outright demonstrations of use of force either in the form of actual deployment or through clear disposition to resort to force.[24] In the border conflict between

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[23] Ivelaw Griffith. *Caribbean Security in the Age of Terror*. Jamaica: Ian Randle Publisher, 2004.

[24] David Mares. "Conflictos limítrofes en el hemisferio occidental: análisis de su relación con la estabilidad democrática, la integración económica y el bienestar social." In: Jorge Dominguez, *op.cit*.

Ecuador and Peru in 1995, open hostilities called for active international mediation involving the main actors in the hemisphere. In every sub-region border disputes based on territorial or maritime claims are visible. The following active situations deserve special attention: Belize-Guatemala; Bolivia-Chile; Peru-Chile; Honduras-Nicaragua; Colombia-Nicaragua; Costa Rica-Nicaragua; Colombia-Venezuela; Venezuela-Guyana; Argentina-Great Britain; United States-Cuba.

In view of these facts, specific mechanisms must be established to identify such disputes, propose alternative solutions and develop effective ways of promoting an atmosphere of stability and trust. Regional institutions are poorly equipped to undertake systematic monitoring of disputes over demarcation, frontier zones or territorial claims, which could otherwise provide early warning of impending conflict. Where important progress has been made is in the sphere of measures to foster confidence and security. Such measures have enhanced exchange between countries ranging from protocol measures to joint military exercises – all part of a process it has taken over a decade to develop.[25] However, information gathered in 2004 was scarce. Only eight countries submitted information: Canada in North America; El Salvador, Honduras and Guatemala in Central America; and the ABC countries and Peru in South America. If adequate compliance through submission of the corresponding information is not forthcoming, it will be very hard to improve the mechanisms established.[26] Despite this, an important group of countries in the region has taken unilateral action to publicise their defence and security policies, by means of defence books.[27] This is a field in which initiatives must continue to be developed both at basic level and in terms of second and third generation confidence-building and security measures.

In connection with the previous item, transparency concerning military spending, based on national sources using standardised methodology[28] has

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[25] Jorge M. Eastman. "Informe sobre inventario de medidas de fomento de la confianza y seguridad aplicadas por los Estados miembros de la OEA." Miami, 3rd February 2003.

[26] JID. Inter-American Chiefs of Staff. "Informe Borrador sobre Inventario de Mfcys, aplicadas en el año de 2003." July 2004.

[27] Argentina, Chile, Ecuador and Guatemala have published defence books; Brazil has published its directives.

[28] Ecla. Metodología estandarizada común para la medición de los gastos de defensa. Santiago: Cepal, November 2001.

greatly improved. Once again, this is an area in which prospects are good for expanding the initiative at regional level. Developing such measures means broadening opportunities for better knowledge since this allays mistrust concerning defence spending and procurements. Resdal and SER-2000 have developed a line of work related to military spending and parliamentary agendas on defence issues, providing a positive contribution to better knowledge on the subject.[29] The *Fuerzas Armadas y Sociedad* magazine has also played an important role in raising debate and forwarding proposals in this field.[30]

The foremost perception of threat has ceased to be associated with interstate disputes. Today it is strongly associated with a transnational feature, transnational organised crime constituting the key component in the emergence of new threats. This perception of new agents in a context quite different from that of interstate conflict has also led to the development of a perspective in which the forms of armed conflict have changed too, in which "new wars" predominate.[31] Interstate tension in a context of readier access to light firearms[32] has provided fertile terrain for different groups with links to organised crime to wage so-called new wars. We now need to examine post-conflict situations to solve the problem of the transference of weapons that these situations entail. That means taking effective action when the time comes to pacify a State and the society it rules, and to take out of circulation as many firearms as possible, enforcing rigid control of supply and so restoring the State's monopoly on violence.

Urban conflict causes many more deaths than open armed conflict in Latin America and the Caribbean. The homicide rate (25.10 per 100,000 inhabitants) is higher than in any other part of the world. More than one hundred thousand people are murdered each year, without considering other crimes such as kidnapping and armed robbery. It should be noted that the situation varies widely across the gender divide and from one nation to another. Homicide victims are overwhelmingly young males. In Central America and Colombia death rates are extremely high. In the former, this is a legacy from

[29] www.resdal.org

[30] www.fasoc.cl

[31] Mary Kaldor. *Las nuevas guerras. Violencia organizada en la era global.* Barcelona: Editores Kriterios TusQuets, 2001.

[32] *Small Arms Survey 2002. Counting the human cost.* Oxford, 2002.

the wars in the 1980s and the result of clashes between rival transnational youth gangs, called *maras*. In the latter, the cause is the simmering conflict that has been dragging on for almost 50 years. Brazil has also experienced a sharp rise in violence. Two countries (Chile and Uruguay) have very low rates – less than 4.6 homicides per 100,000. The Inter-American Development Bank (IDB) has estimated the economic costs of these deaths for the region at 14.2% of GDP.

The main source of vulnerability in Latin America: (un)stable governance

Analysis of the current security and defence status in Latin America would lead us to conclude that the main threats do not arise from interstate conflicts. The fundamental risk for Latin American and Caribbean societies is associated with democratic governance (i.e. with intrastate factors) in every country in the region. Evidence from the past fifteen years shows a high level of regional instability hindering the development of steady exchanges. In many cases, national conflicts spill over into neighbouring countries, providing fertile soil for dormant interstate disputes to revive and escalate.

Instability has become a persistent feature of the landscape in Latin America and the Caribbean. This is the outcome of a series of political and economic crises stoking social turmoil and triggering resignations of heads of State, congressional appointment of rulers, military crisis or tension against a backdrop of glaring inequalities, sluggish economic growth and high unemployment. Latin America witnessed more than twenty episodes of institutional crisis in the nineties. The most emblematic cases were played out in Paraguay, Haiti and Peru. Nonetheless, as the new decade gets under way, new flashpoints have arisen in Argentina and Venezuela, and the Haitian crisis has been rekindled.

The table below displays the political-institutional crises unfolding in Latin America since 1990, taking three variables (resignation of Presidents, coups d'état, and political-cum-military crises) into account.

As can be gleaned from the table, over the past one a half decades, political-institutional crises have been recurrent. The first half of the nineties saw mostly instances of uprisings or military tension as well as four of the five coups d'état. In the last four years, meanwhile, institutional crises have come

in the guise of three presidential resignations. The foregoing indicates the need to create and implement crisis prevention mechanisms for the region. The drafting and establishment of a plan for democratic governance in the Americas is of the utmost importance. Such a plan would help dispel instability through cooperation and so foster the consolidation of peace.[33]

Political Institutional Crises in Latin America

1990-2004

Country/year	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04
Argentina															
Belize															
Bolivia															
Brazil															
Chile															
Colombia															
Costa Rica															
Cuba															
Ecuador															
El Salvador															
Guatemala															
Haiti															
Honduras															
Mexico															
Nicaragua															
Panama															
Paraguay															
Peru															
Suriname															
Uruguay															
Venezuela															
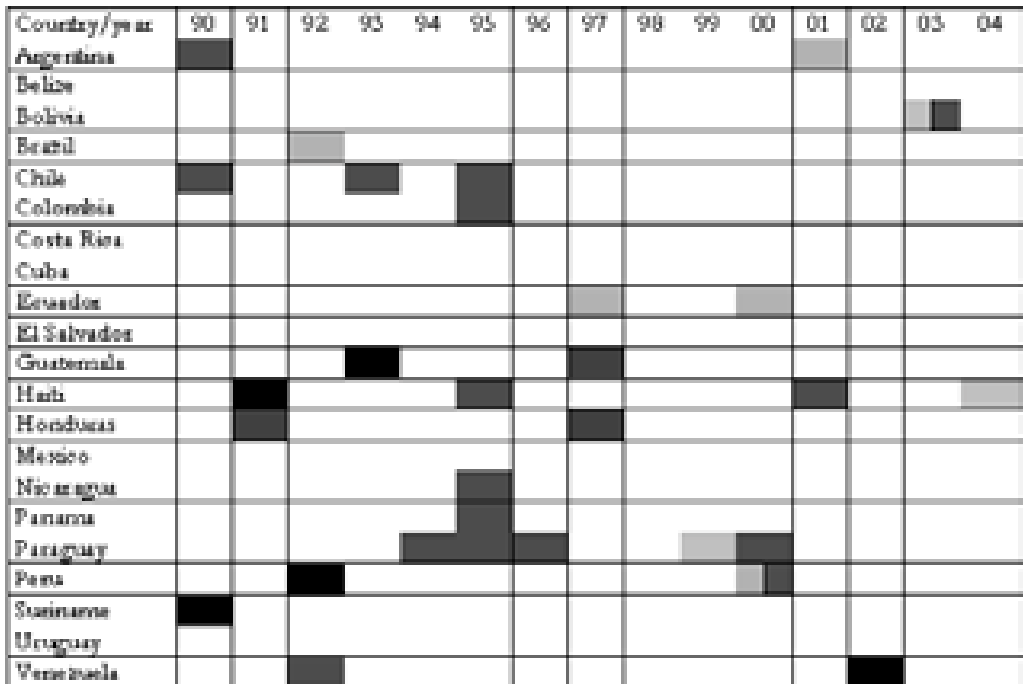
■ Coup d'état

▓ Uprising or military unrest

░ Ousting/resignation of the president

In this respect, action must be taken to strengthen democratic regimes, activating support mechanisms envisaged in the Democratic Charter of the

[33] See Declaration of the OAS General Assembly on governance. Santiago, 2003.

Americas. Levels of dissatisfaction with democracy are very high across the region,[34] rising as high as 66% in 2003. It is thus equally imperative to find national and regional alternatives to close social gaps and reduce the level of poverty.

Human security: security for individuals and communities

The concept of human security first surfaced in the international arena in the mid-nineties. It was a spin-off of the search for new paradigms to explain the international system and of growing theoretical and practical debate concerning the traditional concepts of security that had hitherto inspired countries' actions for much of the past. The concept of human security was then propounded by academics, a few international organisations and even certain States as a definition that would help apprehend the new challenges facing security concerns, the focus being on people.

In its 1994 Report, *New Dimensions of Human Security*,[35] the United Nations Development Programme (Undp) stresses that "human security is people-centred." Human security means people being able to enjoy these options freely and in security, being able to be relatively sure that the opportunities afforded today will not vanish into thin air tomorrow. Concerning the link between human development and human security, it is pointed out that the former consists in broadening opportunities for people. Human security, then, has to do with the prospect of enjoying them on a regular basis, i.e. "that the opportunities available today will not dwindle with the passage of time."

The "Human Security Now" report[36] was made public in May 2003. It highlights a conceptual definition according to which "Human security means protecting vital freedoms. It means protecting people from critical and pervasive threats and situations, building on their strengths and aspirations. It also means creating systems that give people the building blocks of survival, dignity and livelihood. Human security connects different types of freedoms - freedom from want, freedom from fear and freedom

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[34] See Latinobarometro 2003 and 2004.

[35] Undp. "*Nuevas Dimensiones de la Seguridad Humana*", UNPD Report. New York, 1994.

[36] Commission on Human Security. "Human Security Now." New York, May 2003. The Spanish language version of this publication was released in the context of the "International Seminar on Contemporary International Security: consequences for Human Security in Latin America," Flasco-Chile, August 2003.

to take action on one's own behalf." The report also stresses the point that there are two general strategies for attaining the objective set: protection and empowerment of individuals. Protection shelters people from dangers. It requires a joint effort to establish norms and to ensure processes and institutions are systematically focused on sources of insecurity. Respect for human rights is the crux of protection from the standpoint of human security. Empowerment, meanwhile, allows people to participate fully in decision-making.

The report emphasises that fostering democratic principles is a relevant step towards accomplishing human security and development: it allows people to be involved in the machinery of government and to make their voice heard. The report also highlights the need to create solid institutions under the rule of law that can empower people. Human security is thus seen as a concept that complements the notion of territorial security of the State, on the one hand, but also emerges as a concept to counter the "doctrine of national security". Notions of human security have thus incorporated a multi-dimensional perspective.

The VI Conference of Defence Ministers of the Americas in November 2004 issued the following statement: "Security is a multi-dimensional condition for the development and progress of our nations. Security is strengthened when we deepen the human dimension. Conditions for human security improve with absolute respect for human dignity, human rights and individuals' basic freedoms within the framework of the rule of law and also as a result of promotion of economic and social development, education and the fight against poverty, disease and hunger."[37]

Regional security: defining threats and new concepts

In the Americas, a great effort has been made over the past decade to establish a consensual concept of security based on shared values and capable of producing effective commitments for implementing initiatives in this field. At each of the Presidential Summits of the Americas, the main issues had been underscored and plans of action had recommended specific forms of action. This long process culminated in the Special Conference on Security.[38] The Conference's final

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[37] VI Conference of Defence Ministers of the Americas. "Quito Declaration," San Francisco de Quito, November 2004.

[38] OAS/Ser.K/XXXVIII. Declaration on security in the Americas. October 2003.

declaration manifested both a new concept of security clearly underlying perceptions of threat in the new context and also establishing commitments on action for dealing with such threats, concerns and risks in the realm of security.

Mapping out threats: the weight of sub-regional threats

During preparatory work for the Conference it was possible to map out and build a table of sub-regional threats and the outlook on security in the Americas. Displaying the perception of threats per sub-region allows one to detect a great similarity regarding the main issues constituting focal concerns in each case. These issues are drug-trafficking, terrorism, trafficking in firearms, organised crime, environment and natural disasters, poverty and social deprivation, and guerrillas and subversive groups.

When each country's perception of threats was examined, it was found that drug-trafficking and terrorism consistently ranked top of the list as sources of threat. Poverty and social deprivation, trafficking in firearms, and environment and natural disasters ranked second in overall terms. The third rank of concerns was comprised by organised crime (though this could well be associated with trafficking in firearms, terrorism and drug trafficking) and, finally, guerrillas and subversive groups. However, when perceptions of threats are analysed per sub-region, immediately below the threats heading the lists, variations in ranking of threats appear; and it is here that poverty emerges in full force, as do natural disasters. The Andean Countries sub-region is the only one in which guerrillas and subversive groups rank relatively high as priority threats; in the other three sub-regions this item ranks bottom of the list.

Perceptions of threats as a priority per sub-region

MERCOSUR	ANDEAN COUNTRIES	CENTRAL AMERICA	CARIBBEAN
Drug-trafficking	Drug-trafficking	Drug-trafficking	Drug-trafficking
Terrorism	Terrorism	Terrorism	Terrorism
Trafficking in firearms	Poverty and social deprivation	Environment and natural disasters	Poverty and social deprivation
Organised crime	Guerrillas and subversive groups	Organised crime	Environment and natural disasters
Environment and natural disasters	Trafficking in firearms	Poverty and social deprivation	Trafficking in firearms
Poverty and social deprivation	Organised crime	Trafficking in firearms	Organised crime
Guerrillas and subversive groups	Environment and natural disasters	Guerrillas and subversive groups	-------

Source: compiled by this author on the basis of speeches given by the Ministers of Defence at the V Ministerial Defence Conference in Santiago 2002 and on replies submitted by different countries to the AOS Hemispheric Security Commission. The trends indicated in this table corroborate the speeches made by the different countries at the Special Security Conference in 2003.

The Special Conference on Security was clearly aware of this circumstance since in Section II, item 4 of its Final Declaration – on "common approaches" – under letter "m" it specifies new threats, concerns and challenges of a diverse nature affecting the Hemisphere. The Declaration states:

"m. The security of states of the Hemisphere is affected, in different ways, by traditional threats and the following new threats, concerns, and other challenges of a diverse nature:

- terrorism, transnational organized crime, the global drug problem, corruption, asset laundering, illicit trafficking in weapons, and the connections among them;
- extreme poverty and social exclusion of broad sectors of the population, which also affect stability and democracy. Extreme poverty erodes social cohesion and undermines the security of states;
- natural and man-made disasters, HIV/Aids and other diseases, other health risks, and environmental degradation;
- trafficking in persons;
- attacks to cyber security;
- the potential for damage to arise in the event of an accident or incident during the maritime transport of potentially hazardous materials, including petroleum and radioactive materials and toxic waste; and
- the possibility of access, possession, and use of weapons of mass destruction and their means of delivery by terrorists.

It is the responsibility of the specialized fora of the OAS, and inter-American and international fora to develop cooperation mechanisms to address these new threats, concerns, and other challenges, based on applicable instruments and mechanisms."

In Section III, on Commitments and Cooperation Measures, the Declaration on Security in the Americas lists 36 commitments. At least half

of them are designed to address the concerns and challenges mentioned above. Thus, in response to the first set of new threats, in the section devoted to commitments, the following items are underscored: the fight against terrorism (paragraph 22), the role of the Inter-American Committee against Terrorism-Cicte (paragraph 23), measures against transnational organised crime (paragraph 25), cooperation in addressing the drug problem (paragraph 27), illicit manufacturing of and trafficking in firearms (paragraphs 28 & 29), money and asset laundering (paragraph 30). Another paragraph (paragraph 26) addresses the problem of cybernetic security. Thus, the Declaration rightly lists the threats perceived, on the one hand, and, on the other, establishes commitments for eliminating them.

Establishing a new concept

The Declaration on Security in the Americas has established a broad-based conceptual framework, in turn grounded in an articulatory concept: multi-dimensionality. This concept allows for a broadening of the traditional notion of and approaches to security so as to encompass new, non-traditional threats covering political, economic, social, health and environmental aspects.

This is how the new concept is worded in Section II (paragraphs 2 and 3) of the document. They highlight both the new concept and the kernel values sustaining it while also insisting on the need for renewing the security architecture:

"2. Our new concept of security in the Hemisphere is multidimensional in scope, includes traditional and new threats, concerns, and other challenges to the security of the states of the Hemisphere, incorporates the priorities of each state, contributes to the consolidation of peace, integral development, and social justice, and is based on democratic values, respect for and promotion and defense of human rights, solidarity, cooperation, and respect for national sovereignty.

3. Peace is a value and a principle in itself, based on democracy, justice, respect for human rights, solidarity, security, and respect for international law. Our security architecture will help preserve it through the strengthening of cooperation mechanisms among our states to address the traditional threats and the new threats, concerns, and other challenges facing our Hemisphere."

This conceptual definition is reaffirmed in 26 common approaches to security. One of them is particularly significant owing to its connection with these new concepts:

> "e. In our Hemisphere, as democratic states committed to the principles of the Charter of the United Nations and the OAS, we reaffirm that the basis and purpose of security is the protection of human beings. Security is strengthened when we deepen its human dimension. Conditions for human security are improved through full respect for people's dignity, human rights, and fundamental freedoms, as well as the promotion of social and economic development, social inclusion, and education and the fight against poverty, disease, and hunger."

This broad-based new concept of security made it possible to reach a consensus at the Special Conference on Security. The concerns of all the participants, from the superpower to the smallest Caribbean States, were addressed. Furthermore, the United States facilitated an accord by accepting two paragraphs (on landmines and climate change), indicating its difference of opinion in a note. In seeking to build a consensus, we have ended up obtaining a very broad concept, which is harder to make operational. By taking on board the agendas for security, defence, environment, health, and development, establishment of a feasible plan of action now looks highly unlikely. Nonetheless, given the satisfaction of the signatories, one can envisage each of the sub-regional regimes managing to draw up plans of action better suited to their particular demands and perceptions of specific threats.

The main players

Mexico played a key role in negotiating the accords. By tabling a motion, it enabled the Conference to make headway and reach a consensus on the Declaration. Chile and Canada put forward a number of suggestions in which the concept of human security was central. The United States were very attentive to developments without insisting on or proposing specific inclusions. Brazil insisted on the issue of poverty, while Caribbean countries voiced the concerns of small insular States and Central America sought to promote its model for democratic security. Bureaucratic differences were apparent among

different levels of government at the debates on security and defence involving the countries of the region. Delegations to the Conference included representatives of the Ministries of Foreign Affairs and Defence as well as representatives of the Armed Forces. It should be mentioned that in the case of South American countries, with the exception of Peru, all the ministers or deputy ministers of defence attended together with the foreign ministers. In three cases, all Anglophone Caribbean nations, delegations were headed by military officers. Approximately 60% of the countries that possess armed forces included military personnel in their delegations.

The declaration acknowledged the importance of the Ministerial Defence Conferences and the need to liaise on working programmes for such forums. On the other hand, although NGOs play a less prominent role in discussions on such topics, the recommendations they submitted were included in the text of the declaration. In relative terms, they have obtained more inclusions here than in other forums. Indeed, two paragraphs of the Declaration (paragraphs 33 & 47) expressly mention contributions from civil society.

Given this array of players, it is clear that cooperation on security in the Americas will essentially be undertaken through bilateral and sub-regional channels. It should be pointed out, however, that strongly bilateral cooperation, especially between unequal players, restricts multilateral opportunities, tending to institute "à la carte multilateralism," with the attendant fragmentation of responses. A security architecture founded on and developed at sub-regional level will thus be crucial to implementing this process in the Americas.

A flexible architecture for security

Flexible architecture was established in the Santiago de Chile Defence Ministers' Declaration in November 2002.[39] It stems from the fact that "the region has gradually moved toward a complex system consisting of a web of old and new security institutions and regimes, both collective and cooperative, with hemispheric, regional, sub-regional and bilateral cover."

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[39] V Conference of Defence Ministers of the Americas, December 2002.

The Miami Consensus[40] likewise stated that "the development of measures to foster confidence and security is part of the emergence of a new, flexible security architecture in the Americas, for they are a substantial, irreplaceable component of a web of bilateral, sub-regional, regional and hemispheric cooperation agreements that have been developed to complement the security institutions forged by the inter-American system."

By forging a consensus among the States, the Declaration on Security in the Americas[41] acknowledged and formalised a series of instruments that lay the foundations for building new security architecture in the Hemisphere:

- The principles currently informing hemispheric security are those embodied in the Charter of the United Nations Organization and in the Charter of the Organization of American States;

- The main instruments for averting and settling conflicts and for the peaceful settlement of controversies are Itra (the Inter-American Treaty of Reciprocal Assistance, also known as the Rio Treaty) and the Bogotá Pact (American Treaty on Pacific Settlement), though it is imperative they both be reviewed and adapted to today's security needs;

- The institutions and processes actively involved in this issue are the Organization of American States and its Hemispheric Security Commission, the Summits of the Americas, and the Defence Ministers' Conference;

- Within the Inter-American system, the pertinent bodies are the Inter-American Defence Board (Iadb), the Inter-American Drug Abuse Control Commission (Cicad), the Inter-American Committee against Terrorism (Cicte) and the Inter-American Committee for the Natural Disaster Reduction (Cirdn) and, additionally, the Inter-American Court of Human Rights.

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[40] OAS/Ser.K/XXIX. Declaration of experts on measures to foster confidence and security. Recommendations to the Special Security Conference. February 2003.

[41] OAS/Ser.K/XXXVIII. Declaration on security in the Americas. October 2003.

By way of conclusion: the security trilogy

Over the past decade Latin American countries and societies have been engaged in a deep-searching process of reflection on and reformulation of concepts of security. A conceptual transition has been operated, shifting from the cold war perspective of envisaging an enemy (expressed in acts promoted by the State with strong military backing) to a very different post-cold-war stage in which the threats are diffuse, traditional military factors weighing far less. Many modern-day threats are, in fact, transnational and appear not to be connected with state agents.

One of the main challenges – both intellectually and at institutional level – is how to establish a conceptual concatenation between human security and international security, taking in state security.[42] Depending on how this relation is established it will be possible simultaneously to satisfy the needs of global security, national security, individual security and the security of peoples. At the same time, it will make for better implementation and operation of the security agenda.

The defining feature of the new international conflicts, hinging on intrastate conundrums, suggests a need to define the interrelation between these three tiers more clearly, all the more so given the impact of globalisation. The new threats are transnational, bringing into play actors and agents who mostly neither represent a nation nor operate from a clearly determined state territory. In the context of globalisation and interdependence, the risks and vulnerabilities affecting a nation's security hold in more than one State. Consequently, they cannot be dealt with exclusively within the State's own borders. Illegal networks have been quicker than States at creating sophisticated transnational systems.[43] Wars themselves have changed radically. The majority are no longer fought between States. More often than not, conflicts are now an intrastate affair with interstate consequences. They are fought more for ethnic reasons or self-determination than on account of border disputes or state interests. In terms of the players involved, non-state agents are of greater consequence. Demands on interstate bodies and non-governmental organisations have greatly increased, limiting the capacity of States, especially

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[42] Francisco Rojas Aravena, "Seguridad Humana: concepto emergente de la seguridad del siglo XXI" In: Aravena, F.R. & Gaucha, M. *Seguridad Humana, Prevención de Conflictos y Paz.* Flasco-Chile/Unesco, May 2002.

[43] Eduardo Gamarra, "Drogas y Democracia" In: Undp. *La Democracia en América Latina.* Op.cit.

less powerful ones. The weakness or even absence of state presence is a key factor and the greatest incentive for illegal groups to fill the gap and occupy part of a sovereign territory, producing "lawless zones." In such places the State's legitimate monopoly on violence is called into question and conditions are soon ripe for the emergence of failed States. In South America our attention should be focused on this predicament. Though it may be confined to a few flashpoints, it must be swiftly detected and action taken post haste. The development of a South American outlook following the creation of the Community of Nations may propitiate concerted action on this issue.

Opinions may differ as to which is the prime factor in the human-national-international security trilogy as scenarios vary. In the vast majority of cases in which the State is sufficiently strong and powerful, attention will be concentrated on national security and its connection with international security. This would seem to confirm that States continue to be the main players in the international arena. In certain geographic regions, particularly in Africa and the Caribbean, in view of the collapse or debility of some States, attention tends to focus on international security and the main players in that arena. In other words, the spotlight is on the international system's capacity to respond to crises in fragile States either to restore stability or to produce and promote cooperation and assistance to cope with humanitarian catastrophes or natural disasters. A prime instance of this is Haiti, where the provisional multinational force and the United Nations stabilisation mission (Minustah) are a clear demonstration of regional solidarity and the importance of the role South American countries are pledged to playing.

In the case of Latin America, the main source of vulnerability is the crisis in governance affecting the region. Above all, it thwarts the promotion of both human and state security. It provides ample opportunity for high levels of insecurity, which swiftly translate into fear of violence and fear of the glaring unsatisfied needs. Considering the low level of conflict between States and the fact that the crisis in governance has not reached the level of a humanitarian crisis, the international community has paid scant attention to the problems facing Latin American countries. That explains the demand for cooperation and official assistance for development.[44]

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[44] XVIII Group of Rio. "Rio de Janeiro Declaration," paragraph 7. November 2004.

In brief, Latin America and the Caribbean contribute to global security through denuclearisation and by establishing a zone of interstate peace. They detract from global security by their lack of stable governance. Satisfying conditions associated with any one dimension of security requires satisfying conditions associated with the others. Undoubtedly, an international crisis is, at one and the same time, a crisis of the State and a human security crisis. Likewise, a crisis in the State soon becomes a humanitarian crisis and thus an international crisis. In similar fashion, a human security crisis is also a state and an international crisis. Thus the need to adopt an integrated, holistic approach. That requires a new vocabulary[45] for shaping new concepts suited to these new times that we are as yet at a loss to define; and so we resort to labels like "post cold war," "post September 11th" and "post security conference." The establishment of a South American Community of Nations is an important step forward for the region and its capacity to project itself on the international stage. Its capacity to enforce the agreements will determine its short-term sphere of action and its longer term relations. Unquestionably, if it is made effective, this decision by the Heads of State and Government will change the outlook for security in South America. ▪▪▪

Version: Mark Ridd.

[45] Wolf Grabendorff (ed.) *La seguridad regional en las Américas. Enfoques críticos y conceptos alternativos*. Friedrich Ebert Stiftung in Colombia (Fescol). Fondo Editorial Cerec. Bogotá (D.C.), 2003.

Drugs, conflict and the United States. Colombia at the turn of the century

León Valencia *

Early in December 2004 the extradition to the United States of Gilberto Rodríguez Orejuela – one of Colombia's most infamous drug dealers – reminded Colombians of a time in the late 1980s and early 1990s when the country was battered by a wave of narco-terrorism.

In an interview with a local radio station before his extradition to the U.S., Rodríguez Orejuela, without a doubt the second most powerful drug trafficker produced by the country after Pablo Escobar Gaviria, reminded listeners of Escobar's "Pistol Plan" campaign to assassinate, one by one, 400 policemen in the city of Medellin.[1] According to Rodriguez Orejuela, this action – carried out by a single man using hired assassins – could very well be counted among the most significant terrorist actions the world has ever known.

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* Columnist for the "El Tiempo" and "El Colombiano" dailies.

[1] Interview for "La W," one of the *Caracol* radio stations.

Rodriguez followed by saying that Escobar's death had been his doing, that for several months he had the man followed and held hundreds of hours worth of Escobar's recorded conversations in his power, and that once he was certain that his prisoner had no way of escaping, he handed him over to the authorities. It stands to reason then that Rodriguez Orejuela was no less audacious and dangerous than Escobar.

In the collision between Escobar and the government and between Escobar, who commanded the Medellín Cartel, and the Rodríguez Orejuela brothers, who headed the Cali Cartel, thousands of people died during that fateful period. In some cities buildings were blown apart by the drug traffickers' powerful explosives; air travel was a terrifying experience. To this day, the world is astonished by the fact that four presidential candidates of diverse political tendencies all fell in this battle. An entire society was besieged.

Around this time, five of the guerrilla groups whose activities had greatly affected the country for nearly twenty years signed peace agreements; a new constitution replacing a more than 100-year old charter went into effect, and the economy underwent drastic changes, opening to the world market for the first time. Yet all of this was swallowed up in the great narco-terrorist offensive, overshadowed by the escalating destruction and death unleashed by the drug cartels. The tragedy hid events that calmer societies would have considered as radical and unforgettable changes in national history.

Colombian society then became aware of a phenomenon that had been silently growing deep inside it. People also began to realize that the cultivation, processing and trafficking of drugs was already deeply rooted in national life. It had become the country's most lucrative business, and the one that moved the most money. It had involved millions of people. It had infiltrated traditional politics and guerilla movements alike, and engendered armed groups whose job it was to protect the illegal business.

By the end of the 1980s, Colombia had become a unique case worldwide. Coca, marijuana and poppies were all grown in the country. Marijuana was first planted in the 1970s, and then Colombia began displacing Bolivia and Peru in coca production. The audacity continued as even poppy production, once an Asian monopoly, took off. A 2004 Unodoc report mentions 4,100 hectares of poppies, but researchers including Uribe and Thoumi, using several sources and fieldwork, have questioned these figures. By 1996, when U.S.

Department of State figures referred to just over 6,000 hectares, these same researchers estimated around cultivated hectares at 20,400. Broader consensus exists where marijuana is concerned. A variety of sources estimate that for several years, the number of planted hectares totals somewhere between five and six thousand.

Yet coca leaf cultivation and cocaine processing and trafficking the leading drug-related activities. These activities reached a peak in 2000, when the cultivated area was estimated at 163,000 hectares and the tonnage of cocaine exported per year at 700.[2] Colombia thus controlled nearly 60 percent of the world market. With an average wholesale price for cocaine of $30,000 USD per kilo on the international market, transactions surpassed $20 billion USD.

Country	1996	1997	1998	1999	2000	2001	2002	2003
Bolivia	48,100	45,800	38,000	21,800	14,600	19,900	24,400	26,600
Peru	94,400	68,800	51,000	38,700	43,400	46,200	45,700	44,200
Colombia	67,200	79,400	101,800	160,100	163,300	144,800	102,100	86,300
Total	209,700	194,000	190,800	220,600	221,300	210,900	173,200	156,100

Coca Crops in the Andean Region 1996-2003 (hectares)

U.S. Department of State   National Monitoring System supported by UNODC
Source: Colombian Monitoring of Coca Crops, UNODC, June 2004

The confluence of crops grown to produce the psychoactive drugs widely consumed throughout the world is not the situation's most unique characteristic; most painful of all is the way drug trafficking spawned other phenomena in Colombia: guerilla and paramilitary-related violence, clientelism and corruption, and a "shortcut" culture and deinstitutionalization of the nation. At first these phenomena remained separate, although somewhat linked, but later they began to converge.

In 1987, the national government convened a group of experts to issue a report on these forms of violence. They clearly defined three types: common delinquency, violence related to drug trafficking, and political violence associated with guerrilla and paramilitary groups.[3] At the time, the three were seen to have separate dynamics. Yet by the early 1990s it was obvious that these different kinds of violence were becoming loosely connected. Guerrilla groups, especially the Farc, began exacting taxes from peasants, directly controlling coca crops and

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[2] Report by the United Nations Office on Drugs and Crime, 2004. Colombia coca cultivation survey.

[3] Camacho Guizado, Álvaro, et. al. *Colombia: Violence, Democracy and Human Rights. Editorial Tercer Mundo.*

processing the coca leaf. Drug traffickers organized and formed paramilitary groups to defend their illegal activities, and in the process converged with cattle ranchers and other businessmen already engaged in these activities. Both guerrilla and paramilitary groups began directing different forms of common delinquency. This was most apparent in the case of paramilitary groups that, in Medellin and other cities, employed existing bands of criminals, but the Farc also used these types of organizations, especially in the commissioning of kidnappings throughout the country. Associations between drug traffickers and guerrilla or paramilitary groups were responsible for most criminal activity, although small, semi-autonomous cartels also survived. Today 80 of these kinds of organizations are said to exist.

The face of war changed. When drug-related violence and common crime converged with political violence, the armed conflict escalated, sending a clear signal that the State could conceivably collapse. With the potential to destabilize the Andean region, the situation became particularly worrisome to the United States.

Gráfica 1 Relación entre cultivos ilícitos y grupos armados ilegales
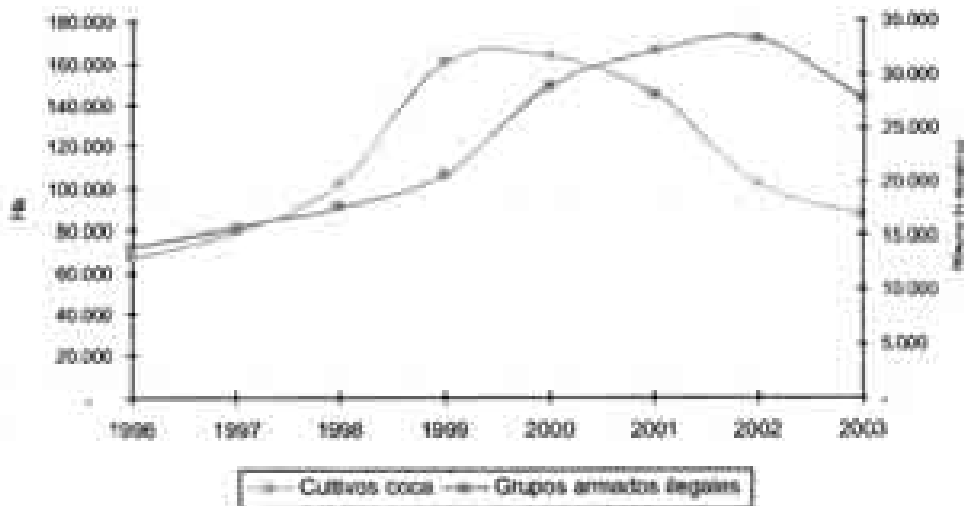
Fuente: Ministerio de Defensa Nacional y Proyecto SIMCI

The face of traditional politics also changed. In 1994, the biggest political scandal of the century exploded in Bogotá, when defeated presidential candidate Andrés Pastrana Arango publicized recorded conversations accusing the winning candidate, Ernesto Samper Pizano, of accepting campaign donations from drug traffickers. Through a herculean effort, Samper was absolved by the

House of Representatives, which was responsible for the political trial. He managed to prove that he had had no knowledge of the deal between his campaign managers and the drug traffickers, although it was clear that financial officers had indeed accepted the contributions. The process uncovered an undeniable fact of Colombian politics: in only twenty years, a significant portion of campaign financing was coming from drug traffickers. Gilberto Rodríguez Orejuela confirmed this in the aforementioned radio interview, calmly stating, "for twenty years I contributed." Yet his role was only part of a larger scandal that revealed how over a long period, local and national campaigns had been funded with dollars from the drug cartels.

In politics, the ground was also made fertile for the influence of drug trafficking. For a century, clientelism and the buying and selling of votes had sustained Colombian politics. Drug money took this practice to new heights.

The United States government responded to these drastic changes in Colombian life by making a fundamental change in its policy toward Colombia. For many years, its strategy with regard to the internal conflict and drug trafficking had been one of *containment*. North American researcher Nasih Richani demonstrates in his recent book that this attitude grew out of a rational analysis by the State Department. For a long while, this U.S. government agency insisted that the Colombian guerrillas did not constitute a real threat. Richani cites declassified State Department reports that argue, therefore that "the viable objective for both the Colombian and United States governments is containment and not elimination. The combination of Colombian and United States resources is designed to attain this objective, while elimination would require enormous resources better employed in the achievement of other ends."[4] Efforts to control drug trafficking – which was not yet closely linked to the armed conflict – would focus on "controlling" and "limiting" the flow of drugs into U.S. territory.

A change in strategy became clear with the approval of Plan Colombia. With the plan, the U.S. shifted from a strategy of "containment" to one of "elimination," calling for increased funding and heightened participation in the Colombian conflict. Military cooperation increased to an average of US$ 700 million per year and in four years, the number of employees at the U.S. Embassy in Bogotá grew from 400 to 2,000.

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[4] Richani, Nazih. *Systems of Violence: The Political Economy of War and Peace in Colombia.* Institute of Political Studies and International Relations of the *Universidad Nacional de Colombia.* IEPRI. 2003.

The problem

It is a lamentable fact that 13 million people (more than half of whom live in the United States) are addicted to cocaine, according to the United Nations Office on Drugs and Crime (Unodoc). The U.S. laments the fact that each year, 50,000 citizens are killed nationwide that are in some way linked with the drug trade, and that 80 percent of the cocaine and 50 percent of the heroin entering the U.S. comes from the Andean region. Yet that is only part of the tragedy. In nations like Colombia, Peru and Bolivia, it is lamentable that millions of peasants see growing coca leaves as their only alternative. These countries lament that a drug war is being fought in their territory, as well as the deaths, environmental destruction, displacement, hunger and political and social instability that the war brings with it. Everyone suffers.

Given that the number of cultivated hectares of coca in Colombia peaked at 163,000 in 2000 and that the number of hectares cultivated in the world has never surpassed 300,000 – and that the average number of kilograms of cocaine on the market in the last fifteen years has held steady at 650,000 – one might conclude that the problem is not that serious. But the repercussions of consumption and trafficking are serious indeed.
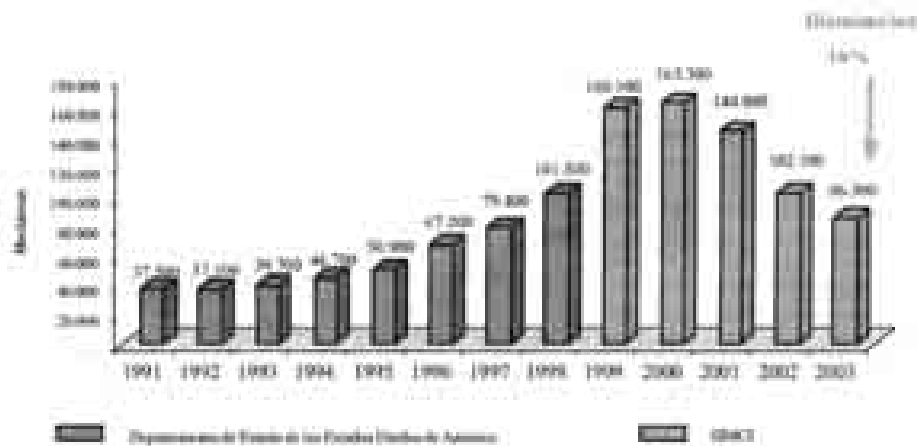
Some analysts point out that the users' health problems and the anxiety that cocaine generates in addicts, with its repercussions in the workplace and in family and social relationships, are a serious problem. At the same time, the predicament is aggravated by the enormous stigma attached to the cultivation, trafficking and use of drugs and by the illegal conditions in which these activities are carried out. Stigmatization and illegality have a wide variety of consequences. The first of these is the persecution and marginalization of thousands and thousands of members of society. The second is skyrocketing prices and the high profits they bring for some agents in the trade. The third is the development of illegal and armed forms of protection. The fourth is the trail of corruption left in government, in political parties and even in private businesses. But without a doubt the main problem aggravated by drug trafficking in Colombia is the internal armed conflict.

In Colombia, these consequences are dramatic indeed. According to Richani, "if we add up the number of coca producers, poppy and marijuana growers and dealers in products needed to transform coca into cocaine, they would total close to a million settlers (*colonos*), small peasants, and agrarian workers who depend totally or partially on illicit crops."[5] His calculations are based on figures from several Colombian researchers who have studied the social repercussions of the drug trade. The figure increases if we count the families of those involved, and it increases even more if we consider the thousands who sell the drug or perform jobs for drug dealers. Thus, this sector of society that makes up no less than four and a half million of the country's citizens – that is, 10 percent of the population – sees the State as the enemy, fleeing from it when they can but also confronting it and uniting with other outlaws to protect themselves.

[5] Richani, Nazih. Op. Cit.

Gráfica 4 Cultivos de coca en Colombia 2003

The illegality of cocaine cultivation, processing and trafficking is undoubtedly responsible for raising the drug's cost and generating huge profits and easy money for drug exporters. In the words of the astute Colombian intellectual Antonio Caballero: "if it weren't for prohibition, cocaine would be as profitable a business as coffee."[6] The risks to life and liberty inherent in these illegal activities are obscured by the fast-growing wealth they generate. Major Colombian drug traffickers have gained entrance to the ranks of the world's richest and even today, lesser traffickers display fortunes large enough to earn the envy of traditional legal businessmen. Even for the small farmers who receive a tiny portion of all the money moved by the drug, planting coca

[6] Caballero, Antonio. *Patadas de Ahorcado*. Entrevista del periodista Irragorri. Editorial Planeta. 2003.

is more profitable than other activities. Journalist Carlos Villalón, in an incredible story reported for *National Geographic* from deep in the heart of the Colombian jungle, describes the peasants' situation as follows: "A dealer will pay around US $1,000 for a kilo of good-quality coca paste. The grower, after deducting the cost of provisions and labor, can still make about US$ 325 per kilo." Such returns are impossible with legal crops.

An illegal business which in its heyday has brought in more money than all other Colombian exports combined will naturally attract many "entrepreneurs" and generate a complicated network of protection and resistance mechanisms. Even now, in late 2004, although Unodoc speaks of "Plan Colombia" as reducing shipments of cocaine to other countries to 450 tons, the approximate value of the business, based on an average wholesale price of US$ 30,000 per kilo, would be US$ 13.5 billion. Legal Colombian exports during this same year will total about US$ 15.5 billion.

Of course, not all this money makes it into the country. In past years, the U.S. Department of State has cited a return of US$ 5 billion to Colombia. These calculations are questionable, but there is one factor that indicates the huge influence the business has had on the national economy. Between 1981 and 1990, Latin America's GDP increased by 12.4 percent while in Colombia it jumped 43.6 percent.[7] This gap between one country and the rest of the region, which shared other stagnation factors, can only be attributed to extraordinary phenomena such as drug trafficking.

"All illegal business generates illegal protection and therefore, the total extinction of paramilitary groups is unthinkable unless the very lucrative traffic of drugs is eliminated," said Colombian businessman Ricardo Avellaneda, who took part in the government's first exploratory commission to begin negotiations with the United Self-Defense Forces of Colombia (UAC), a paramilitary group.[8] This statement, made by someone well aware of the importance of the traffic of stupefacient substances in the armed conflict, provides a glimpse of the intimate connection between the paramilitary phenomenon and the drug trade. In any case, the assertion was well confirmed

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[7] Data provided by the Economic Commission for Latin America (CEPAL).

[8] Conversation between the author and Ricardo Avellaneda.

at the start of negotiations with the paramilitary groups in mid-2004. Of the ten leaders that the paramilitaries chose to represent them in negotiations with the government, six were included on the United States' lists of major drug traffickers.

Nonetheless, in the last few years, paramilitary groups have managed to create an image for themselves among the Colombian public that they constitute an armed political response to guerrilla abuses. It took several years for this idea to take root in Colombian society, but the effort reached a decisive moment on April 18, 1997, when paramilitary groups came together to create the United Self-Defense Forces of Colombia (UAC). Present at the meeting were the self-defense forces of Córdoba and Urabá, groups from the eastern plains and from Puerto Boyacá, and Ramón Isaza's self-defense groups operating in the Mid-Magadalena region. Item Three from the meeting minutes read: "Define the United Self-Defense Forces of Colombia as a political-military movement, subversive in nature but exercising the right to legitimate defense, claiming transformation of the State, but not taking action against it."[9]

Even those who had studied the national scene began forgetting how the emblematic paramilitary group MAS (*Muerte A Secuestradores* or Death to Kidnappers) had formed in the 1980s to rescue Marta Nieves Ochoa, a member of one of the families linked to the Medellin cartel. Although the M-19 guerrilla movement had carried out the kidnapping, one would be hard pressed to say that the Ochoa family's reaction was politically motivated; the action was designed to protect money accumulated through illegal business activities, to protect a clan of drug traffickers. The same can be said of the Castaño Gil family's reaction to the kidnapping and death of their father. The Farc kidnapped this peasant whose wealth came from the illicit activities of one of his oldest sons, Fidel Castaño. The myth that the injustices of the Farc drove a certain group of Castaños to organize a political war is not completely true. With ties to Pablo Escobar, the Castaños were already part of the drug trade and began confronting the guerrillas in order to defend their private fortune.

In any case, if it is wrong to state that the paramilitaries' fundamental role has been to liberate Colombia from the guerrillas and protect the illicit

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[9] Castaño, Carlos. *Las autodefensas y la paz*. Editorial Colombia Libre.

activities of agrarian and urban businessmen, it is equally wrong to deny that they have partly achieved these goals. The country's cattle farmers and other business interests played a substantial role in the formation of paramilitary groups. By simplifying a bit – at a time when negotiations are bringing to light so many secrets – we can now say that paramilitary groups were formed to protect both an illegal business, drug trafficking, and the legal if parasitic business of extensive cattle ranching, an activity that occupies large portions of the national territory and employs small groups of workers under miserable conditions.

Carlos Castaño, who for a long time was the visible head of the paramilitaries, admitted in one of many interviews with the national press that 70% of the UAC's finances came from drug trafficking. We know that major drug traffickers had much to do with the origin of the paramilitary groups and also that an important part of resources used to purchase arms and sustain combatants came from these activities. Yet the most significant link between paramilitaries and traffickers was formed in 1999. Following a second meeting for expansion on May 16, 1998, in which other scattered paramilitary groups joined the UAC, Carlos Castaño began moving into other parts of the country and took a decidedly more offensive stance. Factions including the Central Bolivar, Catatumbo and Calima "blocs" formed at this time and the UAC took a great leap forward. They claimed that their ranks swelled from the 6,000 combatants registered at the time of their formation as a national force in 1998, to 13,000 in 2003 when negotiations began, and then to 20,000 members in 2004, just before demobilization.[10]

These rapid expansion and unprecedented build-up efforts required enormous investment. Commanders and combatants were offered large salaries and rewards; mercenaries were contracted openly and on a large scale. Published figures spoke of salaries reaching US$ 2,500 a month for a middle-rank commander in the UAC. Moreover, sophisticated national and international transactions allowed the forces to acquire first-class arms and infrastructure, including not only guns but light artillery and flotillas of helicopters, airplanes and power boats.

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[10] The United Self-Defense Forces of Colombia held exploratory conversations with the national government to seek an agreement for their demobilization and integration to civilian life during 2003. In July 2004, they began a formal negotiation process with their main leaders located in the small village of Santa Fe Ralito, in the Department of Cordoba.

Obviously, drug trafficking was not the only source of funding available to the paramilitaries. They also stole and resold fuel, sacked public resources, and even engaged in kidnapping, the very activity they had criticized the guerrillas for. But the UAC did not engage in drug trafficking solely to finance the war; it was also the principal means for increasing individual wealth. So much so that the former Treasury Minister and conservative presidential candidate Juan Camilo Restrepo began referring to the UAC leaders as *señores de la guerra* (war lords), given the enormous land and wealth under their control.[11]

But the Farc was not to be outdone when it came to using drug money. In fact, the Farc's dramatic growth in the mid-1990s was also financed with enormous revenues from the drug trade. At that time the Farc also doubled its ranks to form a bona fide guerrilla army that defeated government forces in the southern part of the country in 16 consecutive confrontations between 1996 and 1998.[12] At the end of the century they boasted no less than 20,000 combatants. The Farc is currently are active in several links in the chain. Little by little they began to engage in the exacting of "war taxes" and the processing and refining of cocaine and drug sales. Their specialty is exacting war taxes, and the amount extracted is by no means negligible. In the July 2004 issue of *National Geographic*, the aforementioned journalist Carlos Villalón printed a photograph of peasants delivering coca base to an intermediary at a small store, who would then take it to a cocaine production center. The photo's caption under the photo reads: "A trafficker weighs bags of coca base that growers have brought to sell in Santa Fe. He pays cash, taking bills from a bag between his legs. Next to him, an assistant notes each purchase so that the Farc can collect their 30% tax."

By 1996, the Colombian Department of National Planning calculated that guerrilla groups were making $1,155,900,000,000 Colombian pesos, or 1.54 percent of GDP. That figure represented the equivalent of more than US$ 500 billion at the time. Some analysts ventured that 48 percent of the Farc's revenues and 6 percent of the ELN's came from drug trafficking.[13]

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[11] Restrepo, Juan Camilo. Newspaper column in *El Tiempo*.

[12] Valencia, León. *Adiós a la política, bienvenida la guerra*. Intermedio Editores. 2002.

[13] *Los Costos de la Guerra*. Publicación del Programa Por la Paz de la Compañía de Jesús. 2004.

A difference exists between the paramilitaries and the guerrillas. The former acquired individual wealth while the latter – except in cases of corruption within their ranks – invest it all in the war. Another difference exists: there have not yet been any well-documented cases of foreign trafficking by the guerrillas. Naturally, this can be easily explained by the drug trade's potential to encourage decomposition and security risks in a guerrilla force that is concerned primarily with maintaining its ranks. Francisco Thoumi, an internationally respected researcher of the drug trade, stresses these differences in his book *The Drug Empire*. According to Thoumi, "In the mid-90s, the main Colombian revolutionary groups depended financially on illicit drug trafficking. This is an undeniable fact; however, there is no evidence to suggest that any international market connections existed. Therefore, it can be said that no guerrilla cartel existed."[14]

Some political leaders have ventured to say that corruption is more harmful than the armed conflict itself. And in Colombia, not all but certainly a major portion of corruption is associated with drug trafficking. The political and judicial process against President Samper's political campaign showed just how deeply corruption linked to the drug trade had touched Colombian politics. Yet it was readily apparent that this was not the only area that corruption had permeated. The justice system also bore traces of corruption, as did private enterprise. Thoumi dared to go further in his book, alleging: "Testimonies of peasants in growing regions implicate the Armed Forces in this illegal commerce. The decommission in Fort Lauderdale (Florida) of more than 600 grams of cocaine taken from on board the C-130 airplane belonging to the Colombian Air Force at the end of 1998 confirms these statements."

Experts on the drug trade and political and religious leaders can all offer good counter-arguments to the idea that the illegality of psychoactive drugs is the fundamental cause of these evils. What they cannot deny is that illegality and the war on drugs have compounded the problem rather than solving it. Prohibition is supported by recognition of the serious social disorders caused by these substances and their impact on health, employment and interpersonal relationships. But prohibition also feeds – and how! – a moralistic perspective. The United States emphasizes this moralistic view and uses it to project repressive, hardline policies.

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[14] Thoumi, Francisco. *El Imperio de la Droga. Narcotráfico, economía y sociedad en los andes*. Editorial Planeta. 2002.

It represses consumers, but focuses most efforts on producers and dealers. The so-called war on drugs is in truth a battle fought beyond its own borders.

Critics around the world and in the United States have criticized this dominant focus of North American policy, but a change in these policies is a long way off. According to Thoumi, "It is worth noting that in the United States, current policies enjoy social and political support, but among academics and analysts support is quite low. A recent study of the political views of members of Congress, academics, think tank professionals and Washington consultants found a consensus on the need for a change in policy and the impossibility of any change taking place in the short or medium-term future. All those interviewed in the study agreed that politicians see nothing to gain by promoting a change in policies."[15]

Plan Colombia

The great offensive against the cultivation, processing and traffic of drugs in Colombia began in 1994, when aerial fumigation began. Between that year and June 25, 2004 – the international day against drug abuse and illicit drug trafficking – 621,221 hectares of coca crops were fumigated. Despite these figures, the number of hectares under cultivation doubled from 44,700 in 1994 to 86,300 in 2004.[16]

Gráfica 7. Cultivos de amapola vs. aspersión aérea de amapola
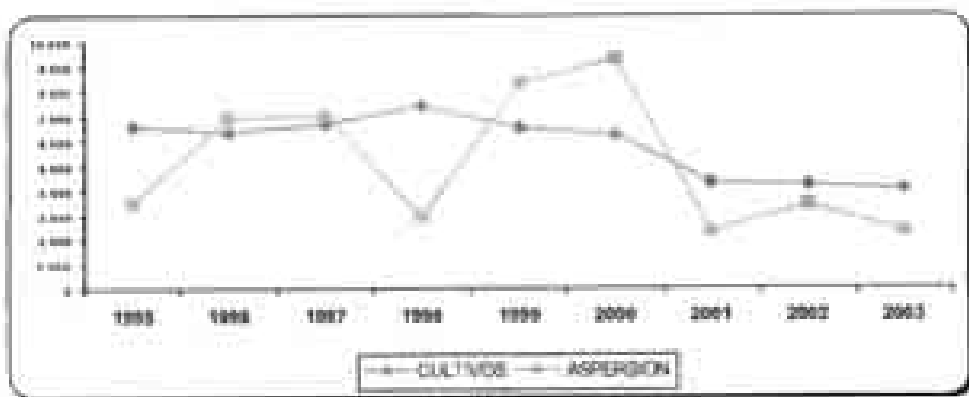
Fuente: Policía Nacional - Dirección Antinarcóticos

[15] Thoumi, Francisco. Op. Cit.

[16] Unodoc, Report previously cited.

The most intense period of fumigation, and also the most difficult confrontations with illegal armed groups linked in one way or another to the drug trade, began in 2000 with the launching of Plan Colombia. Authorities estimated at that time that the number of hectares under cultivation had been cut in half and, as mentioned earlier, the total number had reached its peak of 163,000 hectares. To reduce the total to 77,000 hectares, an additional 365,000 hectares would have to be fumigated, since five hectares must be fumigated in order to remove one from the market. Authorities also proudly noted that the number of tons of cocaine exported had decreased by about 260, placing the total at 440. For the U.S. all of this came at a high cost, since during these years it had invested US$ 3.3 billion in the effort, a figure that represented half of all military aid to the region. For Colombia, it has also meant increasing the defense budget by 3 percent of GDP.

Some analysts indicate that these results are pitiful in comparison to the massive efforts made. Researcher Dario Fajardo has also questioned the statistics themselves, arguing that Unodoc's own report registers no decrease in consumption or consumers. He claims there is evidence that coca farmers are compensating for the reduction in hectares by developing a type of coca tree that is three times more productive than the crops they produced before. He also suggests that coca farmers are planting smaller crop areas, hiding these where the jungle is most dense to avoid detection by monitoring systems.[17]

During the first two years of Plan Colombia, when Andrés Pastrana Arango served as president, a consistent strategy had not been articulated to reflect the U.S. government's change in attitude toward the Colombian conflict. Aerial fumigation was stepped up; regular military offensives were launched against the guerrillas; some actions took place against paramilitary groups and small drug cartels, but there was not yet a general plan aimed at a producing a fundamental change in the conflict. With the arrival of President Uribe, a project that called for a shift from containment to elimination began to be developed.

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[17] Fajardo, Dario. Lecture at Frederich Ebert Foundation, November 2004.

Pacification in the north and war in the south

It is not an exaggeration to say that President Uribe removed an enormous stone blocking the waters of national debate. He said that the insurgent threat had persisted because for the last fifty years there had been no leadership in the country, because the political and intellectual elite accommodated the guerrillas and only took symbolic action against the subversives. He said that in Colombia, one shouldn't talk about an armed conflict but a terrorist threat, that one should not keep referring to a war because there was no reason for a war to go on any longer, and that the word "reconciliation" had no place in national discourse because one should not accept the idea that society was fragmented.

This represented not only a change in thinking, but a drastic change in policy toward the conflict. Just a few years before no one would have thought it possible to negotiate politically with the paramilitaries, and Uribe opened the door to this possibility so quickly and boldly that it surprised both the international community and national opinion makers.

Analysts had imposed the idea that the conflict had reached a "negative tie" (*empate negativo*) or what Richani called a "comfortable impasse" from which it was practically impossible to exit through any means but negotiation. The State was unable to defeat the guerrillas and the insurgents were unable to reach the Plaza de Bolívar in Bogotá. Uribe broke this negative symmetry and employed every possible force to corner and force the insurgency to its knees in the southern part of the country.

Uribe also set aside the modesty that some national leaders had expressed with regard to U.S. participation in the conflict, and he easily convinced himself of the idea that in Washington's view, it was time to move from containment to elimination. President Uribe's strategy, which he calls "democratic security," has two basic lines: negotiating with the paramilitaries to achieve their demobilization and defeating the guerrillas militarily.

The government of President Álvaro Uribe Vélez has created a security model based on concerted pacification in the north, dominated by the paramilitaries, and U.S.- assisted war in the south, home to the guerrilla's rearguard. It is a consistent and bold project that has earned broad national and international respect, but it is not assured of victory for several reasons:

because the conflict now has very deep social roots among hundreds of thousands of coca-growing peasants, because there is a great deal of decisive opposition to the conflict, because the allies will play their own cards, and because the troops themselves show signs of protest and dissent which are often uncontrollable. While much of the public has greeted the new policy with euphoria, they are also aware of its obstacles and serious humanitarian costs.

Negotiations with many questions

Three years ago the paramilitaries vowed that they would only cease their efforts when the guerrilla disappeared. Their shift in position has several interpretations. The paramilitary leaders themselves justify their decision by saying that Colombia now has a president who is willing to defeat the guerrillas, so demobilization is permissible. Examining the matter more carefully, we can draw other conclusions. By the end of the Pastrana government, the paramilitaries had shown they were incapable of defeating the guerrillas. They were quite effective at pressuring the civil population adjoining the conflict, at massacres and at forced displacement. They had been lucky in their confrontation with the ELN, which is more of a militia than an army, but in direct conflict with Farc forces they suffered major defeats. Paramilitary action brought with it a serious loss of legitimacy in the international community. Even more importantly, the paramilitaries reached the peak of their accumulation of political power, social influence, land and capital through illegal or semi-legal practices. It was thus urgently important to find legal means to consolidate this massive power.

It is not hard to understand the reasoning motivating most of the national leadership. The moment had come to try and recover the counterinsurgency's monopoly based on strengthening the armed forces, to regain legitimacy in the eyes of the international community and to win decisive political and military support from the United States and Europe in the process. Because the government had not been able to defeat the insurgency with help from the paramilitaries – who had taken wing on their own – and their links with the drug trade were clear, trying another strategy had become imperative and urgent.

The door to negotiation was open, and it was thought that perhaps, at first, demobilization would be easier and faster. Carlos Castaño himself believed

in this illusion, coming to see negotiation as a "submission to justice."[18] He even admitted that turning himself in might imply imprisonment in the United States. He had nurtured this idea not only in conversations with members of his own paramilitary forces but with broad groups of drug traffickers whom he had come to represent, in order to deal directly with U.S. authorities such as those mentioned in his press leaks in 2000.

But Castaño disappeared or was killed by his own comrades-in-arms in an act that many interpret as a rebellion against this position of "submitting to justice" – and as an affirmation of the desire for a negotiated political settlement that would both avoid extradition and imprisonment in the interior of the country.

Conversations between the government and the paramilitaries took a new turn beginning in May 2004 with the disappearance of the person who had led the latter group for so many years. The negotiating table thus became the scene of both disputes and agreements among three parties. On one side was the United States, whose main interest was ensuring that the paramilitary leaders implicated in drug trafficking activities could be tried in U.S. territory. In this view, negotiations essentially consisted of "submitting oneself to justice." On another side were the paramilitaries, who struggled to give a purely political tone to the conversations. Finally, there was the government, whose position reflected a mix of the two options – part political negotiation and part "submission to justice."

Human rights groups and international organizations also held a position of influence at the negotiating table. By giving a voice to the civilian victims of the conflict and calling for a minimum of truth, justice and reparation, these entities had an echo in the conversations that although weak, was difficult to ignore.

The fact remains that today, in late 2004, the demobilization of some paramilitary groups is underway but it is not clear which interests will prevail.

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[18] The idea of "submitting to justice" or turning oneself in (*sometimiento a la justicia*) has been used at other times in Colombia to disarm and demobilize drug trafficking and paramilitary groups. It consists of reducing criminal sentences – even granting parole – in exchange for the decision to desist with criminal activity. In 1991, it was used in negotiations with two small paramilitary groups: one in the department of Córdoba and the other in the Magdalena Medio region. In contrast, political negotiation has often been used in Colombia to seek peace agreements with guerrillas. In such negotiations, the objective is bringing political groups that have taken up arms against the state back into democratic life. The judicial resources utilized in the framework of these political negotiations are pardons and amnesties.

Undoubtedly the drafting of the law on truth, justice and reparation represents an important step toward reducing tensions among the various positions, but there is not consensus on this law and it has not yet begun to move through the legislature. Uncertainty still reigns, in this sense.

The uncertainty is not only legal, because the type of negotiation and style of pacification being employed in northern Colombia will depend on how the war develops in the south. The equation seems very simple at first. The government was convinced that the process of demobilizing the paramilitaries could occur simultaneously to defeating the Farc in the south, but in either case the first and most important objective was victory over the guerrillas. Yet it is not clear that victory is around the corner. The Patriot Plan, undoubtedly the most ambitious offensive launched against the Farc in history, has not yet borne major results; the guerrillas are defending themselves well.[19] Analysts like Alfredo Rangel have begun to say that given the situation, the government will find it hard to manage a valid process of demobilizing and integrating the paramilitaries into civilian life, and that perhaps they should opt for a mutual agreement to partially demobilize, and for special types of cooperation between government forces and the paramilitary sectors.

On the defensive but far from defeated

President Uribe has complied singularly with his promise to launch an offensive against the guerrillas and seek their defeat. As part of the effort he has created four new mobile brigades, four new high-altitude battalions, close to 600 platoons of peasant soldiers and brought in some 15,000 military police. The troops include 80,000 active-duty soldiers.[20] The operation has sought both to reinforce military personal and increase the number of U.S. advisors in Colombian territory to 2,000, which is the largest delegation of U.S. forces worldwide in a territory that is formally non-occupied. The defense budget is

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[19] The "Patriot Plan" is the name given to a major military offensive against the Farc's rearguard. It consists of a mobilization of 17,000 soldiers with significant aerial support, in order to defeat the guerrillas in the departments of Meta, Caquetá, Putumayo and Guaviare.

[20] From a report by the Security and Democracy Foundation (Fundación Seguridad y Democracia), a non-governmental organization directed by Alfredo Rangel, who was until recently an advisor in the Ministry of Defense.

now estimated at more than 5 percent of GDP, and the U.S. has committed to support averaging US$ 700 million.

This investment in manpower and resources had brought government forces into more than 150 previously neglected municipalities; it has returned some highways to normal functioning; it has slightly reduced the prevalence of homicide and kidnapping but most importantly, it has created an atmosphere of trust and a feeling of security that had not existed for some time in the country.

Direct confrontation with the guerrillas has taken two forms: first, reacting quickly to attacks, mobilizing reinforcements and counter-attacking quickly and decisively. This attitude has raised the costs insurgency operations and has made retreat particularly painful. The army's liberation of Bishop Zipaquirá, who had been kidnapped by the Farc, was one of the first tactical surprises for the guerrillas. Second, the government now has sufficient forces to launch offensive against key guerrilla strongholds. The policy was carried out in three well-known cases: in Commune 13 in Medellin, in Operation Freedom in the department of Cundinamarca, and in Operation Patriot in the southern part of the country. The first two efforts produced favorable results for the government, forcing the guerrilla out of important locations and reclaiming territory. Operation Patriot has only recently begun, but it will serve as an important test of strategy for dealing with the Farc's rearguard.

Official Farc and ELN documents have recognized that the government is on the offensive militarily, and that their own forces are on the defensive. They have managed to hold out in this position. Yet their defensiveness is palpable; guerilla attacks against police headquarters and military installations have fallen by more than 60 percent, for example. In other words, while guerrilla operations are as intense as during the Pastrana period, these are limited to holding hostage or attacking the forces that pursue them. They have lost close to 30 percent of their combatants and reduced or dissolved some units; they have left areas of the periphery where their presence was permanent as well as some territory that they controlled. They have lost some mid-level commanders including leaders of major political influence, such as Simón Trinidad. Their funding sources have also been reduced. But without a doubt, the government has not yet struck at the heart of the guerrilla forces. Their chains of command remain intact and their traditional areas of control have not become vulnerable.

Some analysts, including Joaquín Villalobos,[21] have already spoken of the guerrillas' strategic defeat, forgetting that in war, knowing how to take the offensive when the circumstances call for it is as virtuous as organizing a defensive when the conditions demand it. An offensive force is measured by the size of the damage it can inflict on an enemy, and a defensive force by the damage it avoids and by its proven capacity to protect itself. Moreover, if a military force that is on the defensive can reach the end of a conflict without major losses, it achieves a valuable relative victory and has a major chance of organizing a good counteroffensive. Villalobos, who led the FMLN with great offensive skill and was particularly adept at attacking, fails to realize that Farc's greatest strength is defending and preserving itself. This skill has allowed them to survive for forty years, although it has kept them from ever getting close to victory.

Undeniably, President Uribe's government has made a major offensive effort and bet everything on defeat of the guerrillas, and without a doubt, it has achieved some victories. Yet arguably, the massive investment in personnel, resources and reorganization of the forces is yet to show results. In any case, the campaign has not ended. The Patriot Plan is slated to reach its objective by mid-2005. Next year's budget projections indicate that defense expenditures will increase by at least one-half of one percent of GDP, and that the military forces will grow with the creation of new mobile brigades, high-altitude battalions and peasant soldier platoons. In other words, the effort will continue and the next two years will allow us to draw clearer conclusions.

Attacking the "gray areas"

Perhaps the greatest error of "democratic security" policy is its treatment of the civilian population. President Uribe believes that there are important "gray zones" between the state and the subversives. He believes that a large number of non-governmental organizations, peasant and citizens' associations, labor unions, intellectuals and students either support the guerrillas or have a complacent attitude towards them. Yet the reality is that this link between the guerrillas and sectors of society, which was somewhat important in the 1980s, is

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[21] Joaquín Villalobos was the top commander of the FMLN in El Salvador. Since the peace accords, he has worked as an analyst on security themes and an advisor to governments around the world.

almost nonexistent. The conflict radically changed in the 1990s. With the fall of the Berlin Wall and global transformations, the illusion of a triumphant insurrection went up in smoke. During these years, social and political activists distanced themselves from the insurgency and the guerrillas have been completely disappointed with the low support that the middle and working classes have shown for the armed struggle. Today, the guerrillas draw their main support from marginal and illegal sectors of society, youth from economically depressed areas, coca-growing peasants, and society's outcasts. Yet those on the margins are both perpetrators and victims of the conflict. They participate in an illegal trade and attack society, but represent the tragedy of a nation that forces millions of people to live off the crumbs of a dirty business. They are major social forces that attack the State from the outside and formally established society.

Overall, the numbers of deaths, disappearances and arrest that the armed forces themselves have published testify to the enormous pressure that the conflict has placed on civilians, and to the significant humanitarian crisis during the last two years of government.

The two years of results published by the government through the Ministry of National Defense include these statistics: 12,977 members of subversive groups were captured, 3,841 were shot down or killed and 3,655 deserted – representing a total of 20,473 people.[22] But only about 1,000 of those captured have been imprisoned, making it a high probability that most of those counted had nothing to do with the conflict. The number of those shot down or killed reflects a sadder reality. Internal guerrilla communications place these figures at 690 for the Farc and 170 for the ELN, which would indicate that perhaps 2,800 of those killed were civilians. The number of those arrested in the drug trade is listed at 97,670 but one doesn't need a great deal of insight to conclude that 90,000 of these must be coca-farming peasants.

On the other hand, the Colombian Commission of Jurists[23], in monitoring the violations of the ceasefire decreed by the UAC, has reached the chilling

[22] National Ministry of Defense of Colombia, Vice Ministry of Institutional Management. *Resultados de la Fuerza Pública contra la violencia, criminalidad y terrorismo. Balance de 24 meses del gobierno del presidente Uribe.*

[23] The Colombian Commission of Jurists is a non-governmental organization. Their report was based on information gathered in diverse national and regional newspapers and also on complaints registered by victims to human rights organizations.

count of 1,899 civilians killed or disappeared at the hands of the self-defense forces during the period of negotiations and cessation in hostilities.

Trapped in the conflict between the Farc and the government are those who have been kidnapped or are prisoners of war. Humanitarian interchange[24] has been impossible because neither side has wanted to make even a minimal political or military concession. The only times when interchange seemed even remotely possible were when a poll revealed massive popular support for interchange or there was public or international protest. Otherwise, as soon as the outcry dies down, each side resumes its silence.

Facing probable failure

Perhaps the most critical voices of U.S. policy in Colombia and the Andean region have come from within the halls of Washington. The Council on Foreign Relations, an influential think tank, formed an independent commission that spent much of 2003 consulting diverse sources in the field, producing a report on the situation and recommending a change in U.S. government policy. The commission highlighted Colombia as the key to the region's crisis.

The report states openly that the region is headed for collapse, that democracy is seriously threatened, that U.S. government policy is myopic, and that radical and urgent change is needed to prevent the situation from deteriorating in the region:

"U.S. policy in the Andes has reached a tipping point. Over the last twenty years, the United States has spent more than $25 billion in the Andes, primarily on a drug war focused on supply-side eradication and interdiction – an effort that has not been accompanied by an equivalent focus on development, institution building, and necessary public- and private-sector reforms in the region, nor by a comprehensive, multilateral demand-reduction strategy in drug-consuming nations. An aggressive, comprehensive regional strategy from the United States, the international community, and local actors is urgently needed: a strategy that goes

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[24] "Humanitarian exchange" is a term used to designate a possible negotiation between the Farc and the national government, aimed at liberating the hostages and prisoners of war held by the guerrillas as well as the guerrillas imprisoned by the government.

beyond drugs to channel resources to far-reaching rural and border development and judicial and security reform, and that will mobilize the commitment and capital of local elites, as well as U.S. and other international resources."[25]

The report is detailed and precise in its recommendations. It takes what can be called a "conflict dissolution" approach; that is, it supports the idea of suppressing the production, traffic and consumption of drugs – and the illegal armed groups sustained by the drug trade – while emphasizing the need to tackle the economic and social causes feeding the conflict. The focus on "dissolving conflict" rather than "eliminating actors" differentiates this proposal from current U.S. policy. A key point is the report's assessment that Colombia and the Andean region need both "hard" and "soft" assistance; it criticizes the fact that U.S. aid has concentrate on "hard" assistance. It also argues that anti-drug policy commits a serious error by focusing on supply and attacking coca cultivation primarily. The report proposes instead to balance efforts to combat drug cultivation and trafficking with resources and efforts aimed at reducing consumption. Finally, it states that supply-side strategies give priority to "the highest strata of the drug trade, to narcotraffickers and small cartels," and see fumigation as something complementary but not crucial.

The report clearly highlights the need for a special policy through which the International Monetary Fund, the World Bank and consuming countries would join forces to promote development in the Andean countries. It highlights the urgency of a major agrarian reform and the importance of free trade agreements that give preferences and guarantees to countries in the region.

It mentions the critical importance of supporting peace negotiations in Colombia and the obligation to prepare for the post-conflict period.

The new strategy suggested in the report is undoubtedly a thousand times more realistic, intelligent and generous than the policies that currently predominate in Washington. At the same time, the Council on Foreign Relations' proposed strategy does not question the prohibitionist foundations of U.S. policy, nor does it see a plan for national reconciliation in Colombia as central to ending conflict.

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[25] John G. Heimann, Daniel W. Christman, Julia E. Sweig, *Andes 2020: A New Strategy for the Challenges of Colombia and the Region.* Council on Foreign Relations, 2004.

Moreover, the Council on Foreign Relations' proposal has a very low probability of acceptance in Washington. Bush's reelection leaves very little space for a reorientation of U.S. policy. Bush himself, on a brief visit to Colombia in 2004, confirmed his commitment to continuing Plan Colombia and financing its second phase beginning in 2005. The most likely outcome is that the conflict will escalate and that drug cultivation, processing and trafficking will become even more central to the war. To the degree that illegal armed actors persist, that coca-growing peasants take more radical action against fumigation, that money continues to flow toward narcotraffickers, and the countries of the Andean region show signs of collapse, the U.S. will feel obliged to deepen its intervention. This may even include occupation along the lines of what has happened in Afghanistan – our brother in misfortune, with its monopoly on the Asian heroin market.

The idea of dissolving the conflict rather than eliminating its actors, of attacking the fundamental causes driving the conflict and considering proposals for negotiation indicates, undoubtedly, a more probable path to solving it. Nevertheless, this view fails to take into account several considerations: that the guerrilla war came before the rise of drug cultivation; that colonization came before it as well, as did the political and social marginalization of broad sectors of the rural and urban populations. Colombia's conflict has deep historical roots. What Belisario Betancur called subjective causes twenty years ago (that is, the readiness and predictability with which groups in Colombia have taken up arms in search of recognition and inclusion) play a fundamental role in the Colombian conflict and will play a major role in it. Clearly, negotiation and inclusion provide the most certain path to ending the war.

The reconciliation of all Colombians is at the heart of this project. Negotiation must play a central and not secondary role. Any attempt to eliminate actors will lead to catastrophe. Attempting to dissolve the conflict instead is a more lenient policy that may bear some results. But the road to reconciliation will pay returns for democracy and shorten the duration of the conflict.

In the end, reconciliation implies exploring formulas such as forming a transition government in which all actors in the conflict participate. It means seeking to end drug cultivation, processing and trafficking in a concerted way and offering authentic development programs that generate new life alternatives. It means launching a process of national reindustrialization as

well as major social reforms along the lines of those being attempted in the southern cone under the leadership of President Lula. It also means daring to seek more flexible policies for prohibiting drugs and more persuasive ways to reduce consumption. ▮▮▮

Version: Elizabeth Station and Sally Station.

Petroleum policy and the future of the Ecuadorian Amazon [1]

Guillaume Fontaine [*]

S|ince the 1960s, most petroleum activity in Ecuador has been concentrated in the Amazon region. The social and environmental impact of this activity became known beginning in the 1980s and led to a variety of environmental conflicts in the decades that followed. In this sense, Ecuadorian petroleum policy will to a great extent determine the short and medium-term fate of the Amazon region. This article will first review the evolution of petroleum policy and then analyze current problems in the Amazon region as they relate to hydrocarbon activities.

Petroleum policy in historical perspective

The first oil concession contracts in Ecuador were signed in 1878 with the M. G. Mier company, and in 1909 with the Medina Perez family, granting

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permission to explore and exploit the coastal lands. In 1919, Anglo Ecuadorian Oil fields, a Royal Dutch Shell affiliate, discovered oil on the Santa Elena peninsula, exploiting it to depletion, leaving Ecuador with an infinitesimal portion of the earnings. In 1937, Shell acquired the concessions belonging to the Leonard Exploration Co. (a Standard Oil of New Jersey affiliate) for 10 million hectares, and organized the first explorations in the Amazon region. Standard Oil relocated to Peru, before returning to Ecuador under the name Esso, to become partners with Shell in 1948. One year later, this consortium left the region, which inspired President Galo Plaza's famous comment: "*Oriente* is a myth". Fifteen years later, the Texaco-Gulf consortium was granted a new concession, which predated the discovery of oil in the northern Amazon in 1967. They initiated the first "black gold rush": in 1970, some 30 concessions were granted, covering over 10 million hectares in the region. (Fontaine, 2003a: 99).

The oil shock of 1973 spawned a period of prosperity resulting in an average increase of 9% per year in the GIP during the 1970s, generating figures like 25.3% in 1973 and 9.2% in 1976. However, growth slowed in the 80s, falling to an average 2.1% per year. The first years of this bonanza were marked by increased government influence in the industry, including the creation of the Cepe (State Oil Corporation of Ecuador) in 1971, later to become Petroecuador, in 1989. In 1969, the government began renegotiating the Oriente concession contract and, in September 1971, the Ecuadorian Congress passed a non-retroactive reform of the Law of 1937 regulating oil activity. Rodriguez Lara's military government, which took power following a coup in February 1972, then began nationalizing the oil sector, in particular through an initiative by the Minister of Natural Resources, Gustavo Jarrín Ampudia. (*Ibíd.*: 95).

The first measure taken by the new government was Decree 430 of June 12, 1972, which ordered all concession contracts predating 1971 to be renegotiated. Simultaneously, the Texaco-Gulf Oil consortium finished construction of the Trans-Ecuadorian Pipeline System (Sote), capable of transporting 250,000 b/d (barrels per day).[2] In August of 1973, an agreement was signed whereby Texaco and Gulf would give up their majority shares in the concession but would keep control until 1992. Up until 1976, the situation

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[2] A reminder: 1 barrel = 158,98 liters, measured at 15,5° C and at sea level.

did not change for the other business partners, whose production remained limited to 210,000 b/d, while Cepe secured the rights to sale of 25% of production. In December of 1976, the military junta that came to power in January of that same year finalized a new agreement, under whose terms Cepe took control of Gulf in Ecuador and became the majority shareholder in the consortium with 62.5% of shares. Nevertheless, Texaco continued to control production operations. (Philip, 1982: 280-282).

The oil bonanza led to a growing disparity between imports, increasing sevenfold between 1971 and 1980, and non-petroleum product exports with only a fourfold increase. Petroleum's share of all exports grew from 18.5% to 62% between 1972 and 1980 and accounted for 62.4% of the GIP in 1985. In addition, as a consequence of the mounting external debt, the commercial surplus was wiped out.

This tendency could not be turned around during the 1980s, at a time when global petroleum prices began a lasting decline. In 1984, the government began negotiating repayment of the external debt and put structural adjustment policies into place, under the tutelage of the IMF. The failure of these policies was to have lasting consequences, the effects of which would be felt in 2000 with the complete dollarization of the Ecuadorian economy, essentially sustained by petroleum production and exports.

Contracting System Reforms in the 90s

Cepe lost its sales monopoly under Law 101 of 1982, which restricted its activities to production and refining. Until the passage of Petroecuador's Special Law No. 45 in September 1989, the Hydrocarbon Law was modified three more times: via Executive Decree No. 958 and Law No. 8 in June and September 1985, then with Decree Law No. 24 in May 1986. Between 1983 and 1993, six rounds of bidding took place, in the form of service contracts, similar to the association contract effective in Colombia at that time (Caballero 2003: 188).

The creation of Petroecuador and its three affiliates – Petroproducción, Petroindustrial and Petrocomercial – accompanied the restitution of the Texpet fields to the Ecuadorian government and the opening of the private sector. The Hydrocarbon Law was modified once again via Law No. 44 (in November 1993), which created production participation contracts as well as service supply

contracts. Then followed three more reforms: in December 1993 (Law No. 49), September 1994 (SN Law) and in August 1998 (Special Law 98-9). In this way, the seventh and eighth rounds of oil bidding were convened.

Theoretically, in participation contracts, Petroecuador and the associated company assume joint risk for exploration, while in service supply contracts, the partner is wholly responsible for risks linked to exploration and the partner receives an indemnity (previously fixed) at the time the sale of any discovery is declared. (AAVV, 1990: 22-23). But the reforms introduced by Law No. 44 went farther in opening the sector to private capital.

They allowed company partners to bill in merchandise (for example, crude oil), based on a percentage fixed at the time the exploitation contract was signed, and dispose of this oil as they saw fit. At the same time, income taxes were lowered and exchange controls became more flexible. The downstream industry also opened up, until then the exclusive domain of Petroecuador, and duty-free importation of petroleum products was authorized. Naturally, the price of these products on the national market was calculated based on international prices, although fixed by a presidential decree, and the beneficial margins with respect to production prices were subject to restrictions.

On the other hand, government control of Petroecuador's operations increased when 10% of production formerly assigned to the Oil Investment Fund was transferred to the Finance Ministry. This appropriation of funds, designed to relieve the federal deficit, affected investments in the field of exploration and structural maintenance. Of course, the totality of the state-owned company's profits (calculated based on gross income after deduction of royalties and company expenses and those of their affiliates) reverted to the Central Bank to specifically cover the external debt. (Campodónico, 1996: 162-172).

Meanwhile, the Government sought to increase production capacity to a maximum, renouncing "conservative" strategies of the 1970s and 80s. In 1992, Ecuador withdrew from Opec and abandoned its quota policy, paving the way for an increase in production from 321,000 to 378,000 b/d between 1992 and 1997 (EIA, 1997). Likewise, a series of adaptations sought to facilitate the development of exploration investments, such as ending the requirement that wells be drilled during the exploration phase, increasing the surface area of bidding blocks to 400,000 hectares, and reducing the surface area to be returned to the State in cases of saleable discovery.

On the other hand, increased transportation capacity and the construction of a new pipeline became State priorities. This project was delayed until 2001 since Petroecuador did not have the resources necessary for this investment and no government agreement could be reached regarding the form associations with private companies would take. In November 2000, a presidential decree was finally issued ordering construction of a heavy crude oil pipeline (OCP), with a transportation capacity of 410,000 b/d, from Lago Agrio (Sucumbíos) to Balao (Esmeraldas). Techint, a current partner in the consortium, along with Agip Oil, Encana Occidental, Perenco, Petrobrás and Repsol-YPF, completed construction in 2003.

The government proposed another reform in 2004, this time focusing on new types of contracts, aimed at increasing the productivity or reopening of wells operated by Petroecuador. Decree No. 799 of 2000 had created strategic alliance contracts and an agreement between the Ministry of Energy and Mines and the Ministry of Finance in 2001 created operational alliance contracts. However, experts questioned the legality of both agreements although they are currently still in effect. (Araúz, 2004: 62).

The Ecuadorian Oil Industry's Current Situation

Officially, in 2002 proven Ecuadorian reserves reached 4,630 million barrels, placing the country fourth among Latin American countries behind Venezuela (77,923 million), Mexico (22,419 million) and Brazil (8,485 million). However, production capacity was limited to 407,000 b/d (sixth in Latin America), and refinery capacity was limited to 177,000 b/d (seventh). Proven reserves and natural gas production continue to be marginal, compared to other countries in the region (Olade, 2002).

Ecuadorian crude oil production is concentrated in the Amazon region, with 32 blocks, plus the old Texpet fields, 11 of which are up for bid[3], besides the ITT field (Ishpingo, Tiputini, Tambococha). Petroecuador exploits the old Texpet fields and cemented operational alliances with Dygoil (at the Atacapi, Pacahuacu and VHR fields) and strategic alliances with Sipetrol-Enap (at the

[3] Blocks 30, 34, 37 and 41 are up for bid, as well as other blocks not up for bid (25, 26, 32, 33, 35, 36 and 38).

MDC, Paraíso, Biguno and Huachito blocks). Operations in the marginal Petroecuador fields are shared with Tecnie-Bellwether (Chapara), Río Alto Exploración (Tigüino), Petrosud-Petroriva (Pindo, Yuca Sur and Palanda) and Tecpecuador (Bermejo). The main multinational companies currently present in the Amazon region are: Occidental (Block 15 and the Limoncocha and Eden-Yuturi blocks), AEC and Encana (Tarapoa, Blocks 14, 17 and 27), Agip Oil (Block 10), Repsol-YPF (Block 16), Petrobrás (Blocks 18 and 31), Perenco (Blocks 7 and 21), CGC (Block 23), Burlington (Block 24), Tripetrol (28) and CNPC-Amazon (Block 11). Offshore exploration and exploitation are limited to Blocks 1, 2 and 3 (operated in 2004 by Canada Grande, Pacifpetrol and EDC), and four blocks are awaiting bidding[4] (AAVV, 2004b).

Finally, following eight rounds in which 16 oil blocks were put on offer, close to 90% of production will be taken over by seven companies: in 2003, Petroecuador produced 48.5% of the total volume, followed by AEC (10,6%), Petroecuador-Occidental (8%), Repsol-YPF (7,7%), Agip Oil (7,2%), Occidental (4,6%) and Ecuador TLC (2,5%). That same year, the central government's oil profits reached 1.555 billion dollars and oil export volume totaled 2.606 billion dollars. Oil profits represent close to 33% of the State budget and between 40% and 43% of all exports (AAVV, 2004a).

At the end of 1999, service supply contracts accounted for 11.84% of government revenues, while the rest was reserved for partner companies, among them Occidental, Elf Aquitaine, Oryx, Tripetrol and Repsol-YPF. These contracts were renegotiated in 1999 and, currently, the only one still in effect belongs to Agip Oil Ecuador, operator of Block 10, from which the State receives 54% of all income, but is responsible for covering operating costs (Arauz, 2004: 59).

By comparison, State participation in these participation contracts as redefined in Laws 44 and 49 is based on production volume: greater volume means a lesser percentage of participation by the State. Therefore, government revenue is equal to approximately 20%, as in Block 31 (acquired by Pérez Companc in the eighth round) and ranges from 21% and 50% in Block 27 (acquired by City in the seventh round). Following decreed reforms, at the

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[4] Blocks 4, 39 and 40 are up for bid.

end of 2003 these contracts fixed participation of the Ecuadorian government at approximately 20%, with variations ranging from 12% and 13% in Blocks 14 and 17 (operated by Vintage, then AEC), 15% in Block 15 (Occidental), 18% in Block 16 (Repsol-YPF), 20% in Blocks 7 and 21 (Perenco), 23.5% in Block 27 (City, then Encana), and 33% in Block 18 (Ecuador TLC, then Petrobrás) (*Ibíd.*: 61).

In cases of participation contracts for joint exploitation, Petroecuador's participation is based on crude volume. This sits at about 20%, as in the Bogui-Capirón fields operated with Repsol-YPF, and Eden-Yuturi operated with AEC, then Occidental. But they can be as high as 60%, as in the case of Limoncocha operated with Occidental. Lastly, the accumulated profit from exploitation of marginal fields is as much as 66.8% (*Ibíd.*: 61-62).

The Future of the Amazon Region

Future Prospects for the Oil Industry

Since the beginning of the 1990s, the prospect of short or medium-term depletion of Ecuadorian oil reserves opened a debate on the economic viability of oil policies (AAVV, 1997; Doryan López, 1992; Acosta, 1991). At present, given the extent of the external debt,[5] the country lacks the necessary financial autonomy to allow the State a predominant role in investments. Moreover there is the need to modernize obsolete equipment, not only to increase productivity in the oil sector, but also to prevent environmental damage due to accidents, such as rupture of pipelines and pumping stations. Therefore, regardless of the medium-range effects of Ecuadorian petroleum policy, each administration will be more than likely to increase attempts to attract foreign private investment, thereby continuing the liberalization begun in the 80s.

Although privatization of the state-owned company was not yet in the cards in 2000, the creation of operational and strategic alliance contracts signaled, in fact, partial privatization of the industry (EIA, 3/2000). This

[5] In 2003, the published external debt in Ecuador reached 11.483 million dollars, or 64,4% of the GIP. (AAVV, 2004a).

strategy on the part of the Ecuadorian government adheres to recommendations from the World Bank, which insisted in a report issued in April 2003, on the need to "open" the state-owned company to investment in order to counter a drop in production and implement reform of the petroleum sector.[6] In fact, a 127.5 million dollar investment was calculated as needed to increase production by 5,000 b/d at the Shushufindi field; 15,000 b/d at Sacha; 10,000 b/d at Auca, and 12,000 b/d at Libertador.[7]

In October 2003, President Lucio Gutiérrez announced that his government would proceed with bidding on the main fields operated by Petroproducción (including the marginal ones), the La Libertad and Esmeraldas refineries, the Pascuales polyduct, followed by the Pañacocha and ITT (Ishpingo-Tambococha-Tiputini) fields and then two blocks located in the southern Amazon region. On November 4, 2003, the Shushufindi, Lago Agrio and Yuca-Yulebra fields went up for bid, in the form of association contracts, with a minimum State participation of 35% of the marginal production increases, plus royalties and taxes. This offer seduced Chinese companies following the Cnpc restructuring (China National Petroleum Corporation), but the private sector did not find it very attractive (due to legal uncertainties at the time). It also generated strong criticism in Ecuador, feeding Congressional debate over the Hydrocarbon Law reform, and was finally abandoned by the government.

Oil's Socio-Environmental Impact

One of the consequences of liberalization of the petroleum sector is the increasingly direct relationship between private companies and local communities, whose lines of reasoning differ greatly. In this context, the State ought to play a key role: on the one hand, by developing a legal framework to keep this confrontation from degenerating into conflict; and on the other, by assuming the role of mediator through the institutionalization of these relationships, so that affected populations are sheltered from the effects of a

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[6] Cf. the daily *Hoy*, 10/04/2003.

[7] Cf. the daily paper *Hoy*, 8/07/2003.

deteriorating environment. However, this mission falls within the context of a crisis in governability, reflected in Ecuador's political instability and the proliferation of environmental conflicts, derived mostly from the socio-environmental impacts of the 1990s (FONTAINE, 2003 a: 479-496).

The Ecuadorian people were unaware of the socio-environmental impacts of petroleum activities until the beginning of the 90s, when the Texaco contract expired. The first systematic investigation of the subject done in Ecuador indicates that, between 1972 and 1992, the most serious of the 30 Sote spills caused a loss of 403,200 barrels, and 456,000 barrels of crude oil[8] and 450 million barrels of formation water were dumped into the environment, as well as 6,667 million cubic meters of gas that burned up in the open air (Kimerling, 1991; AAVV, 1996: 139). Another independent report stated that populations living in the contaminated zones, where Texaco operated since 1992, were exposed to concentrations of aromatic hydrocarbon polycyclics and volatile organic components well beyond acceptable standards in the United States and Europe, generating a variety of illnesses ranging from secondary infections – such as cutaneous fungus, warts or eczema – to skin cancer, blood cancer and cancer of the esophagus, and including pneumonia and spontaneous abortions (Jochnick et. al., 1994). Other investigations revealed that, although there were fewer pregnant women in contaminated zones such as San Carlos (Orellana), the rate of miscarriages before 28 weeks was greater here. (San Sebastian, 2000). An enormous diversity of cancers also appeared in these regions (stomach, gall bladder, larynx, liver, blood, etc.) along with an elevated mortality rate among those exposed to these illnesses. (San Sebastian and Hurtig, 2002).

Historically, this peripheral region served as a substitute for agrarian reforms in the 1960s and 70s. The population in the Amazon region rose from 74,913 to 546,602 between 1962 and 2001, though projections from 1962 did not foresee it surpassing 353,612, which confirms the correlation between petroleum activity and agricultural colonization. Petroleum is responsible for 74% of all production in the Amazon, well above farming activities and commercial and transportation services. Moreover, the correlation curve between deforestation and number of wells drilled between 1986 and

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[8] Compared to losses caused by the Exxon Valdez spill in Alaska, which reached 259.200 barrels.

1996 shows that, in places where wells were drilled, the deforestation rate was greater than 50%, and in some cases reached 100%. (Arteaga, 2003).

Lastly, in 1992, following twenty years of oil exploitation in Sucumbíos (where half the regional GIP is concentrated), all socio-economic indicators fell below the national average: life expectancy was one year less than the national average (63 compared to 64); health workers represented only 11.3% compared to 30% on a national level; the infant mortality rate reached 62.6% compared to 53.2% on a national level; there was over 30% functional illiteracy, compared to 25% for the rest of the country. In addition, less than 9% of homes had access to a sewer system, compared to 39.5% for the rest of the country; less than 40% had access to electricity, compared to 77.7%; and only 5.5% of homes had running water, compared to 38.2% nationally.[9] (Fontaine, 2003b).

Ten years later, the situation is not much improved, according to a study carried out between 2000 and 2002 (by church groups, community organizations, municipalities, provincial institutions and organizations, etc.) as part of the Strategic Participatory Plan for the Province of Sucumbíos.[10] The poor quality of education, the low educational performance levels and meager educational and cultural development are on a par with the inefficient healthcare system, due to lack of coordination, shortages and the poor quality of services offered (which translates, for example, into high morbidity and infant mortality rates). Deficiencies in the electrical, communications and commercial network services, as well as basic infrastructure, continue to be worrisome, along with problems relating to citizens' safety (before Plan Colombia), which manifest themselves in institutionalized corruption, impunity and, naturally, a very limited capacity to respond to disasters.

Environmental Conflicts in the Amazon Due to Petroleum

Already by the end of the 1980s, a series of conflicts centering around petroleum exploitation and exploration exploded in the Amazon region,

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[9] Data based on the Integrated System of Social Indicators (SIISE) 2000 and Infoplan 1999.

[10] H. Provincial Council of Sucumbíos, "Participatory Plan for Strategic Desarrollo of the Sucumbíos Province 2002-2012", Nueva Loja, 2002.

particularly in Yasuní Park, the Cuyabeno Reserve and the Pastaza province. Moreover, the spread of information regarding the impact of petroleum activities led to growing conflict between environmental, indigenous and peasant organizations and the Ecuadorian government and companies in the region.

The dispute that received the most international media attention is, without a doubt, the Texaco conflict, which began in 1993 with a suit filed by 30,000 people before the Southern District Court of New York. In order to group individual suits together and obtain collective reparations, a class action suit was filed that sought compensatory and punitive damages for personal and property damage caused by environmental contamination. The plaintiffs cited negligence and intentional offense through action and omission, leading to individual and collective damage, including increased risk of cancer and other illnesses, as well as the degradation and destruction of the surrounding environment.[11] In August 2002, the Ecuadorian Court of Appeals once again brought up the case, where it is still being tried. (Fontaine, 2003 b).

However, negotiations between northern communities and Petroecuador, and the radical opposition of indigenous groups and organizations in the central and southern parts of the region seeking indemnities and compensation for pollution, cover a multitude of conflicts, from one end of a wide spectrum of polarization to the other. Such is the case of the Transcutucú Shuar and Achuar peoples versus Burlington (Block 24) and the Quechua people of Sarayacu versus CGC San Jorge (Block 23). These communities are asking that a moratorium be placed on oil activity in the central and southern Amazon regions, something the Opip (Organization of Indigenous Peoples of Pastaza) has been demanding for fifteen years. Together with the evolution of environmental legislation over the past decade, this has been one of the most important issues confronting Ecuadorian petroleum policy makers.

In Ecuador, the first legal measures to protect the environment were taken in 1976, with passage of the Environmental Prevention and Pollution Control Law. However, this law had no impact for fifteen years due to a lack of corresponding regulations. These issues are dealt with specifically in several

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[11] Altogether, the suit included seven allegations: negligence, public and private nuisance, strict liability, medical monitoring, trespass, "civil conspiracy" and violation of the Alien Tort Claim Act (ATCA).

regulations contained in the Forest and Conservation of Nature and Wildlife Law of August 1981 regarding water (1989), air (1991) and soil (1992), as well as in many regulations in regional and sectional legislation. (Narváez, 2004: 366-374).

But generally speaking, there was no particular concern for protecting the environment from the negative impact of hydrocarbons until recently. It was not really until after the constitutional reform of 1998 that environmental law was structured so that it might have an effect on these issues. The main change introduced by the Constitution in this area is Article 86, upholding the people's right to a healthy environment, free of pollution. This Article is complemented specifically by Articles 87 through 90 focusing on environmental responsibilities, community participation, public policy objectives regarding environmental issues and liability for environmental damage.

As part of continuing constitutional reform, in July 1999 the Environmental Management Law was announced, placing responsibility for promoting sustainable development with the Ministry of Protection along with those entities in charge of decentralizing environmental management. Among the instruments cited in the Law are planning, impact studies and environmental monitoring and controls, as well as many other mechanisms for social participation.

Lastly, President Gustavo Noboa issued decrees containing two regulations, the scope of which has yet to be evaluated but that, undoubtedly, will have a decisive impact on petroleum activity in next few decades. The first of these replaced the environmental standard that regulated hydrocarbon operations in Ecuador (issued in February 2001) and the second is the Consultation and Participation Regulation for hydrocarbon activities (issued in December 2000). And although the first of these did not generate much public discussion, the second continues to be the target of strong resistance, similar to opposition raised by environmental and indigenous movements in response to the expansion of oil activities in the Amazon region.

In compliance with this regulation, an initial probe was carried out in 2003 before Blocks 20 and 29 went up for bid (Izko, 2004). Although the results of the probe were positive at the time exploration of these blocks began, it sparked a campaign headed by the Quechua communities from Napo and Pastaza and supported by several environmental NGOs (AAVV, 2004c).

The accusations targeted procedures and the legitimacy of the process itself, especially given the lack of consensus, to date, with regards to the regulation. This situation suggests that, in Ecuador as in other Amazon nations, the conditions for a lasting and equitable resolution of environmental conflicts will not spring from the legal realm, from business techniques used in community relations or, less likely still, from alternative conflict resolution mechanisms, but should, above all, be treated as part of a larger discussion on democratic governability.

Conclusion

Petroleum policy goals for Ecuador extend beyond the fields of economics and energy. First of all, these policies must face the challenge of a controlled opening of the sector, in other words, one that guarantees State participation in oil profits as well as modernization of the sector and an increase in proven reserves. Secondly, it must be accompanied by a remedying of environmental impacts and by consolidation of the legal limits protecting the environment. Finally, civil society must participate in the definition of development model, especially as a way of guaranteeing that the interests of the Amazon population are represented.

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A constitutional odyssey

David de Caires [*]

After the end of the second world war a large number of colonies gained their independence. They frequently inherited forms of government that were modelled on the one that existed in the former imperial power. The local elites, many of whom had lived for some time in the 'mother country' while studying law or medicine were familiar with that system and often admired many aspects of it.

Guyana, a former British colony, gained its independence in 1966. It adopted from Britain the Westminster system of parliamentary government under which the Prime Minister, as the head of government, and his cabinet sit in parliament and are directly accountable in that forum for their policies and actions to the opposition parties and the people. This system was embodied in a fairly lengthy written constitution which Britain did not itself have. That tradition of a written constitution for former colonies had started in 1948

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with Burma and 1950 with India when they became independent and had been the model throughout the gradual dissolution of the British empire.

The liberal democratic welfare state that Britain had by then become was, of course, an advanced and progressive form of government which had evolved in Britain over a period of several hundred years that had included a civil war and a prolonged struggle between king and parliament. One feature of the system was a ceremonial or symbolic head of state, the king or queen, who had some residual powers.

The Westminster system and the constitution that embodies it have been substantially altered in Guyana since independence. One might note that there have been several other former British colonies, including some in the Caribbean, where the Westminster system seems to have worked well and there is no pressure to change it. This article will look briefly at the transition in Guyana from colony to independent state and the constitutional changes since independence and will examine what lessons can be drawn from what has taken place.

Independence in 1966

In 1966 Guyana gained its independence from the United Kingdom on the basis of a written constitution (1) which its political leaders had played some part in framing but which was essentially based on the Westminster model of parliamentary government. The Prime Minister, the head of government, sat in the legislature and the ceremonial head of state continued to be the Queen of England, acting through a Governor-General, until Guyana became a republic in 1970. At that time, a local non-executive President was appointed as head of state to replace her.

It may be useful to look back briefly at the mechanisms for the transfer of sovereignty and at the 1966 constitution. On the 12th May 1966 the British Parliament passed an Act "to provide for the attainment by British Guiana of fully responsible status within the Commonwealth." Section 1 (1) of that Act provided that "on and after 26th May 1966, Her Majesty's Government in the United Kingdom shall have no responsibility for the government of the territory which immediately before that day constitutes the Colony of British Guiana and which on or after that day is to be called Guyana." There followed

provisions to do with British nationality - Guyanese would no longer be citizens of the United Kingdom and Colonies except in a few special cases. The Queen was authorised to provide a constitution for Guyana by an Order in Council.

On the 16th May 1966 the Queen at Buckingham Palace made an Order in Council called the Guyana Independence Order 1966. In that order it was provided, inter alia, that the existing laws would remain in force after independence on the 26th May and that ministers, members of the House of Assembly and public officers would remain in place.

The Constitution, attached to the order as Schedule 2, stated that it was the supreme law and if any law was inconsistent with it that other law would, to the extent of the inconsistency, be void. Article 73 of the constitution went on to entrench certain provisions and to provide that they could not be altered except by a law passed by a two thirds majority of all the elected members and in some cases also by a referendum passed by a majority of the electors. It might be noted that in the United Kingdom the principle of parliamentary sovereignty, which allows parliament to pass or repeal any laws, would effectively nullify such attempts to entrench rights and limit the power of parliament.

Chapter 11 of the constitution was entitled "Protection of fundamental rights and freedoms of the individual." Under this rubric, eighteen Articles set out traditional human rights provisions including the right to life and personal liberty, protection from forced labour and inhuman treatment, protection from deprivation of property, protection against arbitrary search or entry, freedom of conscience, freedom of expression, freedom of assembly and association, freedom of movement and protection from discrimination. Britain has no such written 'bill of rights'. British citizens derive their freedoms from the common law (decisions of the courts) and statute laws, though the position has changed somewhat as a result of the European Convention on Human Rights to which Britain subscribes. Guyana and other former British colonies owe these human rights provisions in their constitutions to the political leaders of India who, in their constituent assembly that preceded India's independence, insisted, despite some initial British resistance, that the constitution of the United States be used as a model for fundamental rights clauses in their constitution. In 1960, Nigeria requested the inclusion of provisions from the European Convention on Human Rights and that precedent influenced many subsequent constitutions, including our own.

The constitution provided for a British-style Cabinet headed by the Prime Minister. They all sat in the National Assembly though there was provision for four technocratic ministers who were not elected members of the national assembly. However, if appointed they could not vote. There was provision for a Leader of the Opposition who by convention enjoyed certain privileges. Article 68 created an Elections Commission which was to supervise the registration of electors and the conduct of elections. The Chancellor of the Judiciary and the Chief Justice were to be appointed by the Governor General acting on the recommendation of the Prime Minister after consultation with the Leader of the Opposition. Other judges were to be appointed by a Judicial Service Commission. Judges could not be removed from office except by a special procedure. Civil servants were to be appointed by a Public Service Commission. There were several other provisions that, like the above, are more or less standard, though with some variations, in a modern parliamentary democracy, dealing with the appointment of various officers like the Director of Public Prosecutions and the Director of Audit.

It is essential to digress briefly here to consider our modern political history. A left wing government headed by Cheddi Jagan won the elections in 1957 and 1961, but independence was delayed by the British at the behest of the Americans, despite an earlier commitment. After Cuba in 1959 the Kennedy government was nervous about further Marxist governments in the region. As is clear from classified documents subsequently released in America, there was a conspiracy to get rid of the Jagan government. Support was given to internal subversion, the voting system was changed to proportional representation from the traditional first-past-the post constituency system, because it was felt that Jagan could not get an overall majority of the vote, and Jagan lost power in elections in 1964 to a coalition government headed by L.F.S. Burnham. Thus the man in power at the time of independence in 1966 was Mr. Burnham, who represented the Afro-Guyanese who were a minority. To keep his party in power he rigged the elections in 1968. This was the beginning of a long process of the erosion of the formal democratic system in Guyana. Elections were again rigged in 1973 and 1980. In 1978 a referendum was introduced with the core intention of amending certain entrenched clauses in the constitution. The voting process for that referendum was also rigged. The net result of all these machinations was that the constitution inherited in 1966 was effectively gutted. Certain entrenched clauses no longer required a

referendum for their alteration and with his two thirds majority obtained in rigged elections he had the power to alter by ordinary legislation almost any clause in the constitution, including the fundamental rights clauses.

These developments brought home to Guyanese the fact that in the hands of a ruthless politician a constitution is little more than a piece of paper. They began to understand that what sustains democracy is not just a written constitution but underlying institutions like a free press, an independent and courageous judiciary, vibrant political parties, strong churches, a robust civil society and a developed political culture of freedom, moderation, compromise and fair play.

Using his new powers, Mr. Burnham extended the life of parliament beyond the constitutional period of five years and announced his intention to introduce a new constitution which would feature an executive president who would not sit in the National Assembly. After a meaningless consultation a new constitution, based almost verbatim on the draft submitted by Mr. Burnham's party, the People's National Congress, to the Constituent Assembly was passed in February 1980. It is this constitution that we shall next briefly consider.

The 1980 constitution (2), which drew its inspiration, in some cases literally, from various socialist one party states, starts by saying that Guyana is a secular, democratic state in the course of transition from capitalism to socialism. Article 13 stated that the principal objective of the political system of the state is to extend socialist democracy by providing increasing opportunities for the participation of citizens in the management and decision making process of the state. Article 15 stated that in order to achieve economic independence the state will revolutionise the national economy which will be based on the social ownership of the means of production and the eventual abolition of internal arrangements and relationships that permit the exploitation of man by man. National economic planning will be the basic principle of the development and management of the economy. Article 16 provided that co-operation in practice shall be the dynamic principle of socialist transformation and shall pervade and transform all interrelationships in the society – the country was renamed the Co-operative Republic of Guyana.

Article 17 stated that the existence of privately owned economic enterprises was recognised but such enterprises must satisfy social needs and operate within the regulatory framework of national policy. Article 18 said

land was for social use and must go to the tiller. Article 22 talked of the right and the duty to work. All of these rhetorical formulations were found in Chapter 11 of the constitution entitled "Principles and Bases of the Political, Social and Economic System".

Parliament was retained though the Executive President as head of government did not sit in it. The Prime Minister and other ministers did. There was provision for the appointment of Vice Presidents to assist the President in the performance of his functions. Several were in fact later appointed. The fundamental rights clauses were retained, though they were effectively nullified by the two thirds majority obtained in the elections. It is clear that the framers of the original constitution never envisaged that one party might secure two thirds of the vote or they might have provided for a higher level of entrenchment of the clauses containing those rights.

The President was given wide immunities from legal action and Articles 179 and 180 made it extremely difficult to remove him from office. It must also be noted that Article 70 gave the President the power by proclamation to dissolve parliament.

In effect, an executive presidency was grafted on the existing parliamentary system, to some extent emasculating the latter. An analogy has been drawn between this hybrid government and the French constitution. To most Guyanese, however, this new constitution represented the end of the rule of law and was a fig leaf for autocracy. Burnham had destroyed the electoral process and had created a constitution that gave him overwhelming power. The resulting political situation was reminiscent of that in some of the one party states from which the socialist rhetoric had been drawn, though Guyana was still ostensibly a multi-party democracy. However, given the high level of militarisation that had taken place (the army had been strengthened and para-military bodies created) and the complete control of the election machinery there was no legitimate way in which the government could be changed. It could be said that the constitution while formally paying tribute to the idea of constitutionalism or the rule of law in effect by its harsh provisions negated that ideal.

Forbes Burnham died in 1985. In rigged elections in December that year his successor Desmond Hoyte gained an even higher percentage of the vote. However, Hoyte began to display liberalising tendencies. By 1990 with the end of the cold war the Americans no longer had any interest in keeping

Jagan out of power. Responding to American and other pressure, Hoyte repealed some of the laws that had been passed to facilitate the rigging of elections and in 1992 in flawed but fair elections Hoyte lost power to the People's Progressive Party (PPP) led by Jagan. Thus Jagan was back in power after 28 years in the wilderness.

However, the situation was far from stable and after the next elections in 1997 which the PPP, led by Dr. Jagan's widow Janet Jagan, won there were violent protests led by Mr. Hoyte's opposition party which threatened to get completely out of hand. The Caribbean Community (Caricom) sent a team to Guyana to try to broker a settlement of some kind and helped to craft 'Measures for Resolving Current Problems' popularly known as the Herdmanston Accord. These measures included the setting up of a Constitution Reform Commission (3) with a wide mandate and a broad based membership drawn from political parties, the labour movement, religious organisations, the private sector, the youth and other social partners. For the first time, and after many bitter experiences, a wide cross-section of Guyanese were going to engage in an extended exercise of their own to examine their constitution and make recommendations.

The Commission received 4601 proposals which were discussed in extensive debates at committee and plenary levels. They also received the views and opinions of seven foreign and seven Guyanese experts. It was a valuable exercise. To quote the Chairman, Mr. Ralph Ramkarran, the Speaker of the House, in his report to the Chairman of the Special Select Committee of Parliament dealing with the matter:

"Our debates were lengthy, intensive, frank and stimulating. Commissioners successfully sought every opportunity to resolve differences by debates and discussions which were always characterised by mutual respect and an atmosphere of cordiality. Much common ground was found by Commissioners whenever it was possible to reflect on issues outside of plenary sessions. Commissioners have formed from this process bonds of commitment to a common purpose and a significant amount of mutual understanding for the basis of the point of view which they might not have found it possible to support."

The Terms of Reference provided for the Commission to address a number of issues including "improving race relations and promoting ethnic security and equal opportunity" and "measures to ensure that the views of

minorities in the decision-making process and in the conduct of Government are given due consideration." In view of the at least potential significance of this exercise at constitutional amendment it may be desirable to give a flavour of what was undertaken with an extensive quotation from the report of this commission which touched on the issue of executive power sharing and more inclusive governance:

"Many wanted to see greater participation of the Opposition in decision-making so that one section of the populace does not feel entirely left out. There were suggestions that a mechanism be found for power-sharing, e.g., allocation of Ministerial portfolios to the Opposition. Constitutional provisions should be made for Opposition Shadow Ministers. Opposition members must be given proper facilities to carry out their mandate effectively. The Minority Leader should be renamed the Opposition Leader. Special Parliamentary Select Committees headed by Opposition members, but without the subject Ministers as members, should be established as oversight bodies of the various Ministries and for pertinent issues that may arise. One such Committee should be responsible for appointments to certain key posts such as the Auditor General, the Director of Public Prosecutions, and judges.

On the other hand, there were submissions favouring a retention of the present form of National Assembly but with all members elected. There were also submissions suggesting a federal form of government.

As regards the Presidency, some suggested that an Executive Presidency be retained while others stated that there should be a return to a ceremonial Head of State. In the latter case, the head of government would be the Prime Minister. Many submissions urged a reduction in the powers and immunities of the President if the Executive Presidency is retained.

Dimensions considered by the Commission

The Commission was of the view that in keeping with their mandate and the milieu which caused the establishment of the Commission, there was need for a change in the political culture of the country and this change had to be facilitated by institutions that would impose certain patterns of behaviour in order to engender a cohesive nation. In this regard, it was suggested that the Commission try to come up with a system of government in which power

would be used in such a way that all the people would be satisfied, and persons would not be left out or feel that others had all the power and were able to do as they pleased. This factor had to be taken into consideration against the back-drop of the racial insecurities and tensions that exist and which the Commission was mandated to address. It appears that the pure Westminster style of government would not be suitable for Guyana at this juncture. In order to decide whether a new system should be adopted, it is necessary to identify the main characteristics of the system of government being aimed at; e.g., should one of those characteristics be that an ordinary person be permitted to initiate legislation? Should the private sector, as the engine of growth, be taken more seriously in their inputs in the budget? In effect, should the system of government seek to empower people more? The functional aspects of the system of government need to be considered also, i.e., whether the concept of the separation of powers would remain. If this concept is retained then the issue becomes one of detailing provisions regarding the specific functions of these arms of government.

The President: The questions in this regard relate mainly to the relationship between the President, the Executive and the National Assembly. Should there be a separate election of the President who would then have powers to create the Executive? In the event that this is accepted, should there be clear definition of the powers of the President in relation to the National Assembly? A broader look would have to be taken of the role of the Prime Minister operating within a Presidential system. The powers of the President as presently prescribed need to be addressed. A further question is whether we should have a President who, in some regard, symbolises the spirit and relationships which Guyanese people should develop. In the context of Guyana, we should consider whether we should employ a combination of characteristics of a Presidency, so that it is neither typically executive nor titular. The submission would have to be compared to another, i.e., that the President should not be the head of government; instead, there should be a head of government who would come to Parliament and be accountable while the President is titular.

Bi-cameral legislature

A bi-cameral legislative system has been proposed with a composition of the upper house that recognises civil society in its membership. This, it has

been posited, would assist in fostering national involvement in the parliamentary process by the inclusion of various constituencies outside of the structure of the political parties. This would increase participation in decision-making and offer a mechanism to deal with ethnic politics. There would also be provision for the ten regional representatives. This system of government envisages a titular head of state. The upper house would have oversight powers over the lower house. However, in considering the reintroduction of this system of government, the question of the relevance of the system to Guyana at this point in its history would have to be examined.

Making Parliament more effective: The Commission also discussed the powers of Parliament vis-à-vis the Cabinet vis-à-vis the Executive, and mechanisms that would permit Parliament to do more than it presently does in relation to Executive and Cabinet decisions. It was suggested that the concept of a power-sharing Executive should be examined. The Consociation system of government, whereby all parties are represented in Ministries, was considered. However, it was noted that this in effect means that there is no Opposition. It was also pointed out that while Consociation was not the best model, it is one that could be used in a situation in which there is serious conflict. The question is whether there is that perception of serious conflict in Guyana. The attention of the Commission was drawn to the Swiss model. The Fijian model was also examined because Fiji has somewhat similar ethnic problems to Guyana. In relation to defining the work of Parliament, the possibility of treaties, important legislation and agreements with international and financial institutions coming under its purview should be addressed. However, two questions that should inform the deliberations are: What is ineffective about Parliament as presently constituted? Secondly, how, in Constitutional terms, as opposed to administrative terms, can this be adequately addressed? As a corollary to these questions, it can be asked what dimensions should be focused on, and in particular, what fundamental things should be changed that would require Constitutional provisions to increase the effectiveness of Parliament. The problem cited in addressing these questions is that of finding a way to force accountability from the parliamentary system. A return to the constituency system with modifications has been suggested as a means of making Parliamentarians more accountable, especially to an electorate which wants identifiable representatives. A bi-cameral legislative system could also address this issue.

Select Committees: It was noted that Parliament could be reformed without the Constitution being changed, because this could be done through the Standing Orders. However, the major opposition party in Parliament had stated that it would prefer provision for this to be enshrined in the Constitution because to exclude it was to leave the matter to the government or ruling party. The challenge therefore is to provide for such reform in a holistic manner. The Commission's responsibility was to address issues such as the establishment and functioning of a system of Select Committees. Legislative and budget committees are seen as two of the more important. It was suggested that all committees be chaired by an Opposition Parliamentarian and that Ministers should not be members." In the outcome, a substantial number of constitutional reforms were recommended that dealt with limitation of presidential powers and limiting a president to two terms; the appointment of parliamentary committees that would have power to review the operations of the executive, as in England and the United States; the appointment of judges; the appointment of an Ethnic Relations Commission that could investigate alleged discrimination on the basis of ethnicity in the areas of employment, housing or otherwise and other commissions including ones to deal with Indigenous Peoples and the rights of children. However, there was no recommendation for power sharing as neither of the two main parties supported this. The People's National Congress, the party in opposition, subsequently changed its views on this and put forward a detailed proposal for power-sharing to the ruling party. That party responded to say that the constitutional changes agreed to including the new parliamentary committees were already a major step towards more inclusive governance. They also contended that for power-sharing to work a high level of trust between the parties was necessary and that did not now exist. There the matter has remained.

Taken as a whole, this exercise in constitutional review and amendment was useful. It made Guyanese more familiar with their constitution and several valuable changes were made. However, several persons have expressed dissatisfaction with the retention of the presidential system and have expressed a preference for the full parliamentary system where the head of government sits in parliament and is accountable. One such view was expressed in an editorial in a daily newspaper, the Stabroek News (4): "Why an executive presidency? Political scientists have noted that the Parliamentary system is more flexible than the presidential one. Moreover, a president combines two

roles. As head of state he is the representative of the entire nation. In his other capacity he is head of a political party. In an article entitled "The Perils of Presidentialism" in the Journal of Democracy, Winter 1990, Juan Linz argued: "Presidentialism is ineluctably problematic because it operates according to the rule of "Winner-take-all" - an arrangement that tends to make democratic politics a zero-sum game, with all the potential for conflict such games portend." And again "The danger that zero-sum presidential elections pose is compounded by the rigidity of the president's fixed term in office. Winners and losers are sharply defined for the entire period of the presidential mandate. There is no hope for shifts in alliances, expansion of the government's base of support through national-unity or emergency grand coalitions, new elections in response to major new events, and so on. Instead, the losers must wait at least four or five years without any access to executive power and patronage. The zero-sum game in presidential regimes raises the stakes of presidential elections and inevitably exacerbates their attendant tension and polarisation."

Three years later in the same journal his colleague in an article entitled "Latin America: Presidentialism in crisis" noted that although Latin America emulated Europe in devising its electoral and judicial systems, it patterned its form of government after the United States, "making the Americas the homeland par excellence of presidentialism." He continued: "Presidentialism has been successful only in the United States. Many factors have contributed to the consolidation there of a regime based on the separation of powers, including the development of the Supreme Court as an arbiter between the other branches, the firm tradition of civilian control over the military, and the practice of federalism (which centered power for generations at the state rather than the national level). Despite these factors, it is doubtful that presidentialism would have succeeded in the United Sates had it not been for something that was not foreseen by the U.S. founders, namely the development of distinct political parties organised in a two-party system." He might also have noted that Latin America represents a specific European tradition, that of Spain and Portugal, and is more a reflection of their political culture, at the time of the conquest and later, Roman Catholic, corporative and semi-feudal, than of the institutions of Britain or France".

In other territories in the Caribbean community the Westminster system continues virtually unchanged and has worked quite well. There have been

peaceful changes of government and there is a fair amount of political stability. In Guyana, partly because of the ethnic mix but also because of the radical politics which led to getting caught up in the cold war, there has been strife and an exodus that started in the fifties continues to this day.

Constitution making has been in vogue in recent times. In a paper presented at the National Europe Centre (5), J. Ford noted that nearly 60 per cent of UN members have made major amendments to their constitutions in the decade 1989-1999, and 70 per cent of those adopted entirely new constitutions. Some of this, as Ford points out, is due to the connection between political reform and governance issues and economic development, in particular the attraction of international investment.

"Renewed faith has been placed in constitutions as essential to peaceful and stable national political and economic development, Equally, if less obviously, there is also a renewed faith in the political/legal constitution-making process itself (that is, not the constitution as a document or institution) as a means of national reconciliation and of providing a focusing, structured arena for political settlement and negotiation in transitional and post-conflict societies."

Constitutions should ideally flow from the circumstances of the country and should enjoy a wide measure of popular support. The Federalist, which consists of some 85 articles or essays contributed to various journals in New York from the autumn of 1787 to the spring of 1788, primarily the work of Alexander Hamilton and James Madison, designed to persuade the State of New York to ratify the Constitution that had been drawn up by the Convention, is a classic example of an attempt to create popular approval for and acceptance of a constitution. A constitution must satisfy the needs of the people and the people must have the political knowledge and capacity to make it work.

In her book 'On Revolution' Hannah Arendt attributes the success of the American revolution and the federal constitution that was subsequently drafted to the fact that the people who adopted it had considerable experience in empowering themselves by compacts to govern themselves, a situation that had no counterpart in Europe. She traces this back to the Pilgrim Fathers and notes that this tradition of government at many levels continued during British rule and was alive when the war of independence from England was won. Thus, though recognising that power came from the people they accepted that authority must be duly constituted in stable organs of government. The

French and Russian revolutions, by contrast, produced neither stability nor worthwhile constitutions.

Constitutions provide a framework. In conditions of underdevelopment and with low educational levels it must be questioned, though, how important they are in themselves. The words embody ideas which require vital and active institutions to inform them and give them meaning. Supporting habits, conventions, a spirit of compromise and toleration, none of these things can be put into constitutions. These are customs that develop over time and sometimes after bitter experience. The American constitution was informed by those who wanted a strong government, but one that was contained by laws. They embraced the concept of the division of powers. Without an informing experience and political culture constitutions will always be fragile.

New constitutions have been adopted in Afghanistan and Iraq. They were drafted with some haste and neither has a history of strong constitutionialism. South Africa exemplified the value of a comprehensive constitutional process. As Ford puts it: "First, the process of constitution-making is as important as the legal document that results: no matter how democratic its content or the institutions it establishes, a constitution will not acquire the legitimacy crucial for ongoing operation and survival without a carefully staged process of drafting and adoption, and without proper account for local histories, traditions, cultures. A constitution-making process can itself be transformational, provide political open space, and serve to constitute a nation. Interim, transitional measures work well and allow sufficient visible change from a previous order. The process of creating a constitution can become a vehicle for national dialogue and reconciliation, allowing competing perspectives and claims within the post-war society to be aired and incorporated. The South African example shows that constitutional debate kept political space open, structured the parameters of possible political action during the transformation.."

Problems of multi-party democracy exist in Africa, Asia and Latin America. There was an experiment in Fiji with consociational government, provision for which was enshrined in the constitution. It has not worked. As countries develop and there are pressures for change, for democracy, for more freedom, there will be pressures to change the constitution to reflect these developments.

Constitutions inevitably draw inspiration from existing models and indeed it has been suggested that one can perceive internationally the gradual emergence of an outline of broadly acceptable forms of government. But to have lasting value they must arise out of internal social and political developments. There are those who question whether certain kinds of political problems such as ethnic or geographic divisions are capable of being dealt with by the essentially legalistic 'solution' of constitutional amendment. They argue that a valid political culture must gradually evolve out of experience. Nor do 'good' constitutions in themselves lead to economic development or democracy. But even if all that is partly true a structured process of constitutional change can help to ventilate issues and, more importantly, help to develop that respect for the rule of law embodied in constitutions which eventually contribute to political stability.

Constitutions should be seen as a work in progress, amenable to change depending on the circumstances. On the other hand, as the fundamental law of the land, they should not be subject to too frequent or frivolous change as that tends to degrade their value and status.

Constitutions and their meaning and implications should be taught in schools. It is important that the average citizen have some level of familiarity with them to raise the level of public awareness.

In Guyana at the time of independence there was what might be described in retrospect as constitutional innocence. With no real experience of self government the political problems of governance were not understood. Developments since 1966 can be seen as part of a learning curve. It would still be true to say, however, that our constitutional odyssey has not yet led to a safe haven in which there is widespread confidence that the constitution we have now achieved, largely as a result of our own efforts, represents a satisfactory solution to the many problems facing this young, multi-ethnic nation state. Though the main opposition party participated fully in the recent process of constitutional reform it continues to express dissatisfaction with the outcome, partly no doubt because of its awareness that given the ethnic voting patterns there is a danger that, representing as it does a minority group, it may be difficult to win elections. Is there a viable constitutional solution to that problem. Can a form of power-sharing provide the answer? These issues remain unresolved as Guyana seeks the so far elusive goals of stability and development. ▪▪▪

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The failure of politics in democracy and the imprint of reality

Carlos Mateo Balmelli [*]

> *The bidimensionality of political analysis:*
> *"Norms versus normality?"*
>
> Herman Heller

Thirty years after the restoration of democracy in the region, there is an analytical need for critical reflection on the status of democracy and the possibilities that politics offers in the post-transition democratic arena.

This essay's conceptual concern is the analytical investigation of whether what is occurring in the region can be called a "crisis of democracy" or instead a "failure of politics" within the context of democracy.

Finding the difference will help us to better define and understand the object under study. This essay will investigate the causes of democracy's difficulties by exploring two assumptions – first, whether the reasons for the crisis lie in the institutional framework that formalizes political domination, or second, whether they relate to a style of governance driving the political process that continually surpasses and inhibits democracy's institutionalization.

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By considering institutional variables, I hope to avoid the temptation to understand socio-political reality from and through the limited view that reality (or the factual) reduces the importance of institutions from their formal dimension to their minimal expression.

Approaches that consider the formal aspects of institutions make it possible to create an analytical framework that can be used to establish an interdependent relationship between institutional factors and actors' behavior.

The importance of analytically separating institutional factors from social reality provides us with a dynamic vision of Political Society and helps us to see political activity as the central social action for the expression and creation of institutions.

Previous approaches, briefly treated here, have facilitated the debate surrounding the study of democracy as a paradigm recognizing normative and factual dimensions as two separate paths that are not parallel but instead cross and intersect each other. This perspective facilitates the investigation of and search for the causes of political decadence in the intrinsic analysis of institutional arrangements, in the rationality that motivates and gives meaning to actors' actions or the combined use of both variables; that is: an integral approach that considers the actors' will and the institutional framework as part of dynamic, interdependent relationship.

Rediscovering institutional factors

Until now, the analytical tradition that predominated in the region ignored the importance of institutional factors as a variable that *per se* influenced socio-political actors' expectations. For a long time, the undervaluation of institutional aspects was based on an appreciation of democracy as an instrument for policies aimed at social change, but not an end in itself. Viewing democracy as a means and not an end meant, in past decades, that political practice was inspired by a rationality contradicting and restricting the democratic vocation of political processes. By this we mean that actors' decisions forced the political process to use up institutional resources, provoking recurrent terminal crises in which the political reality was imposed upon the institutional framework. The style of governance and the dynamics of political processes mitigated institutions' legitimacy, which implied the exercise of political

practices that confronted and exceeded existing legalities. This painful aspect of politics weakened institutions' ability to provide order.

At that time, the "crisis of democracy" expressed and represented a behavior by actors that had not been experienced during the period of democratic domination.

If democracy is the best way to organize and exercise political power, it follows that its functioning requires the establishment of a social and political behavioral system that complements and is compatible with what is available from an institutional standpoint.

In the past, democracy in the region enjoyed the necessary institutional resources, but nevertheless lacked a system of political and social actors committed to the viability and possibility of deepening democracy. Thus, the region witnessed what some in the Weimar Republic had denounced as "democracy without democrats."

Chile: When existing tension between normativity and reality is resolved in favor of the latter

Chile's political history prior to September 1973 provides a regional case that resembles others and exemplifies a situation where democratic stability became unsustainable because the actors involved did not behave in accordance with available institutional resources. Quite a few authors agree on the antagonistic, confrontational and exclusive nature of Chile's pre-authoritarian politics. The actors' political intentionality was personified by their insistence on viewing politics as a friend-enemy relationship.

The idea of carrying out radical projects for social change – which neither took into account nor sought the approval of other social actors – transformed the political system into an arena where all manner of conflict flourished.

Democratic stability was shattered when the actors' behavior disregarded the interests of others, and majorities formed to exercise power by denying the rest of the actors in the system the right to express and realize their hopes and expectations.

The normativizing power of the 1925 Chilean Constitution had a limited ability to influence political actors' purpose and conduct. Reality imposed restrictions that found their definition in the ends pursued by protagonists in

the political process. For democracy to remain stable, actors must possess a rationality aimed at goals that can be reached with available institutional resources. This is a necessary condition that must be met during processes of predictable and legally effective social change.

To avoid social change that is violent and that oversteps existing institutional frameworks, actors must attempt to carry out transformative projects within the scope of available institutional arrangements. If actors' demands extend beyond the established institutional horizon, a legitimacy crisis will arise, since existing institutions are unable to meet the demands of the social and political process. An accumulation of demands exceeding the working capacity of a political society runs the risk of converting any given social demand into a threat capable of undermining political stability.

The pre-authoritarian political system of 1973 created a presidentialist regimen with a multiparty system, made up of political parties with divisive values in a context of social polarization.

Political and social actors were mostly focused on social projects whose implementation implied a major transformation of social structures. Because the situation was highly ideological, actors failed to realize that profound changes could only occur within the institutional context if they enjoyed an overwhelming consensus. The project put forward by Popular Unity prior to the rupture did not have the necessary consensus. Remember, President Salvador Allende was a triple minority: in his party, among the populace and in the Congress. Political tension led to the rejection of positions favoring compromise and dialogue as valid political tools in a democracy. Political fragmentation made it clear that it would be impossible to seek solutions or compromise within the constitutional context, which encouraged extralegal behavior aimed at finding the solution to conflict in the abolition of democracy.

Power as a way of communicating and relating, versus the Weberian notion of imposing one will upon another

Democracy's institutional framework tends to crumble unless supported by the will of those in power and those affected by power relationships.

By observing power as a relational and communicational phenomenon, we can better understand the mutations to which institutions are exposed.

This view supports the paradigm that sees institutions as a derivative of society's power relationships and standards of historical behavior. Therefore, this essay prefers to refer to "the failure of politics" and not "the crisis of democracy." These affirmations are founded on the proven observation that when the actors involved do not adjust their behavior and rationality to political patterns that are complementary to and functional within existing institutions, they will lack the wherewithal to unleash the possibilities offered by an open, egalitarian and competitive institutional model.

> **No one wants to accept that history unfurls all on its own, independent of any given direction, of any objective.**
>
> *E. M. Cioran*

In democracy, historical processes can be linear or evolutive, circular or stagnant and regressive, or decadent. By evolutive, we mean that the circumstances giving rise to reason and evolution, history and development, decisions and collective efforts that engender progress leading to higher levels of social coexistence. In contrast, circular refers to a historic process that reproduces situations of stagnation originating in the same causes, in other words: the concurrence of the same events reproduces similar circumstances. The situation can be described as being a prisoner of the same moment in time. Lastly, decadence refers to a predictable process in which leaders' political decisions are not characterized by rationality and ethics. It is believed that if the political process is characterized by irrationality and a blind attachment to pursuing impossible dreams, the logical result will be the awakening of atavistic powers in society's core, leading to the dominance of the past over the future.

Regression or stagnation should not be excluded as possible historical processes. In history, and possibility can become a reality. Because of this, political analysis and social change theory should avoid the kind of optimism that supposes a people's fate can be simplistically linked to development. Likewise, we should also avoid pessimism that defines a nation's destiny in terms of its historical identity. This essay emphasizes the idea that in order to outline a strategy for political development, linear and evolutive forms of progress should be projected as probable results, with the possibility of decadence and stagnation.

> **Utopia tends to cling to the homogenous,**
> **the typical, repetitious and orthodox.**
>
> *E. M. Ciorán*

Discourse that calls for utopia as an immediate objective of political action transforms behavior, leading to a consensus favoring attitudes that are predisposed to conflict and view conflict as the only way to advance the historical process. When political processes are used to end or diminish the possibility of compromise, a situation arises in which actors attempt to maximize their benefits, exacerbating the agonal aspect of politics.

Utopian components should be put aside during the process of institution building. Indeed, it seems valid and consistent to be suspicious of utopia as a historical idea that can bear fruit. Utopia brings to mind illusions of social projects that contradict human nature and lead people to lose touch with reality. Political leaders committed to a democratic order cannot digress in search of a golden age. Improving democracy requires political action that recognizes the inexhaustible nature of reality.

> **Democracy means identification**
> **between governors and governed.**
>
> *Carl Schmitt*

It should be pointed out that consensus does not necessarily mean unanimity among all those who create political will. Consensus is the result of an agreement reached within a system of actors and through which the actors' interests and expectations are partially satisfied. In order for a consensus to be stable, it must respond to a coalition of actors capable of imposing the consequences of an agreement. Consensuses must be imposed, as with any other consequence of political domination. Euphemisms aside, all political domination is imposed and necessary: imposed, because there can be no domination without coercion, and necessary, because domination is the response to the absence of social harmony. Domination arises from a need to resolve social conflict; a consensus is viable as long as hegemony is founded

on a majority. The democratic vocation of a hegemonic coalition is guaranteed by the plural integration of the system of actors. Without plurality in this system of actors made up of a hegemonic coalition, the democratic character of the hegemonic coalition is lost, since the principle of hegemony will become assimilated as the idea of the majority that excludes minorities. Likewise, an attempt will be made to identify the governors with the governed, thus putting an end to the opposition-government dichotomy.

The democratic system offers more opportunities in an environment where the relationship between the government and the opposition remains contradictory. The democratic system maintains its virtues, as long as the relationship between the government and the opposition adheres to the terms and logic that recognize the benefits of a plural and differentiated system of actors.

Authoritarian versus liberal democracy

The *modus vivendi* within a democratic system can change its shape in keeping with criteria used to delimit, in any given political moment, the style and content of governance according to which gubernatorial and oppositional functions are exercised. In this way, the *modus operandi* of the actors involved should not disregard the controversial nature of democracy, either during the electoral phase or the administrative period. Democracy is contradictory in that it establishes a tense and dichotomous relationship between opposites that try to better or negate each other by means of their own particular affirmations. The democratic organization of power and society must be based on and constructed from an awareness of the heterogeneity of political will. Negating the plurality of political will leads to the creation of a democratic model founded on a paradigm that pits the concept of democracy against liberalism. In this line of reasoning, the reaffirmation of democracy inexorably demands the negation of liberalism.

According to this approach, democracy is threatened and made vulnerable by the diversity and the competitive elements that liberalism brings to political society. From this notion – and contrary to liberal reasoning that tends to guarantee the identity and expressive capabilities of a heterogeneous system of actors – springs the idea of abolishing diversity in order to impose homogeneity.

This theory of politics links democracy's functionality and validity to the disappearance of the individual component of political will, which tends to become homogenized; that is, to destroy heterogeneity.

This dogmatic view of democracy disallows the liberal component; therefore, the institutions that spring from it become superfluous. The dogma of homogenous popular sovereignty becomes an "indisputable truth" delegitimizing the creation of institutions inspired by the philosophy of the social contract. The latter is founded on the principles of reciprocity, equality and freedom of the actors. To be effective, contractualism as a philosophy justifying political power and its institutionalization requires an axiologically diverse system of actors with differing material expectations.

But the most disqualifying objection to this antiliberal and authoritarian view of democracy is that it overvalues the unanimity of popular sovereignty as an unquestionable political truth. This paradigm ignores the fact that the struggle for freedom has consisted and consists of the reconciliation of the values of popular sovereignty and classical constitutionalism. The inherent danger in valuing sovereignty over institutions is that the constitution and all its limits, guarantees and rights are absorbed by this sovereignty. What an institutional void, what legal abandonment, when the constitution is abolished in order to increase the effects of popular sovereignty!

> *Non Veritas Sed Voluntas Facit Legem.*
> **It is not truth but will that makes the law.**
>
> *T. Hobbes*

This reference to actors' behavior helps us understand how important it is to democratic stability that protagonists in the political process feel committed and loyal to the institutions created to organize social coexistence.

It suggests that our analysis must go even deeper, leading to the conclusion that an institution's validity depends upon its desirability from the actors' point of view, and upon the manner in which controversies arising from power struggles are resolved. The latter reminds us that to a certain

extent, institutions arise from power relationships and that the distribution of power in society is asymmetrical.

By this I mean that democracy, not as a form of social coexistence but a way to organize and exercise political power, depends more on political factors – that is, the "imprint" of politics – than on economic and social variables.

From this last affirmation, it can be inferred that any social conflict of a distributive nature that does not include a power struggle – whatever its intensity – will condition but not determine democracy's viability.

For some time, political reasoning has been influenced by economic and sociological factors. Political events were seen as a function of processes that were external to the events themselves. Political data was a byproduct of capitalist penetration or class struggle. This type of approach failed to recognize the autonomy of politics and considered politics subordinate to economic and social factors. While not denying the importance of these factors in politics, it seems useful to view politics as a social action that responds to the constants inherent in the search for power and the need to order society.

> **Transition periods are subject to different rules than those which govern the beginning and end of states.**
>
> *Y. Dror*

Transitions from dictatorship to democracy have taken place within a recessive macroeconomical context, characterized by the deepening and accelerated integration of the region's nations into transnational processes and by capitalist penetration, capital accumulation, liberalization of financial markets, economic reform, social exclusion and neglect, rising unemployment, alienation, etc. Yet socio-economic adversities should not lead us to conclude that such pitfalls will become impediments to democratic development, although we must recognize that overall, a lack of favorable conditions makes the region's democratic stability vulnerable.

Despite the social and economic environment, which in some cases is quite distressing, the region is currently enjoying a period of democracy whose long duration allows us to affirm that the transition has ended and we are now entering a period of democratic consolidation.

This does not necessarily mean that we can give democracy a passing grade; indeed, in most of countries in this region, it deserves failing marks. Some define the situation as one of "low intensity democracy;" for the same reasons, others call it "democracy without citizenship," etc.

The fact that democracy in the region is currently in a state of consolidation doesn't mean that we can exclude a return to authoritarianism as a possibility. By saying democracy is in a period of consolidation, we mean that the actors involved in the political process and the vast majority of society accept it and desire it as a superior value.

In the same way we accept the increased complexity of the task of governance, we should also highlight the imperious incorporation of models for political governance that recognize the fact that governments are becoming qualitatively more important and enjoy considerable independence in critical decision making, making them major targets for reform.

All of these considerations have led to policies aimed at strengthening the capacity of national governments, given the understanding that they will continue to play a dominant role in confronting the new and demanding tasks resulting from the direction that society has taken. In facing these challenges, governments will have primary responsibility for evaluating the values to be pursued and the effectiveness of the tools available for reaching their goals.

> **Strong executive leadership, subject always to safeguards, must be encouraged and bolstered.**
>
> *Y. Dror*

The ideas contained in this essay suggest an analytical need to recognize the autonomous nature of politics as an activity requiring the ability to lead social processes. Leadership requires the ability to drive collective action toward determined goals.

If we insist on the need for leadership, it is because history alone does not lead to necessary social transformation. Projects for defining a model of society cannot be carried out spontaneously; social mutations, when necessary, are a result of the leaders' decisions and skills. History as a process with its

own dynamics and characteristics suggests a casuistic approach that weakens the other social sciences' capacity to generalize. The casuistic reasoning of historical processes can be explained by the peculiarities of the actors involved. An intellectual investigation of actors' behavior will lead to a causal explanation of events, whereas an investigation focusing on factors that are exogenous to the process in question will construct a system of reasoning in which explanations may sometimes take a back seat to justifications, in order to legitimize certain historical situations. Thus, when analysis attributes too much wisdom to history, an undesired objective is attained: the caricaturization of the actors.

Recognition of the actors' importance and their protagonism does not imply rejection of the idea that the actors' expectations are established by institutions, and that their activism is conditioned by functional stimuli within the institutional matrix (the principal entity and generator of others) within which they are obliged to operate.

> **Some degree of turnover must be guaranteed within the elite; entrance to the elite should be based on elections and merit.**
>
> *Y. Dror*

Our analysis becomes more complex when considering the debate on democracy through a review of the system of actors and the assignation of individual roles to each actor. If, after reviewing the available inventory, an observer perceives deficiencies in the system of actors and deformities in their patterns of behavior, the quality of political society can be evaluated from a perspective that does not focus on causes for the crisis in democracy but on analytical concern with the content and terms of the exercise of political activity. If the system's dysfunctionality lies in the actors' style of governance, it becomes easy to understand that the region's crisis is not one of democracy but of politics within democracy. In this case, the solution lies more in improving the quality of politics than in institutional engineering. By demanding an improvement in politics, one is really seeking to strengthen the capacity of political action.

By treating the terms "low quality" and "lack of capacity" as synonymous, we are claiming that political activity does not reach the potential that a democratic society offers it, for example: What permanent capacity for change

can a democratic system have, if there is no leadership in the government or political parties committed to carrying out necessary transformations? What ability to govern can a democracy have if the strategic actors have no clear vision of the direction the historical process should take? What decision-making ability does a political system have if the actors' decisions are tentative? How long will public policies last if they are not founded on agreements to which the particular desires of each actor are subordinate? What kind of institutional continuity is guaranteed when the pursuit of any one actor's demands keep him or her from meeting those of another? What possible institutional content will social coexistence have, if the affirmation of one identity demands the negation of another? And what ability does a society have to construct political power, when confrontation annuls or weakens the government's decision-making capacity? The answer to these questions shifts attention from analysis to political activism, demonstrating that for a study of democracy to be pertinent, it must transcend formal aspects and ground the discussion in political factors.

These ideas lead to a rediscovery of the centrality of politics. Politics should not be reinvented, rather they should be relegated to their rightful position when the principal institutional matrix is created, and seen as a force capable of binding all members of society in the decision-making process. Politics move forward and direct the process of institutional formalization, whose aim is to make legal what is real. This circumstance is inherent in any process of social modernization. Modern society is characterized by the way it facilitates processes that transform normality into normativity.

Formal and informal institutions

The approach that recognizes the failure of politics in democracy must recognize the existence of formal and informal institutions, the former being those expressed and formalized through law and the latter being rules of coexistence not formalized through law, and whose effectiveness and validity are not dictated by any external coercive power capable of imposing sanctions for noncompliance with such rules.

Understanding institutions' formal and informal dimensions helps to relativize the power attributed to formal institutional change in social processes.

This affirmation allows us to compare achievements in light of reforms that are carried out. Nearly two decades after the undertaking of innumerable changes affecting the formal aspects of institutions – and following an evaluation of this time period – it can be argued that formal institutional reform *per se* is not sufficient to stop the deterioration of democracy.

New constitutions have been written, electoral systems have been reformed, local governments have been vested with more power; yet overall, these reforms have not led to an improvement in the institutional quality of the region's sociopolitical processes. The reformist agenda must understand the limitations of institutional engineering. It must eschew approaches inclined to institutional fetishism and assume its obligation to eliminate barriers to collective institutional learning. For this reason, institutional mutations should not be considered unilateral products of legislative will; they should create mechanisms that link social processes of institutional learning to processes of institutional formalization.

It is erroneous to expect immediate results from any institutional reform that responds solely to a formal act of State or to an isolated and voluntarist expression of those in power. The region has lived with the illusion that the transformation of formal institutions will immediately prompt necessary change. Reality has proven to be an impediment to the success of any institutional reforms that ignore the informal dimensions of institutions. Any proposal aimed at overcoming the failure of politics in democracy must consider the interrelationship between formal and informal institutions.

> **Time is the light of disappointment.**
>
> *F. Quevedo*

When in the early 1990s analysts referred to the need for democratic governability, they gave preeminence in political agendas to institution building, in order to prevent the political process from regressing to its previous authoritarian form.

At this time, theory looked for institutional explanations to prevent the political process from experiencing a setback to the authoritarianism of the

preceding years. The possibility of authoritarian regression was directly related to society's desire and ability to reinstate authoritarian forms of government. Thus when greater participation was demanded, it was done so in the guise of strengthening the democratic character of the political process. Long after democracy was restored, new characteristics were observed in the region's political processes. The pendular political situations in which the countries' governments swung from civilian to military rule and from democracy to dictatorship have been overcome. Today, political instability indicates a crisis whose tensions express the dissent arising from power struggles and unresolved social conflict. The failure of politics in democracy is evident in the inability to create political power and domination. The dilemma of democratic governability is that the political process erodes the ability to create and maintain institutional structures that guarantee the democratic order, and the possibility for establishing political conditions that allow government to function. Undeniably, deterioration in the quality of life is caused by weakened government effectiveness. In this situation, political efforts should be aimed at guaranteeing institutional continuity, increasing the State's effectiveness and improving the quality of politics. Political processes adjusted to criterion of democratic governability must respond to a rationale that sees the necessity of creating political power. Resources that stop the erosion of the political process must be incorporated into politics. A political-institutional agenda can be constructed, as part of this line of reasoning, to allow for the creation of power to facilitate and support a politics of democratic governability, leading to improved governing processes.

Democracy versus Electoral Democracy

In the region, electoral processes have led to situations where a certain majority finds itself unable to create the necessary conditions to govern. Electoral processes have taken place in an atmosphere of freedom and equality, out of which majorities are elected that genuinely express the preferences of the electorate. At the same time, electoral processes have been unable to create governments that are capable of governing. Numerous candidates who have come to power through unquestionable elections have been unable to finish their electoral term. On several occasions, presidential succession occurred in a constitutionally heterodox manner. This novel situation – n which legitimately

elected governments are disqualified based on their inability to function – highlights the potential for tension that can exist between democracy and electoral processes. An incongruity emerges between the electoral majority and the inability to consolidate a political majority that can govern. Political reasoning must find a way to resolve this tension and incongruity between electoral results and the transformation of these results into the skill to govern.

> **The health of any democracy, regardless of type or degree, depends on one tiny technical detail: the electoral process.**
>
> *Ortega y Gasset*

If we contrast this statement with the region's socio-political reality, we see that although electoral processes follow legal norms and the results are trustworthy, the situation has not brought about a qualitative improvement in the legitimacy of exercised power. Problems with the electoral processes have not led to the deterioration of conditions necessary for stable democracy; these conditions are intimately related to obsolete and insufficient political practices when it comes to dealing with new social complexities.

If the exercise of politics is not adjusted to fit new patterns of behavior, the powerlessness of politics will become a recurring phenomenon in democracy, caused not by political processes but by inappropriate political behavior, far removed from accepted standards of good governance and from reality.

We must keep in mind that the impact of electoral factors depends on the society, and especially the culture, in which they operate.

> **Excessive virtue kills more often than excessive vice.**
>
> *E. M. Cioran*

Certain institutions, while perhaps created with a noble purpose, may bring about very different results from those initially desired. The process of institution building is often an abstract one, without basis in fact, resulting in the creation of institutions that are incompatible with the reality in which they

must gain validity and effectiveness. Thus an institution's functionality is conditioned by its social, economic and cultural context.

It is important to emphasize the validity and effectiveness of institutions because the process of institution building, for normative reasons, creates institutions from the perspective of what is "true," determining institutional arrangements that deny the possibilities offered by reality.

Political processes of institution building must be able to distinguish "truth" from reality. The political will aimed at creating institutions must establish a relationship in which the ideal and real take each other into account. If this relationship of mutual recognition does not exist, the resulting institutions will be out of touch with reality. Therefore, institutions must be designed with a combination of factors in mind: historical contingency, the struggle for power, and a given society's standards for behavior over time.

The ideological factor is a key element whose importance must be deciphered during the institution building process. Ideological patterns can lead to institutional forms that may deny or contradict reality. Institutions derived from the "world of truth" are conceived with the purpose of contradicting the real world. A world presumed to be true is in fact an apparent world, since it is nothing but an ideological illusion. The institution building process must listen carefully to the voice of reality when reality calls for its rights.

Once again, I would reiterate the need for considering reality in processes of decision-making and institution building. Recovering a sense of reality is an inevitable part of political processes that aim to create a better social order. We must "reflect on the reason that lies in reality," – and what we see as reasonable should be based on reality, and not on what we believe to be reasonable.

Building a Leviathan, while tempting, is not the answer to uncertainty and danger

Current circumstances in the region, characterized by increased public insecurity and criminal activity, threaten to surpass the effective capacity of government security forces. These circumstances highlight the urgent need for laws that penalize criminal conduct more rigorously and increase the capacity for preventive action by institutions responsible for protecting the right to life and liberty.

Recently, democracy has been disqualified for a number of reasons, some of which relate to society's dissatisfaction with the poor performance of

national economic systems, and others to judicial and political institutions' inability to provide citizens with justice and safety as a public good that is accessible and guaranteed for all. In the present situation, people's lives and liberty are threatened, intimidated and seized by criminal groups that, whether organized or not, act openly and fearlessly outside the law because they foresee no possibility of being caught and punished with any severity.

Democratic theory must not pose the dilemma of having to choose between two juridical goods: personal freedom or public safety.

According to liberal democratic thinking, freedom is recognized as the mother of social order, and safety as a requisite condition without which the community is left without legal protection. According to this notion, each concept – liberty and security – depends upon the other.

Political power must guarantee the existence of these juridical goods through the rule of law, recognizing that freedom cannot be exercised in an environment of insecurity, and that security cannot be imposed by abolishing the right to freedom.

Institution building becomes a complex task when two important juridical goods are seen as contradictory. Accordingly, any proposed modification of institutions must be mindful of the juridical rationale that recognizes the simultaneous validity of both juridical goods as an ineluctable condition for the existence of a democratic rule of law.

Proposals for state reform should include the following four aspects:

A. More rigorous punishment for criminal conduct through stricter sentencing;

B. Providing security and law enforcement bodies with a wider scope for preventive action;

C. Encouraging a proactive attitude within the security forces, which lowers the possibilities that they will have to excuse or justify their inaction;

D. Respecting the concept of and right to privacy, demanding judicial intervention whenever public power requires information or collaboration from private citizens. In this way, the invasion of privacy and arbitrary abuse of public power can be avoided.

POLITICAL CLASSES: There are two types of individuals, the governors and the governed. The former is always less numerous and monopolizes power. The latter, more numerous, is directed and regulated by the first.

G. Mosca

Recognizing the existence of an elite – or a group of leaders, or a ruling class, or whatever else we call it – is always distasteful since it means breaking with the idea of equality espoused by democratic theory.

Yet the existence of elites, besides being a reality, is a necessary fact to carrying out political processes. The characteristics and results of any political process depend on the circumstances implied by the selection, composition, rotation, cohesion and organization of this elite.

In any political regime or social system, groups come together which are willing to assume the leadership of these systems. During transitions from one era to another or from one system to another, the existence of a ruling class is a constant; what does change is the composition of this elite and the criteria for its selection, recruitment, and functioning.

Political and social systems are submitted to "constant laws" that prescribe and regulate the rise and fall of States, regimes and leaders. According to the thinking that identifies permanent criteria for understanding the creation and deterioration of institutional systems, a link existst between the quality of the elite and the efficiency and effectiveness of any given system.

The decision to subject elites, as a group, to analysis allows us to focus our study of institutions on the group of individuals that holds power.

We should point out that institutions are perceived through the language and gestures employed by those who are responsible for running them. Most of the people who are represented by institutions see them as abstractions made real through the group of human beings who give them validity. For this reason we should keep in mind that institutional quality is as much, or more, a function of the behavior of those who run institutions as of institutional design itself.

Based on this reasoning, I choose the expression "failure of politics in democracy" to describe what others have called the crisis of democracy.

Despite this, I hope to avoid a nominalist argument over the nomenclature of the issues studied here, which would prevent a deeper engagement in the debate: Let reality rise to the surface!

To declare that democracy is in crisis may keep us from understanding that disenchantment lies not with democratic institutionality but instead with the vicious and lawless practices that take place within the institutional framework of democracy. At the same time, the notion of a failure of politics in democracy suggests that the political classes must accept their institutional responsibility by embodying the supravalues inherent in a democracy.

The logical consequence of this reasoning is that democratic systems of governments have an unavoidable and irreplaceable need for elites who are open to pluralism, who avoid arrogance and who remain committed and subordinate to democratic mandates. Democratic regimes experience difficulties when they ingenuously believe that egalitarian, competitive and free elections are a surefire way to find and elect the best political candidates.

Therefore, political theory's task in the future is to create formulae that combine the majority principles with a meritocratic system that facilitates the consolidation of leadership based on merit and popular support.

We must be aware of the nefarious implications of allowing unethical ruling elites to function in a political culture that is devoid of ethical sensibility.

In such a situation, the elite's weakness is reinforced by social deficiencies, making political life in many countries increasingly amoral and even immoral.

Through politics and society, criteria must be imposed that oblige members of the elite to work toward acquiring the virtues needed to improve their capacity to govern.

Examining the past, we find that in both the Roman republic and empire one of the recognized responsibilities of a ruler was to seek out his successors and prepare them for the responsibility of government.

Political leaders cannot ignore their obligation to recruit and rotate in power members of the elite who are responsible for the majority of decisions that set a course for the future. The quality of this elite is decisive.

Election standards should be raised and the elite must include members with sufficient moral, psychological and intellectual strength to face up to the task of governing. Psychologically speaking, strength of character, patience, persistence, seriousness and commitment, resolve, moderation and prudence are vitues needed to function in the face of challenges and opportunities. New selection processes must be outlined in order to develop these qualities, and demands for higher ethical standards should be encouraged. The idea that elected politicians and high-ranking officials must be men and women of superior virtue and morality should be incorporated into fundamental doctrine on the democratic rule of law. This point also touches on the fact that the ruling class must be capable of developing a common rationale that allows them, in government, to act collectively and think in historical terms.

Final notes, not to be confused with an ending

Throughout this essay, I have attempted to prove that the reasons explaining the crisis relate to the style and content of political management and not in the democratic model of government. For this reason I have continually refrained from referring to the crisis of democracy and instead to problems with the exercise of, and commitment to, politics in democracy.

All the arguments put forth serve to reject what Nietzsche described as "modern misraquismo," which is nothing more than "democratic idiosyncrasy opposed to anything that dominates and wishes to dominate."

Neither a Leviathan nor anarchist-inspired utopias that hope to abolish political domination offer valid alternative models for solving the current set of problems.

Institutions must be bolstered through committed political practices that serve to creatively organize society and individuals.

The situation calls for urgent responses that relentlessly recognize the need for improved political action, the primary result of which will be the creation of a NEW KIND OF STATE.

Politics, and the tools created through politics, must confront the extremely complex challenge of governing in a globalized world. Politics must be both destructive and constructive. That which does not deserve to exist must perish to empower everything that gives new life.

In a world of devastating forces, governments become strategic actors in the national historical quest to build a unique identity. The quality of politics and of governmental processes is a decisive factor in overcoming difficulties and taking advantage of all that the surrounding world has to offer. Therefore, it is pointless to ponder the meaning of the needs that face us; a politics committed to the future must accept the challenge of seeking answers to current, real problems. Reality is unceasing and contains more transformational power than utopia and its seductive promises of a golden age.

Without going so far as to share Socrates' optimistic belief that "knowledge cures the wound of existence," I believe that it is impossible to govern without also being aware that elites involved in the function of government give validity to their decisions to the degree that such decisions are based on seriousness and rigorous knowledge.

When we speak of raising the standards for entry into the governing class, we refer its moral improvement and administrative technique based on the acquisition of knowledge.

This essay has also raised the question of the tension, described by Machiavelli, between politics and ethics.

Now more than ever, we need to understand that the task of governing in democracy is based on values.

Democracy is not amoral; in order to function it requires patterns of behavior that fuse ethics and politics. The intellectual challenge lies in creating theory that, from a realistic political point of view, grounds and justifies power in an ethical appreciation of the individual and social coexistence. The challenge for political realism is to combine rigorous tactics and strategies with ethical objectives in the face of complex and unique circumstances.

Finally, I have argued in favor of what is real because the power of all that exists lies in reality, and in no way do I or will I ever favor any ideology that equates power with brute force.

Version: Elizabeth Station and Sally Station.

Andean Community: integration for development with globalization

Allan Wagner Tizón [*]

The Andean Community is made up of Bolivia, Colombia Ecuador, Peru, and Venezuela and is governed by the Subregional Integration Agreement (the Cartagena Agreement) signed on March 26, 1969 and later amended and expanded by the Additional Instrument to the Cartagena Agreement to admit Venezuela as member, and by the following Protocols: Lima (signed October 30, 1976), Arequipa (signed April 21, 1978), Quito (signed May 11, 1987), Trujillo (signed March 10, 1996) and Sucre (signed June 25, 1997).

This integration experience, which in May 2005 will have been under way for thirty-six years, is not an end in itself nor is it restricted to the trade area. It is an instrument that helps and reinforces the national development projects of the Andean countries and covers the social, political, and economic areas as well.

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Andean integration has experienced peaks and recurrent crises and has had to adapt itself to the reality of its member countries and to the development of the international economy.

As it faces the 21st century, the Andean Community is confronted with major tasks. The general objectives of the Andean integration agenda are complex and are consistent with the efforts aimed at change, development, and modernization in the member countries. Accordingly, the Andean Community will continue to be a fundamental piece in regional, hemispheric, and international integration, as it participates with dynamism and creativity in the overall globalization process.

Ensuring that integration for development will lead to social inclusion and competitive participation in the international scene will strengthen the Andean Community as a Latin American magnet for investment and the development of new projects in the area of goods production and services. The strengthening of the democratic system, regional security, and political cooperation within the Andean Community will create conditions for legal stability and internal and external confidence. In addition, the Community's political and institutional projection will permit greater, wider participation of Andean citizens in the designing and implementation of integration programs, thus ensuring that this process will be closer to the peoples of our subregion.

The Andean Community is also a factor of cohesion and of development of the countries' competitive capacities so they can successfully handle the international trade negotiations under way. In this connection, the great challenge faced by our process is to make integration into the coordinating axis of a domestic development agenda and of the fight against poverty, which can no longer be postponed, as well as of an external agenda in which much more than free trade is at stake, namely, a model of international participation that should provide an opportunity for the socially inclusive development of our countries.

In the following pages we will first present a brief summary of the current status of the instrumentation of the Cartagena Agreement and then review the prospects for the Andean integration process, based on the firm conviction of its importance and of the need to ensure a new turning point to allow our countries to compete in the global flows and to reap tangible and real benefits to its peoples.

I Status of the integration process

In the course of its 35 years of existence, the Andean Community has laid the foundations for a common market and extended the boundaries of community integration beyond trade concerns as well as displaying an identity in the international concert, and multiplying, within its boundaries, the channels of participation in various areas.

The leadership exerted by the Andean Presidential Council since 1989 has rendered a valuable contribution to the consolidation and expansion of the integration process. It has been precisely under the presidential guidelines and the rules framework in place that significant progress has been achieved toward the consolidation of the integration project.

Progress toward the extended market

Until quite recently, substantial efforts to intensify Andean integration were directed primarily to the trade area. This provided the Andean Community with a solid transnational normative framework, which has permitted the advance toward the establishment of the extended community market, whose features include the following:

Free trade of goods

The first twenty years of the advance towards Andean integration (1969 – 1989) recorded no significant increase in trade flows within the subregion nor a considerable diversification of the goods traded. Only recently did the Andean Presidents decide to take in their hands the conduction of the process and thus it is only since 1989 that there has been an exponential increase in trade exchanges within the Andean market as well as their diversification and the incorporation of subregional added value. Intracommunity exports rose from 111 million dollars in 1970 to 1.039 billion dollars in 1989, only a ninefold increase in 19 years, whereas they totaled 4.940 billion dollars in 2003, a 44-time increase between 1970 and 2003. In addition, transactions in manufactures within the subregion jumped from 48 percent to 90 percent in 2003. Currently, high added-value manufactures account for 58 percent of the trade among the Andean countries. These last figures also show integration's contribution

to industrialization. In 2004, intracommunity exports reached a historical record 7.766 billion dollars, a 59-percent increase as compared with 2003.

The Andean free trade zone was expanded in 1992 to include Bolivia, Colombia, Ecuador, and Venezuela, and Peru will join it in 2005. Today, trade among Bolivia, Colombia, Ecuador and Venezuela – and over 90% of trade with Peru – is totally free of customs duties and restrictions. Moreover, member countries have adopted a complementary normative framework that allows the functioning of the trade in goods. It includes measures for sanitary harmonization, technical norms and regulations, customs norms and rules of origin as well as norms on intellectual property and transportation.

However, several issues are still pending for the perfectioning of the extended market, such as the adoption of a common farm policy; the mutual recognition of sanitary registration and technical certification; flexibilizing and simplification of customs procedures; unencumbered cross-border transit for freight land transport; and updating of norms on competence.

The task of convergence to free trade both within the community and toward third parties through the consolidation of the common market and the common development of competitive capacities will be decisive for Andean cohesion in the coming years.

Common External Tariff

The Common External Tariff (CET) went into force in 1995. This mechanism–to which Bolivia, Colombia, Ecuador, and Venezuela are bound – has imperfections, owing to some differences among the countries. Bolivia maintains its own structure, albeit subject to community administration, while Ecuador shows certain exceptions. The closest tariff approximation is between Colombia and Venezuela (about 87 percent). Peru did not participate in the mechanism when it was established.

In pursuit of the Andean common market, measures were undertaken to establish a customs union of the five member countries. As a result, Decision 535 of October 2002 adopted a new CET for 62 percent of the tariff schedule, equivalent to approximately 40 percent of subregional trade. However, in December 2003, the Andean Community Commission decided to postpone its application, owing to the difficulties some member countries had in adopting

the new instrument, and in May 2004, Decision 580, extended the deadline to May 10, 2005.

Finally, at the 15th Presidential Summit held in Quito, Ecuador in July 2004, the Heads of State instructed Trade Ministers to ….*hold an extensive, open debate about the most appropriate external tariff to advance the Andean integration process. To this end, with the Secretariat's support, a timetable and a work plan will be prepared and implemented with a view to arrive at a consensus about the Common Eternal Tariff to be adopted by May 10, 2005.*

Free trade in services

The Andean Community has a normative framework for the liberalization of the trade in services as well as an inventory of restrictions, which reflect and consolidate the level of effective opening up of different sectors of services and modes of services provision. Currently, a work program is under way to move forward the process of liberalization of remaining restrictions.

From a sectoral standpoint, specific progress has been made in the area of transport, tourism, and telecommunications. Work is also being done on other aspects, which will allow progress in the liberalization of financial services, based on prudential rules, as well as of professional services (right of residence and recognition of titles).

Free flow of people

The free flow and residence of workers for creating an Andean common labor market have been ensured by Decisions 545 (Andean Labor Migration Instrument), 546 (Andean Social Security Instrument), and 546 (Andean Labor Security and Health Instrument), which are quite advanced community rules of this kind.

Furthermore, in 2002-2004, Ecuador, Peru, and Bolivia ratified the Substitutive Protocol to the Simón Rodríguez Agreement, which will set up a tripartite, employers and workers forum to define and coordinate social and labor policies of the Andean Community.

In 2002 the requirement of visa was abolished and national identity documents were recognized as travel documents, which facilitates the free

flow of tourists in the subregion. This is an emblematic accomplishment, which lends the integration process a new, cohesive dimension and builds confidence among Andean citizens and employers.

Macroeconomic targets for convergence

Under the direction of the Ministers of Economy, the Presidents of Central Banks, and the Planning Ministers, macroeconomic targets have been established and a Permanent Technical Team has been entrusted with monitoring three basic indicators: the debt, the fiscal deficit, and the inflation rate, which are key instruments of the current convergence of the countries toward economic stability as a condition for better implementation of the social agenda.

However, progress is still needed in the harmonization of macroeconomic policies to facilitate trade expansion and subregional investments. The subregion's macroeconomic stability helps limit the impact of a country's imbalances on the other countries.

The Quito Summit of July 2004 took a major step toward financial integration by approving two important decisions – Decision 599 on the "Harmonization of substantive and procedural aspects of taxes of the added-value kind", and Decision 600 on "Harmonization of selective consumption taxes", both of which are consistent with the objective of achieving deep integration.

Actions in other key areas for strengthening Andean integration

The Andean Community has undertaken actions and obtained results in other important areas, which contribute to the strengthening of the process, endowing it with an identity, building confidence, and projecting shared strengths.

Common foreign policy and political cooperation

The Andean Community is increasingly seen as a bloc. This perception on the part of the international community is based on actions jointly undertaken by the Andean countries on different fronts and at different moments.

Decision 458 on the "Lineaments of the Andean Community's Common Foreign Policy (PEC)" ensures a greater Community presence and international influence. This has allowed the Community to act in a coordinated fashion and to assume common positions at international forums and in joint negotiations with various countries and groupings.

In the trade area, the Andean Community has adopted various forms of joint or coordinated negotiation at the Alca and Mercosur, and initiatives that have led to the extension of the Andean SGP with the European Union and to the Law on Andean Trade Preferences with the United States, as well as engaging in negotiations of a Free Trade Agreement with the United States and the coming negotiations with the European Union.

The establishment of the South American Community of Nations at the Third Meeting of South American Presidents, held in Cuzco, Peru on December 8, 2004, reflects the political will of the countries of the region to "create an integrated South American space pertaining to political, social, economic, environmental, and infrastructure concerns, which will strengthen South America's own identity and contribute – from a subregional perspective and in coordination with other regional integration experiences – to the strengthening of Latin America and the Caribbean, endowing the region with a major presence and representation at international forums."

As one can see from the will expressed by the Presidents, the South American Community will be built by the gradual convergence of the Andean Community, Mercosur, and Chile, with the participation of Guyana and Surinam, and will aim at the consolidation of a political and development project on a major scale in South American.

The Andean Community's political agenda has shared elements that make possible a common position, which allows it to act as one body with respect to drugs, human rights, democracy, and security. The main results achieved in these areas include the following:

• Combating illicit drugs

Common actions in combating drugs, based on Decision 505 – "Andean Cooperation Plan for Combating Illicit Drugs and Related Crimes"– of June

2001. In this connection, the member countries have assumed a common position in the Specialized Dialogue on Drugs with the European Union and before the United Nations Commission on Narcotic Drugs.

• Democracy and Human Rights

Human Rights have received a boost from the Andean Human Rights Charter, signed in Guayaquil on July 26, 2002. To contribute to the strengthening and deepening of democracy, the Andean Council of Foreign Ministers has spoken out on various occasions about the situations of political instability in the region and Community authorities have taken measures to facilitate their solution.

• Security and confidence building

On June 17, 2002, in Lima, the Andean Council of Foreign Ministers, at a meeting attended also by the Defense Ministers, adopted the "Lima Commitment – the Andean Charter for Peace and Security – Limitation of External Defense Expenditures."

In compliance with this Commitment, an Andean Plan was also adopted for combating the illicit trade in small arms and light weapons. The July 2004 Quito Summit approved Decision 587 on "Lineaments of a Common Andean External Security Policy," which establishes an advanced framework for coordination and joint work in this area. Work is also being done toward the joint preparation of an Andean Antiterrorism Cooperation Plan.

• Migrations

Also adopted was Decision 548 on an "Andean Mechanism for Cooperation in Consular Assistance and Protection and on Migration Issues". This mechanism will allow the consuls of any of the signatory republics posted in one of them to make use of his attributions in favor of individuals of other signatory republic that has no consul posted at that location. This mechanism also seeks to establish ties to Andean migrants to help them maintain their identity and in their wish for an orderly return to their countries of origin.

In addition, an Andean Passport has been adopted, which will enhance Andean nationals' identity when they travel to third countries. This document,

issued according to security and nomenclature rules, will provide greater security to the receiving countries about its bearer.

Social Agenda

By Decision 601 of September 21, 2004, the Andean Council of Foreign Ministers approved the "Integrated Social Development Plan-Pids", the main instrument to promote the social dimension of Andean integration, aimed at fomenting social development and at the community fight against poverty, exclusion, and inequality in the subregion. Pids involves the implementation of 19 projects in the social area, under the responsibility of the Andean Council of Social Development Ministers, which was established at the 15th Presidential Council in Quito.

Other advances on the Andean social agenda include the issuing of social and labor instruments on labor migration, social security, and on-the-job security and health (Decisions 545, 583, and 584, respectively); the successful negotiations conducted by Ministers of Health of the Andean Community and Chile, in the context of the Hipolito Unanue Agreement under the Andean Health Organization, which permitted a reduction of up to 72 percent in the price of antiretroviral medication for the treatment of Aids patients; the holding of the first Andean Regional Conference on Employment, in Lima, in November 2004, a second conference being planned for 2005 in Bolivia, both with the active participation of the International Labor Organization; the approval of Decision 594 on the introduction of integration contents in the school curriculum and the holding in Lima of the 2nd Andean Community Student Encounter (Cenit International); the increasingly more dynamic participation in the Consultative Employer and Labor Councils in the process of integration and these Councils' practice of working together, which should facilitate the entry into operation of the Andean Labor Observatory; and the establishment of other instances for civil society's participation in the integration process, such as the Indigenous Office and the Office for the defense of consumer rights (Decisions 524 and 539, respectively.

Environment

The Regional Biodiversity Strategy for the Andean tropical countries, approved in July 202, is the major achievement obtained in this area at

Community level. In addition, in 2001 the "Lineaments for Environmental Management and Sustainable Development in the Andean Community" were approved and in May 2003 the Ministers for the Environment decided to adopt an Andean plan for the follow-up of the Johannesburg Summit, focusing on three issues: climate change, biodiversity, and water and sanitation.

Development and border zone integration

A set of norms seeks to address the border zone situation and physical integration, given its strategic role in the dynamics of the integration process. The Community Policy for the Integration and Development of Border Zones establishes the lineaments of the common policy on the subject and sets up the High-Level Work Group on Border Zone Integration and Development. The Decision on Border Integration Zones-ZIFs, which has led to binational work toward the official definition of the first ZIFs and the thrust to the Binational Centers for Border Attention-Cebat, has created a community framework for addressing issues pertaining to stretches of terrestrial borders.

Energy

In December 2002, the Expanded Commission, with the participation of the Energy Ministers, approved the required legal framework for electric interconnection and electric energy exchange within the Community. This has yielded immediate results in the provision of energy to Ecuador by Colombia, which has meant price benefits for users of both countries.

The establishment, in June 2003, of the Andean Community Council of Ministers of Energy, Electricity, Hydrocarbons, and Mining and its first ordinary session in January 2004 set off community action for the effective integration of the regional energy markets, especially those based on transport networks (electricity and natural gas), to help create new opportunities for business, investments, and economic growth. Progress is also being made on the development of energy "clusters", energy services in accordance with WTO, and on the energy security criteria, in the context of hemispheric negotiations.

Ensuring more effective, secure, and less expensive provision of energy to their populations, would also enhance the countries' competitive advantages.

Institutional structure

The Andean Community counts on an institutional and normative apparatus that can be considered one of the most developed of its kind.

With respect to institutional structure, special mention should be made of the Andean Court of Justice, whose jurisdictional control role, supported by the Secretariat, as the body responsible for verifying compliance with the commitments, seeks to endow the process with the necessary security. Equally deserving of recognition is the effective operation of the Andean Development Corporation, which provides financing for major projects of national, subregional, and regional scope.

The intergovernmental decision-making bodies – the Council of Foreign Ministers and the Commission – have adopted norms to strengthen integration in the most diverse areas, as described in the preceding sections. The Commission, expanded by the participation of sectoral Ministers, is qualified to deal with and legislate on matters pertaining to energy, transport, agriculture, economy, and telecommunications, among others.

The sectoral structure of the Community and intergovernmental bodies requires the participation of various players in integration. This has led to the progressive linking of various representatives of the labor, entrepreneurial, energy, environmental, financial, academic, and educational sectors, among others, many of whom are qualified to make recommendations to the decision-making bodies through the various Councils and Committees that have been set up.

II Prospects

Today globalization presents the Andean countries with a scenario and with challenges radically different from those of thirty-five years ago, when the Cartagena Agreement was signed. The moment has come to assimilate the change so as to make possible "Integration for development with globalization", which will permit the appropriate coordination between the internal development and poverty combat agenda with the external agenda pertaining to the countries' competitive participation in the international scene.

In this phase of new challenges, the Andean Community should seek to gain access to increasingly more sophisticated markets, in which knowledge

competition is the rule. It should ensure that this incorporation into the global scene does not end up by making Andean societies even more unequal and fragmented. It should take advantage of the opportunities offered by the information society, protect our rights to regional public assets, and participate, together with Mercosur, in the building of a new South American Community of Nations

A new strategic model of Andean integration

After having enriched the integration process through a multidimensional agenda, it is now necessary to develop a new Strategic Model, observing the following priorities.

Deepening of trade integration and incorporation into the international scene

One aspect of reality is that tariffs tend to become less and less relevant from the viewpoint of free trade. It is important to recall that the current tariff level and structure in the member countries are low and show little dispersion as compared with those of the seventies and eighties, when there were countless tariffs, owing to the existence of import prohibitions, prior licenses, exchange budgets, and other trade administration practices, including average tariff levels that often exceeded 40 percent. It suffices to recall one example: the first Common External Tariff proposed by the then Cartagena Agreement Board to the member countries in 1975 stipulated a 15-level tariff schedule, with a 35-percent average tariff and a tariff dispersion between 0 and 75 percent; and that for the Sectoral Industrial Development, an average tariff of 52 percent was proposed for the metalmechanic sector, of 30 percent for the petrochemical sector, of 65 percent for the automotive sector, and of 24 percent for the steel sector.

Today, when member countries have average tariffs close to 10 percent, competition policies, intellectual property, technical norms, rules of origin, and government procurement are much more important in their trade relations. Equally important are farm and nonfarm subsidies, tariff barriers, protection disguised as antidumping measures, the lack of a stable, predictable international

trade system, as well as the lack of international cooperation favorable to trade and development.

In addition, it is necessary to wage a fierce fight against contraband, which today has assumed the form of organized crime, given its dimension and the methods it uses. This crime harms subregional production, affects jobs, and prevents the countries from profiting from the advantages of trade integration.

In the Andean context, transport remains critical for free trade and, unless this issue is addressed with firmness, it will pose a huge obstacle to the international integration of Andean economies.

We should also concentrate efforts on promoting the free flow of capitals and intensifying free trade in services, an area in which the Andean countries have a significant potential, as is the case of financial, tourist, and professional services.

Accordingly, Andean norms should be thoroughly revised so as to make the reality of member countries into a common market consistent with free trade in goods and services, based on a common set of norms in the disciplines that make up the modern trade agenda, as well as with the free flow of capitals and people.

Simultaneously, the development of exports should be encouraged, so as to achieve synergies, promote the knowledge of markets and of export techniques, support the generation of job-creating, and ensure the supply of high added-value exports. Small and medium Andean enterprises should play a preponderant role in this effort.

The development of competitiveness

To take full advantage of the trade and investment opportunities created by trade negotiations it is essential that the Andean Community countries develop their competitive capabilities. Otherwise, it will not be possible to open a two-way path with our trade partners. This is why competitiveness should become a central issue in the new strategic model.

Based on national competitiveness strategies, it is necessary to identify the areas in which the integration process can provide a platform for joint work, particularly on issues such as physical infrastructure development, educational policies, labor training, productive "clusters" and chains, industrial infrastructure, and environmental policy.

In this context, special importance should be attached to competitiveness in the so-called "active regions" and Andean macro-regions, particularly in those linked to the major axes of integration and development of the Initiative for the Integration of the South American Regional Infrastructure-Iirsa.

Extremely important are those actions that are possible, beginning with integration for the competitive development of small and medium enterprises, which are the foremost agents of a more inclusive incorporation of our countries into the global scene. To this end, the Subregional Small and Medium Enterprises Committee has been reactivated, as this will permit the achievement of consensus in our countries about the implementation of "active policies" to make possible the strengthening of these productive units, so as to derive the most benefit of the opening of markets.

With respect to the agricultural issue, the new strategic model of the integration process will address it from the standpoint of rural development and agricultural competitiveness. Thus, broadly speaking, the ultimate objective of a rural development strategy will be to help improve the living conditions of rural populations, create conditions for the achievement of sustained economic growth, and ensure the sustainable use of the natural resource base. The Andean Community is currently engaged in the formulation of a food security strategy that actively calls for participation of the peasant communities themselves, the strengthening of the institutional infrastructure in the country, the conservation and sustainable use of natural resources, the promotion of nonfarming rural activities, and increased economic integration of rural and urban regions. All this, of course, should be accompanied by full attention to and consideration of the millenary cultural and social relationship that exists between the Andean man and the land.

The Andean Community will ascribe special priority to the development of science and technology to support the development of its growing capacity of technological innovation. To this end, it will have to adopt a specific program of action that will boost the levels of public and private investment in this crucial area for our development.

New strategic issues

To intensify the work toward real integration, in addition to continuing to develop the Andean legal framework, its is necessary to address new strategic

areas of action, based on the member countries' comparative advantages, so as to strengthen their capacity for entering the new scenarios of globalization.

With respect to energy, for instance, the Andean countries should establish a subregional energy alliance, considering that 52 percent of total Andean exports consist of energy (oil, coal, and gas); that the Andean countries' oil reserves are four times greater than those of the United States and eight times those of Mercosur; and that they account for 74 percent of Latin America's gas reserves and 75 percent of its coal production.

This will permit stepping up integration into the international hydrocarbon markets in a context of energy security; promoting the development of energy "clusters"; international negotiation of high added-value services; and the establishment of integrated energy markets (electricity and gas) through physical networks and harmonized regulatory frameworks.

The environment should also be a strategic issue in Andean integration, in view of the advances achieved in recent years through the Regional Biodiversity Strategy and the Environmental Management for Sustainable Development, and of the fact that the Andean countries hold 25 percent of the world's biodiversity and 20 percent of the planet's fresh water.

Special attention should be given to the effects of climate change on the Andean subregion, especially to the intensification of the El Niño phenomenon and the thawing of the Andean Cordillera glaciers, which threatens the mountain ecosystem. In this context, the Andean countries should work together toward the implementation as soon as possible of the clean development mechanism contemplated in the Kyoto Protocol, through the so-called "carbon bonuses."

For the reasons pointed out, special emphasis should also be given to Andean cooperation with respect to water resources and the strategic international management of these resources, whose abundance in the Andean region makes the Andean Community into a particularly relevant international player.

The Andean countries should take the leadership within the group of like-minded megadiverse countries for the negotiation of a binding international regime to regulate access to genetic resources, prevent biopiracy, and protect the traditional knowledge of indigenous peoples.

New political and social tasks

The new Strategic Model also contemplates new political tasks for integration. For example, the Andean Community will intensify actions aimed at combating drugs, terrorism, and corruption, and at developing cooperative security schemes on the subregional, South American, and hemispheric plane, to reduce military expenditures and use the freed-up resources for development.

To implement the new Strategic Model, it will be essential also to strengthen Andean political cooperation to ensure democracy, the rule of law, human rights, and governance.

However, democratic governance will not be possible if our countries fail to advance in finding a solution for poverty, social exclusion, and inequality. In this connection, the Andean Social Agenda should play a central role in community activities.

Social development is not only an ethical imperative and a substantial factor of economic development contemplated by the integration process, but also a factor of legitimation of the subregional project before the Andean peoples.

The challenge integration faces as it seeks to help close the profound internal gap in the countries is to identify their "aggregate value" for acting to solve the problems of poverty, inequality, and exclusion, through the rallying of regional and international players round the Millennium Summit goals in the Andean Community; the construction of a common space for national agendas; the spatial concentration of actions – urban informality and border areas; and the development of specific actions to raise the process's legitimacy level before the "man on the street."

This should be accomplished without disregarding the development of the Common Foreign Policy, which should, among other things, enrich the agenda of community relations with the Andean Community's two major partners – the United Status and the European Union; and should enhance the projection of the Andean countries in the Pacific Basin.

Toward the construction of the South American Community of Nations

A major event under the Common Foreign Policy of the Andean countries was the recent establishment of the South American Community of Nations at the Cuzco Summit in December 2004.

The South American Community of Nations is above all a major political program combined with a decentralized regional development program, as well as an opportunity to redress imbalances and asymmetries within the countries of the subcontinent so as to ensure the welfare of their remote areas. It is an effort to rally South America round three fundamental projects: political cooperation, economic integration, and infrastructure development.

As regards political cooperation, the key issues it will address are democracy, human rights, and social development, in addition to the adoption of common positions on major topics of the international agenda.

With respect to economic integration, the point of departure is the existence of the region's integration processes (the Andean Community of Nations and Mercosur), each one with its successes and problems, and of the free trade agreements recently signed by the two blocs. These agreements should be put into effect and homologated into a single South American agreement and expanded so as to include more substantive elements of the current trade agenda. This means that we should move toward a third or fourth generation agreement.

Finally, as regards infrastructure development, it should be pointed out that in December 2004 the first stage of the Iirsa program was completed with the establishment of ten axes and 350 projects, 32 of which were ascribed priority for implementation over the next five years. To ensure that these are development axes and not only transit corridors for merchandise, we must start working on the so-called sectoral projects, i.e, on all that which will make possible the emergence of decentralized regional economies along these axes.

It is important to keep in mind the foundational concept of the South American Community of Nations, clearly stated in the Cuzco Declaration, i.e., that the South American Community will be built on the progressive convergence of the Andean Community of Nations, Mercosur, and Chile. This foundational concept is very important as it indicates that we are not starting from zero but from something that already exists, and this is an expression of mature political will.

In conclusion, I wish to point out that "integration for development with globalization" will be possible only if the countries commit themselves to establishing a set of norms, relationships, and mechanisms to give reality to

the process. To this end, it is essential to incorporate into the reflection about the Andean and South American activity the academic world, employers associations, workers, citizens, in sum, civil society in general. Only thus can integration really become an effective instrument for the development of our peoples. ▉▉▉

Version: João Moreira Coelho.

The electoral system of Republic of Suriname

Samuel Polanen [*]

On November 25th 1975 Suriname proclaimed its independence. On that specific date the Dutch flag was taken down and the new Surinamese flag was hoisted. The Kingdom Charter establishing a commonwealth relationship between Suriname and the Netherlands, under which rule the people of Suriname had lived the last twenty-one years came to an end and the Kingdom Suriname became an independent and sovereign Republic. The new Constitution declared proudly in the preamble: "We the people of Suriname …. solemnly …. give to ourselves the following Constitution"

"We the people" were and still are the descendents from Amerindians, white settlers, colonial Lords, their dependants and their armies, black slaves, Portuguese Jews, immigrants from China, British India (now known as the Republics of India and Pakistan), immigrants from Dutch India (now known as the Republic of Indonesia), immigrants from throughout all the islands,

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that are now known as the Caribbean. All these peoples constitute the Surinamese rainbow.

In 1987 a new Constitution was promulgated after its adoption by a referendum. In this Constitution it was declared that Suriname would be a decentralized, unitary and democratic State with a unicameral national Legislature consisting of fifty-one (51) members. The Legislature called The National Assembly, was declared to be the paramount body in the constitutional hierarchy. A specific chapter was included dealing with the subject of political democracy. Article 52 of the Constitution uses the following wording: (1) 'All political power is vested in the people and shall be exercised in accordance with the Constitution. (2) The political democracy is characterized by the participation and representation of the Surinamese people, which shall express itself through the participation of the people in establishing a democratic political system, as well as in their participation in legislation and administration aimed at the maintenance and expansion of this system. The political democracy shall further create the condition for the participation of the people in general and free elections by secret ballot for the composition of the representative organs and of the Government." (end quote.) The key words in this article are participation and representation of the people.

Participation

It took until 1948 before general suffrage was introduced in Suriname. Before that time eligible voters were restrained from the right to vote by census (tax) and capacity (educational criteria) and gender clauses in the electoral laws and statutes. For this reason the number of eligible voters was rather small. At that time (1948) also genuine political parties were established, replacing the supporting groups for candidates. These groups were established just before a specific election and immediately after the election they became dormant or disappeared.

It was the Constitution of 1987 that introduced a change in the electoral regime. The said ordered that the Government was obliged by the Constitution (article 54 quote:) ".….to register all voters and to notify them to participate in the elections." (end quote.) This compulsory registration has resulted in a. the issue of an Identity Card to all citizens who have reached the age of 16

years and b. a proper system to constitute a voters register. In order to facilitate the election process article 53 states:" The State recognizes the right of citizens to establish political organizations, subject to the limitations originating in the law." A special law on the political organizations(i.e. political parties) complements the system. This law sets out and determines the criteria with which any organization that has got the status of a legal entity, should comply. Non-compliance is a due condition for the electoral authorities to deny the said legal entity access to the elections.

Representation

Democracy means government for the people and by the people. But since it is not possible any more for all the people to rule the State as was possible in ancient times, schemes have been worked out for the people to be represented in a proper and legitimate way. In this sense article 55 in connection with article 52 of the Constitution has been conceptualized. The wordings are as follows:" The National Assemblee represents the people of the Republic of Suriname, and shall express the sovereign will of the nation. The National Assemblee is the highest institution of State." Besides this national level of representation the Constitution has arranged for two more levels namely the local and the district level. For this purpose the country has been divided in 10 electoral districts and those districts again are divided in electoral sub-districts. The electoral districts coincide with the administrative and geographical districts. Out of these districts and sub-districts direct elections are organized. The 51 members of the National Assemblee are elected out of the specific ten (10) electoral districts. The numbers per district differ dependent on the given constitutional criteria. The members of the Local Councils, called the "Ressortraden" on the other hand, are elected by the duly registered inhabitants of the said electoral sub-district. Based on the results of the elections of the different political parties in all the Local Councils of one district, a number of seats shall be allocated to these particular parties in the separate District Councils. The numbers are to be allocated proportionally.

It is of great importance for the eligible voters to know or be informed of the specific district and sub-district from which he or she is an inhabitant or resident. For this purpose the Government issues a polling card with any voter. The voters list is also made up based upon this specific information.

The polling card also contains information through which the voter may be directed to the specific polling station, where he or she is supposed to cast his or her vote and where his or her name is supposed to appear on the voters list. If he or she is in possession of all the prescribed documents, but does not appear on the voters list he or she can not cast his or her vote!!! A voter can be identified as follows. He or she who is a national of the Republic of Suriname, has reached the age of 18 years, is in possession of an I.D. card and a polling card, resident of one of the electoral districts and appears on the official voters list issued by the Government. Neither absentee nor early nor compulsory voting systems are not in practice in Suriname.

The political parties serve as the catalysers of the political process. They mobilize, organize the eligible voters and recruit and elect from their party ranks candidates for the different representative bodies. Political and election programs are conceptualized by the party cadres.

On the day of the elections an independent and autonomous body of electoral authorities is in charge of the elections. In any electoral sub- district there is at least one polling station. In any electoral district there is one main polling station supervising and coordinating the polling activities and functioning as the returning office of the processes-verbal of the results of all the different polling stations in their jurisdiction. A Central Main Polling Station is functioning as the national returning office and tabulator of the results nation-wide. And last but not least the Constitution has established an Independent Electoral Council, the supervisor of the elections nation-wide and the body that declares all the results in the end legally binding.

The electoral methods to be used are: for the national level a proportional system, based on the largest average and priority vote and for the local level the simple majority or "first past the post" system. All the properly elected and admitted members of all the representative bodies are by virtue of their election and admittance members of the United People's Council, - the fourth level of representation??????

Since 1987 Suriname has invited international organizations to observe the elections. The Organization of American States, the European Union and Caricom have been on the spot. So far all have declared our election process and the elections themselves to be free, fair and transparent.

According to the language of the Constitution Suriname has adopted a presidential system of government. The National Assembly exercises the

function of electoral college. In maximum two consecutive rounds they are supposed to elect the President and the Vice-president of the Republic. If they do not succeed in the vote, recourse is taken to the United People's Council. Unlike the vote in The National Assembly of a two-third majority, a simple majority is needed in the United People's Council. The President is the leader of the Government, whereas the Vice- president is in charge of the Council of Ministers. The President, the Vice-president and the Council of Ministers constitute the Government. The President, in al his capacities, and the Government as a body are politically responsible to the National Assembly. The term of the President as well as the term of The National Assembly is fixed at five (5) years. Neither of them, the National Assembly nor the Government, may remove the other prematurely. "Cohabitation" as the French say, is the guiding principle!

The political "land-net-scape"

In the year of the elections 2000 thirty- nine (39) political parties were registered, from which twenty-one (21) took part in the elections. The elections were won by a combination of parties, called the New Front. The constituting parties are the National Party Suriname (NPS), the United Reformed Party (VHP), the Suriname Labor party(SPA) and the Pertjaha Luhur (PL)(a party originating from the Indonesian segment of the society.) They won thirty-two (32) seats out of fifty-one (51). The President and the Vice-president were proposed out of their ranks and elected in the National Assembly. The opposition did not oppose the proposed candidates. The thusly elected President, mr. Runaldo Venetiaan, appointed the members of his cabinet. The other running parties were the National Democratic Party (NDP), the Democratic National Party 2000 (DNP-2000), the Progressive Farmers and Laborers Union (Palu) and the Political Wing of the Federation of Farmers and Laborers (PF-FAL). They won nineteen (19) out of the fifty-one(51) available seats. Since in our recent history no political party has been able to win the absolute majority, it is necessary for the parties to form coalitions. The characteristic features - the so called disadvantages - of a proportional system also force them to work closely together, since the arithmetical difference of a small number of votes may make considerable difference in the proportionally allocating of the seats. For major constitutional decisions, of

which the election of the President and the Vice-president are prominent examples, a two-third majority is requested by the Constitution it self. The colonial segmented and constructed society from which the Republic of Suriname stems, has originated political parties based on ethnicity rather than primarily on ideology. Nowadays a change in attitude and a shift in concepts can be observed. With the elections of May 25th ahead new political parties are established and new combinations of political parties are formed. The globalizing world, the Latin American continental atmosphere and our membership of Caricom, these are all factors that form challenges to become part of an international order that is based on democratic principles, solidarity and development for all rather than ethnicity and stringent party politics. Elections may pave the roads to that end.

On November 25th 2005 the Republic of Suriname will celebrate its thirtieth anniversary. May our system be enhanced by our awareness of democracy and the lessons learned from history. ▪▪▪

An integrated Uruguay

Tabaré Vázquez *

>   *The publication of a South American journal devoted to diplomatic, strategic, and political issues is good news.*
>
>   *As this initiative comes under a project named after Raúl Prebisch, it is more than good news – it is both an encouragement and a challenge.*
>
>   *DEP has these characteristics. In view of this, of the invitation extended by its publishers and of the certain interest of its readers, we present herewith a speech made on October 4, 2004 during the electoral campaign of Uruguay's current President-elect, Dr. Tabaré Vázquez.*
>
>   *The speech focus on aspects of regional integration and of Uruguay's integration into the international scene, considered from the perspective of the government that will take office next March 1.*
>
>   *The will expressed by Uruguayan citizens at the national elections held a few weeks after the speech lends a special meaning to its content. Its propositions are now a government commitment.*

>   *Dr. Gonzalo Fernández.*
>   *(Designate) Secretary of the Presidency of the Republic*
>   *January, 2005*

F riends:

Every day for several weeks, we have gone over the main chapters in the Broad Front[1] coalition government's platform, with the goal of establishing a national plan for sustainable, productive development.

During this process, we have spoken of a "productive Uruguay," and of production and employment as the keys to healthy economic growth.

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* President of the Eastern Republic of Uruguay.

We have spoken of a "social Uruguay," because our country's greatest asset is its people and the main responsibility of government is to protect the people and promote their right to a decent life.

We have spoken of an "innovative Uruguay," based on education and our potential to develop science, technology and innovation.

We have also referred to a "democratic Uruguay," and the need to deepen Uruguayan democracy even further in terms of citizenship, transparency, the effectiveness of state institutions and ethical public administration.

Without overlooking other important issues, today I want to share some thoughts, proposals and commitments related to another fundamental aspect of our national plan: an aspect related to all the others, which we call an "integrated Uruguay."

"Integrated Uruguay" refers to our strategy for international integration in the region and in the world. This is not a simple process, today, for a small and sparsely populated country like our own. Integration is a challenge we must face with consistency, imagination and a sense of ourselves as a nation.

Friends, as we all know, the Spanish colonial territory known as the *Banda Oriental* became the Oriental Republic of Uruguay in the midst of complex regional and international circumstances. First, there was the struggle between Spain and Portugal, and later between the United Provinces of La Plata and the Empire of Brazil, over control of the River Plate and what is today our national territory. And as a backdrop to these conflicts, we saw (not really in the background at all…) the active involvement of Great Britain, at the time a dominant and omnipresent power.

Such circumstances determined that an international dimension would be present from the very origins of our country. Uruguay's constitution as an independent nation, its affirmation and consolidation as a State, and its possibilities for development have been and are inextricably linked to its international integration.

In other words, Uruguay's visibility as a nation is closely tied to its place in the region and in the world.

As such, official speeches (although those who give them don't always comply in practice) must serve to promote, design and orchestrate an independent national foreign policy based on fundamental values and principles.

By independent, I mean that this policy is created and applied by a national government without any type of external influence or pressure.

National (or State) means that it is based on the broadest possible political and social consensus.

The fundamental values and principles underlying this policy include:

• a decisive commitment to peace, sovereignty, democracy and solidarity;

• clear rejection of all types of terrorism, violence and discrimination;

• the inalienable right of every country to have stable and secure borders and to freely exercise sovereignty and self-determination;

• respect for international law, and understanding that the norms which govern and regulate relations among States constitute the best means for guaranteeing peaceful coexistence and respect for the sovereign rights of all people;

• non-alignment (that is, independence) with respect to political and military alliances dominated by more powerful nations, along with support for efforts that serve to strengthen peace and the establishment of a more just and egalitarian world order;

• non-intervention in the internal affairs of other countries as well as maximum respect for the sovereignty of all people;

• reaffirmation of multilateralism as the means for strengthening international law, giving primacy to the role of the United Nations (which implies support for the reforms needed to make its decision-making processes more democratic and efficient);

• recognition of the indivisibility of all human rights whether these are political, social, economic, civil or cultural, including the collective rights to development and to a healthy environment, as outlined by international norms.

Friends, countries are like people – they begin their first relationships with those who are closest to them: that is, with their neighbors.

Profound historical, political, economic, social and cultural realities unite us with Argentina and Brazil.

Uruguay's relationship with these sister countries is fundamental to maintaining our own political stability and economic development. Half of Uruguay's foreign trade is with Brazil and Argentina; important flows of capital and investment exist with our neighbors; Buenos Aires is, in demographic

terms, something like the second most populous city in Uruguay; the total population of our country is equivalent to a neighborhood in Sao Paulo; and the vast majority of tourists who visit us each year are from this region.

No project for Uruguayan integration can be carried out that ignores this reality or dispenses with our brothers and neighbors.

Unfortunately, the last five years have witnessed the deterioration of relations between the Uruguayan government and Brazil and Argentina.

Besides the sadly famous declarations of the current Uruguayan president, which so weakened our bond with Argentina and Brazil, the coalition government's foreign policy chose to sacrifice relations with our neighbors – and Uruguay's committed, decisive participation in the regional integration process – in favor of unilateral and irresponsible involvement in international affairs and a supposedly privileged relationship with the world's greatest power.[2]

Allow me to say it here, to all of you – representatives of governments and people who are Uruguay's friends and brothers; political, economic and social leaders; members of the media who stand with us – a progressive government will work tirelessly to strengthen Uruguay's relations with her neighbors.

Accordingly, I would like to announce that – if our citizens entrust us with the responsibility of forming a national government – our first official mission abroad will be to visit our brothers and examine together our broad, common agenda of issues.

We will go to Brazil and Argentina. But we will also go to hospitable and heroic Paraguay, this sister country with which Uruguayans have a historic debt that must now be honored, as well as a common interest in establishing regional integration.

As a government, we will reiterate to our brothers and neighbors what we have already expressed as an opposition movement to be the main political strength of this country: that Uruguay wants more dialogue, more cooperation, more culture, more relations among our respective civil societies – that we want more investment and more trade with our neighbors, and of course, that Uruguay is firmly committed to the process of regional integration.

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[2] In international relations, what is needed is not privilege but respect, justice and solidarity.

According to this view of integration, borders are not dividing lines but spaces to meet and come together to jointly develop the border area. Mercosur is part of an indispensable regional integration process in a complex world that is characterized by the hegemonic presence of a single superpower and the existence of permanently engaged political and economic blocs.

In short, we will tell our Argentinean, Brazilian and Paraguayan brothers that the women and men of this country want more and better Mercosur; that we want not only to be members of Mercosur but to play a leading role in the regional integration process.

Developing bilateral relationships with countries in the region is the best foundation for renewing our commitment to Mercosur.

Friends, the regional integration process began with Argentina and Brazil's historic rapprochement in the late 1980s and early 1990s.

Uruguay joined this process late, and badly. It couldn't have happened any other way since those responsible for our successive governments still harbor the fantasy that Uruguay is a beautiful little house in an ugly neighborhood. They have bet on solitary and unilateral international involvement; they confuse pragmatism with inconsistency and believe in commercial agreements but not integration.

To direct integration processes politically, we must be consistent: we need to believe in integration and embrace all of its dimensions, because relationships between people and countries are more than just commercial.

The crisis that hit the region, the weakness of common institutional mechanisms and the lack of coordination of macroeconomic policies have severely affected Mercosur's ability to function. And certainly, the aforementioned lack of belief in the integration process on the part of Uruguay's successive governments – as well as its unilateralist attitude, which I have already mentioned – have done little to strengthen Mercosur.

Yet history is not preordained, nor does it always repeat itself. Today Mercosur is beginning the rebuilding process, and it will find an ally and fellow protagonist in the progressive Uruguayan government.

Allow me to say it again: we want more and better Mercosur. And we will work to meet that objective.

We will develop a comprehensive institutional reform for Mercosur that we conceive as an essentially political matter and which implies, among other tasks, the strengthening of all the areas that unite us and which help to cement common practices and laws in the region.

The creation of supranational bodies brings with it the unavoidable challenge of designing and implementing effective common policies. We must think and act with Mercosur in mind.

In keeping with all of this, we will promote:

• the rapid incorporation of common norms into national laws;

• the empowerment of Mercosur's Administrative Secretariat as a body that has a mandate to promote initiatives and the operational capacity to carry them out;

• recognition of the powers of the Permanent Review Court and the Trade Commission;

• strengthening of the Economic-Social Consultative Forum as a representative sphere for civil society.

The Mercosur Parliament and the Mercocities Network deserve special mention in this discussion.

The Mercocities Network is already a reality, thanks to the efforts of numerous local governments in the region, including the one that is hosting our gathering today.

Mercosur's new institutional structure must draw upon this experience, creating a Mercosur Cities Forum to express all the creativity and potential of these local efforts, so that Mercosur reaches its potential to achieve the same level of integration that the region's cities have attained.

On a related note, I want to add that Montevideo not only wishes to be a better home for everyone who lives and visits here, but that it also wants to be Mercosur's home.

The strategy to develop Montevideo as a capital city, promoted by the municipal government in the last few years, will be disseminated at the national level by Uruguay's progressive government.

Establishing the Mercosur Parliament implies a fundamental political decision that must be discussed in detail to facilitate the articulation of social, economic and political agendas present in the complex integration process now underway, ensuring transparency and democratization of decision-making.

We recognize the complexity of this process and admit that it must be developed in phases, but none of this leads us to downplay the strategic importance of the objectives proposed here.

Friends, Mercosur's agenda does not only include institutional concerns.

Working for more and better Mercosur also means working in other areas that I will now mention, although this is not a complete list and the points are not presented in any strict order:

1. Productive complementarity. This is an important topic within the concept of integration, because real integration implies generosity and solidarity among its members.

We aspire to greater integration of the region's productive chains in order to achieve effective improvements in competitiveness, through specialization and complementarity within the bloc. The factors determining the competitive position of Mercosur member countries, including Uruguay, should not be restricted to issues such as the cost of labor and availability of natural resources.

A common policy for competitiveness, based on the promotion of complementarity and specialized productive chains, should be oriented toward reducing our productivity differences with developed countries and at the same time, reducing asymmetries among Mercosur member countries.

From this perspective, the Competitive Forums can be a powerful tool for integration to the degree that they help to identify the demands and needs of different productive sectors and facilitate the formulation of business plans.

2. Common financial instruments. A common monetary policy is an unavoidable condition for the regional integration process, but it must be based upon – and there are real possibilities in this area – having regional financial instruments and institutions that capture the savings of member states and invest in productive activities in the region, generating credit which, at this time, is almost nonexistent. Such a policy could also regulate other areas such as the entry of speculative and volatile capital in the region.

3. Physical and communications complementarity. We cannot continue to live in isolation. For integration, we need a physical network that joins us.

This is quite obvious, but it also requires coordinated plans to take advantage of our rivers and navigable waterways, our port activities, our airspace, our highways, etc.

4. Energy integration. This is a fundamental consideration for Uruguay because while our country suffers frequent energy crises, Uruguayans are standing on one of the world's most important aquifers. We also live in a region that has rich petroleum and gas reserves and an enormous potential to develop clean energy sources (wind, solar).

5. Execution of joint development plans. While integration processes are not precisely replicable, it is worth remembering – and this is crucial – that today's dynamic European Union was built upon the rubble left by the Second World War, as a community to integrate the coal and steel industries …

Fortunately we are not launching our own efforts in a similar situation, but as I mentioned a moment ago, we have a great deal to build when it comes to productive complementarity, the physical infrastructure that connects us, energy sources, etc.

6. Scientific and technological complementarity. We must integrate our intelligence and knowledge as a way to optimize resources, exchange experiences and techniques, lower costs and innovate.

We must strengthen and develop our capacity to reduce the gap that separates us from the planet's most developed nations.

We have no reason to resign ourselves to the idea that we will be eternally chasing after development. It is possible for us to walk beside it.

7. Cultural complementarity. A progressive government in a modern nation should promote multiculturalism as part of regional and global integration.

Moreover, the definitive, lasting success of real, effective regional integration will be decided by the profound dimension of culture and bridges between cultures.

We will only create a regional identity if our people begin to recognize themselves as diverse parts of a unique and dynamic whole that they shared in the past, that joins them in the present and that projects them toward the future.

8. Complementarity of labor rights and social security. To truly respond to the needs and hopes of our people, integration must include coordinated policies to promote decent work, respecting the agreements, guidelines and recommendations of the International Labor Organization; the right of workers to organize; and the free movement of people throughout the region.

9. Integration in the area of defense. In today's world and from the perspective of the Broad Front coalition's national plan for sustainable, productive development, more and better Mercosur also means a national strategy to move forward the coordination and cooperation process among the armed forces of member countries – under the jurisdiction of the High Command as established by our national constitution – focusing on professional training, technological initiatives, and budgetary adjustment.

Friends, history and chronology are two different things. But as history unfolds, we must recognize several important dates.

In Mercosur's short history, several important dates already stand out. One of those is just ten weeks, or sixty days, away: the next Mercosur Presidential Summit, which will take place in Ouro Preto, Brazil, on December 17, 2004.

At this meeting, important matters related to Mercosur's institutionalization and future will be considered.

What positions will the Uruguayan government bring to this summit? What will its attitude be with respect to the newly elected government that will take power on March 1, 2005?

It is not our place to answer such questions.

Yet such questions do exist, even if it is not our place to answer them. Indeed, they do!

For this reason, and if our citizens entrust the Broad Front coalition with the responsibilities of national government, I want to express our commitment to making the greatest possible effort to meet the goals outlined here, as well as our readiness to do so as soon as possible, without exempting others or ourselves from the responsibilities implied therein.

At the same time, we are not indifferent to the current government's strikingly sudden inclusion of transcendent and complex themes in its agenda,

which seriously compromises not only the next government, but more importantly, the future of all Uruguayans.

I am referring specifically to the Investment Agreement with the United States recently signed by the current government's Minister of the Economy, which is now awaiting parliamentary review as established by the national constitution.

I want to clearly state that the Broad Front coalition has not been consulted about the content of this agreement, nor do we know what it is.

This situation is worrisome, and for reasons of basic political responsibility we feel we should remain alert to its evolution in all the areas of political action in which we participate.

It seems important to state this here today, because an agreement of this nature, negotiated unilaterally, implies a lack of knowledge about Mercosur and of the need to approach these themes as a region.

Mercosur, far from being a sealed-off fortress, is a platform for regional and global integration.

If we are united, we have a long road to travel, but if we walk alone we will have neither a direction nor a destination.

Friends, we do not want our country or Mercosur to walk alone.

For this reason, we plan to give high priority to our relations with Mercosur's Associated States (Bolivia, Chile and Peru), to broaden Mercosur and its interaction with other integration processes now occurring in the region.

We are well aware of the Latin American reality and of the complexity of the projects proposed here, but we will never stop working for what Father Artigas called "the American system."

An expanded, strengthened and consolidated Mercosur will have a stronger role in negotiations with the Free Trade Area of the Americas, with the European Union, with India and China, with other integration processes and free trade areas, as well as in multilateral spheres such as the World Trade Organization

Our commitment to Mercosur is borne of conviction and is therefore permanent and ongoing.

Yet in spite of its permanence, certain moments present special challenges to this commitment.

I would like to announce, therefore, that we will assign special importance to the *pro tempore* presidency of Mercosur that Uruguay will assume in the second half of 2005.

And if our citizens entrust us with the responsibility of national government, we will work to give both Mercosur and Uruguay the presidency they deserve.

Friends, Uruguay's commitment to and participation in Mercosur in no way contradict our country's active policy of integration in the broader international sphere – rather, these two processes mutually complement and support each other.

In this regard, we believe that our country must actively develop relationships with all Latin American countries – in the milieu beyond Mercosur – as part of the natural, historic vocation of our people.

And when I refer to all Latin American countries, I mean exactly that: all of them, without exception, because we feel a brotherhood and solidarity with all of them for the basic reason that we are all Latin American. This includes Cuba.

In the inter-American sphere, we must also assume positions and take action that makes the Organization of American States a tool for affirming and deepening democracy in the region.

We also believe it is important to give renewed support to the Ibero-American Summits, which constitute an excellent forum for strengthening ties between Latin America and the Iberian peninsula, and through it, the rest of Europe.

To make these ties fruitful and give the Ibero-American community real influence in international relations, we must move from informal discussions to concrete agreements, from declarations of shared principles and values to initiatives that clearly spell out this community's plan for international action.

Therefore, we propose that the Ibero-American Summit make a clear commitment to the Action Against Hunger and Poverty, and to the opening of markets in industrialized countries to products from the developing world,

as an effective way to contribute to reducing the North-South gap and achieving greater international justice.

These commitments must be carried out through cooperation programs, coordinated action in international forums and above all, in all international trade negotiations including the Doha Round – to which all of us should contribute our intelligence and effort so that it becomes, in essence, a Development Round.

Friends, access to markets, particularly in agriculture, the elimination of export subsidies and the reduction of internal subsidies in developed countries are fundamental objectives of our foreign policy. To achieve them, we cannot ignore the efforts that our fellow Mercosur members and other developing countries are making in the same regard.

Inexplicably, or rather for reasons that we don't agree with, Uruguay has been marginalized from the so-called Group of 20, where it should have been present from the beginning to defend, along with other Mercosur members, fairer terms of trade that would allow us to sell our products.

The progressive government will take steps to reverse this situation and Uruguay will be present in any bilateral, regional or multilateral agreements and negotiation processes necessary to meeting our objectives.

Not to beat our chests or ask for pity.

But with conviction and energy.

Uruguay's global integration cannot ignore relations with international financial institutions. In this terrain as well, through compliance with the obligations that our country has entered into, we will promote relations of mutual respect that take into account the needs and right to development of Uruguayan society as a whole.

Friends, the progressive government's policies will be nurtured by the best traditions that, in the past, earned Uruguay the respect of the international community.

Uruguay was respected not for the strength of its army or the power of its industries, but for its forward-looking attitude and consistent affirmation of ethical principals, law and justice in relations among nations.

The progressive government will draw upon this legacy and give priority to the United Nations as a forum for affirming the validity of international

law and multilateralism – in opposition to the use of force and unilateralism in international relations.

In a world wounded by inequality and hunger, we will commit all our efforts to seeing that the Development Agenda – which takes its founding principles from the United Nations Millennium Declaration – maintains its preeminence over the Security Agenda.

Without ignoring the importance of fighting the scourge of terrorism, we believe that the very serious situation in which millions of people across the planet find themselves today – including more than a few in our own country – requires the international community's urgent intervention to solve the problem.

Therefore, we commit our support and active participation to the Action against Hunger and Poverty promoted by Brazil, Chile, Spain and France with the support of the United Nations, recently announced at its headquarters.

Friends, although I articulated it before, allow me to return to the concept and develop it briefly: the defense and active promotion of human rights will be another feature of progressive Uruguay's international efforts.

We believe that today's world, in which the Security Agenda seems to impose growing restrictions on individual rights and guarantees, needs the international community's decided action to defend and affirm human rights.

How can we explain and justify the existence of prisoners who are held without trial and deprived of their most basic rights? Can we remain impassive in the face of torture – abhorrent enough, in itself – but even worse when it is privatized and photographed?

These facts profoundly wound human dignity (and not just the dignity of those who suffer directly from such practices but also – and fundamentally – those who apply, order and simply tolerate them) and call for the promotion of efforts to defend and affirm the validity of human rights. Such efforts must involve the various multilateral and regional forums created to address the theme, along with governments and civil societies in many countries. We will support such efforts.

We will recover Uruguay's best national traditions with regard to the development and validity of international law and consequently, we will support and cooperate with the International Criminal Court.

Another Uruguayan foreign policy tradition that we will also recover will be the defense, development and promotion of worker's rights, including social security. Working closely with the International Labor Organization, we will promote initiatives to ensure the defense of these rights and to combat precarious employment and unemployment – which neoliberal "flexible employment" policies have made endemic in certain social sectors.

Along with these traditions, we will take two specific lines of action:

1. A firm policy to protect the environment and active participation in efforts to ensure sustainable development, to prevent and mitigate the effects of climate change, to promote clean development technologies and to prevent the movement of toxic substances, among others.

Within this framework, we will fight for an international policy to protect Uruguay's national resources, especially those with strategic and economic value.

2. Maintenance of international treaties and conventions that advance gender equality, giving specific support to decisions made at the International Conference on Population and Development (Cairo, 1994) and the Fourth UN World Conference on Women (Beijing, 1995).

This also implies incorporating gender dimensions to Mercosur's various existing institutional structures, and to the future directions taken in the deepening integration process.

Friends, I would like to make two comments of a more internal nature – in other words – to bring these remarks to a close.

First, to build a nation, to move forward a national plan for sustainable, productive development and to launch a strategy for international integration in accordance with a country's goals and objectives, we need to reexamine the instrument known as the Ministry of Foreign Relations.

The choice of the word "instrument" is not casual. I said it before and I will say it again: just as we cannot conceive of a progressive government that is elitist, or social polices that keep the poor in poverty, nor can we conceive of a Ministry of Foreign Relations that is closed off unto itself, locked in nineteenth-century (or even eighteenth-century) trappings, far removed from the country's reality, goals and possibilities.

As we plan to do in other areas of national administration, we will seek to promote reforms in the foreign service that will help it serve these great national objectives.

In doing so, we recognize that not everything is bad, that there are valuable experiences and human resources that certainly should not be squandered – but we must also recognize that many aspects can be improved and that some must be improved a great deal…

The second final comment: international integration in the framework of an authentic national development strategy must also take demographic policies into account.

Policies that allow the men and women of Uruguay to live in their country, policies that allow Uruguayans who, for various reasons, don't live in their country to still feel they are part of it.

Diaspora policies, but also – and most importantly – policies to avoid the creation of a diaspora.

Because countries are, essentially, made up of their people. And people have roots because they need them.

Friends, as I said at the beginning, for many weeks we have shared our thoughts, opinions, proposals and commitments for a social Uruguay, a productive Uruguay, an innovative Uruguay, a democratic Uruguay and an integrated Uruguay.

Without a doubt, there are other Uruguays: a cultural Uruguay, an Uruguay of diverse ethnicities, an Uruguay of gender equity, a young Uruguay, an adult Uruguay, an elderly Uruguay … but all of them, like the different faces of a polyhedron, make up a single Uruguay – the Uruguay that inspires and convenes us.

We have come from that Uruguay, and we're moving towards that Uruguay.

Thank you very much. ▪▪▪

Venezuela: from one political system to another

Carlos A. Romero [*]

The series of political events unfolding in Venezuela since the 1980s has drawn attention from diverse analysts, decision-makers and scholars. Essentially, when what had been considered a stable political system began to show signs of instability, the international community began to take a closer look at a process that not only had been considered "healthy" by Latin American standards, but which also was projected as a model for the region to follow.

A literature review from the era shows that a paradigm was imposed on the analysis of Venezuelan politics – a view that set its coordinates according to the thesis that Venezuelans enjoyed rule by a populist system of elite consensus. Based on a classic case of "pactism" known as the Pact of Punto Fijo, the system reflected an elite consensus to develop representative democracy with mixed capitalism and a dominant State presence, given the economy's dependence

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on petroleum and assuming the idea that economic development guaranteed sustained social ascendancy (Kornblith and Romero, 2004).

Three "schools" criticized that dominant explanation. For some neoliberal analysts, it was not true that the populist system of elite consensus had its basis in the *primus inter pares* role that the two main parties played (the Social Democrat AD and the Christian Socialist Copei), forming a coalition in which everyone profited – although some more and some less. Rather, they argued that Venezuelan democracy had been kidnapped by a State that was in turn held hostage by elites who were separated from the majority and who had neither power nor access to public decision-making. For other Marxist analysts, Venezuela was no more than a link, and not the weakest one, in a capitalist expansion in which the country and its rulers played a dependent role. A third view proposed that Venezuela's petroleum wealth was the key to understanding political changes in our country.

In this article we will evaluate how the current political system's origins, development and projections have been analyzed, based on the foregoing analysis and following two premises: first, that it is questionable to observe Venezuelan politics solely from the perspective of historical events, without taking into account the important scholarly debate that has recently generated diverse interpretations of these politics. Second, it is questionable to speak of a "Venezuelan political system" from 1958 too the present.

With regard to the first point, "pactism" is understood as a fixed model, the middle way that was used to interpret Venezuela's so-called "democratic success" – from which a discourse emerged that overlooked the big questions offered by a country that had modernized thanks to the petroleum industry and abundant fiscal resources, but which also had an enormous social and productive deficit.

In fact, real events contradicted this idealized version of politics, given the development of clientelistic networks, public spending that increased on an annual basis, a significant external debt (from the 1980s onward), and a series of institutions in disarray. As such, Venezuelan democracy was not the darling (in this case because of its *sui generis* status) to be held up as an example that others could follow in the comparative politics literature on Latin America, but instead a model – that in spite of top-down arrangements and petroleum resources – that had neither been institutionalized nor convinced the majority of Venezuelans of its goodness.

In this context, the rupture that occurred beginning in 1989 was not a sudden, unexpected thunderbolt but rather the result of a slow but persistent humidity that was corroding a process already nearing its end. At the same time, Venezuela saw the appearance of phenomena that were common in the rest of Latin America but which, until then, seemed distant from its own case: inflation, military crises, corruption scandals, public criticism, mobilizations and electoral abstention.

Carlos Andrés Pérez, in his second government (1989-1993), promised to end the system's crisis by employing the general orientations of the Washington Consensus. The shock treatment applied to a country that had been lulled to sleep by its own illusion of stability (an idea that the thesis of "pactism" reinforced) prompted social violence and political resentment, making Venezuela a country of concern for the hemispheric community given the attempted coups of 1992, a constitutional crisis, President Pérez's resignation and departure in 1993, and a general state of political disarray (Kornblith and Romero, 2004).

Rafael Caldera, in his second presidency (1994-1999), tested another "recipe" for eliminating the causes of the crisis. By his estimation, the populist system of elite consensus was not exhausted but derailed, and once it returned to its original "canons" it would regain its lost stability.

Hugo Chávez, leader of the 1992 military uprisings and a retired Venezuelan army officer, won the presidential election of December 1998. President Chávez fulfilled his electoral promise by breaking with the past and dividing Venezuelan democracy into eras – defining the period from 1958 to 1999 as the "Fourth Republic" and from 1999 onward as the "Fifth Republic." The process included a Constituent Assembly, a new Constitution and a new relationship between the national government and the Venezuelan elites, characterized afterward by clear dissent, hopeful and divided masses, the deepening of clientelism, an officialist majority in every branch of public administration and a series of officialist electoral victories accompanied by a high level of abstention (See table in the appendix to this article).

Six years into the Chávez administration, the country seems contradictory in the eyes of the international community. Democracy is not dead and buried, but the "Chavist" thesis for promoting so-called "participatory" democracy (an attempt at direct democracy) has not served to stabilize the country. We

are still a petroleum-producing country, but now more than ever we are becoming an energy-producing country. The effects of poverty have worsened, the middle class has diminished, inflation is a permanent threat and continues to weaken the national currency, despite the petroleum market's stability and significant public revenues.

But let us return to our initial question – what happened to Venezuela? Or rather, what is happening in Venezuela? The country seems to be submerged in an unsolvable crisis, despite having applied three "recipes" in a row.

Related to my second premise, we must remember that from a constitutional perspective, Venezuela presents two phases in the formation of its modern political life, despite the fact that the democratic process has not been interrupted in its recent history. The first phase spanned 1958 to 1999 and was based on the 1961 Constitution; the second, from 1999 to the present, is based on the 1999 Constitution.

My first conjecture is based on the idea that the constitutional changes discussed here in themselves reflect profound differences in the establishment of Venezuelan politics within the framework of these two eras, 1958 to 1999 and 1999 to the present (Combellas, 2002).

To explore the premises underlying this article, I will first analyze the debate over interpretation of Venezuelan politics in the past and today.

Views of the Venezuelan Political System (VPS)

As noted in the introduction to this article, studies of the Venezuelan political system (VPS) have been dominated by a functionalist view that situates its coordinates according to the theory that Venezuelans enjoy rule by a populist system of elite consensus.

Within this framework, there are two main variants in this direction: a focus that comes from the historical-political field and which emphasizes the role of political parties and democratic political leaders in the creation of the political system – which we will call the *Martz approach*, in reference to the author who best exemplifies it, the late North American "Venezuelanist" John D. Martz. According to this perspective, the Venezuelan political system is the product of the electoral skills of parties of diverse ideologies, and the

hegemony of the social democratic Democratic Action party (and to a lesser extent the Christian Socialist Copei party) in Venezuelan politics.

This view is based on four general assumptions: that Venezuelans identified with politics through parties and their leaders; that Venezuelans' criteria for association were essentially secular; that the country did not have defined social classes or significant ethnic differences and therefore, Venezuela was a homogenous and integrated country (Martz, 1977).

A second approach, focusing on political and institutional characteristics, emphasized the role of elites in creating the VPS. We will call this the *Rey approach* after its principal proponent, the Venezuelan political scientist Juan Carlos Rey. Venezuelan authors who study the VPS have utilized this approach to a large degree, which bases its analysis on the idea that the VPS was the product of a pact, within the framework of a populist system of elite consensus. The approach rests on the following assumptions: that the key actors in Venezuelan politics were not parties or the people, but elites; that elites achieved a consensus which stabilized political life through the use of public revenues and their fair distribution; therefore, the important task was to analyze the rational criteria that permitted this consensus and popular support for it. This supposed: 1) a strong capacity for negotiation; 2) a conciliatory style of negotiation; 3) a high level of social demobilization, mainly by controlling the masses through reliable organizations. For Rey and his followers, the VPS underwent a crisis at the end of the 1980s when both the consensus among elites and public confidence in party democracy began to break down (Rey, 1991).

What do these approaches have in common? In general terms, what unites them is a concern with analyzing explicit and rational mechanisms that draw a set profile of the Venezuelan political system.

As mentioned in the introduction to this article, three schools have argued over the explanation for Venezuela's political stability. According to some neoliberal analysts, the VPS is supposedly worn out and must be supplanted by the leadership of civil society in opposition to the State, as well as political decentralization. This view emphasizes citizens' role in politics and criticizes parties and other corporativist organizations. We will call this the *Copre approach*, since it was the Presidential Commission for Reform of the State (Copre) that produced the majority of publications with this neoliberal orientation (although

we must also recognize the contributions of the neoliberal Venezuelan organization Cedice[1] to the discussion) (Kornblith, 1996).

For a second, Marxist school of analysts, Venezuela was no more than a link in capitalist expansion, in which the country and its rulers played a dependent role. This approach was based on economicist arguments, a result of Marxist traditions in the country that emphasized the dependent nature of Venezuelan society and the class origins of the dominant elite. We will call this *the Cendes approach* in reference to the university research institution of the same name,[2] which has published important studies with this orientation. This perspective emphasized that socioeconomic processes were the key to understanding Venezuelan politics, along with such concepts as political violence, marginality and poverty, public spending, the role of the State, and income distribution (Kelly and Romero, 2002).

This perspective was based on four assumptions: that in Venezuela there was a vast difference between democracy's achievements and Venezuelans' economic situation; that Venezuela, as a country, was dependent on the United States; that the key political actor in Venezuela was not parties but the people; and that the Venezuelan State controlled political life.

Rejecting the theory of "pactism," a third school emphasized the idea that in order to understand the functioning of the political system and the keys to its stability, it was important to take into account a key variable – petroleum revenues, which made Venezuela a unique case relative to the rest of Latin America. Thus, political stability was not the product of elite consensus, nor of popular exercise of democratic political culture, nor of dependent leadership controlling the State, but instead the result of a rent-seeking economic model (Karl, 1997).

To get a better sense of the elements that characterize this third school, it is worth analyzing two important publications written by authors who have tried to relate the VPS with the specific idea of Venezuela as a rent-seeking

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[1] *Centro de Divulgación del Conocimiento Económico*, or Center for the Dissemination of Economic Knowledge, in English.

[2] *Centro de Estudios del Desarrollo*, or Center for Development Studies.

state, allowing us to observe the links between politics and petroleum in Venezuela more clearly from an international perspective.

The first example of this intellectual current is Diego Bautista's book *Pueblo y Petróleo en la Política Venezolana del Siglo XX* (Urbaneja, 1991).[3] In this monograph, Urbaneja asks, in the first place, what elites think of the people and what each of the ideological currents present in Venezuelan intellectual history (Liberal, Positivist, Marxist and Democratic) has to say on the matter. In the second place, the author proposes the idea that Venezuela is ruled by a rent-seeking State without a redistributive mission, since the State does not extract resources from society but instead distributes wealth that society does not produce. Accordingly, society does not support the State – the State supports society – through rent-seeking behavior that encourages even greater State autonomy (Urbaneja, 1991).

Terry S. Karl published an excellent book on the same topic in 1997, entitled *The Paradox of Plenty: Oil Booms and Petro-States* (Karl, 1997). Karl makes many of the same assumptions as Urbaneja, but gives them comparative perspective by placing the Venezuelan case alongside those of other petroleum-producing countries (Karl, 1997).

At the beginning of the book, Karl asks why underdeveloped petroleum-producing countries have experienced almost identical processes of economic deterioration and political uncertainty – even though their geopolitical contexts are completely different – with identical development strategies, similar trajectories and perverse results (Karl, 1997: XV).

Within that context, Karl discusses the central problems for this type of economy: 1) the perverse effects of the so called "Dutch disease," in which exponential growth in one sector of the economy depresses the rest, eventually producing general stagnation in the economy. In this sense, underdeveloped petroleum-exporting countries exacerbate the economy's dependence on a single product. 2) Second, for the author, the origin of public revenues influences the structure of public institutions: the State, the regime and the government. The State is the permanent organizational structure (consisting

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[3] In English, *People and Petroleum in Twentieth-Century Venezuelan Politics.*

of bureaucracy and institutions); the regime outlines the strategies to be followed in decision-making; the government consists of actors (political parties, civil servants, and military leaders) who occupy dominant positions within the regime at a given time (Karl, 1997: 14). Therefore, the State and not the private sector is the sector that most accumulates and benefits from petroleum rents. This produces rent-seeking behavior in society, which leads to: 1) the importance of petroleum-related issues in politics; 2) resistance to change on the part of the majority of society, which is protected and subsidized; 3) uncontrolled State growth.

At the same time, the author argues against the thesis that Venezuela is an exceptional case, as Martz and Rey maintain in their approaches (based on periodic elections, pactism, parties, elites and consensus). According to Karl, this view is incomplete because it fails to take into account the problem of access to petroleum rents. Moreover, this "pact-making Venezuela" has strengthened oil rents since 1958, leading to a "democracy without losers." (Karl, 1997:111).

It is worth noting that it has been difficult to include the Venezuelan case satisfactorily in general comparative classifications of political regimes within the region (Levine, 1973; Romero C, 1992). For a long time, the Venezuelan political model – the Venezuelan Political System (VPS) – was considered an example for transition projects from authoritarianism to so-called "pacted" democracies, although elements of the model have been criticized from various angles.

The VPS supposedly had its foundation in a rational view: it was a model for presidentialist democracy, with a mixed economy, a party system, regular elections and political liberty. On the other hand, it was also characterized by three socioeconomic tendencies: the importance of oil rents, limited income distribution, and a central role for the State with regard to the economy. Finally, a series of political "myths" sustained the model: the myth that the population would experience progress because they lived in a petroleum-producing country, the myth that Venezuelans are essentially democratic, and the myth of political stability (Van Der Dijs, 1993; Capriles, 1993).

From one system to another
1958-1999

The VPS experienced a major crisis at the end of the 1980s. Nevertheless, there was no significant change in its structure, despite the fact that in the

previous years two of its principal pillars – economic growth and support for party-based democracy – were battered by the appearance of significant inflation and political disenchantment, as expressed by high electoral abstention and concomitant support for victorious anti-system candidates with authoritarian tendencies – Caldera in 1993 and Chávez in 1998 (Rey, 1980; Romero C 1992).

A diverse array of books and articles on Venezuelan politics has tried since then to understand the political changes that the country experienced following the violent events of February 1989 known as *El Caracazo*. These publications attempt to analyze why the Venezuelan political system based on the 1961 Constitution and on the elites' pact gave way, in just nine years, to a semi-authoritarian regime and a new constitution that moved so far away from the liberal democratic project and which gave a leading role to participatory democracy and military power. In this sense, the personality of President Chávez, the shift in civil-military relations that forms the basis for "tutored" democracy, the content of the new 1999 Constitution, the displacement of traditional parties as an electoral power and the return to protectionist economic policies all called attention to what is considered by some a new regime and by others a new national project: the "Bolivarian Revolution" (Gómez Calcaño, 2000; Álvarez, 2000; Urbaneja, 2000; Salamanca, 1997).

But what made this change possible? Remember, after the fall of the dictator Marcos Pérez Jiménez in 1958, Venezuelans created a democratic political system that developed for over two decades without incident. The majority parties, Democratic Action and Copei (Social and Christian Democratic, respectively) alternated in the executive branch and maintained control, most of the time, of the legislative and judicial branches. Accordingly, many foreign and national analysts agreed that the Venezuelan model could be characterized as an alternating party system that tolerated minorities, based on a pact among elites, in which party leadership prevailed over all other political factors.

In this context, the 1961 Constitution determined the rules of the game and the juridical-institutional milieu that stabilized a system that was maintained until 1999, according to pactist theories, on solid foundations. There were seven constitutional presidencies, mixed capitalism in which the public sector played a dominant role thanks to petroleum revenues, and State resources for

public expenditure. The majority parties controlled labor unions and social movements; civil-military relations were stable and under civilian control. The private sector was loyal to a system that awarded it credit, protection and fiscal incentives in an inward-looking model of economic growth. The population benefited from constant economic growth and a stable economic system in terms of employment, a favorable and fixed exchange rate for the national currency in relation to the dollar (4.30 bolivares to the U.S. dollar), moderate inflation that remained in the double-digits, and various opportunities for social advancement.

Despite the presence of moderately important urban and rural guerrilla movements between 1961 and 1967, two attempted coups in 1962 and the existence of radical Marxist, nationalist and conservative minorities – who criticized "limited democracy" and an "economy concentrated in the State" – Venezuelan democracy managed to overcome its initial handicaps and become the darling of Latin America by avoiding a rupture of the democratic order and a generalized economic crisis. In this way, the country emerged as a "Petro-State" with a political party system in which civil society participated little, and a population that in its majority voted in general, congressional and presidential elections every five years for candidates from AD and Copei, the two main centrist political parties.

At the same time, there were what some considered passing anomalies: the inefficiency of some governments, administrative corruption, the lack of participatory channels for emerging sectors, the failure of social policies, rising electoral abstention and the beginnings of an economic crisis – all of which contributed to the idea, by the 1980s, that the Venezuelan political system was in crisis and in need of reform. For a group of the political elite, this reform could take place within the limits of the 1961 Constitution, with internal changes to the State and the public sector. For others, the alternative system should be based on the proposal for a new constitutional process and a radical overhaul of the country's political structures. For a third group, the aforementioned failings were short-term, and could be mitigated to the degree that fiscal revenues were maintained or increased and that foreign loans could be obtained.

Certainly, the country began to perceive that petroleum wealth had its limits, that the great "clientelist" complex joining the State and society could no longer be sustained, that there were problems with payment of the foreign

debt – because of its size and reckless spending on everyday expenses and mega-projects – that the national currency was beginning to lose value and that the system's legitimacy was beginning to diminish. Social protest grew along with economic uncertainty, administrative corruption, and the lack of efficiency in an overgrown public sector.

Thus, when then-Lieutenant Coronel Hugo Chávez Frías decided to join the attempted military coup against the democratic government of Venezuela in 1992, no one believed that history would give him the opportunity to lead the country by other means. Essentially, Chávez and his followers were prepared to take power by force, as they considered it to have been "kidnapped" by a party leadership that had failed to bring happiness to Venezuelans. Although the attempted coup failed militarily, it awakened a society that henceforth sympathized, in its majority, with a cause that may have had a confused message but also pointed toward a destination: the nation's history must be changed (Gómez Calcaño, 2000).

Essentially, a country with a high level of export revenues – the product of oil rents – which had managed to establish a democratic model, which had disciplined its armed forces to civilian rule and which enjoyed solid international prestige, within a few years found itself in the midst of a process of disintegration. Unfortunately, it had missed several opportunities to reform the system and adjust it to new international and national realities (Cardozo de Da Silva, 1998; Romero C, 1992; Urbaneja, 1991; Oropeza, 2000).

Following his imprisonment for participation in the coup attempt, Hugo Chávez understood from jail that Rafael Caldera's victory in 1993 – an ex-president who had broken with Copei, the party he founded himself in 1946 – and the heterogenous alliance that had supported him were, along with other electoral and social manifestations (such as the popular insurrection of February 1989 and various popular protests), an indication that the country was breaking with the past and looking for something different. Nevertheless, the halo of Chávez's imprisonment did not in any way dissuade him from the idea of taking power by force. Only in 1994, when Chávez was freed, did he travel the country and begin to accept the idea that he had a chance of winning the 1998 presidential election (Gómez Calcaño, 2000; Álvarez, 2000).

From then on, Chávez directed the creation of a political alliance made up of three main sectors: the military, which had been with him before and

since 1992; the traditional revolutionary sector, consisting of a left which saw its salvation in Chávez; and cultural, business and social sectors that in one way or another had separated themselves from traditional politics, who had not participated in political struggles, were marginalized from power, had been defeated in Venezuela's armed struggles in the 1960s, or who simply viewed what was coming in an opportunistic fashion (Álvarez, 2000).

The bet paid off. The country's largest political party, the social democratic Democratic Action, was divided and chose a presidential candidate with little appeal, Luis Alfaro Ucero, its national secretary general. The social Christian Copei supported the independent candidacy of Irene Sáez, a former Miss Universe. Independent sectors saw in the person of Henrique Salas Römer, ex-governor of the state of Carabobo – whose Venezuela Project party campaigned under the banner of decentralization – a non-radical "anti-party" solution. In this context, Chávez eschewed the labels of leftist or *golpista* candidate that others had tried to pin on him, and received support from various social, cultural and business groups. Reading the writing on the wall, the AD and Copei parties abandoned their candidates at the last minute and threw their support behind Salas Römer, in a desperate attempt to defeat Chávez in the 1998 presidential election (Gómez Calcaño, 2000).

1999-…

After Hugo Chávez won the presidency in December 1998 with 56 percent of the vote, he reiterated his electoral promises and vowed that his government would not rule along the lines of what he called the "Fourth Republic" (the period from 1958 to 1999). In fact, beginning in 1999 he sought to found the "Fifth Republic," promoting the convocation of a Constituent Assembly to write a new constitution "made to measure" and incorporating a provision for extending the president's term to six years, with the possibility of immediate reelection (The 1961 Constitution did not allow immediate reelection and the presidential term was five years).

In terms of foreign policy, Chávez distanced himself from the balanced pro-Western policy that had characterized previous governments and began to define a more "progressive" international agenda that was active, contradictory and incorporated strong Third World elements. In economic

terms, for nearly six years the Chávez government has maintained the previous government's mixed State-market policies, but with populist touches such as distribution of resources through social projects and direct assistance, while at the same time deepening the national commitment to petroleum.

Meanwhile, the traditional political elite has been displaced from public institutions. Ministerial positions, the State organizational structure, membership in the Constituent Assembly and the National Assembly, governorships and mayoralties are all in large part held by representatives of a new civil-military leadership that came to power through Chávez's hand (Álvarez, 2000; Kelly and Romero, 2002).

After six years of government (one under the 1961 Constitution and five under the 1999 Constitution), Venezuela finds itself at a crossroads. The convening of the Constituent Assembly, the promulgation of a new constitution in December 1999, the start of a new six-year presidential term in 2001 (remembering that in July 2000 new presidential elections were held under the auspices of the 1999 Constitution, which Chávez won with 57 percent of the vote), the installation of a new legislative power: the National Assembly, which replaced the bicameral Congress stipulated by the 1961 Constitution, and the very exercise of government are all indications of fundamental change in the country.

Since 1999, Venezuela has moved politically along the following coordinates: Chávez governs with a high degree of presidentialism and personalism, though his popular appeal remains strong. This was seen in the electoral process that relegitimized the executive and legislative powers in the July 2000 elections, and in the referendum that attempted to recall the president in August 2004. Although the opposition has been reduced institutionally and electorally, it still has an important mediating power and the military has acquired powers, prerogatives and mandates that are unprecedented since 1958, despite internal divergences in the armed forces.

From an economic standpoint, the increase in world petroleum prices from 2001 to 2004 allowed Chávez to provide the appearance of monetary, exchange rate and inflationary stability. It has also spurred public spending and the growth of a large internal debt. Since 2002, Venezuela's currency, the bolívar, has undergone successive devaluations and inflation has remained under control (Astorga, 2000).

Finally, we cannot forget the historical fact that the Venezuelan left, with its different expressions, parties and intellectual currents, has found in Hugo Chávez a political-electoral platform for attaining power. In fact, Chávez revived and implanted in the government and the country a structuralist and anti-capitalist economic vision based on the idea of strengthening the State as the central instrument for development and on protectionism of national industries, thus forming an "anti-Western" ideological package based on an anti-imperialist view of the world (Kelly and Romero, 2002).

As 2001 came to a close, several trends in Venezuela indicated that 2002 would be a decisive year for the Chávez regime's continuity. First, the very image that made President Chávez an informal figure – but whose movements, oratorical style, ways of communicating and political ideas revealed and reveal a complex personality – estranged him from the middle class and to a somewhat lesser degree, from some of the popular sectors. Second, President Chávez's legitimacy has deteriorated because the personalistic style of the change process also affected his legitimacy as head of state.

In 2001 one could also observe a deteriorating political situation, resulting from the aforementioned factors and the reappearance of an organized opposition working through Fedecámaras[4], the Confederation of Venezuelan Workers (CTV) and other non-governmental organizations. These dissenting groups came together on December 15, 2001, when the CTV – a top-down union organization controlled by the opposition and Fedecámeras – called for and carried out a 12-hour general strike protesting government policies. Added to the mix was the increasingly oppositional tone of the national media including press, radio and television, and Chávez's accusations that there was a conspiracy to overthrow him, all of which contributed to a climate of political instability in Venezuela.

As a result, in 2002 Venezuela witnessed more strikes, including a general strike, and more conflicts, street violence and crime waves. At the same time, opposition to the government grew in the private sector-controlled media, accompanied by government threats to shut down such media.

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[4] The Venezuelan Chamber of Commerce, or *Federación de Cámaras y Asociaciones de Comercio y Producción de Venezuela.*

At this point we should mention the causes of the so-called *Carmonazo*, the civil-military rebellion that took place on and after April 11, 2002. First among these was discontent on the part of the middle class, the business sector and the workers with regard to Chávez's leadership of the country, which threatened to divide Venezuela down the middle. A second cause was the fragmentation of the armed forces, where various groups, inter-branch rivalries and ideological divisions existed. Third, Chávez had exhausted people's patience by provoking conflicts with the Church, Pdvsa (the state-run petroleum company, from which 18,000 workers were fired following strikes in March 2002 and January-February 2003) and the media. Nevertheless, President Chávez returned to power on April 14, 2002, thanks to popular and military support, the sectarianism of provisional governments that had tried to rule on a *de facto* basis, and internal rivalries among the military officers who had plotted the coup (Kornblith and Romero, 2004).

Following the April 2002 coup, the prolonged general strike of December 2002-January 2003, and the petroleum workers' strike of January-February 2003, President Chávez regained control of the situation and obtained support from the majority of officers in the armed forces. President Chávez and his inner circle have advanced the theory that those wishing to remove him from power were linked to the global, multinational petroleum industry and to the United States, who wanted to "punish" him for governing on behalf of the poor – and for high petroleum prices, to which he had partly contributed two years earlier by supporting Opec's production reduction policies. Second, President Chávez believes that a media conspiracy exists that wishes to discredit him internationally and which has global ramifications.

Meanwhile, the Organization of American States, the Carter Center and the "Group of Friends of the OAS" intervened in the Venezuelan crisis and created a Negotiation and Agreements Roundtable, which in four months was able to cement consensus for finding a peaceful and democratic solution to the crisis. The failure to reach an agreement with concrete results angered most of the opposition, however, and cast doubt on the sustained efforts of leaders within the Democratic Coordinating Committee, who had worked in good faith towards this end.

From an international perspective, despite attempts by the Venezuelan opposition and anti-Chávez sectors to denounce him in western embassies

and multilateral forums, the Venezuelan government has maintained diplomatic and commercial relations with all of the same countries as in November 2002. Overall, international pressure on the Chávez government has decreased.

In November 2002, an important group of anti-Chávez organizations created the Democratic Coordinating Committee (*Coordinadora Democrática* or CD), an attempt to coordinate efforts by opposition forces. The CD's initial objective was to promote a popular referendum under the 1999 Constitution, aimed at seeking Chávez's resignation. More than two million signatures were gathered in the petition drive for the referendum, but in January 2003, the Supreme Court's Electoral Commission declared the petition invalid. The CD answered with a similar project: the *Firmazo*, which aimed to gather enough signatures to convene a referendum to recall the president. In August 2003, more than 3 million signatures were placed on file at the National Electoral Commission (CNE) but a month later, the CNE issued a majority ruling stating that the signatures were characterized by technical problems and omissions (Kornblith and Romero, 2004).

The Democratic Coordinating Committee insisted on launching another signature drive (a process known as the *Reafirmazo*) to convene a presidential recall referendum as outlined by the 1999 Constitution. This time, nearly 3.5 million signatures were filed with the National Electoral Commission – a figure that represented more than the number of votes for Henrique Salas Römer in 1998 or for the opposition candidate Francisco Arias Cárdenas in 2000. Once again, the CNE expressed reservations about the signatures but it allowed time for their "verification," which took place, obliging the CNE to accept the recall referendum as a peaceful and constitutional solution to the Venezuelan crisis. The referendum was held on August 15, 2004.

The political developments leading up to the recall referendum revealed enormous mistrust among the parties involved. Despite the fact that it accepted the referendum, the government faced a legitimacy crisis given corruption scandals in the petroleum sector, the dubious campaign to register voters and issue voting cards in the Permanent Electoral Registry (REP), reservations about the referendum process itself and the politicization of public administration. The opposition, in turn, took too long to prepare voters for the referendum and became bogged down in unnecessary discussion about the transition process (what to do, for example, if Chávez left the presidency)

that distracted attention from the central problem of winning the referendum. In fact, the Democratic Coordinating Committee was unable to overcome internal problems and achieve an electoral mandate and a clear, unified political argument for opposing Chávez and his followers.

Just three weeks before August 15, 2004, Venezuela entered the recall referendum's second phase, characterized by apparent stability and agreement among participating actors to allow the process to proceed without delay and accept its results. But the country was divided: the government had increased public spending while unemployment reached 21 percent (it is now 17 percent); petroleum prices hit 34 dollars a barrel while Pdvsa ran a 5 million dollar deficit; inflation had climbed to 11 percent for the year, making it the highest in Latin America.

The recall referendum had the following results: 60 percent of the population voted "no," and 40 percent voted "yes" – an enormous shock to most of the opposition, who believed they would win the referendum. Faced with defeat on August 15, opposition leaders developed a twofold strategy – first, they would step up their denunciation of the fraud presuming to have occurred in the referendum and second, they would begin preparing the gubernatorial and mayoral elections scheduled for October 31 that year.

Actually, the Democratic Coordinating Committee decided to cry fraud for two reasons. First, it did not want to accept defeat or self-criticism over its poor management of the "yes" campaign and second, it wanted to attract the attention of the international community, which in the CD's view had accepted the "no" campaign's victory too passively. According to the CD, the "no" campaign had won on the basis of fraud, unfair electoral advantage and public spending to get out the vote.

Meanwhile, Chávez and his supporters had the best chance of winning the gubernatorial and mayoral elections slated for October 31, 2004. The recall referendum's defeat, disagreements over which candidates to put forward, the opposition's fatigue, the government's electoral advantages and projected abstention by opposition voters all combined to undermine any recovery on the part of the opposition.

Related to this last point, it is worth noting that the same sectors that had participated in the recall referendum campaign now believed there was no

peaceful way to confront the government, and that participating in regional and municipal elections was not worthwhile. (Alongside these sectors, other radical minorities insisted on supporting a violent solution to the Venezuelan conflict). Polls indicated that more than 60 percent of self-declared opposition voters had revealed they would not go to the polls, and only 25 percent of declared pro-government voters planned to – which meant that approximately 55 percent of the electorate did not plan to vote on October 31, 2004.

Along with these considerations, an important discussion was taking place within the opposition over whether or not to participate in the October 31 elections, and over the OAS and the Carter Center's decision not to serve as election observers. Within the opposition, three different groups weighed in on the matter of participation. The first group said all electoral processes should be denounced, and called for street protests to cancel the October 31 elections. This group also argued that no elections should be held until a consensus was reached to purge the Permanent Electoral Registry (REP) and bring transparency to that process. A second group purported that it would be best not to pressure for cancellation of the elections but instead to simply refuse to participate, leaving control of the electoral process to the government so that it would win all of the races. A third group insisted that the opposition should participate in the elections, despite the fact that Chávez's supporters seemed certain to win almost all the races for governorships, mayoralties and regional deputies' seats.

The results of the October 31, 2004 elections ratified predictions of high abstention. Indeed, an abstention rate of 54.7 percent allowed official candidates to win most gubernatorial and mayoral posts. According to the results obtained and evaluated by the CNE, Chávez supporters now controlled 20 governorships (nine of which were held by retired military officers) and more than 236 mayoralties, leaving the opposition only two governorships (Nueva Esparta and Zulia) and 98 mayoralties.

Yet the most important theme in these elections was the high degree of abstention, as polls reflected. The evidence of abstention damaged the government and the opposition to an equal degree, and demonstrated Venezuelans' fatigue with politics and growing mistrust of electoral institutions.

The results of the October 31 elections also revealed a serious crisis of governability in most regions, given that pro-government candidates won by a

very small margin and in a climate of high abstention. Indeed, their base of political support is weak and they will have to satisfy major social demands. Those expectations may erode the government's base of support nationally, which is essentially dependent on its capacity for public spending. It is precisely this aspect that reveals the government's greatest vulnerability: how can it satisfy this year's demands when next year's financial limitations are already apparent? (Magallanes, 2004)

To synthesize, I would argue that from 1999 onward, the Chávez experiment had three phases. The years 1999 and 2000 can be considered a first phase in the consolidation of a new political system (Constituent Assembly, new constitution, displacement of elites and a new presidential election in 2000). A second phase took place from 2000 to 2004 (crisis in the new system, the 2002 coup, general strike and petroleum strike of 2002-2003, control of the armed forces and eradication of opposition pockets in the public sector and Pdvsa). A third era began in 2004 with the presidential recall referendum and the regional and municipal elections, characterized by the threat that force will be increasingly used as legitimacy and public resources diminish, and by the economy's shift away from petroleum towards other energy sources (that is, an increase in natural gas, heavy and extra-heavy fuel oil production).

Conclusions

Global change has affected democratic processes internationally, to the degree that the basic institutions of modern democracy, including political parties, labor unions and the rule of law, are losing their responsive capacity. Therefore, active debates are raging over economic interdependence, the relationship between governments and the governed, direct versus representative democracy, the judicialization of politics, the limits of neoliberal economics and its social effects, internationalization of politics, migratory processes, the lack of confidence in where the economy is going, capital flight and the shift in civil-military relations.

In this context, every country's political agenda has become more complex, and themes on the international agenda – such as the uncertainty of financial markets, external debt, human rights, the environment and the perfectability of democracy – add a layer of "high politics" to traditional security

and diplomacy issues. Meanwhile, serious issues call attention to the differences between minimalist democracies that focus on institutional and electoral aspects, and maximalist democracies that emphasize social content. The latter type of democracy includes political and socioeconomic dimensions.

This discussion becomes particularly relevant at a time of proposals to reduce the welfare state, to transform representative democracy through the activities of civil society, and to reform the State through privatization, the market economy and economic adjustment.

Within the broader framework of global change, Latin America presents a series of "padlocks" that have yet to be opened. Tensions between liberal ideas and leadership by *caudillos*, between civil society and the military, between institutionalization and informality, between closed elites, a reduced middle class and a growing number of poor people – as well as the traumatic relationship with the United States and debates over reform, populist projects and revolutionary theses – all create a permanent contraction between aspirations for political and economic development and growing asymmetries.

Therefore, to the structural problems that characterize Latin America (such as, for example, the questions of how to solve the contradiction between the diffusion and concentration of power, the role of the middle classes in our countries' stability, the limits of economic growth and clientelism) we must add "new" themes stemming from globalization. Analysis of these macroprocesses presents important questions for those who aspire to understand our reality, including some of the following: 1) What variable is most important for analyzing the current situation? 2) Can democratic governments achieve economic growth? 3) How are costs distributed in transactions involving capital, labor and other economic factors? 4) If Latin America has tried everything and found that neither the free market, social pacts, military regimes nor communist governments work, are there any theories left to apply?

Venezuela cannot escape this reality. In an era when many paradigms, theories, schools and explanatory approaches to explain our vicissitudes have been applied and rejected, the Venezuelan case generates many questions. One might ask, for example, what happens to a democratic model that has been changed from within – without any rupture in the democratic order, but with profound transformations in the nature of its recent political reality?

Indeed, the critique of representative democracy and the "mixed" economic model affects the Venezuelan case in three ways. First, it suggests the end of the country's *sui generis* status with regard to the rest of Latin America. Second, it relates to the problem of development outlined in this essay; that is, the tensions between representative democracy and a petroleum export model. Finally, the critique allows us to rethink Veneuzuela's experience along new theoretical lines that go beyond the theses of pactism and petroleum.

Two general facts about Latin American politics are worth remembering here. First, the analysis of politics in the region has been based fundamentally on a cycle that dichotomizes and oscillates between a pessimistic and optimistic outlook. Second, this view has failed to take into account and give primacy to, in some cases, the presence of irrational aspects in politics. When it has done so, it considers them "deviations" from the rational-legal model.

How can the Venezuelan case be placed within the context of these reflections? How can we truly understand Venezuelan politics? Has the Venezuelan Political System (VPS) really changed since 1999?

The Martz, Cendes, Rey and Copre approaches insisted that the creation of a rent-seeking State had negative effects on the VPS. Yet I would argue that the rent-seeking State gave the VPS its reason for being from 1958 to 1999 and since that time. Simultaneously, as a result of the political crises of 1992, 1993, 1999 and 2002, the belief that the VPS has experienced major shifts toward participation and decentralization has gained currency. I suspect that the opposite is true, however, and that the Venezuelan political process has reinforced its authoritarian and statist character since 1980, in the midst of low economic growth and moderate inflation (contrary to the period from 1958 to 1979) (Karl, 1997; Gómez Calcaño, 2000; Álvarez, 2000; Puente, 2003).

Based on these considerations, I suggest two keys to understanding the "character" of the VPS: on the one hand, statism and clientelism, and on the other, dependency on public spending from petroleum revenues. As such, it is worth exploring why the VPS has not been completely replaced by a military or revolutionary regime. Two elements come to mind: 1) the paradox of having a system characterized both by greater stability and by Venezuelans' receding reliance on politics and to a lesser degree, on democracy; 2) "Venezuela is a box office," as one former president of the republic wisely exclaimed in a moment of anguish, referring to the fact that public spending would never

stop growing as long as petroleum revenues and clientelist networks continued to exist.

All of the above leads me to insist on the need for employing a different model to analyze our case. Such an alternative model must include, among its assumptions, some of the elements I have already mentioned as well as others of a new kind. Accordingly, it will provide a clearer picture of the VPS as it has developed since 1999, as well as better theoretical and methodological rigor for examining it and for understanding Venezuela's response to global change, especially since President Hugo Chávez's victory in the 1999 presidential election, the development of the Constituent Assembly process and the promulgation of the new 1999 Constitution.

In principle, this alternative model must "deconstruct" the linear, chronological approach that has dominated contemporary historical analysis in our country, with its emphasis, on the one hand, on the democratic system as an improvement over the dictatorial past and its tendency, on the other, to lump historical events together by presidential terms, missing opportunities to understand diverse events that may neither be causative nor necessarily homogenous. At the same time, we must accept the validity of dividing the Venezuelan political process into two periods – the period from 1958 to 1999, characterized by a political system of representative democracy based on the 1961 Constitution and the period beginning in 1999, marked by a political system of participatory democracy based on the 1999 Constitution (Magallanes, 2004).

From this perspective, new theoretical currents will serve to broaden knowledge and understanding of the Venezuelan reality, which has experienced the creation, maintenance and imperfections of the democratic order within a process of "crisis without solution" and growth without development in the midst of an energy boom. In this regard, the displacement of elites beginning in 1999, the absence of a generalized consensus (according to pactist theories), and the negative effects of Dutch disease (according to petroleum-based theories) are all areas that deserve further study.

Another area for further study is the economy's contribution to explaining the Venezuelan crisis – specifically, the effects of the "seizure" of the Venezuelan State by specific groups and the impacts of inflation and exchange rate policy. Perspectives provided by cultural studies should also be included, especially as these examine the nature of social violence in the country, the

redrawing of democratic political culture and the lack of commitment to it. Juridical approaches can also provide worthwhile contributions to study, including those related to problems of distributive justice and the concept of equity. Globalization studies provide yet another approach, including studies of "intermestic" phenomena (the influence of international bodies in internal dynamics and migratory phenomena), as do security studies and studies of civil-military relations that focus on the importance of the military in current Venezuelan politics (López Maya, Smilde and Stephan, 2002; Combellas, 2002; Puente, 2003).

Combining traditional approaches with these new ones could point the way toward understanding a case that, in the early 1960s, seemed "different" from the rest of Latin America but today only contributes further to the region's uncertainty. ▪▪▪

Appendix

ELECTORAL ABSTENTION IN VENEZUELA

(percent)

PRESIDENTIAL ELECTIONS	
1958:	7.85
1963:	9.15
1968:	5.64
1973:	3.48
1978:	12.43
1983:	12.25
1988:	18.10
1993:	39.84
1998:	36.60
2000:	43.80

REGIONAL AND MUNICIPAL ELECTIONS

1979:	27.13	(Municipal)
1984:	40.70	(Municipal)
1989:	54.10	(Regional)
1992:	50.72	(Regional)
1995:	53.85	(Regional and municipal)
1998:	46.60	(Regional)
1999:	53.80	(Election of Deputies to the National Assembly)
2000:	43.80	(Regional)
2004:	54.70	(Regional)

REFERENDA

1999:	62.40	(Referendum to Convene Constituent Assembly)
1999:	55.50	(Referendum on 1999 Constitution)
2004:	33.40	(Presidential Recall Referendum)

Source: Consejo Supremo Electoral / Consejo Nacional Electoral Nacional Electoral de Venezuela, Series Estadísticas

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Tormenta en los Andes, 1986

Gil Imaná Garrón

José Bedoya Sáenz [*]

"Timeless faces like a frozen sea
stiff capes the colour of soil
eyes sealed contemplating from within
hands of pertrified roots"

Yolanda Bedregal

The life and work of Gil Imaná possess two distinguishing features: his love of the land, and his vivid experience of the rich social and historical context that has shaped present-day Bolivia, its potent cultural diversity and

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intercultural dynamics. Both factors meld in the crucible of his remarkable sensibility, capable of depicting the Andean landscape with great originality and of penetrating the soul of the men and women who people it, his vigorous expression lending them universal significance.

A time to grow

Gil Imaná Garrón was born in Sucre (Bolivia's historical capital) in 1933, when Bolivia was in the throes of the Chaco War (1932-35). This border struggle against Paraguay left a deep, festering wound that undermined the very sense of Bolivian national identity and sparked off a deep-searching intellectual debate in the country encompassing art and aesthetics. It was in this atmosphere where aspirations blended with dreams and the way was paved for the most sweeping social changes in the country's history that Imaná grew up and soon became a budding young artist nurtured in a stimulating, affectionate family environment.

The raging debates pitting *indigenism* against *academicism*, and *academicism* against modernity formed the backdrop to his artistic development. By the age of thirteen the sureness of his drawing was already calling the attention of his teachers. The Lithuanian master Juan Rimsa, one of the finest exponents of *indigenism* and a great connoisseur of technique and colour, selected a group of young students from the "Zacarías Benavides" Academy in Sucre for a workshop, among whom the leading lights were Jorge and Gil Imaná Garrón.

Twixt land and man

In 1950 a group of young artists and intellectuals committed to voicing the social predicament and demands of the working class set up a movement called *Anteo*, an allusion to the mythological Antaeus who drew his formidable strength from the earth. The artists in this group, besides Gil Imaná, included his brother Jorge and painters Walter Solón Romero and Lorgio Vaca. They chose murals as their prime mode of expression, adopting the approach of social muralists. They turned out an impressive quantity of works for schools, universities and public institutions, initially in their hometown Sucre and then across the entire country.

On 9th April 1952, a popular uprising toppled the Bolivian government bringing to power the National Revolution led by Dr. Víctor Paz Estensoro, which set about implementing profound social changes such as the nationalisation of Bolivia's mines, agrarian reform, and universal suffrage, among others. This sea change encouraged the development of the arts, providing these painters, who had given vent to nationalist sentiment and social claims in their murals and had become known as the "painters of the revolution", an opportunity to join the so-called generation of 52, which was to set the bearings of Bolivian art in the second half of the 20th century.

Time travelling

Imaná's work is certainly amongst the most representative of Latin American modern art, combining the characteristic strength of expression of the Andean region and unique use of plastic features in sombre compositions whose geometric forms are redolent of the weaving of Andean textiles, of the rocky outlines of the mountains or the Tiwanaku Andean cross. This combination makes for highly controlled rhythms, the earthy hues of his pallet conjuring up the loneliness of the barren Bolivian plateau landscape. The women he paints emerge like mountains, rigorous and austere in formal treatment yet full of the tenderness that only the artist's firmness of touch and refined sentiment are capable of transmitting.

With hindsight, his work can be seen as a constant search, abounding in contrasts, playing off mental poise against spontaneous gesture. Whereas drawing dominates his early phase, it soon gives way to yet continues to underpin his masterly handling of colour: tonal contrasts and vigour are highlighted by the juxtaposition of black strokes, white spaces and ochre touches. The final phase blurs the dividing line between painting and drawing as forms take on remarkably synthetic qualities while the strength of the lines and brushstrokes generate great expressive vibrancy.

Be that as it may, Imaná's work has a guileless aesthetic appeal that faithfully translates the deepest sentiments of the Andean folk. By moving the observer with a surprising economy of means, he has transcended national frontiers and is acknowledged to be one of the major exponents of modern Latin American art. ▪▪▪

Construtora
Norberto Odebrecht

$\boxed{F}$ounded in 1944, by Norberto Odebrecht in Salvador, Bahia state, Brazil, Construtora Norberto Odebrecht is the origin of the Odebrecht Group. Through planning, discipline and innovative techniques the company forwarded wide transformations in the traditional 1940s constructive methods. Throughout the following ten years it consolidated operations in the Bahia state construction market.

In the 1960s, Odebrecht expanded its presence into Brazil's Northeastern thus supporting the industrial infrastructure development in that region particularly fostered through the creation of Sudene – a federal development agency. By the end of that decade Construtora Norberto Odebrecht started out its expansion toward the country's South and Southeastern regions. By then civil engineering typical challenges were presented by special technology projects such as subways, nuclear power plants, sea outflow systems, airports and large bridges.

During this period, Odebrecht produced outstanding performances as it tended the bids to the construction of Galeão International Airport, Rio's State College campus, Angra dos Reis Nuclear Power Plant and the Petrobras

Headquarters Building in Rio de Janeiro and the Colombo Salles bridge in Santa Catarina. Thus by the mid 1970s Odebrecht matured as a nationwide operations company.

Construtora Norberto Odebrecht internationalization process began 25 years ago as several important projects played a pioneering role toward South American integration. In 1979, following the construction of Charcani V Hydroelectric Power Plant in Peru and the Maule River waters deviation services in Chile, for the construction of the Colbún-Machicura Hydroelectric Power Plant, a long trajectory of apprenticeship and the erection of impacting projects for the sub-continental development began.

In 1980 Odebrecht acquired Companhia Brasileira de Projetos e Obras - CBPO, now re-named CBPO Engenharia Ltda., founded in São Paulo in 1931 by engineer Oscar Americano da Costa. The acquisition strongly qualified its aptitudes in the heavy structures construction segment. By that time CBPO was one of Brazil's largest contractors boasting a top level technical team and a vast list of projects carried throughout the country such as: Itaipu, Xavantes, Capivara, Nova Avanhandava hydroelectric power plants, besides the Imigrantes, Trabalhadores and Castelo Branco freeways among others

In 1984 the company established itself in southern Africa countries also performing infrastructure construction. In Angola, in a joint venture with former Soviet Union's Tecnopromoexport – TPE, the company boasted outstanding performance with the construction of Capanda hydroelectric power plant. Located 400 kilometers from the capital city, Luanda, Capanda is an important project for the economic development of that country.

In 1986, after acquiring Tenenge - Técnica Nacional de Engenharia, Odebrecht strengthened its position in the industrial construction segment. Founded in 1955 by Antonio Maurício da Rocha, Tenenge boasted the participation in the industrial erection of some 40% of Brazil's steel metallurgy complex and installation of over a third of the country's hydroelectric conglomerate.

In the same year Odebrecht started operations in Argentina with the construction of Pichi-Picún-Leufú hydroelectric project in Patagonia. The following year, 1987, it began operating in Ecuador with the construction of the Santa Elena irrigation system's first phase at the Guayaquil region.

The experiences gathered after the first years working in other countries in addition to those achieved by CBPO and Tenenge made it possible for the company to start out a new stage in its international operations, one that is clearly distinguished by the integration with local firms and the renewed apprenticeship of different cultural and marketing realities.

This new stage started in 1988 following the acquisition of Portuguese firm José Bento Pedroso & Filhos re-named Bento Pedroso Construções S.A. – BPC. Integrated to Odebrecht, BPC is continuously participating in meaningful projects aimed at modernizing Portugal infrastructure such as the expansion of the freeway Auto-Estrada Nacional 1, the Vasco da Gama Bridge, Infante Dom Henrique highway in Algarve and several stretches and stations of the Lisbon subway.

This stage goes on throughout the 1990s with the acquisition in 1991 of United Kingdom's SLP Engineering, a firm specialized in the construction of accommodation modules for offshore platforms. Also in the same year, Odebrecht walked into the world's most competitive marketplace: the United States. Tending the bid to expand downtown Miami, Florida, surface subway – Metromover – it became the first Brazilian contractor ever to carry a public work in that country. In the subsequent years, Odebrecht carried several projects in American territory such as the Seven Oaks Dam in California, completed in 1999 and the American Airlines Arena in Miami opened in 2000. Presently the company is completing the Miami Performing Arts Center and the city's international airport South Terminal

In 1992 Odebrecht inaugurated its operations in Uruguay and Venezuela respectively with sanitation work services in Montevideo and the construction of Lago Mall, a commercial center in Maracaibo. In Venezuela the company is presently in charge of building the second bridge spanning the Orinoco River in Puerto Ordaz. This road-rail project integrates the IIRSA's (Initiative for the South American Regional Integration) Guayanese Shield Hub. Also in this year Odebrecht entered Mexico to build the Huítes hydroelectric project. Later it hit Colombia building British Petroleum's pumping station, and Bolivia carrying paving services on the highway linking Santa Cruz de La Sierra to Trinidad. Those were the company's first contracts in those countries.

Recently, in 2003, the company was awarded a contract to build the Northwestern Aqueduct in the Dominican Republic. In the same year

Odebrecht stepped in the Middle East by opening an operational base in the Arab emirates through which it's also present in Djibouti (Eastern Africa) where it builds a port terminal.

Throughout this trajectory Odebrecht businesses were clearly distinguished for the unconditional respect for each country's internal affairs. In every country it operates, its members are present as professionals well acquainted with the true value of political exemption and entrepreneurial objectivity of today's world. The Odebrecht Group has, notwithstanding, learned through its international activities how to face adversities arising from social conflagrations in friend nations. These experiences gave the Group the understanding of what such calamities mean to those country's populations.

From them also came the lesson learned that progress is only really attained when projects are really meant to maximize the creation of real opportunities for the development and regional integration instead of solely serving as connection lines between far reaching centers.

Odebrecht trades mainly with services and thus promotes the exchange of know-how and technology. It takes Brazil brand name abroad associated to an image of competence and competitivity. It conveys, therefore, besides engineering and industry, the national culture. This is done in the day-by-day tasks of interacting with local communities throughout the resultant understanding of their realities.

Today, the Odebrecht's Engineering and Construction companies are present in countries in South America, Central America and the Caribbean, North America, Africa, the Middle East and Europe. In its 2004 edition *ENR-Engineering News-Record*'s Construction Global Source – a leading referential publication in this sector – placed Odebrecht at the 25th position among the 225 largest international contractors. This reaffirm the Group's standing as the largest engineering and Construction Latin American company. Other than that the company is highlighted among the five largest international hydroelectric plant constructors for at least five consecutive years, topping the rank in the years 2000, 2002 and 2003.

For 60 years Construtora Norberto Odebrecht has amassed qualifications enough to serve its clients with the best and better. It has carried out over 1,600 projects in thirty countries. This historical trajectory was made possible

due solely to the fact that its members have always lent themselves their best efforts to materialize those clients dreams. They have set their actions on the Odebrecht Entrepreneurial Technology – TEO, a philosophy which main principles were and continue to be transmitted generation after generation through a permanent educational process. The essential condition to carry this on can be found in the Odebrecht Group's human dimension, in other words, in people capable of educating, learning and developing themselves; people prepared to meet challenges, qualified to lead teams, willing to serve clients and particularly to groom their successors. DEP

The Andrade Gutierrez Group a commitment to development

The Andrade Gutierrez Group started business in 1948, when the Andrade Gutierrez Building Company was founded, as a result of the determination and vision of three engineers: Gabriel Andrade, Roberto Andrade and Flávio Gutierrez. It all started with a small job in Belo Horizonte, some workers and a tractor named *Soberano*.

Today the holding Andrade Gutierrez is one of the biggest business groups in Brazil, with activities in three important economy sectors: Heavy Construction, Telecommunications and Public Service Concessions. These 3 businesses are independently managed, but they are part of a Group which has its performance based on a tripod of values: passion, excellence and economic performance.

Throughout its 57 years of history, the Andrade Gutierrez Group has always established its work through principles of innovation, quality and constant overcoming of difficulties in all its areas of activity and everywhere it has been present.

The AG Group has grown and turned into a complex of businesses spread in several countries. Its mission, however, is still the same: to offer quality services, manage complex businesses, value and develop the local work force, please its customers, interact with the community and be committed to environmental balance.

More than 50 years after its founding, the curriculum of the Group includes several jobs done in Brazil and abroad. At this point, it's worth mentioning the expertise of Andrade Gutierrez in the international market. Few companies have the skills that AG has to administer and finalize projects which involve great technological and logistic complexity. The company started construction jobs abroad about 20 years ago. Along these years, it has worked simultaneously in more than 10 countries, reaching 4 continents.

The Group is a corporation entirely adapted to the new world tendencies, with flexibility to establish partnerships, identify opportunities in every sector of the economy and realize contracts of most various kinds.

In the area of heavy construction, AG does work in the most diverse environments in the world, such as, The Amazon Jungle, the Brazilian semi-dry region, deserts and forests in Africa, the Portuguese Islands, the mountains of Andes and the beaches in The Caribbean. In Latin America, it performs in countries such as Argentina, Ecuador, Peru, Chile and Colombia. The company also has prospects of work in Venezuela. Due to the experience of its teams in the different conditions and regions where they work, AG has achieved and accumulated consolidated competitive advantages.

These contracts can vary from the execution of a project for the private or for the public sector up to the widest commitment as general contractor, when the company is in charge of all the steps: engineering viability project, identification of investors, raising of financing funds and management of the implementation and further operation of the venue.

Among the projects of the building company we highlight some which were done in Brazil and abroad in the past few years, such as the Power Plants of Itaipu and Angra II, the highways Castelo Branco and Bandeirantes, the subway systems in São Paulo and Lisbon, the airports in Belo Horizonte, and Madeira Island, the Northeast Aqueduct in Dominican Republic and the bridge over the River Daule, in Ecuador.

In the Telecommunications area, AG Telecom is considered one of the most important companies in its field in Brazil. With works which started in 1993, the company searches continuously for new opportunities in the capital market as well as the captivation of partners who are strategic to the development of businesses.

AG Telecom participates in the control group for Telemar Participações S/A, holding for Tele Norte Leste Participações S/A (TNL – Telemar), the biggest telecommunications company in Brazil – which is composed of Telemar (TMAR, operator of fixed telephones, present in 16 Brazilian states), Oi (first operator of mobile phones in Brazil to use GSM technology) and Contax (the leader in contact center in Brazil).

In June 2004, Telemar was named "Company of the Year" by the Telecom Yearly, beating other 160 companies in 20 different sectors. Extra recognition came from the Valor Econômico Yearly and the Exame Guide, two of the most important media vehicles in the country, as the "Biggest Private Company in Brazil".

In 1993 the Group created AG Concessões (AG Concessions) to act in the segment of public services of infra-structure for highways, Public Cleaning and airports. Its main activities are the development of new business opportunities, permanent follow-up of results achieved by the concessions in which the Group takes part and, yet, viability and negotiation of financing for current and future projects.

The first project of AG Concessões was created in 1994 with the concession of the bridge Rio- Niterói, in Rio de Janeiro. Since then, the company has closed approximately one big deal a year.

The performance of AG Concessões is currently done through de company CCR – Companhia de Concessões Rodoviárias (Road Concessions Company) – as well as through business in the Public Cleaning area. The concessionaries controlled by CCR administrate five of the most important Road Concessions in the country: Presidente Dutra highway (NovaDutra); Rodovia dos Lagos (Rio Bonito – São Pedro da Aldeia connection, from Via Lagos); The Anhanguera-Bandeirantes System (AutoBan); the Curitiba - Ponta Grossa – Apucarana/ Jaguariaíva connection (Rodonorte); and the bridge Rio Niterói (Ponte S.A.). CCR is the biggest company in this field in Latin America, supervising 1,290 km of roads with traffic volume of around 800,000 vehicles a day.

Recently, AG Concessões closed a deal to build and exploit the new airport in Quito, Ecuador. This concession, with an investment of US$ 600 million, will last 35 years and its construction should be finalized by 2008.

Another conquest of AG Concessões was the acquisition of 85% of the shares of Water Port, a Public Cleaning company which has activities in the Port of Santos. This acquisition means the expansion of the company business in the area of Public Cleaning.

In AG Concessões as well as in the other companies of the Group, the acts of social responsibility can be seen in the improvement of relations with employees, suppliers, customers, the society itself and the governments, through the reduction of impact on the environment and the potential of benefits towards the communities where its works take place.

Among the acts of social responsibility we highlight the certification of its quality control, environment and occupational health and safety management systems under the ISO 9001, ISO 14001 standards as well as the OHSAS 18001 specifications, in that order. These accomplishments have turned Andrade Gutierrez into the first heavy construction company in Brazil to obtain certificates from all the systems that compose its integrated management.

All the activities that involve the Group have demanded the creation and constant development of procedures, systems and technologies to meet the challenges and demands specific to each business and customer, in each and every contract. In order to achieve that, there was plenty of effort and dedication from everyone involved in the process. Looking for excellence means, at least, being willing to do things the best way possible. This is the value of the Andrade Gutierrez Group, which in 57 years has had the passion to transform, generate new businesses, believe and invest in Brazil, Latin America and in other countries in the world. ▪▪▪

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Summary