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The international system has evolved rapidly since the end of the Cold War. The acceleration of international economic and political activity has deeply affected politics and society at the national and even local levels. The world is increasingly integrated by the spread of democracy, political freedom, and international markets, spurred on by advances in global communications. At the same time, however, the fault lines of ethnic differences and the North-South dichotomy between wealthy, economically developed nations or communities and those that remain marginalized or poor are more glaring.' The new international system is best described as multi-layered. International power is distributed differently in economic influence, where it is increasingly diffuse; military capacity, which is strongest in the United States; and political influence, which currently is dominated by the United States but is under constant challenge. Also, enhanced activity on the part of multilateral institutions and nonstate actors complicate what has traditionally been a structure based on sovereign nation-states. The United States, thus far uncertain in the role of global superpower, tends to make foreign policy in response to crises and within constraints imposed by domestic politics, and strives to act cooperatively by means of multilateral institutions such as the United Nations.<sup>2</sup>

Without the rigid ideological and geostrategic structure of the Cold War, Latin American nations receive less attention than before from the world powers. Regional affairs are low on the priority list of U.S. government interests, with the exception of its relationship with Mexico, its concern with drug trafficking, and its awkward policy toward Cuba, dominated by a peculiar mix of domestic special interests.<sup>3</sup> Despite some recent rhetoric, Europe also is too preoccupied with its own integration project and with security issues on its southeastern flank to give Latin America more than casual interest. Latin America is commonly hailed as a promising economic market, but issues of trade tariffs, subsidies, and competitive export markets come low on the strategic agendas of the greater powers. For their part, the nations of Latin America have been unassertive in projecting any importance in the global system beyond economics. In terms of international power, these nations—with the possible exception of Brazil—are still third- or fourth-tier players in international affairs, and continue to be "ruletakers" and not "rulemakers."

This volume responds to the question, "What type of policies can these nations enact to alter this pattern and enhance their role in the international system?" The region is neglected largely because it is perceived to pose no threat to the nation-states that dominate international affairs, but also in part because the nations of the region do not assert themselves. Exceptions prove the rule: it was only U.S. security concerns that in the 1980s turned Central America into a Cold War hot spot. Even today tiny, dilapidated Cuba-or, sadly, a single 6-year-old Cuban boy-can throw Washington into paroxysms while Brazil and Argentina go years without a U.S. ambassador. A realist perspective suggests that this will remain true until or unless a Latin American nation develops first-world economic weight or military capacity and achieves sufficient stability and political will to apply that power within the international system. From this perspective, probably only Brazil and Mexico have the potential to develop global influence.

However, a broader view-the one taken by this volume-argues that the nations of Latin America are increasingly important in economic and security terms to the global hegemon, even if its leaders are slow to recognize this fact, and to the world at large. Relations with Latin America are inextricably woven into many of the key issues facing the world and the United States in particular-drug trafficking, illegal migration, the need for export growth, and international crime. This fact does not guarantee increased power for Latin America in these historically asymmetrical relations. In many cases what it guarantees are greater tensions. If the tensions that come with rising economic and political interdependence are not met on both sides with openness and a willingness to cooperate, the United States is likely at some point to slip again into thinking in unilateral, interventionist terms. As the nations of Latin America seek to improve their positions in international affairs, their greatest opportunities and challenges are likely to come in the design and management of their tightening interrelations with the United States.

The pressures of the Cold War and U.S. regional involvement served as a straitjacket on the policy options of Latin American nations.

Nationalistic, authoritarian governments were encouraged to discriminate sharply, within the region and their own societies, among friends and foes of the state. Policies corresponded to an introspective and defensive vision of national interests and a preoccupation with sovereignty and control. Distrust among the nations of the region led to zero-sum competitive strategies, including Brazil's and Argentina's nuclear race and a region-wide buildup of arms.

The 1980s saw the spread of democracy and free market economic policies across the hemisphere. The end of the Cold War and the relaxation of U.S. security fears ushered in a period of remarkable regionwide agreement on basic principles and objectives. Free trade and integration projects emerged across the hemisphere with the blessing of the United States. The hawks in Washington or Europe turned their attention to the former Soviet Union, the Middle East, or terrorist threats, and Latin American nations found themselves with more maneuvering space than most had enjoyed since the nineteenth century.

Their response to this window of opportunity, however, has been less than ambitious. The legacy of hemispheric asymmetry and of U.S. unilateralism weighs heavily on the nations of Latin America. In most cases they continue to define their strategic options in terms of responding to the United States—friendly, hostile, cooperative, or resentful. During the 1990s, as the United States indicated a disposition to cooperate, such as in dealing with drug trafficking, with arms limitations, or with environmental issues, most Latin American nations held back, unsure about how to take advantage of the opening. With the exception of Argentina's atypical pro-U.S. position and Mexico's dramatic shift from traditional anti-U.S. posturing to joining NAFTA, the nations of Latin America have shown little confidence or innovation in exploring options for enhanced roles in world affairs. Until they learn to be more assertive, their strategic options will continue to be limited. Only this time they will to a large degree be self-limited, restricted as much by their own inabilities to move beyond traditional concepts of strategy and national sovereignty as limited by exogenous factors and forces.

An important theme of this book is that the nations of Latin America must engage themselves consciously and seriously in strategic planning. The reflections by Robert Keohane and Ernest May both indicate surprise at the shallowness of regionally long-term thinking. The new international system requires a strategic vision different from that of the last century, which was fixed on government control over resources and people, military capacities, and a strict adherence to the principle of sovereignty. The nations of Latin America must learn to view such projects as economic liberalization, intellectual property rights legislation, science and technology programs, the promotion of high-technology or communications industries, improved education, and proactive participation in international institutions as potential elements of an integrated, multidimensional strategic policy. The strengthening of the region's democratic institutions, such as the judiciary, law enforcement agencies, and regulatory bodies, will be crucial to such policies. The new international system rewards political stability and economic agility and innovation. These qualities

demand an active, responsive democratic system that provides its people and businesses the freedom and support to be competitive in the global market.

### **Assessing the New International System**

The international system is in a period of transition from the bipolar structure of the Cold War to one more multidimensional and dynamic. The nature of this emerging system, the direction of its evolution, and its implications for the power and behavior of nation-states and other important actors over the coming decades are a source of debate not only among policymakers but also in the academic community. To understand the emerging system, it is important to understand the sources of rules by which the system will be judged and governed. Who are the rulemakers and who the ruletakers? During the Cold War this distinction was clear, at times with brutal implications. Today, power is more diffuse and is wielded more flexibly, through a variety of instruments. Despite the continuation of U.S. regional hegemony, this new dynamism offers the nations of Latin America a broader range of options.

In the post-Cold War era, nations are growing more interdependent both economically, through the growth of international trade and investment, and in terms of security, due to the transnational nature of such threats as the international drug trade, the proliferation of nuclear or chemical arms, and economic instability. This intensification of international ties is the result of advances in communications and technology and the almost worldwide acceptance of the benefits of free markets and democratic rule. Even such critics of capitalism and liberal democracy as China, Iran, or Cuba have come to allow some free market practices within their economies in order to compete internationally. However, these liberal economic and political models have come under increasing criticism for their failure to reduce inequalities or to provide economic stability. In response to these shortcomings of the neoliberal model, a variety of proposals have arisen known as the Third Way. These new policy models represent an effort to bring the state back in and restore elements of social welfare to vulnerable populations, while preserving a free-market structure and a reduced government role in most other aspects of the economy. Far from the triumphant enthusiasm of the early 1990s, epitomized by Francis Fukuyama's suggestion of "the end of history," the existing capitalist and democratic models are increasingly questioned, especially in less developed regions of the world.<sup>4</sup>

## *The Conceptual Debate over the Nature of the International System*

Among theorists and scholars of international relations, a fierce debate has arisen about the nature and implications of the new international system. Before discussing the regionally focused themes and positions presented in this volume, it is useful to give a brief overview of the most prominent current conceptual approaches to assessing international relations. As in the past, the direction of this international debate will shape the perceptions and ideas of policymakers as they approach the challenges of the new international arena.

During most of the twentieth century, international relations were perceived almost exclusively through the lens of "realist" theory, which assumes an international arena without order in which rational, unitary nation-states compete for power and resources. Realists or neorealists argue that the international arena is characterized principally by interstate conflict and the self-interested pursuit of power by sovereign nation-states. Violent conflict is prevalent in many areas of the world, especially between ethnic groups in unconsolidated nations. Without the imposition of a framework for such conflict, such as that previously provided by the dominance of U.S.-Soviet tensions, the world is increasingly contentious. Nationalism—or the nationalist energies of ethnic or religious groups—is a persistent source of conflict.<sup>5</sup> According to realists or neorealists, international institutions and alliances have little significance beyond their temporary usefulness to the dominant parties. Realists point to the incoherence and lack of autonomy of institutions like NATO and the United Nations as evidence of these claims. It appears that without U.S. leadership or support for these bodies, they would be completely ineffective, and that the United States cooperates with them only when that suits its interests.

The most prominent competing conceptual approach to international relations emphasizes that the increasing importance of institutions is changing interstate relations, behaviors, and strategies. Institutionalist scholars emphasize deepening interdependence and the expansion of shared interests and principles, and argue that states increasingly pursue their interests through participation in international institutions. The proliferation of international ties and transactions requires recognized rules, standards, and norms of conduct, often formalized and enforced by international institutions such as the United Nations or the World Trade Organization (WTO), and often articulated by international networks of nonstate actors. Interdependence raises the costs of interstate violence and uncooperative behavior and provides incentives for peaceful means of conflict resolution that do not disturb economic

flows or societal principles. Viewed in this light the current international system is as conflictive as ever, but institutional mechanisms exist so that those conflicts can be solved through negotiation, helping to make international relations more stable, predictable, and less prone to belligerence. Nations continue to pursue their own interests and the expansion of their power, but without the zero-sum mentality that previously dominated the international system.

According to prominent institutionalists, power is defined not only in terms of military might but also economic competitiveness, skills, and high-technology capacity, and the ability to assert political and cultural influence abroad.<sup>6</sup> For nations that wield little power in the realist sense, such as those of Latin America, participation in international institutions diffuses power and provides the nations an arena for negotiation in which they can enhance their influence over the design of those institutional values and rules. In this way, rulemaking now appears to occur through a wide variety of mechanisms and has become less hierarchical.

Other recent descriptions of the international system highlight growing disparities among nations in terms of income, standards of living, and political and economic development. Many analysts predict that the gap between the industrialized world (the North) and nonindustrialized world (the South) will continue to widen and divide the world into roughly two regions with conflicting interests. The central challenge to addressing many of the most contentious issues in international affairs, including migration, drug trafficking, terrorism, and environmental conservation, is to bridge this divide. Samuel Huntington draws these fault lines between regions of differing ethnicities or religions. For example, he predicts increasing conflict between Muslim Africa and the Middle East and Christian Europe.<sup>8</sup> Other analysts sensitive to regional differences divide the globe based on degrees of democratic stability, international behavior, and state capacity. The industrialized democracies form a "zone of peace," where interstate military conflict carries such high economic and social costs that it has almost become obsolete, while most of the rest of the world constitutes a "zone of conflict," in which nations and communities fight among themselves over a diminishing portion of the world's economic pie.<sup>9</sup> In other words, peace and relative stability can be expected to continue in the institutionalized, modern world as further technologies and economic links deepen common interests and values, but political and economic conditions in underdeveloped regions—which inhabit a less lawful, more realist world—are far less certain.<sup>10</sup>

The United States supports this discrimination between an "us" of democratic, institutionally linked nations and a "them" in its labeling of certain nations-Iraq, North Korea, and Cuba, for instance-as "rogue states," and its unilateral certification of nations as either friends or foes in the fight against drug trafficking. The official identification of these nations as outsiders tends to make it true by creating measures that restrict their ties and trade with the international community. These measures are punishment for a nation's refusal to adhere to internationally accepted norms of conduct as interpreted by the prominent institutions of the global system, and can be reversed in response to a change in that nation's policies.<sup>11</sup> Institutionalism does not mean the end of global power politics, and organizations like the United Nations, the WTO, or the World Bank did not develop out of altruism. Institutions are increasingly relevant because they serve primarily the interests of their members, in particular those with the most power. This book argues that institutional participation offers the nations of Latin America a promising avenue for enhancing their international importance and protecting themselves from the type of unilateral interference they have suffered in the past from the United States. However, membership in institutions has its costs as well as its benefits.

### *The Rise of Nontraditional Issues and Actors*

The past two decades have seen a rise in international activity regarding issues such as human rights, anticorruption, and environmental protection. The political focus on these issues at the global level came principally from the civil society of the democratic powers. The international environmental movement and groups committed to protecting human rights developed successful campaigns of Western governments and multinational institutions, pressuring them to change their policies toward nations like Brazil, for the destruction of Amazon forests, or South Africa, for apartheid. International corporate associations and pro-free-market groups have advocated anticorruption reform and pushed the World Bank and the IMF to include such reform in the conditionalities of their loans. These developments illustrate two important trends: the worldwide diffusion of mainstream Western values and the enhanced power of nonstate actors.

At the beginning of 2000, two initiatives are under way at the supra-national level that were unthinkable 20 years before. The human rights community and oppressed people around the world cheer the actions of the international war crimes tribunal at the Hague and the arrest in England of the former Chilean military dictator General Augusto Pinochet.

However, these precedent-setting events challenge the traditional concept of national sovereignty, upon which the international system has been based since the Treaty of Westphalia in 1648. For the first time, supranational legal mechanisms are in place that make leaders and warriors accountable not only to their national communities, but to the world at large. More recently, the castigation of Austria by the rest of the European Union, Israel, and the United States following the election of the right-wing Freedom Party implies a wider, informal precedent for international response, even against a politically and legally legitimate domestic action. Although this latter event may prove over the long term to be extraordinary, the trend is clear. This increasing power of the international community to enforce its values upon national governments, individuals, and even democratic communities could herald a dramatically different international order.<sup>12</sup>

This trend is not without its critics. Many analysts are skeptical of the idealist claims behind these institutional actions, and argue that the United States rose to its current predominance by convincing other nations of the benefits of participation in an international economic and political system it dominates.<sup>13</sup> The United States will use its national resources to provide stability and pushed-security beyond the means of most other members, but the system will function only so long as it benefits U.S. strategic and commercial interests. A similar argument states that, in an era of heightened economic competition, the West pressures less developed nations to act under its rules and principles—including the creation of minimum wage levels, environmental protection measures, and workers' rights—in order to reduce those nations' competitive advantage as cheap and unregulated sites for production.

However, the forces behind this spread of Western values and the expansion of international institutional activities are too complex to be explained as a rational strategy of the industrialized democracies. The United States is far from consistent in its commitment to human rights or environmental protection, as demonstrated by its contradictory policies toward Cuba, China, and the Middle East. When ideological values conflict with economic or strategic interests, the latter generally prevail.

Today, however, the influence of these values is increasing worldwide through the spread of democracy, the free market, communications technologies, and global news and media industries. The growing connectedness and, some argue, homogenization that these phenomena bring, and especially their promotion of liberal Western values around the world, will continue to influence the development of the new international system.



Traditional notions of state sovereignty and the international system are also challenged by the increasing influence of nonstate actors. International nongovernmental organizations (NGOs) and other special-interest networks have demonstrated their capacity to pressure domestic policies around the world on issues such as environmental management and human rights, while the internationalization of investment and business has increased the political power of multinational corporations. These groups are active across political borders and increasingly influence the agendas of multinational institutions, including the World Bank.<sup>14</sup> The groups are both agents and beneficiaries of the spread of political freedom, and as such are bound to multiply as democracies around the world are increasingly consolidated and integrated. Their enhanced autonomy and power challenge the traditional sovereignty of states in making political and economic policies. Especially in less developed countries, decisions of multinational corporations or private investors can dramatically affect the lives of citizens: national governments and multinational institutions responsible to governments must monitor and negotiate with these entities daily. Today official foreign government visits to Washington must include, in addition to meetings at the White House and Congress, meetings at the International Monetary Fund (IMF) and development banks, research centers, and special interest groups, and with the heads of banks, investment groups, and business associations.

#### Latin America Since the Cold War: From Isolation to Cooperation

Before examining the implications of this new international system for the nations of Latin America, it is important to review recent trends in regional security policies and international relations. These trends in policy and the conceptual approaches they represent continue to serve as the framework for strategic thinking across the region. This framework, we will argue, has been productive, but without enhancement is inadequate to support the multidimensional and internationally oriented strategic thinking required by the new international system.

During the Cold War, the preoccupation of the United States and the Western community of nations with the threat of communism encouraged the governments of the region to focus their energies on security, both external and internal. While the United States purported to support democracy in the region, in situations where democratic

expression was perceived to be socialist in character, the United States either allowed or aided the rise of antidemocratic, often brutal authoritarian governments. Lacking a legitimate external threat, these governments applied their extensive security apparatuses inward against their own people. This persecution in the name of national security deepened social divisions and mistrust between the people and their national governments and security forces, a tragic legacy that continues to haunt these national communities.

The fixation of the United States on fighting communism exaggerated the asymmetry of power between it and its neighbors to the south. Its actions ranged from monitoring to the disbursement of aid as an incentive for U.S.-friendly policies, to covert involvement in domestic affairs, to military invasion. Such pressure made policies viewed as uncooperative in this fight extremely costly, and gave powerful incentives for Latin American countries to toe the line. Public policy, foreign and domestic, could not be formulated without considering the response it would receive from Washington. As a result, during the Cold War the nations of Latin America basically had three strategic options: they could ally themselves with the United States and cooperate with U.S. security operations, oppose the United States and risk the consequences, or hide. Their space for autonomous action in the international system was severely limited.

During the 1980s, crippling economic crises stifled the ability of Latin American governments to think in any but the most immediate terms, much less to consider innovative strategic policy. State-based economic models were widely discredited, along with the authoritarian governments that had overseen them. A wave of support for democratization and economic liberalization swept across the region. Sooner or later most nations decided they had little choice but to undertake an arduous process of price stabilization, fiscal cuts, trade liberalization, privatization, and other free-market reforms. These reforms suited the policy recommendations of the international lending agencies and the U.S. government, referred to collectively as the "Washington consensus." These reforms were generally effective in stabilizing the region's economies and brought growth from increased investment, much of it from abroad. As the public—and arguably the poor as much as anyone else—warmed to economic stability and more consumer choice, the critics of this neoliberal model on the traditional Left as well as the Right lost legitimacy and influence in regional politics. Policy alternatives, analogous to the Third Way in Europe, did not appear until the end of the 1990s when the persistence of poverty, income disparities, and unemployment revived calls for a rethinking of neoliberal orthodoxy.

With the end of the Cold War, and as democracy and free markets were consolidated across Latin America, the region's strategic importance as a battleground against the spread of socialism was diminished. From outside, the region was declared a promising "emerging" market for trade and investment. Across the Americas, the early 1990s witnessed an unprecedented convergence of political and economic ideology. The spirit of pan-Americanism was revived, and some policymakers proclaimed that the future of the Americas depended on further political and economic partnership and integration.

The renewal of hemispheric goodwill and cooperation peaked in late 1994 with two significant events: the Miami Summit that launched the Free Trade Area of the Americas (FTAA) project, and the inception of the North American Free Trade Agreement (NAFTA). Both occasions were hailed for building tighter inter-American relations. However, they represented contradictory versions of how these relations were to be consolidated. The summitry initiative, which led to a series of hemisphere-wide meetings at various levels throughout the 1990s, offered a new model of political relations between the United States and Latin America. Summitry was designed to capitalize on the climate of enthusiasm and shared interests to energize the FTAA project and to push through the bureaucratic obstacles and delay that often characterize international negotiations. Presidents, ministers, and other officials at the highest level, given a relatively flexible format for negotiations and political maneuvering, saw that they would gain from the international spotlight increased political capital and motivation to push through reforms that met the objectives of increased hemispheric integration. According to the model, each country would progress individually toward a more open economy and a shared set of laws and standards based on democratic and free-market principles, such as protection for human rights, improved social development, and environmental responsibility. Summitry treated all of the region's democracies as equals (the only country not invited was nondemocratic Cuba), and the success of the project depended on the coordinated progress of all nations. From the perspective of U.S. policymakers, it was an efficient way to pay attention to Latin America. The defense ministerial and other ministerial "summits" were designed to forge the broadest possible consensus among a set of nations with diverse interests. Follow-up to the summit was assigned to a variety of state agencies and NGOs.<sup>15</sup>

NAFTA, on the other hand, was a painstakingly negotiated accord among three partners aimed at boosting economic growth by encouraging trade and investment among three already closely linked nations. Other nations of Latin America perceived the exclusive

trade zone as a threat to their access to the enormous U.S. market, upon which depended many of their export industries. The advantage of membership provided a strong incentive to join. This was possible, however, only through individual negotiations with the NAFTA countries, a strategy that strengthened the hand of the United States (and of Mexico and Canada) in the process toward hemispheric integration. Brazil, in particular, questioned the commitment of the United States to open, multilateral integration and positioned itself and the Mercosur trade pact as an alternative to NAFTA-dominated regional integration. From the beginning, the project of pan-American integration was challenged by conflicting strategic agendas.

Within weeks of the Miami Summit, assassinations and political intrigue in Mexico, as well as the Zapatista revolt and the precipitous devaluation of the peso, shattered the euphoria. The resulting "tequila crisis" that spread across Latin America was to many investors and policy-makers a shocking reminder of the region's potential for instability. The Clinton administration had spent enormous political capital pushing NAFTA through a reluctant Congress and had oversold the benefits of the pact in its arguments to the public. Mexico's economic crisis reduced the short-term gains to the United States of NAFTA implementation, and its critics howled. The administration was compelled to circumvent Congress in putting together a \$40 billion loan package to support Mexico's stabilization. Political support for further integration faded in Washington. When the Clinton administration failed to obtain fast-track negotiating power, observers in Latin America (Chile in particular) saw it as a sign of the unreliability of U.S. leadership in the project of hemispheric integration. The deepening of U.S.-Latin American relations slowed as the United States entered a phase of domestic introspection. In the reshuffling of U.S. government priorities, Latin America fell even lower in the deck.

### *The Late 1990s: Return to Instability*

By the end of the 1990s, the model of open economies that had generated such excitement proved not without its dangers. Economic crises in Mexico in 1995, and Brazil and Ecuador in 1999, exposed the region's vulnerability to external economic factors. Latin America has joined developing nations around the world in reconsidering the risks of unregulated trade and investment flows. The chief instrument of the global financial safety net, the IMF, has come under fire for the lack of political and social sensitivity in its policy prescriptions and its inability to help countries avoid or reduce the costs of economic crises.

The costs of embracing global markets have hit home not only in Mexico and Brazil (and by extension to all members of Mercosur, which are increasingly dependent on the health of the Brazilian economy), but also in the smaller economies. Small, Eastern Caribbean island nations dependent on the banana industry have been distressed by a case brought to the WTO by the United States and Central American nations against European banana quotas. These micronations, dependent upon a handful of primary export goods, find the challenge of global competition especially daunting. Even larger countries, such as Argentina and Brazil, have criticized the commitment of the United States and Europe to open markets and a level playing field in international trade. Because of problems like these, policymakers across Latin America have begun to include economic security as a prominent, if ambiguous, item in their national security agendas. The most promising instrument available to them for promoting their economic interests seems to be subregional trade blocs. These blocs build economic legitimacy and promote collective bargaining and active participation in international institutions such as the WTO.

Recent turbulence in Latin America has led governments and analysts abroad to shift their focus back to issues of security. Political and social crises in Colombia, Ecuador, and Paraguay, as well as delicate political situations in Mexico, Guatemala, and Venezuela—to name a few—indicate that the stability of these democracies is less than secure. Traditional interstate threats such as border disputes have been stabilized, but they have not disappeared. A border dispute between Peru and Ecuador that in 1995 led to military clashes was solved only through the intervention of the guarantor countries of the Rio Treaty, Argentina, Brazil, Chile, and the United States. Other areas of contention, for instance between Colombia and Venezuela, Guyana and Venezuela, and Panama and Colombia, also remain sensitive.

In addition to these traditional security threats a number of nontraditional, transnational threats, such as drug trafficking, migratory flows, international crime, and environmental degradation, have grown more acute. Political and economic instability, which served historically to legitimize intervention by the United States and other nations, has reappeared as a potential threat to regional security. Colombia's war against guerrilla insurgents, who control nearly half of Colombian territory,

threatened to spill over into Venezuela, Panama, Ecuador, and Brazil, leading to heightened tensions and additional troops at these borders. 'Moreover, U.S.' policy toward Colombia promises to expand the dimensions of that conflict.

These transnational threats require cooperative responses. Although there are instances of ad hoc cooperative response to crises, with the United States often the primary actor, the region has been slow in creating institutional mechanisms of cooperative response. Currently no legitimate hemispheric framework exists to address serious international crises, and most of the region's security forces are too unorganized, unprepared, and unwilling to engage in a large-scale multinational effort. Therefore, if a regional crisis erupts, for instance if the cross-border activities of the FARC in Colombia expand to threaten stability in the border regions of Ecuador, Peru, or Brazil, there exists no mechanism for international response except one led—perhaps unilaterally—by the United States.

Without dramatic reform and increased resources, existing multilateral institutions like the Organization of American States (OAS), the Inter-American Defense Board, or the security component of the summitry process appear incapable of formulating an effective multilateral response to these security issues. Progress has been achieved in specific areas at the operational level, as in the growing fabric of collaboration against drug trafficking within the Inter-American Drug Abuse Control Commission (CICAD), an agency of the OAS.<sup>16</sup> However, in times of crisis these institutions have had difficulty working quickly or effectively and are perceived as weak or vacillating in their commitments. This is not solely the result of inaction or a lack of coordination by Latin American governments. The United States often withholds the support that would make these institutions effective.

The questions of what kind of institutional framework is most appropriate to address these different kinds of threat, and what instruments are in place to address nontraditional, transnational sources of instability, are increasingly pressing. Examples of successful multilateral interventions exist, such as the assistance of the Rio Treaty guarantor nations in resolving the Ecuador-Peru border conflict in 1995, and the Contadora Group's success in the late 1980s at legitimizing the transition of armed guerrilla groups into political parties in Central America.<sup>17</sup> These examples are scarce, however, and at any rate were short-term actions designed to address specific issues or crisis situations. Faced with the threat of a multinational security crisis, such as that of the ever expanding and increasingly sophisticated drug trafficking operations, at present the architecture of hemispheric security relations appears woefully inadequate. As a result, the United States remains the only legitimate actor capable of effecting fast, effective responses to security crises throughout the hemisphere.

Today, the models of democracy and free market economics so popular at the beginning of the decade are increasingly criticized across Latin America. Venezuela's President Hugo

Chavez owes his popularity to his image as a revolutionary populist. Chavez's message, that the democratic system in its current state was hopelessly corrupt and unresponsive to the real concerns of the public, struck a chord across Latin America. In the eyes of many Latin Americans, democracy-or at least democratic politicians-have done little to address the poverty, social inequalities, and lack of development that plague their nations. Citizens of democracies that seem mired in corruption or political in-fighting wonder whether leaders like General Pinochet, or milder versions such as Fujimori or Chavez, are more likely to institute the dramatic changes they want. If this frustration with the results of economic liberalization and democratic reforms continues; more people may be tempted to gamble on radical reformers who have little regard for the institutions or processes of constitutional democracy.

As hindsight becomes distorted by current problems, many people tend to overlook or play down the tragic costs of the repression and civil division of those military regimes.<sup>18</sup> A return of the populism, nationalism, or, at worst, the authoritarianism of earlier decades could be disastrous for the current inter-American system of shared interests and values. This would put an end to Latin American aspirations for an enhanced political role in global affairs, and tamish the nations' allure to foreign investors. These high costs imposed by the international community make such political insurrection as military coups almost unimaginable. A potential coup in Paraguay in 1998 was quelled largely by threats from its Mercosur partners to cut off all trade, and one in Ecuador in 2000 lasted only 3 hours before military leaders were convinced of its impossibility, allegedly through word from the U.S. embassy.

The governments of Latin America must chart a course between two dangers. On the one hand they must continue to show commitment to the democratic and free-market values of the international system, even as they experiment with those definitions; otherwise they risk severe marginalization. On the other hand, they must find the political energy to distribute more equally the gains from economic liberalization and to address the poverty and long-standing frustration that afflict so many of their people.

With the success of Mercosur and other regional cooperative and integrative projects, an institutionalist account of international behavior is most suitable for assessing the Latin American case. In an increasingly institutionalized international system, Latin American nations enjoy an advantage in their efforts to greater insertion into it due to their familiarity with the processes and trade-offs of greater cooperation and the diplomacy and flexibility required for the system to be effective. In this system, a nation's international influence is

partly determined by the nature and extent of its involvement in the institutions available to it. Is the nation a responsible, active partner; a passive, nonparticipatory partner; or an obstructionist element in the institution? Canada and Sweden, for example, have formulated successful, very active roles for themselves despite their limited economic or military power. Their influence, disproportionate to a purely realist assessment of their hard {that is, military and economic} power, is a result of the legitimacy they have earned through active participation and even leadership in various international institutions and initiatives—their soft power.<sup>19</sup>

Institutionalist theory suggests that international institutions benefit rule-taker, or less powerful, nations in two ways. First, it offers them a more equal forum for the expression and pursuit of their interests, and, second, the powerful nations' commitment to these regimes restrains them from acting unilaterally and gives them incentives to pursue their interests through coordinated, multinational initiatives.<sup>20</sup> Institutionalism offers rule-taker nations a strategy by which they can position themselves to become rule-makers.

Effective insertion into—and openness toward—the international system is not a one-way street, as Austria most recently discovered. Because the structure and values of the system are still in formation, and may be so indefinitely, nations that are not at the cutting edge of democratic, liberal norms can find themselves pinched by the system's zealotry. Chile enjoyed considerable international influence in the early 1990s as the model for effective neoliberal economic reform. Whatever imperfections existed in Chile's democracy were overlooked by many in the North who praised Chile's bold liberalization program and its economic growth. This success enhanced Chile's image abroad, and Chilean economists were welcomed around the developing world to discuss the "Chilean model." Things changed quickly, however, in 1999, when the nation's governing elite was taken by surprise by the arrest of General Augusto Pinochet in Britain at the request of Spanish judge Baltazar Garzón on charges of violating the human rights of Spanish and Chilean citizens during his dictatorship. The Chileans' enthusiastic embrace of the economic rules of the global market did not exempt them from the emerging rules of the international community regarding human rights and universal justice, even though those rules are still in formation. As it turns out, Pinochet's arrest had the salutary effect of strengthening Chile's court system and advancing its legal processes for dealing with cases from its authoritarian period, thereby better protecting the nation from future shocks of this sort. The writing is on the wall. Nations that do not measure up to international standards in legal punishment of human rights violations, or in other sensitive areas, may face international condemnation, and should



take steps to address those discrepancies. In the region, Argentina, Colombia, and Guatemala-and perhaps Brazil (if it is not perceived as committed to protecting its tropical forests)-could someday be vulnerable to such international action.<sup>21</sup>

Considering the historical legacy of outside intervention in regional affairs, the success of institutions that reduce the likelihood of similar actions in the future is crucial to the interests of Latin America. However, effective multilateral institutions require from their members a willingness to participate in and devote resources to cooperative activities at the regional and global level, including some that are sensitive areas of national policy. If Brazil, for example, is serious in its claim to a permanent seat on the UN Security Council, it must reverse international perceptions that it is unwilling or unable to address its fiscal problems, human rights record, severe poverty, and environmental destruction. International legitimacy requires more than rhetorical adherence to the values and objectives of the international community.

Becoming a rulemaker abroad demands that a national government is able to be a rulemaker at home. This issue is not restricted to developing nations. When President Clinton was unable to win from Congress fast-track authority for negotiating free-trade agreements, the United States lost significant ground in its influence over the integration process, a slippage from which Brazil, Chile, and Mercosur nations in particular have benefited.

An international system characterized by increasing globalization requires a multidimensional conceptualization of foreign policy. A decision by a state to commit itself to economic integration and greater political coordination tends to weaken the power and autonomy of its centralized government. What previously were domestic policy decisions-interest rates, currency exchange levels, wage rates, and environmental laws, for instance-now have international implications. This growing "intermesticity" of issues challenges policymakers across the globe. It is particularly difficult for many larger, less centralized nations, where federal governments responsible for international policies have to contend with state and local governments. Foreign policy projects can be vulnerable not only to external shocks, but also to shocks from within, as happened in 1999 when Itamar Franco, governor of Minas Gerais, a major Brazilian state, announced a moratorium on debt payments to Brasilia. What was basically a personal political attack on President Cardoso precipitated Brazil's currency devaluation and contributed to a regionwide economic recession. More than ever, successful foreign policy requires coordination with state and local governments and other domestic parties-particularly the private sector and

prominent NGOs-and requires that local government institutions have the capacity to implement national-level decisions.

Dynamic, open democratic systems tend to complicate the formulation of coherent foreign policies. More actors are involved in international relations, not just multinational institutions or corporations but also state and local governments and citizens. What has long been the case in the United States is increasingly true in much of Latin America: formulation of international policy is characterized by linkages and interrelations among domestic and external forces. These new linkages are difficult to assimilate, especially for elite groups that are historically accustomed to making decisions of national strategic or security policy with a high degree of autonomy. In an international community that places high value on transparent democratic practices, breaches of constitutional conduct can bring into question a government's legitimacy. For example, Venezuela's idiosyncratic President Hugo Chavez found that although he and his supporters believed that closing down congress and the supreme court were necessary for national reform, the profound skepticism and worry this generated among international investors and regional partners forced him to moderate his actions.

What are the objectives and available instruments of national policy in this new international system? How do the features of modern democracy and open, internationally connected societies affect the perceptions and conduct of relations among states? Will institutions like the United Nations, NATO, or the OAS prove effective over the long term, or will powerful nations decide they can be more successful acting alone? In financial crises or disputes, will organizations like the IMF or the WTO play expanded roles? Add the fact that nonstate actors can apply tremendous pressure on governments, and it is understandable that many nations, including the United States, are having difficulty finding their footing in the new, still evolving international system.

**Themes of the Volume:**  
**A Call for Strategic Thinking**

This book assesses Latin America's situation in the international system of the post-Cold War era and the strategic options available to the nations of the region to pursue their interests and enhance their roles internationally. These chapters are the result of a project of the Latin American Program of the Woodrow Wilson International Center, supported by the Ford Foundation. The Latin American Program has an ongoing interest in questions of

hemispheric international relations, regional strategic thinking, and the foreign policies of Latin American nations.<sup>22</sup> Most of the chapters

present the viewpoints of policymakers and scholars from Latin America. These regional perspectives are complemented by the reflections of two preeminent U.S. scholars of international relations, whose areas of expertise are institutions and foreign policy making at the global level. From this range of analyses emerge four principal themes: increasing heterogeneity of the strategic interests and options of subregions and nations; variations in the degree of U.S. regional influence; the need for multidimensional strategic planning; and the fundamental importance of strengthening democratic institutions.

*Widening Divergence Among the Subregions and Nations of Latin America*

The unidimensional approach the United States took toward the region during the Cold War, based on which governments or groups were or were not potentially communistic, blurred the contrasts among nations. Whether it was Chile, Brazil, or Nicaragua, policies from Washington were fundamentally the same. Under the confining ideologies and security fixations of the times, nations in the region often perceived each other in similar reductionist terms. Since the end of the Cold War, this mentality has given way before expanding social, economic, and political ties between the countries of the hemisphere and their global partners. Increased knowledge of and interaction with the region have put Latin America's complexities into high relief.

The international interests and preoccupations of the various subregions of the hemisphere (e.g., the Andean nations, the Southern Cone, Central America) sometimes overlap, but are clearly distinct. Often the economic, political, or social-historical characteristics even of neighboring countries yield strikingly different international profiles. For example, even though they share one island, the political and economic systems of Haiti and the Dominican Republic differ significantly. Although students of the region and Latin Americans themselves have known for years that the national characteristics and interests of Bolivia, Peru, and Chile diverge widely, this fact is rather novel to many policymakers in Washington. To lump Brazil with the numerous small states of the hemisphere into one category is not a useful assumption, as Brazilians often point out to their colleagues from the North who speak of Latin America as a coherent geographical entity. Even comparing the strategic interests of Brazil or Argentina with those of Mexico is complicated by subregional, historical, and institutional differences, as is evident in the chapters by Guadalupe González

and Thomaz Guedes da Costa. While this book frames issues in a similar, regionwide approach, the range of perspectives and approaches discussed indicate increasing regional heterogeneity.

The dynamics and effects of globalization are not evenly distributed among countries or subregions.<sup>23</sup> Key variables in the determination of a nation's international role—the size and development of its economy, the strength of its military, the nature and degree of U.S. influence in its regional affairs, the competitiveness of its industries in the global marketplace, and its degree of economic integration and partnership—vary dramatically. Moreover, the forces of globalization and regional integration seem to be increasing these differences instead of reducing them, which complicates Latin American solidarity in the face of negotiations with the larger powers.

Efforts at subregional integration exist across the region. However, some have been more effective than others. These disparities mostly reflect differences among the degrees of compatibility between regional domestic markets, and differences among the flexibility and efficiency of the private sectors of various nations, as well as the effectiveness of their government institutions in providing support and structure for these relations. The success of Mercosur has benefited each of its member nations and associate members in terms of their economic growth and political stability in a way that membership in the Andean Pact has not. Alberto Van Klaveren, in particular, indicates that the future growth of these trade blocs and their potential for deeper integration are key questions in the minds of many Latin American policymakers. Will Mercosur lead to a South American free trade zone, and if so by what rules will Brazil play as its dominant member?<sup>24</sup> Will membership in Mercosur or another trade bloc complicate future efforts to join NAFTA—which remains the grand prize due to the sheer size and voraciousness of the U.S. domestic market—or to establish free trade with the United States by another means? How compatible are South American markets with each other? If you are the Ecuadoran minister of trade, will your exports bring greater and more stable profits in Brazil, Mexico, Japan, Korea, or the United States? Does subregional integration force you to choose?

The answers to these questions vary from country to country, as Peter Smith emphasizes in his discussion of differing strategic options. Options made available to Chile by its bustling niche export economy and the development of its fishing and agricultural industries are not equally available to Nicaragua or even to Mexico, the industrial and trade portfolios of which are quite different. Each nation of the region will have to determine its preferred path to greater insertion in the international system according to the tools and advantages it

has, and those it has not, which indicates that Latin America's heterogeneity will only increase in the coming decades.

This trend is painfully clear in the recent WTO dispute over European quotas for banana imports. Ecuador, Costa Rica, and other Central American nations, in cooperation with the massive U.S. banana industry, brought a suit to the WTO that attacked the foundation of the economies of many Eastern Caribbean islands. If not managed through forward-thinking, cooperative international initiatives, the pressures of increased global and regional competition can undermine partnership among the nations of the Americas and lead them into a trap of zero-sum competition, by which the region as a whole would suffer. Again, this requires more legitimate and active multinational institutions for cooperation and dialogue at the subregional and hemispheric levels, and this depends on greater national commitment to regional cooperation.

#### *Variations in the Degree of U.S. Influence in Regional Affairs*

The different viewpoints represented in this book make clear that the degree and nature of the United States' influence in regional affairs vary along subregional and national lines. Chile, for instance, is relatively distant from the United States, is less affected by the drug trade, and historically has had a more balanced trade portfolio than do its neighbors to the north. As Heraldo Muñoz points out, Chileans today are as interested in the political and economic news from Brasília, Buenos Aires, and São Paulo as they are in those from New York or Washington. Authors from the Southern Cone countries—Guedes da Costa, Muñoz, and Van Klaveren—emphasize a balancing strategy as a central facet of their nations' strategic relations. Increased economic and political ties within the region, institutionalized in Mercosur, and also with Asia or Europe, are viewed as a means of protection from undue dependence on the United States, and as a source of increased leverage vis-a-vis the United States within the broader global system. The idea of engaging in a policy of strategic balancing against the United States is hardly novel. Indeed, recent cooperative initiatives also have a long history.<sup>25</sup> The diversification of trade and investment is beneficial in economic theory, but has proven throughout the history of the region to have limited effectiveness in providing protection from price volatility. Politically, to a student of inter-American history these efforts are redolent of other strategic efforts, likewise unsuccessful, in which options were constrained conceptually by the ideological fixation on the need to resist the dominant position of the United States. In most cases trade should follow natural market flows and

seek out higher returns, regardless of whether those returns are achieved from selling to the U.S., European, or Asian markets. The appeal of the idea of diversified trade as a strategic policy is more ideological than economic, and implies government intervention in the private sector using subsidies or other supportive actions, which would likely lead to price distortions and inhibit competitiveness.

The long-term political significance of these more diverse economic and political ties, especially regional integration, is one of the most contentious issues of the volume. Although Muñoz and Van Klaveren present broader trade relations as a key element of Latin American long-term policy, Peter Smith doubts the political will and economic benefit behind tighter relations with Europe or Asia. Regardless of the rhetoric, actual trade policy in both regions is in large part controlled by domestic interests. For example, at present the European Community defense of the Common Agricultural Policy makes commodity exports from Latin America all but impossible. The U.S. domestic market is far from perfectly open, with clear protections in place for important regional industries. However, of the major markets it is far and away the most accessible, even to nations without NAFTA membership.

In his analysis, Smith bases the strategic options of these nations on the structures of their interhemispheric and regional trade relations. Robert Keohane doubts the political significance and durability of regional integration and cautions against optimistic comparisons with the project of the European Community. Keohane argues that Europe's modern economic structure, its strategic rationale for political congruence and a unified security system, and historical experience provide it with powerful political motives for integration that Latin America lacks. Without long-term political motivation, Keohane suggests, integration projects in the region are likely to remain shallow and vulnerable to political shocks. Yet, without economic integration and the wider international political cooperation that it fosters, Latin America risks becoming marginalized within the global system. Keohane states that ultimately the international position and influence of each country will depend upon its responses to pressures of globalization, and they will depend on the strength and flexibility of its domestic democratic and free-market systems.

In the cases of Mexico, Central America, and the nations of the Caribbean, the pressures of globalization will continue to strengthen and deepen their interrelations with the United States. As González describes it, economic liberalization is leading to trade substitution and greater dependence on the U.S. market, and the security threats that these countries share with the United States as well as the heavy migratory flows make cooperation imperative. For the Andean nations, as long as supply-side interdiction and crop reduction remain the

principal elements of the U.S. strategy against illegal drugs, these nations will have to negotiate the specialized attention this industry brings.

Closer ties to the United States and the sharing of that nation's regional interests can be detrimental, beneficial, or in most cases both. Especially in the cases of smaller countries, negotiating with the United States to gain medium- or long-term benefits from increasing cooperation may be an optimal solution, given those countries' range of options. The key is in the nature of the nations' behavior in these asymmetrical relations. Because of the uncertainty in its global foreign policy and its satisfaction with free-market democracies in Latin America, the United States today is open to recommendations and models for cooperation from its neighbors to the south. The official rhetoric of "partnership" heard from the Clinton administration, from the drug czar Barry McCaffrey, and from the U.S. Southern Command is an important shift of diction from the accusatory language of the preceding decades.<sup>26</sup> The nations of Latin America should work aggressively, not with caution, suspicion, or sheepishness, in the formulation of their relationship with the United States. Simply complaining about U.S. policies, such as its unilateral certification process, which they know to be tied up with complicated domestic bipartisan issues, is not constructive. They must bring to the bargaining table viable multilateral options that are responsive to U.S. interests, which are by and large the same as theirs, as well as sensitive to their valid concerns with sovereignty and reciprocity.

As an example, important officials of U.S. government agencies, as well as members of Congress, have expressed either officially or unofficially their interest in finding alternatives to the country's awkward, anachronistic policies of unilateral certification and the embargo against Cuba. Creative ideas for the replacement of these unilateral instruments with legitimate multilateral ones that serve the region's collective interests—that help reduce drug trafficking and support the democratization of Cuba—would be a welcome sign to Latin America's friends in Washington and a significant step forward for inter-American relations. There is an opportunity for Latin America to take the initiative and work with the United States to create a new architecture for hemispheric relations. Working with it is here understood to be different from reacting to or subordinating to the United States. It is a foreign policy posture that begins with the defense of each nation's interests, but looks openly to shared interests and values and energetically explores potential areas for cooperation.

As long as the convergence of political and economic values across the Americas holds up and the primary interests of the region coincide with those of the United States (i.e.,

increased economic trade, political freedom, reduced drug trafficking, regional stability), Latin American nations enjoy far more autonomy of international action than they did during the Cold War. They must take advantage of this window of opportunity, for it is impossible to predict what crises or changes might cause it to close. A growing U.S. focus on fighting drugs above other regional policy objectives threatens to reduce this opportunity. In the first decade of 2000, the nations of Latin America must be more assertive and innovative than they were in the 1990s. Latin American nations, working together, have an unprecedented chance to reshape the hemispheric community more to their liking, if they would assume responsibility and leadership in doing so.

### *The Need for Multidimensional Strategic Planning*

For the most part, the chapters by Latin Americans and scholars of Latin America present options for trade and economic integration as the core of these countries' strategic policies. Ernest May finds this troubling in that it seems to assume the perpetuation of the international economic system in its current form and stability. In light of the global economic turmoil of 1998-1999, and the precarious and inexplicable nature of the current buoyancy of the U.S. economy, any policy based on this assumption is of limited use over the long term. According to May, such a focus on short- and medium-term economic policies hardly qualifies as strategic. Keohane notes the lack of traditional foreign policy behavior, such as strategic alliances, nationalist projections, or balancing strategies. In other regions of the world, such as South Asia or Africa, the end of the Cold War brought a resurgence of traditional political competitiveness and maneuvering. Although the regionwide convergence of values, widespread respect for international sovereignty, and the decline of many traditional rivalries, such as those between Brazil and Argentina or Chile and Argentina, are to be welcomed, policymakers should not see economic partnership and liberalization as the only remaining instruments for building regional power. To May and Keohane this is an unnecessarily narrow approach.

Regional integration projects are as important for their political and security implications as they are for their economic benefits. As Guedes da Costa notes, the deepening of Mercosur and the expansion of trade ties with its other neighbors is the centerpiece of Brazil's strategic policy. Politically, these multilateral ties are central to the consolidation of Brazil's position as the leader of South America. By fomenting interdependence, Mercosur



has contributed to the subregion's stability and security as well as to its economic growth. As it was when constructed in the mid-1980s, Mercosur continues to be an important tool for the fortifying of democracy among its members. This is evidenced by the pivotal role its member nations played in their firm response to an attempted military coup in Paraguay in 1998.

Closer economic and political ties among Chile, Argentina, and Brazil have paved the way for improved security in the Southern Cone. Before the 1980s the traditional hypotheses of conflict for all these nations were intraregional: they each perceived one another as principal rivals and potential military aggressors. However, in the 1990s joint military exercises between former antagonists became routine. In early 1999 the governments of Chile and Argentina resolved their last remaining territorial dispute. Brazil and Argentina have agreed to joint production and repair of naval vessels, and Argentina and Chile have planned to hold their first bi-oceanic joint naval operations in the year 2002.

Across the hemisphere, enhanced regional economic and political relations have improved security. The Latin American Guarantor Nations of the Rio Group—Argentina, Brazil, and Chile—worked assertively to mediate a solution to the border conflict between Peru and Ecuador in 1995. For years, many nations of the Caribbean have coordinated their military or coast guard maneuvers, frequently including the United States. The Eastern Caribbean Regional Security System, which consists of the naval forces of the English-speaking Eastern Caribbean nations, provides a successful model for cooperation, though its expansion toward more diversity has proven problematic.

In strategic terms, it is not always clear how foreign policy can support a nation's drive toward sustainable development and economic competitiveness. Under Carlos Menem, Argentina made an explicit decision to throw itself into UN peacekeeping efforts as a way to demonstrate its reliability. The Menem government also sent boats to the Persian Gulf to show its new solidarity with the United States, offered to send personnel to Brazil to fight forest fires, and—in a gesture of community support that was embarrassing to all—offered in August 1999 to send troops to Colombia. By contrast, Brazil, Chile, and Mexico have been slower and more reluctant to participate in collective peacekeeping. Brazil, which has declared openly its ambition to be a permanent member of the UN Security Council, continues to be diffident in the assertion of its international influence. Like other nations of the region, Brazil's rhetoric of support for regional collective action in response to security crises is weakened by its long-standing insistence on the preservation of national sovereignty and nonintervention as foreign policy principles. Foreign Minister Luiz Felipe Lampreia has indicated that Brazil would be an unassertive hegemon, although his hard-line positions in

Mercosur negotiations since its currency devaluation in 1999 indicate limits to Brazilian diffidence.

Keohane cautions against overestimating the durability and long-term significance of subregional integration projects, suggesting that until they are much more formalized they remain vulnerable to an international economic meltdown or a rise in interstate tensions in the region. The sharp bickering between Brazil and Argentina since the devaluation seems to bear out this point. Even if successful over the long term, regional integration does little to enhance these nations' political importance beyond the hemisphere. Nevertheless, considering the conceptual chains of mistrust and assumed antagonism that had constricted the foreign policies of Latin American nations for over a century, the importance of these cooperative initiatives should not be underestimated.<sup>27</sup> In varying degrees, they have virtually eliminated long-standing conflictive and mutually suspicious strategic and security conceptions and laid the groundwork for further partnership in a range of areas.

A principal argument of the book is that the nations of the region should look beyond economic liberalization and regional integration toward a broader, more innovative set of instruments for strategic policy. Policies that have traditionally been thought of as domestic now assume international dimensions. Improving economic competitiveness, the development of high-technology industries, the growth of social capital, and the enhancement of the national image abroad are all aspects of modern strategic policy. Cultivating domestic expertise and skill in high-technology areas and supporting scientific research are important steps toward improving international competitiveness. In Costa Rica, for example, attracting an Intel production facility brought jobs and economic development and raised the country's credibility as a market for foreign investment. Other nations, including Brazil and Chile, have thriving software- and computer-manufacturing industries, vital segments to any competitive modern economy. State support of and promotion of public-private partnerships for research and training regarding satellites, computer software, Internet communications, and other such high-technology, cutting-edge industries are valuable elements of a long-term plan for economic development.

Public-private cooperation on research and development has played an important role in the development of high-technology industries in the United States and other industrialized nations, yet it hardly exists in much of Latin America. The establishment of intellectual property laws and viable mechanisms for their effective enforcement are crucial to this effort. Public education systems are often the victim of budget cuts and are poorly managed and inefficient across the region, although the education level of a population is crucial to its

productiveness and to improving national competitiveness. When faced with deep public debt and economic turmoil, governments find it difficult to think beyond daily constraints and crises. However, economic and political investments made today in these areas should be viewed as elements of long-term strategic planning and as necessary steps toward expanding a country's strategic capabilities in the future.

Narrowly focused foreign policy formulations are anachronistic in the new international system. Without the Cold War, Latin American governments can no longer manipulate the interests of the United States or, in Cuba's case, the Soviet Union to secure favors. Policies of aggressive third-world solidarity, as were popular in the 1960s and 1970s, can be damaging in an era marked by the benefits of global openness and interdependence. Also disastrous would be the revival of traditional concepts of regional power based on military threat or territorial expansion. There is a growing divide between the nations that act within the institutional norms of international behavior and those that choose instead to defy the system. Even though the system has its flaws and is asymmetrically weighted toward the interests of the great powers, the nations of Latin America benefit from its stability and enjoy more freedom to pursue their interests within its parameters than without.

The recent expansion of the powers of the international community to enforce its values—demonstrated by the arrest of General Pinochet, the international court at the Hague, and the response of the European Union to Austria's new government—has many critics. For developing nations in particular, the imposition of social and cultural values perceived to come from the outside can appear threatening, especially to groups whose power, impunity, or freedom of action may be targeted. However, the emergence of these values offers nations that esteem democratic principles and that cooperate internationally opportunities to influence the formation of institutional mechanisms for their expression. Informal and formal measures that limit such phenomena as corruption, human rights violations, child labor, political coups, or unduly destructive environmental practices appear assured to become significant elements in future international relations. To fight such measures merely on principle would be a dangerous and outdated policy. Instead, the nations of Latin America should take advantage of the inchoate state of the international institutional mechanisms relevant to these values and be active and outspoken in their ongoing formulation: they can become rulemakers.

*The Fundamental Role of Democratic Institutions*

Keohane emphasizes that a nation's success under the forces of globalization will depend on the flexibility and strength of its democratic system. Policies like the promotion of high-technology industries, defense against fluctuations in short-term capital flows, regulation of the banking industry, unequivocal protection for intellectual property, the setting of socially responsible but economically competitive wage levels, and increased involvement in multinational initiatives require effective public institutions. Deepening international ties can affect the structure and function of these institutions, as has happened to Mexican national and state policy and the judicial system since they have been forced to cooperate with the U.S. counterparts in fighting drug trafficking. After the recent economic crises, international investors are more wary of suspect business, banking and legal environments. Greater economic openness often reveals problems of corruption, ties to illegal activities, or general mismanagement, the removal of which requires stronger, more autonomous judicial and regulatory systems.

Virtually every nation of the region has implemented import reforms over the last decade.<sup>28</sup> Economic liberalization and the privatization of state-held companies have improved efficiency and competitiveness, and governments are working now to bring state institutions up to the task of monitoring and regulating these dynamic economic arenas. This progress must continue if Latin American economies are going open up further and continue to grow and become more competitive in globalized market. In the broad sense, the strengthening of democracy and democratic institutions at home is fundamental to a state's capacity to engage in strategic policymaking.

### **Policies for National Promotion Abroad**

Many nations are rightly concerned about the effects that the influx of foreign media and culture—particularly those of the United States—could have on their national values and cultures. Government protection for local media industries, as exists in France and Canada, is growing popular. Uruguay, for instance, has instituted a cultural promotion program called "Defensa de la Identidad Uruguaya" to respond to the inundation of products and media from its Mercosur partners. But what is a threat can also be an opportunity. This spread of culture and image can serve as a promotional piece for national interests.

Analogous to Joseph Nye's concept of "soft power," international dissemination of Latin American culture and news increases the attention the region receives and, over time, builds greater awareness, interest in investment and tourism, and political legitimacy. This spread

of information occurs naturally through the internationalization of the communications industry. Today Latin American news, films, and television are broadcast via the Internet or on television around the world. Governments should support this export of information, culture, and national imagery through creative promotion campaigns abroad, including support for academic research, art and music exhibitions, modern studies programs, and the offering of Spanish- or Portuguese-language classes.<sup>29</sup>

The growth and increasing political organization of Latino communities, primarily in the United States, contributes to this greater awareness of regional interests. Such communities are gaining influence over policymaking at all levels of the U.S. political system. The nations of Latin America can benefit by maintaining ties with their expatriate communities and encouraging their interest in the issues that affect their nation of origin and the state of relations between their nation of origin and the nation in which they reside. Another indication of increased globalization is the fact that political and economic events in New York City, New Jersey, and Miami are now deeply linked with the national politics of the Dominican Republic, Puerto Rico, and Cuba, and vice versa. This form of potential influence could be particularly advantageous to the nations of the Caribbean and Central America, producing an indirect benefit of their intense social and economic ties to the United States.

### **New Concepts and Broader Cooperation with New Actors**

In his reflections, May points out that during the 1950s and 1960s Latin America was a hotbed of intellectual enterprise. Latin American scholarship generated seminal models and theories that contributed to a major shift in the predominant thinking on issues of international development and economic relations. Chile in particular earned a reputation as a locus of important intellectual activity--especially the prestigious UN Economic Commission for Latin America, headed up by the influential Argentine economist Raul Prebisch--and Brazil proclaimed itself a champion of third-world political unity against the North. These initiatives were largely in response to and were conditioned by the structure of the Cold War, but they represent a political energy and spirit of innovation lacking in the region today.

In light of the indifference they receive from the governments of the United States and other powers, Latin American nations could gain from strengthening their relations with partners that are showing more interest.<sup>30</sup> While Washington continues to be shortsighted and to suffer from attention deficit disorder regarding Latin America, the U.S. business community is increasingly aware of and active in the region. Contrary to some of the uglier instances in the history of U.S.-Latin American relations, today private-sector groups in the United States can be an important regional ally in pressuring their government on a variety of issues, from support for fast-track negotiations to assistance in research and institutional capacity building. Public-private partnerships and cooperative work with international NGOs can bring cutting-edge technology and skills to regional product research and development, environmental resource studies, energy production, education, and many other pressing issues. The same can be said about the nongovernmental sector of the European Union. Transnational linkages between regional and extraregional business groups, NGOs, universities, cultural or social organizations, and other entities are multiplying under the region's democratic freedom. The nations of Latin America should encourage and fortify these informal ties to insert their communities as well as their political objectives into those of the wider democratized world.

Because these ties, and much of today's growing international activity, are in areas in which international regulation and structure are still undefined, farsighted policymakers in Latin America can make a special effort to position their nations' specialists at the forefront of the shaping of relevant international norms. Many new issues require addressing in the international system, such as Internet regulation and design, environmental valuation and sustainable development laws, and standards and processes for human rights protection. The nations of Latin America-if they are innovative and assertive in their participation in the international debate over these issues-can assume significant roles in these negotiations. That is, they can progress to being rulemakers instead of ruletakers.

The purpose of these nontraditional instruments of foreign policy is to gain legitimacy in the international system. A nation increases its legitimacy by improving its own democratic practices and institutions, participating actively and responsibly in international initiatives, expressing a clear and consistent agenda, and building stronger economic, political, and social ties between itself and the rest of the world. In a world shaped more by the rules, standards, and actions of institutions than by interstate militarized oppression, enhanced legitimacy translates into power. The nations of Latin America must understand that it is through this power, the power that comes from a sound democratic legitimacy and

responsible international participation, that their interests will best be pursued in the new international system.

## Notes

1. See James Rosenau, *Along the Domestic-Foreign Frontier: Exploring Governance in a Turbulent World* (Cambridge Studies in International Relations, 53).

2. Such has been the U.S. strategy under President Clinton. At the same time, many U.S. strategists and policymakers openly criticize the United Nations and urge either a return to isolationism (political pundit Patrick Buchanan, for instance) or the use of alternative multilateral instruments that will more effectively respond to U.S. interests.

3. See Jorge Dominguez, "The Americas: Found, Then Lost Again." *Foreign Policy* 112 (Fall 1998): 125-137.

4. Francis Fukuyama, "The End of History?" *National Interest* 25: 3-18.

5. Carlos Floria, "Nationalism as a Transnational Question. Political Analysis of Nationalism in Contemporary Argentina." Woodrow Wilson International Center for Scholars, Latin American Program, Working Paper Series, 220. There are Spanish and French versions of this monograph.

6. For an explanation of Joseph Nye's concept of "soft power," see Joseph S. Nye, *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1991).

7. See Robert O. Keohane and Joseph S. Nye, *Power and Interdependence* (Boston: Little, Brown, 1977); Robert O. Keohane and Joseph S. Nye, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton University Press, 1984); and Lisa Martin, and Beth Simmons, "Theories and Empirical Studies of International Institutions," *International Organization* 52: 4.

8. Samuel Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Touchstone Books, 1998).

9. Hans-Henrik Holm and Georg Sorensen, *Whose World Order? Uneven*

*Globalization and the End of the Cold War* (Boulder, Colo.: Westview Press, 1995).

10. For a discussion of the relevance of Western international relations theory to the reality of politics and statehood in less developed regions, see Stephanie G. Neuman, ed., *International Relations Theory and the Third World* (New York: St. Martin's Press, 1998).

11. See Robert S. Litwak, *Rogue States and U.S. Foreign Policy* (Washington, D.C.: Wilson Center Press/Johns Hopkins University Press, 2000).

12. On the power of the rule of law argument in creating a new code of good behavior in international affairs, see Thomas Carothers, "The Rule-of-Law Revival," *Foreign Affairs* 77, 2 (March/April 1998). The halting, cacophonous response of the hemispheric community to the electoral farce in Peru in June 2000 suggests the limits to this approach.

13. The classic, unblushing statement of U.S. strategic interest and the use of power is Alfred Thayer Mahan, *The Influence of Sea Power upon History, 1660-1783* (New York: Hill and Wang, 1957). For analysis of U.S. strategic thinking and its participation in institutions, see John Ikenberry, "Distant Gains: Hegemony, Institutions, and the Long-Term Returns on Power," in Daniel Deudney and Michael Mastanduno, eds., *Power and Power: Essays in Honor of Robert Gilpin* (forthcoming); Richard N. Haas, "What to Do with American Primacy?" *Foreign Affairs* 78, 5 (September/October 1999): 37-50; Robert Kagan, "The Benevolent Empire." *Foreign Policy* (Summer 1998); and Josef Joffe, "How America Does It," *Foreign Affairs* 76, 5 (September/October 1997): 13-27.

14. See P. J. Simmons, "NGOs in Global Affairs: Resistance Is Futile," *Foreign Policy* (Fall 1998).

15. See Richard E. Feinberg, *Summitry in the Americas: A Progress Report* (Washington, D.C.: Institute for International Economics, 1997). See also Richard Feinberg and Robin Rosenberg, eds., *Civil Society and the Summit of the Americas: The 1998 Santiago Summit* (Miami: The North-South Center Press, 1999).

16. For official documents and information on CICAD, see the Web site at [www.cicad.oas.org](http://www.cicad.oas.org).

17. For analysis of the successes and failures of such transitions in six countries, see Cynthia J. Amson, ed., *Comparative Peace Processes in Latin America* (Washington, D.C.: Woodrow Wilson Center Press and the Stanford University Press, 1999).

18. Not so Spanish Judge Baltasar Garzon, who changed global legal principles by indicting General Augusto Pinochet in 1999 for violations of human rights during his rule. Since then, Garzon has also indicted former military officials in Argentina and has caused panic among former dictators and their officials throughout Latin America.

19. Andrew Hurrell, Andrew Cooper, Ricardo Sennes, Srinivasaraman, and Guadalupe González, "Paths to Power: Institutional Foreign Policies of Middle-Power Nations," Woodrow Wilson International Center for Scholars, Latin American Program, Working Paper Series, 244.

20. See Robert O. Keohane, "Lilliputians' Dilemmas: Small States in International Politics," *International Organization* 23, 2 (1969). Also see John Ikenberry, "Distant Gains: Hegemony, Institutions and the Long-Term Returns to Power," paper presented at the Woodrow Wilson Center, Washington, D.C.

21. During his official visit to the United States in June 2000, Argentine president Fernando de la Rúa paid a visit to the Holocaust Museum and apologized for his country's willingness to provide a haven for Nazi war criminals after World War II. In this way he hoped to mitigate Argentina's image in the United States as anti-U.S. and anti-semitic, both long-standing stains on Argentina's international reputation.

22. Herald Mufioz and Joseph S. Tulchin, eds., *Latin American Nations in World Politics* (Boulder, Colo.: Westview Press, 1996).

23. See Holm and Sorensen, 1995.

24. For instance, the crisis between Brazil and Argentina in July and August of 1999 nearly broke Mercosur apart, and continuing disputes regarding tariffs on car parts, shoe manufacturing, and other industries important to national markets worry regional analysts.

25. In the 1950s, Argentina's President Juan D. Perón attempted to form the ABC Alliance based on a coincidence of political style and ideology. His partners were in Brazil (Getúlio Vargas) and Chile (Bernardo Ibáñez). This effort, after a number of diplomatic exchanges, came to nothing.

26. See Richard Quirk, "The Cooperative Agenda of the U.S. Armed Forces in the Caribbean," in Joseph S. Tulchin and Ralph H. Espach, eds., *Security in the Caribbean Basin* (Boulder, Colo.: Lynne Rienner Publishers, 2000).

27. See Andrew Hurrell, "Security in Latin America..." *International Affairs* 74, 3 (1998): 529-546.

28. For a discussion of the role of effective markets and competition policy, see Moisés Naim and Joseph S. Tulchin, *Competition Policy, Deregulation, and Modernization in Latin America* (Boulder, Colo.: Lynne Rienner Publishers, 1999).

29. Brazil is currently engaged in such a project, led chiefly by Ambassador Rubens Barbosa, first in England, where Oxford University established a Centre for the Brazilian Studies, and now in the United States, where Ambassador Barbosa proposes to help a variety of institutions develop permanent divisions or study centers on Brazil.

30. See Jorge I. Domínguez, *Foreign Policy* 112 (1998).