

**The South American Community of Nations:
An examination of its potential for success**

Honors Project

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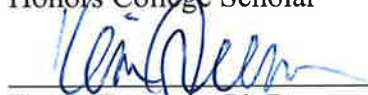
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Preface/Acknowledgments

It is my belief that Simón Bolívar was the first individual to believe that South America could be united in any form. Bolívar helped the criolles of South America to gain their independence from Spain in the 19th century. It was Bolívar's dream that South America would be able to become a united collection of states as had happened in the United States of America. Bolívar is a continual hero for South America and is viewed by the rest of the world as the George Washington of South America. Unfortunately the different criolles could not come to terms with each other and South American countries were formed separate of each other. Today the different countries of South America are talking with each and being to create the South American Community of Nations. This South American Community of Nations will be a unified economy, social, and political in system South America and will resemble the European Union. If only Bolívar could see that there is faith and hope to be found in South America. For one of Bolívar's most rememberable quotes states:

"There is no good faith in America, nor among the nations of America. Treaties are scraps of paper; constitutions, printed matter; election; freedom; anarchy; and life, a torment." [Bolívar wrote this in September 1828, shortly after he survived an assassination attempt and shortly before his dream of a united northern South America failed.]

It was only in my history class this semester with Bruce DeHart, Ph.D that I learned of this quote and how Bolívar felt towards South America as a whole. I would like to thank him for his assistance in helping me to find this quote. In addition I would like to thank Kevin Freeman, Ph.D, of the Political Science and Public Administration Department and Jesse Peters, Director of the Esther Maynor Honors College, for their assistance and patience with me and my honors project.

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Introduction

The progress of globalization that has occurred since the end of World War II has led to a number of changes in how nation-states engage with one another. Before the “Great War” (World War I), isolationism was the practice for many nation-states. Here in the 21st century, nation-states are working together through international organizations (i.e. United Nations), regional organizations (i.e. Summit of the Americas), specialized organizations (i.e. OPEC), and trade unions (i.e. European Union), as well as bilateral and multilateral treaties. By forming these public and private agreements, the different nation-states have become more globalized and interdependent. Within the text of this paper I shall focus my examination of nation-states’ interactions upon their private agreements with each other, including commercial and economic agreements between nation states. It is my objective to demonstrate that the newly formed South American Community of Nations is a feasible organization that will grow stronger in the future through further development of the organization.

The increasing formation of commercial and economic agreements between nation-states has directly led to an increase in the number of regional trade unions. This has then in turn led to the formation of a number of different types of trade unions because each region is developing a trade union that meets the needs of the specified region. My primary examination and focus is going to be upon the treaties made between South America’s two primary sub-regional trade unions, the Andean Community and el Mercado Común del Sur (Mercosur).

The Path to the South American Community of Nations

Introduction

During the 20th and 21st centuries there has been a growth in regional economic governance: examples include organizations such as the European Union, the North American Free Trade Agreement, the ASEAN Free Trade Area, and regional multilateral development banks. Regional economic organizations, such as the European Union, have received worldwide attention because of increased success. There is, however, another side to these regional economic organizations. The African Union was created in the hopes of developing more stabilized economic and political systems in Africa; yet this organization has not performed as well as the European Union due to the lack of political and economic stability in Africa, examples of this can be seen in the widely talked about Sudan. The South American Community of Nations is performing somewhere in between the performances of the European Union and the African Union.

In order to understand how the South American Community of Nations has reached its current point, it is best to examine the history and creation of this organization. Since the South American Community of Nations was formed from two previous organizations, I will begin by examining these on an individual basis.

Andean Community

The Andean Community is considered to be a sub-regional organization, since it has been endowed with international legal status. The Andean Community is comprised of the following South American countries: Bolivia, Columbia, Ecuador, Peru, and Venezuela. (Andean Community.) These South American countries have created a sub-regional organization that is highly defined in various ways. The sub-regional

organization is broken down into several different bodies/organs that have a specific duty to perform, which shall be explained within the content of the paper. The sub-regional organization is also established by a single document, the Cartagena Agreement. This document outlines the different bodies/organs, the objective and goals of the sub-regional organization, and the purpose of the sub-organization.

It is important to note that the governments of Bolivia, Columbia, Ecuador, Peru, and Venezuela were inspired by the Declaration of Bogotá and by the Declaration of Presidents of America, which led them to establish on the 26th of May of 1969 the Cartagena Agreement-the founding treaty for the establishment of the Andean Community. (Andean Community.) The Declaration of Bogotá and the Declaration of Presidents of America are in a way formal and public statements of negotiations made by the presidents of South American before the Organization of the Americas.

The Cartagena Agreement was created to strengthen the union of the people and to lay foundations for advancing towards the formation of an Andean sub-regional community. Also, the Cartagena Agreement was based upon the principles of equality, justice, peace, solidarity, and democracy for all. (Andean Community.)

The Andean Community is comprised of several bodies and institution that enable the organization to function. The system under which the different bodies work is the Andean Integration System (AIS); it received its name because the AIS act as a mediator between each of the different bodies. The different bodies and institutions, otherwise known as the Andean Integration System, work closely together in pursuing the same objectives: to intensify the Andean sub-regional integration, promote its external projection, and reinforce the actions connected with the process. (Andean Community.)

The main body is the Andean Presidential Council, consisting of the head of state from each of the member countries. It is responsible for issuing guidelines about different spheres of Andean sub-regional integration, which are then implemented by the bodies and institutions of the Andean Integration System in accordance with the spheres of responsibility and mechanisms established in their respective treaties and instruments. (Andean Community.)

The Andean Council of Foreign Affairs is the political body; it is made up of the Minister of Foreign Affairs of the member countries, and is responsible for ensuring that the objectives of Andean sub-regional integration are attained and making and carrying out the Andean Community's foreign policy. The Council of Foreign Affairs signs conventions and agreements on global foreign policy and deals with cooperation issues with third countries or groups of countries or with international organizations. It also coordinates the joint position of the member countries in international negotiations on matters within its area of responsibility. The Council expresses its will through declaration, non-binding statements, legally binding. (Andean Community.)

The Commission of the Andean Community is the main policy-making body of the Andean Integration System. Made up of a single representative from each member country of the Andean Community, it now shares its legislative role, expressed through the adoption of decisions, with the Andean Council of Foreign Ministers. The Commission makes, implements, and evaluates the Andean sub-regional integration policy in the areas of trade and investment. The Commission also adopts the necessary measures for attaining the objectives of the Cartagena Agreement and for implementing the guidelines of the Andean Presidential Council. Finally, the Commission coordinates

the joint position of the Member Countries in international negotiations within its area of responsibility. (Andean Community.)

The General Secretariat of the Andean Community is the executive body of the Andean Community which, starting on August 1, 1997, took on the functions of the Board of the Cartagena Agreements. The Secretariat is under the direction of a Secretary General who is elected by the consensus of the Andean Council of Foreign Ministers. The Secretariat has the capacity to propose decisions to the Andean Council of Foreign Ministers and to the Commission, as well as to pass on initiatives and suggestions to the Council meeting in the enlarged session, in order to contribute to or hasten compliance with the Cartagena Agreement. Secretariat functions also include managing the sub-regional integration process, resolving issues submitted for its consideration, ensuring the community commitments are fulfilled, and maintaining an on-going link with the member countries and working relations with executive bodies of other regional integration and cooperation organizations. (Andean Community.)

The Court of Justice of the Andean Community is the judicial body of the Andean Community, which is comprised of five judges, each representing of the member countries. The Court of Justice has territorial jurisdiction in the five countries with a permanent headquarters in Quito, Ecuador. The Court of Justice ensures the legality of the community provisions through nullity actions, interprets the Andean Community laws to ensure that they are applied uniformly in the territories of the member countries, and it settles disputes. (Andean Community.)

The Andean Parliament is the deliberative body of the AIS and represents the peoples of the Andean Community. At the present time, it is comprised of representatives

of the National Congresses, but in five years' time, its members will be elected by direct and universal vote, with the exception of Venezuela which has already put this mechanism into practice. Its functions are to participate in the legislative process of putting forward to the bodies of the AIS draft provisions of common interest. The parliament also promotes the harmonization of member countries' legislation and the growth of cooperative and coordinated relations with the parliaments of the Andean countries and of third countries. (Andean Community.)

The Andean Community consist of other bodies as well, secondary in nature, which do not need as much explanation. These other bodies include: the Social Conventions, the Latin American Reserve Fund, the Andean Labor Advisory Council, and the Simón Bolívar Andean University. Just by name alone an individual can understand the purpose and function of these other bodies.

On the June the 8th of 2001, the European Commission and the Andean Community General Secretariat signed a financing agreement for the Project to Harmonize Rules on Free Competition in the Andean Region. Under this agreement, the European Commission will provide the Secretariat with a non-refundable grant of two million Euros (approximately \$1.8 million to help fund the project that will have a total cost of 3.5 million Euros, nearly \$3.15 million. The project is intended to contribute to Andean economic development by reinforcing the Andean internal market and its regional dimension.¹ The project goals will be pursued through two different measures:

1. Definition and implementation of a harmonized regional legislative, administrative, and judicial framework.

¹ An effective system of protection for free competition within a regional market is one of the basic prerequisites for the proper operation of an internal market, as Europe's regional interaction has shown. (European cooperation for harmonizing rules on free competition in the Andean region, 1).

2. Support for national and regional institutions responsible for overseeing enforcement of the rules of free competition.

The European Commission also assisted in helping the Andean Community through technical assistance, training and information activities to help with accomplishing the objectives. (European cooperation for harmonizing rules on free competition in the Andean region, 1). This is occurring because one of the European Union's goals is to aid and assist other regional organizations that show or stress an interest in creating regional or sub-regional trading practices and integration. The European Union, if one were to read its various agendas, is very pro regional and sub-regional trade building. This seems logical because it is easier to have a single trade agreement with a regional or a sub-regional organization rather than a trade agreement with each individual country that makes would make up the regional or sub-regional organization.

The European Community began on March 3rd, 2003, to help the Andean Community with the first of the two objectives. In order to accomplish this task the Andean Community and the European Community created a Competition Project that is intended to make possible, over a three year period improving and harmonizing Bolivian, Columbian, Ecuadorian, Peruvian, and Venezuelan legislation on competition and support the institutions responsible for its control and application. A number of activities has been and will continue to be carried out to obtain the objectives with the participation of the European and the Andean experts, such as: sub-regional and national seminars, juridical consultancies and sector studies, and training of officials and magistrates responsible for the application and control of competition regulation (CAN country rules of competition to be harmonized with European Union assistance, 1).

Mercado Común del Sur

Mercado Común del Sur (Mercosur) is uniquely different from the all other organizations that shall be discussed within the context of this particular paper. From my research I was unable to find a set structure system for Mercosur. Mercosur appears to simply be created out of the signing and ratifications of various treaties among South American countries that establishes and promotes economic co-operation of various forms. Yet, it is important that I discuss Mercosur and its formation because Mercosur displays how it possible for a regional or sub-regional organization to be successful without the body/organ system that can be found in Andean Community.

It appears that the United Nations helped to establish Mercosur with the signing of the Treaty of Asuncion on March 26th of 1991 and contains of the following South American countries: Argentina, Brazil, Paraguay and Uruguay. Chile (1996) and Bolivia (1997) then signed individual association agreements to establish free trade areas with the established Mercosur countries. The original goal was “creating a common market and customs union between the participating countries on the basis of various forms of economic co-operation. In 1994 the Treaty of Ouro Preto added much to the institutional structure of Mercosur and initiated a new phase in the relationship between the countries, when they decided to start to implement/realize a common market.” (External Relations, 1).

In 2003, there were several important events that contributed to the strengthening of Mercosur. The newly elected president of Argentina, President Kichner, and Brazil's president, Luiz Inácio “Lula” da Silva, have put Mercosur at the top of their political

agenda. Among several incentives, one can underline the appointment of Mr. Duhalde, Argentina's ex-President, as the President of the newly established Committee of Permanent Representatives of Mercosur. Also, a Dispute Settlement Court was created with a view to strengthen Mercosur Institutionalization. (External Relations, 1-2).

Before the European Union held to support the Andean Community it held support for Mercosur. Since the European Union has always favored a strengthening of the process of regional integrations, it also helps external parties to see and understand why the European Union has supported both the Andean Community and Mercosur.

The European Union has supported the Mercosur initiative for a common market in South America since its very conception in 1991. The European Union and Mercosur relationship is based off of the EU-Mercosur Interregional Framework Co-operation Agreement that was signed on the 15th of December of 1995 and went fully into effect on the first of July of 1999. (External Relations, 2).

The background supporters for cooperation in South America.

South America began to take steps towards the unification of its states in July of 2002. There was a declaration among all of the states' presidents that they would work towards changing South America into a region of peace and cooperation. (General Assembly 2002-Press Release, 1). Yet, this declaration before the United Nations was not an overnight revolution by the states' presidents in South America. Instead it is the by-product of years of work performed by the following organizations: the Summit of the Americas, the United Nations, the European Union, the Andean Community, the Mercado Común del Sur (Mercosur).

One of Summit of the America's charter is the Inter-American Democratic Charter. This charter has one and only one declaration, which states: "The peoples of the Americas have a right to democracy and their governments have an obligation to promote and defend it. (Strengthening the Democratic Commitment, 1)" Due to the ambition of the Inter-American Democratic Charter, many democratic governments have been established within South America and other Latin American countries. Countries that have like governments will have similar interest and then shall be in theory, more likely to work with one another.

Overall it has taken several different factors to create cooperation in South America. The United Nations and the European Union have, in truth, been two of the main reasons for why cooperation has occurred. Along with the Summit of the Americas, that has not only pushed towards democracy in South America, but economic unity in South America and within other Latin American states. It seem as though if it were not for the support of various international and regional organizations, cooperation between South American states would not only not have been possible, but also unable to survive.

Cooperation between Mercado Común del Sur and Andean Community

The Andean Community was the strongest advocate for creating the South American Community of Nations. The Andean Community believed that the "need to promptly create a South American Community of Nations through the progressive convergence of the Andean Community, Mercado Común del Sur (Mercosur), and Chile for the purpose of driving development in the region and its international insertion." (General Secretary of CAN propose a Treaty Framework for the South American Community of Nations, 2).

The Andean Community began working on the creation of the South American Community of Nations much earlier than one might expect. Upon my examination of the Andean Community's Cartagena Agreement, I found the following: "the strengthening of relations within the region in all fields² contributes to [the] Latin American Integration [Agreement]." (Andean Community.) The previous statement displays that the countries of the Andean Community from their very creation agreed upon Latin American Integration Agreement.

As the basis for building The South American Community of Nations, the Andean Community and Mercosur used the initial trade agreements signed by countries from both Andean Community and Mercosur along with the Political Dialogue Mechanism and the IIRSA Initiative. By doing this, they were able to create a short-term goal in which all of the Andean countries became associate members of Mercosur while at the same time Mercosur countries became associate members of the Andean Community. Yet they reserved the creation of the South American Community of Nations as their main objective.

The South American Community of Nations

Introduction

Why is it important that we begin to exam The South American Community of Nations now? The simplest answer to this question is the region's potential. However, it is even more important to realize that the nation-states in South America recognize what their potential is as well. For American multinational corporations that have investment within South America this could mean a possible economic decline within South

² This includes more than just the private, commercial, and economic sectors that are being examined within the content of this particular paper.

America. One of the basic economic principles is opportunity cost (this includes implicit and explicit cost), which is what could possibly happen within this situation. By not looking ahead and examining the potential economic growth, this region could, in fact, have a negative impact on those whom are uninformed. However, to examine the possible growth of the South American Community of nation could cut opportunity cost down.

Now let us review some of the potential of the region. South America has a GDP of \$9.8 billion, making it the world's fifth ranking financial power. Its population of 361 million people is the world's fourth largest population. South America covers an area over 17 million square kilometers. Its export earnings amount to \$182 billion. It possesses 27 percent of the world's freshwater sources. It has eight million square kilometers of forested land and is washed by two oceans. It is the world's foremost food producer and exporter. Its stock of hydrocarbon resources will last at least 100 years. Some 95 percent of its inhabitants profess a single religion. Its inhabitants speak two mutually intelligible languages with a common history and shared values. (Andean Community.) These are the resources that can be found in South America. If the countries combine their resources and their means of allocating these resources in an economically efficient manor then South America will be able to start gaining some economic incentive, which with time can grow. In economics I have learned it is not just about having the resources but how you allocate them and how you improve upon your allocation of your available resources.

The best way to summarize this information is the following: With the establishment of the South American Community of Nations comes a unified economic

establishment. No longer are there individual trade and political agreements among the nation-states of South American, but instead a unified means to trade among each other without the political "red tape." The South American Community of Nations is learning, with the help and resources from the European Union, to take their resources and use them on a large and much more economically sound base. This could then make the South American Community of Nations in time economically competitive with the United States of America, China, and Japan, in theory.

Creation

The creation of the South American Community of Nations was actually formulated at the Third South American Summit, on December 8th of 2004 in Cuzco, Peru. The President or a representative from the twelve South American nations signed the Cuzco Declaration, a two page statement of intent, announcing the foundation of the South American Community of Nations. Even though Panama is not considered to be a South American country, they had a representative attend the signing ceremony as an observer. The Cuzco Declaration is the birthmark of the South American Community of Nations; it designates the beginning of a political, social, economic, environmental, integrated system within South America. (Cusco Declaration on the South American Community of Nations.)

At the Third South American Summit, the leaders of the South American nation-states announced their intention to model the new community after the European Union, including a common currency, parliament, and passport. According to Allen Wagner, Secretary General of the Andean Community, a complete union like that of the European Union should be possible by the year 2019. (South American Community of Nations.)

Keep in mind that this prediction was made in 2004. It goes to show that the South American Community of Nations has decided to take a slow and steady pace towards making developmental changes. While this may seem strange, a gradual rather than rapid integration is more economically sound for the South American nation-states involved. Since the economies among the South American nation-states are not equal or diversified then a gradual integration of the different South American economies would allow for this to occur. But, from a political viewpoint former Argentine President Eduardo Duhalde, President of the Mercosur Representatives Committee said it best with the following statement:

“Step by step CAN and Mercosur will converge becoming the South American Community, but gradually disappearing at the same time. But in spite of the haste there’s no rush...” (South American Community of Nations.)

What does this mean? Simply there is no real assurance that the South American nation-states will uphold to agreements they sign (or refuse to sign) in connection with the South American Community of Nations. Why might a country not up hold their agreements that they have signed? Within the international sector, I have noticed, a country might feel it is no longer in the best interest of that country particular to continue negotiations or to up hold any past agreements. The priority of a county can change seemingly overnight at times.

Presidential Declaration and Priority Agenda

Even though the Cuzco Declaration was the birthmark for the South American Community of Nations, it is the Presidential Declaration and Priority Agenda, constructed in Brazil during September 29-30, 2005, that begins to address the integration

of the different political, social, economic, environmental systems within South America. Within the Presidential Declaration and Priority Agenda there are several references made towards economic development through free trade and promotion of economic growth, mainly within economically-stagnate areas in South America and the reduction of asymmetries. (Presidential Declaration and Priority Agenda.) It is these references that begin to show just how important it is that we monitor the growth of the South American Community of Nations.

The most important aspect of the Presidential Declaration and Priority Agenda is how the organization and infrastructure of the South American Community of Nations are outlined. The representatives from each of the different South American nation-states agreed upon the establishment of the following organs: Annual Meetings of the Heads of States, Ministers of External Relations, the Deputy Ministers of External Relations, South American Regional Infrastructure Integration Initiative, the Pro Tempore Secretariat of the South American Community of Nations, and, finally, the Community "Trvika".³ (Presidential Declaration and Priority Agenda.) These are important to note because it shows how the South American Community of Nations is truly an integration of the ideals of the Andean Community and Mercosur. An examination of the South American Community of Nations shows that it contains the same organized structure that the Andean Community has with the different established and functioning organs, that it contains the same treaty agreement base that is so distinctive of Mercosur.

The Presidential Declaration and Priority Agenda has established that the position of Pro Tempore Secretariat will be granted to the host state for the South American

³ I have been unable to find the exact meaning of the word "Trvika," but the organizers of the South American Community of Nations have chosen this particular word for some reason.

Community of Nations Annual Meeting of the Heads of States. (Selection for this position is done by alphabetical order; for example, Bolivia was the first Pro Tempore Secretariat and the current Pro Tempore Secretariat is Brazil.) This then helps to explain the Community "Trvika". The Community "Trvika" will consist of the host country of the Meeting of Presidents, the host country of previous year's meeting and the host of the following year's meeting. The "Trvika" will support the activities of the Pro Tempore Secretariat. (Presidential Declaration and Priority Agenda.)

Understanding the South American Community of Nation.

A comparison of SACN to other types of trade organizations

The South American Community of Nations is evidently not the first of its kind; that role has been taken by other regional trade unions like the European Union. However, it is clear that the European Union is without a doubt the guiding organization for the creation of the South American Community of Nations because the European Union has in a way made itself the "big brother" to all establishing regional organizations. Yet, to understand this organization and its differences we must compare and contrast the South American Community of Nations to the European Union, while the North American Free Trade Agreement (NAFTA) and the Association of South Asian Nations (ASEAN) will be use as example, of other type of trade organizations.

The North American Free Trade Agreement was established to increase trade among the United States, Mexico, and Canada. NAFTA is strictly a regional economic scheme that has eliminated tariffs and quotas among the three involved countries. However, the agreement, a five-volume, fifteen-pound document, is detailed and complex. It contains specific obligations on trade in goods, services, financial services,

investment, intellectual property rights, technical barriers to trade, sanitary and phytosanitary measures, safeguards, and dispute settlement. It is also detailed because no secondary legislation was envisioned. (Karns and Mingst, 397.)

In 1951, the European Coal and Steel Community was established between six European countries; Belgium, France, Germany, Italy, Luxembourg, and the Netherlands. Since 1951, there have been some major changes; the organization is no longer the European Coal and Steel Community, but instead called the European Union. There have also been six enlargements to the organization. It has changed from a regional trade agreement that dealt principally with coal and steel production into a unique entity that has integrated the economies and societies of its members; while expanding the authority of the community institutions over the member states. European Union development has transformed governance in Europe altogether; its complex institutions resemble those of nation-states with its own legal system, parliament, bureaucracy, currency, and court system. (Karns and Mingst, 159-76.)

The major difference between the South American Community of Nations and the European Union in comparison to the North American Free Trade Agreement is more than just economics. While NAFTA is focused primarily upon economics, trading among member states chiefly, it is not a balanced system. "NAFTA is comprised of one dominant economy and two dependent ones: Mexico and Canada's combined economic strength is one-tenth that of the United States." (Karns and Mingst, 396.) It is evident that the European Union is an integrated social, political, and economic system that contains numerous societies, political ideals, and economies that are varied, but closely related and along the same status. What is in question here is the capacity of the

proposed South American Community of Nations. This is in question because the only stated goal of the South American Community of Nations is to have an organization running by the year 2010. In my opinion this organization needs to have more clearly stated objects. Currently they are being too passive with the other possible goals; such as posing a means to use their resources in the most economically efficient possible means necessary.

In my research I have found that Mercosur is not the only organization of its kind, as well. In looking at Asia I found the Association of South Asian Nations (ASEAN), an organization with loose regionalism in which there is no organizational authority over the member states' policies or behavior. (Weatherbee, 88-116) From my understanding one of the reasons why ASEAN is able to work is due to the loose regionalism. In Southeast Asia there are a number of different political and governmental systems that are in place with Southeast Asia nations having a organization that does not have an organized authority allows for the different Southeast Asian nations to operate without conflicting any organizational ties that might be in place if the organization more closely resembled the European Union. This is important because there can be conflict among the different political and governmental systems and among the different nations, but ASEAN remains unaffected due to how it is organized. Much in the same way that Mercosur remains unaffected regardless of what happens in South American, among Mercosur members, and internally within its members.

Since the South American Community of Nations is treaty-based, as is Mercosur, it is important to note that there are other organizations out there in which this type of organization has worked for them. However, the objects of the South American

Community of Nations are more closely related to the objects of the European Union, such as the proposed integrated economic system yet there has been no proposal to take the organization to a point of social and political integration as can be found in the European Union.

Projection of the South American Community of Nations.

There are really only two options for the South American Community of Nations when everything is finally broken down: integration or fragmentation. While I have, within the content of this paper, suggested towards a different future for the South American Community of Nations as integration being the answer, there are scholars who believe that fragmentation is in the future of the South American Community of Nations. What has caused these scholars to have this viewpoint? The answer is simple; the economic structures established within the established states in South America are not economically verified or economically sound enough to incorporate change or integration, with the exception of Brazil.

“South America is disintegrating at an alarming pace,” maintains analyst Juan Gabrail Tokatlián. (Zibechi, 4.) This is a clear statement that some scholars feel is happening economically in South America. This is important to note because when a country's, or in this case a continent's, economy is failing then we can generally have an understanding as to how social and political factors are being effected as well. Yet, in South America there seems to be a progression forward, through the establishment of the South American Community of Nations.

In Tokatlián's opinion, the Andean world is in a state of highly polarized turmoil. The Pacific South America has strategically opted to side with the United States, as

demonstrated by the free trade agreements signed by Chile and Peru, with Colombia and Ecuador about to follow suit. On the other hand, Atlantic South America is exploring other diplomatic options. At the same time, regional integration efforts are failing miserably, with Mercosur in deadlock or even considering disintegration. Faced with what is being called the "dispersion" or "disintegration" of the continent, only Brazil is left with strategic options, in other words an alternative to the South American Community of Nations. (Zibechei, 4-5.)

Brazil is left with strategic options due to three factors: the Brazilian military, Brazilian business, and the Brazilian government. (Zibechei, 5-6.) The Brazilian military has a long history of intervening in politics; which means there is a lack of seasoned political institutions such as parties and parliaments. (Roskin, 448-479). Since there is a lack of seasoned political institution in Brazil, the government tends to follow to the ideals of the established Brazil military. As for Brazilian business, it is expanding itself at such a rapid rate that Tokatlián questions a possible Brazilian Economic Imperialism taking place within South America borders. (Zibechei, 3-6.)

In contrast to this information, under the framework of neoliberalism, there is no place for strategic planning, because the sole agenda is to strengthen the forces of the market. In Tokatlián's opinion, the only way out-both in terms of strengthening nation states and multilateralism in South America-is by indigenous development founded on domestic policies of social welfare and full employment, and a foreign policy of independence. (Zibechei, 7.)

Conclusion

In a study performed by the International Institute for Sustainable Development (located in Winnipeg, Manitoba, Canada) four analysts-Olí Brown, Faisal Haq Shaheen, Shaheen Rafi Khan, and Moeed Yusuf-examined regional trade agreements. They projected that over the short term, trade liberalization can lead to industrial contraction, unemployment, and social unrest. If new market opportunities fail to materialize, this can set a trend of increased poverty and economic instability over the long term. (Brown , 13.) In short, I must agree with Brown and his associates.

Within the content of this paper I have tried to display that while I believe that the South American Community of Nations does hold the ability to grow and become competitive on the international market, there are some reservations that must be noted. Allow me to note, that in general, if managed carelessly, economic integration can be socially destabilizing, undermine established national policies and reduce state capacity to provide for poor and marginalized segments of the population. (Brown and other, 13.) This is an important note within the context of South America due to the fact that in Latin America and the Caribbean in the year 2002 it was reported that 44 percent of the total population lived in poverty and 19.4 percent lived as indigents. (ECLAC and the Social Panorama of Latin America 2002-2003.)

Regional trade agreements can generate high expectations of increased economic growth, new job opportunities and reduced poverty as well. However, regional trade agreements between countries that are reliant on the export of primary resources and that have relatively specialized economies can fail to live up to their proponents' rhetoric. (Brown and other, 13.) This can happen when countries tend to exclude key goods from

liberalization agreements. When those countries trade in similar, and narrow, basket of goods, the net economic impact of the regional trade agreement can be limited.

Finally, regional trade agreements vary tremendously and their impact on peace between and within signatory countries depends on a number of domestic and regional factors. (Brown and other, 13.) I am simply trying to suggest that even though there is a bulky amount of data suggesting the building a regional trade organization, like the South American Community of Nations, can be dangerous, risky, and unpredictable, it does not mean that the organization is going to fail. As long as the organization in question, in this case the South American Community of Nations, examines all possible options and does not try to aim for too many short term goals in the beginning, then yes, the organization does have to chance of surviving and becoming competitive.

What does this mean for other international organization? Well, they may have competition in the future. This is why it is important to examine the organizational long run goals today, so we can determine early on who might become the new European Union and who might become the new African Union. But until people know who the South American Community of Nations is, then the organization is going to remain stagnate. In order for the South American Community of Nations to become more widely know they need to make the headlines in places other than Spanish speaking world. It would be helpful if more people could view South American as a possible economic gold mine instead of the current negative perspective that I have learned so many people view South America as. And, one way I fell that they can do this is by showing the world that they hold an economically and politically stabile environment in

which prosperity in economic development is possible through a interdependent and integrated system has been established.

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